



Centre Testing International Group Co., Ltd.
Annual Report 2020
2021-021

April 2021

Section I Important Particulars, Table of Contents, and Definition

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

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

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

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

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

As a third-party testing body, credibility and brand are the motive force for the sustainable development of the Company as well as the foundation of business survival. It is only possible for the Company to gradually expand the market share and gain a favorable position in market competition when customers recognize its technology and impartiality. Once credibility and brand are impaired by quality problems, the Company will lose customers, and the business development and profitability will also be impaired. In severe cases, the Company might be disqualified for certification & testing, which will affect the continuing operations of the Company.

The Company attaches great importance to the maintenance of credibility and brand, actively advocates integrity-based values, establishes a good internal quality management system to ensure the authenticity and accuracy of test reports, and continuously improves the quality of test service. The Company has established the *Measures for Group Quality Supervision and Management*, *Measures for Laboratory Quality Supervision and Management*, and *Measures for Quality Professionals Management* according to ISO/IEC 17025, ISO/IEC 17020, *Criteria for Accreditation of Laboratory Qualification* and other requirements with a view to regulate the quality supervision of the group, to ensure that the testing/calibration activities carried out by laboratories comply with laws and regulations, the standards and rules of China National Accreditation Service for Conformity Assessment (CNAS) and China Metrology Accreditation (CMA) and to reduce quality risks. Quality management and control are the overall responsibility of the QHSE Department of the group, and the group has vertical control over quality, health, safety and environment. The business divisions, subsidiaries and operation outlets additionally establish relevant systems and strengthen quality control, depending on their business characteristics. Ensuring continuous improvement in the level of quality professionals is an important approach for quality management and control. In 2020, the Company organized, under an "Online + Offline" combined training model, 35 online and 18 offline quality training sessions, and provided the courses on *Laboratory Quality Management Series for Reporting, Staff, Equipment, Corrective Measures and Safety*, *Intensive Training for Quality Managers, Laboratory Quality Supervisors* and other subjects to improve technical ability and professional level of relevant employees.

Impartiality is critical to manage and control certification quality. The Company has established the Impartiality Maintenance Committee to regulate and supervise certification services. The Impartiality Maintenance Committee supervises and reviews certification activities according to *Procedures for Operation of Impartiality Maintenance Committee*. Regular training allows for certification staff's increasing knowledge of certification systems

and educates certification staff on professional ethics and code of conduct. *Employee Handbook* also sets out disciplinary actions for demanding and accepting bribes, kickbacks and illegal gains.

In line with the *United Nations Convention Against Corruption* and other international treaties and practices, to technical guides of clean governance of Transparency International, to national laws and regulations and to customers' clean governance requirements, the Company has established *Clean Governance Handbook*, and supplemented and enhanced the provisions of *Code of Business Conduct* on anti-corruption and anti-commercial bribery to operate and develop under a high standard of morality, in order to defend the brand concept and credibility value treasured by the Company from beginning to end from the perspectives of system and technology.

2. Market and policy risks

The testing industry is an industry with a strong policy orientation. The government policy concerning the development of the testing industry affects the development speed of the testing industry. With the development of the global testing industry, the testing systems in various countries are consistent in the overall trend, i.e., the government or industry association conducts the industry management of testing bodies through market access rules such as assessment and approval, to marketize the business of testing and conformity assessment, improve the service quality and promote the industrial development. The independent testing bodies shall conduct the market-oriented operation based on the services provided by itself and in accordance with the requirements of the client. The service fee shall be determined by both parties through negotiation. The testing industry in China is influenced by the planned economic system for a long time. After accession to the WTO, under the pressure from the international community requiring to speed up the opening of the service market, the testing industry is in urgent need of standardizing and restricting industrial behaviors with such industry standards as are converging with the international rules. Although the open market-oriented development is confirmed in national policies, there may still be some policies and regulations which are not conducive to the market-oriented development of the industry. Uncertainties still exist on the degree of openness granted by the government to testing, posing a certain degree of risk to the Company.

In view of this risk, the Company sets up a special department which is responsible for keeping close track of the policy situation of relevant regulatory departments, regularly reporting to the management, and actively dealing with potential policy risks.

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

The testing and certification industry is featured with segmentation, stretching over multiple industries. Each segmentation is relatively independent. Fast replication is difficult and rapid expansion through capital is impossible. It is common practice for international testing and certification giants to quickly cut into new fields through M&A. M&A is one of the long-term development strategies of the Company. As both selection of M&A targets and integration after M&A relate to the success or failure of M&A, there are substantial risks.

Adhering to the principle of prudence, the Company will make a sufficient demonstration through detailed due diligence in the early stage of M&A, make a strategic choice of proper industries and quality targets at home and abroad, and make an adequate analysis of return on investment (ROI) by continuously following up whether or not the investment is in line with the plan and realizes the expected effect of enhancing post-investment management through the introduction of industry talents with integration capability for collaborative management & operation. In view of the decision-making risk concerning M&A, during the reporting period, the Company further improved the investment decision-making procedures to adapt to the development of company strategy. In accordance with provisions of the *Articles*

of Association, the Work Rules of the Strategy and M&A Committee of the Board of Directors, etc., major investment matters are managed by the Operation and Management Committee of the group, which shall prove the feasibility of the project; according to the decision-making authority, major investment matters are submitted to the Strategy and M&A Committee of the Board of Directors, the Board of Directors and the General Shareholders' Meeting for deliberation. This improves the scientificity and quality of major investment decisions of the Company.

4. Risk associated to the failure of the investment to the expectation

The testing industry has a first mover advantage. In order to accelerate the layout of the national testing market, in recent years, the Company builds a number of international or domestic leading laboratories or testing bases. The Company witnesses continuous and rapid growth of fixed assets, construction in progress, project supplies and total equipment purchase. The construction of a laboratory consists of decoration, personnel recruitment, equipment purchase and review. The laboratory can be put into formal operation only after the obtainment of qualification. And it takes a certain period to achieve the profit and loss balance. The profits of the Company might be impacted by the failure of the new laboratories to meet the expectation. In the future, the Company will focus on new laboratories, promote the operational efficiency of new laboratories and gradually release the production capacity of new laboratories, so that the scale effect is increasingly felt and that the Company achieves a steady growth of income margins.

The Company has basically completed the network layout of laboratories. The Company will control the total amount of investment through budget management, make a detailed analysis of return on investment (ROI), evaluate the reasonableness and necessity of each investment, and properly control the pace of investment.

The profit distribution plan of the Company approved by the current Board of Directors is: to distribute RMB 0.35 (including tax) in cash dividends and 0 bonus share (including tax) to all shareholders for every 10 shares based on 1,665,135,714 shares which constitute total capital stock as at December 31, 2020, and increase by transferring 0 shares to all shareholders with the capital reserve for every 10 shares.

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Definition

Term	refers to	Definition
Company, the Company or CTI	refers to	Centre Testing International Group Co., Ltd.
Shareholder or General Shareholders' Meeting	refers to	The shareholder or General Shareholders' Meeting of Centre Testing International Group Co., Ltd.
Director or Board of Directors	refers to	The director or Board of Directors of Centre Testing International Group Co., Ltd.
Supervisor or Board of Supervisors	refers to	The supervisor or Board of Supervisors of Centre Testing International Group Co., Ltd.
Articles of Association	refers to	The Articles of Association of Centre Testing International Group Co., Ltd.
Third-party testing body	refers to	An independent and impartial non-governmental testing body independent of the interests and legal capacity of a party to any trade, transaction, deal, cooperation and dispute. The third-party testing body conducts tests independently and fairly in various industries in accordance with relevant standards, contracts or agreements. The testing process and results are not subject to the impact of the client and other foreign parties.
China Securities Regulatory Commission	refers to	China Securities Regulatory Commission
SSE	refers to	Shenzhen Stock Exchange
Reporting period or the same period in the previous year	refers to	January 1, 2020 to December 31, 2020, and January 1, 2019 to December 31, 2019
RMB /ten thousand /hundred million yuan	refers to	An amount denominated in RMB

Section II Company Profile and Key Financial Indicators

I. Company profile

Stock abbreviation	CTI	Stock code	300012
Company name in Chinese	Centre Testing International Group Co., Ltd.		
Abbreviated company name in Chinese	CTI		
Company name in foreign language (if any)	Centre Testing International Group Co., Ltd.		
Abbreviation of company name in foreign language (if any)	CTI		
Legal representative of the Company	Wan Feng		
Registered address	Room 101, No.1 CTI Building, Xingdong Community, Xin'an Street, Bao'an District, Shenzhen		
Postal code of the registered address	518101		
Office address	CTI Building, No. 4 Liuxian 3rd Road, Xin'an Street, Bao'an District, Shenzhen		
Postal Code of the office address	518101		
Internet website of the Company	www.cti-cert.com		
E-mail address	security@cti-cert.com		

II. Contact person and contact information

	Secretary of the Board of Directors	Representative of securities business
Name	Chen Yan	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 address	security@cti-cert.com	security@cti-cert.com

III. Information disclosure and reservation place

Name of the information disclosure media selected by the Company	<i>Securities Times</i> and <i>Shanghai Securities News</i>
Website designated by CSRC for publishing the Annual Report	www.cninfo.com.cn
Place for reservation of the Annual Report of the Company	Office of the Board of Directors of Centre Testing International Group Co., Ltd.

IV. Other related information

The accounting firm employed by the Company

Name of the accounting firm	Da Hua Certified Public Accountants (Special General Partnership)
Office address of the accounting firm	Zone A, 12/F, Building B, Allied Plaza, No. 5022 Binhe Road, Futian District, Shenzhen, Guangdong
Name of the undersigned CPA	Zhou Junxiang and Lv Hongtao

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

√ Applicable Not Applicable

Name of sponsor institution	Office address of sponsor institution	Name of sponsor representative	Period of continuous supervision
Changjiang Financing Services Co., Ltd.	21/F, Chamtime International Financial Centre, No. 1589 Century Avenue, Pudong New Area, Shanghai	Dai Lulu and Wu Lihua	The continuous supervision duties shall be performed for the unused raised capital.

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

Applicable Not Applicable

V. Key accounting data and financial indicators

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

Yes No

	2020	2019	Increase or decrease compared with the previous year	2018
Operating income (RMB)	3,567,712,761.65	3,183,255,712.67	12.08%	2,680,881,245.22
Net profits attributable to shareholders of the listed company (RMB)	577,610,518.76	476,396,504.93	21.25%	269,983,678.83
Net profits attributable to shareholders of the listed company net of non-recurring gains/losses (RMB)	479,303,570.25	357,236,148.44	34.17%	168,980,409.58
Net cash flow from operating activities (RMB)	930,952,966.89	795,163,412.01	17.08%	683,845,233.54
Basic earnings per share (RMB/share)	0.3472	0.2874	20.81%	0.1629
Diluted earnings per share (RMB/share)	0.3449	0.2865	20.38%	0.1629
Weighted ROAE	16.75%	16.29%	Up by 0.46 pct	10.28%
Earnings before interest, tax, depreciation and amortization (EBITDA)	979,532,151.72	851,789,571.95	15.00%	616,082,162.99
	End of 2020	End of 2019	Increase or decrease compared with the previous year	End of 2018
Total assets (RMB)	5,454,676,439.17	4,434,268,399.92	23.01%	4,059,442,789.76
Net assets attributable to shareholders of the listed company (RMB)	3,744,282,087.03	3,147,139,004.85	18.97%	2,717,450,242.02

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

Yes No

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

Yes No

Whether or not the issuance of new shares, additional issuance, allotment of shares, exercise of equity incentive, buyback, etc. make a difference to the capital stock and the amount of ownership interests from the end of the reporting period to the disclosing date of the Annual Report of the

Company.

 Yes No

Preferred stock dividends payable	0.00
Fully diluted earnings per share calculated with the latest capital stock (RMB/share)	0.3456

VI. Key financial indicators in each quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Operating income	456,687,917.20	882,117,441.70	1,009,656,867.09	1,219,250,535.66
Net profits attributable to shareholders of the listed company	13,160,150.98	179,110,446.01	205,944,900.12	179,395,021.65
Net profits attributable to shareholders of the listed company net of non-recurring gains/losses	-12,103,821.67	158,177,335.79	180,954,007.95	152,276,048.17
Net cash flow from operating activities	-157,023,934.60	236,525,200.58	296,325,397.79	555,126,303.12

Whether or not the financial indicators or the aggregate amount above is of significant difference from relevant financial indicators disclosed in the quarterly reports and semi-annual reports by the Company

 Yes No**VII. Differences in accounting data under domestic and overseas accounting standards****1. Differences in net profits and net assets in the Financial Reports respectively disclosed in accordance with international accounting standards and Chinese accounting standards** Applicable Not Applicable

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

2. Differences in net profits and net assets in the Financial Reports disclosed in accordance with international accounting standards and Chinese accounting standards Applicable Not Applicable

In the reporting period of the Company, there is no difference in net profits and net assets in the Financial Reports respectively disclosed in accordance with foreign accounting standards and Chinese accounting standards.

VIII. Non-recurring gains/losses items and amount Applicable Not Applicable

Unit: RMB

Item	Amount of 2020	Amount of 2019	Amount of 2018	Note
Gains/losses from disposal of non-current assets (including the offset part that has been withdrawn for assets impairment reserve)	8,937.65	49,643,230.78	2,598,329.76	Gains/losses from disposal of fixed assets and investment incomes from disposal of long-term equity

				investment, etc.
Government subsidies recorded in current profit or loss (excluding the government subsidies in close relation to corporate business and enjoyed according to quota or ration under national common standards)	89,385,649.14	62,572,924.84	69,618,117.09	Government subsidies
Gains/losses from the entrusted investment or management assets	22,453,518.35	17,997,762.01	19,248,920.78	Incomes from wealth management products
Gains/losses from fair value changes arising from the holding of financial assets held for trading, derivative financial assets, financial liabilities held for trading and derivative financial liabilities, and investment incomes from disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other creditor's investments, excluding the effective hedging businesses related to the normal businesses of the Company		-913,655.36		
Other non-operating income and expenditures except for the aforementioned items	608,109.20	6,071,915.51	-1,289,822.65	
Other gain/loss items conforming to the definition of non-recurring gains/losses		3,030,184.91	15,274,500.00	
Less: Amount of impacted income tax	12,314,817.04	17,063,566.90	4,400,894.89	
Amount of impacted minority equity (after tax)	1,834,448.79	2,178,439.30	45,880.84	
Total	98,306,948.51	119,160,356.49	101,003,269.25	--

For the non-recurring gains/losses items defined by the Company in accordance with the definition in the *Explanatory Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public — Non-Recurring Gain/Loss* and the non-recurring gains/losses items listed in the *Explanatory Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public — Non-Recurring Gains/Losses* defined by the Company as current gain/loss items, the Company shall make an explanation.

Applicable Not Applicable

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

Section III Overview of the Company's Business

I. Main business of the Company during the reporting period

(I) Main businesses

The Company is a comprehensive third-party organization integrating testing, calibration, inspection, certification and technical services. It provides one-stop solutions for global enterprises. There is no change to the main businesses of the Company during the reporting period. By the end of the reporting period, the Company had nearly 150 laboratories and more than 260 service units over 70 cities in more than 10 countries/regions all over the world. The group and subsidiaries issued more than 2,000,000 certification reports with credibility every year, serving more than 100,000 customers.

The business of the Company can be divided into four segments by industry, and the Company operates in the upstream and downstream supply chain in industries such as textiles, clothing and shoes, baby toys and domestic life, electronic appliances, medical health, food and agricultural products, cosmetics and daily products, petrochemicals, environment, building materials and construction engineering, industrial equipment and manufacturing, rail transit, automobile and aviation materials, shipping and e-commerce.

(1) Food, agricultural and health care products

The testing of food, agricultural and health care products covers food, agricultural products, health care food, daily chemical products, feed, pet food and packaging materials for food. The Company's business capabilities cover planting, breeding, primary production, processing and packaging, storage and transportation, distribution and retail, import and export, etc. The Company provides customers with six services: testing, certification, auditing, training, consultation and quick inspection, and provide one-stop quality management solutions.

(2) Environmental testing

The Company is the earliest private third-party environment testing institution in China, and has established 30 professional laboratories over the country. Serving in environment testing, automatic environment monitoring, marine environment testing and occupational health evaluation, the Company provides environment monitoring and HSE technical services over the whole territory of China in all aspects for the government, enterprises and various organizations. With long testing and monitoring experience and strong technical capabilities, subject to national standards for environmental quality and relevant auditing standards of the Company, the Company provides a comprehensive quality assurance service plan for the "truthfulness, accuracy and completeness" of environmental monitoring data, helps competent supervisors in managing and supervising automatic environmental monitoring system, cooperates with competent supervisors in daily management, and establish and maintain relevant management system.

(3) Medical health

With standard technical process and professional testing equipment, the Company provides enterprises with customized professional medical testing services and one-stop solutions. The Company provides accurate clinical testing, genetic testing, functional medicine, pathological diagnosis, metabolomics, scientific research and other services. It also provides other services such as drug screening, pre-clinical safety evaluation, bio-analysis, clinical trial supervision, and generic drug quality consistency evaluation. During the COVID-19, the Company developed nucleic acid testing service, which was an important means to prevent and control the epidemic. Normalized nucleic acid testing will provide a strong guarantee for promoting the economy, protecting people's livelihood, stabilizing domestic and foreign trade and boosting consumption. Shanghai CTI-Medlab Co., Ltd., a subsidiary that is recognized by National Health Commission as a third-party nucleic acid testing institution, conducts nucleic acid tests for human body and food, from the source to the consumer purchasing end, to ensure the stable development of the industrial chain on the basis of

normalized epidemic prevention and control requirements. For the customer with emergency needs, the Company has launched the rapid testing service of nucleic acid test, and it can also provide on-site sampling service in case of group testing.

(4) Construction engineering and industrial services

The Company provides nondestructive testing, inspection, certification, consultation and project management services for 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, and for full-cycle management of large-scale industrial projects. As green development, ecological environment protection and other calls emerge, the Company is committed to solving the problems faced, by improving the green level of rail transit products, and providing specific technical services and comprehensive solutions. The Company provides training programs on domestic and international environmental protection laws and regulations, environmental protection consultation for overseas projects, in-car air quality control, environmental protection control system establishment and other services to efficiently meet customer needs, through its professional environmental consulting service team for railway locomotive and by applying its rich experience in environmental consulting services for rail transit products.

(5) Measurement and digitization

Measurement and digitization are one of the Company's core services, and it includes measurement and calibration, bulk product port inspection, fumigation and pest risk control management, laboratory technical service, and commercial password products and services. The Company is capable of providing calibration and testing services for CNAS projects and providing such services in the majority of the cities over the country, in particular providing multi-site measurement and calibration requirements of major group customers.

(6) Consumer products

The consumer products the Company provides include electronic and electrical products, chips, textiles and garments, bags, shoes, toys, baby products, school supplies, furniture, food contact materials, groceries, sports equipment, energy and petrochemicals. It provides professional technical services and one-stop integrated solutions in testing, product certification, CCC compulsory certification, supply chain management and auditing, product quality improvement schemes, market access and compliance training and other sectors to protect the green and healthy life.

(7) Automobile industry chain services

The automobile industry chain services the Company provides include comprehensive solutions for whole automobile, automobile parts and automobile materials. It provides one-stop solutions for material performance, environmental reliability, product function and comfort, consultation and training, supplier management services, second-party and third-party audits, etc.

(8) Electronic technology services

The electronic technology related products the Company provides include electronic appliances, parts, on-board equipment, medical equipment, and various wireless products. It engages in safety testing, energy efficiency testing, electromagnetic compatibility testing, automotive electronic EMC testing, radio frequency testing, on-site and other testing services, which can provide customers with one-stop service from testing to certification.

(9) Technical services

The Company takes sustainable development undertakings such as green, low-carbon and energy efficiency services as its key directions of future development. As an approved third-party greenhouse gas certification/verification institution, it owns the third-party qualification to audit

authoritative greenhouse gas emission and emission reduction mechanisms at home and abroad. Since 2010, it has been engaged in the field of climate change and sustainable development. The Company provides highly customized service solutions for supply chain enterprises at different levels of carbon neutrality. It provides accurate carbon footprint accounting for enterprises, and provides high-quality services for enterprises to meet export market requirements and continuously improve carbon emissions of products. The Company has completed over 1,000 CCER/CDM/GS/VCS validation/certification projects associated to renewable energy, natural gas power generation and co-generation, waste treatment and forestry carbon sink. It publishes authoritative reports and statements and carries out project registration and emission reduction certification for enterprises, so that they can obtain tradable carbon credits and create carbon benefits. It provides assessment services for enterprises in respect of green factories, green design products, green supply chain and green data center. It provides energy design, energy saving audit, energy use right audit, clean production and other services for enterprises. It provides enterprises with audit services for EOHS systems, and helps enterprises identify and effectively prevent risks and improve the efficiency of organizational EOHS compliance management. It provides customers with integrated ESG report service and third-party authentication service for ESG reports, prepares carbon emission verification reports and issues the certificates for listed companies, and provides ESG database, ESG rating, ESG risk monitoring management, ESG information mining analysis and other services.

(10) Maritime service

The Company provides international services, such as third-party inspection, testing and certification, in the maritime field for shipping companies and ship enterprises all over the world. Its services include marine fuel testing and solutions; marine environmental protection services involving ship ballast water, biological sewage, drinking water, oil and water; IHM and green ship dismantling supervision services; and asbestos risk management.

(II) Overall business model of the Company

The overall business model of the Company: The R&D department of the Company is responsible for studying both domestic and foreign standards (including standards of Europe and USA), national standards, industry standards, and standards made by large customers (enterprise standards), developing new testing methods, and determining the operation flow by equipment and personnel allocation, so as to improve the testing ability and expand the testing scope. Relying on the excellent brand effect of the Company, the marketing department actively promotes testing services of the Company to customers, obtain testing orders from customers, issue data and provide testing reports after laboratory testing.

(III) Performance drivers

During the reporting period, the Company achieved a total operating income of RMB 3,567,712,761.65, up by 12.08% compared with the same period in the previous year. The net profits attributable to shareholders of the listed company reached RMB 577,610,518.76, up by 21.25% compared with the same period in the previous year. The main reasons for the performance growth of the Company are as follows:

1. Support is provided through national macro policies, and the trend of testing demand is positive

The testing & certification industry in China is still in a period of rapid growth. With the continuous development of society, people's material life ushers in a deeper level of all-round upgrade, and the whole society attaches increasing importance to QHSE (quality, health, safety and environment), pushing forward the legislation and standardized management of national, local and industrial levels, promoting the development of testing technologies, and generating more testing demand.

2. Adhere to strategic investment and continuously improve operation efficiency

The management of the Company maintain their strategic determination, fully stimulate the

cooperative combat capability among products lines, continuously optimize internal management and resource allocation, and further improve the operational efficiency of the Company. During the reporting period, the Company had positive operation conditions and daily improving fine management, and its main business income and net profits attributable to the listed company both achieved steady growth.

II. Significant change in main assets

1. Significant change in main asset

Main assets	Description of significant change
Equity assets	<p>1. Tianjin Eco-City Environmental Technology Co., Ltd. (hereinafter referred to as "Tianjin Eco-City"): The Company has participated in the capital increase of Tianjin Eco-City. After such capital increase, the Company will hold 14,873,300 shares, representing 51% capital stock, of Tianjin Eco-City.</p> <p>2. MARITEC PTE. LTD.: CTI HK, a wholly-owned subsidiary of the Company, acquires with its own funds in the amount of SGD 54,860,000, 100% equity of MARITEC PTE. LTD.</p> <p>3. POLY NDT: The Company acquires at the purchase price of SGD 1,506,071, 30% equity of POLY NDT. After this transaction, the Company will hold 100% equity of POLY NDT.</p> <p>4. Tianfangbiao Standardization Certification & Testing Co., Ltd. (hereinafter referred to "Tianfangbiao"): The Company and Tianfangbiao have entered into the <i>Capital Increase Agreement</i>, whereby the Company will acquire 2,900,000 shares in Tianfangbiao's stock issue at the purchase price of RMB 17,168,000. After the stock issue, Tianfangbiao's registered capital will increase from RMB 53,106,600 to RMB 59,106,600. The Company's contribution to the increased registered capital is RMB 2,900,000, representing 4.9% of the registered capital of Tianfangbiao after the stock issue.</p> <p>5. Zhejiang Shengnuo Testing Technology Co., Ltd. (hereinafter referred to as "Zhejiang Shengnuo"): Hangzhou Hua'an Nondestructive Testing Technology Co., Ltd. (hereinafter referred to as "Hua'an Nondestructive"), a wholly-owned subsidiary of the Company, transfers the 26% equity held by it in Zhejiang Shengnuo to Zhou Ke at the transfer price of RMB 272,900 and the 25% equity to Zhang Liang at the transfer price of RMB 262,400. After the transfers, Hua'an Nondestructive will no longer hold share in Zhejiang Shengnuo.</p> <p>6. How-To NPD Consulting Co., Ltd. (hereinafter referred to as "How-To"): The Company acquires at the purchase price of RMB 19,200,000, 40% equity of How-To. After this transaction, the Company will hold 60% equity of How-To.</p>
Fixed assets	None
Intangible assets	None
Construction in progress	Construction in progress increased by 81.35% compared with the beginning of the year, relying on the following facts: 1) Continuous investment into Northern Testing Base in the current period increased by RMB 79,872,500 compared with the beginning of the year. 2) Continuous investment into Central China Testing Base increased by RMB 18,323,200 compared with the beginning of the year. 3) Continuous investment into the Southern Testing Base increased by RMB 14,526,200 compared with the beginning of the year. 4) New investment into the Qingdao Testing Base was RMB 11,975,800. 5) The works of Phase II of CTI East China Testing Base (Suzhou) for the current period were completed, and thus the transfer to fixed assets valued RMB 34,790,500.

2. Main overseas assets

√ Applicable Not Applicable

Specific content of assets	Reason for formation	Asset size	Location	Operating mode	Controls for asset safety	Earning position	Proportion of overseas assets to net assets of the Company	Whether there is a material impairment risk
MARITEC PTE. LTD.	Acquisition	26,476,513.21	Singapore	Sole business	Enhanced controls	5,132,157.17	0.71%	No

Other description	None
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III. Analysis of core competitiveness

1. Advantages in brand and credibility

As an independent third-party testing body, brand and credibility are the keys to the survival and development of enterprises. Based on the local market in China and facing the global market, the Company is committed to building a globally competitive testing brand of China. The Company established the laboratory management system as per ISO/IEC 17025 and the inspection body management system as per ISO/IEC 17020. It is certified by China National Accreditation Service for Conformity Assessment (CNAS), qualified by China Metrology Accreditation (CMA), and designated for China Compulsory Certification (CCC), with full qualifications for issuing third-party testing reports. In addition, the Company is also certified by multiple international certification organizations, such as UKAS, CPSC, SPRING, Nadcap and EU CE. The all-sided qualifications give more international credibility to the testing reports issued by the Company.

Throughout the development course, the Company always implements the basic principle of "honest operation and independent judgment". The Company has established its own quality management system in accordance with ISO/IEC 17025, ISO/IEC 17020 and the *Rules for the Examination of Qualification Accreditation of Laboratories* and applied group-wide quality management requirements through the quality audit, special audit, internal audit and management review in order to provide true and accurate testing services. Under the *Measures for Group Quality Supervision and Management* and *Measures for Laboratory Quality Supervision and Management*, the Company has regulated the quality supervision of the group, to ensure that the testing/calibration activities carried out by laboratories comply with laws and regulations, the standards and rules of China National Accreditation Service for Conformity Assessment (CNAS) and China Metrology Accreditation (CMA) and to reduce quality risks. As for the technological capability assurance, the Company has established the *Measures for Quality Professionals Management* to standardize the duties, qualifications, training, assessment and selection requirements for quality professionals, and conducted regular supervision on the testing/calibration ability of technicians in the laboratory to ensure the technicians meet the requirements concerning methods and standards.

The Company uses an international top laboratory information management system (LIMS) to manage the laboratory personnel, equipment, testing methods and customer samples, realizing the systematic management of customer samples in the process of testing in the laboratory. Meanwhile, the laboratory informationizes the experimental process and realizes paperless office operation. It can control and comprehensively manage the organization, analysis, processing and search of experimental data and the quality activities in the experimental process, so as to ensure the authenticity and reliability of the reports.

2. Advantages in excellent management team and professional talents

The sustainable development of enterprises depends on the growth of enterprise team. The core team of the Company has accumulated rich experience in the testing industry, and is capable of quickly grasping the development trend of the industry to make strategies in adaptation to changes in policy and the industry. The Company insists on creating a research-based atmosphere oriented at a high proportion of highly educated and high-quality talents, and establishing and improving a sound scientific promotion system. This enables the Company to continuously attract talents from all walks of life who are interested in the testing industry. The Company attaches great importance to the growth of every employee. It is committed to becoming a platform suitable for the career development of employees. It encourages the employees to become experts or professional managers in the field involved on basis of their actual situations, deeply tapping the potential of every employee and giving them the opportunity for adequate adaptation and attempt so that they

can realize the dynamic balance between self-development and enterprise development. As for the personnel training system, the company invests in a series of courses and promotion projects for new employees, common employees, professional skills and leadership development, providing a strong guarantee for the sustainable development of the Company.

In 2020, to strengthen the training for all employees, the group launched E-Learning, an online learning platform, to expand training scope, so that more employees could get professional ability improvement more conveniently. The Company tailored the "Sunshine Project" for fresh graduates, and escorted fresh graduates along with their learning and growth in all aspects through various learning methods such as face-to-face, E-Learning, live streaming and tutor's teaching. In 2020, the Company launched the second "Guanghua LAP Leadership Promotion Project" to systematically train high-potential management talents. The project was focused on the leadership development, cultivation of strategic thinking and training of management skills for high-potential talents, to fully empower high-potential management talents, and achieved remarkable results. The Company invited lecturers with rich experience in international strategic M&A to give lectures to the senior management, so as to comprehensively improve the strategic M&A and post-investment management capabilities of the senior management. The Company adopts consistent talent development strategies and policies for overseas regions. In order to promote the integration of overseas M&A companies with the group, the group encourages to appoint outstanding backbones of M&A companies into core management and technical roles, who are assisted by the managers appointed by the group to help the team stabilize after M&A. In order to maintain the stability of the core team and attract more excellent talents, the Company, by implementing the employee performance evaluation scheme, employee stock ownership plan, equity incentive plan and other incentives, arouse the enthusiasm of the Company's core team and led the team achieving the Company's strategic target, which laid the foundation for the efficient, high-quality and sustainable development of the Company.

3. All-sided service network and one-stop service ability

The laboratory network of the Company has spread over major cities in China, reaching surrounding regions by making full use of its geographical location. Through nearly 150 laboratories and more than 260 service units over 70 cities in more than 10 countries/regions all over the world, the Company is operating in the upstream and downstream supply chain in industries such as textiles, clothing and shoes, baby toys and domestic life, electronic appliances, medical health, food and agricultural products, cosmetics and daily products, petrochemicals, environment, building materials and construction engineering, industrial equipment and manufacturing, rail transit, automobile and aviation materials, shipping and e-commerce. The complete laboratory network and one-stop service capability of the Company become important advantages in competition.

The Company is devoted to providing more professional and value added services for customers, keeping a keen eye on customer needs and constantly improving service quality and level. The Company has been deeply engaging in the testing industry for many years, with its services covering a wide range of industries and a large number of test projects, and thus collecting a large amount of testing data which is strongly reliable, with rich dimensions and sufficient depth, and applicable for extensive purposes. The Company can provide enterprises with risk-based testing schemes, risk-based internal and supply chain management schemes, quality & cost control basis, supplier evaluation basis, etc.; provide the government with the basis for prediction and prevention of spot check risks, the basis for decisions concerning policies and regulations, and the support for efficiency and scientificity of decisions; and provide the decision basis for consumers to understand the product quality and safety. Big data analysis and application can improve customer experience and provide customers with more valuable services. CTI MALL, the Company's self-operated e-commerce platform, was officially put into operation, which is an important manifestation of the Company's application of digital technology to improve service quality. CTI MALL makes full use of cutting-edge digital technology, realizes the integrated management of multi-terminal customers,

standardization of service packages, visualization of whole-process information, automated verification of reports and other functions with digital connection, transmission, structured storage and visualization technology and by relying on massive computing capacity, and comprehensively covers the upstream and downstream supply chains of multiple industries. CTI MALL allows users not only to place orders by themselves 24 hours a day and query the trends of global standards, but also to interact with quality experts online, customize personal solutions, experience more convenient and flexible, transparent and efficient, professional and high-quality services, and fully warrant service quality and safety.

4. Leading R&D and technological advantage

The Company is the earliest private testing body and the most invested professional research institution in China. With the technical support of research institutes, the Company constantly improves its core competitiveness in the field of testing technologies. The core research team, with industry experts as the core, concentrates on the research of frontier technologies for the industry, providing strong technological support to the business development of major business divisions and making sufficient technical preparation. The Company actively participates in the research projects at national, provincial and municipal levels, and has undertaken over 10 national projects such as national 973 programs, science and technology support programs and industry research projects for public welfare. The Company maintains extensive, close and positive cooperation with research institutes and institutions of higher learning, including the Chinese Academy of Sciences and China National Institute of Standardization. The Company and serves as the public testing service platform of various places and undertakes other public service projects of the government. The Company actively participates in the drafting of various domestic and foreign standards. It is a member of many international and national standardization technical committees. It has participated in the drafting and amending of over 500 standards. In 2020, *ISO 23472-2: 2020 Foundry Machinery — Vocabulary — Part 2: Molding and Coremaking Machines and Other Equipment Related to Non-permanent Mold Casting Process* that was formulated under the leadership of the Company and *ISO 23472-1: 2020 Foundry Machinery — Vocabulary — Part 1: General* of which the formulation was participated in by the Company were published officially. Many of the Company's research and development results have been recognized by the market, government departments and industry associations. The leading research and development ability provides an important guarantee for the development of the Company.

Section IV Discussion and Analysis of Business Operation

I. Overview

The year 2020 is a very extraordinary and challenging year. This year, confronting the pandemic, the Company's management maintained its strategic determination, by preparing for and responding to the situation rapidly, adjusting its business strategy in time, and quickly recovering its production and operation. As market need was recovered and customer orders increased after the domestic pandemic was put under control, the Company fully stimulated the cooperative combat capability among products lines and continuously optimized internal management and resource allocation to duly deliver customer orders and improve customers' satisfaction. Through efforts of all the employees, the Company had positive operation conditions and daily improving fine management, and its main business income and net profits attributable to the listed company both achieved steady growth. In the reporting period, the Company achieved operating income of RMB 3,567,712,761.65, up by 12.08% on a year-on-year basis, and net profits attributable to shareholders of the listed company RMB 577,610,518.76, up by 21.25% on a year-on-year basis. The Company attaches great importance to cash flow management. In 2020, EBITDA attributable to shareholders of the listed company reached RMB 979,532,151.72, and a net amount of operating cash flow reached RMB 930,952,966.89.

(I) Product lines come through difficulties and four segments achieve steady development

1. Life science In the reporting period, notwithstanding the material adverse impact of the pandemic on environmental testing in the first half year, the business got better in the second half year and actively gained more market share to cover the losses from the pandemic in the early stage. So, the annual operating income seems stable. The food testing business strengthened development of major customers, expanded potential projects, and continued to maintain the competitive advantage of the industry. Benefited from the booming of bio-pharmaceutical industry, the medical business saw sufficient quantity of orders and high-capacity efficiency, and thus grew rapidly in the reporting period. In 2020, the Company achieved an operating income of RMB 1,990,024,552.37 in life science, with a year-on-year growth of 12.91%.

2. Trade guarantee In the reporting period, the trade guarantee business strengthened the maintenance of its existing market share, continuously optimized the channel layout, and gave play to the synergy in related fields, so the segment kept steady growth. In 2020, the Company achieved an operating income of RMB 479,649,797.53 in trade guarantee, with a year-on-year growth of 10.49%.

3. Consumer goods testing In the reporting period, the Company actively took countermeasures against the declining tendency in the 'automobile industry and saw turnover in the second half year. In this segment, new projects such as aviation materials, wireless communications and automotive electronics successfully obtained approvals and successfully proceeded during the reporting period. They are expected to drive rapid growth of the whole business in years. In 2020, the Company achieved an operating income of RMB 401,810,285.54 in consumer goods, with a year-on-year decrease of 5.35%.

4. Industrial test During the reporting period, the Company achieved an operating income of RMB 696,228,126.21 in the industrial test, with a year-on-year growth of 23.87%. First, it is the system reform of the measurement and testing industry that is conducive to the development of private third-party measurement and testing business. Second, the Company introduced the leading talents in the field of measurement and calibration, and increased the investment in the measurement and calibration business. It also expanded the testing capability and explored the declining market based on the existing measurement and calibration laboratories. In the reporting period, substantial progress was made in the field of integrated traffic tests, and the flame retardant test and rail transit organizations and their abilities were gradually improved. MARITEC PTE. LTD. was acquired to enter the marine oil test market, which was expected to become a new growth point of the

Company's performance in the future.

(II) Efforts are made to steadily promote the Company's development strategy and enhance brand influence

In the reporting period, the Company carried out all work in an orderly manner under international and high quality long-term development strategies and its annual operation plan, and gained the following achievements in optimization of operation and management, implementation of strategic investment, talent and team building, improvement of customer satisfaction and recognition from major customers, progress in R&D innovation, social responsibility and sustainable development, and other aspects:

1. Optimization of operation and management

As to operation efficiency, the Company continued to sort out product lines and laboratories, further implemented the turnover plan for loss-making laboratories, and continuously reduced the number of loss-making laboratories. According to the situations of different departments, the Company discussed fine management and efficiency improvement plans and applied more efficient approaches to increasing returns. The Company implemented cash flow management plans for different departments and continuously improved operating cash flow.

As to management efficiency, the Company gave full play to the synergy of the same product line among different cities and of different product lines in the same city, and better promoted the synergy of various business divisions in the strategic direction. The Company further promoted the group's symbiotic projects and further enhanced the group's brand operation capabilities and major customer development service capabilities. The purchase center of the group was solely responsible for purchase, utilization, lease, repair and maintenance of testing equipment and thus effectively reduced purchase costs.

2. Implementation of strategic investment

According to established short-term, middle-term and long-term development plans, the Company invested resources in the strategic sectors consistent with industrial development in China. In the reporting period, while maintaining its market edges in environment testing, food testing, trade security and other fields, the Company dug deep into the opportunities of sub-fields and kept the growth in original advantageous fields. Substantial progress was made in aviation material testing, automotive electronic testing, chip testing, rail transit, fire prevention and flame retardant, and other businesses, laying the foundation for the Company's sustainable development in the future. In the reporting period, the Company successfully achieved the expansion of domestic Dual C capabilities and obtained the "CCC testing and certification license for 5G mobile user terminals", becoming one of the few testing institutions in China that could provide CCC certification services for 5G mobile user terminals. The Company's Aviation Materials Laboratory obtained the NADCAP-MTL (Material Testing Laboratory) certificate issued by PRI, meaning that the Company entered the international aerospace material testing field. Suzhou CTI Kunshan Automotive Electronics Laboratory, a subsidiary of the Company, was approved by CNAS to test in the fields of electromagnetic compatibility and on-board electronic and electrical products, and the electromagnetic compatibility testing would be added to the services such as electronic and electrical products, railway applications, communication equipment and on-board electronic and electrical products. Suzhou Rail Transit Laboratory was established and became the first professional laboratory of the Company in the field of rail transit. It was certified by CMA and approved by CNAS for site review. Upon expansion of the certification and evaluation license into the field of rail transit, the new license after such expansion included ISA for complete vehicle and signal lines and SIL for new products. The successful expansion indicates that the Company has more qualifications in the rail transit certification and evaluation and can provide third-party rail transit certification and evaluation services for more product types and more customer groups.

As to strategic M&A, the Company has major breakthroughs in participating in the restructuring of

state-owned enterprises and international M&As. In the reporting period, the Company signed the memorandum of strategic cooperation at Tianjin Eco-City Service Center with Tianjin Eco-City Investment & Development Co., Ltd., Nankai University Education Foundation and College of Environmental Science and Engineering, Nankai University. Through the capital increase, the Company became the first majority shareholder, by holding 51% equity, of Tianjin Eco-City Environmental Technology Co., Ltd. (hereinafter referred to as "Tianjin Eco-City"). This is the first mixed-reform project controlled by the Company. This cooperation is to join forces to provide complementary resources, give full play to the cooperation advantages of "government, school and enterprise", increase investment in green industry and technology R&D, and work together to develop Tianjin Eco-city into a nation-wide, comprehensive branded EHS consulting company, into the technical center of the Company for expanding EHS services nationwide, and also into the engine and technology (capability) center for developing environment-related technical services domestically.

In the reporting period, Hong Kong CTI, a wholly-owned subsidiary of the Company, acquired at the purchase price of SGD 1,506,100, the remaining 30% equity of POLY NDT. After this transaction, the Company held 100% equity of POLY NDT. This acquisition of the remaining 30% equity of POLY NDT by the Company is beneficial for the Company to strengthen the management of POLY NDT, to develop the Company's ship test and service business from a long-term perspective, and to further improve the Company's resource allocation and management efficiency in line with the Company's overall development plan. The Company acquired 100% equity of MARITEC PTE. LTD. at the purchase price of SGD 54,860,000. This merger, as an important part of the Company's integrated traffic strategy, can reflect strong synergy with the existing shipping service of the Company and promote the coordinated growth of the ship product line and MARITEC PTE. LTD in terms of operating income, net profit and cash flow. The successful completion of this merger declares that the Company has officially taken a solid step towards globalization.

3. Talent and team building

The growth of talents and the team is critical to the sustainable development of the Company. In the reporting period, the Company constantly improved the competitiveness of the team in multiple manners including internal training and introduction of external talents. As to internal training and improvement, to strengthen the training for all employees, the group launched E-Learning, an online learning platform, to expand training scope, so that more employees could get professional ability improvement more conveniently. The Company tailored the "Sunshine Project" for fresh graduates as an important part of its strategic talent development project, and escorted fresh graduates along with their learning and growth in all aspects through various learning methods such as face-to-face, E-Learning, live streaming and tutor's teaching. The Company launched the second "Guanghua LAP Leadership Promotion Project" to systematically improve the integrated management abilities of senior executives, including "strategic implementation ability, ability to analyze and solve problems, ability to cultivate subordinates and self-leadership". The Company invited lecturers with rich experience in international strategic M&A to give lectures to the senior management, so as to comprehensively improve the strategic M&A and post-investment management capabilities of the whole senior management. As to the introduction of external talents, in the reporting period, the Company introduced talents with rich industry experience and excellent management ability in the fields of textiles, measurement and calibration, who were expected to lead the team to create good results and help the Company grow and expand. The Company has employed four experts from the Experts Team of Urban Rail Transit Research Institute of Southwest Jiaotong University. Later, the Company will establish a close cooperative relationship with the Experts Team when both parties will strengthen study and communication, and strive to bring more breakthroughs in professional technology for the Company.

As to the incentives for talents, in the reporting period, the conditions for option exercise for the first of the two exercise periods of the stock option incentive plan of the Company were met. In

2018, 38 exercise objects covered by the stock option incentive plan exercised their options by means of autonomous exercise, with a total number of exercisable options being 6,195,000. In 2019, 9 exercise objects covered by the stock option incentive plan exercised their options by means of autonomous exercise, with a total number of exercisable options being 1,410,000. Successful implementation of stock option incentive plan can attract and retain excellent management talents and business backbones, arouse the enthusiasm and creativity of employees, and help the Company to develop continuously and efficiently.

4. Improvement of customer satisfaction and recognition from major customers

In the reporting period, the QHSE Department of the group developed *QHSE Risk Management Measures* and amended the *Measures for Group Quality Supervision and Management* and *Measures for Laboratory Quality Supervision and Management* accordingly, to control the risks institutionally and ensure compliant operation of the Company. The Company organized and implemented the 2020 Quality Knowledge Assessment of Middle-level Management Cadres and based the management's promotion and salary increase on the assessment results. The Company carried out the 2020 Laboratory Quality Supervision Review to supervise for compliance of all works in the laboratories and strictly control quality risks. As to customer satisfaction, as new technology brings in innovated life and work styles and reformed experience, the Company actively explores to create more value for customers and improve customer satisfaction by applying digital technology in all aspects without affecting the existing mature business. By the end of 2020, CTI MALL, the official e-commerce platform self-operated by the Company, was officially put into operation, which was the practice and exploration of the additional placement of digital strategy. It can make customers experience more convenient, flexible, transparent, efficient and professional quality services, and fully guarantee quality and safety.

The Company has provided professional services for national projects for many times. The Company was engaged in the capacity verification of national inspection and testing bodies by the State Administration for Market Regulation in 2020. In this national capacity verification work, the Company was engaged into the organization, implementation and coordination of the capacity verification plan of "Determination of Lead and Mercury in Cosmetics". The Company took part in a national key project - Fuzhou-Pingtang Railway to monitor the marine environment of the project's cross-sea section in real time. In the reporting period, the Company won in the bid for governmental projects many times, particularly including Quantitative Inspection and Sampling of Edible Agricultural Products in 2020 with the successful bid price of RMB 16,000,000, Henan Environmental Monitoring Center - Operation and Maintenance of Henan Provincial Environmental Air Monitoring Station from 2020 to 2022 (Package E) with the successful bid price of RMB 12,481,200, and Sampling Analysis and Quality Control Service of Key Industry Enterprise Sites in Nanyang City of Nanyang Ecological Environment Bureau (Lot I) with the successful bid price of RMB 10,044,000. As to enterprise customers, the Company has signed service contracts with a lot of excellent enterprises such as Rainbow, CR Vanguard, AEON, Sinopec, Tsingtao and COFCO.

5. Progress in innovative R&D

In the reporting period, the Company obtained 8 new patents and had total patents up to 187: 46 inventions and 141 utility models. The Company participated in the formulation and revision of 94 new standards, up to 536 standards on an accumulated basis, among which 496 have been published, including 304 national standards and 20 mandatory standards. The Company always adheres to high-quality development driven by standard construction. In 2020, the Company's international standardization work made a major breakthrough. The Company-led ISO food standard was widely recognized by international experts, and it was unanimously agreed that the standard would directly enter the draft international standard (DIS) stage. The Company-participated ISO machinery standard was officially published as the first international standard in the foundry machinery sector. The Company won the "First Prize of China Standard Innovation Contribution Award in 2020" for participation in the completion of 7 standards such as GB/T20001.5-2017 "Rules for Drafting

Standards - Part 5: Specification Standards", and was the first private third-party testing and certification institution with such honor. On the basis of existing standardization work, the Company will give full play to the basic, strategic and leading roles of the standards, enhance the internationalization level of the standards, promote Chinese standards and Chinese manufacturing to the world, and escort Chinese enterprises to participate in international competition.

6. Social responsibility and sustainable development

(1) Social responsibility

The Company has been fulfilling its corporate responsibility in practice. After the outbreak of the pandemic, the Company quickly responded to the needs of the government and customers, sorted out its professional capabilities, and obtained the qualifications related to the pandemic for the first time. CTI-MedLab, a subsidiary of the Company, was 100% qualified to be one of the first third-party medical laboratories in Shanghai to obtain the certification for the COVID-19 nucleic acid test. Shanghai CTI and Shenzhen CTI in the first time obtained the CMA license for civil and medical masks and protective clothing, and the Company also obtained the license to test children's masks as per association standards. The Company obtained Grade A license of environmental/product disinfection service to provide environmental/product disinfection service for all walks of life. Throughout the period of Shanghai CIIE, CTI-MedLab participated in the pandemic prevention and control work, fully carried out the nucleic acid test for participants and food safety testing, and escorted CIIE smoothly, from the human being to the physical objects.

The management of the Company has actively participated in the high quality development activity with the listed company and in industry forums at which the prospective issues concerning industry development are discussed, shared the practical experience of the Company, built a good corporate brand image of the Company and played a positive role in promoting the development of the industry. In 2020, Mr. Wan Feng, the Chairman of the Company, was invited to and attended a conference on improving the quality of listed companies in Shenzhen held by Shenzhen Securities Regulatory Bureau and delivered a speech on "Insist on the Main Business to Achieve High-quality Development" as a representative of listed companies in Shenzhen, in which he stated that the growth of the Company was inseparable from the "Transparency-centered Governance Structure and Branding Operation", and shared information about the Company's growth, corporate culture, corporate governance, M&A, etc.; Chairman Wan was invited to and attended the Conference on High-quality Development of Inspection and Testing in China and "14th Five-Year Plan", and as a representative of leading talents in the industry, had an in-depth discussion and exchange with other representatives of the testing and certification industry on "the Development Path of Third-party Inspection and Testing Enterprises in China". He said that "CTI had been determined to be a Chinese testing brand from the very beginning, so it had been following the management concept of 'Brand Core' for many years, paving the way for corporate integrity and brand development by embracing the capital market and actively becoming a public company", and requested all sectors of society to have a deep understanding of the Company. President Richard Shentu was invited to and attended the TIC China 2020 sponsored by China Entry-Exit Inspection and Quarantine Association, delivered a keynote speech on "Logic of High-quality Development of the TIC Industry", and suggested that enterprises in TIC industry actively embrace supervision, enhance core competitiveness, create a win-win situation, and jointly contribute to the sound development of the TIC industry. In 2020, the Company won the honor of "2020 Industry Influential Brands List-Leading Brand Award in Testing, Inspection and Certification Industry" at the 7th China Industry Influential Brands Summit, and it was also the only listed institution in the third-party testing and certification industry. President Richard Shentu was invited to and attended the Summit and stated "with the inclusion of 'the implementation of the strategy of strengthening the country by quality' into the outline of the "13th Five-Year Plan", China's third-party testing and certification industry entered a vigorous development stage; CTI as a leading enterprise in China's third-party testing and certification industry, always took the mission of 'delivering trust for quality life' and was committed to delivering trust among the government, enterprises and individuals. In addition to

creating value for customers and promoting the sustainable development of society towards a healthier, safer, environmental protection and energy saving direction, we also hoped to continuously improve the international status and global influence of China's third-party testing and certification institutions and promote the sustainable and healthy development of China's third-party testing and certification industry." President Richard Shentu accepted an exclusive interview with CCTV's "Da Guo Jiang Xin" program. He said the reason why CIT could achieve such a large scale mainly depended on three core competitive points: strong brand credibility, broad network coverage, and excellent founders and management team. The Company is expected to be rooted in China, take a global view, and develop into a competitive international third-party testing and certification institution. At the same time, the Company will continue to improve its ESG level and promote society to develop in a better direction.

(2) Sustainable development

The Company is committed to actively promoting the development of society in a greener, healthier, environmentally friendly and sustainable direction. In 2020, the Company established an ESG leading group at the Board of Directors level, and the Chairman and CEO personally deployed ESG work and paid attention to the progress in ESG work. The contacts from the departments within the group and from its branches and subsidiaries in territories formed an ESG work team. Special ESG training was provided for the Board of Directors and the senior management. On April 21, 2021, the Company will publish the Chinese version of the first ESG report (the English version of the ESG report will be published with the annual report in mid-May), reporting the sustainable development performance to all stakeholders and making sustainable development commitments. In 2020, the Company officially joined China ESG Leaders' Organization and became the 34th member of the organization. The Company will work with China ESG Leaders' Organization to promote and practice the values of sustainable development, responsible investment, environment, society and corporate governance, improve the overall ESG management level of enterprises, lead the best practice of ESG in the industry, and establish the competitive advantage of Chinese ESG leaders in the international market.

The Company has been serving for the green development of various industries. It has been deeply cultivating in the fields of low carbon, green and energy efficiency for many years, and accumulated professional technical service capabilities. In the reporting period, CTI obtained the VERRA SD VSta assessment license, which was the third license for sustainable development obtained from VERRA after VCS and CCB. CTI obtained the ICAO CORSIA license and became one of the seven audit institutions holding such license in China. GB/T23331-2020 energy management system standard, the drafting of which was led by CTI, was officially published. *Standard and Evaluation of Low-carbon Hydrogen, Clean Hydrogen and Renewable Hydrogen*, which was the first "green hydrogen" standard globally and the drafting of which was attended by CTI, was officially published and implemented.

In the reporting period, the Company won in the bid for review of carbon emission report of key enterprises in Hunan Province in 2019 and 2020. This was the first time that the Company had been shortlisted for carbon emission verification and review in Hunan Province, laying a good foundation for the Company to further expand its business in Hunan Province. The Company and its partner Ningxia Clean Development Mechanism Environmental Protection Service Center (Limited Liability Company) formed a consortium which successfully won in the bid for the carbon emission verification (including review) of key enterprises in Shanxi Province in 2019. As one of the first batch of carbon verification agencies registered with the competent authority of carbon verification in Shanxi Province, the Company has provided carbon verification (review) services for competent authorities and enterprises in Shanxi Province for many years. The Company and its partner Shenyang Zhenyuxin Carbon Asset Management Co., Ltd. formed a consortium which successfully won in the bid for the carbon emission verification of key emission control enterprises in Shenyang in 2018-2019, which means that the Company won in the bid for Shenyang carbon verification twice in a row. The Company successfully won in the bid for the 2020 energy-saving diagnostic

service agency selection project of the Ministry of Industry and Information Technology. This meant the recognition and trust of the bid evaluation committee for the Company's rich experience in energy-saving services. The Company successfully won in the bid for procurement of counseling and evaluation service for energy management system construction of Fujian Provincial Department of Industry and Information Technology, which means that the Company won in the bid for a project of the same kind in three consecutive years.

II. Analysis of Main Business

1. Overview

Please refer to "I. Overview" in "Discussion and Analysis of Business Operation".

2. Revenue and costs

(1) Composition of operating income

Overall operating income

Unit: RMB

	2020		2019		Year-on-year increase/decrease
	Amount	Percentage of operating income	Amount	Percentage of operating income	
Total operating income	3,567,712,761.65	100.00%	3,183,255,712.67	100.00%	12.08%
Industry					
Technical service	3,567,712,761.65	100.00%	3,183,255,712.67	100.00%	12.08%
Product					
Trade guarantee	479,649,797.53	13.44%	434,106,278.51	13.64%	10.49%
Consumer goods test	401,810,285.54	11.26%	424,515,411.61	13.34%	-5.35%
Industrial test	696,228,126.21	19.51%	562,078,608.49	17.66%	23.87%
Life science	1,990,024,552.37	55.78%	1,762,555,414.06	55.37%	12.91%
Region					
Domestic	3,394,052,361.45	95.13%	3,090,282,691.67	97.08%	9.83%
Overseas	173,660,400.20	4.87%	92,973,021.00	2.92%	86.79%

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

√ Applicable Not Applicable

Unit: RMB

	Operating income	Operating costs	Gross margin	Increase/decrease of operating income compared with the same period in the previous year	Increase or decrease of operating costs compared with the same period in the previous year	Increase/decrease of gross margin compared with the same period in the previous year
Industry						
Technical service	3,567,712,761.65	1,785,116,400.94	49.96%	12.08%	10.84%	0.56%
Product						
Trade guarantee	479,649,797.53	149,689,249.01	68.79%	10.49%	6.73%	1.10%
Consumer	401,810,285.54	227,183,832.56	43.46%	-5.35%	11.68%	-8.62%

	Operating income	Operating costs	Gross margin	Increase/decrease of operating income compared with the same period in the previous year	Increase or decrease of operating costs compared with the same period in the previous year	Increase/decrease of gross margin compared with the same period in the previous year
goods test						
Industrial test	696,228,126.21	374,149,986.12	46.26%	23.87%	11.35%	6.04%
Life science	1,990,024,552.37	1,034,093,333.25	48.04%	12.91%	11.10%	0.84%
Region						
Domestic	3,394,052,361.45	1,713,269,629.53	49.52%	9.83%	8.87%	0.44%
Overseas	173,660,400.20	71,846,771.41	58.63%	86.79%	95.18%	-1.78%

The main business data of the Company for the previous 1 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 is adjusted in the reporting period

Applicable Not Applicable

(3) Whether or not the revenues from physical sales of the Company are greater than the service revenues

Yes No

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

Applicable Not Applicable

(5) Composition of operating costs

Industry category

Industry category

Unit: RMB

Industry category	Item	2020		2019		Year-on-year increase/decrease
		Amount	Proportion of operating costs	Amount	Proportion of operating costs	
Technical service	Employee remuneration	710,827,435.26	39.82%	634,354,133.98	39.39%	12.06%
Technical service	Depreciation and amortization costs	245,534,982.18	13.75%	243,994,372.42	15.15%	0.63%
Technical service	Outsourcing expenses	222,872,211.23	12.49%	188,418,653.82	11.70%	18.29%
Technical service	Laboratory consumables	204,074,165.47	11.43%	182,589,352.67	11.34%	11.77%
Technical service	Rents and utilities	128,431,584.79	7.19%	126,147,403.16	7.83%	1.81%
Technical service	Others	273,376,022.01	15.31%	234,961,375.76	14.59%	16.35%
Total		1,785,116,400.94	100.00%	1,610,465,291.81	100.00%	10.84%

Note

N/A.

(6) Whether or not the consolidation scope has changed in the reporting period√ Yes No**(I) Business combination not under the same control****1. Business combination not under the same control incurred in the current period**

Name of acquiree	Date of acquiring equity	Cost of equity acquisition	Equity ratio acquired (%)	Method of equity acquisition	Purchase date	Determination basis of purchase date	Revenues of the acquiree from the purchase date to the end of the period	Net profits of the acquiree from the purchase date to the end of the period
MARITEC PTE.LTD.	June 5, 2020	287,949,270.49	100	Purchase with cash	June 5, 2020	Acquisition of control	33,807,483.01	5,132,157.17
Tianjin Eco-City Environmental Technology Co., Ltd.	September 24, 2020	34,960,000.00	51	Purchase with cash	September 24, 2020	Acquisition of control	10,828,429.19	300,464.92

2. Merger costs and goodwill

Merger costs	MARITEC PTE.LTD.	Tianjin Eco-City Environmental Technology Co., Ltd.
Cash	287,949,270.49	34,960,000.00
Fair value of non-cash assets		
Fair value of debts issued or assumed		
Fair value of equity securities issued		
Fair value of contingent consideration		
Fair value on the purchase date of equity held prior to the purchase date		
Others		
Total merger costs	287,949,270.49	34,960,000.00
Less: Fair value of identifiable net assets obtained	21,276,254.24	22,068,184.90
Goodwill/amount of merger costs lower than the fair value of identifiable net assets acquired	266,673,016.25	12,891,815.10

(1) Determination of the fair value of merger costs and description of contingent consideration and its changes

The fair value of merger costs shall be determined subject to the cash actually paid.

(2) Main reason for the formation of large goodwill

The amount of the fair value of merger costs greater than the fair value of identifiable net assets acquired by the acquiree in the merger.

3. Identifiable assets and liabilities of the acquiree on the purchase date

Item	MARITEC PTE. LTD.		Tianjin Eco-City Environmental Technology Co., Ltd.	
	Fair value on the purchase date	Book value on the purchase date	Fair value on the purchase date	Book value on the purchase date
Monetary fund	11,523,560.35	11,523,560.35	47,599,917.27	47,599,917.27
Notes receivable			200,000.00	200,000.00

Receivables	18,034,207.50	18,034,207.50	7,560,771.70	7,560,771.70
Inventories	702,473.28	702,473.28	4,161,089.90	4,161,089.90
Fixed assets	4,063,206.78	4,063,206.78	289,605.44	289,605.44
Intangible assets			80,228.08	80,228.08
Long-term deferred expenses			224,559.01	224,559.01
Deferred income tax assets			168,124.56	168,124.56
Advances to suppliers	238,133.85	238,133.85	218,980.68	218,980.68
Other receivables	263,429.05	263,429.05	339,275.14	339,275.14
Less: Accounts payable	2,060,468.07	2,060,468.07	13,758,329.62	13,758,329.62
Deferred income tax liabilities	233,555.79	233,555.79		
Advances from customers	3,276,263.02	3,276,263.02	1,641,040.08	1,641,040.08
Payroll payable	791,759.58	791,759.58	1,685,663.15	1,685,663.15
Taxes payable	4,308,314.65	4,308,314.65	150,372.73	150,372.73
Other payables	2,516,384.38	2,516,384.38	336,195.41	336,195.41
Long-term payables	362,011.08	362,011.08		
Net assets	21,276,254.24	21,276,254.24	43,270,950.79	43,270,950.79
Less: Minority equity			21,202,765.89	21,202,765.89
Net assets acquired	21,276,254.24	21,276,254.24	22,068,184.90	22,068,184.90

(II) Business combination under the same control

There is no business combination under the same control incurred in the current period.

(III) Disposal of subsidiaries

1. The control on investment in subsidiaries is lost upon single disposal

Name of subsidiary	Equity disposal price	Ratio of equity disposal (%)	Method of equity disposal	Date of losing control	Basis for determining the date of losing control	The difference in the net assets of subsidiaries related to disposal price and disposal investment in the consolidated financial statements
Nanjing CTI Medical Technology Service Co., Ltd.	1,072,500.00	26	Sale	January 6, 2020	Industrial and commercial registration of changes completed	1,169,688.35
Zhejiang Shengnuo Testing Technology Co., Ltd.	535,300.00	51	Sale	November 13, 2020	Industrial and commercial registration of changes completed	-252,305.37

Continued:

Name of subsidiary	Ratio of residual equity on the date of losing control (%)	Book value of residual equity on the date of losing control	Fair value of residual equity on the date of losing control	Gains or losses from recalculation of residual equity at fair value	Method of determining the fair value of residual equity on the date of losing control and the main assumptions	Amount of investment gains/losses transferred from other comprehensive incomes related to previous equity investment in subsidiaries
Nanjing CTI Medical Technology Service Co., Ltd.	34	113,705.33	1,402,500.00	1,288,794.67	Divide the disposal price by the ratio of equities sold and multiply by the ratio of residual equities	
Zhejiang Shengnuo Testing Technology Co., Ltd.						

(IV) Changes of merger scope for other reasons

New subsidiaries of the Company include: Shenzhen CTI Medical Laboratory, CTI Hubei Co., Ltd., Chengdu CTI Zhicheng Rail Transit Technology Co., Ltd., CTI Special Equipment Testing (Beijing) Co., Ltd. and Huayi Testing and Certification (Shenzhen) Co., Ltd.

The subsidiaries canceled by the Company include: Shanghai CTI-SAMT Materials Technology Co., Ltd., Jinzhou CTI Co., Ltd. and Chengdu CTI Zhicheng Rail Transit Technology Co., Ltd.

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

Applicable Not Applicable

(8) Main sales accounts and suppliers

Main sales accounts of the Company

Total sales amount of top five customers of the Company (RMB)	128,716,553.90
Proportion of total sales amount of top five customers to the total annual sales amount	3.61%
Percentage of sales by related parties in that of top five customers to the total annual sales amount	0.00%

Information concerning top five customers of the Company

No.	Name of customer	Sales amount (RMB)	Proportion to the total annual sales amount
1	Customer I	33,068,610.03	0.93%
2	Customer II	27,266,468.90	0.76%
3	Customer III	25,425,394.36	0.71%
4	Customer IV	23,447,172.78	0.66%
5	Customer V	19,508,907.83	0.55%
Total	--	128,716,553.90	3.61%

Other information of main customers

Applicable Not Applicable

Main suppliers of the Company

Total purchase amount of top five suppliers of the Company (RMB)	271,539,553.14
Proportion of total purchase amount of top five suppliers to the total annual purchase amount	15.24%
Proportion of purchase amount by related parties in that of top five suppliers to total annual purchase amount	0.00%

Information concerning top five suppliers of the Company

No.	Name of supplier	Purchase amount (RMB)	Proportion to the total annual purchase amount
1	Shanhe Construction Group Co., Ltd.	86,156,297.49	4.84%
2	Shenzhen Century Global Supply Chain Co., Ltd.	56,946,445.66	3.20%
3	Shenzhen Top One Automobile Rental Co., Ltd.	55,913,626.27	3.14%
4	Sinopharm Guangdong Medical Device Supply Chain Co., Ltd.	45,009,183.72	2.53%
5	Shanghai Talent Construction (Group) Co., Ltd.	27,514,000.00	1.54%
Total	--	271,539,553.14	15.24%

Other information of main suppliers

Applicable Not Applicable

3. Expenses

Unit: RMB

	2020	2019	Year-on-year increase/decrease	Explanations for significant changes
Selling expenses	667,765,014.41	604,729,179.17	10.42%	
Administrative expenses	235,133,917.95	222,671,207.51	5.60%	
Financial expenses	11,422,846.70	7,670,384.43	48.92%	The main reason: The exchange gain/loss caused by exchange rate changes in the current period increased compared with the previous year.
R&D expenses	308,228,794.04	300,589,399.68	2.54%	

4. R&D investment

Applicable Not Applicable

As of December 31, 2020, the Company obtained 187 patents, including 46 invention patents, 141 utility model patents and 0 appearance patent. The Company participated in the formulation and revision of 536 standards, among which 496 had been published, including 304 national standards and 20 mandatory standards. In the reporting period, there were 8 new patents and 94 new standards.

The progress of research and development projects carried out by the Company in 2020 and the intended goals are as follows:

No.	Name of project	Progress	Intended goal
1	Multi-functional and multi-channel automatic titration device	Authorized 201822279354.0	Obtain patent licensing
2	Ware cabinet	Authorized 201822279291.9	Obtain patent licensing

3	Multi-position and multi-temperature range remote atmospheric sampling device	Authorized 201822279353.6	Obtain patent licensing
4	Multi-position and multi-temperature range atmospheric sampling device	Authorized 201822279099.X	Obtain patent licensing
5	Test device for simulating outdoor acid rain environment	Authorized 201822276568.2	Obtain patent licensing
6	Agricultural environment-friendly soil component detection device	Authorized 201921096516.5	Obtain patent licensing
7	Indoor formaldehyde detection equipment	Authorized 201921096527.3	Obtain patent licensing
8	Ware cabinet with guide rail	Authorized 201822278418.5	Obtain patent licensing
9	Water treatment chemicals - Determination of nickel, manganese, copper and zinc - Inductively coupled plasma atomic emission spectrometry	Industry standards, issued	
10	Intelligent laboratory - Instruments and equipment - Communication requirements	National standards, issued	Intelligence
11	Safety of machinery - Reduction of risks to health from hazardous substances emitted by machinery - Part 1: Principles and specifications for machinery manufacturers	National standards, issued	Pollutant discharge
12	Request in common use of security for student's articles	National standards, issued	Mandatory standards
13	Gas analysis - Measurement procedure and result - Technical requirements for calibration	National standards, issued	
14	Reclaimed water quality - Determination of total arsenic - Atomic fluorescence spectrometry	National standards, issued	
15	General technical criterion for knitted sports protection article	National standards, issued	Establish industry laboratory standards
16	Foundry machinery — Vocabulary — Part 1: General	International standards, issued	Enhance China's influence in international standards work
17	Performance evaluation methods of mobile household robots	International standards, in progress	Enhance China's right to speak in international standards work
18	Research and demonstration on key technologies of incorporation, management and control of multi-source food safety data	Research results have been obtained	Analysis and application of food safety data
19	Research and development of transgenic wheat reference materials	Research results have been obtained	Development of nucleic acid reference materials
20	Research and development of portable automatic monitor for β -ray particles	Research results have been obtained	Research and development of portable device
21	Comparative analysis of cosmetic consistency	Research results have been obtained	Cosmetic identification technology
22	Research and application of ultrasonic testing technology of fully focused phased array	In progress	Technical application in building engineering area
23	Experimental study on fish	Research results have been	Expand the experimental ability in the

	bioaccumulation	obtained	registered pesticide field
24	Research on safe identification of smart camera based on digital certificate	Research results have been obtained	An electronic identification technology
25	Methodological verification of DS002 anti-drug antibody in cynomolgus monkey serum	Research results have been obtained	A pre-clinical safety evaluation method for new drug
26	Research, development and application of integration inspection and testing service platform for emerging industries	In progress	Key Project of National Key R&D Plan of Ministry of Science and Technology - "R&D and Application Demonstration of Common Key Technologies in Modern Service Industry"

Amount invested by the Company in research and development in the past three years and its proportion to operating income

	2020	2019	2018
Number of R&D personnel (person)	1,519	1,260	983
Proportion of R&D personnel	15.09%	13.47%	11.77%
Amount invested in R&D (RMB)	308,228,794.04	300,589,399.68	222,057,288.77
Proportion of R&D investment to operating income	8.64%	9.44%	8.28%
Amount of capitalized R&D expenditures (RMB)	0.00	0.00	0.00
Proportion of capitalized R&D expenditures to R&D investment	0.00%	0.00%	0.00%
Proportion of capitalized R&D expenditures to current net profits	0.00%	0.00%	0.00%

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

Applicable Not Applicable

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

Applicable Not Applicable

5. Cash flow

Unit: RMB

Item	2020	2019	Year-on-year increase/decrease
Subtotal of cash inflows from operating activities	3,974,110,260.31	3,358,683,752.65	18.32%
Subtotal of cash outflows from operating activities	3,043,157,293.42	2,563,520,340.64	18.71%
Net cash flow from operating activities	930,952,966.89	795,163,412.01	17.08%
Subtotal of cash inflows from investment activities	2,524,776,731.09	1,950,393,752.41	29.45%
Subtotal of cash outflows from investment activities	3,461,656,384.56	2,608,548,507.40	32.70%

Net cash flow from investment activities	-936,879,653.47	-658,154,754.99	-42.35%
Subtotal of cash inflows from financing activities	386,961,515.44	240,887,570.00	60.64%
Subtotal of cash outflows from financing activities	319,471,380.52	630,449,911.12	-49.33%
Net cash flow from financing activities	67,490,134.92	-389,562,341.12	117.32%
Net increase in cash and cash equivalents	53,081,022.17	-250,531,477.06	121.19%

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

Applicable Not Applicable

[Subtotal of cash outflows from investment activities]: It has a year-on-year growth of 32.70%, mainly due to RMB 500 million increase in the amount applied to purchase money management products in the current period compared with the same period in the previous year and to RMB 260 million paid to acquire MARITEC PTE.LTD. in the current period.

[Net cash flow from investment activities]: It has a year-on-year decrease of 42.35%, mainly due to an increase in the amount applied to purchase money management products in the current period and to an increase in the amount applied to acquire corporate equity, compared with the same period in the previous year.

[Subtotal of cash inflows from financing activities]: It has a year-on-year growth of 60.64%, mainly due to RMB 140 million increase in long-term borrowings compared with the same period in the previous year.

[Subtotal of cash outflows from financing activities]: It has a year-on-year decrease of 49.33%, mainly due to RMB 310 million decrease in the borrowings repaid compared with the same period in the previous year.

[Net cash flow from financing activities]: It has a year-on-year growth of 117.32%, mainly due to a decrease in the borrowings repaid compared with the same period in the previous year.

[Net increase in cash and cash equivalents]: It has a year-on-year growth of 121.19%, mainly due to the combined impact of the operating activities, investment activities and financing activities above.

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

Applicable Not Applicable

III. Non-main business

Applicable Not Applicable

Unit: RMB

	Amount	Proportion to total profit	Cause description	Whether it is sustainable
Investment income	29,090,058.50	4.47%	It mainly includes long-term equity investment income and wealth management product income under the equity method of the Company.	No
Gain or loss from changes in fair value	9,369,010.39	1.44%	Income from financial assets held for trading (wealth management products) provided for by the Company	No

Asset impairment	4,283,330.48	0.66%	It is the effect of the provision made for loss of impairment in contract assets.	No
Non-operating income	3,627,508.12	0.56%	It mainly includes government subsidies and claim compensations.	No
Non-operating expenses	4,436,652.40	0.68%	It mainly includes the loss from disposal of non-current assets.	No
Other incomes	86,875,074.01	13.34%	The government subsidies of the Company related to daily activities.	No
Credit impairment loss ("-" for loss)	-19,767,231.76	-3.04%	It is the effect of the provisions made for losses of impairment in accounts receivable, other receivables and notes receivable.	No
Asset disposal income	447,705.19	0.07%	It mainly includes the fixed asset disposal income.	No

IV. Assets and liabilities

1. Significant changes in asset composition

The Company started to implement the new standards for income or lease from 2020, and adjusted the implementation of items related to the financial statements at the beginning of the year.

Applicable

Unit: RMB

	End of 2020		Beginning of 2020		Increase/decrease of proportion	Explanations for significant changes
	Amount	Proportion to total assets	Amount	Proportion to total assets		
Monetary fund	560,617,641.58	10.28%	507,068,508.11	11.44%	-1.16%	
Accounts receivable	758,173,539.15	13.90%	558,638,144.72	12.60%	1.30%	Mainly due to an increase in the project income and to an increase in the unsettled accounts with governmental customers of the Company.
Inventories	32,339,457.78	0.59%	19,880,920.66	0.45%	0.14%	Mainly due to an increase in the spare consumables for testing of the Company.
Investment real estate	33,930,353.64	0.62%	35,017,442.03	0.79%	-0.17%	
Long-term equity investment	118,068,367.89	2.16%	105,752,802.31	2.38%	-0.22%	
Fixed assets	1,418,647,458.12	26.01%	1,276,280,965.46	28.78%	-2.77%	
Construction in progress	212,138,027.61	3.89%	116,978,198.50	2.64%	1.25%	Mainly due to: 1) Continuous investment into Northern Testing Base in the current period increased by RMB

						79,872,500 compared with the beginning of the year. 2) Continuous investment into Central China Testing Base increased by RMB 18,323,200 compared with the beginning of the year. 3) Continuous investment into the Southern Testing Base increased by RMB 14,526,200 compared with the beginning of the year. 4) New investment into the Qingdao Testing Base was RMB 11,975,800. 5) The works of Phase II of CTI East China Testing Base (Suzhou) for the current period were completed, and thus the transfer to fixed assets valued RMB 34,790,500.
Short-term borrowings	160,154,305.56	2.94%	192,777,359.15	4.35%	-1.41%	
Long-term borrowings	84,823,699.31	1.56%	0.00	0.00%	1.56%	It includes long-term borrowings due after one year of Centre Testing International (Hong Kong) Co., Ltd.
Financial assets held for trading	1,001,604,472.72	18.36%	555,903,309.16	12.54%	5.82%	Mainly due to an increase in the non-principal-protected wealth management products purchased in the current period compared with the beginning of the year.
Notes receivable	21,430,570.22	0.39%	13,064,427.95	0.29%	0.10%	The main reason is that the customers increased the proportion of settlement by notes.
Advance payment	52,716,741.75	0.97%	35,807,681.77	0.81%	0.16%	Mainly due to RMB 12,621,300 increase in the amount applied to purchase consumables for animal experiments for Suzhou Biologic Company compared with the beginning of the year.
Other current assets	85,043,546.23	1.56%	321,961,292.15	7.26%	-5.70%	Mainly due to the redemption upon expiry of the principal-protected wealth management products in the current period
Other non-	47,294,000.00	0.87%	30,212,344.64	0.68%	0.19%	In the current period,

current financial assets						the Company paid an investment amount of RMB 17,168,000 to Tianfangbiao Standardization Certification & Testing Co., Ltd.
Goodwill	442,112,482.14	8.11%	162,547,650.79	3.67%	4.44%	In the current period, Centre Testing International (Hong Kong) Co., Ltd. acquired 100% equity of MARITEC PTE. LTD. and thus increased the goodwill by RMB 266,673,000; and the Company made an additional contribution to Tianjin Eco-City Environmental Technology Co., Ltd. and thus increased the goodwill by RMB 12,891,800.
Other non-current assets	171,399,308.20	3.14%	104,932,975.71	2.37%	0.77%	In the current period, Centre Testing International Pinzheng (Shanghai) Co., Ltd. advanced RMB 106,878,600 for the lease of public rental housing in Pujiang.
Accounts payable	548,860,093.93	10.06%	413,195,187.86	9.32%	0.74%	Mainly due to: 1) RMB 69,000,000 increase in the amount payable for the continuous construction of Northern Testing Base in the current period compared with the beginning of the year. 2) RMB 14,700,000 increase in the amount payable for the construction and fitting-out of Phase I of CTI East China Comprehensive Testing Base (Shanghai) compared with the beginning of the year. 3) An increase in outsourcing fees and other payables of Tianjin Eco-City Environmental Technology Co., Ltd. to which additional contribution was made this year compared with the beginning of the year.
Taxes payable	74,485,249.60	1.37%	51,665,724.93	1.17%	0.20%	Mainly due to growth of business performance of the

						Company and the accompanied increases in income tax and value-added tax.
Other payables	99,400,072.98	1.82%	55,074,086.91	1.24%	0.58%	The main reason was that Centre Testing International Pinzheng (Shanghai) Co., Ltd. received from employees the rent for public rental housing in the amount of RMB 31,685,700.
Non-current liabilities due within one year	32,717,177.86	0.60%	97,036.26	0.00%	0.60%	It includes long-term borrowings due within one year of Centre Testing International (Hong Kong) Co., Ltd.
Other current liabilities	2,170,093.66	0.04%	4,883,510.43	0.11%	-0.07%	Mainly due to a decrease in advance receipts in the current period compared with the beginning of the year and the accompanied decrease in the tax to be written off.
Deferred income	107,213,599.53	1.97%	64,382,807.91	1.45%	0.52%	Mainly due to an increase in government subsidies obtained by the Company compared with the beginning of the year.
Deferred income tax liabilities	65,962,432.60	1.21%	48,344,986.51	1.09%	0.12%	Due to an increase in the deferred income tax liabilities covered by the preferential policy of one-time pre-tax deductions for fixed assets under RMB 5,000,000 of the Company.
Capital reserve	113,431,570.48	2.08%	51,374,649.84	1.16%	0.92%	The exercise of incentives associated to the equity of the Company increased capital reserve in the current period.
Other comprehensive income	14,688,390.68	0.27%	4,241,925.44	0.10%	0.17%	Mainly due to an increase in the converted difference in foreign currency statements.
Surplus reserve	179,193,512.40	3.29%	138,233,476.24	3.12%	0.17%	Due to statutory surplus reserve provided for in proportion in the current period
Undistributed profit	1,771,832,899.47	32.48%	1,295,758,239.33	29.22%	3.26%	Mainly due to increased profit as a result of sound profitability of the Company.

Minority equity	89,175,611.64	1.63%	61,279,706.00	1.38%	0.25%	In the current period, the Company made an additional contribution to Tianjin Eco-City Environmental Technology Co., Ltd., and the combination increased the minority equity.
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2. Assets and liabilities measured at fair value

√ Applicable Not Applicable

Unit: RMB

Item	Beginning balance	Gain/loss from changes in fair value in the current period	Accumulated changes in fair value recognized in equity	Impairment provided for in the current period	Purchase amount in the current period	Sale amount in the current period	Other changes	Ending balance
Financial asset								
1. Financial assets held for trading (excluding derivative financial assets)	555,903,309.16	9,369,010.39	9,369,010.39	0.00	1,710,000,000.00	1,275,034,705.33	1,366,858.50	1,001,604,472.72
2. Other non-current financial assets	30,212,344.64				17,168,000.00		-86,344.64	47,294,000.00
Total of items above-mentioned	586,115,653.80	9,369,010.39	9,369,010.39		1,727,168,000.00	1,275,034,705.33	1,280,513.86	1,048,898,472.72
Financial liabilities	0.00							0.00

Content of other changes

N/A.

Whether the measurement attribution of the Company's main assets in the reporting period was significantly changed or not

Yes No

3. Restrictions on asset rights at the end of the reporting period

Item	Balance	Reason of restriction
Monetary fund	17,650,766.01	Banker acceptance bill security, performance security, bid security and limited amount of account
Total	17,650,766.01	

V. Investment analysis

1. General

Applicable Not Applicable

2. Significant equity investment obtained during the reporting period

Applicable Not Applicable

Unit: RMB

Name of the investee	Main business	Form of investment	Investment amount	Shareholding ratio (%)	Source of funds	Cooperator	Period of investment	Product type	Progress as at the balance sheet date	Expected earnings	Gain/loss from investment in the current period	Litigation involved or not	Date of disclosure (if any)	Index of disclosure (if any)
MA RITE C PTE. LTD.	Technical test and analysis services; fuel and lubricant test and consulting services; other marine survey services other than classification societies	Acquisition	287,949,270.49	100.00%	Own funds	None	Long-term	Service	Acquisition completed	0.00	5,132,157.17	No	March 10, 2020	http://www.cinfo.com.cn
Total	--	--	287,949,270.49	--	--	--	--	--	--	0.00	5,132,157.17	--	--	--

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

Applicable Not Applicable

4. Financial assets measured at fair value

Applicable Not Applicable

5. Utilization of raised funds

Applicable Not Applicable

(1) Overall utilization of raised funds

Applicable Not Applicable

Unit: RMB 10,000

Year of raising	Method of raising	Total funds raised	Total raised funds used in the current period	Total used amount of funds raised	Total funds raised with changed purpose of use during the reporting period	Total accumulated funds raised with changed purpose of use	Percentage of accumulated funds raised with changed purpose of use	Total funds raised yet to be used	Purpose of raised funds yet to be used and their allocation	Amount of raised funds left idle for more than two years
2016	Issue RMB ordinary shares to 5 specific investors through private placements	90,521.38	13,802.66	69,248.49	1,800	46,169.82	51.00%	28,742.27	At the second Extraordinary General Shareholders' Meeting of 2020, the Company deliberated and adopted the <i>Proposal on Continuing to Use Idle Raised Funds for Cash Management</i> , where the Company agreed to use an amount of idle raised funds no more than RMB 250,000,000 for cash management. By the end of the reporting period, the remained bank deposit in the special account for raised funds was RMB 37,422,700, and the undue and outstanding amount of idle raised funds applied to purchase principal-protected financial products was RMB 250,000,000.	0

Total	--	90,521.38	13,802.66	69,248.49	1,800	46,169.82	51.00%	28,742.27	--	0
Overall utilization of raised funds										
(I) Amount of actually raised funds and time of being credited into account										
Approved by the China Securities Regulatory Commission in the <i>Reply on Approval of Private Placement by Centre Testing International Group Co., Ltd.</i> (ZJXK [2016] No. 1500), and agreed by your company, the Company issued 71,539,657 RMB ordinary shares (A share) to 5 specific investors through private placements in September 2016 at the issue price of RMB 12.86/share, raising RMB 920,000,000 in total. The amount of RMB 906,900,000 after deduction of the underwriting and sponsoring fees, i.e. RMB 13,100,000, was transferred by the underwriter, Changjiang Financing Services Co., Ltd., to the regulatory account for raised funds of the Company on September 29, 2016. And after deducting the new external expenses directly related to the issuance of equity securities, i.e. RMB 1,686,200, including the expenses for internet issues, printing of prospectus, reporting accountant, attorneys and assessment, the net funds raised in this placement by the Company was RMB 905,213,800. The availability of the raised funds above was verified by Pan-China Certified Public Accountants LLP, which issued the <i>Capital Verification Report</i> (TJY [2016] No. 3-133).										
(II) Use and balance of raised funds										
The accumulated amount of raised funds used by the Company in previous years reached RMB 554,458,318.33, and the accumulated net amount of bank deposit interests received in the previous years was RMB 64,104,802.62 after deduction of bank charges, etc. The amount of raised funds actually used in 2020 was RMB 138,026,586.83. The net amount of bank deposit interests received in 2020 was RMB 10,589,056.24 after deduction of bank charges, etc. As of December 31, 2020, the accumulated amount of raised funds used reached RMB 692,484,905.16, and the accumulated net amount of bank deposit interests received was RMB 74,693,858.86 after deduction of bank charges, etc.										
As of December 31, 2020, the balance of raised funds was RMB 287,422,742.83 (including the accumulated net amount of bank deposit interests after deduction of bank charges, etc., including: the balance of RMB 37,422,742.83 deposited in the special account for raised funds, and the undue and outstanding amount of idle raised funds used for purchasing principal-protected financial products was RMB 250,000,000.00, on which there was no pledge).										

(2) Promised projects of raised funds

√ Applicable Not Applicable

Unit: RMB 10,000

Investment projects committed and deployment of over-raised funds	Project changed or not (including partial change)	Total amount of raised funds committed to be invested	Total investment after adjustment (1)	Amount invested in the current reporting period	Accumulated amount invested by the end of the period (2)	Investment progress at the end of the period (3) = (2)/(1)	Date when the project reaching the expected serviceable condition	Returns realized in the current reporting period	Cumulative benefits realized by the end of the reporting period	Achieve the expected performance or not	With significant change in feasibility of the project or not
Committed investment projects											
Phase I of CTI East China Comprehensive Testing Base (Shanghai)	Yes	44,276.76	30,276.76	1,887.56	32,498.63	107.34%	March 31, 2020	716.63	716.63	Note (1)	No
Phase II of CTI East China Testing Base (Suzhou)	Yes	21,646.42	12,646.42	2,310.99	14,066.41	111.23%	August 31, 2020	1,541.72	1,541.72	Note (1)	No
Construction of information-based system and data center	Yes	14,758.92	1,384.86	400.82	1,470.56	106.19%	December 31, 2022			Note (1)	No

Product authenticity and traceability testing platform based on stable isotope	Yes	5,903.57	43.52	0	43.52	100.00%	December 31, 2019			Note (1)	No
High through-put gene testing platform	Yes	3,935.71	0	0	0	0.00%	December 31, 2018			Note (1)	No
Establishment of the Southern Testing Base	No		11,574.06	2,224.9	5,887.33	50.87%	December 31, 2021			Note (2)	No
Establishment of Northern Testing Base	No		15,800	3,569.47	7,613.69	48.19%	December 31, 2021			Note (2)	No
Establishment of Central China Testing Base	No		9,795.76	2,179.51	5,441.11	55.55%	December 31, 2021			Note (2)	No
Establishment of the Qingdao Testing Base	No		9,000	1,229.41	2,227.24	24.75%	December 31, 2025			Note (3)	No
Subtotal of committed investment projects	--	90,521.38	90,521.38	13,802.66	69,248.49	--	--	2,258.35	2,258.35	--	--
Deployment of over-raised funds											
None											
Total	--	90,521.38	90,521.38	13,802.66	69,248.49	--	--	2,258.35	2,258.35	--	--
Circumstances and reasons for non-achievement of planned progress or expected benefits (by specific project)	<p>Note 1: Among the five projects under private placements in 2016, the projects of "product authenticity and traceability testing platform based on stable isotope" and "high through-put gene testing platform" are terminated, and the remained funds are invested in the establishment of Central China Testing Base. For details, please refer to the adjustment for the implementation mode of investment project funded by raised funds. Phase I of CTI East China Comprehensive Testing Base (Shanghai) and Phase II of CTI East China Testing Base (Suzhou) can reach the intended use.</p> <p>Note 2: 2017 witnessed changes in the raised funds, namely, the deployment of funds for non-public projects of 2016 was adjusted, with three projects under capital construction. In 2020, the raised funds changed. The Company transferred RMB 18,000,000 from the funds raised for the construction of information-based system and data center to fund the construction of the Northern Testing Base. For details, please refer to the adjustment for the implementation mode of investment project funded by raised funds</p> <p>Note 3: 2018 witnessed changes in the raised funds, namely, the deployment of funds for non-public project of 2016 was adjusted, with such project under capital construction.</p>										
Explanation for significant change in project feasibility	Not applicable.										
Amount,	Not applicable.										

purpose and utilization of over-raised funds	
Change in implementation location of investment project funded by raised funds	Applicable
	<p>Occurred in previous years</p> <p>In the 27th Meeting of the 4th Board of Directors held on May 20, 2019, the Company deliberated and adopted the <i>Proposal on Increasing the Implementation Location of Some Fund-raising Projects</i>, where the Company agreed to establish "Phase II of CTI East China Testing Base (Suzhou)". Suzhou CTI Testing Technology Co., Ltd. was the subject for implementing "Phase II of CTI East China Testing Base (Suzhou)" among the fundraising projects of the Company, and the originally planned implementation location was at No. 3286, Chengyang Road, Xiangcheng District, Suzhou. On May 8, 2019, the subject of implementation, Suzhou CTI Testing Technology Co., Ltd., set up a branch company in Kunshan. In order to more effectively integrate the resources of the subsidiaries, an implementation site was added, i.e. Zhihuixincheng Eco-industry Park, No. 1206, Jinyang East Road, Lujia Town, Kunshan City, to jointly continue the implementation of the project.</p>
Adjustment for implementation mode of investment project funded by raised funds	Applicable
	<p>Incurred in the reporting period</p> <p>The Company deliberated and adopted the <i>Proposal on Changing the Purpose of Raised Funds</i> in the 11th Meeting of the 4th Board of Directors and the 8th Meeting of the 4th Board of Supervisors held on August 23, 2017.</p> <p>With the expansion of the Company's business scale and the situation of industry development, for the purpose of seizing the regional market, the Company planned to build regional testing centers in major cities across the country. The land use rights of some regions have been obtained, and the approval procedures with relevant units are expected to be completed in the near future. Therefore, the Company is in high demand for capital. The funds raised in private placements of 2016 were available in September 2016. Some projects go well, but some projects are making slow progress. There are a lot of idle raised funds. In order to increase the use efficiency of raised funds and reasonably allocate the resources of the Company, according to <i>GEM Listing Rules of SSE, Guidelines for Standardized Operation of GEM Listed Companies on SSE</i> and other related regulations, the Company adjusted the deployment of funds for non-public projects of 2016, namely:</p> <ol style="list-style-type: none"> 1. Adjust the funds for "Phase I of CTI East China Comprehensive Testing Base (Shanghai)". Based on the actual progress and capital requirements of the project, the project fund of RMB 140,000,000 is adjusted to be used for the construction of the Northern Testing Base. 2. Adjust the funds for "construction of information-based system and data center" Due to the long construction cycle of informatization related projects, the short-term capital demand is not large, resulting in a large amount of idle funds. In order to improve the use efficiency, the Company adjusts some funds for the construction of bases according to the project progress and the time of capital demand. The Company will continue to promote the project, carry out the project by stages, and meet subsequent capital demands with self-owned funds. The Company transfers RMB 115,740,600 from the project funds to invest in the construction of the Southern Testing Base. 3. The projects of "product authenticity and traceability testing platform based on stable isotope" and "high through-put gene testing platform" were terminated. As the projects above are in the early stage in the whole market, resulting in low market demand and small short-term capital demand, in order to improve the use efficiency, the Company uses the remained funds of RMB 97,964,800 to invest in the construction of Central China Testing Base. (Due to the fact that two decimals are not retained in the announcement data concerning the change of purpose during the reporting period, there is a difference of RMB 7,200 in the amount of change). The Company will use self-raised funds for subsequent capital demands according to the development of the project. <p>The Company deliberated and adopted the <i>Proposal on Changing the Purpose of Raised Funds</i> in the 14th Meeting of the 4th Board of Directors and the 11th Meeting of the 4th Board of Supervisors held on April 26, 2018.</p> <p>Considering the requirement of base construction and the fund use arrangement for "Phase II of CTI East China Testing Base (Suzhou)", in order to increase the use efficiency of raised funds and reasonably allocate the resources of the Company, according to <i>GEM Listing Rules of SSE, Guidelines for Standardized Operation of GEM Listed Companies on SSE</i> and other related regulations, the Company adjusted the deployment of funds for non-public projects of 2016 and the funds for "Phase II of CTI East China Testing Base (Suzhou)". Based on the actual progress and capital requirements of the project, the project funds of RMB 90,000,000 were adjusted to be used for the construction of the Qingdao Testing Base.</p> <p>The Company deliberated and adopted the <i>Proposal on Changing the Purpose of Raised Funds</i> in the 6th Meeting of the 5th Board of Directors and the 6th Meeting of the 5th Board of Supervisors held on August 17, 2020.</p> <p>According to the progress in the construction of investment projects funded by raised funds of the Company, to further increase efficiency in using raised funds and ensure that the raised funds are effectively used, the Company will transfer RMB 18,000,000 from the funds raised for the construction of information-based system and data center to fund the construction of Northern Testing Base.</p>
Up-front input in investment	Applicable
	<p>On December 6, 2016, the Company deliberated and adopted the <i>Proposal on Replacing Self-financed Funds Already Available to Fundraised Project with Raised Funds</i> in the 6th Meeting of the 4th Board of Directors, where</p>

projects funded by raised funds and replacement	the Company agreed to replace own funds (RMB 45,366,400) previously invested in such project with raised funds. The above investment and replacement were audited by Pan-China Certified Public Accountants LLP, which issued the <i>Verification Report on Self-financed Funds of Centre Testing International Group Co., Ltd. Already Available to Fundraised Project</i> (TJS [2016] No. 3-624).
Temporary supplementation of working capital with idle raised funds	Applicable On December 21, 2019, the Company deliberated and adopted the <i>Proposal on Replenishment of Working Capital with Some Idle Raised Funds</i> in the 1st Meeting of the 5th Board of Directors, agreeing that an amount of no more than RMB 150,000,000 in idle raised funds shall be used for replenishment of working capital, subject to guaranteeing the capital requirements for construction of fund-raising projects and maintaining normal construction of fund-raising projects, and the period of use shall not exceed 12 months from the date of approval by the Board of Directors, and shall be returned to the special account for raised funds upon expiration. As of December 18, 2020, the Company did not use idle raised fund for temporary replenishment of working capital, and the amount actually used for replenishment of working capital was zero. On December 21, 2020, the Company published the <i>Notice on Expiration of Temporary Replenishment of Working Capital from Idle Raised Funds</i> .
Balance of raised funds for project implementation and the reasons	Applicable As of March 31, 2020, the implementation of Phase I of CTI East China Comprehensive Testing Base (Shanghai) had been completed. The total committed investment of the project was RMB 302,767,600 and the accumulated investment was RMB 324,836,700 (including the investment income and interest generated from cash management while the raised funds were deposited). In the account of raised funds, net of the last payment (RMB 149,900) for the project made on April 1, 2020, the remaining amount was RMB 5,630,600 (including interest income), representing 1.86% of the total committed investment to the project from raised funds. On April 17, 2020, the Company closed the funded project Phase I of CTI East China Comprehensive Testing Base (Shanghai), and fully applied the remaining amount of raised funds RMB 5,630,600 (including interest income which was subject to the bank interest settlement on the date of transfer) to the construction of Northern Testing Base which was under construction, so as to fund future capital needs of the funded project.
Purpose of raised funds not utilized and their allocation	The 10th meeting of the 5th Board of Directors held by the Company on November 13, 2020 deliberated and approved the <i>Proposal on Continuing to Use Idle Raised Funds for Cash Management</i> , agreeing the Company to use an amount of no more than RMB 250,000,000 in temporarily idle raised funds for cash management without affecting the construction and normal production & operation of the project invested by the raised funds, to purchase wealth management products with high security, good liquidity and principal protection agreement, and the amount of cash management can be used in a rolling way within 12 months from the date of deliberation and approval of the General Shareholders' Meeting. The proposal above was deliberated and adopted in the second 2020 Extraordinary General Shareholders' Meeting held on December 1, 2020. As of December 31, 2020, the Company purchased principal-protected wealth management products with RMB 250,000,000 of temporarily idle raised funds.
Problems or other situations existing in the utilization and disclosure of raised funds	N/A.

(3) Change in project funded by raised funds

√ Applicable □ Not Applicable

Unit: RMB 10,000

Changed project	Corresponding committed project	Total amount of raised funds to be invested in the changed project (1)	Actual amount invested in the current reporting period	Actual cumulative investment amount at the end of the period (2)	Investment progress at the end of the period (3) = (2)/(1)	Date when the project reaching the expected serviceable condition	Returns realized in the current reporting period	Achieve the expected performance or not	Any material change in the feasibility of the changed project or not
Establishment of the	Construction of	11,574.06	2,224.9	5,887.33	50.87%	December 31, 2021		Not applicable.	No

Southern Testing Base	information-based system and data center								
Establishment of Northern Testing Base	Phase I of CTI East China Comprehensive Testing Base (Shanghai) / construction of information-based system and data center	15,800	3,569.47	7,613.69	48.19%	December 31, 2021		Not applicable.	No
Establishment of Central China Testing Base	Product authenticity and traceability testing platform based on stable isotope/high through-put gene testing platform	9,795.76	2,179.51	5,441.11	55.55%	December 31, 2021		Not applicable.	No
Establishment of the Qingdao Testing Base	Phase II of CTI East China Testing Base (Suzhou)	9,000	1,229.41	2,227.24	24.75%	December 31, 2025		Not applicable.	No
Total	--	46,169.82	9,203.29	21,169.37	--	--	0	--	--
Notes on reasons, decision-making procedures and information disclosure (by specific project)		<p>The Company deliberated and adopted the <i>Proposal on Changing the Purpose of Raised Funds</i> in the 11th Meeting of the 4th Board of Directors and the 8th Meeting of the 4th Board of Supervisors held on August 23, 2017.</p> <p>With the expansion of the Company's business scale and the situation of industry development, for the purpose of seizing the regional market, the Company planned to build regional testing centers in major cities across the country. The land use rights of some regions have been obtained, and the approval procedures with relevant units are expected to be completed in the near future. Therefore, the Company is in high demand for capital. The funds raised in private placements of 2016 were available in September 2016. Some projects go well, but some projects are making slow progress. There are a lot of idle raised funds. In order to increase the use efficiency of raised funds and reasonably allocate the resources of the Company, according to <i>GEM Listing Rules of SSE, Guidelines for Standardized Operation of GEM Listed Companies on SSE</i> and other related regulations, the Company adjusted the deployment of funds for non-public projects of 2016, namely:</p> <ol style="list-style-type: none"> 1. Adjust the funds for "Phase I of CTI East China Comprehensive Testing Base (Shanghai)". Based on the actual progress and capital requirements of the project, the project fund of RMB 140,000,000 is adjusted to be used for the construction of the Northern Testing Base. 2. Adjust the funds for "construction of information-based system and data center" Due to the long construction cycle of informatization related projects, the short-term capital demand is not large, resulting in a large amount of idle funds. In order to improve the use efficiency, the Company adjusts some funds for the construction of bases according to the project progress and the time of capital demand. The Company will continue to promote the project, carry out the project by stages, and meet subsequent capital demands with self-owned funds. The Company transfers RMB 115,740,600 from the project funds to invest in the construction of the Southern Testing Base. 3. The projects of "product authenticity and traceability testing platform based on stable isotope" and "high through-put gene testing platform" were terminated. As the projects above are in the early stage in the whole market, resulting in low market demand and small short-term capital demand, in order to improve the use efficiency, the Company uses the remained funds of RMB 97,964,800 to invest in the construction of Central China Testing Base. (Due to the fact that two decimals are not retained in 							

	<p>the announcement data concerning the change of purpose during the reporting period, there is a difference of RMB 7,200 in the amount of change). The Company will use self-raised funds for subsequent capital demands according to the development of the project.</p> <p>The Company deliberated and adopted the <i>Proposal on Adjusting Details of Fund-raising Projects</i> in the 13th meeting of the 4th Board of Directors and the 10th Meeting of the 4th Board of Supervisors held on November 30, 2017.</p> <p>In order to further improve the efficiency of fund raising and reduce the Company's cost of funding, in combination with the current equipment purchase needs of the Company's three testing bases, the Company increased the equipment purchase projects, and set aside equipment purchase funds of RMB 36 million, RMB 34 million and RMB 23.1 million for the three bases, totaling RMB 93.1 million. The total amount of investment in the three testing bases remained unchanged. See details in the <i>Notice on Adjusting Details of Fund-raising Projects</i>. The matters adjusted were deliberated and approved in the 3rd Extraordinary General Shareholders' Meeting of 2017.</p> <p>The Company deliberated and adopted the <i>Proposal on Changing the Purpose of Raised Funds</i> in the 14th Meeting of the 4th Board of Directors and the 11th Meeting of the 4th Board of Supervisors held on April 26, 2018.</p> <p>Considering the requirement of base construction and the fund use arrangement for "Phase II of CTI East China Testing Base (Suzhou)", in order to increase the use efficiency of raised funds and reasonably allocate the resources of the Company, according to <i>GEM Listing Rules of SSE, Guidelines for Standardized Operation of GEM Listed Companies on SSE</i> and other related regulations, the Company adjusted the deployment of funds for non-public projects of 2016 and the funds for "Phase II of CTI East China Testing Base (Suzhou)". Based on the actual progress and capital requirements of the project, the project funds of RMB 90,000,000 were adjusted to be used for the construction of the Qingdao Testing Base. The matters adjusted were deliberated and approved in the Annual General Shareholders' Meeting of 2017.</p> <p>The Company deliberated and adopted the <i>Proposal on Changing the Purpose of Raised Funds</i> in the 6th Meeting of the 5th Board of Directors and the 6th Meeting of the 5th Board of Supervisors held on August 17, 2020. According to the progress in the construction of investment projects funded by raised funds of the Company, to further increase efficiency in using raised funds and ensure that the raised funds are effectively used, the Company will transfer RMB 18,000,000 from the funds raised for the construction of information-based system and data center to fund the construction of Northern Testing Base.</p> <p>The contents above have been disclosed on the information disclosure website, cninfo.com.cn, designated by China Securities Regulatory Commission.</p>
Circumstances and reasons for non-achievement of planned progress or expected benefits (by specific project)	N/A.
Explanation for significant change in the feasibility of the changed project	N/A.

VI. Sale of major assets and equity

1. Sale of major assets

Applicable Not Applicable

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

2. Sale of major equity

Applicable Not Applicable

VII. Analysis of major holding and participating companies

Applicable Not Applicable

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

Unit: RMB

Company	Company	Main	Registered	Total assets	Net assets	Operating	Operating	Net profits
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name	type	business	capital			income	profits	
Shanghai CTI Pinbiao Testing Technology Co., Ltd.	Subsidiary	Provide testing service	30,868,981.00	246,129,192.64	123,491,231.89	332,637,216.44	69,203,874.23	61,753,099.96

Acquisition and disposal of subsidiaries in the reporting period

Applicable Not Applicable

Company name	Method for acquisition and disposal of subsidiaries in the reporting period	Impact on overall production, operation and performance
MARITEC PTE. LTD.	Business combination not under the same control incurred in the current period	5,132,157.17
Tianjin Eco-City Environmental Technology Co., Ltd.	Business combination not under the same control incurred in the current period	153,237.11
Nanjing CTI Medical Technology Service Co., Ltd.	Disposal of subsidiaries in the current period	1,169,688.35
Zhejiang Shengnuo Testing Technology Co., Ltd.	Disposal of subsidiaries in the current period	-252,305.37
Shenzhen CTI Medical Laboratory	New subsidiaries in the current period	-
CTI Hubei Co., Ltd.	New subsidiaries in the current period	-8,446,083.16
Chengdu CTI Zhicheng Rail Transit Technology Co., Ltd.	New subsidiaries in the current period / canceled subsidiaries in the year	-50,120.02
CTI Special Equipment Testing (Beijing) Co., Ltd.	New subsidiaries in the current period	-1.75
Huayi Testing and Certification (Shenzhen) Co., Ltd.	New subsidiaries in the current period	-
Shanghai CTI-SAMT Materials Technology Co., Ltd.	Canceled subsidiaries in the current period	105,627.32
CTI Certification (Jingzhou) Co., Ltd.	Canceled subsidiaries in the current period	-405.00

Description of major holding and participating companies

Shanghai CTI Pinbiao Testing Technology Co., Ltd. is a wholly-owned subsidiary of CTI. Technical consultation for laboratory management, testing technology consultation (except for brokerage), laboratory testing (except for special approval), laboratory testing technology and information consultation service, development and design of electric products, development of food testing reagent, development of environmental monitoring system engineering and new environmental protection technology, development of electromagnetic radiation control technology for power grid and information system, import and export of goods and technologies, inspection and verification of imported and exported commodities, and certification services; (Other items subject to the approval by law should not be carried out until authorities give such approval.)

VIII. Structured entities controlled by the Company

Applicable Not Applicable

IX. Prospects for the future development of the Company

(I) Industry structure and trend

Year of 2020 is the closing year of the 13th Five-Year Plan and the key year of the 14th Five-Year Plan. As stated in the *Recommendations of the Central Committee of the Communist Party of China for Formulating the 14th Five-Year Plan for Economic and Social Development and Long-Range*

Objectives through the Year 2035, China should focus on promoting high-quality development during its 14th Five-Year Plan period and provide clear requirements for market supervision, inspection and testing and other subjects, requiring to build high-standard market system, improve national quality infrastructure, strengthen standards, measurement and other systems and capacity building, and carry out quality improvement actions in depth. As an important production service industry, inspection, testing and certification play a very important and fundamental role in the development of the national economy. In recent years, as China continued to deepen streamline administration and to delegate power, improve regulation, and upgrade services among inspection and testing industry policy incentives and among market supervision and management departments, China's economy was moving towards higher quality levels, and the demand for inspection and certification was further enhanced. China has gradually become one of the fastest growing and most potential inspection and testing markets in the world. By the end of 2019, there were 44,007 inspections, testing and certification bodies in China, increasing 11.49% over 2018, and the annual operating income was RMB 322.5 billion, increasing 14.75% over 2018.

In 2021, 13 authorities including National Development and Reform Commission and State Administration for Market Regulation issued the *Opinions on Accelerating and Promoting the High-quality Development of Manufacturing Service Industry*. It clearly required to speed up the reform and development of marketization, internationalization, specialization, intensification and standardization of inspection, testing and certification services, improve service level and credibility, promote the construction of national public service platform for inspection, testing and certification, and promote the improvement of manufacturing products and services quality.

(1) Marketization trend

By the end of 2019, there were 11,071 inspection and testing bodies of public nature in China, 25.16% of the total number of bodies, down 2.52 percentage points from the previous year; There were 29,905 inspection and testing bodies of enterprise nature, 67.96% of the total number of bodies, up 2.09 percentage points from the previous year. There were 22,958 inspection and testing bodies of private nature in China, generating operating income of RMB 117.522 billion, up 19.38% and 26.47% respectively over the previous year. Both quantities of organizations and operating income were higher than the average growth level of the whole industry. In recent 5 years, the proportion of the number of private inspection and testing bodies to the total number of bodies was rising continuously, which was 40.16%, 42.92%, 45.86%, 48.72% and 52.17%, already exceeding half of the total number in the industry. It can be seen from the statistical data that the industrial structure has been further optimized, and the proportion of inspection bodies of public nature has been declining continuously. Enterprise development has become the mainstream mode of inspection and testing system in China, and the inspection and testing bodies of private nature have flourished. The reform in the inspection institutions of public nature has been accelerated, and some inspection institutions of state-owned enterprise nature have begun to pilot the reform of mixed ownership, promote strategic restructuring and professional integration, and gradually open up the market-oriented operation mechanism.

(2) Internationalization trend

Under the new development pattern that domestic circulation is the main body and domestic and international circulations promote each other, like a passport of international trade, based on domestic circulation, giving full play to comparative advantages and cooperating with domestic and international markets can effectively reduce international trade barriers and promote international trade facilitation. With the development of the global testing industry, countries generally adopt internationally accepted rules. By 2020, the Company has joined 21 international certification and accreditation organizations, and signed 15 multilateral recognition agreements and 123 bilateral cooperation mutual recognition arrangements, and 71 domestic institutions joined the international mutual recognition system. The comprehensive promotion of international cooperation has created conditions for inspection and testing bodies to enter the international market and laid a foundation

for the development of third-party testing bodies.

The test and certification are applied in all industries. For each segment, there are technical characteristics and regulatory requirements. The segments are relatively independent, so the testing industry is fragmented. Considering the fragmentation, even an industry leader has a small market share. Strategic M&A becomes a necessary way for international testing institutions to become bigger and stronger and also common practice for international testing institutions. To become an internationally influential testing body, third-party testing bodies need to accelerate the international network layout through strategic M&As, strengthen overseas service capabilities, and enhance their own brand and credibility.

(3) Intensification trend

In recent years, inspection and testing bodies above the designated scale increased year by year. In 2019, there were 5,795 inspection and testing bodies in China (annual income was over RMB 10 million each), and they had total operating income of RMB 247,886 billion. The inspection and testing bodies above the designated scale only accounted for 13.17% of all these bodies of the whole industry, but the operating income reached 76.86%. Intensification development has achieved certain results. At the same time, the number of listed companies providing inspection and testing services increased significantly, and they won the favor of the capital market. This indicates that the attention and recognition of the capital market to the inspection and testing market increased. For a long time, the "small, scattered and weak" phenomenon in China's inspection, testing and certification industry has not been fundamentally changed, and many small and medium-sized institutions still face low operational efficiency, insufficient scale effect and relatively weak competitiveness. The inspecting, testing and certifying bodies gradually show polarization where some of them develop well and have big market share and excellent management, but some of them are trapped in falling service industry, increasing competition and lagging-behind management and develop with a lot of difficulties. In the intensification trend, the combination between inspecting and testing bodies may become faster and faster.

(4) Standardization trend

As an important part of national quality infrastructure, inspection and testing play an important role in ensuring enterprise management, as well as product and industry optimization and upgrading. On one hand, the supervision under "an oversight model of random inspection and public release" is tightened, and the online and offline integrated supervision is constructed; on the other hand, the assessment of inspection and testing ability verification technology is strengthened, and supervision and management of inspection and testing institutions are enhanced. Strictly regulating the market order of inspection and testing and keeping the industry standardized and orderly, is conducive to ensuring the inspection and testing bodies to improve their own management level and service quality, and improve the competitiveness of enterprises.

2. The Company's competitive position in the industry

Over years of accumulation and development, the Company has become a leader among domestic private testing institutions. From a perspective of main activities of inspection and testing bodies, the state-owned institutions, which take advantage of the traditional monopoly position to occupy half of the testing market and have main activities like mandatory inspection and testing pursuant to various certification requirements of ministries and committees, such as commodity inspection, quality inspection, environmental protection and health inspection, are not in direct competition with the Company. Along with the deepening of market-oriented reform, it is inevitable that the state-owned institutions will develop toward marketization, and the state-owned institutions will gradually become a competitor of the Company. At present, most private testing bodies in China are mainly engaged in technical testing services in a certain field, and thus are in weak competition with the Company which provides comprehensive testing services. Along with the rapid development of private testing institutions in China, excellent listed companies in the industry are

appearing and the competition will gradually form. Since Accession to WTO, China has made the technical testing industry open to foreign companies. Major international testing institutions have set up branches in China which are mainly engaged in comprehensive testing services, and become our main competitors.

In the reporting period, the Company continues to maintain its market edges in environment testing, food testing, trade security and other fields. On the other hand, the Company strategically selects its investment direction, and begins its layout in fields of big transportation and big health, further consolidating the leading position in the industry and ensuring the rapid development of the Company in the future; through refined management, the Company continues to improve the efficiency in operation and to enhance its competitive edge; the Company, continuously innovates to meet customers' needs, provides customers with one-stop solutions and strives for more market share; The Company continues to increase investment in research and development and participate in the formulation and revision of standards to lead the development of the industry. The Company strengthens the construction of a talent team to provide a guarantee for the sustainable development of the Company.

(II) Development strategy for the future

As our vision is "CTI services will be always by your side in your everyday life" and our mission is "providing global services of testing and certification, and conveying trust for quality life", the Company is committed to developing a competitive international testing and certification institution foothold in China market.

1. Improve operation efficiency and realize high quality development

The inspection and testing industry has entered the stage of intensive cultivation, and imposes higher requirements for the Company's management level. Fine management has become an important tool for the Company's high quality development. The Company continuously focuses on investment efficiency, equipment utilization rate, lab operational efficiency, flow optimization, product line coordination effect and the efficiency in capital use and conducts refined management to continuously improve its operation efficiency and net profit rate.

2. Adhere to strategic investment and develop on the internationalization path

While striving to improve operation efficiency, the Company continues to strategic investments and M&As, and plans and trains major business growth points in the short, medium and long terms according to the industry development direction. The Company focuses on the following fields: big traffic, semi-conductor chips, flame retardancy, metering calibration and medical tests; with respect to mergers and acquisitions, the Company is concerned about the opportunities for the restructuring of state-owned enterprises. In international mergers and acquisitions, the Company focuses on businesses in which enhanced coordination effect can be achieved in China, including consumer goods, electronic technology, wireless communication, international mergers and acquisitions of food enterprises, etc.

3. Adhere to the talent strategy which helps the Company's sustainable development

The testing industry is a specialized and technology-based service industry. Talents and teams are the fundamental driving forces of the Company, also the key to winning in competition. The Company introduced high-end talents from the industry, makes continuous investment in cultivating talents inside the organization, optimizes the performance examination and incentive mechanism and mobilizes employees' motivation and creativity. All these efforts empower the Company to develop rapidly and continuously.

4. Improve ESG capability and enhance brand influence of the Company.

Quality is the lifeline of an enterprise. The Company improves its QHSE management and enhances its service quality and capability by focusing on its own enterprise value; the Company is accelerating its international networking landscape, improving overseas service capability and

enhancing its international influence; the Company improves its ESG capability, actively performs social responsibility, acts as an example of the industry and enhances its brand influence.

(III) Work Plan for 2021

In 2021, under the direction of the Company's Board of Directors, the management will continue to push forward various work plans based on its development strategies. The Plan will focus on the following aspects to achieve the operational objectives of the Company:

1. Deepen refined management and continuously improve operation efficiency

The Company will continuously deepen refined management and lay a solid foundation for its continual endogenous growth. With respect to investment efficiency, the Company will continuously focus on the analysis of return on investment (ROI) and follows up Achieving investment objectives; the Company will uniformly arrange its resources, improve the efficiency in equipment use, implement proportional control over the increase in headcount budget, increase production value per capita, reasonably control laboratory area expansion, improve the output per unit area and ultimately improve the level of profitability of the Company. The Company will enhance systematic management of cash flows and establish a full process control system; the Company will centralize its fund management, rationally arrange capital expenditures, dividends and capital for mergers and acquisitions and thus continuously improve the efficiency in capital use.

2. Gradually implement strategic investment and advance the internationalization progress

The company will focus its efforts on the investment fields such as metrology and calibration, automatic environmental VOC monitoring, medicine and health, material testing, rail transit and automotive electronics, and drive business development by building laboratories, improving capabilities, building and optimizing channels and introducing core teams.

In terms of mergers and acquisitions, the Company's domestic M&As mainly focus on the opportunity to restructure state-owned enterprises and the projects related to business collaboration; the Company will proactively seek for quality overseas subject matters of mergers and acquisitions and accelerate the internationalization progress.

3. Improve the capability for marketing and enhance brand influence of the Company

The company will further enhance its capability for marketing, promote the building of marketing teams and business promotion of business divisions, strengthen synergy with the Group on strategic directions and projects, and improve its brand operation capability and large customer development and service capability; the Company will strength quality management and control, enhance the implementation of QHSE (quality, health, safety and environment) and improve customer satisfaction; the Company will extensively promote and operate CTI MALL to provide more efficient and convenient services to its customers; the Company will enhance its international sales network to win the recognition of more international major customers and enhance its brand influence.

4. Focus on talent cultivation and team growth to enhance the Company's core competitiveness

In 2021, the Company will continuously strengthen the cultivation of talents inside the organization, initiate the first term of highly potential talent cultivation program (HAP) to identify high potential talents and make proper career planning for them. The Company will customize its talent cultivation on the basis of "tutor + individual development plan" to satisfy the need of trainees with different readiness, so as to better meet the demand for rapid development of the enterprise; the Company will continue to initiate its third-term Guanghua (LAP) leadership improvement program to improve the overall capability of its middle-level management personnel; the Company will cultivate and reserve overseas management and technical personnel to be ready for the internationalization progress of the Company; The Company will continue to introduce quality talents from the industry and build a complete talent pool through internal training and external absorption to reserve talents for the long-term development of the Company and ensure a high level

of service and a leading position in the industry.

The Company will optimize the performance examination and incentive mechanism. By adopting an employee stock ownership plan, stock option incentive plan, partner system and other incentives, we will encourage core management, establish a sound incentive mechanism, attract more outstanding professionals, and enhance the Company's sustainable competitiveness.

5. Improve ESG capability and empower sustainable development

The company has formally established an ESG management team and, in 2021, will invest more resources in ESG, which will focus on practical ESG issues and planning for the Company, advance the progress of the Group's ESG efforts and improve the Company's ESG rating; the Company will continuously improve its Board of Directors management, control internal management risks, achieve sound operations, create value for its shareholders and reward the investors. The Company will continue to enhance its professional service capability in green, low-carbon and energy-saving services, ESG and other related fields, and provide methods, technologies and related support for achieving sustainable development to its customers, so as to help the customers improve safety and quality.

(IV) Possible risks

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

As a third-party testing body, credibility and brand are the motive force for the sustainable development of the Company as well as the foundation of business survival. It is only possible for the Company to gradually expand the market share and gain a favorable position in market competition when customers recognize its technology and impartiality. Once credibility and brand are impaired by quality problems, the Company will lose customers, and the business development and profitability will also be impaired. In severe cases, the Company might be disqualified for certification & testing, which will affect the continuing operations of the Company.

The Company attaches great importance to the maintenance of credibility and brand, actively advocates integrity-based values, establishes a good internal quality management system to ensure the authenticity and accuracy of test reports, and continuously improves the quality of test service. The Company has established the Measures for Group Quality Supervision and Management, Measures for Laboratory Quality Supervision and Management, and Measures for Quality Professionals Management according to ISO/IEC 17025, ISO/IEC 17020, Criteria for Accreditation of Laboratory Qualification and other requirements with a view to regulate the quality supervision of the group, to ensure that the testing/calibration activities carried out by laboratories comply with laws and regulations, the standards and rules of China National Accreditation Service for Conformity Assessment (CNAS) and China Metrology Accreditation (CMA) and to reduce quality risks. Quality management and control are the overall responsibility of the QHSE Department of the group, and the group has vertical control over quality, health, safety and environment. The business divisions, subsidiaries and operation outlets additionally establish relevant systems and strengthen quality control, depending on their business characteristics. Ensuring continuous improvement in the level of quality professionals is an important approach for quality management and control. In 2020, the Company organized, under an "Online + Offline" combined training model, 35 online and 18 offline quality training sessions, and provided the courses on Laboratory Quality Management Series for Reporting, Staff, Equipment, Corrective Measures and Safety, Intensive Training for Quality Managers, Laboratory Quality Supervisors and other subjects to improve technical ability and professional level of relevant employees.

Impartiality is critical to manage and control certification quality. The Company has established the Impartiality Maintenance Committee to regulate and supervise certification services. The Impartiality Maintenance Committee supervises and reviews certification activities according to Procedures for Operation of Impartiality Maintenance Committee. Regular training allows for certification staff's increasing knowledge of certification systems and educates certification staff on

professional ethics and code of conduct. Employee Handbook also sets out disciplinary actions for demanding and accepting bribes, kickbacks and illegal gains.

In line with the United Nations Convention Against Corruption and other international treaties and practices, to technical guides of clean governance of Transparency International, to national laws and regulations and to customers' clean governance requirements, the Company has established Clean Governance Handbook, and supplemented and enhanced the provisions of Code of Business Conduct on anti-corruption and anti-commercial bribery to operate and develop under a high standard of morality, in order to defend the brand concept and credibility value treasured by the Company from beginning to end from the perspectives of system and technology.

2. Market and policy risks

The testing industry is an industry with a strong policy orientation. The government policy concerning the development of the testing industry affects the development speed of the testing industry. With the development of the global testing industry, the testing systems in various countries are consistent in the overall trend, i.e., the government or industry association conducts the industry management of testing bodies through market access rules such as assessment and approval, to marketize the business of testing and conformity assessment, improve the service quality and promote the industrial development. The independent testing bodies shall conduct the market-oriented operation based on the services provided by itself and in accordance with the requirements of the client. The service fee shall be determined by both parties through negotiation. The testing industry in China is influenced by the planned economic system for a long time. After accession to the WTO, under the pressure from the international community requiring to speed up the opening of the service market, the testing industry is in urgent need of standardizing and restricting industrial behaviors with such industry standards as are converging with the international rules. Although the open market-oriented development is confirmed in national policies, there may still be some policies and regulations which are not conducive to the market-oriented development of the industry. Uncertainties still exist on the degree of openness granted by the government to testing, posing a certain degree of risk to the Company.

In view of this risk, the Company sets up a special department which is responsible for keeping close track of the policy situation of relevant regulatory departments, regularly reporting to the management, and actively dealing with potential policy risks.

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

The testing and certification industry is featured with segmentation, stretching over multiple industries. Each segmentation is relatively independent. Fast replication is difficult and rapid expansion through capital is impossible. It is common practice for international testing and certification giants to quickly cut into new fields through M&A. M&A is one of the long-term development strategies of the Company. As both selection of M&A targets and integration after M&A relate to the success or failure of M&A, there are substantial risks.

Adhering to the principle of prudence, the Company will make a sufficient demonstration through detailed due diligence in the early stage of M&A, make a strategic choice of proper industries and quality targets at home and abroad, and make an adequate analysis of return on investment (ROI) by continuously following up whether or not the investment is in line with the plan and realizes the expected effect of enhancing post-investment management through the introduction of industry talents with integration capability for collaborative management & operation. In view of the decision-making risk concerning M&A, during the reporting period, the Company further improved the investment decision-making procedures to adapt to the development of company strategy. In accordance with provisions of the Articles of Association, the Work Rules of the Strategy and M&A Committee of the Board of Directors, etc., major investment matters are managed by the Operation and Management Committee of the group, which shall prove the feasibility of the project; according to the decision-making authority, major investment matters are submitted to the Strategy

and M&A Committee of the Board of Directors, the Board of Directors and the General Shareholders' Meeting for deliberation. This improves the scientificity and quality of major investment decisions of the Company.

4. Risk associated to the failure of the investment to the expectation

The testing industry has a first mover advantage. In order to accelerate the layout of the national testing market, in recent years, the Company builds a number of international or domestic leading laboratories or testing bases. The Company witnesses continuous and rapid growth of fixed assets, construction in progress, project supplies and total equipment purchase. The construction of a laboratory consists of decoration, personnel recruitment, equipment purchase and review. The laboratory can be put into formal operation only after the obtainment of qualification. And it takes a certain period to achieve the profit and loss balance. The profits of the Company might be impacted by the failure of the new laboratories to meet the expectation. In the future, the Company will focus on new laboratories, promote the operational efficiency of new laboratories and gradually release the production capacity of new laboratories, so that the scale effect is increasingly felt and that the Company achieves a steady growth of income margins.

The Company has basically completed the network layout of laboratories. The Company will control the total amount of investment through budget management, make a detailed analysis of return on investment (ROI), evaluate the reasonableness and necessity of each investment, and properly control the pace of investment.

X. Registration Form for Reception of Investigation, Communication, Interview and Other Activities

1. Registration form for activities on reception & research, communication, and interview, etc., during the Reporting Period

√ Applicable Not Applicable

Reception time	Place	Reception method	Type of reception object	Object received	Main content discussed and materials provided	Base case index for the research
February 12, 2020 - February 13, 2020	The Company	Telephone communication	Government Bodies	Institutional Investor	Work resumption and the impact of the COVID-19 epidemic on the Company	https://view.officeapps.live.com/op/view.aspx?src=http%3A%2F%2Fstatic.cninfo.com.cn%2Ffinalpage%2F2020-02-14%2F1207307382.doc
April 21, 2020	The Company	Telephone communication	Government Bodies	Institutional Investor	Performance Statement (2019 and Q1 of 2020)	https://view.officeapps.live.com/op/view.aspx?src=http%3A%2F%2Fstatic.cninfo.com.cn%2Ffinalpage%2F2020-04-23%2F1207584626.doc
August 25, 2020 - August 26, 2020	The Company	Telephone communication	Government Bodies	Institutional Investor	Performance Statement (half year of 2020)	https://view.officeapps.live.com/op/view.aspx?src=http%3A%2F%2Fstatic.cninfo.com.cn%2Ffinalpage%2F2020-08-28%2F1208323633.doc
October 27, 2020 - October 28,	The Company	Telephone communication	Government Bodies	Institutional Investor	Performance Statement (Q3 of 2020)	https://view.officeapps.live.com/op/view.aspx?src=http%3A%2F

2020						%2Fstatic.cninfo.com .cn%2Ffinalpage%2F 2020-10- 29%2F1208651269.d oc
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Section V Important Matters

I. Profit distribution of ordinary share and transfer of capital reserve to capital stock for the ordinary share of the Company

Preparation, implementation, or adjustment of policy for the profit distribution of ordinary share, especially policy of cash bonus within the Reporting Period

Applicable Not Applicable

In the spirits of the *Notice of China Securities Regulatory Commission on Further Implementing Matters Related to Cash Dividends of Listed Companies* (ZJF [2012] No.37), the *Guidelines No. 3 on the Supervision and Administration of Listed Companies – Distribution of Cash Dividends of Listed Companies* (CSRC Announcement [2013] No. 43) and other documents, since its listing, the Company has always adhered to an active, sustained and stable profit distribution policy, shared the operating results from the development of the Company with all shareholders, actively returned investors, guided investors to set up a long-term investment concept and a rational investment concept, and formulated the *Plan of Dividends and Returns to Shareholders for Next Three Years*. On the premise that normal operation and long-term development are ensured, the Company will continue to implement a stable dividend policy in the future.

Special explanation on cash dividend policy	
Whether it complied with provisions of Articles of Association or resolution of General Shareholders' Meeting:	Yes
Whether the standard and proportion are specific and clear:	Yes
Whether relevant decision-making procedures and mechanism are completed:	Yes
Whether the independent directors performed his/her responsibilities or not:	Yes
Whether the minority shareholders fully raised their opinions and demands, and whether their lawful rights and interests were protected fully:	Yes
Whether the conditions and procedures for adjusting or changing cash bonus policy are compliant and transparent:	Yes

Whether the Company's profit distribution plan and proposal for conversion of capital reserve into the capital stock during the reporting period are consistent with its Articles of Association and bonus management rules:

Yes No Not Applicable

The plans of profit distribution and capitalization of the capital reserve for the reporting period were in line with the provisions in the Articles of Association of the Company.

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

Number of bonus stocks per 10 shares (share)	0
Number of distributed dividends per 10 shares (RMB) (tax inclusive)	0.35
Number of transferring increase per 10 shares (share)	0
Capital stock base of distribution schedule (share)	1,665,135,714
Amount of cash dividends (RMB) (tax inclusive)	58,279,749.99
Amount of cash dividends paid by other means (such as share repurchase) (RMB)	0.00
Total amount of cash dividends (including other means) (RMB)	58,279,749.99
Distributable profit (RMB)	1,101,270,330.76

Proportion of the total amount of cash dividends (including other means) in the total amount for profit distribution	100.00%
Details of the current cash dividend	
Where the Company is in a developing stage and has a significant capital expenditure arrangement, the dividends distributed in the form of cash shall not be less than 20% of the total profit distribution amount.	
Explanation on details of schedule of profit distribution or transfer of capital reserve to equity	
As audited by Da Hua Certified Public Accountants (Special General Partnership), the parent company achieved a net profit of RMB 409,600,361.56 in FY2020. A statutory surplus reserve of RMB 40,960,036.16 was set aside at 10% of the net profit realized by the parent company in 2020, plus the undistributed profit at the beginning of the year of RMB 792,874,450.13, less the actual cash dividends distributed in 2019 totaling RMB 58,219,023.87 (tax included), minus the Company's disposal of Nanjing Pharmaceutical Equity's affected retained earnings of RMB 2,025,420.90 at the beginning of the period. As of December 31, 2020, the parent company's profit available for distribution was RMB 1,101,270,330.76. The Profit Distribution Plan for 2020 of the Company is to distribute RMB 58,279,749.99 in total on the base of 1,665,135,714 total capital stock as of December 31, 2020 where 0 capital share is converted from every 10 capital reserve shares and RMB 0.35 (including tax) is paid as cash dividends for every 10 shares. If the number of total shares changes for restricted stock re-purchase, share compensation for committed performance and share re-purchase implemented by the Company before this profit distribution plan will be implemented, then the number of total shares will be based on to carry out profit distribution where the distribution proportion remains unchanged and the total distribution amount is adjusted accordingly.	

Details of the proposal (schedule) for ordinary share dividend distribution, and proposal (schedule) for transfer of capital reserve to capital stock for the Company in recent 3 years (including the Reporting Period)

1. The Profit Distribution Plan for 2020 deliberated and approved by the Board of Directors of the Company is to distribute RMB 58,279,749.99 in total on the base of 1,665,135,714 total capital stock as of December 31, 2020 where 0 capital share is converted from every 10 capital reserve shares and RMB 0.35 (including tax) is paid as cash dividends for every 10 shares. If the number of total shares changes for restricted stock re-purchase, share compensation for committed performance and share re-purchase implemented by the Company before this profit distribution plan will be implemented, then the number of total shares will be based on to carry out profit distribution where the distribution proportion remains unchanged and the total distribution amount is adjusted accordingly.
2. The Profit Distribution Plan for 2019 deliberated and approved by the General Shareholders' Meeting is to distribute RMB 58,219,024.99 in total on the base of 1,663,400,714 total capital stock where 0 capital share is converted from every 10 capital reserve shares and RMB 0.35 (including tax) is paid to shareholders as cash dividends for every 10 shares, with 0 bonus share (including tax).
3. The Profit Distribution Plan for 2018 deliberated and approved by the General Shareholders' Meeting is to distribute RMB 58,013,574.99 in total on the base of 1,657,530,714 total capital stock where 0 capital share is converted from every 10 capital reserve shares and RMB 0.35 (including tax) is paid to shareholders as cash dividends for every 10 shares, with 0 bonus share (including tax).

Form of cash dividends of an ordinary share of the Company in the latest three years (including the Reporting Period)

Unit: RMB

Dividend year	Amount of cash dividends (tax inclusive)	Net profit in the annual consolidated statements of dividends, attributable to common shareholders of the listed company	Proportion of the amount of cash dividends in the net profit of the consolidated statement, attributable to common shareholders of the listed company	Amount of cash dividends paid by other means (such as share repurchase)	Proportion of the amount of cash dividends paid in other means in the net profit of the consolidated statement, attributable to common shareholders	Total amount of cash dividends (including other means)	Proportion of the total amount of cash dividends (including other means) in the net profit of the consolidated statement, attributable to common

					of the listed company		shareholders of the listed company
2020	58,279,749.99	577,610,518.76	10.09%	0.00	0.00%	58,279,749.99	10.09%
2019	58,219,024.99	476,396,504.93	12.22%	0.00	0.00%	58,219,024.99	12.22%
2018	58,013,574.99	269,983,678.83	21.49%	0.00	0.00%	58,013,574.99	21.49%

Within the Reporting Period, the Company gained the profits and the parent company achieved the positive profit available to common shareholders, but no schedule for cash bonus distribution for the ordinary share raised

Applicable Not Applicable

II. Commitment performance

1. The commitment items that have been fulfilled within the Reporting Period and the commitment items have not been fulfilled by the end of the Reporting Period by related committing parties, including the Company's actual controllers, shareholders, related parties, acquirers, and the Company, etc.

Applicable Not Applicable

Source of Commitment	Committing party	Commitment type	Commitment content	Commitment time	Commitment period	Performance
Commitment stated in the Report of Acquisition or Equity Change Report						
Commitment made for asset reorganization						
Commitment made during initial public offering or re-financing	Guo Bing; Guo Yong; Wan Feng; Wan Lipeng	Commitments on horizontal competition, related transaction and occupation of funds.	To avoid possible horizontal competition with the Company in the future, major shareholders of the Company, Wan Lipeng, Wan Feng, Guo Bing and Guo Yong, signed a <i>Letter of Commitments to Avoid Horizontal Competition</i> , under which each of them commits that: 1. they have not engaged in or participated in any competition with the Company. To avoid new or potential horizontal competition with the Company, they will not directly or indirectly engage in or participate in any business that competes with the business of the Company, or have	September 1, 2008	Long-term	Under normal performance

			any right or interest in any economic entity, institution or economic organization that competes with the Company in or outside China, or otherwise acquire the control over such economic entity, institution or economic organization; or serve in senior executives or other core management in such economic entity, institution or economic organization; and 2. the above commitment shall be effective as long as they hold shares or take office in the Company, and they shall pay for all economic losses resulted from the breach of the above commitment.			
	Wan Feng; Wan Lipeng	The commitment on shareholders acting in concert	The actual controllers of the Company, Wan Lipeng and Wan Feng who are parent-child relationship, commit to act in concert and they are persons acting in concert.	September 1, 2008	Long-term	Under normal performance
Commitment on equity incentive						
Other commitments made for minority shareholders of the Company	Yu Cuiping	Commitment of restriction on share sales	I, Yu Cuiping, hereby commit to act for my CTI shares acquired upon divorce and to continue to fulfill Mr. Wan Feng's original commitments on share locking: (1) I commit that during Mr. Wan Feng's tenure as a director, supervisor or other senior executive of the Company, the acquired CTI shares that can be reduced every year shall be up to 25% of the remaining shares held by me; (2) I commit to voluntarily appoint	June 28, 2017	Long-term	Under normal performance

			<p>and authorize Mr. Wan Feng to vote for these CTI shares acquired by me; (3) I will not transfer any of these CTI shares within 6 months, or more than 50% of these CTI shares within 18 months, after Mr. Wan Feng resigns or is dismissed; (4) Regulations on restricted stock of China Securities Regulatory Commission and Shenzhen Stock Exchange; (5) Relevant provisions of <i>Several Provisions on the Reduction of Shares Held in a Listed Company by the Shareholders, Directors, Supervisors, and Senior Executives of the Listed Company</i> issued by China Securities Regulatory Commission on May 26, 2017 and of the <i>Detailed Implementing Rules of the Shenzhen Stock Exchange for Shareholding Reduction by Shareholders, Directors, Supervisors and Senior Executives of Listed Companies</i> issued by Shenzhen Stock Exchange on May 27, 2017; (6) For the CTI shares added for distribution of bonus shares in CTI, conversion of capital reserve to capital stock or any other reason, the above provisions shall be followed.</p>			
<p>Whether commitments are performed on time</p>	<p>Yes</p>					
<p>If the commitments have not been fulfilled during the time limit, the</p>	<p>Not applicable.</p>					

principals involved shall specify the specific reasons for the unfinished performance and the next work plan.	
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2. Company statement on meeting original profit forecasts for assets or projects and the reasons therefore, where such profit forecasts have been made and the Reporting Period falls within the profit forecast period

Applicable Not Applicable

III. Non-business capital of listed companies occupied by controlling shareholders and its related parties

Applicable Not Applicable

There is no non-operational fund occupation of the listed company by controlling shareholders and its related party during the Reporting Period of the Company.

IV. Explanation of the Board of Directors on the relevant situation of the latest issue of “Non-standard Audit Report”

Applicable Not Applicable

V. Explanation of the Board of Directors, Board of Supervisors and Independent Directors (If Any) on “Non-standard Audit Report” by the Accounting Firm for the Reporting Period

Applicable Not Applicable

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

Applicable Not Applicable

On September 27, 2019, the *Notice by the Ministry of Finance of Revising and Issuing the Format of Consolidated Financial Statements (2019 Version) (CK [2019] No. 16)* (hereinafter referred to as the Notice of Revising) was released to revise the format of consolidated financial statements, which stipulated that enterprises implementing the Accounting Standards for Business Enterprises shall prepare their consolidated financial statements for 2019 and the years coming in accordance with the Accounting Standards for Business Enterprises and the *Notice of Revising*. On April 21, 2020, the Company held the 4th Meeting of the 5th Board of Directors and the 4th Meeting of the 5th Board of Supervisors and deliberated and approved the *Proposal on Changes in Accounting Policies*, as detailed in the *Announcement on Changes in Accounting Policies (Announcement No.: 2020-020)* issued on April 21, 2020.

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

Applicable Not Applicable

(I) Business combination not under the same control

1. Business combination not under the same control incurred in the current period

Name of acquiree	Date of acquiring	Cost of equity acquisition	Equity ratio	Method of equity	Purchase date	Determination basis of	Revenues of the acquiree	Net profits of the
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	equity		acquire d (%)	acquisitio n		purchase date	from the purchase date to the end of the period	acquiree from the purchase date to the end of the period
MARITEC PTE.LTD.	June 5, 2020	287,949,270.4 9	100	Purchase with cash	June 5, 2020	Acquisition of control	33,807,483.0 1	5,132,157.1 7
Tianjin Eco- City Environmenta l Technology Co., Ltd.	Septembe r 24, 2020	34,960,000.00	51	Purchase with cash	Septembe r 24, 2020	Acquisition of control	10,828,429.1 9	300,464.92

2. Merger costs and goodwill

Merger costs	MARITEC PTE.LTD.	Tianjin Eco-City Environmental Technology Co., Ltd.
Cash	287,949,270.49	34,960,000.00
Fair value of non-cash assets		
Fair value of debts issued or assumed		
Fair value of equity securities issued		
Fair value of contingent consideration		
Fair value on the purchase date of equity held prior to the purchase date		
Others		
Total merger costs	287,949,270.49	34,960,000.00
Less: Fair value of identifiable net assets obtained	21,276,254.24	22,068,184.90
Goodwill/amount of merger costs lower than the fair value of identifiable net assets acquired	266,673,016.25	12,891,815.10

(1) Determination of the fair value of merger costs and description of contingent consideration and its changes

The fair value of merger costs shall be determined subject to the cash actually paid.

(2) Main reason for the formation of large goodwill

The amount of the fair value of merger costs greater than the fair value of identifiable net assets acquired by the acquiree in the merger.

3. Identifiable assets and liabilities of the acquiree on the purchase date

Item	MARITEC PTE. LTD.		Tianjin Eco-City Environmental Technology Co., Ltd.	
	Fair value on the purchase date	Book value on the purchase date	Fair value on the purchase date	Book value on the purchase date
Monetary fund	11,523,560.35	11,523,560.35	47,599,917.27	47,599,917.27
Notes receivable			200,000.00	200,000.00
Receivables	18,034,207.50	18,034,207.50	7,560,771.70	7,560,771.70
Inventories	702,473.28	702,473.28	4,161,089.90	4,161,089.90
Fixed assets	4,063,206.78	4,063,206.78	289,605.44	289,605.44
Intangible assets			80,228.08	80,228.08
Long-term deferred expenses			224,559.01	224,559.01
Deferred income tax assets			168,124.56	168,124.56

Advances to suppliers	238,133.85	238,133.85	218,980.68	218,980.68
Other receivables	263,429.05	263,429.05	339,275.14	339,275.14
Less: Accounts payable	2,060,468.07	2,060,468.07	13,758,329.62	13,758,329.62
Deferred income tax liabilities	233,555.79	233,555.79		
Advances from customers	3,276,263.02	3,276,263.02	1,641,040.08	1,641,040.08
Payroll payable	791,759.58	791,759.58	1,685,663.15	1,685,663.15
Taxes payable	4,308,314.65	4,308,314.65	150,372.73	150,372.73
Other payables	2,516,384.38	2,516,384.38	336,195.41	336,195.41
Long-term payables	362,011.08	362,011.08		
Net assets	21,276,254.24	21,276,254.24	43,270,950.79	43,270,950.79
Less: Minority equity			21,202,765.89	21,202,765.89
Net assets acquired	21,276,254.24	21,276,254.24	22,068,184.90	22,068,184.90

(II) Business combination under the same control

There is no business combination under the same control incurred in the current period.

(III) Disposal of subsidiaries

1. The control on investment in subsidiaries is lost upon single disposal

Name of subsidiary	Equity disposal price	Ratio of equity disposal (%)	Method of equity disposal	Date of losing control	Basis for determining the date of losing control	The difference in the net assets of subsidiaries related to disposal price and disposal investment in the consolidated financial statements
Nanjing CTI Medical Technology Service Co., Ltd.	1,072,500.00	26	Sale	January 6, 2020	Industrial and commercial registration of changes completed	1,169,688.35
Zhejiang Shengnuo Testing Technology Co., Ltd.	535,300.00	51	Sale	November 13, 2020	Industrial and commercial registration of changes completed	-252,305.37

Continued:

Name of subsidiary	Ratio of residual equity on the date of losing control (%)	Book value of residual equity on the date of losing control	Fair value of residual equity on the date of losing control	Gains or losses from recalculation of residual equity at fair value	Method of determining the fair value of residual equity on the date of losing control and the main assumptions	Amount of investment gains/losses transferred from other comprehensive incomes related to previous equity investment in subsidiaries
Nanjing CTI Medical Technology Service Co., Ltd.	34	113,705.33	1,402,500.00	1,288,794.67	Divide the disposal price by the ratio of equities sold and multiply by the ratio of	

					residual equities	
Zhejiang Shengnuo Testing Technology Co., Ltd.						

(IV) Changes of merger scope for other reasons

New subsidiaries of the Company include: Shenzhen CTI Medical Laboratory, CTI Hubei Co., Ltd., Chengdu CTI Zhicheng Rail Transit Technology Co., Ltd., CTI Special Equipment Testing (Beijing) Co., Ltd. and Huayi Testing and Certification (Shenzhen) Co., Ltd.

The subsidiaries canceled by the Company include: Shanghai CTI-SAMT Materials Technology Co., Ltd., Jinzhou CTI Co., Ltd. and Chengdu CTI Zhicheng Rail Transit Technology Co., Ltd.

VIII. Appointment and dismissal of accounting firms

Currently employed accounting firm

Name of domestic accounting firm	Da Hua Certified Public Accountants (Special General Partnership)
Compensation for domestic accounting firm (in RMB10,000)	182
Consecutive years for domestic accounting firm to provide audit service	2
Name of CPA of the domestic accounting firm	Zhou Junxiang and Lv Hongtao
Consecutive years for CPA of domestic accounting firm to provide audit service	Lv Hongtao: 3 years
Name of foreign accounting firm (if any)	None
Consecutive years for foreign accounting firm to provide audit service (if any)	0
Name of CPA of the foreign accounting firm (if any)	None
Consecutive years for CPA of foreign accounting firm to provide audit service (if any)	None

Whether to change the accounting firm

Yes No

Employment of internal control for the auditing accounting firm, financial advisor or sponsor

Applicable Not Applicable

IX. Delisting after the disclosure of the Annual Report

Applicable Not Applicable

X. Matters related to bankruptcy reorganization

Applicable Not Applicable

The Company had no bankruptcy reorganization during the Reporting Period.

XI. Significant lawsuits and arbitrations

Applicable Not Applicable

1. There is no significant litigation or arbitration against the Company in the current year.

XII. Punishment and rectification

Applicable Not Applicable

The Company had no penalty and rectification during the Reporting Period.

XIII. The integrity of the Company and its controlling shareholder and actual controller

Applicable Not Applicable

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

Applicable Not Applicable

	Overview of matters	Query index
Initial Employee Stock Ownership Plan	On June 1, 2017, the Company held the 9th Meeting of the 4th Board of Directors and deliberated and approved the <i>Initial Employee Stock Ownership Plan (Draft) of Centre Testing International Group Co., Ltd. and Its Abstract</i> , the <i>Measures for the Administration of Initial Employee Stock Ownership Plan of Centre Testing International Group Co., Ltd.</i> and the <i>Proposal on General Shareholders' Meeting Authorizing Board of Directors to Handle Employee Stock Ownership Plan</i> of the Company.	The details are available at cninfo.com.cn (http://www.cninfo.com.cn) in the <i>Announcement of Resolution of the 9th Meeting of the 4th Board of Directors</i> (Announcement No.: 2017-031) and <i>Independent Opinions of Independent Directors on the Matters Discussed at the 9th Session of the Meeting of the 4th Board of Directors</i> issued by the Company on June 2, 2017.
	On June 1, 2017, the Company held the 6th Meeting of the 4th Board of Supervisors and deliberated and approved the <i>Initial Employee Stock Ownership Plan (Draft) of Centre Testing International Group Co., Ltd. and Its Abstract</i> , and the <i>Proposal on Verifying List of Holders under the Initial Employee Stock Ownership Plan</i> of the Company.	The details are available at cninfo.com.cn (http://www.cninfo.com.cn) in the <i>Announcement of Resolution of the 6th Meeting of the 4th Board of Supervisors</i> (Announcement No.: 2017-032) issued by the Company on June 2, 2017.
	On June 19, 2017, the Company held the First Extraordinary General Shareholders' Meeting 2017 and deliberated and approved the <i>Initial Employee Stock Ownership Plan (Draft) of Centre Testing International Group Co., Ltd. and Its Abstract</i> and the <i>Measures for the Administration of Initial Employee Stock Ownership Plan of Centre Testing International Group Co., Ltd.</i>	The details are available at cninfo.com.cn (http://www.cninfo.com.cn) in the <i>Announcement of Resolution of First Extraordinary General Shareholders' Meeting 2017</i> (Announcement No.: 2017-035) issued by the Company on June 19, 2017.
	On August 12, 2017, the preliminary preparations for the Initial Employee Stock Ownership Plan were completed (including account opening, financing and agreement execution).	The details are available at cninfo.com.cn (http://www.cninfo.com.cn) in the <i>Announcement on Implementation Progress of the Initial Employee Stock Ownership Plan</i> (Announcement No.: 2017-046) issued by the Company on August 12, 2017.
	On August 31, 2017, the stock purchase was completed under the Initial Employee Stock Ownership Plan.	The details are available at cninfo.com.cn (http://www.cninfo.com.cn) in the <i>Announcement on Completion of Stock Purchase under the Initial Employee Stock Ownership Plan</i> (Announcement No.: 2017-055) and <i>Corrective Announcement on Completion of Stock Purchase Under Initial Employee Stock Ownership Plan</i> (Announcement No.: 2017-056) issued by the Company on August 31, 2017.
	On December 18, 2018, the Company disclosed a prompt announcement on the expiration of the duration of the Initial Employee Stock Ownership Plan.	The details are available at cninfo.com.cn (http://www.cninfo.com.cn) in the <i>Prompt Announcement on the Expiration of the Duration of the Initial Employee Stock Ownership Plan</i> (Announcement No.: 2018-083) issued by the Company on December 18, 2018.
	On May 17, 2019, the Company held the 26th Meeting of the 4th Board of Directors and deliberated and approved the <i>Proposal on Extending and Changing the Initial Employee Stock Ownership Plan</i> , the <i>Proposal on Amending the Initial Employee Stock Ownership Plan (Draft) of Centre Testing International Group Co., Ltd. and Its Abstract</i> , and the <i>Proposal on Amending the Measures for the Administration of the Initial Employee Stock Ownership Plan of Centre Testing International Group Co., Ltd.</i>	The details are available at cninfo.com.cn (http://www.cninfo.com.cn) in the <i>Announcement of Resolution of the 26th Session of the Meeting of the Fourth Board of Directors</i> (Announcement No.: 2019-029) and <i>Independent Opinions of Independent Directors on the Matters Discussed at the 26th Session of the Meeting of the 4th Board of Directors</i> issued by the Company on May 18, 2019.
	On May 17, 2019, the Company held the 22 nd Meeting of the 4th Board of Supervisors and deliberated and approved the <i>Proposal on Amending the Initial Employee Stock Ownership Plan (Draft) and Abstract of Centre Testing International Group Co., Ltd.</i> and the <i>Proposal</i>	The details are available at cninfo.com.cn (http://www.cninfo.com.cn) in the <i>Announcement of Resolution of the 22nd Session of the Meeting of the 4th Board of Supervisors</i> (Announcement No.: 2019-030) issued by the Company on May 18, 2019.)

	<p><i>on Verifying Changed List of Holders under the Initial Employee Stock Ownership Plan</i> of the Company.</p>	
	<p>On September 11, 2019, 5.5 million shares, i.e. 0.33% of capital stock of the Company, were sold by means of block trade on Shenzhen Stock Exchange and held under the Initial Employee Stock Ownership Plan at a closing price of RMB 12.19 per share, with rights and interests allocated to the holders.</p>	<p>The details are available at cninfo.com.cn (http://www.cninfo.com.cn) in the <i>Announcement on Changes in Rights and Interests of the Initial Employee Stock Ownership Plan</i> (Announcement No.: 2019-060) issued by the Company on September 12, 2019.</p>
	<p>On September 1, 2020, the Company sold 1.1 million shares and deliberated and under the First Employee Stock Ownership Plan through the bulk trading system of Shenzhen Stock Exchange at a transaction price of RMB 26.95 per share for a transaction amount of RMB 29.645 million to implement the second equity distribution to the holders of the First Employee Stock Ownership Plan.</p>	N/A.
Second Employee Stock Ownership Plan	<p>On July 23, 2018, the Company held the 17th Meeting of the 4th Board of Directors and deliberated and approved the <i>Second Employee Stock Ownership Plan (Draft) of Centre Testing International Group Co., Ltd. and Its Abstract</i>, the <i>Measures for the Administration of Second Employee Stock Ownership Plan of Centre Testing International Group Co., Ltd.</i> and the <i>Proposal on General Shareholders' Meeting Authorizing Board of Directors to Handle Employee Stock Ownership Plan</i> of the Company.</p>	<p>The details are available at cninfo.com.cn (http://www.cninfo.com.cn) in the <i>Announcement of Resolution of the 17th Meeting of the 4th Board of Directors</i> (Announcement No.: 2018-035) and the <i>Independent Opinions of Independent Directors on the Matters Discussed at the 17th Meeting of the 4th Board of Directors</i> issued by the Company on July 24, 2018.</p>
	<p>On July 23, 2018, the Company held the 13th Meeting of the 4th Board of Supervisors and deliberated and approved the <i>Second Employee Stock Ownership Plan (Draft) of Centre Testing International Group Co., Ltd. and Its Abstract</i> and the <i>Proposal on Verifying List of Holders Under Second Employee Stock Ownership Plan</i> of the Company.</p>	<p>The details are available at cninfo.com.cn (http://www.cninfo.com.cn) in the <i>Announcement of Resolution of the 13th Meeting of the 4th Board of Supervisors</i> (Announcement No.: 2018-036) issued by the Company on July 24, 2018.</p>
	<p>On August 8, 2018, the Company held the First Extraordinary General Shareholders' Meeting 2018 and deliberated and approved the <i>Second Employee Stock Ownership Plan (Draft) of Centre Testing International Group Co., Ltd. and Its Abstract</i>, the <i>Measures for the Administration of Second Employee Stock Ownership Plan of Centre Testing International Group Co., Ltd.</i> and the <i>Proposal on General Shareholders' Meeting Authorizing Board of Directors to Handle Employee Stock Ownership Plan</i> of the Company.</p>	<p>The details are available at cninfo.com.cn (http://www.cninfo.com.cn) in the <i>Announcement of Resolution of the First Extraordinary General Shareholders' Meeting 2018</i> (Announcement No.: 2018-042) issued by the Company on August 9, 2018.</p>
	<p>On October 9, 2018, the Company held the 19th Meeting of the 4th Board of Directors and deliberated and approved the <i>Proposal on Amending the Second Employee Stock Ownership Plan (Draft) of Centre Testing International Group Co., Ltd. and Its Abstract</i> and the <i>Proposal on Amending the Measures for the Administration of Second Employee Stock Ownership Plan of Centre Testing International Group Co., Ltd.</i></p>	<p>The details are available at cninfo.com.cn (http://www.cninfo.com.cn) in the <i>Announcement of Resolution of the 19th Meeting of the 4th Board of Directors</i> (Announcement No.: 2018-053) and the <i>Independent Opinions of Independent Directors on the Matters Discussed at the 19th Meeting of the 4th Board of Directors</i> issued by the Company on October 10, 2018.</p>
	<p>On October 9, 2018, the Company held the 15th Meeting of the 4th Board of Supervisors and deliberated and approved the <i>Proposal on Amending the Second Employee Stock Ownership Plan (Draft) of Centre Testing International Group Co., Ltd. and Its Abstract</i> and the <i>Proposal on Verifying Changed List of Holders under</i></p>	<p>The details are available at cninfo.com.cn (http://www.cninfo.com.cn) in the <i>Announcement of Resolution of the 15th Meeting of the 4th Board of Supervisors</i> (Announcement No.: 2018-054) issued by the Company on October 10, 2018.</p>

	<i>Second Employee Stock Ownership Plan</i> of the Company.	
	On October 9, 2018, the Company held the Meeting of Holders of the Second Employee Stock Ownership Plan and deliberated and approved the <i>Proposal on Amending the Second Employee Stock Ownership Plan (Draft) of Centre Testing International Group Co., Ltd. and Its Abstract</i> .	The details are available at cninfo.com.cn (http://www.cninfo.com.cn) in the Second Employee Stock Ownership Plan Draft (Amendment) and the <i>Second Employee Stock Ownership Plan Draft Abstract (Amendment)</i> issued by the Company on October 10, 2018.
	In October 2018, the Company completed the execution of the Asset Management Contract for the Second Employee Stock Ownership Plan.	The details are available at cninfo.com.cn (http://www.cninfo.com.cn) in the <i>Announcement on Execution of Asset Management Contract for the Second Employee Stock Ownership Plan</i> (Announcement No.: 2018-064) and the <i>Asset Management Contract for Guosen Securities CTI Employee Stock Ownership No. 1 Targeted Asset Management Plan</i> issued by the Company on October 24, 2018.
	On December 10, 2018, the stock purchase was completed under the Second Employee Stock Ownership Plan.	The details are available at cninfo.com.cn (http://www.cninfo.com.cn) in the <i>Announcement on Shareholder's Reduction of Shares and Completion of Stock Purchase Under the Second Employee Stock Ownership Plan</i> (Announcement No.: 2018-075) issued by the Company on December 11, 2018.
	On November 9, 2020, the Company held the 9th Meeting of the 5th Board of Directors and deliberated and approved the <i>Proposal on the Extension of the Second Employee Stock Ownership Plan</i> , agreeing to extend the duration of the second employee stock ownership plan of the Company for 24 months, i.e. until December 10, 2022.	The details are available at cninfo.com.cn (http://www.cninfo.com.cn) in the <i>Announcement on the Extension of the Second Employee Stock Ownership Plan</i> (Announcement No.: 2020-062) issued by the Company on November 10, 2020.
	On December 10, 2020, the Company sold 1.8 million shares and deliberated and under the Second Employee Stock Ownership Plan through the bulk trading system of Shenzhen Stock Exchange at a transaction price of RMB 25.47 per share for a transaction amount of RMB 45.846 million. Equity distribution was conducted to holders of the Second Employee Stock Ownership Plan.	N/A.
2018 Equity Incentive Plan	On November 27, 2018, the Company held the 21st Meeting of the 4th Board of Directors and deliberated and approved the <i>Proposal on the Stock Option Incentive Plan (Draft) of Centre Testing International Group Co., Ltd. for 2018 and Its Abstract</i> , the <i>Proposal on the Measures for the Administration of Assessment of the Implementation of the Stock Option Incentive Plan of Centre Testing International Group Co., Ltd. for 2018</i> and the <i>Proposal on General Shareholders' Meeting Authorizing Board of Directors to Handle Stock Option Incentive Plan</i> of the Company for 2018.	The details are available at cninfo.com.cn (http://www.cninfo.com.cn) in the <i>Announcement of Resolution of the 21st Session of the Meeting of the 4th Board of Directors</i> (Announcement No.: 2018-071) and the <i>Independent Opinions of Independent Directors on the Matters Discussed at the 21st Session of the Meeting of the 4th Board of Directors</i> issued by the Company on November 28, 2018.
	On November 27, 2018, the Company held the 17th Meeting of the 4th Board of Supervisors and deliberated and approved the <i>Proposal on Stock Option Incentive Plan (Draft) of Centre Testing International Group Co., Ltd. for 2018 and Its Abstract</i> , the <i>Proposal on the Measures for the Administration of Assessment of the Implementation of the Stock Option Incentive Plan of Centre Testing International Group Co., Ltd. for 2018</i> and the <i>Proposal on Verifying List of Incentive Objects of the Stock Option Incentive Plan of the Company for 2018</i> .	The details are available at cninfo.com.cn (http://www.cninfo.com.cn) in the <i>Announcement of Resolution of the 17th Meeting of the 4th Board of Supervisors</i> (Announcement No.: 2018-072) issued by the Company on November 28, 2018.
	From November 28, 2018 to December 7, 2018,	The details are available at cninfo.com.cn

<p>the Company publicized the List of Incentive Objects of the Stock Option Incentive Plan for 2018 within the Company, containing the name, position and other details of these incentive objects. In the publication period, no objection to these incentive objects of the stock option incentive plan was received by the Board of Supervisors of the Company.</p>	<p>(http://www.cninfo.com.cn) in the <i>Review Opinions and Publication Explanation of the Board of Supervisors on the List of Incentive Objects of the Stock Option Incentive Plan for 2018</i> (Announcement No.: 2018-074) issued by the Company on December 8, 2018.</p>
<p>On December 13, 2018, the Company held the Second Extraordinary General Shareholders' Meeting 2018 and deliberated and approved the <i>Proposal on the Stock Option Incentive Plan (Draft) of Centre Testing International Group Co., Ltd. for 2018 and Its Abstract</i>, the <i>Proposal on the Measures for the Administration of Assessment of the Implementation of the Stock Option Incentive Plan of Centre Testing International Group Co., Ltd. for 2018</i> and the <i>Proposal on General Shareholders' Meeting Authorizing Board of Directors to Handle Stock Option Incentive Plan of the Company for 2018</i>.</p>	<p>The details are available at cninfo.com.cn (http://www.cninfo.com.cn) in the <i>Announcement of Resolution of the Second Extraordinary General Shareholders' Meeting 2018</i> (Announcement No.: 2018-076) issued by the Company on December 14, 2018.</p>
<p>On December 14, 2018, the Company conducted self-review on purchase and sales of the stock of the Company by insiders and incentive objects of the Stock Option Incentive Plan for 2018 (referred to as "this Incentive Plan") during 6 months prior to initial disclosure of the Incentive Plan Draft (May 28, 2018 to November 28, 2018).</p>	<p>The details are available at cninfo.com.cn (http://www.cninfo.com.cn) in the <i>Self-review Report on Purchase and Sales of Company Stock by Insiders and Incentive Objects of the Stock Option Incentive Plan for 2018</i> (Announcement No.: 2018-077) issued by the Company on December 14, 2018.</p>
<p>On December 17, 2018, the Company held the 22nd Meeting of the 4th Board of Directors and deliberated and approved the <i>Proposal on Awarding Stock Options to Incentive Objects</i>.</p>	<p>The details are available at cninfo.com.cn (http://www.cninfo.com.cn) in the <i>Announcement of Resolution of the 22nd Meeting of the 4th Board of Directors</i> (Announcement No.: 2018-078) and the <i>Independent Opinions of Independent Directors on the Matters Discussed at the 22nd Meeting of the 4th Board of Directors</i> issued by the Company on December 18, 2018.</p>
<p>On December 17, 2018, the Company held the 18th Meeting of the 4th Board of Supervisors and deliberated and approved the <i>Proposal on Awarding Stock Options to Incentive Objects</i>.</p>	<p>The details are available at cninfo.com.cn (http://www.cninfo.com.cn) in the <i>Announcement of Resolution of the 18th Meeting of the 4th Board of Supervisors</i> (Announcement No.: 2018-079) issued by the Company on October 18, 2018.</p>
<p>On December 26, 2018, the Company completed the registration of such issue under Stock Option Incentive Plan for 2018.</p>	<p>The details are available at cninfo.com.cn (http://www.cninfo.com.cn) in the <i>Announcement on Completion of Registration of the Issue Under Stock Option Incentive Plan for 2018</i> (Announcement No.: 2018-085) issued by the Company on December 27, 2018.</p>
<p>On December 26, 2019, the exercise price of the Stock Option Incentive Plan for 2018 was adjusted and the conditions for exercise in the first exercise period were achieved under Stock Option Incentive Plan for 2019.</p>	<p>The details are available at cninfo.com.cn (http://www.cninfo.com.cn) in the <i>Announcement on Adjusting the Exercise Price of the Stock Option Incentive Plan for 2018</i> (Announcement No.: 2019-086) and the <i>Announcement on Achieving the Conditions for Exercise in the First Exercise Period of 2018 Stock Option Incentive Plan</i> (Announcement No.: 2019-087) issued by the Company on December 26, 2019.</p>
<p>On January 2, 2020, the first exercise period of the Stock Option Incentive Plan for 2018 began, and the exercise can be made from January 2, 2020 to December 16, 2020.</p>	<p>The details are available at cninfo.com.cn (http://www.cninfo.com.cn) in the <i>Prompt Announcement on Voluntary Exercise in the First Exercise Period of the Stock Option Incentive Plan for 2018</i> issued by the Company on January 2, 2020.</p>
<p>On May 15, 2020, the company held the 2nd Meeting of the 5th Board of Directors and the 2nd Meeting of the 5th Board of Supervisors and deliberated and approved the <i>Proposal on Adjusting the Exercise Price of the Stock Option Incentive Plan</i>. Due to the implementation of the 2019 annual equity distribution, the exercise price</p>	<p>The details are available at cninfo.com.cn (http://www.cninfo.com.cn) in the <i>Prompt Announcement on Adjusting the Exercise Price of the Stock Option Incentive Plan</i> issued by the Company on May 19, 2020.</p>

	<p>of stock options under the Company's 2018 Stock Option Incentive Plan was adjusted from RMB 6.095 per share to RMB 6.06 per share.</p>	
	<p>On December 22, 2020, the Company held the 6th Meeting of the Remuneration Evaluation and Nomination Committee of the 5th Board of Directors and deliberated and approved the <i>Proposal on the Evaluation and Assessment of the Second Exercise Period of the Stock Option Incentive Plan for 2018</i> and the <i>Proposal on Achieving Exercise Conditions and Cancellation of Certain Stock Options in the Second Exercise Period of the Stock Option Incentive Plan for 2018</i>.</p>	<p>The details are available at cninfo.com.cn (http://www.cninfo.com.cn) in the <i>Prompt Announcement on the Evaluation and Assessment of the Second Exercise Period of the Stock Option Incentive Plan for 2018</i> and the <i>Proposal on Achieving Exercise Conditions and Cancellation of Certain Stock Options in the Second Exercise Period of the Stock Option Incentive Plan for 2018</i> issued by the Company on December 23, 2020.</p>
2019 Equity Incentive Plan	<p>On April 24, 2018, the Company held the 24th Meeting of the 4th Board of Directors and deliberated and approved the <i>Proposal on the Stock Option Incentive Plan (Draft) of Centre Testing International Group Co., Ltd. for 2019 and Its Abstract</i>, the <i>Proposal on the Measures for the Administration of Assessment of the Implementation of the Stock Option Incentive Plan of Centre Testing International Group Co., Ltd. for 2019</i> and the <i>Proposal on Verifying List of Incentive Objects of the Stock Option Incentive Plan of the Company for 2019</i>.</p>	<p>The details are available at cninfo.com.cn (http://www.cninfo.com.cn) in the <i>Stock Option Incentive Plan (Draft) for 2019</i>, the <i>Abstract of the Stock Option Incentive Plan (Draft) for 2019</i> and the <i>Measures for the Administration of Assessment of the Implementation of the Stock Option Incentive Plan for 2019</i> issued by the Company on April 26, 2019.</p>
	<p>On April 24, 2019, the Company held the 24th Meeting of the 4th Board of Supervisors and deliberated and approved the <i>Proposal on the Stock Option Incentive Plan (Draft) of Centre Testing International Group Co., Ltd. for 2019 and Its Abstract</i>, the <i>Proposal on the Measures for the Administration of Assessment of the Implementation of the Stock Option Incentive Plan of Centre Testing International Group Co., Ltd. for 2019</i> and the <i>Proposal on Verifying List of Incentive Objects of the Stock Option Incentive Plan of the Company for 2019</i>.</p>	<p>The details are available at cninfo.com.cn (http://www.cninfo.com.cn) in the <i>Stock Option Incentive Plan (Draft) for 2019</i>, the <i>Abstract of the Stock Option Incentive Plan (Draft) for 2019</i> and the <i>Measures for the Administration of Assessment of the Implementation of the Stock Option Incentive Plan for 2019</i> and the <i>List of Incentive Objects of the Stock Option Incentive Plan for 2019</i> issued by the Company on April 26, 2019.</p>
	<p>From April 26, 2019 to May 9, 2019, the Company publicized the List of Incentive Objects of the Stock Option Incentive Plan for 2019 within the Company, containing the name, position and other details of these incentive objects. In the publication period, no objection to these incentive objects of the stock option incentive plan was received by the Board of Supervisors of the Company.</p>	<p>The details are available at cninfo.com.cn (http://www.cninfo.com.cn) in the <i>Review Opinions and Publication Explanation of the Board of Supervisors on the List of Incentive Objects of the Stock Option Incentive Plan for 2019</i> (Announcement No.: 2019-026) issued by the Company on May 10, 2019.</p>
	<p>On May 16, 2019, the Company held the General Shareholders' Meeting 2018 and deliberated and approved the <i>Proposal on Stock Option Incentive Plan (Draft) of Centre Testing International Group Co., Ltd. for 2019 and Its Abstract</i>, the <i>Proposal on the Measures for the Administration of Assessment of the Implementation of the Stock Option Incentive Plan of Centre Testing International Group Co., Ltd. for 2019</i> and the <i>Proposal on General Shareholders' Meeting Authorizing Board of Directors to Handle Stock Option Incentive Plan of the Company for 2019</i>.</p>	<p>The details are available at cninfo.com.cn (http://www.cninfo.com.cn) in the <i>Announcement of Resolution of General Shareholders' Meeting 2018</i> (Announcement No.: 2019-027) issued by the Company on May 17, 2019.</p>
	<p>The Company conducted self-review on purchase and sales of the stock of the Company by insiders and incentive objects of the Stock Option Incentive Plan for 2019 (referred to as "this Incentive Plan") during 6 months prior to initial disclosure of the Incentive Plan Draft (i.e. from October 26, 2018 to April 26, 2019, hereinafter</p>	<p>The details are available at cninfo.com.cn (http://www.cninfo.com.cn) in the <i>Self-review Report on Purchase and Sales of Company Stock by Insiders and Incentive Objects of the Stock Option Incentive Plan for 2019</i> (Announcement No.: 2019-028) issued by the Company on May 17, 2019.</p>

	referred to as the "self-review period").	
	On May 20, 2019, the Company held the 27th Meeting of the 4th Board of Directors and the 23rd Meeting of the 4th Board of Supervisors and deliberated and approved the <i>Proposal on Awarding Stock Options to Incentive Objects</i> .	The details are available at cninfo.com.cn (http://www.cninfo.com.cn) in the <i>Announcement of Resolution of the 26th Meeting of the 4th Board of Directors</i> (Announcement No.: 2019-034), the <i>Announcement of Resolution of the 23rd Meeting of the 4th Board of Supervisors</i> (Announcement No.: 2019-035)/the <i>Independent Opinions of Independent Directors on the Matters Discussed at the 27th Session of the Meeting of the 4th Board of Directors</i> issued by the Company on May 21, 2019.
	On June 3, 2019, the Company completed the registration of such issue under Stock Option Incentive Plan for 2019.	The details are available at cninfo.com.cn (http://www.cninfo.com.cn) in the <i>Announcement on Completion of Registration of the Issue Under Stock Option Incentive Plan for 2019</i> (Announcement No.: 2019-038) issued by the Company on June 4, 2019
	On May 15, 2020, the company held the 2nd Meeting of the 5th Board of Directors and the 2nd Meeting of the 5th Board of Supervisors and deliberated and approved the <i>Proposal on Adjusting the Exercise Price of the Stock Option Incentive Plan</i> and the <i>Proposal on Achieving the Conditions for Exercise in the First Exercise Period of the Stock Option Incentive Plan for 2019</i> . The exercise price of the 2019 stock options will be adjusted from RMB 9.23 per share to RMB 9.16 per share after the implementation of the 2018 and 2019 annual equity distributions. Meanwhile, the exercise conditions for the first excise period of the Stock Option Incentive Plan for 2019 of the Company have been achieved, and there were totally 1.41 million stock options to be exercised.	The details are available at cninfo.com.cn (http://www.cninfo.com.cn) in the <i>Prompt Announcement on Adjusting the Exercise Price of the Stock Option Incentive Plan</i> issued by the Company on May 19, 2020.
	The first exercise period of the Stock Option Incentive Plan for 2019 began, and the actual exercise period is from May 26, 2020 to May 19, 2021.	The details are available at cninfo.com.cn (http://www.cninfo.com.cn) in the <i>Prompt Announcement on Voluntary Exercise in the First Exercise Period of the Stock Option Incentive Plan for 2019</i> issued by the Company on May 22, 2020.

XV. Significant connected transactions

1. Connected transactions relating to day-to-day business operations

Applicable Not Applicable

No connected transactions relating to normal business operations occurred within the Company's Reporting Period.

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

Applicable Not Applicable

No connected transactions arising from acquisition and sale of assets or equities occurred within the Company's Reporting Period.

3. Connected transactions in foreign joint investment

Applicable Not Applicable

No connected transactions in foreign joint investment occurred within the Company's Reporting Period.

4. Transactions of related creditor's rights and debts

Applicable Not Applicable

No correlation between connected rights of credit and debt occurred within the Company's

Reporting Period.

5. Other material connected transactions

Applicable Not Applicable

No other material connected transactions occurred within the Company's Reporting Period.

XVI. Significant contracts and their performance

1. Status of trusteeship, contracting and leasing matters

(1) Trusteeship status

Applicable Not Applicable

No trusteeship occurred during the Reporting Period.

(2) Contracting status

Applicable Not Applicable

No contracting occurred during the Reporting Period.

(3) Leasing status

Applicable Not Applicable

Description of lease

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

Item generated over 10% gains/losses in total profits in reporting period for the Company

Applicable Not Applicable

During the reporting period, there was no lease item generated over 10% gains/losses in total profits in reporting period for the Company.

2. Material Guarantees

Applicable Not Applicable

(1) Guarantees

Unit: RMB 10,000

External guarantees provided by the Company and its subsidiaries (excluding the guarantees for subsidiaries)								
Name of guaranteed party	Disclosure date for announcement related to guarantee limit	Guarantee limit	Actual occurrence date	Actual guarantee amount	Guarantee type	Periods of guarantee	Completed or not	Guarantee for related party or not
Guarantee provided by the Company to its subsidiaries								
Name of guaranteed party	Disclosure date for announcement related to guarantee limit	Guarantee limit	Actual occurrence date	Actual guarantee amount	Guarantee type	Periods of guarantee	Completed or not	Guarantee for related party or not
Hangzhou Hua'an Nondestructive Testing Technology Co., Ltd.	October 29, 2019	2,000		0	Joint liability guaranty	From October 29, 2019 to October	No	Yes

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						28, 2020		
Centre Testing International (Hong Kong) Co., Ltd.	March 10, 2020	26,075.85	June 5, 2020	26,075.85	Joint liability guaranty	From March 9, 2020 to June 5, 2020	Yes	Yes
Shenzhen CTI Metrology Technology Co., Ltd.	April 21, 2020	3,000	April 29, 2020	3,000	Joint liability guaranty	From April 17, 2020 to April 16, 2021	Yes	Yes
Centre Testing International (Hong Kong) Co., Ltd.	April 21, 2020	20,000	June 2, 2020	14,159	Joint liability guaranty	From April 17, 2020 to April 16, 2021	No	Yes
Guangzhou CTI Hengjian Engineering Testing Co., Ltd., the Company (currently renamed to CTI Engineering Testing Co., Ltd.)	April 21, 2020	1,000		0	Joint liability guaranty	From April 17, 2020 to April 16, 2021	No	Yes
CTI Biotechnology (Suzhou) Co., Ltd.	April 21, 2020	2,000		0	Joint liability guaranty	From May 11, 2020 to May 10, 2021	No	Yes
Sichuan CTI Jianxin Testing Technology Co., Ltd.	April 21, 2020	1,000		0	Joint liability guaranty	From May 11, 2020 to May 10, 2021	No	Yes
Total limit of guarantee for subsidiaries approved within the Reporting Period (B1)		53,075.85		Total amount of guarantees actually occurred for subsidiaries within the Reporting Period (B2)		43,234.85		
Total limit of guarantee for subsidiaries approved as of the end of the Reporting Period (B3)		53,075.85		Total balance of guarantees actually provided to subsidiaries by the end of reporting period (B4)		11,744.82		
Guarantees provided by subsidiaries to subsidiaries								
Name of guaranteed party	Disclosure date for announcement related to guarantee limit	Guarantee limit	Actual occurrence date	Actual guarantee amount	Guarantee type	Periods of guarantee	Completed or not	Guarantee for related party or not
Total guarantee amount provided by the Company (composed of the above three mentioned guarantees)								
Total limit of guarantee approved within the Reporting Period (A1+B1+C1)		53,075.85		Total amount of actual guarantee occurred within the Reporting Period (A2+B2+C2)		43,234.85		
Total amount of guarantee approved as of the end of the Reporting Period (A3+B3+C3)		53,075.85		Total balance of guarantees actually provided by the end of reporting period (A4+B4+C4)		11,744.82		

Total amount of guarantees (A4+B4+C4) as a percentage of net assets of the Company	3.14%
Including:	
Balance for guarantees provided to shareholders, actual controllers and their Related Party (D)	0
Balance for debt guarantees directly or indirectly for guaranteed objects with an asset-liability ratio of more than 70% (E)	2,000
The amount of the total guarantee exceeding 50% of the net assets (F)	0
Total amount of the above three guarantees (D+E+F)	2,000
Explanation on the unexpired guarantee where the guarantee liability has occurred during the reporting period or that may be responsible for the joint liability (if any)	N/A.
Explanation on guarantee provided outside against regulations (if any)	N/A.

Specific description of the use of composite guarantee

N/A.

(2) Illegal external guarantee

Applicable Not Applicable

No illegal external guarantee occurred during the Company's Reporting Period.

3. Material contracts for daily operations

Unit:

Name of the Company entering into the Contract	Name of the other party entering into the Contract	Total amount of the Contract	Contract performance progress	Amount of sales income recognized in current period	Amount of sales accumulatively recognized	Collection of accounts receivable	Major changes in conditions affecting the fulfillment of the Contract	Major changes leading to failed execution of the Contract

4. Status of entrusting others with management of the cash assets

(1) Status of entrusted wealth management

Applicable Not Applicable

Status of entrusted wealth management within the Reporting Period

Unit: RMB 10,000

Specific type:	Fund source of entrusted wealth management	Amount occurred of entrusted wealth management	Undue balance	Overdue amount not recovered
Bank's wealth management products	Own funds	75,000	75,000	0
Bank's wealth management products	Funds raised	25,000	25,000	0
Total		100,000	100,000	0

Specific conditions for entrusted wealth management of individually significant amount or low security, comparatively poor liquidity and high risk with its capital being of no guarantee

Applicable Not Applicable

Conditions where the capital of entrusted wealth management cannot be recovered or the entrusted wealth management may be impaired

Applicable Not Applicable

(2) Status of entrusted loan

Applicable Not Applicable

No entrusted loan occurred within the Company's Reporting Period.

5. Other major contracts

Applicable Not Applicable

There were no other material contracts within the Company's Reporting Period.

XVII. Social Responsibility

1. Performance of social responsibility

The Chinese version of the *Environmental, Social and Governance Report 2020* was disclosed at cninfo.com.cn (www.cninfo.com.cn) on April 21, 2021; the English version will be disclosed in middle May, 2021.

2. Performance of social responsibility for targeted poverty alleviation

(1) Planning of targeted poverty alleviation

The Company did not carry out a program on targeted poverty alleviation during the Reporting Period and has not made a subsequent plan for targeted poverty alleviation.

3. Status related to environmental protection

Whether the listed company and its subsidiaries are the key pollution-discharging units stipulated by the environmental protection authorities.

Yes No

No

The listed company and its subsidiaries do not belong to the key pollutant discharging units announced by the environmental protection department

XVIII. Explanation of other significant events

Applicable Not Applicable

Number of announcement	Contents of Announcement	Disclosure date	Media of disclosure
2019-089	Prompt Announcement on Voluntary Exercise in the First Exercise Period of the Stock Option Incentive Plan for 2018	2020-01-02	cninfo.com.cn
2020-001	Performance Forecast for 2019	2020-01-23	cninfo.com.cn
2020-002	Brief Performance Report for 2019	2020-02-28	cninfo.com.cn
2020-003	Announcement on the Purchase of the Equity of MARITEC PTE. LTD. by Wholly-owned Subsidiaries	2020-03-10	cninfo.com.cn
2020-004	Announcement on Providing Guarantee for Wholly-owned Subsidiaries	2020-03-10	cninfo.com.cn
2020-005	Announcement on the Resolution of the 3rd Meeting of the 5th Board of Directors	2020-03-10	cninfo.com.cn
2020-006	Announcement on the Resolution of the 3rd Meeting of the 5th Board of Supervisors	2020-03-10	cninfo.com.cn
2020-007	Performance Forecast for Q1 2020	2020-04-10	cninfo.com.cn
2020-008	Prompt Announcement on the Disclosure of Annual Report 2019	2020-04-21	cninfo.com.cn
2020-009	Summary of Annual Report 2019 of Centre Testing International	2020-04-21	cninfo.com.cn

	Group Co., Ltd.		
2020-010	Annual Report 2019	2020-04-21	cninfo.com.cn
2020-011	Announcement on the Resolution of the 4th Meeting of the 5th Board of Directors	2020-04-21	cninfo.com.cn
2020-012	Announcement on the Resolution of the 4th Meeting of the 5th Board of Supervisors	2020-04-21	cninfo.com.cn
2020-013	Notice on Convening General Shareholders' Meeting 2019	2020-04-21	cninfo.com.cn
2020-014	Announcement on Further Appointment of Accounting Firms	2020-04-21	cninfo.com.cn
2020-015	Announcement on application to commercial banks for comprehensive credit line	2020-04-21	cninfo.com.cn
2020-016	Announcement on Providing Guarantee Limit for Wholly-owned Subsidiaries	2020-04-21	cninfo.com.cn
2020-017	Announcement on Providing Guarantee Limit for Controlled Subsidiaries	2020-04-21	cninfo.com.cn
2020-018	Notice on Holding 2019 Online Performance Explanation Session	2020-04-21	cninfo.com.cn
2020-019	Announcement on Completion of Some Investment Projects and Application of Remaining Raised Funds to Other Investment Projects	2020-04-21	cninfo.com.cn
2020-020	Announcement on Changes in Accounting Policies	2020-04-21	cninfo.com.cn
2020-021	Prompt Announcement on the Disclosure of Q1 Report 2020	2020-04-21	cninfo.com.cn
2020-022	Full text of Report Q1 2020	2020-04-21	cninfo.com.cn
2020-023	Announcement on the Progress of Using Idle Own Funds for Cash Management	2020-05-01	cninfo.com.cn
2020-024	Announcement on the Progress of Using Idle Raised Funds for Cash Management	2020-05-01	cninfo.com.cn
2020-025	Announcement on the Resolution of General Shareholders' Meeting 2019	2020-05-12	cninfo.com.cn
2020-026	Announcement on implementation of equity distribution in 2019	2020-05-14	cninfo.com.cn
2020-027	Announcement on the Resolution of the 5th Meeting of the 5th Board of Directors	2020-05-19	cninfo.com.cn
2020-028	Announcement on the Resolution of the 5th Meeting of the 5th Board of Supervisors	2020-05-19	cninfo.com.cn
2020-029	Announcement on Adjustment of the Exercise Price of the Stock Option Incentive Plan	2020-05-19	cninfo.com.cn
2020-030	Announcement on Achieving the Conditions for Exercise in the First Exercise Period of the Stock Option Incentive Plan for 2019	2020-05-19	cninfo.com.cn
2020-031	Announcement on application to commercial banks for comprehensive credit line	2020-05-19	cninfo.com.cn
2020-032	Prompt Announcement on Voluntary Exercise in the First Exercise Period of the Stock Option Incentive Plan for 2019	2020-05-22	cninfo.com.cn
2020-033	Announcement on the Successful Closing in the Purchase of the Equity of MARITEC PTE. LTD. by Wholly-owned Subsidiaries (June 9, 2020)	2020-06-09	cninfo.com.cn
2020-034	Prompt Announcement on the Impending the Expiration of the Duration of the Second Stock Ownership Plan	2020-06-09	cninfo.com.cn
2020-035	Announcement on the Pre-disclosure of Reduced Shareholding by Senior Executives	2020-06-23	cninfo.com.cn
2020-036	2020 Semi-annual Performance Forecast	2020-07-10	cninfo.com.cn
2020-037	Announcement on the Completion of the Plan for Reducing Shareholding by Certain Senior Executives	2020-07-23	cninfo.com.cn
2020-038	Announcement on the Completion of the Plan for Reducing	2020-07-24	cninfo.com.cn

	Shareholding by Senior Executives		
2020-039	Announcement on Continual Performance of Duty of Independent Directors	2020-07-29	cninfo.com.cn
2020-040	Announcement on the Progress of Using Idle Own Funds for Cash Management	2020-08-13	cninfo.com.cn
2020-041	Announcement on the Resolution of the 6th Meeting of the 5th Board of Directors	2020-08-18	cninfo.com.cn
2020-042	Announcement on the Resolution of the 6th Meeting of the 5th Board of Supervisors	2020-08-18	cninfo.com.cn
2020-043	Announcement on the By-election of Independent Directors	2020-08-18	cninfo.com.cn
2020-044	Announcement on the Change in Use of Raised Funds	2020-08-18	cninfo.com.cn
2020-045	Notice on Convening of the First Extraordinary General Shareholders' Meeting in 2020	2020-08-18	cninfo.com.cn
2020-046	Prompt Announcement on the Disclosure of Semi-annual Report 2020	2020-08-25	cninfo.com.cn
2020-047	Announcement on the Resolution of the 7th Meeting of the 5th Board of Directors	2020-08-25	cninfo.com.cn
2020-048	Announcement on the Resolution of the 7th Meeting of the 5th Board of Supervisors	2020-08-25	cninfo.com.cn
2020-049	Semi-annual report 2020	2020-08-25	cninfo.com.cn
2020-050	Summary of Semi-annual report 2020	2020-08-25	cninfo.com.cn
2020-051	Announcement on the Resolution of the First Extraordinary General Shareholders' Meeting in 2020	2020-09-08	cninfo.com.cn
2020-052	Announcement on Acquisition of Government Subsidies	2020-10-01	cninfo.com.cn
2020-053	Performance Forecast for First Three Quarters of 2020	2020-10-15	cninfo.com.cn
2020-054	Prompt Announcement on the Disclosure of Q3 Report 2020	2020-10-27	cninfo.com.cn
2020-055	Full text of Report Q3 2020	2020-10-27	cninfo.com.cn
2020-056	Announcement on the Resolution of the 8th Meeting of the 5th Board of Directors	2020-10-27	cninfo.com.cn
2020-057	Announcement on the Resolution of the 8th Meeting of the 5th Board of Supervisors	2020-10-27	cninfo.com.cn
2020-058	Announcement on the Adjustment of the Composition of the Strategy and M&A Committee of the Board of Directors	2020-10-27	cninfo.com.cn
2020-059	Announcement on the Death of Directors	2020-10-27	cninfo.com.cn
2020-060	Announcement on the Pre-disclosure of Reduced Shareholding by Senior Executives	2020-11-04	cninfo.com.cn
2020-061	Announcement on the Resolution of the 9th Meeting of the 5th Board of Directors	2020-11-10	cninfo.com.cn
2020-062	Announcement on the Extension of the Second Employee Stock Ownership Plan	2020-11-10	cninfo.com.cn
2020-063	Announcement on the Cancellation of Special Accounts for Raised Funds	2020-11-10	cninfo.com.cn
2020-064	Announcement on the Resolution of the 10th Meeting of the 5th Board of Directors	2020-11-14	cninfo.com.cn
2020-065	Announcement on Continuing to Use Idle Raised Funds for Cash Management	2020-11-14	cninfo.com.cn
2020-066	Announcement on the Addition of Directors of the Company	2020-11-14	cninfo.com.cn
2020-067	Notice on Convening the Second Extraordinary General Shareholders' Meeting in 2020	2020-11-14	cninfo.com.cn
2020-068	Announcement on the Resolution of the 9th Meeting of the 5th	2020-11-14	cninfo.com.cn

	Board of Supervisors		
2020-069	Announcement on the Resolution of the Second Extraordinary General Shareholders' Meeting in 2020	2020-12-02	cninfo.com.cn
2020-070	Announcement on the Progress of Using Idle Raised Funds for Cash Management	2020-12-09	cninfo.com.cn
2020-071	Announcement on the Half-distance Progress in Reduction in Shareholding by Senior Executives under the Shareholding Reduction Plan	2020-12-10	cninfo.com.cn
2020-072	Announcement on the Completion of the Plan for Reducing Shareholding by Senior Executives	2020-12-12	cninfo.com.cn
2020-073	Announcement on the Expiration of the Temporary Replenishment Fund in Idle Raised Funds	2020-12-21	cninfo.com.cn
2020-074	Announcement on the Progress of Using Idle Own Funds for Cash Management	2020-12-22	cninfo.com.cn
2020-075	Announcement on the Resolution of the 11th Meeting of the 5th Board of Directors	2020-12-23	cninfo.com.cn
2020-076	Announcement on the Resolution of the 11th Meeting of the 5th Board of Supervisors	2020-12-23	cninfo.com.cn
2020-077	Announcement on Achieving Exercise Conditions and Cancellation of Certain Stock Options in the Second Exercise Period of the Stock Option Incentive Plan for 2018	2020-12-23	cninfo.com.cn
2020-078	Prompt Announcement on Voluntary Exercise in the Second Exercise Period of the Stock Option Incentive Plan for 2018	2020-12-29	cninfo.com.cn
2020-079	Announcement on the Completion of the Cancellation of Certain Stock Options	2020-12-29	cninfo.com.cn

XIX. Major events of the Company's subsidiaries

√ Applicable Not Applicable

1. On December 26, 2019, the Company held the 2nd Meeting of the Strategy and M&A Committee of the 5th Board of Directors. At the meeting, the *Proposal on Investing in Tianfangbiao Standardization Certification & Testing Co., Ltd.* was deliberated and approved. In January 2020, the Company subscribed 2.9 million shares of Tianfangbiao with RMB 17.168 million in cash, adding RMB 2.9 million of registered capital, accounting for 4.9% of Tianfangbiao's registered capital after the stock issue.

2. On March 4, 2020, the Company held the 3rd Meeting of the Strategy and M&A Committee of the 5th Board of Directors. At the meeting, the *Proposal on Purchasing the Residual 30% Equity of POLY NDT* was deliberated and approved. Under the proposal, Centre Testing International (Hong Kong) Co., Ltd., a wholly-owned subsidiary of the Company, acquired 30% equity in POLY NDT for SGD 1,506,071, and, upon completion of the transaction, the Company will hold 100% equity interest in POLY NDT.

3. On March 10, 2020, the Company held the 3rd Meeting of the 5th Board of Directors. At the meeting, the *Proposal on Providing Guarantee for Wholly-owned Subsidiaries* was deliberated and approved. Under the proposal, the Company will provide its subsidiary, Centre Testing International (Hong Kong) Co., Ltd., with a guarantee amount not exceeding SGD 52,117,000 (RMB 260,758,500) for the period from the date of approval by the Board of Directors to the completion of the payment obligations as agreed in the Transaction Agreement. See the *Announcement on Providing Guarantee for Subsidiaries* (Announcement No.: 2020-004) disclosed on March 10, 2020 for details.

4. On March 16, 2020, the Company held the 6th Meeting of the Strategy and M&A Committee of the 5th Board of Directors. At the meeting, the *Proposal on Capital Increase to Wholly-owned Subsidiaries* was deliberated and approved. To meet the capital requirements for the acquisition of

the equity in MARITEC PTE. LTD., the Company used its own capital of up to RMB 270 million to increase the capital of its wholly-owned subsidiary, Centre Testing International (Hong Kong) Co., Ltd.

5. On April 17, 2020, the Company held the 4th Meeting of the 5th Board of Directors. At the meeting, the *Proposal on Providing Guarantee for Wholly-owned Subsidiaries* was deliberated and approved. Under the proposal, The Company provided guarantees for its wholly-owned subsidiaries - Guangzhou CTI Hengjian Engineering Testing Co., Ltd., Shenzhen CTI Metrology Technology Co., Ltd. and Centre Testing International (Hong Kong) Co., Ltd. - for an aggregate amount not exceeding RMB 24,000,000 for a period of one year from the date of approval by the Board of Directors. See the *Announcement on Providing Guarantee Limit for Subsidiaries* (Announcement No.: 2020-016) disclosed on April 21, 2020 for details.

6. On April 17, 2020, the Company held the 4th Meeting of the 5th Board of Directors. At the meeting, the *Proposal on Providing Guarantee for Wholly-owned Subsidiaries* was deliberated and approved. Under the proposal, The Company provided guarantees for its wholly-owned subsidiaries - CTI Biotechnology (Suzhou) Co., Ltd. and Sichuan Jianxin - for an aggregate amount not exceeding RMB 30 million for a period of one year from the date of approval by General Shareholders' Meeting 2020. See the *Announcement on Providing Guarantee Limit for Subsidiaries* (Announcement No.: 2020-017) disclosed on April 21, 2020 for details.

7. On April 29, 2020, the Company held the 7th Meeting of the Strategy and M&A Committee of the 5th Board of Directors. At the meeting, the *Proposal on Investing in Tianjin Eco-City Environmental Technology Co., Ltd.* was deliberated and approved. Under the proposal, the Company participated in the Tianjin Eco-city capital increase project with an investment amount of RMB 34.96 million and held 51% equity in Tianjin Eco-city.

8. On May 18, 2020, the Company held the 8th Meeting of the Strategy and M&A Committee of the 5th Board of Directors. At the meeting, the *Proposal on Capital Increase to Wholly-owned Subsidiaries* was deliberated and approved. Under the proposal, the Company made the price of 100% equity of its wholly-owned subsidiary, Shanghai CTI-Medlab Medical Testing Institute Co., Ltd. (hereinafter referred to as Shanghai CTI-Medlab) at RMB 81 million and the price of 100% equity of its wholly-owned subsidiary, CTI CSERC (Suzhou) Co., Ltd. (hereinafter referred to as CTI CSERC (Suzhou)), at RMB 19 million to increase the capital to its wholly-owned subsidiary, Shanghai CTI Pinchuang Medical Testing Co., Ltd. (hereinafter referred to as Shanghai CTI Pinchuang), and added the capital to Shanghai CTI Pinchuang with RMB 80 million's cash. With the capital increase, the registered capital of Shanghai CTI Pinchuang increased from RMB 5 million to RMB 185 million, and Shanghai CTI Pinchuang held 100% equity of Shanghai CTI-Medlab and CTI CSERC (Suzhou).

9. On May 18, 2020, the Company held the 8th Meeting of the Strategy and M&A Committee of the 5th Board of Directors. At the meeting, the *Proposal on Transferring the Equity of CTI Biotechnology (Suzhou) Co., Ltd.* was deliberated and approved. Under the proposal, the Company transferred 83.34% of its holding subsidiary CTI Biotechnology (Suzhou) Co., Ltd. (hereinafter referred to as "Suzhou Biotechnology") to Shanghai CTI Pinchuang, the company's wholly-owned subsidiary for RMB 50 million. With the transfer done, Shanghai CTI Pinchuang held 83.34% equity of Suzhou Biotechnology, and the latter became a holding sub-subsidiary of the Company.

10. On June 30, 2020, the Company held the 9th Meeting of the Strategy and M&A Committee of the 5th Board of Directors. At the meeting, the *Proposal on Capital Increase to Wholly-owned Subsidiaries and the Proposal on Capital Increase to Holding Subsidiaries* were deliberated and approved. Under the proposal, the Company increased a capital of RMB 7 million to its wholly subsidiary, Xinjiang Kerui Testing Technology Co., Ltd. (hereinafter referred to as "Xinjiang Kerui") and a capital of RMB 25 million to its wholly subsidiary, Shenzhen CTI Laboratory Technology Service Co., Ltd. (hereinafter referred to as Laboratory Technology Service Company). With the capital increase, the registered capital of Xinjiang Kerui increased from RMB 3 million to

RMB 10 million, while the registered capital of Laboratory Technology Service Company increased from RMB 10 million to RMB 35 million.

11. On August 31, 2020, the Company held the 11th Meeting of the Strategy and M&A Committee of the 5th Board of Directors. At the meeting, the *Proposal on Capital Increase to Wholly-owned Subsidiaries* was deliberated and approved. Under the proposal, the Company increased a capital of RMB 38 million to its wholly-owned subsidiary, CTI Engineering Testing Co., Ltd. (hereinafter referred to as CTI Engineering, formerly Guangzhou CTI Hengjian Engineering Testing Co., Ltd.). With the capital increase, the registered capital of CTI Engineering increased from RMB 12 million to RMB 50 million.

12. On December 2, 2020, the Company held the 12th Meeting of the Strategy and M&A Committee of the 5th Board of Directors. At the meeting, the *Proposal on Transferring the Equity of Zhejiang Shengnuo Testing Technology Co., Ltd.* was deliberated and approved. Under the proposal, Hangzhou Hua'an Nondestructive Testing Technology Co., Ltd. (hereinafter referred to as "Hua'an Nondestructive"), a wholly-owned subsidiary of the Company, transferred 26% of the equity held in Zhejiang Shengnuo Testing Technology Co., Ltd. (hereinafter referred to as "Zhejiang Shengnuo") to Zhou Ke at a price of RMB 272,900 and 25% of said equity to Zhang Liang at a price of RMB 262,400. With the transfer done, Hua'an Nondestructive no longer held equity in Zhejiang Shengnuo.

13. On December 28, 2020, the Company held the 13th Meeting of the Strategy and M&A Committee of the 5th Board of Directors. At the meeting, the *Proposal on Purchasing the Equity of How-To NPD Consulting Co., Ltd.* was deliberated and approved. Under the proposal the Company currently holds How-To NPD Consulting Co., Ltd. (hereinafter referred to as "How-To") by purchasing its 40% equity at a price of RMB 19.2 million. With the purchase, the Company will hold 60% of How-To's equity, and the latter becomes a holding subsidiary of the Company.

Section VI Changes in Shares and Shareholders

I. Changes in Shares

1. Changes in shares

Unit: shares

	Before the change		Increase and decrease in the change (+, -)					After the change	
	Qty.	Percentage	Newly issued shares	Donated shares	Shares transferred from provident fund	Others	Subtotal	Qty.	Percentage
I. Shares subject to lock-up	153,446,688	9.26%	0	0	0	1,140,000	1,140,000	154,586,688	9.28%
1. State-owned shares	0	0.00%	0	0	0	0	0	0	0.00%
2. State-owned shares held by legal persons	0	0.00%	0	0	0	0	0	0	0.00%
3. Shares held by other domestic investors	153,446,688	9.26%	0	0	0	1,140,000	1,140,000	154,586,688	9.28%
Including: Shares held by domestic legal persons	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by domestic natural persons	153,446,688	9.26%	0	0	0	0	0	0	0.00%
4. Shares held by foreign investors	0	0.00%	0	0	0	0	0	0	0.00%
Including: Shares held by foreign legal persons	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by foreign natural persons	0	0.00%	0	0	0	0	0	0	0.00%
II. Shares without restriction for sales	1,504,084,026	90.74%	0	0	0	6,465,000	6,465,000	1,510,549,026	90.72%
1. RMB - denominated ordinary share	1,504,084,026	90.74%	0	0	0	6,465,000	6,465,000	1,510,549,026	90.72%
2. Domestically listed	0	0.00%	0	0	0	0	0	0	0.00%

foreign shares									
3. Overseas-listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
4. Others	0	0.00%	0	0	0	0	0	0	0.00%
III. Total shares	1,657,530,714	100.00%	0	0	0	7,605,000	7,605,000	1,665,135,714	100.00%

Reasons for changes in shares

Applicable Not Applicable

1. According to the Stock Option Incentive Plan for 2018, the Company granted 20,650,000 stock options to 38 incentive recipients, and the number of exercisable options in the first exercise period was 6,195,000, of which 6,195,000 had been exercised as of December 31, 2020.

2. According to the Stock Option Incentive Plan for 2019, the Company granted 4.7 million stock options to nine incentive recipients, with 1.41 million options exercisable in the first exercise period, and 1.41 million options had been exercised as of December 31, 2020.

Status of approval for shares' changes

Applicable Not Applicable

(I) Stock Option Incentive Plan for 2018:

1. On November 27, 2018, the Company held the 21st Meeting of the 4th Board of Directors and deliberated and approved the *Proposal on the Stock Option Incentive Plan (Draft) of Centre Testing International Group Co., Ltd. for 2018 and Its Abstract*. The Equity Incentive Plan has been deliberated and approved for implementation at the Second Extraordinary General Shareholders' Meeting 2018 held on December 13, 2018.

2. On December 17, 2018, the Company held the 22nd Meeting of the 4th Board and the 18th Meeting of the 4th Board of Supervisors and deliberated and approved the Proposal on Awarding Stock Options to Incentive Objects. Under the proposal, the Company granted 20.65 million shares of stock options to 38 incentive objects on the date of December 17, 2018.

3. On December 25, 2019, the Company held the 2nd Meeting of the 5th Board of Directors and deliberated and approved the *Proposal on Achieving Exercise Conditions of the First Exercise Period of the Stock Option Incentive Plan for 2018 of the Company*. Totally 38 incentive objects were qualified for this exercise and a total of 6.195 million stock options were available for such exercise.

4. On May 15, 2020, the Company held the 5th Meeting of the 5th Board of Directors and deliberated and approved the *Proposal on Adjusting the Exercise Price of the Stock Option Incentive Plan*. Due to the implementation of the 2019 annual equity distribution, the exercise price of stock options under the Company's Stock Option Incentive Plan for 2018 was adjusted from RMB 6.095 per share to RMB 6.06 per share.

(II) Stock Option Incentive Plan for 2019:

1. On April 24, 2019, the Company held the 24th Meeting of the 4th Board of Directors and deliberated and approved the *Proposal on the Stock Option Incentive Plan (Draft) of Centre Testing International Group Co., Ltd. for 2019 and Its Abstract*. The Equity Incentive Plan has been deliberated and approved for implementation on the General Shareholders' Meeting 2019 held on May 16, 2019.

2. On May 20, 2019, the Company held the 27th Meeting of the 4th Board of Directors and deliberated and approved the *Proposal on Awarding Stock Options to Incentive Objects*. Under the

proposal, the Company granted 4.7 million shares of stock options to 9 incentive objects on the date of May 20, 2019.

3. On May 15, 2020, the Company held the 5th Meeting of the 5th Board of Directors and deliberated and approved the *Proposal on Achieving Exercise Conditions of the First Exercise Period of the Stock Option Incentive Plan for 2019 of the Company*. Totally 9 incentive objects were qualified for this exercise and a total of 1.41 million stock options were available for such exercise.

4. On May 15, 2020, the Company held the 5th Meeting of the 5th Board of Directors and deliberated and approved the *Proposal on Adjusting the Exercise Price of the Stock Option Incentive Plan*. After equity distribution in 2018 and 2019, the exercise price of the stock option in 2019 was adjusted from RMB 9.23 per share to RMB 9.16 per share.

Status of transfer for shares' changes

Applicable Not Applicable

Status of implementation and progress of shares' repurchase

Applicable Not Applicable

The implementation progress status of the transfer of repurchased shares by means of centralized competitive trading

Applicable Not Applicable

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

Applicable Not Applicable

Within the reporting period, the two terms of stock options granted by the Company's Equity Incentive Plan entered into the first exercise period, during which the Company additionally issued 7.605 million shares specifically to the incentive objects. Based on the capital stock of 1,665,135,714 shares at the end of the reporting period, the basic earnings per share were RMB 0.2864 per share, diluted earnings per share were RMB 0.2845 per share and net assets per share attributable to shareholders of the listed company was RMB 1.89 per share in 2019. In 2020, basic earnings per share were RMB 0.3472, diluted earnings per share were RMB 0.3449 and net assets per share attributable to shareholders of the listed company was RMB 2.25 per share.

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

Applicable Not Applicable

2. Changes in restricted shares

Applicable Not Applicable

Unit: shares

Name of shareholder	Number of restricted shares at the beginning of the period	Number of restricted shares increased in this period	Number of restricted shares relieved in this period	Number of restricted shares at the end of this period	Reason for restriction	Proposed date for release of the restricted sales
Wan Feng	90,625,740	0	0	90,625,740	Locking up of shares held by directors, supervisors and senior executives	The date when his/her shares tradable and outstanding in each year during his/her term of

						office reach 25% of the total shares held by him/her at the end of the previous year
Richard Shentu	3,075,000	2,175,000	0	5,250,000	Directors, supervisors and senior executives shareholding lock-up, equity incentive exercise lock-up	The date when his/her shares tradable and outstanding in each year during his/her term of office reach 25% of the total shares held by him/her at the end of the previous year
Chen Yan	1,779,327	225,000	0	2,004,327	Directors, supervisors and senior executives shareholding lock-up, equity incentive exercise lock-up	The date when his/her shares tradable and outstanding in each year during his/her term of office reach 25% of the total shares held by him/her at the end of the previous year
Qian Feng	1,542,846	157,500	0	1,700,346	Directors, supervisors and senior executives shareholding lock-up, equity incentive exercise lock-up	The date when his/her shares tradable and outstanding in each year during his/her term of office reach 25% of the total shares held by him/her at the end of the previous year
Zhou Lu	336,000	112,500	0	448,500	Directors, supervisors and senior executives shareholding lock-up, equity incentive exercise lock-up	The date when his/her shares tradable and outstanding in each year during his/her term of office reach 25% of the total shares held by him/her at the end of the previous year
Zeng Xiaohu	0	225,000	0	225,000	Directors, supervisors and senior executives shareholding lock-up, equity incentive exercise lock-up	The date when his/her shares tradable and outstanding in each year during his/her term of office reach 25% of the total shares held by him/her at the end of the previous year
Xu Jiang	0	157,500	0	157,500	Directors, supervisors and senior executives shareholding lock-up, equity incentive	The date when his/her shares tradable and outstanding in each year during his/her term of office reach 25%

					exercise lock-up	of the total shares held by him/her at the end of the previous year
Wang Hao	0	112,500	0	112,500	Directors, supervisors and senior executives shareholding lock-up, equity incentive exercise lock-up	The date when his/her shares tradable and outstanding in each year during his/her term of office reach 25% of the total shares held by him/her at the end of the previous year
Li Fengyong	6,150	225,000	0	231,150	Directors, supervisors and senior executives shareholding lock-up, equity incentive exercise lock-up	The date when his/her shares tradable and outstanding in each year during his/her term of office reach 25% of the total shares held by him/her at the end of the previous year
Yu Cuiping	56,081,625	0	2,250,000	53,831,625	Acquiring shares through a divorce and continuing to fulfill the commitment to the locking up of shares held by directors, supervisors and senior executives for the period when Mr. Wan Feng acts as a director, supervisor or senior executive.	The date when his/her shares tradable and outstanding in each year during his/her term of office reach 25% of the total shares held by him/her at the end of the previous year
Total	153,446,688	3,390,000	2,250,000	154,586,688	--	--

II. Securities Issuing and Listing Status

1. Securities (excluding preferred shares) issuing status within the Reporting Period

Applicable Not Applicable

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

Applicable Not Applicable

3. Status of existing shares held by internal employees

Applicable Not Applicable

III. Status of Shareholders and Actual Controllers

1. Number of shareholders of the Company and number of shares held respectively

Unit: shares

Total number of common shareholders at the end of the Reporting Period	29,372	Total number of common shareholders at the end of the last month before the date when the annual report is disclosed	42,132	Total number of preferred shareholders whose voting rights have been restored at the end of the reporting period (if any) (see Note 9)	0	Total number of preferred shareholders whose voting rights have been restored at the end of the previous month before the date of disclosure of the annual report (if any) (see Note 9)	0	
Status of shares held by shareholders holding more than 5% of the total shares or the top 10 shareholders								
Name of shareholder	Nature of shareholder	Shareholding ratio (%)	Number of shares at the end of the Reporting Period	Increase or decrease within the Reporting Period	Number of shares held with restrictions on sales	Number of shares held without restrictions on sales	Pledge or blocking	
							Status of shares	Qty.
Hong Kong Securities Clearing Company Ltd.	Overseas legal person	22.99%	382,751,156	-4,947,792	0	382,751,156	Pledge	0
							Freezing	0
Wan Yunxiang	Domestic natural person	10.62%	176,774,064	-3,000,000	0	176,774,064	Pledge	0
							Freezing	0
Wan Feng	Domestic natural person	7.26%	120,834,320	0	90,625,740	30,208,580	Pledge	0
							Freezing	0
Yu Cuiping	Domestic natural person	4.31%	71,775,500	0	53,831,625	17,943,875	Pledge	0
							Freezing	0
Bank of Communications Co., Ltd. - Wan Jia Industry Preferred Hybrid Security Investment Fund (LOF)	Others	2.40%	40,000,085	1,813,223	0	40,000,085	Pledge	0
							Freezing	0
National Social Security Fund Portfolio 406	Others	2.01%	33,545,884	4,210,916	0	33,545,884	Pledge	0
							Freezing	0
Agricultural Bank of China Ltd. - Jiashi Emerging Equity Security Investment Fund	Others	1.73%	28,830,034	10,239,813	0	28,830,034	Pledge	0
							Freezing	0
National Social Security Fund Portfolio 115	Others	1.62%	26,960,000	9,030,000	0	26,960,000	Pledge	0
							Freezing	0
Postal Savings Bank of China Co., Ltd. - Zhong Ou Small	Others	1.56%	25,920,879	9,897,629	0	25,920,879	Pledge	0
							Freezing	0

& Mid Cap Equity Fund (LOF)									
Aberdeen Standard Investments (Asia) Co., Ltd. - Aberdeen Standard - China A-share Equity Fund	Others	1.40%	23,251,729	7,299,058	0	23,251,729	Pledge	0	
							Freezing	0	
Strategic investor or general legal person who becomes one of top 10 shareholders due to rights issue (if any) (see note 4)	Not applicable.								
Explanation of the associated relationship or acting-in-concert relationship of the above shareholders	Mr. Wan Yunxiang is the son of Mr. Wan Feng; Wan Feng and Wan Yunxiang are persons acting in concert; Mr. Wan Feng is the actual controller of the Company. Ms. Yu Cuiping is Mr. Wan Feng's ex-wife, and she voluntarily authorizes Mr. Wan Feng to exercise the voting rights attached to the shares obtained by her through divorce for free. The Company has no knowledge of whether other shareholders are related parties or parties acting in concert.								
Statements of the above shareholders on proxy/trustee voting rights and abstention from voting rights	Not applicable.								
Shareholdings of top 10 holders of shares without restrictions on sales									
Name of shareholder	Number of shares without restrictions on sales at the end of the Reporting Period	Type of share							
		Type of share	Qty.						
Hong Kong Securities Clearing Company Ltd.	382,751,156	RMB ordinary shares	382,751,156						
Wan Yunxiang	176,774,064	RMB ordinary shares	176,774,064						
Bank of Communications Co., Ltd. - Wan Jia Industry Preferred Hybrid Security Investment Fund (LOF)	40,000,085	RMB ordinary shares	40,000,085						
National Social Security Fund Portfolio 406	33,545,884	RMB ordinary shares	33,545,884						
Wan Feng	30,208,580	RMB ordinary shares	30,208,580						
Agricultural Bank of China Ltd. - Jiashi Emerging Equity Security Investment Fund	28,830,034	RMB ordinary shares	28,830,034						
National Social Security Fund Portfolio 115	26,960,000	RMB ordinary shares	26,960,000						
Postal Savings Bank of China Co., Ltd. - Zhong Ou Small & Mid Cap Equity Fund (LOF)	25,920,879	RMB ordinary shares	25,920,879						
Aberdeen Standard Investments (Asia) Co., Ltd. - Aberdeen Standard - China A-share Equity Fund	23,251,729	RMB ordinary shares	23,251,729						
Industrial and Commercial Bank of China Limited -	21,200,000	RMB ordinary	21,200,000						

Guangfa Steady Growth Securities Investment Fund		shares	
Explanation for associated relationships or persons acting in concert among the top 10 shareholders of unrestricted outstanding shares and between the top 10 shareholders of unrestricted outstanding shares and the top 10 shareholders	Mr. Wan Yunxiang is the son of Mr. Wan Feng; Wan Feng and Wan Yunxiang are persons acting in concert; Mr. Wan Feng is the actual controller of the Company. The Company has no knowledge of whether other shareholders are related parties or parties acting in concert.		
Description of shareholders participating in the securities margin trading business (if any) (see Note 5)	Not applicable.		

Did any of the top 10 common shareholders and the top 10 unrestricted common shareholders of the Company have any promissory repurchase transaction during the Reporting Period?

Yes No

There is no promissory repurchase transaction between the top 10 common shareholders and the top 10 unrestricted common shareholders of the Company during the Reporting Period.

2. Controlling shareholder of the Company

Nature of controlling shareholder: natural person holding

Type of controlling shareholder: natural person

Name of controlling shareholder	Nationality	Does he/she have any right of residence of other countries or regions?
Wan Feng	China	No
Wan Yunxiang	China	No
Primary occupation and title	Mr. Wan Feng, participated in the establishment of CTI in 2003 and became the chairman of the Company in August 2007; he was re-elected in August 2010, August 2013, August 2016 and December 2019. Mr. Wan Yunxiang is the son of Mr. Wan Feng; Mr. Wan Feng and Mr. Wan Yunxiang are persons acting in concert.	
Equity held and participated in other domestic or foreign listed companies during the Reporting Period	None	

Change of controlling shareholders in the Reporting Period

Applicable Not Applicable

Controlling shareholders of the Company had no change in the Reporting Period.

3. Actual controller and person acting in concert of the Company

Nature of actual controller: domestic natural person

Type of actual controller: natural person

Name of actual controller	Relationship with the actual controller	Nationality	Does he/she have any right of residence of other countries or regions?
Wan Feng	Herself/himself	China	No
Primary occupation and title	Mr. Wan Feng, participated in the establishment of CTI in 2003 and became the chairman of the Company in August 2007; he was re-elected in August 2010, August 2013, August 2016 and December 2019.		
Domestic or foreign listed companies controlled in the	None		

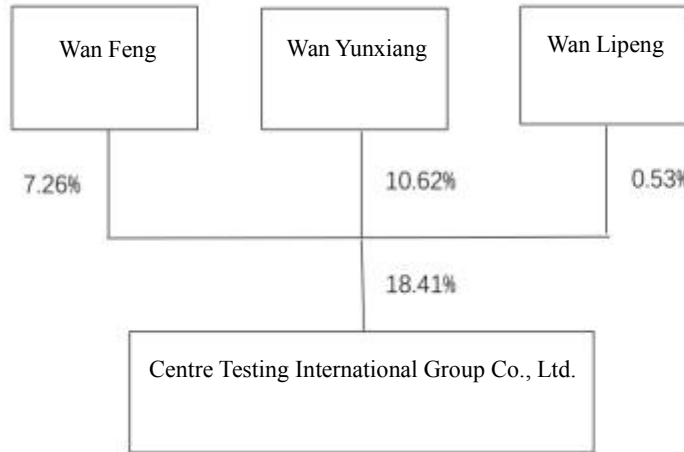
past 10 years

Change of actual controller within the Reporting Period

Applicable Not Applicable

Actual controllers had no change in the Reporting Period.

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



Notes:
 (1) Since Ms. Yu Cuiping voluntarily entrusts Mr. Wan Feng to exercise the 4.31% voting rights attached to 71.77 million of CTI shares obtained by her through divorce for free, Mr. Wan Feng has 11.57% voting rights of the company.
 (2) Mr. Wan Feng, Wan Yunxiang and Mr. Wan Lipeng are persons acting in concert.

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

Applicable Not Applicable

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

Applicable Not Applicable

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

Applicable Not Applicable

Section VII Preferred Shares

Applicable Not Applicable

The Company had no preferred share in the Reporting Period.

Section VIII Convertible Corporate Bonds

Applicable Not Applicable

The Company had no convertible corporate bond in the Reporting Period.

Section IX Directors, Supervisors, Senior Executives and Employees

I. Shareholding Change of Directors, Supervisors and Senior Executives

Name	Duty	Status of employment	Sex	Age	Start date of term	End date of term	Number of shares at the beginning of the period (share)	Increase of shares in the current period (share)	Decrease of shares in the current period (share)	Other increase or decrease (share)	Number of shares at the end of the period (share)
Wan Feng	Chairman of the Board	Incumbent	Male	51	August 25, 2007		120,834,320	0	0	0	120,834,320
Richard Shentu	Director, CEO	Incumbent	Male	52	June 4, 2018		4,100,000	1,900,000	0	0	6,000,000
Chen Yan	Director, Secretary of the Board of Directors	Incumbent	Male	47	August 25, 2007		2,372,436	0	0	0	2,372,436
Cheng Hong	Independent Director	Incumbent	Male	57	August 12, 2016		0	0	0	0	0
Zeng Fanli	Independent Director	Incumbent	Male	56	December 2, 2019		0	0	0	0	0
Cheng Haijin	Independent Director	Incumbent	Male	49	September 7, 2020		0	0	0	0	0
Liu Jidi	Director	Incumbent	Female	37	December 01, 2020		0	0	0	0	0
Qian Feng	Vice-president	Incumbent	Male	47	August 25, 2007		2,057,128	0	90,000	0	1,967,128
Zhou Lu	Vice-president	Incumbent	Male	47	August 27, 2013		448,000	150,000	0	0	598,000
Xu Jiang	Vice-president	Incumbent	Male	46	May 28, 2010		0	210,000	0	0	210,000
Li Fengyong	Vice-president	Incumbent	Male	48	August 22, 2016		8,200	225,000	0	0	233,200
Wang Hao	Vice-president	Incumbent	Female	45	August 22, 2016		0	150,000	0	0	150,000
Zeng Xiaohu	Vice-president	Incumbent	Male	46	April 24, 2019		0	225,000	0	0	225,000
Chen Weiming	Chairman of the Board of Supervisors	Incumbent	Male	48	August 12, 2016		0	0	0	0	0
Zhang Yuming	Supervisor	Incumbent	Male	46	August 12, 2016		0	0	0	0	0
Ou Jin	Supervisor	Incumbent	Female	30	December		0	0	0	0	0

	r	t	le		er 21, 2019						
Kuang Zhigang	Director	Office leaving	Male	73	July 28, 2014	24 Oct 2020	0	0	0	0	0
Zhang Hanbin	Independent Director	Office leaving	Male	54	July 28, 2014	September 7, 2020	0	0	0	0	0
Total	--	--	--	--	--	--	129,820,084	2,860,000	90,000		132,590,084

II. Turnover of Directors, Supervisors and Senior Executives of the Company

√ Applicable Not Applicable

Name	Title	Type	Date:	Cause
Zhang Hanbin	Independent Director	The term of office expires.	September 7, 2020	The term of office expires.
Cheng Haijin	Independent Director	Appointment	September 7, 2020	Supplement
Kuang Zhigang	Director	Office leaving	24 Oct 2020	Compassionate (Death)
Liu Jidi	Independent Director	Appointment	December 01, 2020	Supplement

III. Employment

Professional background, working experience and main responsibilities of incumbent directors, supervisors and senior 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 and December 2019.

(2) Mr. Richard Shentu, Chinese nationality, without right of residence outside China, born in 1968, has a doctoral degree. He previously served as the global executive vice president of SGS Group, responsible for global consumer product testing services; he also served as president of SGS in China, and vice president of SGS global consumer product testing and industrial services. He once served as a director of SGS and the chairman and other roles in the Board of Directors of bluesign Technologies ag., a Swiss company. He joined the Company in June 2018 and served as the Company's director and CEO.

(3) Mr. Chen Yan, Chinese nationality, without right of residence outside China, born in 1973, has a master's degree. He once worked in China Guangfa Bank, and successively served as the head of the credit department of Shenzhen Branch and the integrated manager of CMS migration team, CMS project promotion department and credit department of Shenzhen Branch. He joined CTI Testing Technology Co., Ltd. in 2006 and served as the director and the Secretary of the Board of Directors. He became a director of the Company in August 2014.

(4) Ms. Liu Jidi, a Chinese national with no right of abode abroad, born in 1983, having a double master's degree in economics and environmental studies of Duke University, USA. Ms. Liu Jidi has extensive domestic and international experience in the areas of corporate finance and strategic M&A. From 2008 to 2018, she worked as an analyst, manager and vice president in the investment banking department of Citibank. From 2015 to 2018, she managed over 30 Chinese financial institutions and global subsidiaries in Hong Kong and Shanghai, and was responsible for client

relationship maintenance, development, credit risk management and new business and product development. Since 2018, she has been the joint founder of Yushi Education. Since December 2020, she has been the director of the Company.

(5) Mr. Cheng Hong, Chinese nationality, born in 1963, with a PhD in economics, is a professor and doctoral supervisor. Now, he serves as the president of the Institute of Quality Development Strategy (IQDS) of Wuhan University and is also a visiting scholar of Stanford University. Professor Cheng Hong is the chief expert of major bidding projects of the National Social Science Fund of China and major key projects of the Ministry of Education, and he is also the leader of more than 10 important national scientific research projects. He is mainly engaged in scientific research in the fields of supply-side structural reform, the mechanism and path of improving the quality of micro products and services and the quality of macroeconomic growth under the background of economic transformation, entrepreneurship and enterprise quality innovation strategy. He became an independent director of the Company in August 2016.

(6) Mr. Zeng Fanli, Chinese nationality, born in 1964, has a bachelor 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. Cheng Haijin, Chinese nationality, no right of abode abroad, born in 1971, graduate degree, U.S. Certified Public Accountant. From 1994 to 2007, he successively served as Chief Accountant of McDonald & Page, Zhengda Avion Group, Global Audit Consultant of Pharmaceutica, Senior Director of Bank of China (Hong Kong), General Manager Assistant of DBS Bank China Operations and Senior Manager of BNP Paribas Asia Investment Banking. From 2008 to 2011, he was Director of Business Development and M&A at Honeywell (Asia Pacific). From 2011 to 2013, he was Director of Business Development and M&A at GE. Since 2012, he has been President of Shanghai Huanpu Consulting Management Firm. Since September 2020, he has been an independent director of the Company.

2. Supervisor

(1) Mr. Chen Weiming, Chinese nationality, without right of resident outside China, born in 1972, has a master's degree in business administration. He once served as the deputy general manager of the retail banking department of China Bohai Bank Shenzhen Branch, and the general manager of Shenzhen Jiarun Hengxin Industrial Co., Ltd.; and now he is a director of Shenzhen Aoweifu Technology Co., Ltd.

(2) Mr. Zhang Yuming, Chinese nationality, without right of permanent residence outside China, born in 1974, Han, has a college degree. He graduated from Ji'nan University and majored in

accounting. He joined the Company in 2006 and now is an accountant of the Company.

(3) Ms. Ou Jin, Chinese nationality, without right of permanent residence outside China, born in 1990, has a bachelor degree. She once worked in China Construction Bank and Shenzhen Infinova Technology Co., Ltd., and now she is a securities affairs representative of the Company.

3. Senior executives

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

(2) Mr. Chen Yan now serves as the Director and Secretary of the Board of Directors of the Company. See the "Directors" part in this section for his resume.

(3) Mr. Qian Feng, Chinese nationality, without right of residence outside China, born in 1973, has a master degree. He once worked for Dalian Huaxing Container Transportation Co., Ltd. and Shenzhen Maritime Safety Administration, and served successively as the member, deputy director, director and deputy director general. He joined the Company as the vice president in 2006 and now is the vice president of the Company.

(4) Mr. Xu Jiang, Chinese nationality, without right of abode abroad, born in 1974, having a master's degree. From 1998 to 2001, he worked for Huawei Technologies Co., Ltd.; From 2001 to 2010, he worked for Emerson Network Power Co., Ltd.; he joined Shenzhen CTI Testing Technology Co., Ltd. on May 28, 2010 and became the vice president of the Company.

(5) Mr. Zhou Lu, Chinese nationality, without right of residence outside China, born in 1973, has a master degree. He once worked for DNV GL and served successively as the manager of energy efficiency product development and operations in greater China of Centre Testing International Group Co., Ltd., the director of energy efficiency and climate change services operations in greater China, and the manager of Beijing office. He joined Shenzhen CTI Testing Technology Co., Ltd. in November 2010 and became the director of the certification development department. He became the vice president in August 2013 and now is still the vice president of the Company.

(6) Mr. Li Fengyong, Chinese nationality, without right of residence outside China, born in 1972, has a master degree. He once served as the business manager of Binzhou Huimin County Foreign Trade Corporation, and the marketing manager of Qingdao Ainuo Intelligent Instrument Co., Ltd.; he joined the Company in 2008 and became the general manager of the Food and Drug Business Division and the general manager of Centre Testing International Group Co., Ltd.; He is now the Vice President of the Company.

(7) Ms. Wang Hao, Chinese nationality, without right of residence outside China, born in 1975, has a master degree. She is an American certified public accountant and also a senior financial executive with years of working experience in China and the United States. From 2006 to 2015, she worked for Freeborders Software Development Co., Ltd. and served successively as finance manager, finance director and vice president of finance in the Asia Pacific region. Before then she worked for Huarun Group and an American accounting firm. In April 2016, she joined Centre Testing International Group Co., Ltd.; at present, she is the vice president of the Company.

(8) Mr. Zeng Xiaohu, Chinese nationality, without right of residence outside China, born in 1974, has a master degree. He once served as the general manager of SGS China Industrial, Transportation and Fire Technology Business Group, the head of SGS Northeast Asia Transportation Service, the general manager of SGS China Consumer Goods Testing Business Group and the vice president of SGS Global Light Industrial Products Business. He joined the Company in January 2019 and now is the vice president of the Company.

Posts held in shareholder organizations

Applicable Not Applicable

Posts held in other organizations

√ Applicable □ Not Applicable

Name of the person holding the post	Name of other organization	Posts in other organizations	Start date of term	End date of term	Whether get remuneration and allowances in other organizations
Wan Feng	Shenzhen HK Poltechnic Investment CO., LTD.	Executive Director			
Wan Feng	Beijing Tianrui Junfeng Investment Management Co., Ltd.	Supervisor			
Wan Feng	Shenzhen Qianhai Gangli No. 1 Investment Partnership (Limited Partnership)	Executive partner			
Zhang Hanbin	Shenzhen Mingding Certified Public Accountants	Director and managing partner	August 9, 2004		
Zhang Hanbin	OFILM Group Co., Ltd.	Independent Director	November 23, 2017		
Zhang Hanbin	Shenzhen Beauty Star Co., Ltd.	Independent Director			
Cheng Hong	Institute of Quality Development Strategy (IQDS) of Wuhan University	Dean			
Zeng Fanli	Shenzhen Dafusheng Trading Co., Ltd.	Legal Representative, General Manager and Executive Director			
Zeng Fanli	South Sea Shenghui New Energy (Guangdong) Co., Ltd.	Legal Representative and General Manager			
Zeng Fanli	Shenzhen Yuehai Shenghui International Trading Co., Ltd.	Legal Representative, General Manager and Executive Director			
Zeng Fanli	Baijiahui (Shenzhen) International Trading Co., Ltd.	Chairman of the Board			
Liu Jidi	Yiduo Education Technology (Shanghai) Co., Ltd.	Legal Representative, Executive Director			
Liu Jidi	Shanghai Yishi Training School Co., Ltd.	Supervisor			
Liu Jidi	Shanghai Pudong Yushi Nursery Co., Ltd.	Legal Representative, Executive Director			
Liu Jidi	Shanghai Yingyi Education Technology Co., Ltd.	Legal Representative, Executive Director			
Cheng Haijin	Shanghai Huanpu Consulting Management Firm	President			
Chen Weiming	Shenzhen AVSHD Technology Co., Ltd.	Director			
Xu Jiang	ZhongRen Time Education Technology (Beijing) Corporation Ltd.	Supervisor			

Description on posts held in other companies	None
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Penalties imposed by securities regulators in the past three years on incumbent directors, supervisors and senior executives and those left in the Reporting Period

Applicable Not Applicable

IV. Remuneration of directors, supervisors and senior executives

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

1. Decision-making process

The remuneration of directors and supervisors of the Company shall be determined by the General Shareholders' Meeting. The remuneration of senior executives shall be decided by the Board of Directors; The remuneration of directors, supervisors and senior executives of the Company shall be paid by the Company; The allowances for independent directors shall be paid according to the resolution of the General Shareholders' Meeting. Costs for independent directors' meetings and training shall be reimbursed completely.

2. Determination basis

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

3. Amount actually paid

By the end of the reporting period, there were 18 directors, supervisors and senior executives. In 2020, the Company actually paid the remuneration of directors, supervisors and senior executives in a total amount of RMB 12,953,900.

Remuneration of directors, supervisors and senior executives of the Company within the Reporting Period

Unit: RMB 10,000

Name	Duty	Sex	Age	Status of employment	Total amount of pre-tax compensation obtained from the Company	Whether have obtained compensation from Related Party of the Company
Wan Feng	Chairman of the Board	Male	51	Incumbent	141.36	No
Richard Shentu	Director, CEO	Male	52	Incumbent	276.63	No
Chen Yan	Director, Secretary of the Board of Directors	Male	47	Incumbent	144.94	No
Xu Jiang	Vice-president	Male	46	Incumbent	102.46	No
Li Fengyong	Vice-president	Male	48	Incumbent	103.44	No
Wang Hao	Vice President and the person in charge of financial affairs	Female	45	Incumbent	94.45	No
Qian Feng	Vice-president	Male	47	Incumbent	152.6	No
Zhou Lu	Vice-president	Male	47	Incumbent	84.48	No
Zeng Xiaohu	Vice-president	Male	46	Incumbent	103.35	No

Kuang Zhigang	Director	Male		Office leaving	10.76	No
Zhang Hanbin	Independent Director	Male	54	Office leaving	9.22	No
Cheng Hong	Independent Director	Male	55	Incumbent	14	No
Zeng Fanli	Independent Director	Male	56	Incumbent	13	No
Cheng Haijin	Independent Director	Male	49	Incumbent	2.88	No
Liu Jidi	Director	Female	37	Incumbent	0	No
Chen Weiming	Chairman of the Board of Supervisors	Male	48	Incumbent	0	No
Ou Jin	Supervisor	Female	30	Incumbent	25.99	No
Zhang Yuming	Supervisor	Male	46	Incumbent	15.83	No
Total	--	--	--	--	1,295.39	--

Equity incentive granted to directors and senior executives within the Reporting Period

√ Applicable □ Not Applicable

Unit: shares

Name	Duty	Number of viable shares in the Reporting Period	Number of shares exercised in the Reporting Period	Exercise price of the number of share exercised in the Reporting Period	Market price at the end of the Reporting Period (RMB per share)	Number of restricted shares held at the beginning	Number of unlocked shares in the current period	Number of new restricted shares granted in the Reporting Period	Granting price of restricted share (RMB per share)	Number of restricted shares held at the end of the period
Richard Shentu	Director, CEO	90	90	6.095	27.37	0	0	0	0	0
Chen Yan	Director, Secretary of the Board of Directors	30	30	6.095	27.37	0	0	0	0	0
Xu Jiang	Vice-president	21	21	6.095	27.37	0	0	0	0	0
Li Fengyong	Vice-president	30	30	6.095	27.37	0	0	0	0	0
Wang Hao	Vice-president	15	15	6.095/6.06	27.37	0	0	0	0	0
Zhou Lu	Vice-president	15	15	6.095/6.06	27.37	0	0	0	0	0
Qian Feng	Vice-president	21	21	6.095	27.37	0	0	0	0	0
Zeng Xiaohu	Vice-president	30	30	9.16	27.37	0	0	0	0	0
Total	--	252	252	--	--	0	0	0	--	0
Note (if	1. In 2018, the Company implemented the first Stock Option Incentive Plan and granted 20.65 million options to 38									

any)	<p>incentive objects. The exercise price was RMB 6.13 per share. Specifically, 3,000,000 options were granted to Mr. Richard Shentu, 1,000,000 options to Mr. Chen Yan, 1,000,000 options to Mr. Li Fengyong, 700,000 options to Mr. Qian Feng, 700,000 options to Mr. Xu Jiang, 500,000 options to Ms. Wang Hao and 500,000 options to Mr. Zhou Lu. On December 25, 2019, the company held the 2nd Meeting of the 5th Board of Directors and deliberated and approved the <i>Proposal on Achievement of the Conditions for Exercise in the First Exercise Period of the Stock Option Incentive Plan for 2018</i> and the <i>Proposal on Adjusting the Exercise Price of the Stock Option Incentive Plan for 2018</i>. Due to the implementation of equity distribution in 2018, the exercise price was adjusted from RMB 6.13 per share to RMB 6.095 per share. Details on the number of feasible shares of the directors and senior executives granted options of the Company during the first exercise schedule are described below: Mr. Richard Shentu - 900,000, Mr. Chen Yan - 300,000, Mr. Li Fengyong - 300,000, Mr. Qian Feng - 210,000, Mr. Xu Jiang - 210,000, Ms. Wang Hao - 150,000 and Mr. Zhou Lu - 150,000. According to actual handling of independent exercise, the actual feasible period of the first exercise schedule was January 2, 2020 to December 16, 2020.</p> <p>2. On May 15, 2020, the Company held the 5th Meeting of the 5th Board of Directors and deliberated and approved the <i>Proposal on Adjusting the Exercise Price of the Stock Option Incentive Plan</i>. Due to the implementation of the 2019 annual equity distribution, the exercise price was adjusted from RMB 6.095 per share to RMB 6.06 per share. On December 22, 2010, the Company convened the 11th Meeting of the 5th Board of Directors, during which the <i>Proposal on Achieving Exercise Conditions and Cancellation of Certain Stock Options in the Second Exercise Period of the Stock Option Incentive Plan for 2018</i> was deliberated and approved. Details on the number of feasible shares of the directors and senior executives granted options of the Company during the first exercise schedule are described below: Mr. Richard Shentu - 900,000, Mr. Chen Yan - 300,000, Mr. Li Fengyong - 300,000, Mr. Qian Feng - 210,000, Mr. Xu Jiang - 210,000, Ms. Wang Hao - 150,000 and Mr. Zhou Lu - 150,000. The practical exercise term of the second exercise period is from December 17, 2020 to December 16, 2021.</p> <p>3. In 2019, the Company implemented the second Stock Option Incentive Plan and granted 4,700,000 options to 9 incentive objects at an exercising price of RMB 9.23 per share, including 1,000,000 options granted to Mr. Zeng Xiaohu. On May 15, 2020, the Company held the 2nd Meeting of the 5th Board of Directors and deliberated and approved the <i>Proposal on Achieving the Conditions for Exercise in the First Exercise Period of the Stock Option Incentive Plan for 2019</i> and the <i>Proposal on Adjusting the Exercise Price of the Stock Option Incentive Plan</i>. Due to the implementation of equity distribution in 2018 and 2019, the exercise price was adjusted from RMB 9.23 per share to RMB 9.16 per share. The number of shares exercisable during the first exercise period for the directors and senior executives to whom the options were granted was: 300,000 shares for Mr. Zeng Xiaohu, with an exercise price of RMB 9.16 per share.</p>
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V. Employees of the Company

1. Number, speciality and educational backgrounds of employees

Number of employees on active duty in the parent company (people)	1,690
Number of employees on active duty in the major subsidiaries (people)	8,379
Total number of employees on active duty (people)	10,069
Total number of paid employees in the current period (people)	10,069
Number of retired employees for which the parent company and major subsidiaries bear the cost (people)	48
Speciality	
Type of speciality	Number of speciality (people)
Production staff	3,061
Salesman	2,623
Technical staff	3,688
Financial personnel	165
Administrative staff	532
Total	10,069
Education backgrounds	
Type of education background	Number (people)
Doctor and above	27
Master	834
Undergraduate	5,028
College degree	3,523
Below junior college	657
Total	10,069

2. Remuneration policy

The Company adopts a remuneration policy which is based on the matching between payment and post value and also differentiated based on technical capabilities, with payment rates determined for the employees based on their job levels and comprehensive evaluations. Besides, the Company determines the overall income of its employees from three aspects: employees' job levels, performance of employees' departments and performance of employees. Internally, the Company adjusts employees' positions annually; externally, it also recruits new employees. To ensure the matching between the overall remuneration level of the Company with the remuneration level in the talent market, the HR Department of the Company also irregularly collects industrial and regional remuneration data as the basis for remuneration adjustments.

3. Training plan

Departments of the Company, based on demand investigations, training results of the past and actual demands of their own, prepare individual annual training plans and submit the plans to the HR Department for record. As for specialized and quality-related training involving different departments and subsidiaries, the HR Department will implement uniform schematic design and implement the training plans. The HR Department of the Company formulates annual training plans for salesmen, management personnel and personnel engaged in special operations on an annual basis depending on actual demands and organize the training with the approval from the Company.

4. Labor outsourcing

Applicable Not Applicable

Total working hours outsourced (hours)	479,040
Total remuneration of labor outsourcing (RMB)	15,904,535.00

Section X Corporate Governance

I. Basic State of Corporate Governance

(I) About shareholders and the General Shareholders' Meeting

The Company, strictly in accordance with the requirements of the *Rules for the General Meetings of Shareholders of Listed Companies*, *Articles of Association*, *Rules of Procedures of General Shareholders' Meeting* as well as regulations and requirements of SSE for GEM, convenes the General Shareholders' Meeting as required, treats all the shareholders equally and offers facilities to shareholders as much as possible to help them exercising their rights. During the reporting period, the General Shareholders' Meetings held by the Company were all convened by the Board of Directors of the Company, with witnessing lawyers invited to witness the opening and the voting procedure of the General Shareholder's Meeting and present legal opinions accordingly. All shareholders have a full voice at the General Shareholders' Meeting to ensure that all shareholders, especially the minority shareholders, enjoy equal status and fully exercise their powers. During the reporting period, there was no violation of the *Rules of the General Shareholders' Meeting of Listed Companies* for the Company's General Shareholders' Meeting. The Company did not have any shareholders who individually or collectively held more than 10% of the total voting shares of the Company to request the convening of a General Shareholders' Meeting, and there was also no Extraordinary General Shareholders' Meeting proposed by the board of supervisors.

(II) About the Company and its controlling shareholders

Controlling shareholders of the Company strictly behaved themselves and were not engaged in any direct or indirect interference with the decision-making and business activities of the Company in circumvention of the General Shareholders' Meeting. The Company has independent and complete business and self-management capabilities, and is independent of the controlling shareholders in terms of business, assets, personnel, organization and finance. The Board of Directors, the Board of Supervisors and internal branches of the Company operate independently. During the reporting period, controlling shareholders of the Company strictly followed the *Guidelines for the Governance of Listed Companies*, the *GEM Stock Listing Rules of the Shenzhen Stock Exchange*, the *Guidelines for the Standard Operation of the GEM Listed Companies of the Shenzhen Stock Exchange*, the *Articles of Association* and other requirements to standardize their own behaviors, and there was no behavior bypassing the Company's General Shareholders' Meeting to directly or indirectly interfere with the Company's decision-making and business activities nor damage of interest of the Company and other shareholders, occupation of funds of the Company by controlling shareholders or guarantee tendered by the Company for its controlling shareholders.

(III) About directors and the Board of Directors

The Board of Directors of the Company has 7 directors, including 4 non-independent directors. The number and composition of the board of directors meet the requirements of laws, regulations and the *Articles of Association*. All directors can carry out their work in accordance with the *Rules of Procedures of the Board of Directors*, the *Working System of Independent Directors*, and the *Guidelines for the Standardized Operation of GEM Listed Companies of Shenzhen Stock Exchange*, attending meetings of the Board of Directors, the Special Committees and General Shareholders' Meetings, and performing their duties and obligations diligently and conscientiously, and actively participating in relevant exchanges and learning sessions to be familiar with relevant laws and regulations.

In accordance with the requirements of the *Guidelines for the Standardized Operation of GEM Listed Companies of the Shenzhen Stock Exchange*, three special committees-the Remuneration Examination and Nomination Committee, the Audit Committee and the Strategy and M&A Committee are set up under the 5th Board of Directors. The members of these special committees are all directors, and the number of independent directors of each special committee accounts for

two-thirds of the members of the special committees and all of the special committees are chaired by independent directors, which provide scientific and professional opinions and references for the decision-making of the Board of Directors. The committees perform their duties in accordance with the *Articles of Association* and the rules of procedures of the committees' meetings, without the intervention of any other department or individual of the Company. During the reporting period, directors of the Company improved their capabilities of fulfilling the duties of directors by learning relevant laws and regulations.

(IV) About supervisors and the Board of Supervisors

The 4th Board of Supervisors of the Company consists of 3 supervisors, including one employees' representative. The number of members and composition of the Board of Supervisors are in compliance with the requirements under the relevant laws and regulations. Supervisors can earnestly perform their duties in accordance with the requirements of the *Articles of Association* and the *Rules of Procedures of the Board of Supervisors*, and supervise the Company's major issues, financial status, and the legal compliance of directors and senior executives in performing their duties.

(V) About performance assessment and incentive and accountability mechanism

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

(VI) About information disclosure and transparency

The Company strictly followed the relevant laws and regulations and requirements of the *Information Disclosure System* and *Investor Relations Management System* to disclose the relevant information in a true, accurate, timely, fair and complete manner; and designated the secretary of the Company's board of directors to be responsible for information disclosure and coordination of the relationship between the Company and investors, receiving shareholders' visits, answering investors' inquiries, providing investors with information disclosed by the Company; The Company designated *Securities Times*, *Shanghai Securities News* and the GEM information disclosure website appointed by China Securities Regulatory Commission as the information disclosure paper and website of the Company, ensuring that all shareholders of the Company can obtain information with equal opportunities. During the reporting period, the Company did not give any undisclosed information to the substantial shareholder or actual controller. During the reporting period, the Company complied with the *Regulatory Guidelines for Listed Companies No. 2 – Regulatory Requirements for the Management and Use of Funds Raised by Listed Companies*, *Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange* and *Guidelines of the Shenzhen Stock Exchange for Standardized Operation of Companies Listed on the Enterprise Board* and other relevant laws and regulations and have updated a series of systems such as the *Management System of Raised Funds*, the *Work System of Independent Directors* and the *Measures for the Management of External Guarantees* in accordance with the actual situation of the Company.

(VII) About stakeholders

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

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

During the reporting period, the Board of Directors of the Company established a complete internal control system according to the *Basic Standard for Enterprise Internal Control*, which was in compliance with national laws and regulations and adapted based on management demands of the

Company and guaranteed effective implementation of all internal control systems. With the internal control system established, the Company controlled and prevented risks in operation and management, protected the legal rights of its investors and developed in a healthy and steady manner. During this period, no major defect in internal control was found.

Whether there are significant differences between the actual state of corporate governance and the normative documents issued by the China Securities Regulatory Commission regarding the governance of listed companies

Yes No

There are no significant differences between the actual state of corporate governance and the normative documents issued by the China Securities Regulatory Commission regarding the governance of listed companies

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

(I) Business independency

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

(II) Assets completeness

The Company has independent and complete procurement, production and marketing support facilities and fixed assets. The Company has the total right to control and allocate the assets on its own, without any damage to the benefit of the Company due to assets and capital taken by the shareholders.

(III) Personnel independency

The Company has its own HR Department. Human resources and salary management of the Company are completely independent and separated from its shareholders. Directors, supervisors and senior executives of the Company are elected strictly according to the *Company Law* and the *Articles of Association*. None of such personnel are working part time in violation of relevant laws and regulations.

(IV) Institutional independency

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

(V) Financial independency

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

III. Horizontal competition

Applicable Not Applicable

IV. Relevant information about annual General Shareholders' Meeting and Extraordinary General Shareholders' Meeting held in the Reporting Period

1. General Shareholders' Meeting in the current Reporting Period

Meeting frequency	Type	Proportion of investor participants	Date of meeting	Disclosure date	Disclosure index
General Shareholders' Meeting 2019	Annual General Shareholders' Meeting	35.33%	May 11, 2020	May 12, 2020	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=9900008369&stockCode=300012&announcementId=1207730755&announcementTime=2020-05-12
The First Extraordinary General Shareholders' Meeting 2020	Extraordinary General Shareholders' Meeting	36.73%	September 7, 2020	September 8, 2020	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=9900008369&stockCode=300012&announcementId=1208406227&announcementTime=2020-09-08
The Second Extraordinary General Shareholders' Meeting 2020	Extraordinary General Shareholders' Meeting	37.54%	December 01, 2020	December 2, 2020	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=9900008369&stockCode=300012&announcementId=1208828822&announcementTime=2020-12-02

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

Applicable Not Applicable

V. Performance of duties by independent directors in the Reporting Period

1. Participation in board meeting and General Shareholders' Meeting by independent directors

Participation in board meeting and General Shareholders' Meeting by independent directors							
Name of independent director	Number of board meetings to be attended in the current Reporting Period	Number of board meetings attended in person	Number of board meetings attended by correspondence	Number of board meetings attended under commission	Number of absences of board meetings	Whether failed to attend the board meeting in person for successive two times	Number of General Shareholders' Meeting attended
Zhang Hanbin	5	0	5	0	0	No	2
Cheng Hong	9	0	9	0	0	No	3
Zeng Fanli	9	0	9	0	0	No	3
Cheng Haijin	4	0	4	0	0	No	1

Explanation for failure to attend the board meeting in person for successive two times

None

2. Objections raised by independent directors to relevant events of the Company

Whether objections have been raised by independent directors to relevant events of the Company

Yes No

Independent directors did not raise objections to relevant events of the Company in the Reporting Period

3. Other description on performance of duties by independent directors

Whether independent directors' recommendations in respect of the Company have been accepted

Yes No

Explanations for acceptance or rejection of recommendations proposed by independent directors to the Company

Independent directors of the Company strictly abided by the *Company Law*, the *Securities Law*, the *Guiding Opinions of China Securities Regulatory Commission on Establishing the Independent Director System in Listed Companies*, the *Guidelines of the Shenzhen Stock Exchange for Standardized Operation of Companies Listed on the Enterprise Board*, the *Provisions on Strengthening the Protection of the Rights and Interests of the General Public Shareholders*, the *Articles of Association*, the *Independent Director Working System* and other relevant laws, regulations and requirements and fulfilled their duties in an honest, diligent and independent way in 2020: actively attended meetings convened by the Company, carefully deliberated motions of the Board of Directors, provided independent opinions on major issues of the Company, etc. to give full play to the role of independent directors and special committees. On the one hand, independent directors strictly reviewed matters submitted by the Company to the Board of Directors for deliberation, maintained legal rights of the Company and its shareholders and advanced normalized operation of the Company; on the other hand, independent directors utilized their own advantages and eagerly eyed and participated in studying the development of the Company, and provided opinions and suggestions for auditing, internal control and strategic planning of the Company. During the reporting period, opinions of independent directors regarding the Company were all accepted.

VI. Performance of duties by special committees under the Board of Directors in the Reporting Period

(I) Within the reporting period, the special committees under the 5th Board of Directors were constituted as follows:

The Audit Committee was set up under the 5th Board of Directors of the Company as a special

body established under the board of directors, mainly responsible for communication, supervision and review of the internal and external audit of the Company. The Audit Committee under the 5th Board of Directors consists of three members: Mr. Kuang Zhigang, Mr. Zhang Hanbin and Mr. Cheng Hong. Mr. Zhang Hanbin, an independent director, assumed the role of chairman of the committee. As Mr. Zhang Hanbin's term of office expired, the Company recommended Mr. Cheng Haijin as a new independent director via a by-election. Due to the unfortunate death of Mr. Kuang Zhigang, the Company recommended Ms. Liu Jidi as a new director via a by-election. At present, the Audit Committee under the 5th Board of Directors consists of three members: Ms. Liu Jidi, Mr. Cheng Haijin and Mr. Cheng Hong. Mr. Cheng Haijin, an independent director, assumed the role of chairman of the committee.

The Remuneration Examination and Nomination Committee was set up under the 5th Board of Directors of the Company to provide suggestions on candidates for directors and senior executives and review qualifications of candidates; to lay down remuneration plans or schemes for senior executives based on the main scope of work, responsibilities and significance and for other positions of related enterprises, review duty fulfillment of senior executives of the Company and conduct annual performance examination accordingly; to verify authenticity, accuracy and completeness of information about remuneration of directors, supervisors and senior executives of the Company given in annual reports. The Remuneration Examination and Nomination Committee under the 5th Board of Directors consists of three members: Mr. Zeng Fanli, Mr. Wan Feng and Mr. Cheng Hong. Mr. Zeng Fanli, an independent director, assumed the role of chairman of the committee.

The Strategy and M&A Committee was set up under the 5th Board of Directors of the Company to study and give advice on long-term development strategies and major investment decisions of the Company and to review and approve proposed investment projects of the Company under the authorization of the Board of Directors. The Strategy and M&A Committee under the 5th Board of Directors consists of six members: Mr. Cheng Hong, Mr. Wan Feng, Mr. Richard Shentu, Mr. Cheng Haijin, Ms. Liu Jidi and Mr. Zeng Fanli. Mr. Cheng Hong, an independent director, assumed the role of chairman of the committee.

(II) Duty fulfillment of the special committees under the Board of Directors during the reporting period

After examining and evaluating the internal control system of the Company in 2020, the Audit Committee concluded that the Company established a complete internal control system according to Basic Standard for Enterprise Internal Control, which was in compliance with national laws and regulations and adapted based on management demands of the Company and guaranteed effective implementation of all internal control systems. With the internal control system established, the Company controlled and prevented risks in operation and management, protected the legal rights of its investors and developed in a healthy and steady manner. According to the *Basic Standard for Enterprise Internal Control* and relevant regulations, the internal control measures taken by the Company as of December 31, 2020 were effective in all major aspects.

The Remuneration Examination and Nomination Committee reviewed the appointment of directors, supervisors and senior executives of the 5th Board of Directors and concluded that all of such personnel are competent and qualified for their positions at a listed company and are able to fulfill their job duties; the committee reviewed disclosed remuneration of directors, supervisors and senior executives of the Company in 2020 and concluded that the remuneration strategies adopted conforms to the performance examination standards for specific posts; it also concluded that the Company has fundamentally established an effective examination and incentive mechanism for directors, supervisors and senior executives, and the systems are effectively executed.

The Strategy and M&A Committee deliberates and provides specific voting opinions on major investment matters of the Company within the reporting period. The Company's investment decision-making procedure is thus further completed and quality of major investment decisions is

significantly improved, and the corporate governance structure is enhanced.

VII. Job performance of Board of Supervisors

The Board of Supervisors finds out during the supervision activities in the Reporting Period whether the Company is at risk

Yes No

The Company's board of supervisors has no objection to the matters being supervised during the reporting period.

VIII. Appraisal and incentives of senior executives

The Remuneration and Examination Committee is set up under the Board of Directors to lay down remuneration plans or schemes for senior executives based on the main scope of work, responsibilities and significance and for other positions of relevant enterprises, review duty fulfillment of senior executives of the Company and conduct annual performance examination accordingly. The remuneration of senior executives is put under the annual salary system of basic salary + performance salary. The annual bonus of senior executives is awarded based on work performance, work capability and job responsibilities.

To further establish and complete the long-term incentive mechanism of the Company so as to attract and retain talents, fully stimulate the enthusiasm of core personnel of the Company, effectively combine interests of shareholders, the Company and core personnel so that all parties involved are highly concerned about the long-term development of the Company, the Company, based on the benefit-contribution principle, implemented the Employee Shareholding Plan, the Equity Incentive Plan, etc. for core management personnel of the Company.

During the reporting period, senior executives of the Company strictly abided by the Articles of Association and national laws and regulations and seriously fulfilled their duties. By actively implementing resolutions of the General Shareholders' Meeting and meetings of the Board of Directors, senior executives completed their tasks of this year in a satisfactory way under the direction of the Board of Directors.

IX. Evaluation report for internal control

1. Specific situation of major internal control defects discovered in the Reporting Period

Yes No

2. Self-evaluation report for internal control

Date of disclosure of full evaluation report for internal control	April 21, 2021	
Disclosure index of full evaluation report for internal control	cninfo.com.cn (http://www.cninfo.com.cn)	
The proportion of total assets per unit included in the evaluation in the total assets in the consolidated financial statements of the Company	100.00%	
The proportion of operating income per unit included in the evaluation in the total income in the consolidated financial statements of the Company	100.00%	
Criteria for defect confirmation		
Category	Financial Report	Non-financial Report
Qualitative criteria	Extensive damages; business interruption > 2 days/leading to processes	Continuous media exposure; damaged trust with business partners; damaged trust with shareholders

Quantitative criteria	> 1,000,000	> 1,000,000
Number of major defects in the financial report (Nr.)		0
Number of major defects in the non-financial report (Nr.)		0
Number of important defects in the financial report (Nr.)		0
Number of important defects in the non-financial report (Nr.)		0

X. Audit report or authentication report for internal control

Internal Control Appraisal Report

Comments in Internal Control Appraisal Report	
In our opinion, as of December 31, 2020, CTI had maintained effective internal controls related to financial statements in all major aspects in accordance with the <i>Basic Standard for Enterprise Internal Control</i> and relevant provisions.	
Disclosure of Internal Control Appraisal Report	Disclosure
Date of Full-Text Disclosure of Internal Control Appraisal Report	April 21, 2021
Index of Full-Text Disclosure of Internal Control Appraisal Report	cninfo.com.cn (http://www.cninfo.com.cn)
Type of comments in Internal Control Appraisal Report	Standard unqualified opinions
Major defects in non-financial report	No

Accounting firm presents Internal Control Appraisal Report with non-standard opinions or not

Yes No

The Internal Control Appraisal Report of the accounting firm is in line with the self-assessment report of the Board of Directors or not

Yes No

Section XI Corporate Bonds

Whether the Company has issued bonds not due on the approval date of the annual report or not redeemable in full when they are due, and list them on the stock exchange

No

Section XII Financial Report

I. Audit Report

Type of audit opinions	Standard unqualified opinion
Date of signing the audit report	April 19, 2021
Name of audit authority	Da Hua Certified Public Accountants (Special General Partnership)
Reference number of audit report	DHSZ [2021] No. 008436
Name of certified public accountant	Zhou Junxiang and Lv Hongtao

Text of Audit Report

Audit Report

DHSZ [2021] No. 008436

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

I. Audit Opinions

We have audited the financial statements of Centre Testing International Group Co., Ltd. (hereinafter referred to as CTI), including the consolidated and parent company's Balance Sheet as of December 31, 2020, the consolidated and parent company's Income Statement, the consolidated and parent company's Cash Flow Statement, the consolidated and parent company's Statement on Changes in Shareholders' Equity and relevant Notes to Financial Statements for 2020.

In our opinion, the attached financial statements are prepared in accordance with the Accounting Standards for Business Enterprises in all material aspects, and fairly reflect CTI's consolidated and the parent company's financial positions as of December 31, 2020, as well as the consolidated and the parent company's business results and cash flows in 2020.

II. Basis of audit opinions

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

III. Critical audit matters

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

We identify the following as key audit issues that need to be communicated in the audit report.

1. Income confirmation
 2. Goodwill impairment
- (I) Income confirmation
1. Issue description

As mentioned in Note IV, "Key Accounting Policies", Accounting Estimates (XXXII) "Income" and Note VI, Comment 39 "Operating income and operating cost". CTI's main business is under the category of testing. Features of this industry decides that the testing industry is a fragmented market with highly distributed customers and high traffic of business. Considering the fact that the income of this period increases significantly from the previous period and there is the inherent risk of manipulating income recognition time points for the management layer to achieve specific objectives or satisfy their expectations, we identified CTI's income as a key audit matter.

2. Audit matters

We implemented the following key auditing procedures for income confirmation:

- (1) We understood, evaluated and tested internal controls related to main legal person marketing and fund collection inside CTI;
- (2) We determined whether there were significant changes in CTI's marketing business processes and income recognition rules from the past years and confirmed control right transfer marks of CTI's income;
- (3) Existence test: we obtained marketing details at the group level of CTI and selected samples from these details to check materials from contracts to orders, case-opening details, testing reports, invoices, collection orders, settlement orders, completion orders, etc.;
- (4) Completion test: we took samples from production line income accounts to examine materials from contracts to orders, case-opening details, testing reports, invoices, collection orders, settlement orders, completion orders, etc.;
- (5) We verified (by letter) accounts receivable and income amounts of main customers for the reporting period and found out the cause of the nonconformance in replying letters. We also conducted substitution tests for customers not replying to our requests. We investigated payment collection after the date;
- (6) We compared income amounts of production lines of this current with those of the previous period and analyzed the rationality of significant increase in income for main production lines witnessing income increase during this period;
- (7) We conducted income cutoff tests to check if there was any cross-period income;
- (8) We conducted background investigations on main customers of the current period and checked if they were Related Party;
- (9) We compared and analyzed marketing fluctuations in months to check whether there was any anomaly. We analyzed fluctuation in gross margin and compared the result with those of listed companies in the same industry.

Based on executed auditing work, we concluded that the disclosure and report of income recognition by the management layer are appropriate.

(II) Goodwill impairment

1. Description of matters

As mentioned in Note IV, "Key Accounting Policies", Accounting Estimates (XXVI) "Long-term Assets Impairment" and Note VI, Comment 16 "Goodwill". Considering that goodwill is important to consolidated financial statements and major judgments and estimates by the management layer are usually involved when determining whether to make provisions for impairment, especially in terms of forecasting future cash flows, including the key assumptions made to predict incomes, long-term average growth rate, profit margin and to determine a proper discount rate which are inherently uncertain and may be biased by preferences of the management layer. Therefore, we identified goodwill impairment in evaluating consolidated financial statements as a key audit matter.

2. Audit response

We implemented the following key auditing procedures against the goodwill:

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

Based on executed auditing work, we concluded that the assumptions and methods adopted by the management layer in estimating goodwill impairment are acceptable.

IV. Other information

The management of CTI shall be liable for other information. Other information includes those covered by Annual Report 2020 but excludes financial statements and our audit report.

The audit opinions expressed by us on the financial statement do not include other information. We do not make an authentication conclusion in any form for other information.

In conjunction with our audit of financial statements, our responsibility is to read other information and, in the process, consider whether other information is materially inconsistent with the financial statements or what we have learned during the audit process or if there appears to be a material misstatement.

If we determine that other information is materially misstated based on the work we have done, we should report such fact. We have nothing to report in this respect.

V. Responsibilities of management and governance layer for financial statement

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

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

other realistic options.

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

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

Our objective is to obtain reasonable assurance as to whether the entire financial statements are free from material misstatement caused by frauds or errors and to present an Audit Report containing audit opinions. A reasonable guarantee is a high level guarantee, but this will not guarantee that any material misstatement in the audit implemented in accordance with the auditing standards can always be found. Misstatement may be caused by fraud or error. If it is rationally expected that the misstatement, individually or collectively, may affect the economic decision made by the financial statement user based on the financial statement, it is generally assumed that the error is a fatal error.

We exercise professional judgment and maintain professional skepticism in the process of performing audit work in accordance with audit standards. Moreover, we also perform the following work:

1. Identify and assess risks of material misstatement of Financial Statements due to frauds or errors, design and implement audit procedures to address these risks, and obtain adequate and appropriate audit evidence as a basis for expressing audit opinions. Since frauds may involve collusion, falsification, intentional omission, misrepresentation or override of internal controls, the risk of failing to identify a material misstatement due to frauds is higher than that of failing to identify a material misstatement due to errors.
2. Understand audit-related internal controls to design appropriate audit procedures.
3. Evaluate the appropriateness of the Management's selection of accounting policies and the rationality of making accounting estimates and related disclosures.
4. We drew conclusions on the appropriateness of going-concern assumptions used by the Management. In addition, based on the audit evidence we obtained, we could draw conclusions on whether there is substantial uncertainty in the matters or conditions that probably result in the significant doubt toward the going-concern operating ability of CTI. If we conclude that a material uncertainty exists, we then are required by the auditing standards to remind the users of the Report in the audit report to pay attention to relevant information disclosures in the Financial Statements. If the disclosure is not complete, we should express non-standard unqualified opinions. Our conclusions are based on the information available as of the date of the Audit Report. However, future events or circumstances may cause CTI to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and contents of the financial statements, and whether the financial statements fairly reflect relevant transactions and matters.
6. Obtain sufficient and appropriate audit evidence for the financial information in the entity or business activities of CTI to make an audit opinion on the financial statements. We are responsible for guiding, supervising and implementing the group audit, and fully responsible for audit opinions. We bear all responsibilities for audit opinions.

We communicate with the governance layer on the audit scope, timing of the audit, significant audit findings and other matters, including noticeable internal control defects identified in the audit.

We also provide a statement on the ethical requirements we comply with, which are associated with independence. We also communicate with the governance layer on all relations and other matters which may reasonably be thought to affect our independence, as well as related precautionary measures (if applicable).

We determine from the matters communicated to the governance layer which are the most important to the audit of the current financial statement, these matters will constitute critical audit matters. We describe these matters in the audit report. Unless it is stipulated by the law that it is prohibited to disclose these matters publicly, or in rare cases, if it is rationally expected that the

negative consequence caused by the communication on certain matter in the audit report is beyond the benefits in the public interest, we decide not to communicate on such matter in the audit report.

Da Hua Certified Public Accountants (Special General Partnership)	Chinese CPA:	
Beijing China	(Project Partner)	Zhou Junxiang
	Chinese CPA:	
		Lv Hongtao
April 19, 2021		

II. Financial Statement

The financial statement are represented in RMB

1. Consolidated Balance Sheet

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

December 31, 2020

Unit: RMB

Item	December 31, 2020	December 31, 2019
Current assets:		
Monetary fund	560,617,641.58	507,068,508.11
Deposit reservation for balance		
Lending funds		
Financial assets held for trading	1,001,604,472.72	555,903,309.16
Derivative financial assets		
Notes receivable	21,430,570.22	13,064,427.95
Accounts receivable	758,173,539.15	744,630,069.58
Accounts receivable financing		
Advance payment	52,716,741.75	35,807,681.77
Receivable premium		
Reinsurance receivables		
Reinsurance receivables reserve		
Other receivables	52,170,517.89	43,307,743.83
Including: Interest receivable		
Dividends receivable		480,000.00
Buying back the sale of financial assets		
Inventory	32,339,457.78	19,880,920.66
Contract assets	103,297,161.09	
Assets held for sale		
Non-current assets due within one year		
Other current assets	85,043,546.23	321,961,292.15
Total current assets	2,667,393,648.41	2,241,623,953.21
Non-current assets:		
Loans and advances		
Debt investment		
Other debt investment		

Long-term receivables		
Long-term equity investment	118,068,367.89	105,752,802.31
Investment in other equity instruments		
Other non-current financial assets	47,294,000.00	30,212,344.64
Investment real estate	33,930,353.64	35,017,442.03
Fixed assets	1,418,647,458.12	1,276,280,965.46
Construction in progress	212,138,027.61	116,978,198.50
Productive biological assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	144,703,073.87	150,998,028.15
Development expenses		
Goodwill	442,112,482.14	162,547,650.79
Long-term deferred expenses	140,153,379.04	164,412,786.51
Deferred income tax assets	58,836,340.25	45,511,252.61
Other non-current assets	171,399,308.20	104,932,975.71
Total non-current assets	2,787,282,790.76	2,192,644,446.71
Total assets	5,454,676,439.17	4,434,268,399.92
Current liabilities:		
Short-term borrowings	160,154,305.56	192,777,359.15
Borrowings from the central bank		
Borrowed inter-bank funds		
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable	73,912.21	
Accounts payable	548,860,093.93	413,195,187.86
Advance receipt		86,259,492.46
Contract liabilities	75,179,931.49	
Financial assets sold for repurchase		
Deposits from customers and interbank		
Receivings from vicariously traded securities		
Receivings from vicariously sold securities		
Payroll payable	364,571,417.09	309,519,142.24
Taxes payable	74,485,249.60	51,665,724.93
Other payables	99,400,072.98	55,074,086.91
Including: Interest payable		
Dividends payable	31,042.91	1,497,642.91
Handling charges and commission payable		
Dividends payable for reinsurance		
Debts held for sale		
Non-current liabilities due within one year	32,717,177.86	97,036.26
Other current liabilities	2,170,093.66	
Total current liabilities	1,357,612,254.38	1,108,588,029.81

Non-current liabilities:		
Insurance contract reserves		
Long-term borrowings	84,823,699.31	
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables	847,738.90	371,605.38
Long-term payroll payable		
Accrued liabilities	4,759,015.78	4,162,259.46
Deferred income	107,213,599.53	64,382,807.91
Deferred income tax liabilities	65,962,432.60	48,344,986.51
Other non-current liabilities		
Total non-current liabilities	263,606,486.12	117,261,659.26
Total liabilities	1,621,218,740.50	1,225,849,689.07
Owner's equities:		
Capital stock	1,665,135,714.00	1,657,530,714.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	113,431,570.48	51,374,649.84
Less: Treasury stock		
Other comprehensive income	14,688,390.68	4,241,925.44
Special reserves		
Surplus reserve	179,193,512.40	138,233,476.24
Generic risk reserve		
Undistributed profits	1,771,832,899.47	1,295,758,239.33
Total owner's equity assigned to the parent company	3,744,282,087.03	3,147,139,004.85
Equities of minority shareholders	89,175,611.64	61,279,706.00
Total owner's equities	3,833,457,698.67	3,208,418,710.85
Total liabilities and owner's equities	5,454,676,439.17	4,434,268,399.92

Legal representative: Wan Feng

Person in charge of accounting: Wang Hao

Person in charge of accounting organization: Li Yanhong

2. Parent Company's Balance Sheet

Unit: RMB

Item	December 31, 2020	December 31, 2019
Current assets:		
Monetary fund	183,670,255.48	142,474,013.75
Financial assets held for trading	751,087,543.28	555,903,309.16
Derivative financial assets		
Notes receivable	3,490,443.67	4,698,661.68
Accounts receivable	162,695,822.05	151,511,121.20
Accounts receivable financing		

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Advance payment	6,779,568.99	4,034,182.21
Other receivables	670,376,247.11	696,452,207.63
Including: Interest receivable		
Dividends receivable	20,654,143.66	31,020,293.24
Inventory	1,522,773.13	1,258,705.01
Contract assets	23,021,617.59	
Assets held for sale		
Non-current assets due within one year		
Other current assets	14,591,192.86	20,968,337.65
Total current assets	1,817,235,464.16	1,577,300,538.29
Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investment	2,114,764,164.27	1,739,660,718.60
Investment in other equity instruments		
Other non-current financial assets	17,294,000.00	126,000.00
Investment real estate	54,390,354.55	56,056,822.86
Fixed assets	241,930,863.84	254,965,200.57
Construction in progress	5,735,059.62	6,400,813.77
Productive biological assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	21,090,182.18	25,088,926.85
Development expenses		
Goodwill		
Long-term deferred expenses	13,161,944.05	14,753,634.01
Deferred income tax assets	10,181,853.65	9,637,859.81
Other non-current assets	6,980,064.04	4,340,743.59
Total non-current assets	2,485,528,486.20	2,111,030,720.06
Total assets	4,302,763,950.36	3,688,331,258.35
Current liabilities:		
Short-term borrowings	150,142,083.34	180,758,219.18
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable		
Accounts payable	142,958,619.07	94,507,768.34
Advance receipt		11,519,323.10
Contract liabilities	14,839,232.70	
Payroll payable	81,641,839.33	78,555,634.50
Taxes payable	4,501,067.96	11,636,393.78
Other payables	801,609,578.87	621,044,091.93
Including: Interest payable		
Dividends payable	31,042.91	31,042.91
Debts held for sale		
Non-current liabilities due within one		

year		
Other current liabilities	323,804.52	
Total current liabilities	1,196,016,225.79	998,021,430.83
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term payroll payable		
Accrued liabilities		
Deferred income	30,142,644.44	36,444,397.59
Deferred income tax liabilities	8,509,576.57	6,426,704.88
Other non-current liabilities		
Total non-current liabilities	38,652,221.01	42,871,102.47
Total liabilities	1,234,668,446.80	1,040,892,533.30
Owner's equities:		
Capital stock	1,665,135,714.00	1,657,530,714.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	123,874,137.89	60,178,276.17
Less: Treasury stock		
Other comprehensive income		
Special reserves		
Surplus reserve	177,815,320.91	136,855,284.75
Undistributed profits	1,101,270,330.76	792,874,450.13
Total owner's equities	3,068,095,503.56	2,647,438,725.05
Total liabilities and owner's equities	4,302,763,950.36	3,688,331,258.35

3. Consolidated Profit Statement

Unit: RMB

Item	2020	2019
I. Total operating income	3,567,712,761.65	3,183,255,712.67
Including: Operating income	3,567,712,761.65	3,183,255,712.67
Interest income		
Earned premium		
Handling charges and commission income		
II. Total operating costs	3,025,928,354.66	2,759,604,824.90
Including: Operating costs	1,785,116,400.94	1,610,465,291.81
Interest expenses		
Handling charges and commission expenses		
Surrender value		
Net payments for insurance claims		

Net withdrawal of reserves for insurance liability contracts		
Policy dividend payment		
Reinsurance expenses		
Taxes and surcharges	18,261,380.62	13,479,362.30
Selling expenses	667,765,014.41	604,729,179.17
Administrative expenses	235,133,917.95	222,671,207.51
R&D expenses	308,228,794.04	300,589,399.68
Financial expenses	11,422,846.70	7,670,384.43
Including: Interest expenses	7,014,416.56	9,190,009.02
Interest income	4,052,159.50	3,099,180.27
Add: Other income	86,875,074.01	61,370,552.10
Investment income (losses expressed with "-")	29,090,058.50	84,443,113.62
Including: Investment income in associates and joint ventures	13,802,874.46	14,061,999.74
Derecognized gains on financial assets measured at amortized costs		
Exchange gains (losses expressed with "-")		
Net exposure hedging gains (losses expressed with "-")		
Gains on changes in fair value (losses expressed with "-")	9,369,010.39	-913,655.36
Credit impairment loss (losses expressed with "-")	-19,767,231.76	-32,498,960.46
Loss on assets impairment (losses expressed with "-")	4,283,330.48	-13,520,247.34
Gains on assets disposal (losses expressed with "-")	447,705.19	-420,766.39
III. Operating profits (losses expressed with "-")	652,082,353.80	522,110,923.94
Add: Non-operating income	3,627,508.12	23,047,194.61
Less: Non-operating expenses	4,436,652.40	8,910,973.47
IV. Total profits (total losses expressed with "-")	651,273,209.52	536,247,145.08
Less: Income tax expenses	62,172,896.91	52,274,865.09
V. Net profits (net losses expressed with "-")	589,100,312.61	483,972,279.99
(I) Classified by business continuity		
1. Net profits from going concern (net losses expressed with "-")	589,100,312.61	483,972,279.99
2. Net profits from discontinued operations (net losses expressed with "-")		
(II) Classified by ownership attribution		
1. Net profit attributable to shareholders of the parent company	577,610,518.76	476,396,504.93
2. Minority profit and loss	11,489,793.85	7,575,775.06
VI. Net after Tax of Other Comprehensive Income	10,446,465.24	1,916,956.65
After-tax net of other comprehensive income attributable to the owners of	10,446,465.24	1,916,956.65

parent company		
(I) Other comprehensive income which will not be reclassified to profits and losses	0.00	0.00
1. Changes in remeasured and defined benefit plans		
2. Other comprehensive income untransferable to profits and losses under the equity method		
3. Changes in fair value of the investment in other equity instruments		
4. Changes in fair value of the credit risk of the Company		
5. Others		
(II) Other comprehensive income reclassified to profits and losses	10,446,465.24	1,916,956.65
1. Other comprehensive income transferable to profits and losses under the equity method		
2. Changes in fair value of other debt investment		
3. Amount of financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Provision for cash-flow hedge		
6. Converted difference in foreign currency statements	10,446,465.24	1,916,956.65
7. Others		
After-tax net amount of other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	599,546,777.85	485,889,236.64
Total comprehensive income attributable to owners of the parent company	588,056,984.00	478,313,461.58
Total comprehensive income attributable to minority shareholders	11,489,793.85	7,575,775.06
VIII. Earnings per share:		
(I) Basic EPS	0.3472	0.2874
(II) Diluted EPS	0.3449	0.2865

As for business combination under the same control in the current period, net profit of the combined party prior to combination is RMB 0.00, while the net profit of the combined party in the prior period was RMB 0.00.

Legal representative: Wan Feng

Person in charge of accounting: Wang Hao

Person in charge of accounting organization: Li Yanhong

4. Income Statement of the Parent Company

Unit: RMB

Item	2020	2019
I. Operating income	853,798,613.34	781,451,414.91
Less: Operating costs	446,301,143.69	368,331,140.56

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Taxes and surcharges	4,078,093.10	3,129,251.65
Selling expenses	185,829,036.08	188,790,968.49
Administrative expenses	92,743,542.83	102,891,511.48
R&D expenses	53,666,183.07	59,919,963.18
Financial expenses	9,551,136.00	8,499,244.36
Including: Interest expenses	8,978,200.80	10,534,648.64
Interest income	2,521,154.90	2,036,994.33
Add: Other income	26,022,580.09	18,470,213.88
Investment income (losses expressed with "-")	326,359,751.50	265,928,316.57
Including: Investment income in associates and joint ventures	12,780,392.67	11,093,385.94
Derecognized gains on financial assets measured at amortized costs (losses expressed with "-")		
Net exposure hedging gains (losses expressed with "-")		
Gains on changes in fair value (losses expressed with "-")	8,852,080.95	
Credit impairment loss (losses expressed with "-")	890,335.92	-4,314,199.02
Loss on assets impairment (losses expressed with "-")	-3,659,464.01	
Gains on assets disposal (losses expressed with "-")	3,255.69	-12,218.59
II. Operating profit (losses expressed with "-")	420,098,018.71	329,961,448.03
Add: Non-operating income	1,119,837.19	16,772,821.09
Less: Non-operating expenses	826,341.88	441,704.32
III. Total profit (total losses expressed with "-")	420,391,514.02	346,292,564.80
Less: Income tax expenses	10,791,152.46	16,083,822.78
IV. Net profit (net losses expressed with "-")	409,600,361.56	330,208,742.02
(I) Net profit from continuing operation (net losses expressed with "-")	409,600,361.56	330,208,742.02
(II) Net profits from discontinued operations (net losses expressed with "-")		
V. After-tax net of other comprehensive income		
(I) Other comprehensive income which will not be reclassified to profits and losses	0.00	0.00
1. Changes in remeasured and defined benefit plans		
2. Other comprehensive income untransferable to profits and losses under the equity method		
3. Changes in fair value of the investment in other equity instruments		
4. Changes in fair value of the credit risk of the Company		

5. Others		
(II) Other comprehensive income reclassified to profits and losses		
1. Other comprehensive income transferable to profits and losses under the equity method		
2. Changes in fair value of other debt investment		
3. Amount of financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Provision for cash-flow hedge		
6. Converted difference in foreign currency statements		
7. Others		
VI. Total comprehensive income	409,600,361.56	330,208,742.02
VII. Earnings per Share (EPS):		
(I) Basic EPS		
(II) Diluted EPS		

5. Consolidated Cash Flow Statement

Unit: RMB

Item	For Year 2020	2019
I. Cash flow from operating activities:		
Cash received from selling products and providing services	3,625,063,952.59	3,091,242,895.39
Net increase of clients' deposits and deposits from other banks		
Net increase of borrowings from the central bank		
Net increase of borrowed inter-bank funds from other financial institutions		
Cash obtained in the received premium of the original insurance contract		
Net cash from reinsurance premium		
Net increase of deposits and investment of insured persons		
Cash of interests, handling charges and commissions received		
Net increase of borrowed inter-bank funds		
Net increase of fund for repo business		
Net cash received from securities trading agency		
Refunds of taxes and levies		6,261,541.98
Other received cash related to business activities	349,046,307.72	261,179,315.28
Subtotal of cash inflows from operating activities	3,974,110,260.31	3,358,683,752.65
Cash paid for goods purchased and services received	903,179,751.31	738,441,729.02

Net increase of loan and advance of clients		
Net increase of deposits with the central bank and other financial institutions		
Cash paid for claims against the original insurance contracts		
Net increase of lending funds		
Cash for paying interest, service charge, and commission		
Cash for paying policy dividends		
Cash paid to and on behalf of employees	1,387,465,432.01	1,171,889,178.06
Payments of all types of taxes	138,639,841.90	120,673,963.67
Other cash paid relating to business activities	613,872,268.20	532,515,469.89
Subtotal of cash outflows from operating activities	3,043,157,293.42	2,563,520,340.64
Net cash flow from operating activities	930,952,966.89	795,163,412.01
II. Cash flow from investment activities		
Cash received from return of investment	469,883.95	285,865.13
Cash received from investment income	3,579,830.61	1,000,000.00
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets withdrawal	218,944.31	1,620,717.49
Net cash received from disposing subsidiaries and other business entities	713,102.38	57,210,538.82
Other cash received related to investment activities	2,519,794,969.84	1,890,276,630.97
Subtotal of cash inflows from investment activities	2,524,776,731.09	1,950,393,752.41
Cash paid for purchase and construction of fixed assets intangible assets and other long-term assets	545,580,162.28	445,764,480.11
Cash paid for acquiring investments	220,000.00	1,165,000.00
Net increase of pledged loans		
Net cash for acquisition of subsidiaries and other business entities	263,856,222.28	8,048,620.73
Other cash paid related to investment activities	2,652,000,000.00	2,153,570,406.56
Subtotal of cash outflows from investment activities	3,461,656,384.56	2,608,548,507.40
Net cash flow from investment activities	-936,879,653.47	-658,154,754.99
III. Cash flow from financing activities:		
Cash received from investments	53,159,427.82	8,887,570.00
Including: Cash received by subsidiaries from investments of minority shareholders	2,507,211.36	8,887,570.00
Cash from acquiring debts	333,802,087.62	232,000,000.00
Cash received from other financing		

activities		
Subtotal of cash inflows from financing activities	386,961,515.44	240,887,570.00
Cash paid as repayments of debts	241,777,579.87	547,910,945.35
Cash paid for distribution of dividends or profits or interest reimbursement	68,122,797.38	69,951,381.68
Including: dividends or profit paid by subsidiaries to minority shareholders	1,466,600.00	2,696,826.04
Other cash paid in relation to financing activities	9,571,003.27	12,587,584.09
Subtotal of cash outflows from financing activities	319,471,380.52	630,449,911.12
Net cash flow from financing activities	67,490,134.92	-389,562,341.12
IV. Effect of exchange rate fluctuation on cash and cash equivalents	-8,482,426.17	2,022,207.04
V. Net increase in cash and cash equivalents	53,081,022.17	-250,531,477.06
Add: Opening balance of cash and cash equivalents	489,840,154.72	740,371,631.78
VI. Ending balance of cash and cash equivalents	542,921,176.89	489,840,154.72

6. Parent Company's Cash Flow Statement

Unit: RMB

Item	2020	2019
I. Cash flow from operating activities:		
Cash received from selling products and providing services	823,996,744.94	737,539,589.24
Refunds of taxes and levies		
Other received cash related to business activities	1,657,670,973.36	1,629,904,165.18
Subtotal of cash inflows from operating activities	2,481,667,718.30	2,367,443,754.42
Cash paid for goods purchased and services received	294,931,368.12	256,174,679.62
Cash paid to and on behalf of employees	272,458,087.10	236,165,491.79
Payments of all types of taxes	33,850,116.03	35,915,767.05
Other cash paid relating to business activities	1,277,610,535.10	1,228,270,230.88
Subtotal of cash outflows from operating activities	1,878,850,106.35	1,756,526,169.34
Net cash flow from operating activities	602,817,611.95	610,917,585.08
II. Cash flow from investment activities		
Cash received from return of investment		
Cash received from investment income	33,090,293.24	30,133,279.86
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets withdrawal	2,817,702.16	14,730,173.78
Net cash received from disposing subsidiaries and other business entities	50,748,215.30	60,578,682.70

Other cash received related to investment activities	1,746,172,101.07	1,546,320,349.73
Subtotal of cash inflows from investment activities	1,832,828,311.77	1,651,762,486.07
Cash paid for purchase and construction of fixed assets intangible assets and other long-term assets	33,790,548.76	56,434,251.08
Cash paid for acquiring investments	362,838,877.26	190,729,156.26
Net cash for acquisition of subsidiaries and other business entities	52,128,000.00	16,785,174.43
Other cash paid related to investment activities	1,904,360,000.00	1,717,200,000.00
Subtotal of cash outflows from investment activities	2,353,117,426.02	1,981,148,581.77
Net cash flow from investment activities	-520,289,114.25	-329,386,095.70
III. Cash flow from financing activities:		
Cash received from investments	50,652,216.46	
Cash from acquiring debts	165,500,000.00	262,000,000.00
Cash received from other financing activities		250,000.00
Subtotal of cash inflows from financing activities	216,152,216.46	262,250,000.00
Cash paid as repayments of debts	187,900,000.00	537,710,945.35
Cash paid for distribution of dividends or profits or interest reimbursement	68,625,720.51	68,740,957.25
Other cash paid in relation to financing activities	44,877.59	42,814.09
Subtotal of cash outflows from financing activities	256,570,598.10	606,494,716.69
Net cash flow from financing activities	-40,418,381.64	-344,244,716.69
IV. Effect of exchange rate fluctuation on cash and cash equivalents	-650,062.83	-297,303.55
V. Net increase in cash and cash equivalents	41,460,053.23	-63,010,530.86
Add: Opening balance of cash and cash equivalents	134,193,138.62	197,203,669.48
VI. Ending balance of cash and cash equivalents	175,653,191.85	134,193,138.62

7. Consolidated Statement of Changes in Owner's Equity

Current amount

Unit: RMB

Item	2020														
	Owner's equity attributable to the owners of parent company												Minority equity	Total owner's equities	
	Issued capital stock	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserve	Generic risk reserve	Undistributed profit	Others			Subtotal
Preemptive shares		Perpetual bonds	Others												
I. Balance at end of last year	1,657,530,714.00				51,374,649.84		4,241,925.44		138,233,476.24		1,295,758,239.33		3,147,139,004.85	61,279,706.00	3,208,418,710.85
Add: Changes in accounting policies															
Correction of errors in the previous period															
Business combination under the same control															
Others															
II. Opening balance of the year	1,657,530,714.00				51,374,649.84		4,241,925.44		138,233,476.24		1,295,758,239.33		3,147,139,004.85	61,279,706.00	3,208,418,710.85
III. Increase or decrease in this period (decrease expressed with "-")	7,605,000.00				62,056,920.64		10,446,465.24		40,960,036.16		476,074,660.14		597,143,082.18	27,895,905.64	625,038,987.82
(I) Total							10,446,465.24				577,610,518.74		588,056,984.03	11,489,793.64	599,546,777.82

comprehensive income							24					6		0	.85	5	
(II) Capital invested and decreased by the owner	7,605,000.00																
1. Ordinary shares invested by the owner	7,605,000.00																
2. Capital invested by holders of other equity instruments																	
3. Amount of shares accounted in the owner's equity																	
4. Others																	
(III) Allocation of profits																	
1. Withdrawal of surplus reserves																	
2. Withdrawal of generic risk																	

t plans carried forward to retained earnings																	
5. Other comprehensive income carried over to retained earnings																	
6. Others																	
(V) Special reserves																	
1. Withdrawn in this period																	
2. Used in this period																	
(VI) Others					9,707,447.77							9,707,447.77				9,707,447.77	
IV. Ending balance of this period	1,665,135,714.00				113,431,570.48	14,688,390.68	179,193,512.40	1,771,832,899.47	3,744,282,087.03	89,175,611.64						3,833,457,698.67	

Amount in previous period

Unit: RMB

Item	2019														Minority equity	Total owner's equities	
	Owner's equity attributable to the owners of parent company																
	Issued capital stock	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserves	Surpluses reserve	Generic risk reserve	Undistributed profit	Others	Subtotal				
Preemptive share		Perpetual bonds	Others														

									e						
I. Balance at end of last year	1,657,530,714.00				41,985,773.99		2,324,968.79		105,212,602.04		910,396,183.20		2,717,450,242.02	57,483,383.76	2,774,933,625.78
Add: Changes in accounting policies															
Correction of errors in the previous period															
Business combination under the same control															
Others															
II. Opening balance of the year	1,657,530,714.00				41,985,773.99		2,324,968.79		105,212,602.04		910,396,183.20		2,717,450,242.02	57,483,383.76	2,774,933,625.78
III. Increase or decrease in this period (decrease expressed with "-")					9,388,875.85		1,916,956.65		33,020,874.20		385,362,056.13		429,688,762.83	3,796,322.24	433,485,085.07
(I) Total comprehensive income							1,916,956.65				476,396,504.93		478,313,461.58	7,575,775.06	485,889,236.64
(II) Capital invested					9,388,875.85								9,388,875.85	-750,125.53	8,638,750.32

and decreased by the owner														
1. Ordinary shares invested by the owner													4,051,270.00	4,051,270.00
2. Capital invested by holders of other equity instruments														
3. Amount of shares accounted in the owner's equity					13,825,157.99							13,825,157.99		13,825,157.99
4. Others					-4,436,282.14							-4,436,282.14	-4,801,395.53	-9,237,677.67
(III) Allocation of profits								33,020,874.20		-91,034,448.80		-58,013,574.60	-3,037,054.01	-61,050,628.61
1. Withdrawal of surplus reserves								33,020,874.20		-33,020,874.20				
2. Withdrawal of generic risk reserves														
3. Distribution to the owners (or shareh										-58,013,574.60		-58,013,574.60	-3,037,054.01	-61,050,628.61

olders)																	
4. Other s																	
(IV) Intern al carry-over owner 's equity																7,726.72	7,726.72
1. Capita l reserv e transf erred to increa se capita l (or capita l stock)																	
2. Surpl us reserv e transf erred to increa se capita l (or capita l stock)																	
3. Surpl us reserv e for loss recov ery																	
4 . C hange s of define d benefi t plans carrie d forwa rd to retain ed earnin																	

policies												
Correcti on of errors in the previous period												
Others												
II. Opening balance of the year	1,657,530 ,714.00				60,178,2 76.17				136,855, 284.75	792,874,4 50.13		2,647,438 ,725.05
III. Increase or decrease in this period (decreas e expresse d with “- ”)	7,605,000 .00				63,695,8 61.72				40,960,0 36.16	308,395,8 80.63		420,656,7 78.51
(I) Total compreh ensive income										409,600,3 61.56		409,600,3 61.56
(II) Capital invested and decrease d by the owner	7,605,000 .00				53,988,4 13.95					- 2,025,420 .90		59,567,99 3.05
1. Ordinar y shares invested by the owner	7,605,000 .00				43,057,7 50.00							50,662,75 0.00
2. Capital invested by holders of other equity instrume nts												
3. Amount of shares accounte d in the owner’s equity					9,664,00 0.00							9,664,000 .00
4. Others					1,266,66 3.95					- 2,025,420 .90		- 758,756.9 5
(III) Allocati on of profits									40,960,0 36.16	- 99,179,06 0.03		- 58,219,02 3.87

1. Withdrawal of surplus reserves										40,960,036.16	-40,960,036.16		
2. Distribution for owners (or shareholders)											-58,219,023.87	-58,219,023.87	
3. Others													
(IV) Internal carry-over owner's equity													
1. Capital reserve transferred to increase capital (or capital stock)													
2. Surplus reserve transferred to increase capital (or capital stock)													
3. Surplus reserve for loss recovery													
4. Changes of defined benefit plans carried forward to retained earnings													
5. Other comprehensive income carried over to retained earnings													
6. Others													

(V) Special reserves												
1. Withdrawn in this period												
2. Used in this period												
(VI) Others					9,707,447.77							9,707,447.77
IV. Ending balance of this period	1,665,135,714.00				123,874,137.89				177,815,320.91	1,101,270,330.76		3,068,095,503.56

Amount in previous period

Unit: RMB

Item	2019											
	Issued capital stock	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserve	Undistributed profit	Others	Total owner's equities
		Preemptive share	Perpetual bonds	Others								
I. Balance at end of last year	1,657,530,714.00				46,353,118.18				103,834,410.55	553,700,156.91		2,361,418,399.64
Add: Changes in accounting policies												
Correction of errors in the previous period												
Others												
II. Opening balance of the year	1,657,530,714.00				46,353,118.18				103,834,410.55	553,700,156.91		2,361,418,399.64
III. Increase or decrease in this period (decrease expressed with "-")					13,825,157.99				33,020,874.20	239,174,293.22		286,020,325.41

(I) Total comprehensive income										330,208,742.02		330,208,742.02
(II) Capital invested and decreased by the owner					13,825,157.99							13,825,157.99
1. Ordinary shares invested by the owner												
2. Capital invested by holders of other equity instruments												
3. Amount of shares accounted in the owner's equity					13,825,157.99							13,825,157.99
4. Others												
(III) Allocation of profits									33,020,874.20	-91,034,448.80		-58,013,574.60
1. Withdrawal of surplus reserves									33,020,874.20	-33,020,874.20		
2. Distribution for owners (or shareholders)										-58,013,574.60		-58,013,574.60
3. Others												
(IV) Internal carry-over owner's equity												
1. Capital reserve transferred to												

increase capital (or capital stock)												
2. Surplus reserve transferred to increase capital (or capital stock)												
3. Surplus reserve for loss recovery												
4. Changes of defined benefit plans carried forward to retained earnings												
5. Other comprehensive income carried over to retained earnings												
6. Others												
(V) Special reserves												
1. Withdrawn in this period												
2. Used in this period												
(VI) Others												
IV. Ending balance of this period	1,657,530,714.00				60,178,276.17				136,855,284.75	792,874,450.13		2,647,438,725.05

III. Basic Information of the Company

1. Registered address, organizational structure and headquarters address

Centre Testing International Group Co., Ltd. (former Shenzhen CTI Testing Technology Co., Ltd.)

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

As of December 31, 2020, the Company had cumulatively issued 1,665,135,714 capital stock. The Company has a registered capital of RMB 1,665,135,714 and the registration address is Room 101, Building No. 1, CTI Building, Xingdong Community, Xinan Sub-district, Bao'an District, Shenzhen; the HQ is located at Room 101, Building No. 1, CTI Building, Xingdong Community, Xinan Sub-district, Bao'an District, Shenzhen.

2. Business nature and major activities of the Company

The Company is operating in the technical testing industry.

Its main operational business is to carry out testing activities as an independent third party. Main services provided including testing services in such fields as trade safeguard, consumer goods, industrial products and life sciences.

3. Approval and release of financial statements

Thee Financial Statements were approved and issued by the BOD of the Company on April 19, 2021.

Totally 95 subsidiaries were included into the consolidated financial statements of this period, mainly including:

Name of subsidiary	Type of the subsidiary	Level	Shareholding ratio (%)	Ratio of voting rights (%)
Shenzhen CTI Co., Ltd.	Wholly-owned subsidiary	Grade I	100	100
Centre Testing International (Beijing) Co., Ltd.	Wholly-owned subsidiary	Grade I	100	100
Suzhou CTI Testing Technology Co., Ltd.	Wholly-owned subsidiary	Grade I	100	100
Centre Testing International (Hong Kong) Co., Ltd.	Wholly-owned subsidiary	Grade I	100	100
Centre Testing International (Qingdao) Co., Ltd.	Wholly-owned subsidiary	Grade I	100	100
Shanghai CTI Pinbiao Testing Technology Co., Ltd.	Wholly-owned subsidiary	Grade I	100	100
Centre Testing International (Xiamen) Co., Ltd.	Wholly-owned subsidiary	Grade I	100	100
Centre Testing International (Ningbo) Co., Ltd.	Wholly-owned subsidiary	Grade I	100	100
Shenzhen CTI International Certification Co., Ltd.	Wholly-owned subsidiary	Grade I	100	100
Shenzhen CTI Commodity testing and Survey Co., Ltd.	Wholly-owned subsidiary	Grade I	100	100
Tianjin Jinbin CTI Product Testing Center Co., Ltd.	Wholly-owned subsidiary	Grade I	100	100
Guangdong CTI Judicial Authentication Center	Wholly-owned subsidiary	Grade I	100	100
Shenzhen CTI Training Center	Wholly-owned	Grade I	100	100

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	subsidiary			
Shenzhen CTI Institute of Reference Materials	Wholly-owned subsidiary	Grade I	100	100
Shanghai CTI Biological Technology Co., Ltd.	Wholly-owned subsidiary	Grade I	100	100
Shenzhen CTI Investment Management Co., Ltd.	Wholly-owned subsidiary	Grade I	100	100
Shenzhen CTI information Technology Co., Ltd	Wholly-owned subsidiary	Grade I	100	100
Centre Testing International (Anhui) Co., Ltd.	Wholly-owned subsidiary	Grade I	100	100
Centre Testing International Pinbiao (Guangzhou) Co., Ltd.	Wholly-owned subsidiary	Grade I	100	100
Guangzhou CTI Occupational Health Outpatient Department Co., Ltd.	Wholly-owned subsidiary	Grade I	100	100
Centre Testing International (Chongqing) Co., Ltd.	Wholly-owned subsidiary	Grade I	100	100
Wuhan CTI Testing Technology Co., Ltd.	Wholly-owned subsidiary	Grade I	100	100
Huai'an CTI Testing Technology Co., Ltd.	Wholly-owned subsidiary	Grade I	100	100
Dalian Huaxin Physical and Chemical Testing Center Co., Ltd.	Wholly-owned subsidiary	Grade I	100	100
Centre Testing International (Heilongjiang) Co., Ltd.	Wholly-owned subsidiary	Grade I	100	100
Centre Testing International (Hangzhou) Co., Ltd.	Wholly-owned subsidiary	Grade I	100	100
Hunan Pinbiao CTI Testing Technology Co., Ltd.	Wholly-owned subsidiary	Grade I	100	100
Hangzhou Hua'an Nondestructive Testing Technology Co., Ltd.	Wholly-owned subsidiary	Grade I	100	100
Centre Testing International Pinzheng (Shanghai) Co., Ltd.	Wholly-owned subsidiary	Grade I	100	100
Centre Testing International (Guizhou) Co., Ltd.	Wholly-owned subsidiary	Grade I	100	100
Centre Testing International (Nanchang) Co., Ltd.	Wholly-owned subsidiary	Grade I	100	100
Centre Testing International (Henan) Co., Ltd.	Wholly-owned subsidiary	Grade I	100	100
Centre Testing International (Tianjin) Co., Ltd.	Wholly-owned subsidiary	Grade I	100	100
Centre Testing International (Yunnan) Co., Ltd.	Wholly-owned subsidiary	Grade I	100	100
CTI Engineering Testing Co., Ltd.*1	Wholly-owned subsidiary	Grade I	100	100
Ningbo Quality Assurance Co., Ltd. (NQA)	Wholly-owned subsidiary	Grade I	100	100
Hebei CTI Testing Service Co., Ltd.	Wholly-owned subsidiary	Grade I	100	100
Centre Testing International (Gansu) Co., Ltd.	Wholly-owned subsidiary	Grade I	100	100
Centre Testing International Pinbiao (Jiangyin) Co., Ltd.	Wholly-owned subsidiary	Grade I	100	100

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Jiangyin CTI Zhi'an Outpatient Department Co., Ltd.	Controlled subsidiaries	Grade I	80	80
Shenzhen CTI Pest Control Co., Ltd.	Controlled subsidiaries	Grade I	67	67
Shenzhen CTI Laboratory Technology Service Co., Ltd.	Controlled subsidiaries	Grade I	67	67
Centre Testing Electronic Certification Co., Ltd.	Controlled subsidiaries	Grade I	71.26	71.26
Fujian Science Way Testing Co., Ltd. (SW)	Controlled subsidiaries	Grade I	51	51
Centre Testing International (Guangxi) Co., Ltd.	Wholly-owned subsidiary	Grade I	100	100
Ningguo CTI Testing Technology Co., Ltd.	Wholly-owned subsidiary	Grade I	100	100
Centre Testing International (Guangzhou) Co., Ltd.	Wholly-owned subsidiary	Grade I	100	100
Inner Mongolia CTI QC Technology Service Co., Ltd.	Wholly-owned subsidiary	Grade I	100	100
Suzhou CTI Engineering Testing Co., Ltd.	Wholly-owned subsidiary	Grade I	100	100
Shenzhen CTI Reference Materials Research Center Co., Ltd.	Wholly-owned subsidiary	Grade I	100	100
Centre Testing International Pinbiao (Fuzhou) Co., Ltd.	Wholly-owned subsidiary	Grade I	100	100
Centre Testing International Pinbiao (Liaoning) Co., Ltd.	Wholly-owned subsidiary	Grade I	100	100
Centre Testing International (Zhongshan) Co., Ltd.	Wholly-owned subsidiary	Grade I	100	100
Centre Testing International (Dongguan) Co., Ltd.	Wholly-owned subsidiary	Grade I	100	100
Sichuan CTI Jianxin Testing Technology Co., Ltd.	Controlled subsidiaries	Grade I	68	68
Centre Testing International (Chengdu) Co., Ltd.	Wholly-owned subsidiary	Grade I	100	100
Centre Testing International (Shenyang) Co., Ltd.	Wholly-owned subsidiary	Grade I	100	100
Shanghai CTI Zhike Materials Technology Co., Ltd.	Controlled subsidiaries	Grade I	51	51
Pinbiao Environmental Technology Co., Ltd.	Wholly-owned subsidiary	Grade I	100	100
Centre Testing International (Shanxi) Co., Ltd.	Wholly-owned subsidiary	Grade I	100	100
Shenzhen CTI Occupational Health Outpatient Department	Wholly-owned subsidiary	Grade I	100	100
Centre Testing International Group (Shandong) Co., Ltd.	Wholly-owned subsidiary	Grade I	100	100
Hebei CTI Junrui Testing Technology Co., Ltd.	Controlled subsidiaries	Grade I	68	68
Henan CTI Quantong Engineering Testing Co., Ltd.	Controlled subsidiaries	Grade I	80	80
Zhejiang CTI Yuanjian Testing Co., Ltd.	Controlled subsidiaries	Grade I	51	51
CTI Biotechnology (Suzhou) Co., Ltd.	Wholly-owned	Grade I	100	100

	subsidiary			
Chengdu Xijiao CTI Rail Transit Technology Co., Ltd.	Controlled subsidiaries	Grade I	60	60
Shanghai CTI Pinchuang Medical Testing Co., Ltd.	Wholly-owned subsidiary	Grade I	100	100
Tianjin Eco-City Environmental Technology Co., Ltd.	Controlled subsidiaries	Grade I	51	51
CTI Hubei Co., Ltd.	Wholly-owned subsidiary	Grade I	100	100
CTI Special Equipment Testing (Beijing) Co., Ltd.	Controlled subsidiaries	Grade I	70	70

Note 1: the former Guangzhou CTI Hengjian Engineering Testing Co., Ltd. is currently renamed to CTI Engineering Testing Co., Ltd. Any reference to Guangzhou CTI Hengjian Engineering Testing Co., Ltd. in the following parts of this Report shall be interpreted as CTI Engineering Testing Co., Ltd.

In comparison with the previous period, 7 entities were included and 5 entities were excluded from the consolidated financial statements of this period, including:

1. New subsidiaries, special subjects and operating entities forming control power through entrusted operation or lease that are included in the consolidation scope in this period

Item	Change causes
MARITEC PTE. LTD.	Business combination not under the same control
Tianjin Eco-City Environmental Technology Co., Ltd.	Business combination not under the same control
Shenzhen CTI Medical Laboratory	Newly-formulated
CTI Hubei Co., Ltd.	Newly-formulated
Chengdu CTI Zhicheng Rail Transit Technology Co., Ltd.	Newly-formulated
CTI Special Equipment Testing (Beijing) Co., Ltd.	Newly-formulated
Huayi Testing and Certification (Shenzhen) Co., Ltd.	Newly-formulated

2. Subsidiaries, special purpose entities no longer included in the scope of consolidation in the current period, business entities which lost control right through entrusted operation or leasing in the current period.

Item	Change causes
Nanjing CTI Medical Technology Service Co., Ltd.	Disposal
Zhejiang Shengnuo Testing Technology Co., Ltd.	Disposal
Shanghai CTI-SAMT Materials Technology Co., Ltd.	cancellation
Chengdu CTI Zhicheng Rail Transit Technology Co., Ltd.	cancellation
CTI Certification (Jingzhou) Co., Ltd.	cancellation

See Note VII: Change in Scope of Consolidation" for detailed information about the entities subject to changes in scope of consolidation.

IV. Basis for Preparation of Financial Statements

1. Preparation basis

The Company prepared the financial statements according to actual transactions and events, in accordance with the *Accounting Standards for Business Enterprises-Basic Standards* and various specific accounting standards, the guidelines for the application of accounting standards for business enterprises, the interpretation of accounting standards for business enterprises and other relevant regulations issued by the Ministry of Finance (hereinafter

collectively referred to as "Accounting Standards for Business Enterprises") for recognition and measurement, as well as the provisions of the China Securities Regulatory Commission's *Reporting Rule No.15 for Information Disclosure of Companies Offering Securities to the Public - General Provisions for Financial Reports (as revised in 2014)*.

2. Continuation

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

V. Key Accounting Policy and Accounting Estimate

Instruction on detailed accounting policies and accounting estimates:

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

1. Statement of obeying the Accounting Standards for Business Enterprises

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

2. Accounting period

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

3. Operating cycle

The operating cycle is the period ranging from the acquisition of assets for processing and their realization in cash or cash equivalents. The Company's one business cycle is 12 months and regarded as the standard of liquidity categorization of assets and liabilities.

4. Recording currency

RMB is used as the recording currency.

5. Accounting treatment methods for business combinations under and not under the same control

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

- (1) Such transactions are concluded at the same time or under the situation of considering the impact on each other;
- (2) The overall business results of these transactions can be achieved;
- (3) The occurrence of a transaction is based on the occurrence of at least one of other transactions;
- (4) A transaction is regarded as uneconomic, while being economic when regarded along with other transactions.

2. Business combination under the same control

Assets and liabilities acquired in a business combination are measured by the book value of the merged party's assets and liabilities (including goodwill arising out of the acquisition by the ultimate controller to the combined party) reflected in final controlling party's consolidated financial statements on the date of combination. The difference between the book value of net assets acquired through combination and that of the combination consideration paid (or the total nominal value of shares issued) is adjusted to share premium in capital surplus; if the amount can't be sufficiently offset, it is adjusted to retained earnings.

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

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

3. Business combination not under the same control

Acquisition date refers to the date when the Company actually obtains the control over the acquired party, i.e. the date when the control over the combined or acquired party's net assets or the production and operation decision-making is transferred to the Company. When the following conditions are all met, the Company is generally believed to have realized the transfer of control:

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

Assets paid, and liabilities incurred and borne for the business combination by the Company on the purchase date shall be measured at fair value, with difference between fair value and its book value being recorded into the current profit or loss.

The Company recognizes as goodwill the difference between the combination cost and the fair value share of the identifiable net assets of the acquiree in the combination if the combination cost is higher. The Company records into current profit or loss after reviewing the difference between the combination cost and the fair value share of the identifiable net assets of the acquiree in the combination if the combination cost is lower.

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

4. Costs incurred related to combination

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

6. Preparation method for consolidated financial statements

1. Scope of consolidation

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

2. Consolidation procedure

Consolidated financial statements are prepared based on the financial statements of the Company and each subsidiary as well as other relevant materials. The consolidated financial statements are compiled by the Company, by means of regarding the enterprise group as an accounting subject, according to the requirements of recognition, measurement and representation of relevant accounting standards for business enterprises, and in accordance with uniform accounting policies, to reflect the overall financial conditions, operating results and cash flow of the enterprise group.

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

When consolidating the financial statements, the effects on the Consolidated Balance sheet, Consolidated Income Statement, Consolidated Cash Flow Statements and consolidated statements of changes in shareholders' equity due to internal transactions between the Company and its subsidiaries and among the subsidiaries shall be offset. In case of different judgment on one transaction upon different accounting entities (the Company or its subsidiaries) from the perspective of the consolidated financial statements of the group, the transaction will be adjusted from the perspective of the group.

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

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

For any subsidiaries acquired through business combination not under the same control, their financial statements are adjusted based on the fair value of identifiable net assets on the purchase date.

(1) Addition of subsidiary or business

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

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

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

If the investee not under the same control can be controlled by making an additional investment, the equity of the

acquiree held before the purchase date shall be remeasured by the Company at the fair value of such equity on the purchase date, and the difference between the fair value and its book value shall be included in the current investment income. If the stock equity of purchased party held before purchasing date involves other comprehensive income under equity method and other changes to owner's equity (other than net profit and loss, other comprehensive income and profits distribution), other comprehensive income and other changes to owner's equity that are relevant shall be transferred to current investment income of purchasing date, but excluding other comprehensive income arising from the re-measurement of defined benefit plans by investee or changes to the net liabilities or net assets.

(2) Disposal of subsidiaries or business

1) General disposal method

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

If the control right over the investee is lost due to the disposal of part of the equity investment or other reasons, the Company shall re-measure the remaining equity investment after disposal according to its fair value on the date of loss of that control right. The sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity, minus the difference between the share of net assets and the sum of goodwill that should be continuously calculated from the purchase date or the date of combination of the original subsidiary according to the original shareholding ratio, shall be included in the investment income of the current period when the control right is lost. Other comprehensive income related to the equity investment of the original subsidiary or other changes in owner's equity other than net profit and loss, other comprehensive income and profit distribution shall be converted into current investment income when the control right is lost, except for other comprehensive income arising from the re-measurement of changes in net liabilities or net assets under the defined benefit plan by the investee.

2) Disposal of subsidiary step by step

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

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

If all the transactions that deal with equity investment in subsidiaries until the loss of control right belong to a package deal, the Company will treat each transaction as a transaction that deals with subsidiaries and loses the control right for accounting treatment; However, before the Company loses control, the difference between the disposal consideration at each stage and the proportionate share of net assets in the disposed subsidiary is recognized as other comprehensive income at the consolidated financial statements and reclassified as profit or loss in the period when the Company loses control right over such subsidiary.

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

(3) Acquisition of minority equity of a subsidiary

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

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

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

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

1. Classification of joint venture arrangements

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

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

- (1) The legal form of joint venture arrangement shows the joint venturers enjoy rights to and assume obligations for relevant assets and liabilities respectively in the arrangement.
- (2) Contract terms of the joint venture arrangement stipulate that the joint venturers enjoy rights to and assume obligations for relevant assets and liabilities respectively in the arrangement.
- (3) Other relevant facts and circumstances indicate that a party to a joint venture of the related assets and liabilities are entitled to the rights and obligations, such as the joint venture shall enjoy and joint venture arrangements related to almost all the output and liquidation of the debt to the continued reliance on a party to a joint venture to.

2. Accounting method for joint operation

The Company recognizes the following items related to its share of benefits in the joint operation and conducts accounting treatment in accordance with relevant accounting standards for business enterprises:

- (1) its assets, including its share of any assets held jointly;
- (2) its liabilities, including its share of any liabilities incurred jointly;
- (3) its income from the sale of its share of the output arising from the joint operation;
- (4) recognize pro rata proceeds from the sale of output of the joint operation;
- (5) confirm the expenses incurred solely as well as the expenses incurred under joint operation by share.

When the Company invests or sells assets and others in or to the joint operation (except for assets that constitute business), only that part of profits or losses from the transaction attributable to other participants to the joint operation shall be recognized before such assets and others are sold by the joint operation to a third party. If the invested or sold assets are of assets impairment loss subject to the *Accounting Standards for Business Enterprises No. 8--Assets Impairment* and other provisions, the Company shall recognize such loss in full.

When the Company purchases assets and others from the joint operation (except for assets that constitute business), only that part of profits or losses from the transaction attributable to other participants to the joint operation shall be recognized before such assets and others are sold to a third party. If the purchased assets are of assets impairment loss subject to the *Accounting Standards for Business Enterprises No.8--Assets Impairment* and other provisions, the Company shall recognize its part of such loss based on its percentage.

If the Company has no joint control over a joint operation enjoys and assumes relevant assets and liabilities of the joint operation, it shall conduct accounting treatment in accordance with aforesaid principle; or it shall do the same in accordance with relevant accounting standards for business enterprises.

8. Recognition standard of cash and cash equivalents

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

9. Foreign currency business and conversion of foreign currency statement

1. Foreign currency transaction

Foreign currency business transactions are initially recognized at the beginning and translated into Renminbi using the spot exchange rate prevailing on the date when a transaction occurred.

The balance of foreign currency monetary items on the balance sheet date is converted at the spot exchange rate on the balance sheet date, and the resulting exchange differences are included in the current profit or loss, except for the exchange differences arising from special foreign currency loans related to the acquisition and construction of assets eligible for capitalization, which are treated in accordance with the principle of capitalization of borrowing cost. Non-monetary items denominated in foreign currencies measured at historical cost are still translated at the spot exchange rate on the date of transaction, and their amounts in recording currency are not changed.

The foreign currency non-monetary items measured at fair value are translated into recording currency at the spot exchange rate at the date of confirmation. The difference between amounts of recording currency after translation and amounts of original recording currency is treated as changes in fair value (including change in exchange rate) and included in the current profit or loss or recognized as the other comprehensive incomes.

2. Translation of foreign currency financial statements

Items of assets and liabilities in the Balance Sheet are translated using the spot exchange rate prevailing at the balance sheet date; Except for "undistributed profit" items, other items of owner's equity are converted at the spot exchange rate at the time of occurrence. Income and expenses items in the Income Statement are translated into RMB at the spot exchange rate on the date of transaction. The converted difference in foreign currency statements arisen as a result of the above currency translation is included in the other comprehensive income.

When disposing of an overseas operation, the converted difference in foreign currency statements for items under the other comprehensive income in the balance sheet that are related to such overseas operation is transferred from the other comprehensive income to current profit or loss; When part of equity investment is disposed of or share of overseas operation interest is reduced for other reasons without any losing of control over overseas operation, translated difference related to part of overseas operation disposed of shall be attributable to minority equity and shall not be transferred into current profit or loss. Upon disposal of the partial equity for associates or joint ventures in overseas operation, the incurred converted difference of foreign currency statement related to the overseas operation shall be transferred into the current profit or loss as per the proportion of such operation.

10. Financial instruments

One financial asset or financial liability is recognized upon the Company becoming a party of a financial instrument contract.

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

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

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

1. Classification and measurement of financial assets

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

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

Financial assets are measured as per fair value upon initial recognition. However, accounts receivable or notes receivable incurred from selling commodities or providing services, if not containing significant financing

components or not considering financing components in less than one year, shall be initially measured as per transaction price.

For financial assets at fair value through profit or loss, relevant transaction cost is directly included in current profit or loss, and that of other types of financial assets is included in the initial recognition amount.

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

(1) Financial assets measured at the amortized cost after classification

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

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

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

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

(2) financial assets at fair value through other comprehensive income;

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

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

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

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

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

Changes in the fair value of these financial assets are recognized in other comprehensive incomes without making provision for loss. Upon derecognition of the financial assets, the accumulated gain or loss previously included into other comprehensive incomes is transferred from other comprehensive incomes and included into the retained earnings. During the holding period of such non-trading equity instruments, when the rights to the dividend of the Company are established, financial benefits related to the dividend are likely to flow into the Company and the amount of the dividend may be reliably measured, the Company recognizes the dividend income and record it into the current profit or loss. The Company reports these financial assets under items of investment with other equity instruments.

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

(4) Financial assets classified to be financial assets at fair value through profit or loss with changes included in current profit and loss

For the financial assets unable to be classified as the item measured at the amortized cost or measured at the fair value with the changes recorded in other consolidated income, or unable to be designated as the financial assets at fair value through other comprehensive income, they should be regarded as the financial assets at fair value through profit or loss.

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

The Company reports these financial assets, based on their liquidity, under items of financial assets held for trading or other non-current financial assets.

(5) Financial assets designated to be financial assets at fair value through profit or loss

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

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

1) The embedded derivative will not significantly change the cash flow of the mixed contract.

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

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

The Company reports these financial assets, based on their liquidity, under items of financial assets held for trading or other non-current financial assets.

2. Classification and measurement of financial liabilities

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

Upon initial recognition, financial liabilities are measured at fair value. For financial liabilities at fair value through profit or loss, the related transaction costs are directly recorded in current 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 at fair value through profit or loss;

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

A financial liability that meets any of the following conditions shall be classified into financial liabilities held for trading: The main objective of assuming the relevant financial liabilities is to sell it or buy it back in the near term; it is part of the portfolio of identifiable financial instruments that are put into centralized management and for which there is objective evidence of a recent pattern of short-term profit-making; it is a derivative (except for a

derivative that is a designated and effective hedging instrument or a financial guarantee). Financial liabilities held for trading (including derivatives classified as financial liabilities) are subject to subsequent measurement as per fair value, and all changes in fair value are included into current profit or loss except for those related to hedging accounting.

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

- 1) Capable of eliminating or significantly reducing accounting mismatch;
- 2) Carry out the management and performance evaluation on financial liabilities portfolio, financial assets, and financial liabilities portfolio on the basis of fair value according to the enterprise risk management or investment strategy specified in the official written document, and report internally to the key managerial staff of the enterprise on its basis.

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

(2) Other financial liabilities

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

- 1) Financial liabilities at fair value through profit or loss.
- 2) Financial liabilities that are formed since the transfer of financial asset does not comply with the termination confirmation condition or continue to involve in the financial assets to be transferred.
- 3) Financial guarantee contracts not falling into the previously stated circumstances and loaning commitments on granting loans with interest rates lower than the market interest not falling into 1) of this article.

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

3. Derecognition of financial assets and financial liabilities

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

- 1) The contractual rights for collecting the cash flow of the said financial asset are terminated;
- 2) Such financial assets have been transferred, and such transfer meets the provision for derecognition of financial assets.

(2) Condition for derecognition of financial liabilities

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

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

Where the Company buys back part of its financial liability, the overall book value of the financial liability shall be allocated based on the proportions of fair values of the continuously recognized part and the derecognized part

in total fair value on the date of buy-back. The difference between the book value allocated to the derecognized part and the consideration paid (including the non-cash assets transferred out or liabilities undertaken) is recorded in the current profit or loss.

4. Recognition basis and measurement method for transfer of financial assets

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

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

(2) Where almost all risks and returns related to the ownership of the financial assets are retained, the financial assets will be continuously recognized.

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

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

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

The principle of substance over form is adopted to determine whether the transfer of financial assets meets the above derecognition conditions for financial assets. The Company divides the transfer of financial assets into whole transfer and partial transfer.

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

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

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

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

1) Book value of the derecognized part on the date of derecognition.

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

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

5. Method for determining the fair values of financial assets and financial liabilities

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

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

For financial assets or financial liabilities where there is no active market, fair value is determined using valuation techniques. In valuation, the Company adopted valuation techniques that are applicable under current circumstances and are supported by sufficient available data and other information, selected input values consistent with the characteristics of assets or liabilities considered by market participants in the transactions related to assets or liabilities, and used relevant observable input values as preferentially as possible. Unobservable input value may be used in the even that observable input value is unavailable or not feasible.

6. Impairment of financial instruments

The Company, based on expected credit losses, performed impairment accounting and recognized provision for losses on financial assets measured at amortized cost and financial assets at fair value through other comprehensive income as well as financial guarantee contracts.

The expected credit loss is a weighted average of credit losses on financial instruments weighted at the risk of default. Credit loss refers to the difference between all receivable contractual cash flows according to the contract and all cash flows expected to be received by the Company discounted to present value at the original effective interest rate, i.e. the present value of all cash shortfalls. Among them, credit-impaired financial assets purchased or originated by the Company shall be discounted at the financial assets' effective interest rate after credit adjustment.

For trade receivables arising from transactions scoped in ASBE on Revenue, the Company adopts the simplified measurement method and measures loss allowances for trade receivables and contract assets based on lifetime expected credit losses.

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

In addition to other financial assets adopting the aforesaid simplified measurement method or financial assets purchased or underlying with credit impairment, the Company shall assess whether the credit risk of relevant financial instruments has increased significantly since the initial recognition on each balance sheet date, and shall respectively accrue their provision for loss and recognize the expected credit loss and its change:

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

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

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

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

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

(1) Significant increase of credit risk

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

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

- 1) whether the debtor's operational achievement has significantly changed or not indeed or by expectation;
- 2) whether the regulatory, economic or technical environment where the debtor is located has significantly and adversely changed or not;
- 3) whether the value of the collateral as the debt pledge or the guarantee provided by the third party or credit enhancement quality has significantly changed or not, as these changes are expected to reduce the debtor's economic motives to make repayments as required by the contract or to impact the default probability;
- 4) whether the expected performance or repayment behavior of the debtor has significantly changed or not;
- 5) whether the Company has changed its management method for financial instruments credit or not, etc.

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

(2) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable data:

- 1) The issuer or the debtor is in severe financial difficulties;
- 2) The debtor violates the contract (such as a default or delinquency in interest or principal payments);
- 3) The creditor, out of financial or contractual considerations regarding the debtor's financial distress, has made a concession that would otherwise be impossible;
- 4) The debtor is likely to go bankrupt or undergo financial restructuring;
- 5) The issuer or the debtor's financial distress causes disappearance of an active market for financial assets;
- 6) Financial assets are purchased or derived at a substantial discount, which reflects the occurrence of credit loss.

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

(3) Determination of expected credit loss

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

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

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

- 1) For financial assets, the credit loss is calculated as the present value of the difference between the contractual cash flows to be collected by the Company and cash flows expected to be collected.
- 2) For the financial guarantee contract, the credit loss is the expected payment made to the contract holder by the Company for reimbursing against the credit losses incurred to the contract holder, deducted by the present value

of the differences between the amounts expected to be received by the Company from the contract holder, debtor or any other party.

3) For financial assets which have been credit-impaired on the balance sheet date but are not credit-impaired at purchase or derivation, the credit loss is calculated as the difference between the book balance of such financial assets and present value of anticipated future cash flows discounted at the original effective interest rate.

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

(4) Write-down of financial assets

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

7. Offset of financial assets and financial liabilities

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

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

11. Notes receivable

See Note IV/(XI) 6. "Impairment of financial instruments" for the Company's determination methods and accounting treatment methods for the expected credit losses of notes receivable.

Where the sufficient evidence of the expected credit loss can't be evaluated at a reasonable cost at the single instrument level, the Company will divide the notes receivable into several portfolios on the basis of credit risk characteristics and calculate the expected credit loss based on the portfolio,

by reference to the historical credit loss experience and in combination with the current situation and the assessment of the future economic position. The basis for determining the portfolio is as follows:

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

12. Accounts receivable

See Note IV/(XI) 6. "Impairment of financial instruments" for the Company's determination methods and accounting treatment methods for the expected credit losses of accounts receivable.

The Company will separately determine the credit loss for the accounts receivable with sufficient evidence of

expected credit loss that can be evaluated at a reasonable cost at the single instrument level.

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

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

13. Receivables financing

See Note IV/(XI) 6. "Impairment of financial instruments" for the Company's determination methods and accounting treatment methods for the expected credit losses of receivables financing.

14. Other receivables

Determination and accounting method for expected credit loss of other receivables

See Note IV/(XI) 6. "Impairment of financial instruments" for the Company's determination methods and accounting treatment methods for the expected credit losses of other receivables.

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

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

Portfolio name	Basis for determining such portfolio	Provision method
Associated transactions and security deposits within the scope of consolidation	Other receivables of the Related Party within the scope of consolidation have similarly slow credit risk characteristics. Other receivables of security deposits have similarly slow credit risk characteristics.	The Company will calculate the expected credit loss by the default risk exposure and the expected credit loss rate in 12 months or during the entire duration, by reference to the historical credit loss experience and in combination with the current situation and the anticipation of the future economic position.
Aging portfolio	Same payments classified by nature have similar credit risk characteristics.	The Company will calculate the expected credit loss by the default risk exposure and the expected credit loss rate in 12 months or during the entire duration, by reference to the historical credit loss experience and in combination with the current situation and the anticipation of the future economic position.

15. Inventory

Inventory classification

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

1. Method for inventory valuation

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

2. Determination basis of net realizable value of inventory and provision method for inventory depreciation reserve

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

Provision for inventory depreciation reserve is made according to individual items of inventories at the end of the period; however, for inventories with large quantity and low unit price, the provision for inventory depreciation reserve is made by categories; For inventories related to product series produced and sold in the same area, with the same or similar end use or purpose, and difficult to be measured separately with other projects, the inventory depreciation reserve is allotted in combination.

Where the influencing factors of inventory impairment have disappeared, such inventory impairment shall be recovered and reversed from the inventory depreciation reserves accrued before. The reversed amount is recorded in current profit or loss.

3. Inventory taking system

The perpetual inventory taking system is adopted for inventories.

4. Amortization method for low-value consumables and packaging materials

- (1) One-off amortization method is adopted for low-value consumables.
- (2) One-off amortization method is adopted for packaging materials.
- (3) Other revolving materials are amortized by the immediate write-off method.

16. Contract assets

Contract assets refer to the rights to receive consideration for goods or services transferred to the client by the Company, which depend on other factors except the lapse of time. The rights of the Company to unconditionally receive consideration from the client is separately listed as receivables.

See Note "Impairment of financial instruments" for the Company's determination methods and accounting treatment methods for the expected credit losses of contract assets.

17. Contract cost

1. Contract performance cost

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

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

material/manufacture cost (or similar costs), cost to be undertaken by the client and other costs incurred under the contract;

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

(3) the cost is expected to be recovered.

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

2. Contract acquisition cost

Incremental cost incurred by the Company for the purpose of securing a contract will be recognized in the form of contract acquisition cost as an asset if it is expected to be recovered. Incremental cost refers to the cost which will not incur unless a contract is secured by the Company, e.g. sales commission, etc. If the amortization period does not exceed one year, such cost shall be included as current profit or loss.

3. Contract cost amortization

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

4. Contract cost depreciation

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

After the impairment provision is withdrawn, if the factors causing the impairment of prior period change and make the difference between the above-mentioned items higher than the book value of the asset, the withdrew asset impairment provision shall be reversed and recorded in the current profit or loss, but the carrying value of asset after reversion shall not exceed the carrying value of the asset at the reversion date under the condition of not withdrawing the impairment provision.

18. Assets held for sale

1. Recognition standards for classification as assets held for sale

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

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

(2) The sale is very likely to happen, that is, the Company has already made a resolution on a sale plan and has obtained a confirmed purchase commitment, and it is expected to complete the sale within one year.

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

2. Accounting method for assets held for sale

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

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

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

by accounting standards thereof.

19. Creditors investment

20. Other Creditors investment

See Note "Impairment of financial instruments" for the Company's determination methods and accounting treatment methods for the expected credit losses of other debt investments.

21. Long-term receivables

22. Long-term equity investment

1. Determination of initial investment cost

(1) For long-term equity investment formed by business combination, please see Note IV/(VI) "Accounting treatment methods for business combinations under and not under the same control" for details of accounting policies.

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

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

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

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

For long-term equity investment acquired by debt restructuring, its initial investment cost will be determined based on the fair value.

2. Subsequent measurement and recognition of profits and losses

(1) Cost method

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

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

(2) Equity method

The Company adopts the equity method for accounting of long-term equity investment in joint ventures and associates; where part of the equity investment in associates is indirectly held by venture capital institutions, mutual funds, trust companies or similar subjects including unit-linked insurance fund, the investment is measured at fair value and the changes are included in the profits and losses.

Where the initial investment cost of long-term equity investment is greater than the difference of the fair value of the investee's identifiable net assets, no adjustment on the initial investment cost shall be made; When the initial investment cost is lower than the share of fair value in the net tangible asset in the investee, such difference is recognized in current profit or loss.

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

investee other than net profit or loss, other comprehensive income and profit distribution, and recorded in owners' equity.

The Company shall, when recognizing the share of net profits and losses of the investee, recognize the net profit of the investee after adjustment based on the fair value of all identifiable assets acquired from the investee. The profits and losses of the unrealized internal transactions between the Company and the joint ventures, associates shall be offset against the part attributable to the Company according to the proportion the Company is entitled to, and the profits and losses on investment shall be recognized on such basis.

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

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

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

(1) Change of measurement at fair value to equity method

For the equity investment, originally held by the Company without the control, joint control or significant impact on the investee, recognized by financial instruments, accounted for according to measurement standards, and through which the investor can exert significant impact or have joint control over the investee but not constitute control due to additional investment or other reasons, the sum of the fair value of equity investment originally held and determined by *Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments* and cost of newly increased investment shall be used as the initial investment cost when equity method is applied instead.

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

(2) Change of measurement at fair value or equity method to cost method

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

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

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

(3) Change of equity method accounting to measurement at fair value

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

Other comprehensive income recognized in the original equity investment due to the use of equity method will be

accounted for on the same basis as the investee's direct disposal of relevant assets or liabilities when the equity method is terminated.

(4) Change of cost method to equity method

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

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

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

4. Disposal of long-term equity investments

At the disposal of long-term equity investment, the difference between its book value and the payment actually acquired shall be included in the current profit or loss. For long-term equity investments accounted by employing equity method, these investments are disposed of on the same basis as those adopted by the investee for direct disposal of related assets or liabilities, and accounting treatment is applied based on corresponding proportion to the part initially recognized in other comprehensive income.

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

- (1) Such transactions are concluded at the same time or under the situation of considering the impact on each other;
- (2) The overall business results of these transactions can be achieved;
- (3) The occurrence of a transaction is based on the occurrence of at least one of other transactions;
- (4) A transaction is regarded as uneconomic, while being economic when regarded along with other transactions.

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

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

(2) In consolidated financial statements, for the transactions before the loss of control over subsidiaries, the capital reserve (capital stock premium) is adjusted by the difference between the price of disposal and the net asset shares of subsidiaries continuously calculated since the purchase date or date of combination corresponding to the long-term equity investment; if the capital reserve is insufficient to offset, retained earnings are adjusted; At the time of loss of control over subsidiaries, the remaining equities are re-measured according to the fair value on the date of loss of control. The difference between the sum of the consideration obtained from the disposal of equity and the fair value of the remaining equity, minus the share of the net assets of the original subsidiary that is continuously calculated from the purchase date according to the original shareholding ratio, is included in the investment income of the current period when the control power is lost, and the goodwill is offset at the same time. Relevant other comprehensive income related to original equity investment in the subsidiaries is transferred to current investment income at the time of loss of control.

Each transaction involved in the disposal of equity investments of subsidiaries until loss of control falls into a package deal, with accounting treatment for each transaction as one transaction disposing equity investment of

subsidiaries and losing the right of control; the accounting treatment shall be differentiated by separate financial statements and consolidated financial statements:

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

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

5. Criteria for joint control and significant impact

If the Company collectively controls certain arrangement with other participants as agreed, and the decisions on the activities that may have significant impact on the return of arrangement exit with consistent agreement from participants sharing the control power, then the Company and the other participants are deemed to have joint control over certain arrangement, which is joint venture arrangement.

In case of a joint venture arrangement concluded through separate entity, when the Company is judged to be entitled to the net assets of the separate entity under relevant agreements, the entity shall be viewed as a joint venture under equity method. However, when the Company is judged to be not entitled to the net assets of the separate entity under relevant agreements, the entity shall be viewed as a joint operation, in which case, the Company recognizes items relating to its share of interests from the joint operation and accounts for according to relevant Accounting Standards for Business Enterprises.

Significant influence means that an investor has the right to participate in the decision-making of the financial and operational policies of an investee, but cannot control or jointly control the formulation of these policies with other parties. The Company determines the significant impact on the investee through one or more situations as bellow and taking into account all facts and situations: (1) dispatching representatives to the Board of Directors of the investee or similar organ of authority; (2) participating in the formulation of the financial and operation policies of the investee; (3) important transactions with the investee; (4) dispatch managers to the investee; and (5) providing key technical information to the investee.

23. Investment real estate

Measurement model of investment real estate

Cost method measurement

Depreciation or amortization method

Investment real estate is defined as the real estate with the purpose to earn rent or capital appreciation or both, including the rented land use rights, the land use rights which are held and prepared for transfer after appreciation, and the rented buildings. In addition, for the vacant buildings held by the Company for lease, if the Board of Directors makes a resolution in writing, explicitly indicating that they are used for lease and there will be no change within the short period of holding, such buildings shall be reported as investment real estate.

The entry value of the Company's investment real estate is recorded at its cost. The cost of purchased investment real estate includes the purchase price, relevant taxes and other expenses directly attributable to the assets. Costs of the self-constructed investment real estate are composed of the necessary expenses incurred before bringing the assets to the expected conditions for use.

The Company adopts cost model for subsequent measurement of investment real estate and treats appreciation or amortization of the buildings and land use right according to their estimated service lives and net residual value.

When investment real estate turns to be used by holders, the Company will switch it to the fixed assets or intangible assets from the date of such turning. And when self-used real estate turns to be leased out for rent or capital appreciation, the fixed assets or intangible assets shall be switched by the Company to investment real estate from the date of such turning. In case of conversion, the book value before conversion shall be taken as the entry value thereafter.

If an investment real estate is disposed of, or if it is withdrawn permanently from use and no economic benefit is expected to be obtained from the disposal, the investment real estate is derecognized. The balance of the proceeds from sale, transfer, scrap or damage of investment real estate less the book value of the investment real estate and relevant taxes is included in current profit or loss.

24. Fixed assets

(1) Recognition conditions

Fixed assets refer to tangible assets with service life over one accounting year, and held for production, service, lease or operation. Fixed assets shall be recognized when the following conditions are met at the same time: (1) economic benefits related to the fixed assets are likely to flow into the enterprise; (2) The cost of the fixed assets can be reliably measured.

(2) Depreciation method

Category	Depreciation method	Period of depreciation	Residual value rate	Annual depreciation rate
Houses and buildings	Straight-line method	43-50 years	5.00	2.21-1.90
Decoration of fixed assets	Straight-line method	10 - service life of property ownership certificate	5.00	
Detection equipment	Straight-line method	5-10 years	5.00	19.00-9.50
Transport 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 fixed assets of the Company are initially measured at cost.

(1) The cost of the externally purchased fixed assets includes the purchase price, the import duties and other expenditures directly attributable to fixed assets prior to such assets to be available for their intended use.

(2) The cost of the self-constructed fixed assets consists of the necessary expenditure incurred before the constructed assets get ready for their intended use.

(3) For the investment to fixed assets by the investor, the value agreed upon in the investment contract or agreement shall be the entry value. Where the value agreed upon in the said investment contract or agreement is unfair, the fair value shall be recorded.

(4) Where the payment of purchasing the fixed assets is delayed beyond the normal credit conditions and is of financing nature in essence, the cost of fixed assets shall be determined based on the purchase price. The difference between the payment actually made and the present value of the purchase price, except for those shall be capitalized, shall be included as current profit or loss.

2. Subsequent measurement and disposal of fixed assets

(1). Depreciation of fixed assets

The depreciation of fixed assets is accrued within the estimated service life based on the entry value less the estimated net residual value. For the fixed assets that have been accrued for impairment provision, the related depreciation charge is prospectively determined based upon the adjusted book value after less the impairment provision over the remaining service life; the fixed assets fully depreciated but still in use are not accrued and depreciated.

For the fixed assets formed with special reserves, the special reserves shall be written down upon the cost of the formed fixed assets, and the accumulated depreciation of the same amount shall be confirmed, and such fixed assets will not be depreciated in any following period.

The Company determines the service life and estimated net residual value of fixed assets based on their nature and use condition. The service life, estimated net residual value and depreciation method of fixed assets are re-assessed at the end of the period. The corresponding adjustment shall be made in case of any difference from the originally estimated amount.

(2) Subsequent expenses of fixed assets

For subsequent expenses in relation to fixed assets, those that comply with the recognition criteria for fixed assets are included in the costs of fixed assets; while those that do not are included in current profit or loss at the time of

occurrence.

(3) Disposal of fixed assets

The fixed assets are derecognized when the fixed assets are disposed of or no future economic benefits are expected from their use or disposal. The amount of proceeds on sale and transfer of a fixed asset as well as disposal of a scrapped or damaged fixed asset less its book value and related taxes, is recognized in current profit or loss.

(3) Recognition basis, valuation and depreciation method of fixed assets under financing lease

Fixed assets leased by the Company are recognized as the fixed assets held under finance lease if one or more of the following criteria are met: (1) Upon the expiry of the lease term, the ownership is transferred to the Company. (2) The lessee has the right to choose to purchase the leased assets; the established purchase price is expected to be much lower than the fair value of the leased assets when exercising the right of choice, and hence it can be reasonably determined that the Company will exercise such right of choice on the lease commencement date. (3) Even if the ownership of the assets is not transferred, the lease term covers the major part of the service life of the leased assets. (4) The present value of the minimum lease payments on the inception of lease of the Company almost amounts to the fair value of the leased asset on the inception of lease; (5) The leased assets are of a specialized nature so that only the Company can use it without making major modifications. Fixed assets rented via finance lease are accounted as entry value at the lower of fair value of the leased assets on the first lease date and present value of the lowest lease payment amount. The minimum lease payment is recognized as the entry value of long-term payable, and the difference between them is recognized as an unrecognized finance charge. The initial direct costs such as commissions, counsel fees, travelling expenses, and stamp duties attributable to the leased items incurred during the lease negotiation and lease contract signing shall be recorded in the leased assets value. The unrecognized finance charge is amortized by effective interest method over the lease term. In calculating the depreciation of the fixed assets under the finance lease, the Company adopts a depreciation policy consistent with that for self-owned fixed assets. Where it is reasonably certain that the ownership of the leased assets can be obtained at the expiration of lease term, the leased assets shall be depreciated over its service life. Where the ownership of leased asset cannot be reasonably determined by the expiration of the lease term, depreciation will be accrued within the lease term or the service life of the leased asset, whichever is shorter.

25. Construction in progress

1. Initial measurement of construction in progress

The self-constructed constructions in the progress of the Company are measured at actual cost, which consists of the necessary expenses required for bringing such constructions to the intended use, including the costs of construction materials, labor costs, relevant taxes paid, borrowing costs capitalized and indirect costs apportioned.

2. Standard and time to transfer the construction in progress into fixed assets

The project with construction in progress will be regarded as the entry value of fixed asset based on all expenses incurred before the construction of the asset reaches the expected serviceable conditions. If the construction in progress has reached the expected serviceable state but the final accounts for completion have not yet been handled, from the date of being available for intended use, they shall be transferred to the fixed assets at an estimated value according to the budget, cost or actual cost of the project, and the depreciation of the fixed assets shall be accrued according to the Company's fixed assets depreciation policy. After the final accounts for completion are processed, the original provisional valuation shall be adjusted according to the actual cost, but the originally accrued depreciation amount shall not be adjusted.

26. Borrowing costs

1. Recognition principle of capitalized borrowing costs

The borrowing costs which are incurred to the Company and directly attributable to the acquisition & construction or production of assets eligible for capitalization shall be capitalized and recorded in the costs of relevant assets; Other borrowing costs are recognized as expenses based on the amount incurred and included in the current profit or loss.

The assets conforming to the capitalization condition refer to the assets such as the fixed assets, investment real estate and inventory etc. that can reach the predetermined serviceable or merchantable state only after a considerable long time of construction or production activities.

Borrowing costs shall only be capitalized when meeting all of the following requirements:

(1) Asset expense has been incurred. Asset expenses include expense incurred in forms of cash payment, non-cash

assets transfer or debt with interests assumption for acquisition or production of assets eligible for capitalization;

(2) Borrowing costs have incurred;

(3) Acquisition and construction or production activities necessary to make the asset achieve the expected conditions for use or sale have begun.

2. Capitalization period of borrowing costs

The capitalization period refers to the period from the commencement to the cessation of capitalization of the borrowing costs, excluding the period of suspension of capitalization of the borrowing costs.

When assets with acquisition & construction or production eligible for capitalization satisfy predetermined serviceable or marketable conditions, the capitalization of the borrowing costs shall be ceased.

As for assets with acquisition & construction or production eligible for capitalization, if certain projects of such assets are completed separately and available for individual service, capitalization of the borrowing costs for such assets shall be ceased.

As for assets under acquisition & construction or production with different part completed separately, which are only serviceable or marketable upon overall completion, capitalization of borrowing costs shall be ceased upon overall completion of such assets.

3. Capitalization suspension period

Capitalization of borrowing costs is suspended when any abnormal interruption continues for over three months during the construction or production of an asset that meets capitalization conditions; If the interruption is a necessary procedure for the purchased, constructed or produced assets that meet the capitalization conditions to reach the preset serviceable state or marketable state, the borrowing costs shall continue to be capitalized. The borrowing costs incurred during such period are recognized as current profit or loss, and capitalization of borrowing costs continues when the construction or production activities of the asset resume.

4. Calculation method for the capitalized amount of borrowing costs

Interest expenses of specific borrowings (net of interest income from unutilized borrowings deposited in banks or investment income from temporary investments) and supplementary expenses shall be capitalized before the acquired & constructed or produced assets qualified for capitalization meet the expected serviceable or merchantable conditions.

The interest amount that shall be capitalized on general borrowings is calculated based on the weighted average of expenses of the aggregate asset exceeding the expenses of the portion of specific borrowings multiplied by the capitalization ratio of the general borrowings utilized. The capitalization rate will be determined based on the weighted average interest rate of general borrowings.

As for borrowings with discounts or premiums, the amortization amount of such discounts or premiums on borrowings of each accounting period as well as adjustment of interest amount of each period shall be determined in accordance with the effective interest method.

27. Biological assets

N/A.

28. Oil and gas assets

N/A.

29. Right to use assets

N/A.

30. Intangible assets

(1) Valuation method, service life and impairment test

An intangible asset refers to an identifiable non-monetary asset without physical substance owned or controlled by the Company, including land use right, software, trademark right, patented technology and talent housing sublease right etc.

1. Initial measurement of intangible assets

For those intangible assets purchased from outside, the purchase value, relevant taxes and other payments

attributable to predicted purpose obtained should be recognized as cost for this asset. Where the payment for an intangible asset is delayed beyond the normal credit terms, which is of financing nature, the cost of the intangible asset is determined based on the present value of purchase price.

As for the intangible assets acquired from the debtor in debt restructuring for the purpose of settlement of debt, the fair value of the intangible assets shall be based to determine the entry value. The difference between the book value of restructured debt and the fair value of the intangible assets used for settlement of debt shall be recorded in current profit or loss

The entry value of intangible asset received in an exchange for non-monetary asset is based on the fair value of the asset surrendered, provided that the asset received in exchange for non-monetary asset has a commercial substance and the fair value of both the asset received and the asset surrendered can be reliably measured, except there is definite evidence that the fair value of the asset received is more reliable; For non-monetary asset exchange that cannot satisfy the above conditions, the book value and relevant taxes payable of the assets surrendered shall be the cost of the intangible assets received and no profit or loss is recognized.

For the intangible asset acquired through business consolidation by merger under the same control, the entry value is determined by the book value of the combined party; for the intangible asset acquired through business consolidation by merger not under the same control, the entry value is determined by the fair value of the intangible asset.

Costs of internally developed intangible assets include materials used for development of these intangible assets, labor costs, registration fees, amortization of other patent rights or chartered rights used in the course of development, interest expenses eligible for capitalization and other direct expenses incurred before such intangible assets ready for intended purposes.

2. Subsequent measurement of intangible assets

The Company determines the service life of intangible assets on acquisition, which are classified as intangible assets with limited service life and uncertain service life.

(1) Intangible assets with limited service life

Intangible assets with limited service life shall be amortized with the straight-line method within the period of bringing economic benefits to the enterprise. For use of the intangible assets with limited service life, the estimated life and basis are as follows:

Item	Expected service life	Basis
Land use right	Service life of land use certificate	Principle of the lower of contract provisions and legal provisions
Software	5 years	Period of the intangible asset bringing economic benefits to the Company
Trademark right	5 years	Period of the intangible asset bringing economic benefits to the Company
Patented technology	5 years	Period of the intangible asset bringing economic benefits to the Company
Talent housing sublease right	Note	Period of the intangible asset bringing economic benefits to the Company

Note: According to Article 10 of *Sales Contract of Public Rental Housing for Enterprise Talents in Bao'an District, Shenzhen*: In case of one of the following circumstances, the Buyer shall apply for repurchase to the Seller after purchasing the Property: (1) the enterprise domicile has been removed from Bao'an; (2) the enterprise is bankrupt; (3) the Property purchased needs to be transferred; (4) The Property is disposed of due to the mortgage of the bank; (5) the property is enforced by the court due to economic disputes; (6) it needs to be repurchased in case of violating relevant regulations and laws, rules and normative documents.

Article 11: After purchasing the Property, the Buyer only enjoys the limited property right and management in accordance with *Detailed Rules on Distribution Management of Talent Housing in Bao'an*. In case of one of the following circumstances: (1) purchasing the Property by fraud, intentional concealment and other acts; (2) undertaking illegal activities by using the Property; (3) unauthorized reconstruction or change of the purpose and function of the Property; (4) The Property is transferred or mortgaged without permission; (5) unauthorized exchange and gifting of the Property; (6) severe damage to the Property due to intentional or serious mistakes; (7)

lease to the unsuitable personnel; (8) failure to investigate and treat the employees for subleasing and lending the Property against the regulations; (9) failure to apply for repurchase which should be applied for according to Article 10 of the Measures; (10) failure to live in the property for more than 6 consecutive months without proper reasons; (11) others against relevant provisions on housing security, the Seller shall force to repurchase the Property purchased by the Buyer.

Article 12: In case of repurchase, both parties shall sign a repurchase agreement, and the Seller shall repurchase at the following prices:

(1) The housing repurchase price is the original purchase price of the Contract within 10 years (inclusive) upon the effective date of the Contract; for more than 10 years, repurchase price = original purchase price * [1-depreciation factor*(years of purchase-10)]. The depreciation factor is calculated by the annual depreciation rate of 1.4%, and the length of purchase is calculated from the effective date of the Contract to the repurchase date, 1 month for more than 15 days (inclusive), and 0.5 months for less than 15 days.

(2) The Seller shall not compensate the Buyer for all expenses for fit-up, decoration and the non-removable part adhered to the housing main body after purchasing the house.

According to relevant provisions of *Sales Contract of Public Rental Housing for Enterprise Talents in Bao'an District, Shenzhen*, the Company has no right to dispose of the purchased talent housing, and cannot obtain the earnings from the housing, but only enjoys the distribution right and the right to collect the rent; What the Company purchases is a housing sublease right, therefore, the paid house payment is recognized as an intangible asset which are not to be amortized within 10 years, and to be amortized at the annual amortization rate of 1.4% in case of more than 10 years.

The service life and depreciation method of the intangible asset with limited service life are re-assessed at the end of each period. If the original estimate varies, corresponding adjustments are made.

After re-assessment, there were no differences found between the service life and amortization method of the intangible asset at the end of the current period and those estimated in the previous period.

(2) Intangible assets with uncertain service life

Intangible assets without foreseeable period of bringing economic benefits to the Company are regarded as intangible assets with uncertain service life.

There are no intangible assets with uncertain service life in the Company at the end of the reporting period.

(2) Internal R&D expenditure accounting policy

1. Specific standards for distinguishing research stage from development stage of the Company's internal research & development project

Research period: The period during which planned investigation and research activities with originality are conducted by the Company in order to obtain and understand innovative scientific or technical knowledge.

Development period: The period during which the Company applies the research results or other knowledge in a plan or design before commercial manufacturing or service in order to produce new materials, equipment and products or those with substantial improvement.

Expenditure in research stage was included in current profit or loss at occurrence.

2. Specific standards for expenditures eligible for capitalization during development stage

Development expenditures of the internal research and development project can be recognized as intangible assets only when all of the following conditions are satisfied:

- (1) It is technically feasible to finish intangible assets for use or sale;
- (2) It is intended to finish and use or sell the intangible assets;
- (3) The marketability of means for generating economic benefits, either the products produced applying this intangible asset or the intangible asset itself or the usefulness of intangible assets intended for in-house use can be proved;
- (4) There are enough technical and financial resources and other resources support in order to finish the development of such intangible asset, and the Company is able to use or sell such intangible asset;
- (5) The expenditures incurred from developing the intangible asset can be reliably measured.

Specific standards for distinguishing research stage from development stage of the Company's internal research &

development project:

Internal research and development expenditures can be divided into the expenditures at research stage and expenditures at development stage in line with its nature and the existence of great uncertainty in the intangible assets finally formed by R&D activities.

Expenditures in the development stage not meeting the above conditions are included in the current profit or loss when incurred. Development expenditures recorded in profits and losses of the previous periods will not be re-recognized as assets in future periods. Capitalized expenditures in the development stage are presented as development expenditures on the balance sheet and converted into intangible assets from the date when the project reaches its intended use.

31. Impairment of long-term assets

The Company makes a judgment on whether there is any sign of possible impairment of long-term assets on the balance sheet date. Where there is any sign of impairment of long-term assets, the recoverable amount is estimated based on individual asset; If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group will be determined based on the asset group to which the single asset belongs.

The recoverable amount is determined according to the higher between the net amount after the fair value minus the disposal cost and the present value of the expected future cash flow of the asset.

If the measurement of recoverable amount shows that the recoverable amount of long-term asset is lower than book value, then the book value shall be deducted to recoverable amount, with the deducted amount recognized as assets impairment loss which is included in current profit or loss, meanwhile, asset impairment provision shall be made accordingly. Once any assets impairment loss is recognized, it shall not be reversed in the future accounting periods.

Upon the recognition of assets impairment loss, the depreciation or amortization expenses of the impaired asset shall be adjusted accordingly in the future periods so as to amortize the post-adjustment book value of the asset systematically (deducting the expected net residual value) within the remaining service life of the asset.

For goodwill formed by business combination and intangible assets with uncertain service life, impairment test should be carried out every year regardless of whether there is a sign of impairment.

During the impairment test on the goodwill, the book value of goodwill is amortized to the asset group or asset group portfolio which is expected to benefit from the synergy of the business combination. When impairment test is done on corresponding asset groups or portfolio of asset groups that contain goodwill, if there is an indication of impairment in goodwill-related asset groups or portfolio of asset groups, first the impairment test is done on asset groups or portfolio of asset groups that don't include goodwill, and recoverable amount is calculated and compared with corresponding book value to confirm corresponding impairment loss. Then the Company shall make an impairment test on the asset groups or asset group portfolios involving business goodwill, and compare the book value (including book value of the amortized goodwill) of such asset groups or asset group portfolios as well as the recoverable amount. Where the recoverable amount of the relevant assets or asset group portfolios is lower than the book value, the loss of goodwill impairment shall be recognized.

32. Long-term deferred expenses

1. Amortization method

Long-term deferred expenses refer to the expenses which the Company has occurred and shall be amortized in the current and later periods with amortization period exceeding one year. Long-term deferred expenses are amortized by stages over the benefit period using the straight-line method.

33. Contract liabilities

The Company presents the obligation of transferring goods to clients due to consideration received or receivable as the contract liabilities.

34. Employee remuneration

(1) Accounting of short-term remuneration

Employee remuneration refers to all kinds of remunerations and other relevant reimbursements given by the Company in exchange for services rendered by employees or for the termination of employment. Employee remuneration includes short-term remuneration, post-employment benefits, dismissal benefits and other long-term employee benefits.

1. Short-term remuneration

The short-term remuneration refers to all the employee remuneration payable by the Company to its employee within 12 months after the end of annual reporting period in which the employee provides relevant services, other than post-employment benefits and dismissal benefits. The Company recognizes short-term remuneration payables as liabilities during the accounting period during which the employee provides services, and includes them in costs and expenses of relevant assets according to the beneficial parties of such services.

(2) Accounting treatment method for post-employment benefits

The post-employment benefits refer to kinds of remuneration and benefits granted by the Company to the employees for their provision of services upon retirement or release of employment, other than short-term remuneration and dismissal benefits.

The Company's post-employment benefits plan includes defined contribution plan and defined benefit plan.

The defined contribution plan under the post-employment benefits is mainly to participate in the social basic endowment insurance and unemployment insurance organized and carried out by local labor and social guarantee authorities. During the accounting period of the employee providing service for the Company, the deposit amount payable calculated by the defined contribution plan is recognized as the liability and included in the current profit or loss or related capital cost.

The Company has no other payment obligations after making the above-mentioned payment periodically according to the standards specified by the state.

(3) Accounting treatment method for dismissal benefits

The dismissal benefits refer to the compensation given by the Company to the employee for severing the labor relations with employee before expiration of the labor contract, or encouraging the employee to voluntarily accept cutdown, when the Company fails to unilaterally withdraw the plan for severing labor relations or cutdown suggestions, and recognizes the cost and expense related to reorganization involving payment for dismissal benefits, whichever is earlier, the Company recognizes the liabilities arising from the compensation given for severing the labor relations with the employee, and meanwhile includes them in the current profit or loss.

The Company provides early retirement benefits to employees who accept internal retirement arrangements. Early retirement benefits refer to wages and social insurance premiums, etc. paid to employees who have not reached the compulsory retirement age stipulated by the state, and voluntarily quit their jobs with the approval of the Company's management. The early retirement benefits are made by the Company to the early retirement employees from the date of early retirement arrangement to the normal retirement age. For the early retirement benefits, the Company performs accounting treatment according to the dismissal benefits, and when the relevant recognition conditions for dismissal benefits are met, recognizes the wages and social insurance premium to be paid to the retired employees from the date when they stop providing services to the normal retirement date as liabilities and include them into the current profit or loss all at once. Changes in actuarial assumptions of retirement benefits and differences caused by adjustment of benefits standards are included in the current profit or loss when incurred.

(4) Accounting treatment method for other long-term employee benefits

Other long-term employee benefits refer to all the employee benefits other than short-term remuneration, post-employment benefits and dismissal benefits.

For other long-term employee benefits qualified for the defined contribution plan, during the accounting period of the employee providing services for the Company, the deposit amount payable is recognized as liabilities and included in the current profit or loss or relevant asset costs; In any other circumstance, the other long-term employee benefits are calculated by independent actuary with the expected accumulative benefit unit method on the balance sheet date, and the benefit obligations arising from the defined benefit plan are attributable to the period when the employee provides services, and included in the current profit or loss or relevant asset costs.

35. Lease liabilities

N/A.

36. Accrued liabilities

1. Recognition criteria for accrued liabilities

The Company recognizes the accrued liabilities when obligations related to contingencies satisfy all the following conditions:

The obligation is the current obligation assumed by the Company;

It is likely to cause any economic benefit to flow out of the Company as a result of performance of the obligation;

The amount of the obligation can be measured in a reliable way.

2. Measurement method of accrued liabilities

Accrued liabilities of the Company are initially measured in accordance with the best estimate of the necessary expenses for performance of the current obligation.

When determining the best estimate number, the Company will comprehensively consider the factors that are related to the contingencies such as risks, uncertainties and the time value of money. If there is a significant impact on the time value of money, the best estimate shall be determined after discounting the relevant future cash outflow.

The best estimate shall be handled as follows:

If there is a successive range (or interval) for the necessary expenses and if all the outcomes within the range are equally likely to occur, the best estimate shall be determined in accordance with the middle estimate within the range, which is the average of upper and lower limits.

The expenses required do not have a successive range (or band), or although there is a successive range (or band), the possibilities of occurrence of different result are not the same, if the contingency is related to individual item, the best estimate should be determined as the most likely amount; where the contingency is related to a number of items, the best estimate should be calculated and determined according to the possible results and the relevant possibilities.

If all or part of the expenditure required for settling the estimated liabilities of the Company is expected to be compensated by a third party, the remuneration amount may be separately recognized as an asset only when it is virtually certain that the remuneration can be received and the remuneration amount recognized shall not exceed book value of the accrued liabilities.

37. Share-based payment

1. Category of share-based payment

Share-based payment of the Company is divided into share-based payment settled by equity and by cash.

2. Method for determining the fair value of equity instrument

For such equity instrument as the granted option with active market, its fair value shall be determined according to the quoted price in the active market. For such equity instruments as the granted option without active market, its fair value shall be determined by using the option pricing model, and the selected option pricing model shall take the following factors into consideration: (1) the exercise price of the option; (2) the validity of the option; (3) the current price of the subject share; (4) the expected rate of share price fluctuation; (5) the expected dividend of the share; (6) the risk-free interest rate of the option within the validity.

When determining the fair value of the equity instrument on the grant date, the impacts of market conditions in vesting conditions and the non-vesting condition specified in share-based payment agreement shall be taken into consideration. If there is a non-vesting condition in share-based payment, cost expenses attributable to services received can be recognized provided that employees or other parties satisfy all the non-market conditions in vesting conditions (such as service term).

3. Basis for determining the best estimate for vesting equity instruments

On each balance sheet date in the waiting period, the best estimate is made according to the latest changes in the number of vesting employees and other follow-up information, and the estimated number of equity instruments is corrected. On the vesting date, the number of the vested equity instruments that is of ultimate estimation is the same as the actual number of the vested equity instruments.

4. Accounting treatment method

Equity-settled share-based payment shall be measured based on fair value of equity instrument granted to employee. After the grant, the equity-settled share-based payment where the right can be immediately exercised shall be included in the relevant costs or expenses in accordance with the fair value of the equity instrument at the grant date, and the capital reserve shall be increased accordingly. For instruments for which exercise is conditional upon completion of service in vesting period or satisfaction of required results, services received in current period are included in relevant costs or expenses and capital reserve at the fair value of the equity instrument as of the

date of grant based on the best estimate of the numbers of vesting equity instruments on each balance sheet date during the vesting period. The recognized costs and total owner's equity are not subject to any adjustments after the vesting date by the Company.

The cash-settled share payment is measured at the fair value of the liability calculated based on shares or other equity instrument of the Company. After the grant, the cash-settled share-based payment where the right can be immediately exercised shall be included in the relevant costs or expenses in accordance with the fair value of the liabilities assumed by the Company at the grant date, and the liabilities shall be increased accordingly. For the cash-settled share-based payment where the right may not be exercised until completing the service within the waiting period or meeting the specified performance conditions, the services obtained in the current period shall be included in the relevant costs or expenses and corresponding liabilities on each balance sheet date within the waiting period based on the best estimate of the vesting conditions and the fair value of liabilities assumed by the Company. The fair value of liabilities shall be re-measured at each balance sheet date and settlement date before the settlement of related liabilities, with changes recognized in the current profit or loss.

If the granted equity instrument is canceled during the waiting period, the Company will treat the cancellation of the granted equity instrument as accelerated exercise, and will immediately include the remaining amount which shall be recognized in the waiting period into the current profit or loss, with the capital reserve recognized. Where the employees or other parties have rights to choose to meet non-vesting conditions but fails within the waiting period, the Company may treat it as the cancellation of the equity instrument granted.

38. Other financial instruments such as preferred shares and perpetual bonds

N/A.

39. Income

Accounting policies used for income recognition and measurement

The Company mainly derives income from testing services.

1. General principles for income recognition

When the Company fulfills the performance obligation in the contract, i.e. the customer receives the right over related goods or services, the income is recognized according to the transaction price that is allocated to this performance obligation.

Performance obligation refers to the commitment of the Company to transfer specifically identifiable goods or services to the customer in the contract.

To obtain control over relevant goods means the ability to direct the use of such goods and to receive almost all economic benefits.

The Company assesses the contract from the start date of the contract and recognizes each individual performance obligation included by the contract, and determines each individual performance obligation will be fulfilled during a certain period or at a certain time point. Those meeting one of the following conditions are deemed as the performance obligation during a certain period of time. For those, the Company recognizes income in a certain period of time based on the performance progress: (1) the customer receives the economic benefit arising from consumption at the same time when the Company performs the contract; (2) the customer can control goods in progress during the process of contract performance by the Company; (3) goods arising from contract performance by the Company have irreplaceable purposes, and the Company is entitled to receive payment for accumulatively completed performance proportion to date throughout the contract term. Or, the Company recognizes income upon the customer acquires control over the relevant goods or services.

For the performance obligation to be fulfilled in a certain period, the Company, depending on the nature of the goods and services, adopts the output method/input method to determine proper progress in performance. Output method is to determine the progress in performance based on the value to the customer of the goods transferred to the customer (Input method is to determine the progress in performance based on the investment by the Company to the performance obligation). If the performance progress cannot be determined reasonably and the costs incurred by the Company are expected to be compensated, the income will be recognized according to the costs incurred until the performance progress is determined reasonably.

2. Specific method for income recognition

The Company is mainly engaged in sample tests and project tests in such fields as trade safeguard, consumer goods, industrial products and life science. 1. Recognition of income from sample tests needs to meet the following conditions: After the provided test service is completed, and the test report is delivered to the customer,

the realization of the operating income is recognized. 2. Recognition of income from project tests needs to meet the following conditions: If the Company has income from the provision of technical services for a customer, the realization of the operating income is recognized after the performance obligation is fulfilled. If the Company has income from engineering tests, the realization of the operating income is recognized after the customer takes over the control over the test service.

3. Income treatment principle for specific transactions

(1) Contract with sales return clause

When the customer obtains the control over relevant goods, the income will be recognized at the amount of consideration the Company expects to receive when transferring the goods to the customer (excluding the amount which is expected to be refunded if the sales are returned), and the liability will be recognized at the amount which is expected to be refunded if the sales are returned.

The balance of the book value of the goods expected to be returned at the time of selling minus the costs expected to incur in returning the goods (including any depreciation loss in the value of the goods) should be accounted in "return cost receivable".

(2) Contract with quality warranty clause

The Company assesses whether the quality warranty provides an individual service in addition to the customer's warranty that the goods sold will meet the agreed standards. Where the Company provides the additional service, such provision is a separate performance obligation and is accounted for according to the new income standards; or the quality warranty liability will be accounted according to accounting standards for contingencies.

(3) Sales contract with the customer's option to purchase additionally

The Company assesses whether the option grants the customer a major right. If a major right is granted, the option is an individual performance obligation to which the transaction price is allocated to. When the customer will exercise the option to obtain the control over relevant goods in the future or the option expires, the income will be recognized. If it is unable to observe the separate selling price associated to the customer's option directly, the price will be reasonably estimated after any difference between the discounts the customer can get when exercising and not exercising the option, the possibility that the customer exercises the option, and other relevant factors are considered.

(4) License contract granting the customer IPRs

The Company assesses whether the IPR license constitutes a separate performance obligation; if it constitutes so, the Company will further determine whether it should be performed in a span of time or at a point of time. If a license grants a customer IPRs and the royalty is based on the customer's actual sales or utilization, the income will be recognized when subsequent sales or utilization by the customer occurs actually or when the Company fulfills the performance obligation, whichever is later.

(5) After-sale repurchase

1) Contract imposing a repurchase obligation under forward arrangement with the customer: As the customer does not obtain the control over relevant goods at the time of sales in this circumstance, it will be accounted as if it were a lease or financing transaction. If the repurchase price is lower than the original selling price, a lease transaction will be assumed and it will be accounted according to relevant lease provisions of the Accounting Standards for Business Enterprises; If the repurchase price is not lower than the original selling price, a financing transaction will be assumed, in which case financial liabilities will be recognized upon receipt of the payment from the customer, and the difference between the payment and the repurchase price will be recognized into interest expenses in the repurchase period. If the Company does not exercise the repurchase right upon expiry, financial liabilities will be recognized upon expiry of the repurchase right, and the income will be recognized.

2) Contract granting a repurchase obligation upon the customer's request: If the Company considers that the customer has a major economic motivation, the after-sale repurchase will be assumed as a lease or financing transaction, which should be accounted pursuant to 1); or it should be treated as a sale transaction attached with sales return clause.

(6) Contract with refundable front fee required from the customer

The refundable front fee required from the customer at (or near) the beginning of the contract should be included in the transaction price. If the Company considers that the front fee is associated to the transfer of the committed commodities to the customer and that these commodities constitute a separate performance obligation, the income will be recognized as the part of transaction price allocated to these commodities at the time of transfer; If the

front fee is associated to the transfer of the committed commodities to the customer but these commodities do not constitute a separate performance obligation, the income will be recognized as the part of transaction price allocated to the separate performance obligation of which these commodities are part when such separate performance obligation is fulfilled. If the front fee is not associated to the transfer of the committed commodities to the customer, the front fee will be deemed as a prepayment for future transfer of commodities, and the income will be recognized at the time of future transfer of such commodities.

The application of different operation models to the same business results in the differences in accounting policies for income recognition.

40. Government subsidies

1. Type

Government subsidies refer to the monetary and non-monetary assets obtained by the Company from the government free of charge. According to the grantees stipulated in the relevant government documents, government subsidies are divided into government subsidies related to assets and government subsidies related to revenue.

For the government subsidies without grantee stipulated in the government documents, the government subsidies are divided into government subsidies related to assets and government subsidies related to revenue by the Company, and relevant judgment basis is as shown in Note VI "Notes to Deferred Income/Non-operating Income" in the Notes to Financial Statements.

Assets-based government subsidies mean those acquired by the Company to purchase or construct long-term assets or develop such assets in other ways. Profit-based government subsidies refer to those rather than asset-related government subsidies.

2. Recognition of government subsidies

Where evidence shows that the Company complies with relevant conditions of policies for financial supports and is expected to receive funds rapidly at the end of the period, the amount receivable is recognized as the government subsidies. Otherwise, the government subsidies are recognized upon receipt.

Government subsidies, if monetary assets, shall be measured at the amount received or receivable; If a government subsidy is in the form of non-monetary asset, it is measured at fair value. If the fair value cannot be obtained reliably, the government subsidy shall be measured at nominal amount (RMB 1). Government subsidies measured at nominal amount shall be directly included in the current profit or loss.

3. Accounting treatment method

Government subsidies relating to assets are either written off against the book value of the related assets or recognized as deferred income. Government subsidies relating to assets are recognized as deferred income, and included by stages into the profits and losses within the service life of the built or purchased asset in a reasonable and systematic way.

Income-related government subsidies of the enterprise for compensation for relevant expenses or losses in subsequent periods are recognized as deferred income, and included in the current profit or loss or offset against relevant costs in the period of recognition of relevant expenses or losses; government subsidies for compensation for incurred relevant expenses or losses are directly included in the current profit or loss or offset against relevant costs.

Government subsidies related to the daily activities of the enterprise are included in other income or offset against relevant costs. Government subsidies unrelated to daily activities of the enterprise will be included in non-operating revenue.

Government subsidies related to concessional policy loan with discounted interest are used to offset against relevant borrowing costs; For the loans with preferential policy interest rate provided by the lending bank, the actual amount of loans received shall be taken as the entry value of loans, and the relevant borrowing costs are calculated based on the principal of the loans and the preferential policy interest rate.

If the recognized government subsidies need to be returned, and the book value of relevant asset is offset in initial recognition, the book value of the asset shall be adjusted; if there is balance in the relevant deferred income, the book balance of the deferred income shall be offset, but the excessive part shall be included in the current profit or loss; The grants without relevant deferred income shall be directly included in the current profit or loss.

41. Deferred income tax assets/deferred income tax liabilities

Deferred income tax assets and deferred income tax liabilities are calculated and recognized based on the differences (temporary differences) arising between the tax bases of assets and liabilities and their book value. On the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured at the tax rates applicable to the period when the asset is recovered or the liability is settled according to estimation.

1. Basis for the recognition of the deferred income tax assets

The Company recognizes deferred income tax assets arising from deductible temporary difference to the extent it is probably to obtain the taxable income that is used for deducting the deductible temporary difference and can carry over the deduction of deductible losses and taxes in the future years. However, the deferred income tax assets arising from the initial recognition of assets or liabilities in transactions with the following features are not recognized: (1) this transaction is not business combination; (2) The transaction neither affects the accounting profit nor the taxable income when it happens (or deductible loss) at the time of transaction.

For the deductible temporary differences arising from the investments in associates, the corresponding deferred income tax assets may be recognized only when the following conditions are satisfied simultaneously: the temporary differences are likely to be reversed in the foreseeable future and it is likely to obtain the taxable income in the future for deducting the deductible temporary differences.

2. Basis for recognition of deferred income tax liabilities

The Company shall recognize the taxable temporary differences which are payable but not paid in the current period and previous periods as deferred income tax liabilities, but excluding:

- (1) Temporary difference arising from the initial recognition of goodwill;
- (2) Transactions or events not arising from business combination, and no temporary difference, whether arising out of the accounting profit or the taxable income (or deductible loss) is affected when the transaction or event occurs;
- (3) For the taxable temporary differences arising from the investments in subsidiaries and associates, the timing of the reversal of the temporary differences can be controlled, and the temporary differences are unlikely to be reversed in the foreseeable future.

3. Deferred income tax assets and deferred income tax liabilities are presented by the net amount after offset if all the following conditions are met

- (1) An enterprise has the legal rights to settle the income tax assets and income tax liabilities in the current period by net amount;
- (2) The deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle the current income tax assets and the current income tax liabilities by net amount or to obtain the assets and liabilities simultaneously, in each future period of reversing significant deferred income tax assets or liabilities.

42. Lease

(1) Accounting treatment method for operating lease

(1) Assets under operating lease

In terms of the lease fee paid by the Company for renting assets, it shall be amortized by the straight-line method during the whole lease period without deducting the rent-free period, and then included into the current expenses. The initial direct expenses paid by the Company related to lease transactions shall be included in current expenses.

When the asset lessor undertakes the expenses related to lease that should have undertaken by the Company, the Company will deduct the expenses from the total rent, and the expenses will be amortized within the lease period according to the deducted lease expenses and included in the current expenses.

(2) Assets leased to others in operation

In terms of the lease fee received by the Company for leasing assets, it shall be amortized by the straight-line method during the whole lease period without deducting the rent-free period, and then recognized as the lease revenue. The initial direct expenses paid by the Company relative to the lease transaction shall be directly included in the current expenses; it shall be capitalized if the amount is large, and according to the same base as that of recognizing the lease revenue, the initial direct expenses shall be included in the current losses and profits by stages in the whole lease period. The initial direct expenses paid by the Company in connection with the lease

transaction shall be included in the current expenses; If the amount is large, it shall be capitalized and included by stages in the current profits throughout the lease term on the same base as the lease-related income.

When the Company undertakes the expenses related to lease that should have undertaken by the asset lessor, the Company will deduct the expenses from the total revenue of rent, and the expenses will be allocated within the lease period according to the deducted lease expenses.

(2) Accounting treatment method for financial lease

(1) Assets under financial lease: on the lease start date, the Company takes the lower of the fair value of the leased assets and the present value of the minimum lease payment as the entry value of the leased assets, and the minimum lease payment amount as the entry value of the long-term payables, with the difference as the unrecognized financing expense. The recognition basis, pricing and depreciation method of the assets under financial lease are shown in this Note: Fixed Assets.

The Company adopts the actual interest rate method to amortize the unrecognized financing expenses within the asset lease period, and includes them in the financial expenses.

(2) Assets leased to others in finance: On the lease commencement date, the Company recognizes the financial leases receivable and the difference between the sum of un-guaranteed residual values and its present value as unrealized financing income, and will further recognize them as rental income within each lease term. The initial direct cost related to lease transaction spent by the Company shall be included into initial measurement of financial leases receivable for reducing the amount of income recognized within the lease term.

43. Other important accounting policies and accounting estimates

1. Discontinued operation

The Company recognizes the component which meets one of the following conditions and has disposed of or is classified as the category held to be sold, can be distinguished separately, as the one of discontinued operation:

- (1) The component represents a separate major business or a single major operating area.
- (2) The component is one part of an associated plan proposed to dispose of one separate major business or a single major operating area.
- (3) The component is a subsidiary obtained specially for resale.

The impairment losses and reversing amounts of discontinued operation and other operating losses and profits and disposal losses and profits are presented in the income statement.

44. Changes in significant accounting policies and accounting estimates

(1) Changes in significant accounting policies

√ Applicable Not Applicable

Content of and reasons for changes in accounting policies	Approval procedure	Remarks
The Company implemented <i>Accounting Standards for Business Enterprises No. 14 - Income</i> revised in 2017 by the Ministry of Finance from January 1, 2020.	The 14th Meeting of the 4th Board of Directors held on April 26, 2018 approved the <i>Proposal on Changes in Accounting Policies</i> through deliberation.	See the description of changes in accounting policies for details.

Description of changes in accounting policies:

1. Impact of implementing the new income standards on the Company

The Company implemented *Accounting Standards for Business Enterprises No. 14 - Income* revised in 2017 by the Ministry of Finance from January 1, 2020. See Note IV for the details on the changed accounting policies.

According to the transitional provisions of the new income standard, during the first implementation of the standard, the accumulative implications shall be adjusted in the opening balance (i.e. balance on January 1, 2020) of retained earnings and other relevant items in the financial statements, with no impacts on comparative information.

In the adoption of the new income standard, the Company only adjusted the accumulative Implications for contracts not completed at the date of the first implementation. No retroactive adjustment was made for contract

changes occurred before the beginning of the earliest comparable period or before the beginning of 2020. Instead, the Company identified the fulfilled and unfulfilled performance obligations according to the final arrangement of contract changes, determined the transaction price and allocated the transaction price between fulfilled and unfulfilled performance obligations.

The impacts of implementing the new income standard on relevant items of the Balance Sheet at the beginning of the current period are presented as follows:

Item	December 31, 2019	Affected amount in aggregate			January 1, 2020
		Re-classification	Re-measurement	Subtotal	
Accounts receivable	744,630,069.58	- 185,991,924.86		- 185,991,924.86	558,638,144.72
Contract assets		185,991,924.86		185,991,924.86	185,991,924.86
Advance receipts	86,259,492.46	-86,259,492.46		-86,259,492.46	
Contract liabilities		81,375,982.03		81,375,982.03	81,375,982.03
Other current liabilities		4,883,510.43		4,883,510.43	4,883,510.43

(2) Changes in significant accounting estimates

Applicable Not Applicable

(3) Initial implementation of new standards for income and lease from 2020, and adjustment of the implementation of financial statements related items at the beginning of the year

Applicable

Whether to adjust the items of Balance Sheet at the beginning of the year

Yes No

Consolidated Balance Sheet

Unit: RMB

Item	December 31, 2019	January 1, 2020	Adjusted figures
Current assets:			
Monetary fund	507,068,508.11	507,068,508.11	
Deposit reservation for balance			
Lending funds			
Financial assets held for trading	555,903,309.16	555,903,309.16	
Derivative financial assets			
Notes receivable	13,064,427.95	13,064,427.95	
Accounts receivable	744,630,069.58	558,638,144.72	-185,991,924.86
Accounts receivable financing			
Advance payment	35,807,681.77	35,807,681.77	
Receivable premium			
Reinsurance receivables			

Reinsurance receivables reserve			
Other receivables	43,307,743.83	43,307,743.83	
Including: Interest receivable			
Dividends receivable	480,000.00	480,000.00	
Buying back the sale of financial assets			
Inventory	19,880,920.66	19,880,920.66	
Contract assets		185,991,924.86	185,991,924.86
Assets held for sale			
Non-current assets due within one year			
Other current assets	321,961,292.15	321,961,292.15	
Total current assets	2,241,623,953.21	2,241,623,953.21	
Non-current assets:			
Loans and advances			
Debt investment			
Other debt investment			
Long-term receivables			
Long-term equity investment	105,752,802.31	105,752,802.31	
Investment in other equity instruments			
Other non-current financial assets	30,212,344.64	30,212,344.64	
Investment real estate	35,017,442.03	35,017,442.03	
Fixed assets	1,276,280,965.46	1,276,280,965.46	
Construction in progress	116,978,198.50	116,978,198.50	
Productive biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets	150,998,028.15	150,998,028.15	
Development expenses			
Goodwill	162,547,650.79	162,547,650.79	
Long-term deferred expenses	164,412,786.51	164,412,786.51	
Deferred income tax assets	45,511,252.61	45,511,252.61	
Other non-current assets	104,932,975.71	104,932,975.71	
Total non-current assets	2,192,644,446.71	2,192,644,446.71	
Total assets	4,434,268,399.92	4,434,268,399.92	
Current liabilities:			

Short-term borrowings	192,777,359.15	192,777,359.15	
Borrowings from the central bank			
Borrowed inter-bank funds			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable			
Accounts payable	413,195,187.86	413,195,187.86	
Advance receipt	86,259,492.46		-86,259,492.46
Contract liabilities		81,375,982.03	81,375,982.03
Financial assets sold for repurchase			
Deposits from customers and interbank			
Receivings from vicariously traded securities			
Receivings from vicariously sold securities			
Payroll payable	309,519,142.24	309,519,142.24	
Taxes payable	51,665,724.93	51,665,724.93	
Other payables	55,074,086.91	55,074,086.91	
Including: Interest payable			
Dividends payable	1,497,642.91	1,497,642.91	
Handling charges and commission payable			
Dividends payable for reinsurance			
Debts held for sale			
Non-current liabilities due within one year	97,036.26	97,036.26	
Other current liabilities		4,883,510.43	4,883,510.43
Total current liabilities	1,108,588,029.81	1,108,588,029.81	
Non-current liabilities:			
Insurance contract reserves			
Long-term borrowings		0.00	
Bonds payable			
Including: Preferred shares			
Perpetual bonds			

Lease liabilities			
Long-term payables	371,605.38	371,605.38	
Long-term payroll payable			
Accrued liabilities	4,162,259.46	4,162,259.46	
Deferred income	64,382,807.91	64,382,807.91	
Deferred income tax liabilities	48,344,986.51	48,344,986.51	
Other non-current liabilities			
Total non-current liabilities	117,261,659.26	117,261,659.26	
Total liabilities	1,225,849,689.07	1,225,849,689.07	
Owner's equities:			
Capital stock	1,657,530,714.00	1,657,530,714.00	
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserves	51,374,649.84	51,374,649.84	
Less: Treasury stock			
Other comprehensive income	4,241,925.44	4,241,925.44	
Special reserves			
Surplus reserve	138,233,476.24	138,233,476.24	
Generic risk reserve			
Undistributed profits	1,295,758,239.33	1,295,758,239.33	
Total owner's equity assigned to the parent company	3,147,139,004.85	3,147,139,004.85	
Equities of minority shareholders	61,279,706.00	61,279,706.00	
Total owner's equities	3,208,418,710.85	3,208,418,710.85	
Total liabilities and owner's equities	4,434,268,399.92	4,434,268,399.92	

Adjustment notes

N/A.

Balance Sheet of the Parent Company

Unit: RMB

Item	December 31, 2019	January 1, 2020	Adjusted figures
Current assets:			
Monetary fund	142,474,013.75	142,474,013.75	
Financial assets held for trading	555,903,309.16	555,903,309.16	

Derivative financial assets			
Notes receivable	4,698,661.68	4,698,661.68	
Accounts receivable	151,511,121.20	103,709,531.47	-47,801,589.73
Accounts receivable financing			
Advance payment	4,034,182.21	4,034,182.21	
Other receivables	696,452,207.63	696,452,207.63	
Including: Interest receivable			
Dividends receivable	31,020,293.24	31,020,293.24	
Inventory	1,258,705.01	1,258,705.01	
Contract assets		47,801,589.73	47,801,589.73
Assets held for sale			
Non-current assets due within one year			
Other current assets	20,968,337.65	20,968,337.65	
Total current assets	1,577,300,538.29	1,577,300,538.29	
Non-current assets:			
Debt investment			
Other debt investment			
Long-term receivables			
Long-term equity investment	1,739,660,718.60	1,739,660,718.60	
Investment in other equity instruments			
Other non-current financial assets	126,000.00	126,000.00	
Investment real estate	56,056,822.86	56,056,822.86	
Fixed assets	254,965,200.57	254,965,200.57	
Construction in progress	6,400,813.77	6,400,813.77	
Productive biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets	25,088,926.85	25,088,926.85	
Development expenses			
Goodwill			
Long-term deferred expenses	14,753,634.01	14,753,634.01	
Deferred income tax assets	9,637,859.81	9,637,859.81	
Other non-current assets	4,340,743.59	4,340,743.59	
Total non-current assets	2,111,030,720.06	2,111,030,720.06	

Total assets	3,688,331,258.35	3,688,331,258.35	
Current liabilities:			
Short-term borrowings	180,758,219.18	180,758,219.18	
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable			
Accounts payable	94,507,768.34	94,507,768.34	
Advance receipt	11,519,323.10		-11,519,323.10
Contract liabilities		10,867,285.94	10,867,285.94
Payroll payable	78,555,634.50	78,555,634.50	
Taxes payable	11,636,393.78	11,636,393.78	
Other payables	621,044,091.93	621,044,091.93	
Including: Interest payable			
Dividends payable	31,042.91	31,042.91	
Debts held for sale			
Non-current liabilities due within one year			
Other current liabilities		652,037.16	652,037.16
Total current liabilities	998,021,430.83	998,021,430.83	
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables			
Long-term payroll payable			
Accrued liabilities			
Deferred income	36,444,397.59	36,444,397.59	
Deferred income tax liabilities	6,426,704.88	6,426,704.88	
Other non-current liabilities			
Total non-current liabilities	42,871,102.47	42,871,102.47	
Total liabilities	1,040,892,533.30	1,040,892,533.30	
Owner's equities:			
Capital stock	1,657,530,714.00	1,657,530,714.00	
Other equity			

instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserves	60,178,276.17	60,178,276.17	
Less: Treasury stock			
Other comprehensive income			
Special reserves			
Surplus reserve	136,855,284.75	136,855,284.75	
Undistributed profits	792,874,450.13	792,874,450.13	
Total owner's equities	2,647,438,725.05	2,647,438,725.05	
Total liabilities and owner's equities	3,688,331,258.35	3,688,331,258.35	

Adjustment notes

N/A.

(4) Initial implementation of new standards for income and lease from 2020, and notes to comparative data at the early stage of retroactive adjustment

Applicable Not Applicable

45. Others

N/A.

VI. Taxes

1. Major taxes and tax rates

Tax category	Tax basis	Tax rate
Value-added tax	The value-added tax received is calculated on the basis of sales goods and taxable service income calculated according to the tax law. After deducting the VAT paid allowed for the current period, the difference is VAT payable.	13%,9%,6%,3%
Consumption tax	0	0
City maintenance and construction tax	Based on actually-paid value-added tax and consumption tax	7%,5%,1%
Enterprise income tax	Calculated and paid based on taxable income	Refer to the notes
Housing property tax	If collected on the basis of ad valorem, tax should be 1.2% of 70% of the original value of the house property	1.2%
Educational surcharges	Based on actually-paid value-added tax and consumption tax	3%
Local educational surcharges	Based on actually-paid value-added tax and consumption tax	1%,2%

If there are taxpayers at different enterprise income tax rates, make disclosure to explain.

Name of taxpayer	Income tax rate
Centre Testing International Group Co., Ltd.	15%
Shenzhen CTI Metrology Technology Co., Ltd.	15%
Centre Testing International Pte. Ltd.	17%
CTIU.S.INC.	Federal 21% + state tax 6%
CEM International Limited	20%
CTI Testing & Certification UK Limited	20%
Poly NDT(Private) Limited	17%
MARITEC PTE. LTD.	17%
Centre Testing International (Taiwan) Co., Ltd.	20%
Centre Testing International (Hong Kong) Co., Ltd.	16.5%
Shenzhen CTI International Certification Co., Ltd.	15%
Shenzhen CTI Laboratory Technology Service Co., Ltd.	20%
Guangdong CTI Judicial Authentication Center	20%
Shenzhen CTI Training Center	20%
Shenzhen CTI Institute of Reference Materials	20%
Shenzhen CTI Reference Materials Research Center Co., Ltd.	20%
Shenzhen CTI information Technology Co., Ltd	20%
Shenzhen CTI Pest Control Co., Ltd.	20%
Zhejiang Hua'an Energy Saving Engineering Co., Ltd.	20%
Ningbo Quality Assurance Co., Ltd. (NQA)	20%
Zhoushan Jingwei Shipping Service Co., Ltd.	20%
Hangzhou Huacheng Equipment Engineering Supervision Co., Ltd.	20%
Centre Testing International (Ningbo) Co., Ltd.	15%
Centre Testing International (Hangzhou) Co., Ltd.	15%
Shanghai CTI Pinbiao Testing Technology Co., Ltd.	15%
Centre Testing International Pinzheng (Shanghai) Co., Ltd.	15%
Centre Testing International (Anhui) Co., Ltd.	15%
Centre Testing International (Nanchang) Co., Ltd.	15%
Ningguo CTI Testing Technology Co., Ltd.	20%
Shanghai CTI Zhike Materials Technology Co., Ltd.	20%
Centre Testing International (Chengdu) Co., Ltd.	15%
Centre Testing International (Chongqing) Co., Ltd.	15%
Hunan Pinbiao CTI Testing Technology Co., Ltd.	15%
Sichuan CTI Jianxin Testing Technology Co., Ltd.	20%
Chengdu Xijiao CTI Rail Transit Technology Co., Ltd.	20%
Fujian Science Way Testing Co., Ltd. (SW)	20%
Centre Testing International (Xiamen) Co., Ltd.	20%
Suzhou CTI Testing Technology Co., Ltd.	15%

Huai'an CTI Testing Technology Co., Ltd.	20%
Centre Testing International Pinbiao (Jiangyin) Co., Ltd.	15%
CTI Biotechnology (Suzhou) Co., Ltd.	15%
Jiangyin CTI Zhi'an Outpatient Department Co., Ltd.	20%
Centre Testing International (Beijing) Co., Ltd.	15%
Centre Testing International (Qingdao) Co., Ltd.	15%
Centre Testing International (Heilongjiang) Co., Ltd.	15%
Centre Testing Electronic Certification Co., Ltd.	15%
Tianjin Jinbin CTI Product Testing Center Co., Ltd.	15%
Dalian Huaxin Physical and Chemical Testing Center Co., Ltd.	15%
Wuhan CTI Testing Technology Co., Ltd.	15%
Centre Testing International (Tianjin) Co., Ltd.	15%
Centre Testing International (Henan) Co., Ltd.	15%
Beijing CTI Agro-food Certification Co., Ltd.	20%
Inner Mongolia CTI QC Technology Service Co., Ltd.	20%
Pinbiao Environmental Technology Co., Ltd.	20%
Centre Testing International (Shanxi) Co., Ltd.	20%
Centre Testing International Pinbiao (Liaoning) Co., Ltd.	20%
Centre Testing International (Shenyang) Co., Ltd.	20%
Centre Testing International Pinbiao (Guangzhou) Co., Ltd.	15%
CTI Engineering Testing Co., Ltd.	15%
Centre Testing International (Gansu) Co., Ltd.	20%
Centre Testing International (Guangxi) Co., Ltd.	20%
CTI River Environment Technology (Shenzhen) Co., Ltd.	20%
Centre Testing International (Zhongshan) Co., Ltd.	20%
Taxpayers other than the above-mentioned	25%

2. Tax preference

1. The Company

The Company is recognized by the Science and Technology Innovation Committee of Shenzhen Municipality, Finance Commission of Shenzhen Municipality, Shenzhen Municipal State Taxation Bureau and Shenzhen Local Taxation Bureau as a new and high-tech enterprise under the certificate numbered GR201444201711, dated on September 30, 2014 and valid for three years. According to the *Notice of Tax Matters of Shenzhen Municipal State Taxation Bureau* (SGSBXJMBA [2015] No. 54) by Xixiang Taxation Branch of Bao'an State Taxation Bureau of Shenzhen, the Company paid for the enterprise income tax at the tax rate of 15% from January 1, 2014 to December 31, 2016.

The Company passed the review in 2017, with the certificate numbered GR201744202310. Issue date: October 31, 2017. The Company paid for the enterprise income tax at 15% from January 1, 2017 to December 31, 2019.

The Company passed the review in 2020, with the certificate numbered GR202044201454. Issue date: December 11, 2020. The Company paid for the enterprise income tax at 15% from January 1, 2020 to December 31, 2022.

2. Shenzhen CTI Metrology Technology Co., Ltd.

Shenzhen CTI Metrology Technology Co., Ltd. is recognized by the Science and Technology Innovation Committee of Shenzhen Municipality, Finance Commission of Shenzhen Municipality and Shenzhen Municipal State Taxation Bureau as a new and high-tech enterprise under the certificate numbered GR201944203871, dated on December 9, 2019 and valid for three years, or Shenzhen CTI Metrology Technology Co., Ltd., the rate of the enterprise income tax is 15% under normal conditions.

3. Shenzhen CTI International Certification Co., Ltd.

Shenzhen CTI International Certification Co., Ltd. is recognized by the Science and Technology Innovation Committee of Shenzhen Municipality, Finance Commission of Shenzhen Municipality, and Shenzhen Municipal State Taxation Bureau as a new and high-tech enterprise under the certificate numbered GR202044200749, dated on December 11, 2020 and valid for three years. Shenzhen CTI International Certification Co., Ltd. will pay for the enterprise income tax at the tax rate of 15% this year.

4. Shenzhen CTI Laboratory Technology Service Co., Ltd.

Shenzhen CTI Laboratory Technology Service Co., Ltd. is recognized by the Science and Technology Innovation Committee of Shenzhen Municipality, Finance Commission of Shenzhen Municipality, Shenzhen Municipal State Taxation Bureau and Shenzhen Local Taxation Bureau as a new and high-tech enterprise under the certificate numbered GR201844202719, dated on November 9, 2018 and valid for three years. Shenzhen CTI Laboratory Technology Service Co., Ltd. will pay for the enterprise income tax at the tax rate of 15% this year.

According to the *Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises* (CS [2019] No. 13), from January 1, 2019 to December 31, 2021, for the part of the small low-profit enterprise with the annual taxable income of not exceeding RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; For the part with the annual taxable income of exceeding RMB 1 million but not exceeding RMB 3 million, 50% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

5. Guangdong CTI Judicial Authentication Center

According to the *Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises* (CS [2019] No. 13), from January 1, 2019 to December 31, 2021, for the part of the small low-profit enterprise with the annual taxable income of not exceeding RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; For the part with the annual taxable income of exceeding RMB 1 million but not exceeding RMB 3 million, 50% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

6. Shenzhen CTI Training Center

According to the *Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises* (CS [2019] No. 13), from January 1, 2019 to December 31, 2021, for the part of the small low-profit enterprise with the annual taxable income of not exceeding RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; For the part with the annual taxable income of exceeding RMB 1 million but not exceeding RMB 3 million, 50% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

7. Shenzhen CTI Institute of Reference Materials

According to the *Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises* (CS [2019] No. 13), from January 1, 2019 to December 31, 2021, for the part of the small low-profit enterprise with the annual taxable income of not exceeding RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; For the part with the annual taxable income of exceeding RMB 1 million but not exceeding RMB 3 million, 50% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

8. Shenzhen CTI Reference Materials Research Center Co., Ltd.

According to the *Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises* (CS [2019] No. 13), from January 1, 2019 to December 31, 2021, for the part of the small low-profit enterprise with the annual taxable income of not exceeding RMB 1 million, 25% thereof is included in the payable income, and the enterprise

income tax is paid at the tax rate of 20%; For the part with the annual taxable income of exceeding RMB 1 million but not exceeding RMB 3 million, 50% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

9. Shenzhen CTI information Technology Co., Ltd.

According to the *Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises* (CS [2019] No. 13), from January 1, 2019 to December 31, 2021, for the part of the small low-profit enterprise with the annual taxable income of not exceeding RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; For the part with the annual taxable income of exceeding RMB 1,000,000 but not exceeding RMB 3,000,000, 50% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

10. Shenzhen CTI Pest Control Co., Ltd.

According to the *Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises* (CS [2019] No. 13), from January 1, 2019 to December 31, 2021, for the part of the small low-profit enterprise with the annual taxable income of not exceeding RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; For the part with the annual taxable income of exceeding RMB 1 million but not exceeding RMB 3 million, 50% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

11. Zhejiang Hua'an Energy Saving Engineering Co., Ltd.

According to the *Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises* (CS [2019] No. 13), from January 1, 2019 to December 31, 2021, for the part of the small low-profit enterprise with the annual taxable income of not exceeding RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; For the part with the annual taxable income of exceeding RMB 1 million but not exceeding RMB 3 million, 50% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

12. Ningbo Quality Assurance Co., Ltd. (NQA)

According to the *Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises* (CS [2019] No. 13), from January 1, 2019 to December 31, 2021, for the part of the small low-profit enterprise with the annual taxable income of not exceeding RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; For the part with the annual taxable income of exceeding RMB 1 million but not exceeding RMB 3 million, 50% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

13. Zhoushan Jingwei Shipping Service Co., Ltd.

According to the *Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises* (CS [2019] No. 13), from January 1, 2019 to December 31, 2021, for the part of the small low-profit enterprise with the annual taxable income of not exceeding RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; For the part with the annual taxable income of exceeding RMB 1 million but not exceeding RMB 3 million, 50% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

14. Hangzhou Huacheng Equipment Engineering Supervision Co., Ltd.

According to the *Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises* (CS [2019] No. 13), from January 1, 2019 to December 31, 2021, for the part of the small low-profit enterprise with the annual taxable income of not exceeding RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; For the part with the annual taxable income of exceeding RMB 1 million but not exceeding RMB 3 million, 50% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

15. Centre Testing International (Ningbo) Co., Ltd.

The Company is jointly recognized by Ningbo Municipal Science and Technology Bureau, Ningbo Municipal

Bureau of Finance, and Ningbo Tax Service, State Taxation Administration as a new and high-tech enterprise under the certificate numbered GR201833100221, dated on November 27, 2018 and valid for three years. The Company will pay for the enterprise income tax at the tax rate of 15% this year.

16. Centre Testing International (Hangzhou) Co., Ltd.

The Company is jointly recognized by Science and Technology Department of Zhejiang Province, Department of Finance of Zhejiang Province and Zhejiang Provincial Tax Service, State Taxation Administration as a new and high-tech enterprise under the certificate numbered GR202033002508, dated on December 1, 2020 and valid for three years. The Company will pay for the enterprise income tax at the tax rate of 15% this year.

17. Shanghai CTI Pinbiao Testing Technology Co., Ltd.

Shanghai CTI Pinbiao Testing Technology Co., Ltd. is jointly recognized by Science and Technology Commission of Shanghai Municipality, Shanghai Municipal Bureau of Finance, Shanghai Municipal Office of SAT and Shanghai Local Taxation Bureau as a new and high-tech enterprise under the certificate numbered GR201931005268, dated on December 6, 2019 and valid for three years. Shanghai CTI Pinbiao Testing Technology Co., Ltd. will pay for the enterprise income tax at the tax rate of 15% this year.

18. Centre Testing International Pinzheng (Shanghai) Co., Ltd.

Centre Testing International Pinzheng (Shanghai) Co., Ltd. is jointly recognized by Science and Technology Commission of Shanghai Municipality, Shanghai Municipal Bureau of Finance, Shanghai Municipal Office of SAT and Shanghai Local Taxation Bureau as a new and high-tech enterprise under the certificate numbered GR201731002121, dated on November 8, 2020 and valid for three years. Centre Testing International Pinzheng (Shanghai) Co., Ltd. will pay for the enterprise income tax at the tax rate of 15% this year.

19. Centre Testing International (Anhui) Co., Ltd.

Centre Testing International (Anhui) Co., Ltd. is jointly recognized by Science and Technology Department of Anhui Province, Department of Finance of Anhui Province, Anhui Provincial Tax Service, State Taxation Administration and Anhui Provincial Local Taxation Bureau as a new and high-tech enterprise under the certificate numbered GR201934001289, dated on September 9, 2019 and valid for three years. Centre Testing International (Anhui) Co., Ltd. will pay for the enterprise income tax at the tax rate of 15% this year.

20. Centre Testing International (Nanchang) Co., Ltd.

Centre Testing International (Nanchang) Co., Ltd. is jointly recognized by Science and Technology Department of Jiangxi Province, Department of Finance of Jiangxi Province and Jiangxi Provincial Tax Service, State Taxation Administration as a new and high-tech enterprise under the certificate numbered GR202036002943, dated on December 2, 2020 and valid for three years. Centre Testing International (Nanchang) Co., Ltd. will pay for the enterprise income tax at the tax rate of 15% this year.

21. Ningguo CTI Testing Technology Co., Ltd.

According to the *Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises* (CS [2019] No. 13), from January 1, 2019 to December 31, 2021, for the part of the small low-profit enterprise with the annual taxable income of not exceeding RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; For the part with the annual taxable income of exceeding RMB 1 million but not exceeding RMB 3 million, 50% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

22. Shanghai CTI Zhike Materials Technology Co., Ltd.

According to the *Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises* (CS [2019] No. 13), from January 1, 2019 to December 31, 2021, for the part of the small low-profit enterprise with the annual taxable income of not exceeding RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; For the part with the annual taxable income of exceeding RMB 1 million but not exceeding RMB 3 million, 50% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

23. Centre Testing International (Chengdu) Co., Ltd.

Centre Testing International (Chengdu) Co., Ltd. is jointly recognized by Science and Technology Department of Sichuan Province, Department of Finance of Sichuan Province, Sichuan Provincial Tax Service, State Taxation Administration and Sichuan Provincial Local Taxation Bureau as a new and high-tech enterprise under the

certificate numbered GR201951001162, dated on November 28, 2019 and valid for three years. Centre Testing International (Chengdu) Co., Ltd. will pay for the enterprise income tax at the tax rate of 15% this year.

24. Centre Testing International (Chongqing) Co., Ltd.

Centre Testing International (Chongqing) Co., Ltd. is jointly recognized by Science and Technology Commission of Chongqing Municipality, Chongqing Municipal Bureau of Finance, Chongqing Municipal Office of SAT and Chongqing Local Taxation Bureau as a new and high-tech enterprise under the certificate numbered GR201951100639, dated on November 21, 2019 and valid for three years. Centre Testing International (Chongqing) Co., Ltd. will pay for the enterprise income tax at the tax rate of 15% this year.

25. Hunan Pinbiao CTI Testing Technology Co., Ltd.

Hunan Pinbiao CTI Testing Technology Co., Ltd. is jointly recognized by Science and Technology Department of Hunan Province, Department of Finance of Hunan Province and Hunan Provincial Tax Service, State Taxation Administration as a new and high-tech enterprise under the certificate numbered GR201843001186, dated on December 3, 2018 and valid for three years. Hunan Pinbiao CTI Testing Technology Co., Ltd. will pay for the enterprise income tax at the tax rate of 15% this year.

26. Sichuan CTI Jianxin Testing Technology Co., Ltd.

According to the *Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises* (CS [2019] No. 13), from January 1, 2019 to December 31, 2021, for the part of the small low-profit enterprise with the annual taxable income of not exceeding RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; For the part with the annual taxable income of exceeding RMB 1 million but not exceeding RMB 3 million, 50% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

27. Chengdu Xijiao CTI Rail Transit Technology Co., Ltd.

According to the *Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises* (CS [2019] No. 13), from January 1, 2019 to December 31, 2021, for the part of the small low-profit enterprise with the annual taxable income of not exceeding RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; For the part with the annual taxable income of exceeding RMB 1 million but not exceeding RMB 3 million, 50% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

28. Fujian Science Way Testing Co., Ltd. (SW)

According to the *Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises* (CS [2019] No. 13), from January 1, 2019 to December 31, 2021, for the part of the small low-profit enterprise with the annual taxable income of not exceeding RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; For the part with the annual taxable income of exceeding RMB 1 million but not exceeding RMB 3 million, 50% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

29. Centre Testing International (Xiamen) Co., Ltd.

According to the *Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises* (CS [2019] No. 13), from January 1, 2019 to December 31, 2021, for the part of the small low-profit enterprise with the annual taxable income of not exceeding RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; For the part with the annual taxable income of exceeding RMB 1 million but not exceeding RMB 3 million, 50% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

30. Suzhou CTI Testing Technology Co., Ltd.

The Company is jointly recognized by Science and Technology Department of Suzhou Province, Department of Finance of Suzhou Province and Suzhou Provincial Tax Service, State Taxation Administration as a new and high-tech enterprise under the certificate numbered GR202032002108, dated on December 2, 2020 and valid for three years. The Company will pay for the enterprise income tax at the tax rate of 15% this year.

31. Huai'an CTI Testing Technology Co., Ltd.

According to the *Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises* (CS [2019] No. 13), from January 1, 2019 to December 31, 2021, for the part of the small low-profit enterprise with the annual taxable income of not exceeding RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; For the part with the annual taxable income of exceeding RMB 1 million but not exceeding RMB 3 million, 50% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

32. Centre Testing International Pinbiao (Jiangyin) Co., Ltd.

The Company is jointly recognized by Science and Technology Department of Suzhou Province, Department of Finance of Suzhou Province and Suzhou Provincial Tax Service, State Taxation Administration as a new and high-tech enterprise under the certificate numbered GR202032000014, dated on December 2, 2020 and valid for three years. The Company will pay for the enterprise income tax at the tax rate of 15% this year.

33. CTI Biotechnology (Suzhou) Co., Ltd.

The Company is jointly recognized by Science and Technology Department of Suzhou Province, Department of Finance of Suzhou Province and Suzhou Provincial Tax Service, State Taxation Administration as a new and high-tech enterprise under the certificate numbered GR202032003741, dated on December 2, 2020 and valid for three years. The Company will pay for the enterprise income tax at the tax rate of 15% this year.

34. Jiangyin CTI Zhi'an Outpatient Department Co., Ltd.

According to the *Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises* (CS [2019] No. 13), from January 1, 2019 to December 31, 2021, for the part of the small low-profit enterprise with the annual taxable income of not exceeding RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; For the part with the annual taxable income of exceeding RMB 1 million but not exceeding RMB 3 million, 50% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

35. Centre Testing International (Beijing) Co., Ltd.

On August 10, 2017, Centre Testing International (Beijing) Co., Ltd. was recognized by Beijing Municipal Science & Technology Commission, Beijing Municipal Bureau of Finance, Beijing Municipal Office of SAT and Beijing Local Taxation Bureau as a new and high-tech enterprise under the certificate numbered GF201711000166 and valid for three years. The Company will pay for the enterprise income tax at the tax rate of 15% during 2017-2019.

The Company passed the review in 2020, with the certificate numbered GR202011003279. Issue date: October 21, 2020. The certificate is valid for 3 years.

36. Centre Testing International (Qingdao) Co., Ltd.

Centre Testing International (Qingdao) Co., Ltd. is jointly recognized by Qingdao Municipal Science and Technology Bureau, Qingdao Municipal Bureau of Finance, Qingdao Tax Service, State Taxation Administration, Qingdao Local Taxation Bureau as a new and high-tech enterprise under the certificate numbered GF201537100078, dated on October 8, 2015 and valid for three years. Centre Testing International (Qingdao) Co., Ltd. will pay for the enterprise income tax at the tax rate of 15% this year.

The Company passed the review in 2018, with the certificate numbered GR201837101447. Issue date: November 30, 2018. The Company shall pay for the enterprise income tax at the tax rate of 15% from January 1, 2018 to December 31, 2020.

37. Centre Testing International (Heilongjiang) Co., Ltd.

Centre Testing International (Heilongjiang) Co., Ltd. is jointly recognized by Science and Technology Department of Heilongjiang Province, The Finance Department of Heilongjiang Province, Heilongjiang Provincial Tax Service, State Taxation Administration, Heilongjiang Provincial Local Taxation Bureau as a new and high-tech enterprise under the certificate numbered GR201523000102, dated on October 13, 2015 and valid for three years. Centre Testing International (Heilongjiang) Co., Ltd. will pay for the enterprise income tax at the tax rate of 15% this year.

The Company passed the review in 2018, with the certificate numbered GR201823000075. Issue date: November 27, 2018. The Company shall pay for the enterprise income tax at the tax rate of 15% from January 1, 2018 to December 31, 2020.

38. Centre Testing Electronic Certification Co., Ltd.

Centre Testing Electronic Certification Co., Ltd. is jointly recognized by Science and Technology Department of Henan Province, Department of Finance of Henan Province and Henan Provincial Tax Service, State Taxation Administration as a new and high-tech enterprise under the certificate numbered GR201941001420, dated on December 3, 2019 and valid for three years. Centre Testing Electronic Certification Co., Ltd. will pay for the enterprise income tax at the tax rate of 15% this year.

39. Tianjin Jinbin CTI Product Testing Center Co., Ltd.

Tianjin Jinbin CTI Product Testing Center Co., Ltd. is jointly recognized by Science and Technology Commission of Tianjin Municipality, Tianjin Municipal Bureau of Finance, Tianjin Municipal Office of SAT and Tianjin Local Taxation Bureau as a new and high-tech enterprise under the certificate numbered GR201612001212, dated on December 9, 2016 and valid for three years. Tianjin Jinbin CTI Product Testing Center Co., Ltd. will pay for the enterprise income tax at the tax rate of 15% this year.

The Company passed the review in 2019, with the certificate numbered GR201912000082. Issue date: October 28, 2019. The certificate is valid for 3 years. Tianjin Jinbin CTI Product Testing Center Co., Ltd. will pay for the enterprise income tax at the tax rate of 15% this year.

40. Dalian Huaxin Physical and Chemical Testing Center Co., Ltd.

Dalian Huaxin Physical and Chemical Testing Center Co., Ltd. is jointly recognized by Dalian Municipal Science and Technology Bureau, Dalian Municipal Bureau of Finance, Dalian Tax Service, State Taxation Administration and Dalian Local Taxation Bureau as a new and high-tech enterprise under the certificate numbered GR201921200267, dated on September 2, 2019 and valid for three years. Dalian Huaxin Physical and Chemical Testing Center Co., Ltd. will pay for the enterprise income tax at the tax rate of 15% this year.

41. Wuhan CTI Testing Technology Co., Ltd.

Wuhan CTI Testing Technology Co., Ltd. is jointly recognized by Science and Technology Department of Hubei Province, Department of Finance of Hubei Province and Hubei Provincial Tax Service, State Taxation Administration as a new and high-tech enterprise under the certificate numbered GR201942002961, dated on November 28, 2019 and valid for three years. Wuhan CTI Testing Technology Co., Ltd. will pay for the enterprise income tax at the tax rate of 15% this year.

42. Centre Testing International (Tianjin) Co., Ltd.

Centre Testing International (Tianjin) Co., Ltd. is jointly recognized by Science and Technology Commission of Tianjin Municipality, Tianjin Municipal Bureau of Finance and Tianjin Municipal Office of SAT as a new and high-tech enterprise under the certificate numbered GR201812001087, dated on November 30, 2018 and valid for three years. Centre Testing International (Tianjin) Co., Ltd. will pay for the enterprise income tax at the tax rate of 15% in the reporting period.

43. Centre Testing International (Henan) Co., Ltd.

Centre Testing International (Henan) Co., Ltd. is jointly recognized by Science and Technology Department of Henan Province, Department of Finance of Henan Province, Henan Provincial Tax Service, State Taxation Administration and Henan Provincial Local Taxation Bureau as a new and high-tech enterprise under the certificate numbered GR202041000261, dated on September 9, 2020 and valid for three years. Centre Testing International (Henan) Co., Ltd. will pay for the enterprise income tax at the tax rate of 15% this year.

44. Beijing CTI Agro-food Certification Co., Ltd.

According to the *Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises* (CS [2019] No. 13), from January 1, 2019 to December 31, 2021, for the part of the small low-profit enterprise with the annual taxable income of not exceeding RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; For the part with the annual taxable income of exceeding RMB 1 million but not exceeding RMB 3 million, 50% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

45. Inner Mongolia CTI QC Technology Service Co., Ltd.

According to the *Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises* (CS [2019] No. 13), from January 1, 2019 to December 31, 2021, for the part of the small low-profit enterprise with the annual taxable income of not exceeding RMB 1 million, 25% thereof is included in the payable income, and the enterprise

income tax is paid at the tax rate of 20%; For the part with the annual taxable income of exceeding RMB 1 million but not exceeding RMB 3 million, 50% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

46. Pinbiao Environmental Technology Co., Ltd.

According to the *Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises* (CS [2019] No. 13), from January 1, 2019 to December 31, 2021, for the part of the small low-profit enterprise with the annual taxable income of not exceeding RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; For the part with the annual taxable income of exceeding RMB 1 million but not exceeding RMB 3 million, 50% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

47. Centre Testing International (Shanxi) Co., Ltd.

According to the *Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises* (CS [2019] No. 13), from January 1, 2019 to December 31, 2021, for the part of the small low-profit enterprise with the annual taxable income of not exceeding RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; For the part with the annual taxable income of exceeding RMB 1 million but not exceeding RMB 3 million, 50% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

48. Centre Testing International Pinbiao (Liaoning) Co., Ltd.

According to the *Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises* (CS [2019] No. 13), from January 1, 2019 to December 31, 2021, for the part of the small low-profit enterprise with the annual taxable income of not exceeding RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; For the part with the annual taxable income of exceeding RMB 1 million but not exceeding RMB 3 million, 50% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

49. Centre Testing International (Shenyang) Co., Ltd.

According to the *Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises* (CS [2019] No. 13), from January 1, 2019 to December 31, 2021, for the part of the small low-profit enterprise with the annual taxable income of not exceeding RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; For the part with the annual taxable income of exceeding RMB 1 million but not exceeding RMB 3 million, 50% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

50. Centre Testing International Pinbiao (Guangzhou) Co., Ltd.

Centre Testing International Pinbiao (Guangzhou) Co., Ltd. is jointly recognized by Science and Technology Department of Guangdong Province, Department of Finance of Guangdong Province, Guangdong Provincial Tax Service, State Taxation Administration and Guangdong Provincial Local Taxation Bureau as a new and high-tech enterprise under the certificate numbered GR202044007364, dated on December 9, 2020 and valid for three years. Centre Testing International Pinbiao (Guangzhou) Co., Ltd. will pay for the enterprise income tax at the tax rate of 15% this year.

51. CTI Engineering Testing Co., Ltd.

CTI Engineering Testing Co., Ltd. is jointly recognized by Science and Technology Department of Guangdong Province, Department of Finance of Guangdong Province and Guangdong Provincial Tax Service, State Taxation Administration as a new and high-tech enterprise under the certificate numbered GR201944006182, dated on December 2, 2019 and valid for three years. CTI Engineering Testing Co., Ltd. will pay for the enterprise income tax at the tax rate of 15% this year.

52. Centre Testing International (Gansu) Co., Ltd.

According to the *Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises* (CS [2019] No. 13), from January 1, 2019 to December 31, 2021, for the part of the small low-profit enterprise with the annual taxable income of not exceeding RMB 1 million, 25% thereof is included in the payable income, and the enterprise

income tax is paid at the tax rate of 20%; For the part with the annual taxable income of exceeding RMB 1 million but not exceeding RMB 3 million, 50% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

53. Centre Testing International (Guangxi) Co., Ltd.

According to the *Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises* (CS [2019] No. 13), from January 1, 2019 to December 31, 2021, for the part of the small low-profit enterprise with the annual taxable income of not exceeding RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; For the part with the annual taxable income of exceeding RMB 1 million but not exceeding RMB 3 million, 50% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

54. CTI River Environment Technology (Shenzhen) Co., Ltd.

According to the *Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises* (CS [2019] No. 13), from January 1, 2019 to December 31, 2021, for the part of the small low-profit enterprise with the annual taxable income of not exceeding RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; For the part with the annual taxable income of exceeding RMB 1 million but not exceeding RMB 3 million, 50% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

55. Centre Testing International (Zhongshan) Co., Ltd.

According to the *Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises* (CS [2019] No. 13), from January 1, 2019 to December 31, 2021, for the part of the small low-profit enterprise with the annual taxable income of not exceeding RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; For the part with the annual taxable income of exceeding RMB 1 million but not exceeding RMB 3 million, 50% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

3. Others

N/A.

VII. Notes to items of consolidated financial statements

1. Monetary fund

Unit: RMB

Item	Ending balance	Beginning balance
Cash on hand	212,612.19	301,448.26
Bank deposits	546,088,058.45	489,935,345.78
Other monetary funds	14,316,970.94	16,831,714.07
Total	560,617,641.58	507,068,508.11
Including: Total amount of overseas deposits	121,864,864.09	86,714,142.97
Total amount of the funds in use limitation due to mortgage, pledge or freeze, etc.	17,650,766.01	17,169,443.45

Other notes

The restricted monetary funds are in details as follows:		
	Ending balance	Beginning balance
Banker acceptance bill security	0.87	1,517,170.75
Letter of credit security		286,734.00
Tender security	701,320.76	

Performance security	13,125,610.96	14,331,461.13
Fixed-term deposit/call deposit	96,264.68	98,253.19
Others	3,727,568.74	935,824.38
Total	17,650,766.01	17,169,443.45

2. Financial assets held for trading

Unit: RMB

Item	Ending balance	Beginning balance
Financial assets at fair value through profit or loss	1,001,604,472.72	555,903,309.16
Including:		
Bank's wealth management products	1,001,604,472.72	555,903,309.16
Including:		
Total	1,001,604,472.72	555,903,309.16

Other notes:

N/A.

3. Derivative financial assets

Unit: RMB

Item	Ending balance	Beginning balance

Other notes:

N/A.

4. Notes receivable

(1) Classification presentation of notes receivable

Unit: RMB

Item	Ending balance	Beginning balance
Bank acceptance bill	17,780,046.55	6,886,588.77
Trade acceptance bill	3,650,523.67	6,177,839.18
Total	21,430,570.22	13,064,427.95

Unit: RMB

Category	Ending balance					Beginning balance				
	Book balance		Provision for bad and doubtful debts		Book value	Book balance		Provision for bad and doubtful debts		Book value
	Amount	Percentage	Amount	Proportion of provision		Amount	Percentage	Amount	Proportion of provision	
Including:										
Notes receivable with	22,722,715.34	100.00%	1,292,145.12	5.69%	21,430,570.22	15,743,627.01	100.00%	2,679,199.06	17.02%	13,064,427.95

provision for bad debt reserves by portfolio										
Including:										
Banker acceptance bill	18,954,487.25	83.42%	1,174,440.70	6.20%	17,780,046.55	7,838,192.45	49.79%	951,603.68	12.14%	6,886,588.77
Commercial acceptance bill	3,768,228.09	16.58%	117,704.42	3.12%	3,650,523.67	7,905,434.56	50.21%	1,727,595.38	21.85%	6,177,839.18
Total	22,722,715.34	100.00%	1,292,145.12	5.69%	21,430,570.22	15,743,627.01	100.00%	2,679,199.06	17.02%	13,064,427.95

Individual provision for bad debt reserves:

Unit: RMB

Item	Ending balance			
	Book balance	Provision for bad and doubtful debts	Proportion of provision	Reasons for provision

Provision for bad debt reserves by portfolio: 1,292,145.12

Unit: RMB

Item	Ending balance		
	Book balance	Provision for bad and doubtful debts	Proportion of provision
Banker acceptance bill	18,954,487.25	1,174,440.70	6.20%
Commercial acceptance bill	3,768,228.09	117,704.42	3.12%
Total	22,722,715.34	1,292,145.12	--

Explanation of basis for determining such portfolio:

N/A.

Provision for bad debt reserves by portfolio:

Unit: RMB

Item	Ending balance		
	Book balance	Provision for bad and doubtful debts	Proportion of provision

Explanation of basis for determining such portfolio:

For provision for bad debt reserves of the notes receivable by the general model of the expected credit loss, relevant information of bad debt reserves is disclosed by referring to the disclosure method of other receivables:

Applicable Not Applicable

(2) Provision for bad debt accrued, recovered or reversed in the current period

Provision for bad debt accrued in the current period:

Unit: RMB

Category	Beginning balance	Amount changed in current period				Ending balance
		Accrual	Recovery or reverse	Write-off	Others	
Notes receivable with provisions for expected credit loss as per the portfolio						
Including: Banker acceptance bill	951,603.68	222,837.02				1,174,440.70
Commercial acceptance bill	1,727,595.38		1,609,890.96			117,704.42
Total	2,679,199.06	222,837.02	1,609,890.96			1,292,145.12

The reversed or recalled bad debt reserves at current period with significant amount:

Applicable Not Applicable

(3) Notes receivable pledged by the Company at the end of the period

Unit: RMB

Item	Pledged amount at the end of the period
Total	0.00

(4) Notes receivable endorsed or discounted by the Company at end of the period and yet undue by the balance sheet date

Unit: RMB

Item	Ending amount derecognized	Ending amount not derecognized
Bank acceptance bill	740,616.51	0.00
Total	740,616.51	0.00

(5) Notes transferred to accounts receivable by the Company due to drawer's non-performance at the end of the period

Unit: RMB

Item	Amount of accounts receivable transferred at the end of the period
Total	0.00

Other notes

N/A.

(6) Notes receivable actually written off in the current period

Unit: RMB

Item	Amount written off
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The write-off of major notes receivable:

Unit: RMB

Company name	Nature of notes receivable	Amount written off	Write-off reason	Write-off procedures performed	Whether the fund is generated by related transactions
Total	--	0.00	--	--	--

Description of notes receivable write-off:

N/A.

5. Accounts receivable

(1) Accounts receivable disclosed by category

Unit: RMB

Category	Ending balance					Beginning balance				
	Book balance		Provision for bad and doubtful debts		Book value	Book balance		Provision for bad and doubtful debts		Book value
	Amount	Percentage	Amount	Proportion of provision		Amount	Percentage	Amount	Proportion of provision	
Accounts receivable with individual provision for bad debt reserves	3,135,590.86	0.37%	3,135,590.86	100.00%	0.00	28,656,145.35	4.32%	28,571,663.06	99.71%	84,482.29
Including:										
Accounts receivable with provision for bad debt reserves by portfolio	851,708,251.08	99.63%	93,534,711.93	10.98%	758,173,539.15	635,344,640.50	95.68%	76,790,978.07	12.09%	558,553,662.43
Including:										
Including: Aging portfolio	851,708,251.08	99.63%	93,534,711.93	10.98%	758,173,539.15	635,344,640.50	95.68%	76,790,978.07	12.09%	558,553,662.43
Total	854,843,841.94	100.00%	96,670,302.79	11.31%	758,173,539.15	664,000,785.85	100.00%	105,362,641.13	15.87%	558,638,144.72

Individual provision for bad debt reserves: RMB 3,135,590.86

Unit: RMB

Item	Ending balance			
	Book balance	Provision for bad and doubtful debts	Proportion of provision	Reasons for provision

Ningbo Ta'ao Ditong Auto Parts Co., Ltd.	1,169,074.00	1,169,074.00	100.00%	Predicted to be unrecoverable
CNOOC Ningbo Daxie Petrochemical Co., Ltd.	703,230.88	703,230.88	100.00%	Predicted to be unrecoverable
The Sixth Construction Company Ltd. of China National Chemical Engineering	285,821.00	285,821.00	100.00%	Predicted to be unrecoverable
Jiangxi Provincial Industrial Equipment Installation Co.	158,940.00	158,940.00	100.00%	Predicted to be unrecoverable
Hunan Nanfeng Machine Manufacturing Co., Ltd.	137,835.00	137,835.00	100.00%	Predicted to be unrecoverable
Yueqing Huarun Gas Co., Ltd.	115,465.00	115,465.00	100.00%	Predicted to be unrecoverable
Individual provision for accounts receivable with the book balance of not exceeding RMB 100,000	565,224.98	565,224.98	100.00%	Predicted to be unrecoverable
Total	3,135,590.86	3,135,590.86	--	--

Individual provision for bad debt reserves:

Unit: RMB

Item	Ending balance			
	Book balance	Provision for bad and doubtful debts	Proportion of provision	Reasons for provision

Provision for bad debt reserves by portfolio: RMB 93,534,711.93

Unit: RMB

Item	Ending balance		
	Book balance	Provision for bad and doubtful debts	Proportion of provision
Within 1 year	734,403,344.53	36,699,383.85	5.00%
1-2 years	67,316,057.49	19,749,589.90	29.34%
2-3 years	24,740,076.22	11,836,965.34	47.85%
Above 3 years	25,248,772.84	25,248,772.84	100.00%
Total	851,708,251.08	93,534,711.93	--

Explanation of basis for determining such portfolio:

N/A.

Provision for bad debt reserves by portfolio:

Unit: RMB

Item	Ending balance		
	Book balance	Provision for bad and doubtful debts	Proportion of provision

Explanation of basis for determining such portfolio:

For provision for bad debt reserve for accounts receivable by the general model of the expected credit loss, relevant information of bad debt reserves is disclosed by referring to the disclosure method of other receivables:

Applicable Not Applicable

Disclosure by aging

Unit: RMB

Aging	Book balance
Within 1 year (inclusive)	734,461,294.26
1-2 years	67,463,581.86
2-3 years	26,014,779.29
Above 3 years	26,904,186.53
3-4 years	11,981,780.78
4-5 years	11,306,352.97
Above 5 years	3,616,052.78
Total	854,843,841.94

(2) Provision for bad debt accrued, recovered or reversed in the current period

Provision for bad debt accrued in the current period:

Unit: RMB

Category	Beginning balance	Amount changed in current period				Ending balance
		Accrual	Recovery or reverse	Write-off	Others	
Accounts receivable with individual provision for expected credit loss	28,571,663.06	0.00	863,668.04	24,572,404.16	0.00	3,135,590.86
Accounts receivable with provision for expected credit loss by portfolio	76,790,978.07	28,623,286.57	0.00	11,610,476.51	-269,076.20	93,534,711.93
Total	105,362,641.13	28,623,286.57	863,668.04	36,182,880.67	-269,076.20	96,670,302.79

The reversed or recalled bad debt reserves at current period with significant amount:

Unit: RMB

Company name	Reversed or recovered amount	Recovery method
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(3) Accounts receivable actually written off in the current period

Unit: RMB

Item	Amount written off
Accounts receivable written off	36,182,880.67

Write-off for the major accounts receivable:

Unit: RMB

Company name	Nature of accounts receivable	Amount written off	Write-off reason	Write-off procedures performed	Whether the fund is generated by related transactions
Xinjiang Oil Field Development Co., Ltd.	Testing fee	5,673,940.44	Irrecoverable	Approved	No
Xinjiang Petroleum Administration (Hutubi Gas Storage Project)	Testing fee	4,338,866.62	Irrecoverable	Approved	No
Zhejiang Yingda Vessel Engineering Co., Ltd.	Testing fee	1,334,212.10	Irrecoverable	Approved	No
Jinhai Intelligent Manufacturing Co., Ltd.	Testing fee	1,050,000.00	Irrecoverable	Approved	No
Urban Gas Project Department of Xinjiang Oilfield Company	Testing fee	1,028,088.00	Irrecoverable	Approved	No
Xi'an Weilai Testing Technology Co., Ltd.	Testing fee	868,732.80	Irrecoverable	Approved	No
Guangzhou Sulian Ocean Marine Services Co., Ltd.	Testing fee	861,000.00	Irrecoverable	Approved	No
Shaanxi Weilai Energy Chemical Co., Ltd.	Testing fee	770,881.81	Irrecoverable	Approved	No
CNPC Northeast Refining & Chemical Engineering Co., Ltd. Jilin Design Institute	Testing fee	751,999.00	Irrecoverable	Approved	No

Jiyuan Housing Provident Fund Management Center	Testing fee	653,800.00	Irrecoverable	Approved	No
Hangzhou Tiangong Testing Technology Co., Ltd.	Testing fee	644,344.00	Irrecoverable	Approved	No
Dongguan Liangjing Electronics Co., Ltd.	Testing fee	621,396.00	Irrecoverable	Approved	No
Xinjiang Tiansheng Borui Construction Engineering Co., Ltd.	Testing fee	500,000.00	Irrecoverable	Approved	No
Total	--	19,097,260.77	--	--	--

Explanation of write-off of accounts receivable:

(4) Information of top five accounts receivable in terms of the ending balance collected by the debtor

Unit: RMB

Company name	Ending balance of accounts receivable	Proportion in the total ending balance of accounts receivable	Ending balance of bad debt reserve
Qingyang Changqing Engineering Testing Co., Ltd.	18,188,881.22	2.13%	929,856.67
Guangzhou Testing Center of Construction Quality and Safety Co., Ltd.	8,487,318.66	0.99%	480,031.78
Trade Union Federation of Foxconn Technology Group	8,158,738.90	0.95%	407,936.95
Jiangsu Academy of Environmental Industry and Technology Corp. Ltd.	7,858,735.00	0.92%	1,334,440.50
Guangzhou Era Supply Chain Management Co., Ltd.	6,749,598.72	0.79%	337,479.96
Total	49,443,272.50	5.78%	

(5) Accounts receivable derecognized due to transfer of financial assets**(6) Assets and liabilities resulted by transfer of accounts receivable and continuous involvement**

Other notes:

6. Financing of accounts receivable

Unit: RMB

Item	Ending balance	Beginning balance
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Changes in increase or decrease of financing of accounts receivable and changes in the fair value in the current period

Applicable Not Applicable

For impairment provision for financing of the amount receivables by the general model of the expected credit loss, relevant information of impairment provision is disclosed by referring to the disclosure method of other receivables:

Applicable Not Applicable

Other notes:

N/A.

7. Advance payments**(1) Presentation of advance payments by aging**

Unit: RMB

Aging	Ending balance		Beginning balance	
	Amount	Percentage	Amount	Percentage
Within 1 year	50,590,189.97	95.97%	34,948,970.24	97.60%
1-2 years	2,061,409.51	3.91%	671,967.57	1.88%
2-3 years	33,930.36	0.06%	156,689.41	0.44%
Above 3 years	31,211.91	0.06%	30,054.55	0.08%
Total	52,716,741.75	--	35,807,681.77	--

Explanation of reasons for failure to settle advance payments with aging more than 1 year and significant amount in time:

N/A.

(2) Information of top five prepayments in terms of the ending balance collected by the suppliers receiving advance payments

Company name	Ending balance	Proportion to total advance payments (%)
Sichuan Hengshu Bio-Technology Co., Ltd.	9,030,000.00	17.13
Guangzhou Aojun Biotechnology Co., Ltd.	2,025,000.00	3.84
Beijing Qihuan Engineering Technology Consulting Co., Ltd.	1,639,767.88	3.11
Guangzhou Xiangguan Biotechnology Co., Ltd.	1,272,000.00	2.41
Zhang Shumin	1,195,455.28	2.27

Total	15,162,223.16	28.76
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Other notes:

N/A.

8. Other receivables

Unit: RMB

Item	Ending balance	Beginning balance
Dividends receivable		480,000.00
Other receivables	52,170,517.89	42,827,743.83
Total	52,170,517.89	43,307,743.83

(1) Interest receivable

1) Classification of interest receivable

Unit: RMB

Item	Ending balance	Beginning balance
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2) Significant overdue interest

Unit: RMB

Borrower	Ending balance	Overdue date	Overdue reason	Impaired or not and its judgment basis
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Other notes:

N/A.

3) Provision for bad debt reserves

Applicable Not Applicable

(2) Dividends receivable

1) Classification of dividends receivable

Unit: RMB

Project (or investee)	Ending balance	Beginning balance
Zhejiang Fangyuan Electrical Equipment Inspection Co., Ltd.	0.00	480,000.00
Total		480,000.00

2) Significant dividends receivable with aging above 1 year

Unit: RMB

Project (or investee)	Ending balance	Aging	Reasons for outstanding dividends	Impaired or not and its judgment basis
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3) Provision for bad debt reserves

Applicable Not Applicable

Other notes:

N/A.

(3) Other receivables**1) Classification of other receivables by nature**

Unit: RMB

Nature of amount	Ending book balance	Beginning book balance
Security deposit	49,068,828.74	45,610,181.53
Suspense payment receivable	7,884,652.05	12,081,988.04
Others	2,133,265.49	3,722,532.89
Total	59,086,746.28	61,414,702.46

2) Provision for bad debt reserves

Unit: RMB

Provision for bad and doubtful debts	Stage I	Stage II	Stage III	Total
	Expected credit loss in the next 12 months	Expected credit loss throughout the entire duration (depreciation of credit that has not occurred)	Expected credit loss throughout the entire duration (depreciation of credit that has occurred)	
Balance on January 1, 2020	11,313,563.67	0.00	7,273,394.96	18,586,958.63
Balance of the current period on January 1, 2020	—	—	—	—
--Transferred to Stage II	0.00	0.00	0.00	0.00
--Transferred to Stage III	0.00	0.00	0.00	0.00
--Reversed to Stage II	0.00	0.00	0.00	0.00
--Reversed to Stage I	0.00	0.00	0.00	0.00
Provision of the current period	0.00	0.00	0.00	0.00
Reversal of the current period	4,989,172.83	0.00	1,616,160.00	6,605,332.83
Transfer of the current period	0.00	0.00	0.00	0.00
Write-off of the current period	437,921.91	0.00	4,435,946.59	4,873,868.50
Other changes	-191,528.91	0.00	0.00	-191,528.91
Balance on December 31, 2020	5,694,940.02	0.00	1,221,288.37	6,916,228.39

Changes in the book balance with significant change amount of the loss provision in the current period

 Applicable Not Applicable

Disclosure by aging

Unit: RMB

Aging	Book balance
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Within 1 year (inclusive)	35,473,708.07
1-2 years	9,097,263.15
2-3 years	4,863,183.30
Above 3 years	9,652,591.76
3-4 years	4,096,172.56
4-5 years	2,316,109.65
Above 5 years	3,240,309.55
Total	59,086,746.28

3) Bad debt reserves accrued, recovered or reversed in the current period

Provision for bad debt accrued in the current period:

Unit: RMB

Category	Beginning balance	Amount changed in current period				Ending balance
		Accrual	Recovery or reverse	Write-off	Others	

N/A.

The reversed or recovered bad debt reserves with significant amounts in the current period:

Unit: RMB

Company name	Reversed or recovered amount	Recovery method

N/A.

4) Other receivables actually written off in the current period

Unit: RMB

Item	Amount written off
Other receivables actually written off	4,873,868.50

The write-off of major other receivables:

Unit: RMB

Company name	Nature of other receivables	Amount written off	Write-off reason	Write-off procedures performed	Whether the fund is generated by related transactions

Explanation of write-off of other receivables:

N/A.

5) Other information of top five other receivables in terms of the ending balance collected by the debtor

Unit: RMB

Company name	Nature of payment	Ending balance	Aging	Proportion in ending balance of other receivables	Ending balance of bad debt reserve
Qinghai Eco-Environment Monitoring	Security deposit	2,120,000.00	Within 1 year	3.59%	0.00

Center					
Beijing Municipal Environmental Monitoring Center	Security deposit	1,670,045.80	Within 1 year, 1-2 years, 2-3 years and more than 3years	2.83%	360,200.30
Special account for financial remittance of Suzhou municipal non-tax income	Security deposit	1,234,800.00	Within 1 year	2.09%	0.00
Shanghai Hi-Tech Control System Co., Ltd.	Security deposit	1,189,187.98	Within 1 year	2.01%	0.00
Shenzhen Dingxin Financial Investment Holding Co., Ltd.	Security deposit	986,282.00	Within 1 year and 2-3 years	1.67%	1,000.00
Total	--	7,200,315.78	--	12.19%	361,200.30

6) Receivables involving government subsidies

Unit: RMB

Company name	Name of government subsidies project	Ending balance	Ending aging	Estimated time, amount and basis of collection
N/A.				

N/A.

7) Other receivables derecognized due to the transfer of financial assets

N/A.

8) Assets and liabilities resulting from the transfer of other receivables and continuous involvement

N/A.

Other notes:

N/A.

9. Inventory

Whether the Company is required to comply with the disclosure requirements for the real estate industry

No

(1) Classification of inventories

Unit: RMB

Item	Ending balance			Beginning balance		
	Book balance	Inventory depreciation reserves or provision for performance cost	Book value	Book balance	Inventory depreciation reserves or provision for performance cost	Book value

		impairment			impairment	
Raw materials	23,993,817.48	0.00	23,993,817.48	16,895,587.93	0.00	16,895,587.93
Commodity stocks	3,497,084.47	0.00	3,497,084.47	894,012.26	0.00	894,012.26
Contract performance cost	4,795,583.48	0.00	4,795,583.48	0.00	0.00	0.00
Goods delivered	52,972.35	0.00	52,972.35	79,158.86	0.00	79,158.86
Engineering construction	0.00	0.00	0.00	2,012,161.61	0.00	2,012,161.61
Total	32,339,457.78		32,339,457.78	19,880,920.66		19,880,920.66

(2) Inventory depreciation reserves and provision for contract performance cost impairment

Unit: RMB

Item	Beginning balance	Increase in the current period		Decrease in the current period		Ending balance
		Accrual	Others	Reverse or transfer	Others	
Raw materials	0.00					0.00
Commodity stocks	0.00					0.00
Contract performance cost	0.00					0.00

N/A.

(3) Explanation on capitalized borrowing costs included in the ending balance of the inventory

N/A.

(4) Explanation for the current amortization amount of the contract performance cost

N/A.

10. Contract assets

Unit: RMB

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
The completed but unsettled assets	108,802,879.31	5,505,718.22	103,297,161.09	195,780,973.56	9,789,048.70	185,991,924.86
Total	108,802,879.31	5,505,718.22	103,297,161.09	195,780,973.56	9,789,048.70	185,991,924.86

Amount of and reason for significant changes in the book value of contract assets in the current period:

Unit: RMB

Item	Amount of change	Reason for change
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The completed but unsettled assets	-82,694,763.79	The project has applied for settlement in the current period.
Total	-82,694,763.79	—

In case of contract assets of bad debt provisions by the general model of expected credit loss, please disclose the relevant information of bad debt provision in line with the disclosure method of other receivables:

Applicable Not Applicable

Provision for impairment of contract assets in the current period

Unit: RMB

Item	Provision of the current period	Reversal of the current period	Transfer/write-off in the current period	Cause
The completed but unsettled assets	0.00	4,283,330.48	0.00	
Total	0.00	4,283,330.48	0.00	--

Other notes:

N/A.

11. Assets held for sale

Unit: RMB

Item	Ending book balance	Provision for impairment	Ending book value	Fair value	Estimated disposal cost	Estimated disposal time

Other notes:

N/A.

12. Non-current assets due within one year

Unit: RMB

Item	Ending balance	Beginning balance

Significant debt investment/other debt investment

Unit: RMB

Debt item	Ending balance				Beginning balance			
	Nominal value	Nominal rate	Effective interest rate	Maturity date	Nominal value	Nominal rate	Effective interest rate	Maturity date

Other notes:

N/A.

13. Other current assets

Unit: RMB

Item	Ending balance	Beginning balance
Advance enterprise income tax	17,768,465.00	11,128,303.14
Deductible value-added tax	67,061,294.83	50,447,183.28
Break-even finance products with fixed income	0.00	260,357,315.07
Overpaid educational surcharges	0.00	385.76
Overpaid local educational surcharges	0.00	620.89
Others	213,786.40	27,484.01

Total	85,043,546.23	321,961,292.15
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Other notes:

N/A.

14. Debt investment

Unit: RMB

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value

Significant debt investment

Unit: RMB

Debt item	Ending balance				Beginning balance			
	Nominal value	Nominal rate	Effective interest rate	Maturity date	Nominal value	Nominal rate	Effective interest rate	Maturity date

Provision for impairment

Unit: RMB

Provision for bad and doubtful debts	Stage I	Stage II	Stage III	Total
	Expected credit loss in the next 12 months	Expected credit loss throughout the entire duration (depreciation of credit that has not occurred)	Expected credit loss throughout the entire duration (depreciation of credit that has occurred)	
Balance of the current period on January 1, 2020	—	—	—	—

Changes in the book balance with significant change amount of the loss provision in the current period

Applicable Not Applicable

Other notes:

N/A.

15. Other debt investments

Unit: RMB

Item	Beginning balance	Accrued interest	Fair value changes in the current period	Ending balance	Costs	Accumulative fair value changes	Accumulative loss provisions recognized in other comprehensive income	Remarks
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Significant other debt investments

Unit: RMB

Other debt items	Ending balance				Beginning balance			
	Nominal value	Nominal rate	Effective interest rate	Maturity date	Nominal value	Nominal rate	Effective interest rate	Maturity date

Provision for impairment

Unit: RMB

Provision for bad and doubtful debts	Stage I	Stage II	Stage III	Total
	Expected credit loss in the next 12 months	Expected credit loss throughout the entire duration (depreciation of credit that has not occurred)	Expected credit loss throughout the entire duration (depreciation of credit that has occurred)	
Balance of the current period on January 1, 2020	—	—	—	—

Changes in the book balance with significant change amount of the loss provision in the current period

 Applicable Not Applicable

Other notes:

N/A.

16. Long-term receivables**(1) Conditions of long-term receivables**

Unit: RMB

Item	Ending balance			Beginning balance			Range of discount rate
	Book balance	Provision for bad and doubtful debts	Book value	Book balance	Provision for bad and doubtful debts	Book value	

Impairment of bad debt reserves

Unit: RMB

Provision for bad and doubtful debts	Stage I	Stage II	Stage III	Total
	Expected credit loss in the next 12 months	Expected credit loss throughout the entire duration (depreciation of credit that has not occurred)	Expected credit loss throughout the entire duration (depreciation of credit that has occurred)	
Balance of the current period on January 1, 2020	—	—	—	—

Changes in the book balance with significant change amount of the loss provision in the current period

 Applicable Not Applicable

N/A.

(2) Long-term receivables derecognized due to transfer of financial assets

N/A.

(3) Assets and liabilities resulting from the transfer of long-term receivables and continuous involvement

N/A.

Other notes

N/A.

17. Long-term equity investment

Unit: RMB

Investee	Beginning balance (book value)	Current increase and decrease								Ending balance (book value)	Ending balance of impairment provision
		Additional investment	Decreased investment	Profit & loss on investment recognized by equity method	Adjustment of other comprehensive income	Other equity changes	Dividends or profits at cash declared and paid	Accrued impairment provision	Others		
I. Joint venture											
II. Associates											
Hangzhou Huatai Zhice Equity Investment Partnership (Limited Partnership)	3,153.27			1,023,377.34			1,026,530.61			0.00	
Xi'an Dongyi Integrated Technology Laboratory Co., Ltd.	11,036,507.01			956,575.76			770,000.00			11,223,082.77	
Shenzhen Huacheng Zhihong Specialized Technology Partnership (Limited Partnership)	19,710.51			8,540.90			3,300.00			24,951.41	
Liangduan (Shanghai) Testing Technology Co., Ltd.	240,566.67			-120.00						240,446.67	
How-To NPD Consulting Co., Ltd.	2,711,304.73			1,033,889.88						3,745,194.61	
Shenzhen Huacheng Kangda Investment Partnership	4,978.79			4,250.08						728.71	

ip (Limited Partnersh ip)											
Suzhou Huahong Ruida Biotechn ology Center (Limited Partnersh ip)	1,189,892 .03	220,00 0.00		-110.65						1,409,781 .38	
Huachen g Baorui (Shenzhe n) Technolo gy Service Enterpris e (Limited Partnersh ip)	9,978.27		9,978. 27							0.00	
Shenzhe n Huachen g Junda Technolo gy Service Enterpris e (Limited Partnersh ip)	9,419.14			-237.83						9,181.31	
Zhengjia ng Fangyua n Electrica l Equipme nt Testing Co., Ltd.	90,519,40 9.08			10,933,5 96.11			1,300,0 00.00			100,153,0 05.19	
Shenzhe n Dace Junrui Technolo gy Service Enterpris e (Limited Partnersh ip)	7,882.81			- 4,837.89						3,044.92	
Nanjing CTI Medical Technolo gy Service Co., Ltd.				- 143,549. 08					1,402,5 00.00	1,258,950 .92	
Subtotal	105,752,8	220,00	9,978.	13,802,8			3,099,8		1,402,5	118,068,3	

	02.31	0.00	27	74.46			30.61		00.00	67.89	
Total	105,752,802.31	220,000.00	9,978.27	13,802,874.46			3,099,830.61		1,402,500.00	118,068,367.89	

Other notes

Note: The Company decreased its holding of equity in Nanjing CTI Medical Technology Service Co., Ltd. by 26% in January 2020, and the fair value of the remaining 34% equity was RMB 1,402,500.00.

18. Other equity instrument investments

Unit: RMB

Item	Ending balance	Beginning balance
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Itemized disclosure of non-tradable equity instrument investment in the current period

Unit: RMB

Name of project	Recognized dividend income	Accumulated profits	Accumulated losses	Amount transferred from other comprehensive income to retained earnings	Reason for the designation of fair value through other comprehensive income	Reason for the transfer of other comprehensive income to retained earnings
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Other notes:

N/A.

19. Other non-current financial assets

Unit: RMB

Item	Ending balance	Beginning balance
Equity instrument investment	47,294,000.00	30,212,344.64
Total	47,294,000.00	30,212,344.64

Other notes:

Investee	Book balance				Provision for impairment				Book value	Proportion of shareholding in investee	Cash dividends in the current period
	At the beginning of the year	Increase in the current period	Decrease in the current period	At the end of the period	At the beginning of the year	Increase in the current period	Decrease in the current period	At the end of the period			
Centre Testing International Clock and Watch Testing Technology (Shenzhen) Co., Ltd.	126,000.00			126,000.00					126,000.00	10.00%	

Shenyang Bojian Testing Co., Ltd.	86,344.64		86,344.64							
Nanjing Yuangu Equity Investment Partnership (Limited Partnership)	30,000,000.00			30,000,000.00				30,000,000.00	10.00%	
Tianfangbiao Standardization Certification & Testing Co., Ltd.		17,168,000.00		17,168,000.00				17,168,000.00	4.90%	
Total	30,212,344.64	17,168,000.00	86,344.64	47,294,000.00				47,294,000.00		

20. Investment real estate

(1) Investment real estate in cost measurement mode

√ Applicable Not Applicable

Unit: RMB

Item	Houses and buildings	Land use right	Construction in progress	Total
I. Original book value				
1. Beginning balance	37,305,941.11			37,305,941.11
2. Increased amount in the current period	2,445.64			2,445.64
(1) Outsourcing				
(2) Transfers from inventories\fixed assets\construction in progress				
(3) Increase from business combination				
- Others	2,445.64			2,445.64
3. Decreased amount in the current period				
(1) Disposal				
(2) Other outward				

transfer				
4. Ending balance	37,308,386.75			37,308,386.75
II. Accumulated depreciation and accumulated amortization				
1. Beginning balance	2,288,499.08			2,288,499.08
2. Increased amount in the current period	1,089,534.03			1,089,534.03
(1) Accrual or amortization	1,089,534.03			1,089,534.03
3. Decreased amount in the current period				
(1) Disposal				
(2) Other outward transfer				
4. Ending balance	3,378,033.11			3,378,033.11
III. Impairment provision				
1. Beginning balance				
2. Increased amount in the current period				
(1) Accrual				
3. Decreased amount in the current period				
(1) Disposal				
(2) Other outward transfer				
4. Ending balance				
IV. Book value				
1. Ending book value	33,930,353.64			33,930,353.64
2. Beginning book value	35,017,442.03			35,017,442.03

(2) Investment real estate in fair value measurement mode

Applicable Not Applicable

(3) Investment real estate with incomplete certificates of title

Unit: RMB

Item	Book value	Reasons for incomplete certificates of title
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Other notes

N/A.

21. Fixed assets

Unit: RMB

Item	Ending balance	Beginning balance
Fixed assets	1,418,647,458.12	1,276,280,965.46
Total	1,418,647,458.12	1,276,280,965.46

(1) Status of fixed assets

Unit: RMB

Item	Houses and buildings	Decoration of fixed assets	Detection equipment	Office equipment	Transport equipment	Total
I. Original book value:						
1. Beginning balance	534,850,236.63	47,424,905.84	1,648,061,049.07	55,432,575.00	30,288,098.95	2,316,056,865.49
2. Increased amount in the current period	54,790,779.15	45,694,165.77	304,338,475.56	11,260,927.71	4,168,684.92	420,253,033.11
(1) Acquisition	-11,783.40	153,748.75	248,195,040.66	6,458,581.16	2,024,096.08	256,819,683.25
(2) Transfers from construction in progress	54,802,562.55	45,540,417.02	40,427,077.48	64,652.84		140,834,709.89
(3) Increase from business combination			15,574,929.53	4,719,906.10	1,340,516.64	21,635,352.27
- Others			141,427.89	17,787.61	804,072.20	963,287.70
3. Decreased amount in the current period			26,422,531.66	7,213,392.67	3,206,297.41	36,842,221.74
(1) Disposal or scrapping			25,227,472.87	5,367,020.38	3,106,297.41	33,700,790.66
— Decrease				1,718,200.29		1,718,200.29

from business combination						
— Others			1,195,058.79	128,172.00	100,000.00	1,423,230.79
4. Ending balance	589,641,015.78	93,119,071.61	1,925,976,992.97	59,480,110.04	31,250,486.46	2,699,467,676.86
II. Accumulated depreciation						
1. Beginning balance	36,751,652.12	8,081,803.49	939,139,208.34	36,026,647.69	19,776,588.39	1,039,775,900.03
2. Increased amount in the current period	13,486,820.34	3,663,034.62	241,393,200.64	10,418,285.71	4,585,448.36	273,546,789.67
(1) Accrual	13,486,820.34	3,663,034.62	228,197,352.36	6,790,850.67	4,009,432.61	256,147,490.60
— Increase from business combination			13,195,848.28	3,627,435.04	576,015.75	17,399,299.07
3. Decreased amount in the current period			23,947,492.60	6,015,781.62	2,539,196.74	32,502,470.96
(1) Disposal or scrapping			23,272,393.97	4,799,637.54	2,450,530.24	30,522,561.75
— Decrease from business combination				1,119,506.33		1,119,506.33
— Others			675,098.63	96,637.75	88,666.50	860,402.88
4. Ending balance	50,238,472.46	11,744,838.11	1,156,584,916.38	40,429,151.78	21,822,840.01	1,280,820,218.74
III. Impairment provision						
1. Beginning balance						
2. Increased amount in the current period						
(1) Accrual						

3. Decreased amount in the current period						
(1) Disposal or scrapping						
4. Ending balance						
IV. Book value						
1. Ending book value	539,402,543.32	81,374,233.50	769,392,076.59	19,050,958.26	9,427,646.45	1,418,647,458.12
2. Beginning book value	498,098,584.51	39,343,102.35	708,921,840.73	19,405,927.31	10,511,510.56	1,276,280,965.46

(2) Fixed assets in temporary idle

Unit: RMB

Item	Original book value	Accumulated depreciation	Provision for impairment	Book value	Remarks
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(3) Fixed assets leased by financial leases

Unit: RMB

Item	Original book value	Accumulated depreciation	Provision for impairment	Book value
Detection equipment	362,893.33	28,729.06	0.00	334,164.27

(4) Fixed assets leased out by operating lease

Unit: RMB

Item	Ending book value
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(5) Fixed assets with incomplete certificates of title

Unit: RMB

Item	Book value	Reasons for incomplete certificates of title
No. 21 Building, Huilongsen Science and Technology Park, Beijing Economic Development Area	26,314,118.55	Impacts of Beijing Economic Development Area on property certificate handling method of the industrial land

Other notes

N/A.

(6) Liquidation of fixed assets

Unit: RMB

Item	Ending balance	Beginning balance
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Other notes

N/A.

22. Construction in progress

Unit: RMB

Item	Ending balance	Beginning balance
Construction in progress	212,138,027.61	116,978,198.50
Total	212,138,027.61	116,978,198.50

(1) Details of construction in progress

Unit: RMB

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Setting up China Headquarters and South China Testing Base	6,701.06		6,701.06	660,952.58		660,952.58
Equipment installation	36,696,665.02		36,696,665.02	39,744,895.76		39,744,895.76
Software installation	585,632.51		585,632.51	370,041.97		370,041.97
Phase II of CTI East China Testing Base (Suzhou)	13,155,616.97		13,155,616.97	38,511,148.16		38,511,148.16
Construction of information-based system (Phase II)	4,357,236.48		4,357,236.48	4,464,034.87		4,464,034.87
Decoration of offices and laboratories	8,447,850.54		8,447,850.54	9,036,383.63		9,036,383.63
Northern Testing Base	85,013,344.14		85,013,344.14	5,140,884.52		5,140,884.52
The Southern Testing Base	26,111,010.31		26,111,010.31	11,584,832.75		11,584,832.75
Central China Testing Base	25,788,177.55		25,788,177.55	7,465,024.26		7,465,024.26
The Qingdao Testing Base	11,975,793.03		11,975,793.03			
Total	212,138,027.61		212,138,027.61	116,978,198.50		116,978,198.50

(2) Changes in major construction in progress in the current period

Unit: RMB

Name of project	Budget	Beginning balance	Increase in the current period	Amount of fixed assets transferred in the current period	Other decrease in the current period	Ending balance	Proportion of accumulated project investment in the budget	Project progress	Accumulated amount of interest capitalization	Including: Capitalized amount of interest in the current period	Interest capitalization rate in the current period	Source of funds
Setting up China Headquarters and South China Testing Base	164,850,000.00	660,952.58	6,701.06	660,952.58		6,701.06	119.92%	100.00				Offering funds
Phase II of CTI East China Testing Base (Suzhou)	119,090,000.00	38,511,148.16	9,434,960.88	34,790,492.07		13,155,616.97	40.26%	80.00				Offering funds
Construction of information-based system (Phase II)	30,000,000.00	4,464,034.87			106,798.39	4,357,236.48	18.30%	18.30				Offering funds
Phase I of CTI East China Comprehensive Testing Base (Shanghai)	258,569,800.00		64,571,883.72	64,571,883.72			90.32%	92.00				Offering funds

Northern Testing Base	196,680,000.00	5,140,884.52	79,872,459.62			85,013,344.14	43.22%	40.00				Offering funds
The Southern Testing Base	119,900,000.00	11,584,832.75	14,526,177.56			26,111,010.31	21.78%	20.00				Offering funds
Central China Testing Base	153,060,000.00	7,465,024.26	18,323,153.29			25,788,177.55	16.85%	60.00				Offering funds
The Qingdao Testing Base	216,000,000.00		11,975,793.03			11,975,793.03	5.54%	6.00				Offering funds
Total	1,258,149,800.00	67,826,877.14	198,711,129.16	100,023,328.37	106,798.39	166,407,879.54	--	--				--

(3) Impairment provision of construction in progress accrued in the current period

Unit: RMB

Item	Provision for the current period	Reasons for accrual
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Other notes

N/A.

(4) Engineering materials

Unit: RMB

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value

Other notes:

N/A.

23. Productive biological assets

(1) Productive biological assets in cost measurement mode

Applicable Not Applicable

(2) Productive biological assets in fair value measurement mode

Applicable Not Applicable

24. Oil and gas assets

Applicable Not Applicable

25. Right-of-use assets

Unit: RMB

Item	Total
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Other notes:

N/A.

26. Intangible assets**(1) Status of intangible assets**

Unit: RMB

Item	Land use right	Patent right	Non-patented technology	Software	Trademark right	Talent housing sublease right	Total
I. Original book value							
1. Beginning balance	137,967,577.82	266,753.69		53,413,850.01	207,720.64	11,769,793.00	203,625,695.16
2. Increased amount in the current period	35,685.00			2,199,250.14			2,234,935.14
(1) Acquisition				1,312,551.46			1,312,551.46
(2) Internal R&D							
(3) Increase from business combination				886,698.68			886,698.68
— Increase from transfer from construction in progress	35,685.00						35,685.00
3. Decreased amount in the current period				184,808.94	10,756.69		195,565.63
(1) Disposal				184,808.94	10,756.69		195,565.63
4. Ending balance	138,003,262.82	266,753.69		55,428,291.21	196,963.95	11,769,793.00	205,665,064.67
II. Accumulated amortization							
1.	13,069,374.9	176,233.8		39,185,094.	196,963.9		52,627,667.0

Beginning balance	2	6		28	5		1
2. Increased amount in the current period	2,770,589.29	23,121.20		5,651,039.40			8,444,749.89
(1) Accrual	2,770,589.29	23,121.20		4,855,006.97			7,648,717.46
— Increase from business combination				796,032.43			796,032.43
3. Decreased amount in the current period				110,426.10			110,426.10
(1) Disposal				110,426.10			110,426.10
— Decrease from business combination							
4. Ending balance	15,839,964.21	199,355.06		44,725,707.58	196,963.95		60,961,990.80
III. Impairment provision							
1. Beginning balance							
2. Increased amount in the current period							
(1) Accrual							
3. Decreased amount in the current period							
(1) Disposal							
4. Ending balance							

IV. Book value							
1. Ending book value	122,163,298.61	67,398.63		10,702,583.63	0.00	11,769,793.00	144,703,073.87
2. Beginning book value	124,898,202.90	90,519.83		14,228,755.73	10,756.69	11,769,793.00	150,998,028.15

Intangible assets generated via internal R&D of the Company account for 0.00% of intangible assets balance at the end of the current period.

(2) Land use right with incomplete certificate of title

Unit: RMB

Item	Book value	Reasons for incomplete certificates of title
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Other notes:

N/A.

27. Development expenditure

Unit: RMB

Item	Beginning balance	Increase in the current period			Decrease in the current period			Ending balance
		Internal development expenditure	Others		Recognized as intangible assets	Transferred into the current profit or loss		
Total								

Other notes

N/A.

28. Goodwill

(1) Original book value of goodwill

Unit: RMB

Name of the investee or items which form goodwill	Beginning balance	Increase in the current period		Decrease in the current period		Ending balance
		Formed by business combination		Disposal		
Shenzhen CTI Commodity testing and Survey Co., Ltd.	1,350,689.56					1,350,689.56
Shenzhen CTI International Certification Co., Ltd.	14,439,605.45					14,439,605.45
CTI CSERC (Suzhou) Co., Ltd.	1,438,062.22					1,438,062.22

CEM INTERNATIONAL LTD	5,650,226.78					5,650,226.78
Hangzhou Hua'an Nondestructive Testing Technology Co., Ltd.	76,020,012.18					76,020,012.18
Centre Testing International (Heilongjiang) Co., Ltd.	9,904,997.25					9,904,997.25
Dalian Huaxin Physical and Chemical Testing Center Co., Ltd.	4,441,430.10					4,441,430.10
POLY NDT (PRIVATE) LIMITED	12,571,370.70					12,571,370.70
Shenzhen Taikenilin Technology Development Co., Ltd.	2,546,474.84					2,546,474.84
Xinjiang Kerui Testing Technology Co., Ltd.	315,716.63					315,716.63
Centre Testing International (Henan) Co., Ltd.	2,677,919.58					2,677,919.58
CTI Engineering Testing Co., Ltd.	6,000,837.21					6,000,837.21
Zhoushan Jingwei Shipping Service Co., Ltd.	8,266,652.33					8,266,652.33
Jiangyin CTI Zhi'an Outpatient Department Co., Ltd.	7,325,389.95					7,325,389.95
Ningbo Quality Assurance Co., Ltd. (NQA)	27,892,342.26					27,892,342.26
Beijing CTI Agro-food Certification Co., Ltd.	2,517,865.38					2,517,865.38
Centre Testing Electronic Certification Co., Ltd.	39,885,576.12					39,885,576.12
Fujian Science Way Testing Co., Ltd. (SW)	9,267,740.57					9,267,740.57
Zhejiang Shengnuo Testing Technology	2,389,438.16			2,389,438.16		0.00

Co., Ltd.						
Sichuan CTI Jianxin Testing Technology Co., Ltd.	5,830,283.11					5,830,283.11
Suzhou Wuzhong Economic Development Zone Jiakang Outpatient Department Co., Ltd.	3,970,287.04					3,970,287.04
Hebei CTI Junrui Testing Technology Co., Ltd.	100.00					100.00
Zhejiang CTI Yuanjian Testing Co., Ltd.	4,639,851.98					4,639,851.98
MARITEC PTE.LTD.		266,673,016.25				266,673,016.25
Tianjin Eco-City Environmental Technology Co., Ltd.		12,891,815.10				12,891,815.10
Total	249,342,869.40	279,564,831.35	0.00	2,389,438.16	0.00	526,518,262.59

(2) Goodwill impairment provisions

Unit: RMB

Name of the investee or items which form goodwill	Beginning balance	Increase in the current period		Decrease in the current period		Ending balance
		Accrual		Disposal		
Shenzhen CTI Commodity testing and Survey Co., Ltd.	1,350,689.56					1,350,689.56
CTI CSERC (Suzhou) Co., Ltd.	1,438,062.22					1,438,062.22
CEM INTERNATIONAL LTD	5,650,226.78					5,650,226.78
Hangzhou Hua'an Nondestructive Testing Technology Co., Ltd.	61,129,989.71					61,129,989.71
Shenzhen Taikenilin Technology Development Co., Ltd.	2,546,474.84					2,546,474.84
Xinjiang Kerui Testing Technology	315,716.63					315,716.63

Co., Ltd.						
Zhejiang Shengnuo Testing Technology Co., Ltd.	2,389,438.16			2,389,438.16		0.00
Zhoushan Jingwei Shipping Service Co., Ltd.	8,266,652.33					8,266,652.33
Hebei CTI Junrui Testing Technology Co., Ltd.	100.00					100.00
Fujian Science Way Testing Co., Ltd. (SW)	3,707,868.38					3,707,868.38
Total	86,795,218.61	0.00	0.00	2,389,438.16	0.00	84,405,780.45

Relevant information of goodwill in the asset group or asset group portfolio

(1) In December 2010, the Company purchased 81.00% of equities in Shenzhen CTI International Certification Co., Ltd. (hereinafter referred to as "International Certification") for RMB 17,100,000 in cash. If the merger cost exceeds RMB 14,439,600, the difference of the fair value of the identifiable net assets obtained by shares, it is recognized as the goodwill related to International Certification.

(2) In December 2014, the Company purchased 100% of equities in Hangzhou Hua'an Nondestructive Testing Technology Co., Ltd. (hereinafter referred to as "Hangzhou Hua'an") for RMB 180,000,000 in cash. If the merger cost exceeds RMB 76,020,000, the difference of the fair value of the identifiable net assets obtained by shares, it is recognized as the goodwill related to Hangzhou Hua'an.

(3) In May 2014, the Company acquired 100% of equities in Centre Testing International (Heilongjiang) Co., Ltd. (hereinafter referred to as "Heilongjiang CTI") for equity fund of RMB 1,000,000 and over-raised fund of RMB 12,000,000 in cash. If the merger cost exceeds RMB 9,905,000, the difference of the fair value of the identifiable net assets obtained by shares, it is recognized as the goodwill related to Heilongjiang CTI.

(4) In April 2014, the Company purchased 100% of equity in Dalian Huaxin Physical and Chemical Testing Center Co., Ltd. (hereinafter referred to as "Dalian Huaxin") for RMB 8,110,000 in cash. If the merger cost exceeds RMB 4,441,400, the difference of the fair value of the identifiable net assets obtained by shares, it is recognized as the goodwill related to Dalian Huaxin.

(5) In June 2014, Centre Testing International (Hong Kong) Co., Ltd. purchased 70% of equities in POLY NDT (PRIVATE) LIMITED for SGD 3,514,200 (except for this amount, other amounts are in RMB) in cash. If the merger cost exceeds RMB 12,571,400, the difference of the fair value of the identifiable net assets obtained by shares, it is recognized as the goodwill related to POLY NDT (PRIVATE) LIMITED.

(6) In July 2015, the Company purchased 100% of equities in Centre Testing International (Henan) Co., Ltd. (hereinafter referred to as "Henan CTI") for RMB 5,500,000 in cash. If the merger cost exceeds RMB 2,677,900, the difference of the fair value of the identifiable net assets obtained by shares, it is recognized as the goodwill related to Henan CTI.

(7) In December 2015, the Company purchased 65% of equities in CTI Engineering Testing Co., Ltd. (hereinafter referred to as "CTI Engineering") for RMB 7,800,000 in cash. If the merger cost exceeds RMB 6,000,800, the difference of the fair value of the identifiable net assets obtained by shares, it is recognized as the goodwill related to CTI Engineering.

(8) In April 2016, the Company purchased 66.67% of equities in Jiangyin CTI Zhi'an Outpatient Department Co., Ltd. (hereinafter referred to as "Jiangyin Zhi'an") for RMB 10,000,000 in cash. If the merger cost exceeds RMB 7,325,400, the difference of the fair value of the identifiable net assets obtained by shares, it is recognized as the goodwill related to Jiangyin Zhi'an.

(9) In April 2016, the Company purchased 100% of equities in Ningbo Quality Assurance Co., Ltd. (hereinafter referred to as "NQA") for RMB 43,867,500 in cash. If the merger cost exceeds RMB 27,892,300, the difference of the fair value of the identifiable net assets obtained by shares, it is recognized as the goodwill related to NQA.

(10) In July 2016, the Company purchased 100% of equities in Beijing CTI Agro-food Certification Co., Ltd. (hereinafter referred to as "CTI Agro-food Certification") for RMB 3,185,200 in cash. If the merger cost exceeds RMB 2,517,900, the difference of the fair value of the identifiable net assets obtained by shares, it is recognized as the goodwill related to CTI Agro-food Certification.

(11) In August 2016, the Company purchased 71.26% of equities in Centre Testing Electronic Certification Co., Ltd. (hereinafter referred to as "Centre Testing Electronic") for RMB 71,000,000 in cash. If the merger cost exceeds RMB 39,885,600, the difference of the fair value of the identifiable net assets obtained by shares, it is recognized as the goodwill related to Centre Testing Electronic.

(12) In October 2016, the Company purchased 51% of equities in Fujian Shangwei Testing Co., Ltd. (hereinafter referred to as "Fujian Shangwei") for RMB 11,730,000 in cash. If the merger cost exceeds RMB 9,267,700, the difference of the fair value of the identifiable net assets obtained by shares, it is recognized as the goodwill related to Fujian Shangwei.

(13) In February 2017, the Company purchased 68% of equities in Sichuan CTI Jianxin Testing Technology Co., Ltd. (hereinafter referred to as "Sichuan Jianxin") for RMB 9,180,000 in cash. If the merger cost exceeds RMB 5,830,300, the difference of the fair value of the identifiable net assets obtained by shares, it is recognized as the goodwill related to Sichuan Jianxin.

(14) In December 2018, Jiangyin CTI Zhi'an Outpatient Department Co., Ltd. purchased 100% of equities in Suzhou Wuzhong Economic Development Zone Jiakang Outpatient Department Co., Ltd. (hereinafter referred to as "Suzhou Jiakang") for RMB 5,000,000 in cash. If the merger cost exceeds RMB 3,970,300, the difference of the fair value of the identifiable net assets obtained by shares, it is recognized as the goodwill related to Suzhou Jiakang.

(15) In August 2019, the Company purchased 51% of equities in Zhejiang Yuanjian Testing Co., Ltd. (hereinafter referred to as "Zhejiang Yuanjian") for RMB 9,614,800 in cash. If the merger cost exceeds RMB 4,639,900, the difference of the fair value of the identifiable net assets obtained by shares, it is recognized as the goodwill related to Zhejiang Yuanjian.

(16) In June 2020, Centre Testing International (Hong Kong) Co., Ltd. purchased 100% of equities in MARITEC PTE. LTD. for RMB 287,949,300. If the merger cost exceeds RMB 266,673,000, the difference of the fair value of the identifiable net assets obtained by shares, it is recognized as the goodwill related to MARITEC PTE. LTD..

(17) In September 2020, the Company purchased 51% of equities in Tianjin Eco-City Environmental Technology Co., Ltd. (hereinafter referred to as "Tianjin Eco-City") for RMB 34,960,000 in cash. If the merger cost exceeds RMB 12,891,800, the difference of the fair value of the identifiable net assets obtained by shares, it is recognized as the goodwill related to Tianjin Eco-City.

Methods for recognizing goodwill impairment testing process, critical parameters (such as growth rate of the forecast period in the present value of the expected future cash flow, growth rate of the stable period, profit rate, forecast period) and goodwill impairment loss:

(1) For testing the goodwill impairment, the Company valued the recoverable amount of the asset group related to the goodwill formed by acquisition of International Certification at the end of 2020. Upon determination of the valuation of the recoverable amount, the Company allocated the goodwill to the asset group from the purchase date, and then compared the book value of the asset group (containing goodwill) with the recoverable amount to determine whether the asset group (containing goodwill) has impairment.

As of December 31, 2020, the asset group range related to the goodwill formed by acquisition of International Certification includes the asset group consisting of operating tangible assets and intangible assets of all main business (exclusive of non-operating assets, liabilities), and the book value of the asset group is RMB -33,896,400; the book value of goodwill attributable to the parent company is RMB 14,439,600; the book value of goodwill attributable to minority shareholder is RMB 3,387,100; the book value of the asset group containing the entire goodwill is RMB -16,069,700; through assessment by the income method, the recoverable amount of the asset group on December 31, 2020, the assessment base date of International Certification is RMB 41,275,900, and the goodwill with the consolidation level attributable to the parent company has no impairment.

The method, critical assumption and basis of calculating the recoverable amount of the above asset group are as follows:

1) Present value of the expected future cash flow

The present value of the expected future cash flow is measured based on the expectation of the management of the Company for the future cash flow, and the critical assumptions and bases used in expectation of the future cash

flow are as follows:

Item	Forecast period	Income growth rate within the forecast period	Average gross margin within the forecast period	Discount rate (pre-tax)
International Certification	The forecast period is 2021-2025, and followed by the stable period	The income growth rates are estimated to be 1.00%, 4.50%, 4.50%, 4.70% and 4.90%, respectively in the forecast period 2021-2025	63.12%	11.93%

(2) For testing the goodwill impairment, the Company employed Tianjin Huaxia Jinxin Asset Appraisal Co., Ltd. to value the recoverable amount of the asset group related to the goodwill formed by acquisition of Hangzhou Hua'an, and issued Huaxia Jinxin PBZ [2021] No. 045 Asset Assessment Report. Upon determination of the valuation of the recoverable amount, the Company allocated the goodwill to the asset group from the purchase date, and then compared the book value of the asset group (containing goodwill) with the recoverable amount to determine whether the asset group (containing goodwill) has impairment.

As of December 31, 2020, the asset group range related to the goodwill formed by acquisition of Hangzhou Hua'an includes the asset group consisting of operating tangible assets and intangible assets of all main business (exclusive of non-operating assets, liabilities), and the book value of the asset group is RMB 11,495,200; the book value of the goodwill attributable to the parent company is RMB 76,020,000; the book value of the asset group containing the entire goodwill is RMB 87,515,200; through assessment by the income method, the recoverable amount of the asset group on December 31, 2020, the assessment base date of Hangzhou Hua'an is RMB 42,757,400, and the goodwill impairment is RMB 44,757,800. As of December 31, 2020, the Company has made provisions of RMB 61,130,000 for goodwill impairment related to Hangzhou Hua'an, so there are no further goodwill impairment provisions during this reporting period.

The method, critical assumption and basis of calculating the recoverable amount of the above asset group are as follows:

1) Present value of the expected future cash flow

The present value of the expected future cash flow is measured based on the expectation of the management of the Company for the future cash flow, and the critical assumptions and bases used in expectation of the future cash flow are as follows:

Item	Forecast period	Income growth rate within the forecast period	Average gross margin within the forecast period	Discount rate (pre-tax)
Hangzhou Hua'an	The forecast period is 2021-2025, and followed by the stable period	The income growth rates are estimated to be 12.83%, 3.67%, 7.09%, 8.27% and 9.59%, respectively in the forecast period 2021-2025	33.44%	14.19%

(3) For testing the goodwill impairment, the Company valued the recoverable amount of the asset group related to the goodwill formed by acquisition of Heilongjiang CTI at the end of 2020. Upon determination of the valuation of the recoverable amount, the Company allocated the goodwill to the asset group from the purchase date, and then compared the book value of the asset group (containing goodwill) with the recoverable amount to determine whether the asset group (containing goodwill) has impairment.

As of December 31, 2020, the asset group range related to the goodwill formed by acquisition of Heilongjiang CTI includes the asset group consisting of operating tangible assets and intangible assets of all main business (exclusive of non-operating assets, liabilities), and the book value of the asset group is RMB 4,250,400; the book value of the goodwill attributable to the parent company is RMB 9,905,000; the book value of the asset group containing the entire goodwill is RMB 14,155,400; through assessment by the income method, the recoverable amount of the asset group on December 31, 2020, the assessment base date of Heilongjiang CTI is RMB 62,568,300, and the impairment from the goodwill with the consolidation level attributable to the parent company has no impairment.

The method, critical assumption and basis of calculating the recoverable amount of the above asset group are as follows:

1) Present value of the expected future cash flow

The present value of the expected future cash flow is measured based on the expectation of the management of the Company for the future cash flow, and the critical assumptions and bases used in expectation of the future cash flow are as follows:

Item	Forecast period	Income growth rate within the forecast period	Average gross margin within the forecast period	Discount rate (pre-tax)
Heilongjiang CTI	The forecast period is 2021-2025, and followed by the stable period	The income growth rates are estimated to be -7.97%, 1.10%, 1.50%, 2.60% and 2.80%, respectively in the forecast period 2021-2025	58.80%	11.93%

(4) For testing the goodwill impairment, the Company valued the recoverable amount of the asset group related to the goodwill formed by acquisition of Dalian Huaxin at the end of 2020. Upon determination of the valuation of the recoverable amount, the Company allocated the goodwill to the asset group from the purchase date, and then compared the book value of the asset group (containing goodwill) with the recoverable amount to determine whether the asset group (containing goodwill) has impairment.

As of December 31, 2020, the asset group range related to the goodwill formed by acquisition of Dalian Huaxin includes the asset group consisting of operating tangible assets and intangible assets of all main business (exclusive of non-operating assets, liabilities), and the book value of the asset group is RMB 15,307,400; the book value of the goodwill attributable to the parent company is RMB 4,441,400; the book value of the asset group containing the entire goodwill is RMB 19,748,800; through assessment by the income method, the recoverable amount of the asset group on December 31, 2020, the assessment base date of Dalian Huaxin is RMB 32,926,600, and the impairment from the goodwill with the consolidation level attributable to the parent company has no

impairment.

The method, critical assumption and basis of calculating the recoverable amount of the above asset group are as follows:

1) Present value of the expected future cash flow

The present value of the expected future cash flow is measured based on the expectation of the management of the Company for the future cash flow, and the critical assumptions and bases used in expectation of the future cash flow are as follows:

Item	Forecast period	Income growth rate within the forecast period	Average gross margin within the forecast period	Discount rate (pre-tax)
Dalian Huaxin	The forecast period is 2021-2025, and followed by the stable period	The income growth rates are estimated to be -9.60%, 2.4%, 2.03%, 2.40% and 2.00%, respectively in the forecast period 2021-2025	44.37%	11.93%

(5) For testing the goodwill impairment, the Company valued the recoverable amount of the asset group related to the goodwill formed by acquisition of POLY NDT (PRIVATE) LIMITED at the end of 2020. Upon determination of the valuation of the recoverable amount, the Company allocated the goodwill to the asset group from the purchase date, and then compared the book value of the asset group (containing goodwill) with the recoverable amount to determine whether the asset group (containing goodwill) has impairment.

As of December 31, 2020, the asset group range related to the goodwill formed by acquisition of POLY NDT (PRIVATE) LIMITED includes the asset group consisting of operating tangible assets and intangible assets of all main business (exclusive of non-operating assets, liabilities), and the book value of the asset group is -4,027,100; the book value of goodwill attributable to the parent company is RMB 12,571,400; the book value of goodwill attributable to the minority shareholder is RMB 5,387,700; the book value of the asset group containing the entire goodwill is RMB 13,932,000; through assessment by the income method, the recoverable amount of the asset group on December 31, 2020, the assessment base date of POLY NDT (PRIVATE) LIMITED is RMB 14,035,200, and the goodwill with the consolidation level attributable to the parent company has no impairment.

The method, critical assumption and basis of calculating the recoverable amount of the above asset group are as follows:

1) Present value of the expected future cash flow

The present value of the expected future cash flow is measured based on the expectation of the management of the Company for the future cash flow, and the critical assumptions and bases used in expectation of the future cash flow are as follows:

Item	Forecast period	Income growth rate within the forecast period	Average gross margin within the forecast period	Discount rate (pre-tax)
POLY NDT (PRIVATE) LIMITED	The forecast period is 2021-2025, and followed by the stable period	The income growth rates are estimated to be -77.34%, -49.33%, 15.79%, 13.64% and 12.00%, respectively in the forecast period 2021-2025	57.85%	11.93%

(6) For testing the goodwill impairment, the Company valued the recoverable amount of the asset group related to the goodwill formed by acquisition of Henan CTI at the end of 2020. Upon determination of the valuation of the recoverable amount, the Company allocated the goodwill to the asset group from the purchase date, and then compared the book value of the asset group (containing goodwill) with the recoverable amount to determine whether the asset group (containing goodwill) has impairment.

As of December 31, 2020, the asset group range related to the goodwill formed by acquisition of Henan CTI includes the asset group consisting of operating tangible assets and intangible assets of all main business (exclusive of non-operating assets, liabilities), and the book value of the asset group is RMB 24,437,000; the book value of the goodwill attributable to the parent company is RMB 2,677,900; the book value of the asset group containing the entire goodwill is RMB 27,114,900; through assessment by the income method, the recoverable amount of the asset group on December 31, 2020, the assessment base date of Henan CTI is RMB 210,703,800, and the impairment from the goodwill with the consolidation level attributable to the parent company has no impairment.

The method, critical assumption and basis of calculating the recoverable amount of the above asset group are as follows:

1) Present value of the expected future cash flow

The present value of the expected future cash flow is measured based on the expectation of the management of the Company for the future cash flow, and the critical assumptions and bases used in expectation of the future cash flow are as follows:

Item	Forecast period	Income growth rate within the forecast period	Average gross margin within the forecast period	Discount rate (pre-tax)
Henan CTI	The forecast period is 2021-2025, and followed by the stable period	The income growth rates are estimated to be 2.50%, 2.06%, 1.63%, 1.43% and 0.59%, respectively in the forecast period 2021-2025	57.58%	11.93%

(7) For testing the goodwill impairment, the Company valued the recoverable amount of the asset group related to the goodwill formed by acquisition of CTI Engineering at the end of 2020. Upon determination of the valuation of the recoverable amount, the Company allocated the goodwill to the asset group from the purchase date, and then compared the book value of the asset group (containing goodwill) with the recoverable amount to determine whether the asset group (containing goodwill) has impairment.

As of December 31, 2020, the asset group range related to the goodwill formed by acquisition of CTI Engineering includes the asset group consisting of operating tangible assets and intangible assets of all main business (exclusive of non-operating assets, liabilities), and the book value of the asset group is RMB 18,125,500; the book value of goodwill attributable to the parent company is RMB 6,000,800; the book value of goodwill attributable to minority shareholder is RMB 3,231,200; the book value of the asset group containing the entire goodwill is RMB 27,357,500; through assessment by the income method, the recoverable amount of the asset group on December 31, 2020, the assessment base date of CTI Engineering is RMB 45,381,000, and the goodwill with the consolidation level attributable to the parent company has no impairment.

The method, critical assumption and basis of calculating the recoverable amount of the above asset group are as follows:

1) Present value of the expected future cash flow

The present value of the expected future cash flow is measured based on the expectation of the management of the Company for the future cash flow, and the critical assumptions and bases used in expectation of the future cash flow are as follows:

Item	Forecast period	Income growth rate within the forecast period	Average gross margin within the forecast period	Discount rate (pre-tax)
CTI Engineering	The forecast period is 2021-2025, and followed by the	The income growth rates are estimated to be 19.19%, 10.51%, 9.51%, 8.69% and 6.32%, respectively in the forecast period	39.31%	11.93%

	stable period	2021-2025		
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(8) For testing the goodwill impairment, the Company valued the recoverable amount of the asset group related to the goodwill formed by acquisition of Jiangyin Zhi'an at the end of 2020. Upon determination of the valuation of the recoverable amount, the Company allocated the goodwill to the asset group from the purchase date, and then compared the book value of the asset group (containing goodwill) with the recoverable amount to determine whether the asset group (containing goodwill) has impairment.

As of December 31, 2020, the asset group range related to the goodwill formed by acquisition of Jiangyin Zhi'an includes the asset group consisting of operating tangible assets and intangible assets of all main business (exclusive of non-operating assets, liabilities), and the book value of the asset group is RMB 4,458,900; the book value of goodwill attributable to the parent company is RMB 7,325,400; the book value of goodwill attributable to minority shareholder is RMB 3,662,100; the book value of the asset group containing the entire goodwill is RMB 15,446,500; through assessment by the income approach, the recoverable amount of the asset group on December 31, 2020, the assessment base date, of Jiangyin Zhi'an is RMB 15,772,600 and the goodwill with the consolidation level attributable to the parent company has no impairment.

The method, critical assumption and basis of calculating the recoverable amount of the above asset group are as follows:

1) Present value of the expected future cash flow

The present value of the expected future cash flow is measured based on the expectation of the management of the Company for the future cash flow, and the critical assumptions and bases used in expectation of the future cash flow are as follows:

Item	Forecast period	Income growth rate within the forecast period	Average gross margin within the forecast period	Discount rate (pre-tax)
Jiangyin Zhi'an	The forecast period is 2021-2025, and followed by the stable period	The income growth rates are estimated to be -8.63%, 1.54%, 2.27%, 3.70% and 0.00%, respectively in the forecast period 2021-2025.	43.25%	12.80%

(9) For testing the goodwill impairment, the Company employed Tianjin Huaxia Jinxin Asset Appraisal Co., Ltd. to value the recoverable amount of the asset group related to the goodwill formed by acquisition of Ningbo Quality Assurance, and issued HXJXPBZ [2021] No. 044 Asset Assessment Report. Upon determination of the valuation of the recoverable amount, the Company allocated the goodwill to the asset group from the purchase date, and then compared the book value of the asset group (containing goodwill) with the recoverable amount to determine whether the asset group (containing goodwill) has impairment.

As of December 31, 2020, the asset group range related to the goodwill formed by acquisition of Ningbo Quality Assurance includes the asset group consisting of operating tangible assets and intangible assets of all main business (exclusive of non-operating assets, liabilities), and the book value of the asset group is RMB 840,800; the book value of the goodwill attributable to the parent company is RMB 27,892,300; the book value of the asset group containing the entire goodwill is RMB 28,733,100; through assessment by the income approach, the recoverable amount of the asset group on December 31, 2020, the assessment base date, of Ningbo Quality Assurance is RMB 29,373,400, and the impairment from the goodwill with the consolidation level attributable to the parent company has no impairment.

The method, critical assumption and basis of calculating the recoverable amount of the above asset group are as follows:

1) Present value of the expected future cash flow

The present value of the expected future cash flow is measured based on the expectation of the management of the Company for the future cash flow, and the critical assumptions and bases used in expectation of the future cash flow are as follows:

Item	Forecast period	Income growth rate within the forecast period	Average gross	Discount rate (pre-tax)
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			margin within the forecast period	
Ningbo Quality Assurance	The forecast period is 2021-2025, and followed by the stable period	The income growth rates are estimated to be 8.21%, 12.00%, 14.00%, 11.00% and 7.00%, respectively in the forecast period 2021-2025.	49.14%	14.19%

(10) For testing the goodwill impairment, the Company valued the recoverable amount of the asset group related to the goodwill formed by acquisition of CTI Agro-food Certification at the end of 2020. Upon determination of the valuation of the recoverable amount, the Company allocated the goodwill to the asset group from the purchase date, and then compared the book value of the asset group (containing goodwill) with the recoverable amount to determine whether the asset group (containing goodwill) has impairment.

As of December 31, 2020, the asset group range related to the goodwill formed by acquisition of CTI Agro-food Certification includes the asset group consisting of operating tangible assets and intangible assets of all main business (exclusive of non-operating assets, liabilities), and the book value of the asset group is RMB 815,800; the book value of the goodwill attributable to the parent company is RMB 2,517,900; the book value of the asset group containing the entire goodwill is RMB 3,333,700; through assessment by the income approach, the recoverable amount of the asset group on December 31, 2020, the assessment base date, of CTI Agro-food Certification is RMB 9,474,100, and the impairment from the goodwill with the consolidation level attributable to the parent company has no impairment.

The method, critical assumption and basis of calculating the recoverable amount of the above asset group are as follows:

1) Present value of the expected future cash flow

The present value of the expected future cash flow is measured based on the expectation of the management of the Company for the future cash flow, and the critical assumptions and bases used in expectation of the future cash flow are as follows:

Item	Forecast period	Income growth rate within the forecast period	Average gross margin within the forecast period	Discount rate (pre-tax)
CTI Agro-food Certification	The forecast period is 2021-2025, and followed by the stable period	The income growth rates are estimated to be -48.72%, 1.33%, 1.15%, 1.14% and 0.64%, respectively in the forecast period 2021-2025.	61.86%	13.52%

(11) For testing the goodwill impairment, the Company valued the recoverable amount of the asset group related to the goodwill formed by acquisition of Centre Testing Electronic at the end of 2020. Upon determination of the valuation of the recoverable amount, the Company allocated the goodwill to the asset group from the purchase date, and then compared the book value of the asset group (containing goodwill) with the recoverable amount to determine whether the asset group (containing goodwill) has impairment.

As of December 31, 2020, the asset group range related to the goodwill formed by acquisition of Centre Testing Electronic includes the asset group consisting of operating tangible assets and intangible assets of all main business (exclusive of non-operating assets, liabilities), and the book value of the asset group is RMB 6,833,600; the book value of goodwill attributable to the parent company is RMB 39,885,600; the book value of goodwill attributable to minority shareholder is RMB 16,086,300; the book value of the asset group containing the entire goodwill is RMB 62,805,500; through assessment by the income approach, the recoverable amount of the asset group on December 31, 2020, the assessment base date, of Centre Testing Electronic is RMB 64,366,600, and the goodwill with the consolidation level attributable to the parent company has no impairment.

The method, critical assumption and basis of calculating the recoverable amount of the above asset group are as follows:

1) Present value of the expected future cash flow

The present value of the expected future cash flow is measured based on the expectation of the management of the Company for the future cash flow, and the critical assumptions and bases used in expectation of the future cash flow are as follows:

Item	Forecast period	Income growth rate within the forecast period	Average gross margin within the forecast period	Discount rate (pre-tax)
Centre Testing Electronic	The forecast period is 2021-2025, and followed by the stable period	The income growth rates are estimated to be 5.11%, 7.23%, 7.19%, 6.39% and 6.70%, respectively in the forecast period 2021-2025.	72.06%	14.13%

(12) For testing the goodwill impairment, the Company employed Tianjin Huaxia Jinxin Asset Appraisal Co., Ltd. to value the recoverable amount of the asset group related to the goodwill formed by acquisition of Fujian Sonwee, and issued HXJXPBZ [2021] No. 043 Asset Assessment Report. Upon determination of the valuation of the recoverable amount, the Company allocated the goodwill to the asset group from the purchase date, and then compared the book value of the asset group (containing goodwill) with the recoverable amount to determine whether the asset group (containing goodwill) has impairment.

As of December 31, 2020, the asset group range related to the goodwill formed by acquisition of Fujian Sonwee includes the asset group consisting of operating tangible assets and intangible assets of all main business (exclusive of non-operating assets, liabilities), and the book value of the asset group is RMB 1,577,200; the book value of goodwill attributable to the parent company is RMB 9,267,700; the book value of goodwill attributable to minority shareholder is RMB 8,904,300; the book value of the asset group containing the entire goodwill is RMB 19,749,300; through assessment by the income approach, the recoverable amount of the asset group on December 31, 2020, the assessment base date, of Fujian Sonwee is RMB 12,738,300, including RMB 7,011,000 of goodwill impairment and RMB 3,575,600 of goodwill impairment with the consolidation level attributable to the parent company. As of December 31, 2020, the Company has made provisions of RMB 3,707,900 for goodwill impairment related to Fujian Sonwee, so there are no further goodwill impairment provisions during this reporting period.

The method, critical assumption and basis of calculating the recoverable amount of the above asset group are as follows:

1) Present value of the expected future cash flow

The present value of the expected future cash flow is measured based on the expectation of the management of the Company for the future cash flow, and the critical assumptions and bases used in expectation of the future cash flow are as follows:

Item	Forecast period	Income growth rate within the forecast period	Average gross margin within the forecast period	Discount rate (pre-tax)
Fujian Sonwee	The forecast period is 2021-2025, and followed by the stable period	The income growth rates are estimated to be 12.00%, 13.00%, 9.00%, 9.00% and 5.00%, respectively in the forecast period 2021-2025.	42.85%	13.52%

(13) For testing the goodwill impairment, the Company valued the recoverable amount of the asset group related to the goodwill formed by acquisition of Sichuan Jianxin at the end of 2020. Upon determination of the valuation of the recoverable amount, the Company allocated the goodwill to the asset group from the purchase date, and then compared the book value of the asset group (containing goodwill) with the recoverable amount to determine whether the asset group (containing goodwill) has impairment.

As of December 31, 2020, the asset group range related to the goodwill formed by acquisition of Sichuan Jianxin includes the asset group consisting of operating tangible assets and intangible assets of all main business (exclusive of non-operating assets, liabilities), and the book value of the asset group is RMB 19,090,000; the book value of goodwill attributable to the parent company is RMB 5,830,300; the book value of goodwill attributable to minority shareholder is RMB 2,743,700; the book value of the asset group containing the entire goodwill is RMB 27,664,000; through assessment by the income approach, the recoverable amount of the asset group on December 31, 2020, the assessment base date, of Sichuan Jianxin is RMB 102,405,900, and the goodwill with the consolidation level attributable to the parent company has no impairment.

The method, critical assumption and basis of calculating the recoverable amount of the above asset group are as follows:

1) Present value of the expected future cash flow

The present value of the expected future cash flow is measured based on the expectation of the management of the Company for the future cash flow, and the critical assumptions and bases used in expectation of the future cash flow are as follows:

Item	Forecast period	Income growth rate within the forecast period	Average gross margin within the forecast period	Discount rate (pre-tax)
Sichuan Jianxin	The forecast period is 2021-2025, and followed by the stable period	The income growth rates are estimated to be 9.59%, 7.10%, 7.23%, 7.73% and 8.66%, respectively in the forecast period 2021-2025.	58.54%	11.93%

(14) For testing the goodwill impairment, the Company valued the recoverable amount of the asset group related to the goodwill formed by acquisition of Suzhou Jiakang at the end of 2020. Upon determination of the valuation of the recoverable amount, the Company allocated the goodwill to the asset group from the purchase date, and then compared the book value of the asset group (containing goodwill) with the recoverable amount to determine whether the asset group (containing goodwill) has impairment.

As of December 31, 2020, the asset group range related to the goodwill formed by acquisition of Suzhou Jiakang includes the asset group consisting of operating tangible assets and intangible assets of all main business (exclusive of non-operating assets, liabilities), and the book value of the asset group is RMB 1,508,000; the book value of the goodwill attributable to the parent company is RMB 3,970,300; the book value of the asset group containing the entire goodwill is RMB 5,478,200; through assessment by the income approach, the recoverable amount of the asset group on December 31, 2020, the assessment base date, of Suzhou Jiakang is RMB 12,344,800, and the impairment from the goodwill with the consolidation level attributable to the parent company has no impairment.

The method, critical assumption and basis of calculating the recoverable amount of the above asset group are as follows:

1) Present value of the expected future cash flow

The present value of the expected future cash flow is measured based on the expectation of the management of the Company for the future cash flow, and the critical assumptions and bases used in expectation of the future cash flow are as follows:

Item	Forecast period	Income growth rate within the forecast period	Average gross margin within the forecast period	Discount rate (pre-tax)
Suzhou Jiakang	The forecast period is 2021-2025, and	The income growth rates are estimated to be -4.69%, 5.56%, 7.37%, 5.88% and 5.56%, respectively in the forecast period	57.21%	12.80%

	followed by the stable period	2021-2025.		
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(15) For testing the goodwill impairment, the Company valued the recoverable amount of the asset group related to the goodwill formed by acquisition of Zhejiang Yuanjian at the end of 2020. Upon determination of the valuation of the recoverable amount, the Company allocated the goodwill to the asset group from the purchase date, and then compared the book value of the asset group (containing goodwill) with the recoverable amount to determine whether the asset group (containing goodwill) has impairment.

As of December 31, 2020, the asset group range related to the goodwill formed by acquisition of Zhejiang Yuanjian includes the asset group consisting of operating tangible assets and intangible assets of all main business (exclusive of non-operating assets, liabilities), and the book value of the asset group is RMB 8,781,000; the book value of goodwill attributable to the parent company is RMB 4,639,900; the book value of goodwill attributable to minority shareholder is RMB 4,457,900; the book value of the asset group containing the entire goodwill is RMB 17,878,700; through assessment by the income approach, the recoverable amount of the asset group on December 31, 2020, the assessment base date, of Zhejiang Yuanjian is RMB 19,403,600, and the goodwill with the consolidation level attributable to the parent company has no impairment.

The method, critical assumption and basis of calculating the recoverable amount of the above asset group are as follows:

1) Present value of the expected future cash flow

The present value of the expected future cash flow is measured based on the expectation of the management of the Company for the future cash flow, and the critical assumptions and bases used in expectation of the future cash flow are as follows:

Item	Forecast period	Income growth rate within the forecast period	Average gross margin within the forecast period	Discount rate (pre-tax)
Zhejiang Yuanjian	The forecast period is 2021-2025, and followed by the stable period	The income growth rates are estimated to be 55.79%, 40.91%, 22.58%, 11.58% and 20.28%, respectively in the forecast period 2021-2025.	46.44%	13.52%

(16) For testing the goodwill impairment, the Company employed BMI Appraisals Limited. to value the recoverable amount of the asset group related to the goodwill formed by acquisition of MARITEC PTE. LTD., and issued Asset Assessment Report No. C24271/BV21011P/6558. Upon determination of the valuation of the recoverable amount, the Company allocated the goodwill to the asset group from the purchase date, and then compared the book value of the asset group (containing goodwill) with the recoverable amount to determine whether the asset group (containing goodwill) has impairment.

As of December 31, 2020, the asset group range related to the goodwill formed by acquisition of MARITEC PTE. LTD. includes the asset group consisting of operating tangible assets and intangible assets of all main business (exclusive of non-operating assets, liabilities), and the book value of the asset group is RMB 17,750,600; the book value of the goodwill attributable to the parent company is RMB 266,673,000; the book value of the asset group containing the entire goodwill is RMB 284,423,600; through assessment by the income approach, the recoverable amount of the asset group on December 31, 2020, the assessment base date, of MARITEC PTE. LTD. is RMB 300,000,000, and the impairment from the goodwill with the consolidation level attributable to the parent company has no impairment.

The method, critical assumption and basis of calculating the recoverable amount of the above asset group are as follows:

1) Present value of the expected future cash flow

The present value of the expected future cash flow is measured based on the expectation of the management of the Company for the future cash flow, and the critical assumptions and bases used in expectation of the future cash flow are as follows:

Item	Forecast period	Income growth rate within the	Average	Discount rate (pre-tax)
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		forecast period	gross margin within the forecast period	
MARITEC PTE. LTD.	The forecast period is 2021-2025, and followed by the stable period	The income growth rates are estimated to be 41.43%, 29.00%, -9.00%, 11.00% and 12.00%, respectively in the forecast period 2021-2025.	75.78%	11.86%

(17) For testing the goodwill impairment, the Company valued the recoverable amount of the asset group related to the goodwill formed by acquisition of Tianjin Eco-City at the end of 2020. Upon determination of the valuation of the recoverable amount, the Company allocated the goodwill to the asset group from the purchase date, and then compared the book value of the asset group (containing goodwill) with the recoverable amount to determine whether the asset group (containing goodwill) has impairment.

As of December 31, 2020, the asset group range related to the goodwill formed by acquisition of Tianjin Eco-City includes the asset group consisting of operating tangible assets and intangible assets of all main business (exclusive of non-operating assets, liabilities), and the book value of the asset group is RMB 2,010,100; the book value of goodwill attributable to the parent company is RMB 12,891,800; the book value of goodwill attributable to minority shareholder is RMB 12,386,300; the book value of the asset group containing the entire goodwill is RMB 27,288,100; through assessment by the income approach, the recoverable amount of the asset group on December 31, 2020, the assessment base date, of Tianjin Eco-City is RMB 27,607,900, and the goodwill with the consolidation level attributable to the parent company has no impairment.

The method, critical assumption and basis of calculating the recoverable amount of the above asset group are as follows:

1) Present value of the expected future cash flow

The present value of the expected future cash flow is measured based on the expectation of the management of the Company for the future cash flow, and the critical assumptions and bases used in expectation of the future cash flow are as follows:

Item	Forecast period	Income growth rate within the forecast period	Average gross margin within the forecast period	Discount rate (pre-tax)
Tianjin Eco-City	The forecast period is 2021-2025, and followed by the stable period	The income growth rates are estimated to be 69.31%, 13.33%, 11.76%, 10.53% and 9.52%, respectively in the forecast period 2021-2025.	22.04%	13.52%

Impact of goodwill impairment test

N/A.

Other notes

N/A.

29. Long-term deferred expenses

Unit: RMB

Item	Beginning balance	Increase in the current period	Amortization amount of the current period	Other amount of decrease	Ending balance
Office renovation	154,608,225.29	31,547,685.25	52,876,447.58	1,531,019.62	131,748,443.34

Simple facility	2,373,498.12		1,022,371.02		1,351,127.10
Others	7,431,063.10	782,009.83	1,116,562.22	42,702.11	7,053,808.60
Total	164,412,786.51	32,329,695.08	55,015,380.82	1,573,721.73	140,153,379.04

Other notes

N/A.

30. Deferred income tax assets/deferred income tax liabilities

(1) Deferred income tax assets before offset

Unit: RMB

Item	Ending balance		Beginning balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Asset impairment provision	102,841,686.17	17,458,550.44	82,545,156.56	13,746,353.21
Deductible loss	97,724,093.55	16,623,070.55	82,925,784.96	16,920,275.66
Equity-settled share-based payment	17,480,357.47	2,622,053.62	14,475,000.00	2,171,250.00
Deferred income	104,919,765.11	20,432,849.78	63,726,565.89	11,010,541.49
Fixed assets accounting estimate influence	9,760,562.47	1,464,084.37	11,085,548.34	1,662,832.25
Movements in fair value	1,087,543.28	235,731.49		
Total	333,814,008.05	58,836,340.25	254,758,055.75	45,511,252.61

(2) Deferred income tax liabilities before offset

Unit: RMB

Item	Ending balance		Beginning balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Fixed assets accounting estimate influence	2,293,303.00	389,861.51	5,402,351.44	833,562.90
One-time deduction of fixed assets (before tax)	417,341,342.19	65,572,571.09	274,456,853.09	47,511,423.61
Total	419,634,645.19	65,962,432.60	279,859,204.53	48,344,986.51

(3) Deferred income tax assets or liabilities in net amount after offset

Unit: RMB

Item	Offset amount of deferred income tax assets and liabilities at the end of the period	Ending balance of deferred income tax assets or liabilities after offset	Initial offset amount of deferred income tax assets and liabilities	Initial balance of deferred income tax assets or liabilities after offset
Deferred income tax assets		58,836,340.25		45,511,252.61

Deferred income tax liabilities		65,962,432.60		48,344,986.51
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(4) Details of unrecognized deferred income tax assets

Unit: RMB

Item	Ending balance	Beginning balance
Deductable temporary difference	27,163,926.93	54,529,095.42
Deductible loss	228,661,312.14	269,724,123.57
Accrued liabilities	1,925,300.00	
Total	257,750,539.07	324,253,218.99

(5) The deductible losses of unrecognized deferred income tax assets will be due in the following years

Unit: RMB

Year	Ending amount	Initial amount	Remarks
2020		41,826,827.09	
2021	14,359,389.94	30,593,526.87	
2022	57,825,612.77	57,906,589.33	
2023	60,052,884.32	71,638,761.04	
2024	42,960,720.12	62,359,128.31	
2025	50,456,065.92		
2023-2029	877,159.38	3,433,348.31	Note 1
Indefinite	2,129,479.69	1,965,942.62	Note 2
Total	228,661,312.14	269,724,123.57	--

Other notes:

Note 1: According to the Taiwan Income Tax amended on January 21, 1998, the loss carry-forward and carry-back period for profit-oriented business entities in Taiwan region is extended from 5 years to 10 years. Therefore, recoverable losses of the sub-subsidiary Taiwan CTI Testing Technology Co., Ltd., incurred from 2013 to 2019, will be due in the period 2023-2029.

Note 2: According to Documents CTM04150 and CTM04100 of the British government, the loss carry-forward and carry-back period for profit-oriented business entities in the British region shall be traced back to the previous year and extended indefinitely.

31. Other non-current assets

Unit: RMB

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment deposit	3,040,000.00		3,040,000.00	3,040,000.00		3,040,000.00
Advances for equipment and project funds	158,946,031.44		158,946,031.44	92,842,534.23		92,842,534.23
Government subsidy for	5,898,752.72		5,898,752.72	9,050,441.48		9,050,441.48

equipment (note 1)						
Prepayment for investment	3,514,524.04		3,514,524.04			
Total	171,399,308.20		171,399,308.20	104,932,975.71		104,932,975.71

Other notes:

Note 1: In 2010, CTI Group and the Management Committees of Kunshan New and High Tech Industrial Development Zone reached an investment intention agreement on constructing Suzhou Biotechnology (the Pre-clinical CRO Research Base) in Kunshan Hi-tech Zone. On June 5, 2012, a supplementary agreement was entered into, under which Kunshan Hi-tech Zone committed that Jiangsu Kunshan Hi-Tech Industry Investment Development Co., Ltd., its subordinate company, would accumulatively contribute RMB 50 million to purchase the listed instruments and equipment for the equipment within 4 years since 2012.

Later, Jiangsu Kunshan Hi-Tech Industry Investment Development Co., Ltd. executed the Entrusted Operation Management Agreement with Suzhou Biology. As agreed, the investment of not less than RMB 50 million shall be successively invested to equipment for free use by Suzhou Biotechnology. The term of service is 20 years, from January 10, 2013, to January 9, 2033. Kunshan Hi-Tech Industry Investment Development Co., Ltd. shall have the equipment ownership. Suzhou Biotechnology has successively received the invested equipment from 2013 to 2016.

32. Short-term borrowings

(1) Short-term borrowings

Unit: RMB

Item	Ending balance	Beginning balance
Guaranteed borrowings	10,000,000.00	0.00
Credit borrowings	150,000,000.00	192,000,000.00
Interest payable not due	154,305.56	777,359.15
Total	160,154,305.56	192,777,359.15

Description of short-term borrowings classification:

- On June 11, 2011, Centre Testing International Group Co., Ltd. signed the Borrowing Contract numbered 2020015022020112337 with the Export-Import Bank of China Shenzhen Branch. The borrowing amount is RMB 90,000,000.00, the interest rate is 3.10%, and the borrowing period is from June 12, 2020, to June 12, 2021.
- On July 14, 2020, Centre Testing International Group Co., Ltd. signed the Borrowing Contract numbered 2020015022020113253 with the Export-Import Bank of China Shenzhen Branch. The borrowing amount is RMB 60,000,000.00, the interest rate is 3.10%, and the borrowing period is from July 15, 2020, to July 15, 2021.
- On November 24, 2020, Chengdu CTI Testing Technology Co., Ltd. signed the Borrowing Contract numbered H200101201123780 with Chengdu Bank Gaoxin Sub-branch. The borrowing amount is RMB 10,000,000.00, the interest rate is 4.00%, and the borrowing period is from November 24, 2020, to November 23, 2021. Wu Xihong signed the Guarantee Contract numbered D200130201123266 with Chengdu Bank Gaoxin Sub-branch.

(2) Outstanding overdue short-term borrowings

The total amount of outstanding overdue short-term borrowings at the end of the current period is RMB 0.00, including the following important outstanding overdue short-term borrowings:

Unit: RMB

N/A.

33. Financial liabilities held for trading

Unit: RMB

N/A.

34. Derivative financial liabilities

Unit: RMB

N/A.

35. Notes payable

Unit: RMB

Class	Ending balance	Beginning balance
Commercial acceptance bill	73,912.21	0.00
Total	73,912.21	

Total amount of notes payable that become due but unpaid yet at the end of the current period is RMB 0.00.

36. Accounts payable**(1) Details of accounts payable**

Unit: RMB

Item	Ending balance	Beginning balance
Materials payment	85,584,538.53	97,638,095.35
Advances for construction	98,599,058.22	25,848,129.17
Equipment funds	95,455,057.55	72,247,608.52
Service Charge	155,181,052.16	145,338,360.79
Others	114,040,387.47	72,122,994.03
Total	548,860,093.93	413,195,187.86

(2) Major accounts payable aged over 1 year

Unit: RMB

Item	Ending balance	Reasons for not being paid or carried forward
Espec Environmental Equipment (Shanghai) Co., Ltd.	7,791,000.00	Equipment payment hasn't been paid
Shanghai Emphasis Investment Management Consulting Co., Ltd.	1,114,772.39	The project hasn't been completed
Total	8,905,772.39	--

Other notes:

N/A.

37. Advance receipts**(1) Details of advance receipts**

Unit: RMB

Item	Ending balance	Beginning balance
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(2) Major advance receipts aged over 1 year

Unit: RMB

Item	Ending balance	Reasons for not being paid or carried forward
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38. Contract liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Prepaid service charge	75,179,931.49	81,362,389.11
Advance on sales	0.00	13,592.92
Total	75,179,931.49	81,375,982.03

Amount of and reason for significant changes in the book value within the Reporting Period

Unit: RMB

Item	Amount of change	Reason for change
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39. Payroll payable**(1) Details of payroll payable**

Unit: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
I. Short-term remuneration	307,883,765.05	1,432,241,996.84	1,376,573,505.45	363,552,256.44
II. Post-employment benefits - defined contribution plan	1,635,377.19	26,458,030.67	28,307,344.36	-213,936.50
III. Dismissal benefits	0.00	4,184,000.85	2,950,903.70	1,233,097.15
IV. Other welfare payable due within one year	0.00	0.00	0.00	0.00
Total	309,519,142.24	1,462,884,028.36	1,407,831,753.51	364,571,417.09

(2) Details of short-term remuneration

Unit: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
1. Remuneration, bonus, allowances and subsidies	299,383,623.31	1,316,808,947.55	1,260,594,927.22	355,597,643.64
2. Employee benefits	1,909,667.44	19,659,594.01	20,601,565.49	967,695.96
3. Social insurance premium	4,832,828.59	36,002,147.49	36,868,466.15	3,966,509.93
Including: Medical insurance premium	984,406.82	29,341,942.45	27,971,083.34	2,355,265.93
Work-related injury insurance premium	36,602.26	309,693.22	322,354.91	23,940.57
Maternity insurance premium	88,561.39	1,689,527.89	1,676,473.91	101,615.37
Others	3,723,258.12	4,660,983.93	6,898,553.99	1,485,688.06
4. Housing	555,589.35	45,476,152.24	44,861,330.96	1,170,410.63

provident fund				
5. Labor union expenditure and employee education expenses	1,202,056.36	14,295,155.55	13,647,215.63	1,849,996.28
Total	307,883,765.05	1,432,241,996.84	1,376,573,505.45	363,552,256.44

(3) Details of defined contribution plans

Unit: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
1. Basic endowment insurance	1,577,662.10	25,509,309.98	27,287,847.09	-200,875.01
2. Unemployment insurance premium	57,715.09	948,720.69	1,019,497.27	-13,061.49
Total	1,635,377.19	26,458,030.67	28,307,344.36	-213,936.50

Other notes:

N/A.

40. Taxes payable

Unit: RMB

Item	Ending balance	Beginning balance
Value-added tax	24,465,282.79	19,900,897.93
Enterprise income tax	41,200,824.52	24,232,939.35
Individual income tax	3,003,711.78	2,260,793.50
City maintenance and construction tax	1,285,143.07	1,169,712.06
Housing property tax	2,606,120.56	2,267,051.29
Educational surcharges	563,465.87	547,746.01
Stamp duty	511,387.44	459,201.97
Local educational surcharges	376,896.97	372,397.36
Land use tax	117,149.40	132,458.63
Others	355,267.20	322,526.83
Total	74,485,249.60	51,665,724.93

Other notes:

N/A.

41. Other payables

Unit: RMB

Item	Ending balance	Beginning balance
Dividends payable	31,042.91	1,497,642.91
Other payables	99,369,030.07	53,576,444.00
Total	99,400,072.98	55,074,086.91

(1) Interest payable

Unit: RMB

Item	Ending balance	Beginning balance
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Important outstanding overdue interest:

Unit: RMB

Borrower	Overdue amount	Overdue reason
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Other notes:

N/A.

(2) Dividends payable

Unit: RMB

Item	Ending balance	Beginning balance
Ordinary share dividend	31,042.91	1,497,642.91
Total	31,042.91	1,497,642.91

Other descriptions, including important dividends payable overdue over one year, with the reasons for non-payment disclosed:

N/A.

(3) Other payables

1) Other payables listed by nature of payment

Unit: RMB

Item	Ending balance	Beginning balance
Security deposit	4,322,490.66	3,545,820.69
Temporary receipts payable	49,018,234.63	41,063,795.63
Equity investment payable	8,764,359.45	2,232,939.14
Others	37,263,945.33	6,733,888.54
Total	99,369,030.07	53,576,444.00

2) Other major payables aged over 1 year

Unit: RMB

Item	Ending balance	Reasons for not being paid or carried forward
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Other notes

N/A.

42. Liabilities held for sale

Unit: RMB

Item	Ending balance	Beginning balance
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Other notes:

N/A.

43. Non-current liabilities due within one year

Unit: RMB

Item	Ending balance	Beginning balance
Long-term borrowings due within one year	32,717,177.86	0.00

Long-term payables due within one year	0.00	97,036.26
Total	32,717,177.86	97,036.26

Other notes:

N/A.

44. Other current liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Value-added tax output tax to be written off (tax in contract liabilities)	2,170,093.66	4,883,510.43
Total	2,170,093.66	4,883,510.43

Increase/decrease of short-term bonds payable:

Unit: RMB

Bond name	Nominal value	Issuance date	Bond duration	Issue amount	Beginning balance	Current issue	Interest accrued by face value	Premium or discount amortization	Current repayment	Ending balance
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Other notes:

N/A.

45. Long-term borrowings

(1) Classification of long-term borrowings

Unit: RMB

Item	Ending balance	Beginning balance
Guaranteed borrowings	84,823,699.31	0.00
Total	84,823,699.31	0.00

Description of long-term borrowings classification:

On May 25, 2020, CIT Holdings (Hong Kong) Co., Ltd., a subsidiary of the company, and The Hong Kong and Shanghai Banking Corporation Limited signed the Credit Facility numbered CARM200407 to obtain a three-year guaranteed borrowings with a borrowing amount of USD 20,000,000.00. The borrowing period is from June 2, 2020, to June 5, 2023, and the interest is charged at the January London Interbank Offered Rate (LIBOR) + an annual interest rate of 0.9%. Some statements due within one year have been reclassified to non-current liabilities due within one year.

Other descriptions, including interest rate range:

N/A.

46. Bonds payable

(1) Bonds payable

Unit: RMB

Item	Ending balance	Beginning balance
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(2) Increase/decrease of bonds payable: (excluding preferred stock, perpetual bond and other financial instruments classified as financial liabilities)

Unit: RMB

Bond name	Nominal value	Issuance date	Bond duration	Issue amount	Beginning balance	Current issue	Interest accrued by face value	Premium or discount amortization	Current repayment	Ending balance
Total	--	--	--							

(3) Description of the conditions and time for the conversion of convertible corporate bonds to equity

N/A.

(4) Description of other financial instruments divided into financial liabilities

Basic information of outstanding preferred shares, perpetual bonds and other financial instruments issued at the end of the period

N/A.

Table of changes of outstanding preferred shares, perpetual bonds and other financial instruments issued at the end of the period

Unit: RMB

Outstanding financial instruments	Beginning of the period		Increase in the current period		Decrease in the current period		At the end of the period	
	Qty.	Book value	Qty.	Book value	Qty.	Book value	Qty.	Book value

Description of the basis for the classification of other financial instruments into financial liabilities

N/A.

Other notes

N/A.

47. Lease liabilities

Unit: RMB

Item	Ending balance	Beginning balance

Other notes

N/A.

48. Long-term payables

Unit: RMB

Item	Ending balance	Beginning balance
Long-term payables	847,738.90	371,605.38
Total	847,738.90	371,605.38

(1) Long-term payables listed by nature of payment

Unit: RMB

Item	Ending balance	Beginning balance
Obligations under finance leases	847,738.90	468,641.64
Less: long-term payables due within one year		97,036.26
Total	847,738.90	371,605.38

Other notes:

N/A.

(2) Special payables

Unit: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance	Reason for formation
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Other notes:

N/A.

49. Long-term payroll payable

(1) Table of long-term payroll payable

Unit: RMB

Item	Ending balance	Beginning balance
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(2) Changes in defined benefit plans

Present value of obligations under defined benefit plans:

Unit: RMB

Item	Amount incurred in the current period	Amount of the previous period
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Plan assets:

Unit: RMB

Item	Amount incurred in the current period	Amount of the previous period
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Net liabilities (net assets) of defined benefit plans

Unit: RMB

Item	Amount incurred in the current period	Amount of the previous period
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Description of the content of defined benefit plans & related risks as well as the impact on the company's future cash flow, time and uncertainty:

N/A.

Description of major actuarial assumptions and sensitivity analysis results of defined benefit plans:

N/A.

Other notes:

N/A.

50. Accrued liabilities

Unit: RMB

Item	Ending balance	Beginning balance	Reason for formation
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Pending Action	2,153,982.00	1,925,300.00	See descriptions below for details
Others	2,605,033.78	2,236,959.46	The property ownership certificate hasn't been completed. The housing property tax, interest on late payment and other amounts probable to be paid in future shall be accrued from the account.
Total	4,759,015.78	4,162,259.46	--

Other descriptions, including major relevant assumptions and estimations of significant accrued liabilities:

Note 1: As for the pending litigation, i.e. the equity dispute between the subsidiary of the Company, Hangzhou Hua'an Nondestructive Testing Technology Co., Ltd. (hereinafter referred to as "Hangzhou Hua'an") and Leng Xiaoqi, according to the paper of civil judgment (2018) Y0304MC No. 4501 of the People's Court of Futian District, Shenzhen City, Guangdong Province, the ruling was that the defendant Hangzhou Hua'an shall pay the compensation of RMB 1.57 million plus interest to the plaintiff, Leng Xiaoqi, within ten days since the Judgment comes into force. Hangzhou Hua'an disagreed with such ruling and lodged an appeal for trial of second instance in 2019. The court session was opened for the trial of second instance by the Shenzhen Intermediate People's Court on December 13, 2019. As of the approved release date of the Financial Reports, the Company has not received the result of judgment. Thus, the provisions will be accrued as per the payment amount sentenced in the trial of first instance.

51. Deferred income

Unit: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance	Reason for formation
Government subsidy related to assets	61,138,142.25	58,384,100.00	22,370,974.59	97,151,267.66	See Table 1 for details
Government subsidy related to incomes	3,244,665.66	19,544,756.00	12,727,089.79	10,062,331.87	See Table 1 for details
Total	64,382,807.91	77,928,856.00	35,098,064.38	107,213,599.53	--

Projects involving government subsidy:

Unit: RMB

Liability items	Beginning balance	Amount of new subsidy in the current period	Amount included in non-operating income in the current period	Amount included into other incomes in the current period	Amount of cost offset in the current period	Other changes	Ending balance	Related to assets/earnings
Comprehensive testing service platform demonstration program	716,795.63			211,031.12			505,764.51	Related to asset
Subsidy for		2,000,000.		1,000,000.			1,000,000.0	Earnings

science and technology services		00		00			0	related
Subsidy for start-up		1,000,000.00		100,000.00			900,000.00	Earnings related
SME Technology Innovation Fund 2013	29,222.21			29,222.21				Related to asset
Special fund for SME development of central government 2013	46,970.79			46,970.79				Related to asset
Fund for Scientific and Technical Projects in Jinzhou New Area 2013	16,667.98			16,667.98				Related to asset
Operation subsidy for scientific and technical innovation platform of Jinzhou New Area, Dalian	147,539.52			66,500.04			81,039.48	Related to asset
Special fund for supporting planning organization of scientific and technical innovation entity	2,813.47			1,709.40			1,104.07	Related to asset
Subsidy for construction project of multi-functional testing technology platform	320,947.54			200,004.87			120,942.67	Related to asset
Dalian Hi-Think Computer Technology Corp. - Liaoning Coastal Economic Belt construction subsidy		3,050,000.00		2,098,339.47			951,660.53	Related to asset
Circular economy project investment subsidy		1,000,000.00		310,620.18			689,379.82	Related to asset
Special subsidy for technological innovation		49,050,000.00					49,050,000.00	Related to asset

Service system establishment award	4,186,046.51			1,395,348.84			2,790,697.67	Related to asset
Shenzhen Public Service Platform Project of Electronic Information Material Testing 2012	1,073,707.33			225,331.20			848,376.13	Related to asset
Industrial Transformation and Upgrade Project (the First Batch of Industrial Revitalization and Technical Innovation Project) (Civil Works of South China Testing Base)	15,014,552.20			353,283.60			14,661,268.60	Related to asset
Subsidy for agricultural product quality safety project	1,005,414.85			641,262.80			364,152.05	Related to asset
Public Service Platform Project of Home Service Robot Detection Technology in Shenzhen	5,085,716.58			1,418,300.33			3,667,416.25	Related to asset
Key Technology Research and Development Project of Air Pollutant Sampling and Calibration Device	128,949.17			127,081.62			1,867.55	Related to asset
Construction Project for Public Service Platform of Life Safety and Health Check	1,933,189.46			1,467,647.19			465,542.27	Related to asset
Special fund for agricultural development 2016	911,333.04			399,999.96			511,333.08	Related to asset
Research and development for separation effect testing method of mechanical pollutant	2,126,635.57			240,880.25			1,885,755.32	Related to asset

purification system								
Project of China National Institute of Standardization - Research on Selection and Determination of Core Elements of Technical Standards	149,935.53						149,935.53	Earnings related
Enterprise Information Project of Special Fund of SME Administration 2017	168,000.00			112,000.00			56,000.00	Related to asset
Industry development project 2018	1,856,718.21			672,827.86			1,183,890.35	Related to asset
Supporting incentive for Information Project of Bao'an District 2018	27,999.82			27,999.82				Related to asset
Fund for Public Technical Service Platform Project 2019	2,687,771.70			1,000,000.08			1,687,771.62	Related to asset
Special fund for agricultural development 2017	1,880,991.53			134,492.52			1,746,499.01	Related to asset
Research, development and application of integration inspection and testing service platform for emerging industries	1,510,679.47	580,000.00		288,780.20			1,801,899.27	Earnings related
Establishment fund for agricultural product quality safety system	100,000.00						100,000.00	Earnings related
Project of China National Institute of Standardization - Research and Application Demonstration on Classic	45,558.71			40,111.04			5,447.67	Earnings related

Environment-friendly Product Evaluation Standard								
Research on key technical standards 2017 (including emergency stop device and two-hand operation device)	126,411.44	20,000.00		119,677.70			26,733.74	Earnings related
Fund for establishing internal training organization of CTI	500,000.00			500,000.00				Earnings related
Enterprise information construction support program of Shenzhen Municipality 2019	110,832.98			110,832.98				Related to asset
Research on key technical standards 2020 (including emergency stop device and two-hand operation device)		170,000.00					170,000.00	Earnings related
Research, development and application of integration testing service platform for emerging industries 2020		808,756.00					808,756.00	Earnings related
National/provincial/city Innovation Platform Construction Supporting Award Project (Bao'an District) 2019		5,000,000.00		5,000,000.00				Related to asset
Enterprise research and development grant 2019		1,062,000.00		1,062,000.00				Earnings related
Nanjing City's 1-million subsidy for headquarters enterprise and headquarters building		1,000,000.00		66,666.67			933,333.33	Earnings related

certification application in the second half of 2019								
Nanjing Economic and Technological Development Zone's government subsidy of 2.024 million for promoting the development of inspection, testing/certification and accreditation industry		2,024,000.00		118,066.67			1,905,933.33	Earnings related
Special fund for service industry development promotion of Hi-tech Zone 2015 (RMB 1.59 million)	355,617.09			302,100.00			53,517.09	Related to asset
Special municipal fund for service development of Hi-tech Zone 2016 (RMB 2.407 million)	1,431,351.52			325,216.16			1,106,135.36	Related to asset
Construction subsidy for service platform of small and micro businesses in Ningbo City 2016	1,200,000.00			600,000.00			600,000.00	Related to asset
Construction subsidy for public service platform of small and micro businesses in Ningbo City 2017	784,922.31			295,609.48			489,312.83	Related to asset
Construction subsidy for public service platform of small and micro businesses in Ningbo City 2018	1,571,518.04			467,803.04			1,103,715.00	Related to asset
Ningbo - the sixth batch of industry support funds in 2020 in an		284,100.00		12,444.71			271,655.29	Related to asset

amount of RMB 284,100								
Special subsidy for the 4th batch of industry transformation and upgrading projects in 2020		7,200,000.00		5,974,828.15			1,225,171.85	Earnings related
Special grant for creating Shenzhen standard of Shenzhen 2018	92,080.51			8,959.36			83,121.15	Earnings related
Hi-tech subsidy of Scientific and Technical Innovation Committee of Bao'an District, Shenzhen Municipality 2019		300,000.00		300,000.00			0.00	Earnings related
Fund for scientific and technical infrastructure construction (public scientific and technical service platform) in Kunshan City 2012	44,520.34			44,520.34			0.00	Related to asset
Fund for enterprise support and science & technology award	3,514,559.89			84,013.40			3,430,546.49	Related to asset
Right to use government equipment	9,050,441.48			3,151,688.76			5,898,752.72	Related to asset
Capital of Entrepreneurship and Innovation Talent Team Program of Kunshan Municipality	720,000.00			720,000.00			0.00	Earnings related
Provincial innovation capacity construction fund (first batch) 2015	156,282.59			36,824.19			119,458.40	Related to asset
Special fund for financial support project of Suzhou industrial and economic	95,900.99			55,706.61			40,194.38	Related to asset

upgrade version 2015								
Special fund for municipal service industry development and guide 2015	1,396,341.48			36,585.36			1,359,756.12	Related to asset
Political incentive for high-quality development of scientific and technical innovation in Xiangcheng District 2018 (construction of research and development organization/technical contract incentive/support to construction of innovation carrier, etc.)	713,312.18			176,630.03			536,682.15	Related to asset
The ninth scientific and technical development program (scientific and technical innovation policy fund) project and fund in Suzhou City 2019	158,513.82			39,251.12			119,262.70	Related to asset
Subsidy for Suzhou service industry innovation demonstration enterprises		3,380,000.00		2,428,000.00			952,000.00	Earnings related
Special fund for development of Chinese herb medicine in Yunnan Province 2018	1,186,044.43			434,226.28			751,818.15	Related to asset
Total	64,382,807.91	77,928,856.00		35,098,064.38			107,213,599.53	

Other notes:

Note 1: Description for projects at the beginning of the period and project investment increased by more than RMB 1 million in the current period

(1) According to the *Joint Notice of Sichuan Provincial Bureau of Finance and Science and Technology Department of Sichuan Province on Allocating the Special Funds for the Development of Science and Technology Service Industry in 2020* (CCJ [2020] No. 137, the Company received the subsidy from S&T and Talent Bureau of

Chengdu High-Tech Industrial Development Zone in an amount of RMB 2,000,000.00 on December 21, 2020, with RMB 1,000,000.00 included into other incomes in the current period.

(2) According to the *Investment Cooperation Agreement on Xijiao Huasi Rail Transit Inspection Base Project* signed with the Jinniu District People's Government of Chengdu on October 19, 2020, the Jinniu District People's Government of Chengdu will grant the project company within 30 days from the date of signing the agreement a one-time start-up subsidy of RMB 1 million, which will be used for the project company's technical standard development, equipment procurement, evaluation and certification process construction and various rail transit certification qualifications. On December 7, 2020, the Company received a sum of capital from the Investment Promotion Bureau of Jinniu District, Chengdu City in an amount of RMB 1,000,000.00, with RMB 100,000.00 included into other incomes in the current period.

(3) According to the *Notice on Issuing the Subsidy Fund for the Construction of Liaoning Coastal Economic Zone in 2019* by the Development and Reform Commission of Liaoning Province and Dalian City and the Finance Bureau of Liaoning Province and Dalian City (DFGYHZ [2019] No. 484) and the *Notice on the issuance of the 2019 Liaoning Coastal Economic Belt Construction Subsidy Fund Plan* by Dalian Jinpu New District Development and Reform Bureau (DJPFGE [2019] No. 22), the subsidiary, Dalian Huaxin Physical and Chemical Testing Center Co., Ltd., totally received a subsidy from Dalian Jinpu New District Financial Affairs Service Center in an amount of RMB 3.05 million, including RMB 1.525 million received on January 22, 2020, and RMB 1.525 million received on August 11, 2020. The subsidy has been used for the equipment cost and housing rental cost of the project from January 2015 to December 2018. The use of project fund needs to be carried forward after the inspection and acceptance by the Dalian Municipal Bureau of Finance, with RMB 2,098,339.47 inspected, accepted and carried forward into other incomes in the current period.

(4) According to the *Joint notice of the Development and Reform Bureau of Guangzhou Huangpu District and the Development and Reform Bureau of Guangzhou Development Zone on Issuing the District Green and Low-carbon Development special fund for the Third Batch of Projects Inspected and Accepted in 2020* (SPFG [2020] No. 100), on December 8, 2020, the Company received the allocated circular economy project investment subsidy in an amount of RMB 1,000,000.00, with RMB 310,620.18 included into other incomes in the current period.

(5) According to the *Notice on Forwarding and Allocating the 2020 (First Batch) Central Budget Investment Plan for Technical Transformation Projects* by the Economic Development Department of Qingdao High-tech Industrial Development Zone Management Committee, on September 14, 2020, the Company received the subsidy from the Economic Development Department of Qingdao High-tech Industrial Development Zone Management Committee in an amount of RMB 49,050,000.00. The capital has been specially used for technological renovation of the base, with RMB 0 included into other incomes in the current period.

(6) According to the *Notice of Beijing Municipal Bureau of Economy and Information Technology on Collecting Construction Projects for Capital Service System Supporting Development of SMEs in Beijing*, issued by Beijing Municipal Bureau of Economy and Information Technology on March 12, 2018, capital subsidiaries will be proportionally granted as per the project investment amount to support public service platforms, construction or renovation projects of entrepreneurship and innovation bases for small and micro enterprises, which are completed from March 1, 2017, to March 1, 2018, and have the construction period not greater than 2 years. On June 24, 2019, the Company received RMB 5,000,000.00 transferred by Beijing Municipal Bureau of Economy and Information Technology in the name of "Construction Awards for Service System", RMB 1,395,348.84 of which was included into other incomes in the current period.

(7) According to the *Approval of the Funding Application Report for the Shenzhen Electronic Information Material Testing Public Service Platform Project of Shenzhen CTI Testing Technology Co., Ltd.* by the Development and Reform Commission of Shenzhen Municipality (SFG [2012] No. 729, on July 24, 2012, Centre Testing International Group Co., Ltd. received a subsidy from Finance Commission of Shenzhen Municipality in an amount of RMB 4,500,000.00. The subsidy has been used for purchasing equipment by the enterprise and been included into current profit or loss by installments since the day when assets are accrued for impairment, with RMB 225,331.20 included into other incomes in the current period.

(8) According to the *Notice on the Issuance of Industrial Transformation and Upgrading Projects (the First Batch of Industrial Revitalization and Technological Transformation) 2014 Investment Plan within the Central Budget* jointly released by the Development and Reform Commission of Shenzhen Municipality and the Economy, Trade and Information Committee of Shenzhen Municipality (SFG [2014] No. 859), Centre Testing International Group Co., Ltd. received the allocation from Finance Commission of Shenzhen Municipality in an amount of RMB 11,000,000.00 (on December 23, 2014) and RMB 4,780,000.00 (on November 16, 2016). The subsidy has been used for civil works of South China Testing Base and has been included into current profit or loss by installments since the assets are put into service, with RMB 353,283.60 included into other incomes in the current period.

(9) According to the Subsidy Application Contract for Agricultural Product Quality and Safety Testing Project of Special Agricultural Development Fund of Shenzhen Municipality, Centre Testing International Group Co., Ltd. has respectively received the appropriations of RMB 2,000,000.00 respectively on March 11, 2015, and on December 21, 2015, from the Finance Commission of Shenzhen Municipality. According to the Management Method of Special Agricultural Development Fund of Shenzhen, SSYJS[2014] No. 25 and SSZL[2015] No. 11, this fund is used as the construction project subsidy of agricultural product quality and safety inspection center, which is mainly used for purchasing equipment and is included into current profit or loss by installments since the assets are accrued for impairment, with RMB 641,262.80 included into other incomes in the current period.

(10) According to the documents of the Development and Reform Commission of Shenzhen Municipality (SFG[2015] No. 963), the reply to fund application report for Public Service Platform Project of Home Service Robot Detection Technology in Shenzhen by the Development and Reform Commission of Shenzhen Municipality, According to the document of the Development and Reform Commission of Shenzhen Municipality, the Economy, Trade and Information Committee of Shenzhen Municipality, the Science and Technology Innovation Committee of Shenzhen Municipality and the Finance Commission of Shenzhen Municipality (SFG [2015] No. 863) - the *Notice on the Release of the Support Plan on Shenzhen's Strategic Emerging Industries and Future Industry Development Special Funds for the First Half of 2015 (the First, Second and Third Batches)* by the Development and Reform Commission of Shenzhen Municipality, the Economy, Trade and Information Committee of Shenzhen Municipality, the Science and Technology Innovation Committee of Shenzhen Municipality and the Finance Commission of Shenzhen Municipality, Centre Testing International Group Co., Ltd. received the allocation from Shenzhen Municipal Treasury in an amount of RMB 4,000,000.00 on October 29, 2015 and the allocation from Finance Bureau of Bao'an District, Shenzhen in an amount of RMB 2,000,000.00 on October 31, 2016. The appropriation has been used for its dedicated purpose, mainly used for purchasing instrument and equipment, improving existing process equipment and testing conditions and purchasing necessary technology, software, etc. and has been included into current profit or loss by installments since the assets are accrued for impairment, with RMB 1,418,300.33 included into other incomes in the current period.

(11) According to the document (SFG[2015] No. 793) of Development and Reform Commission of Shenzhen Municipality and the Notice of Decomposing and Distributing National Service Industry Development and Capital Guide Plan within Central Budget 2015 by the National Development and Reform Commission, Centre Testing International Group Co., Ltd. has received the appropriation of RMB 5,000,000.00 on July 11, 2016, for purchasing platform equipment and RMB 710,000.00 on December 22, 2017, from the Finance Commission of Shenzhen Municipality for purchasing platform equipment. According to the document of the Technology Innovation Bureau of Bao'an District, Shenzhen Municipality (SBK[2017] No. 64) and the Notice of Capital Arrangement Plan of 24 Projects Including the Construction Subsidy for Testing Laboratories with State-recognized Qualification in Bao'an District 2017, Centre Testing International Group Co., Ltd. has received the special fund from Finance Bureau of Bao'an District on September 30, 2017. The amount has been used for its dedicated purpose, i.e., purchasing equipment for the public service platform of life safety and health testing and for technological innovation, research and development of the platform project. The amount has been included into current profit or loss by installments since the assets are put into service, with RMB 1,467,647.19 included into other incomes in the current period.

(12) According to the Document SFG [2017] No. 713, Centre Testing International Group Co., Ltd. and the Science and Technology Innovation Committee of Shenzhen Municipality executed the Shenzhen Science and Technology Plan Project Agreement (Project No. JSGG20170413162752680, Project Name: Research and Development of Testing Method for Separation Effect of Mechanical Pollutant Purification System). As agreed in the Contract, the fund of RMB 4.5 million will be provided to the Company as the subsidy for research and development of testing method of separation effect of mechanical pollutant purification system. The subsidy is mainly used for purchasing equipment and is included into current profit or loss since the assets are accrued for impairment. On June 30, 2017, Centre Testing International Group Co., Ltd. has received the fund appropriated by the Finance Commission of Shenzhen Municipality, which has been carried forward to current profit or loss as per actual usage amount, with RMB 240,880.25 included into other incomes in the current period.

(13) According to the document of Economy, Trade and Information Committee of Shenzhen Municipality, Notice of the Economy, Trade and Information Committee of Shenzhen Municipality about Publicity of Proposed Projects Covered by the Public Service Platform Support Program of Special Industrial Development Fund for Productive Service Industry 2018, (SJMXXSCZ[2018] No. 264), Centre Testing International Group Co., Ltd. has received the fund of the Public Service Platform Support Program for Productive Service Industry, RMB 10,000,000.00, on December 20, 2018, from Finance Commission of Shenzhen Municipality. The fund has been used for its dedicated purpose for construction of the National Service Platform Project of Quality Testing Center of Toxic and Harmful Substance from Electric Products. The subsidy has been mainly used for purchasing relevant equipment for the enterprise and has been included into current profit or loss since the assets are used,

with RMB 672,827.86 included into other incomes in the current period.

(14) According to the Notice of Shenzhen Industrial and Information Technology Bureau about Publicity of Proposed Funding Program (First Batch) of Special Public Technology Service Platform Program of Technical Transform and Multiplication 2019 (SGXTCZ[2019] No. 54), Centre Testing International Group Co., Ltd. has received the public technology service platform fund 2019, RMB 5,000,000.00, from the Finance Commission of Shenzhen Municipality on May 9, 2019. The subsidy has been used for purchasing equipment and has been included into current profit or loss by installments since the assets are put into service, with RMB 1,000,000.08 included into other incomes in the current period.

(15) According to the Circular of Market and Quality Supervision Commission of Shenzhen Municipality about Publicizing Agricultural Product Quality and Safety Testing Project Funding Program by the Special Agricultural Development Fund 2017 (SSZTG[2018] No. 55), Centre Testing International Group Co., Ltd. has received the special agricultural development supporting fund of 2017 of RMB 2,000,000.00 from the Market and Quality Supervision Commission of Shenzhen Municipality on November 30, 2018. The subsidy has been used for purchasing equipment and has been included into current profit or loss by installments since the assets are put into service, with RMB 134,492.52 included into other incomes in the current period.

(16) According to the documents as the Several Opinions of the State Council on Improving and Strengthening Administration of Scientific Research Projects and Funds Supported by Central Finance (GF[2014] No. 11) and the Publicity List of Proposed Projects of Key and Special Projects 2018 of "General Key Technology Research and Development and Application Demonstration for Modern Service Industry" in the National Key Research and Development Program in the Notice of Arrangement Publicity of Key and Special Projects 2018 of "General Key Technology Research and Development and Application Demonstration for Modern Service Industry" in the National Key Research and Development Program by the Hi-tech Research and Research Development Center of the Ministry of Science and Technology of the People's Republic of China, Centre Testing International Group Co., Ltd. has received the subsidy from the Hi-tech Research and Research Development Center of the Ministry of Science and Technology of the People's Republic of China on September 27, 2019, totaling RMB 7,460,000.00 (9,460,000.00), including RMB 1,617,000.00 belonged to CTI; On June 16, 2020, Centre Testing International Group Co., Ltd. received the subsidy from the Hi-tech Research and Research Development Center of the Ministry of Science and Technology of the People's Republic of China in an amount of RMB 3,380,000.00, including RMB 580,000.00 belonged to CTI; The subsidy has been used for paying various costs incurred in connection with research and development of the project and carried forward to current profit or loss as per the actual amount used, with RMB 288,780.20 included into other incomes in the current period.

(17) According to the Notice of the Shenzhen Municipal Economic and Trade Information Commission on the Announcement of the Project to be Funded by the 2018 Industrial Development Special Funds Public Service Platform Support Plan for the Public Service Industry (SJMXXSCZ [2018] No. 264), Centre Testing International Group Co., Ltd. received RMB 5,000,000.00 as the subsidy allocated by Shenzhen Bao'an District Finance Bureau on March 30, 2020. The subsidy was used to purchase the instruments and equipment required for the platform, with RMB 5,000,000.00 included into other incomes in the current period.

(18) According to the Guidelines on Applying for subsidy for Research and Development by Enterprises in 2019 issued by the Science and Technology Innovation Committee of Shenzhen Municipality, on November 20, 2020, Centre Testing International Group Co., Ltd. received an amount of RMB 1,062,000.00 as the subsidy from the Science and Technology Innovation Committee of Shenzhen Municipality, with RMB 1,062,000.00 included into other incomes in the current period.

(19) According to the Notice on Certifying the Second Batch of Municipal Headquarters Enterprises of Nanjing City, a Document of the Nanjing Joint Conference on Promoting the Development of Headquarters Economy (NZB [2020] No. 1), an amount of RMB 1,000,000.00 allocated by Nanjing Economic and Technological Development Zone Management Committee was received on May 28, 2020, with RMB 66,666.67 included into other incomes in the current period.

(20) According to document of the Nanjing Economic and Technological Development Zone Management Committee - the *Notice on the Issuance of the Nanjing Economic and Technological Development Zone's Support Measures for Promoting the Development of Inspection, Testing, Certification and Accreditation Industries* (NKWKZ [2015] No. 183), on June 22, 2020, the Company received a government subsidy from the Nanjing Economic and Technological Development Zone Management Committee in an amount of RMB 2,024,000.00, with RMB 118,066.67 included into other incomes in the current period.

(21) According to the document of the Economic Development Bureau of National Hi-tech Zone of Ningbo Municipality and the Financial Bureau of National Hi-tech Zone of Ningbo Municipality, the Notice of Distributing Municipal Special Fund for Service Industry Development of Hi-Tech Zone 2016 (YGXJ[2017] No.

30), the subsidiary Ningbo CTI Testing Technology Co., Ltd. has received the special fund of RMB 2,407,000.00 on March 29, 2017, from the State-owned Assets Management and Accounting Center of Ningbo National Hi-tech Zone. The subsidy has been used for purchasing relevant equipment by the enterprise and included into current profit or loss by installments since the day when assets are accrued for impairment, with RMB 325,216.16 included into other incomes in the current period.

(22) According to the document of the Finance Bureau of Ningbo Municipality, About Clearing and Distributing Special Funds (First Batch) for Entrepreneurship and Innovation Model Bases of Small and Micro Businesses in Cities 2017 (YCZF[2017] No. 734), the subsidiary Ningbo CTI Testing Technology Co., Ltd. has received the special fund of RMB 3,000,000.00 on December 21, 2017, from the State-owned Assets Management and Accounting Center of Ningbo National Hi-tech Zone. The subsidy has been used for purchasing relevant equipment by the enterprise included into current profit or loss by installments since the day when assets are accrued for impairment, with RMB 600,000.00 included into other incomes in the current period.

(23) According to the Document "YCZF[2019] No. 612" of Finance Bureau of Ningbo Municipality, the Notice about Distributing the Special Fund for (Fourth Batch) for Entrepreneurship and Innovation Model Bases of Small and Micro Businesses in Cities 2019, the subsidiary Ningbo CTI Testing Technology Co., Ltd. has received the special fund of RMB 1,774,300.00 from Ningbo Finance Bureau on August 22, 2019. The subsidiary has been used for setting up the public service platform of enterprise and included into current profit or loss by installments within remaining service life of the assets, with RMB 467,803.04 included into other incomes in the current period.

(24) According to Document No. HJXT [2019] 843 of the Shanghai Municipal Commission of Economy and Informatization, on September 9, 2020, the Company received the special fund (technological renovation) for the 4th batches of industrial transformation and upgrading projects in 2020 from the Shanghai Municipal Commission of Economy and Informatization in an amount of RMB 7,200,000.00. The special fund has been applied based on equipment and infrastructure investment, with RMB 5,974,828.15 included into other incomes in the current period.

(25) According to the 2nd Scientific and Technical Innovation Joint Conference Minute of Investment Attraction Administration of Kunshan Hi-tech Zone (GXQ[2012] No. 179), the subsidiary, CTI Biotechnology (Suzhou) Co., Ltd., has respectively received the Construction Subsidy for Kunshan GLP Project Base of RMB 1 million in 2015, RMB 1 million in 2016 and RMB 1.8 million in 2017 from the Investment Attraction Administration of Kunshan Hi-tech Zone. The subsidy has been used for construction of the Kunshan GLP Base Project and included into current profit or loss by installments since the assets are put into service, with RMB 84,013.40 included into other incomes in the current period.

(26) In 2010, CTI Group and the Management Committees of Kunshan New and High Tech Industrial Development Zone reached an investment intention agreement on constructing Suzhou Biotechnology (the Pre-clinical CRO Research Base) in Kunshan Hi-tech Zone. On June 5, 2012, a supplementary agreement was entered into, under which Kunshan Hi-tech Zone committed that Jiangsu Kunshan Hi-Tech Industry Investment Development Co., Ltd., its subordinate company, would accumulatively contribute RMB 50 million to purchase the listed instruments and equipment for the equipment within 4 years since 2012. Later, Jiangsu Kunshan Hi-Tech Industry Investment Development Co., Ltd. executed the Entrusted Operation Management Agreement with Suzhou Biotechnology. As agreed, the investment of not less than RMB 50 million shall be successively invested to equipment for free use by Suzhou Biotechnology. The term of service is 20 years, from January 10, 2013, to January 9, 2033. Kunshan Hi-Tech Industry Investment Development Co., Ltd. shall have the equipment ownership. Suzhou Biotechnology has successively received the invested equipment from 2013 to 2016, with the total amount of RMB 49,775,842.00. As of the end of 2016, the net amount of equipment is RMB 26,656,503.38 and RMB 3,151,688.76 is transferred in other income in the current period.

(27) According to the document of Development and Reform Bureau of Xiangcheng District, Suzhou Municipality and the Finance Bureau of Xiangcheng District, Suzhou Municipality, the Notice about Distributing Municipal Service Industry Development Guide Fund 2015 to Suzhou CTI Testing Technology Co., Ltd. (XFGF(2017) No. 1 and XCQ(2017) No. 7), the subsidiary Suzhou CTI Testing Technology Co., Ltd. has received the special fund of RMB 1,500,000.00 from the Finance Department of Weitang Town, Xiangcheng District on March 17, 2017. The subsidy has used for construction of lab base by the enterprise and included into current profit or loss by installments since the day when assets are accrued for impairment, with RMB 36,585.36 included into other incomes in the current period.

(28) According to The Notice of Allocating the Subsidy Funds for Service Industry Innovation Demonstration Enterprises in Suzhou jointly issued by Suzhou Xiangcheng District Development and Reform Commissions (XFGT [2020] No. 1), on July 9, 2020, the Company received the subsidy from Suzhou Xiangcheng District

Development and Reform Commissions in an amount of RMB 3,380,000.00. The subsidy has been used for the Suzhou CTI Base Project (Phase 2), with RMB 2,428,000.00 included into other incomes in the current period.

(29) According to the Notice of Finance Bureau of Kunming Municipality and the Industry and Information Technology Bureau of Kunming Municipality about Distributing Special Development Fund for Chinese Herb Medicine Industry 2018 (KCCY [2018] No. 273), the Company has received the special fund for development of Chinese herb medicine industry, RMB 3 million, from the National Treasury of Economic and Technological Development Zone, Kunming Municipality on December 25, 2018. The subsidy has been used for equipment of the Capacity Improvement Project of the Chinese Herbal Medicine Quality Testing Organization and has been included into current profit or losses by installments since the assets are put into service, with RMB 434,226.28 included into other incomes in the current period.

52. Other non-current liabilities

Unit: RMB

Item	Ending balance	Beginning balance
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Other notes:

N/A.

53. Capital stock

Unit: RMB

	Beginning balance	Increase/decrease (+, -) this time					Ending balance
		Newly issued shares	Donated shares	Shares transferred from provident fund	Others	Subtotal	
Number of shares	1,657,530,714.00	0.00	0.00	0.00	7,605,000.00	7,605,000.00	1,665,135,714.00

Other notes:

The current stock options are exercised, and 7,605,000.00 shares of capital stock are increased.

54. Other equity instruments

(1) Basic information of outstanding preferred shares, perpetual bonds and other financial instruments issued at the end of the period

N/A.

(2) Table of changes of outstanding preferred shares, perpetual bonds and other financial instruments issued at the end of the period

Unit: RMB

Outstanding financial instruments	Beginning of the period		Increase in the current period		Decrease in the current period		At the end of the period	
	Qty.	Book value	Qty.	Book value	Qty.	Book value	Qty.	Book value

Description of the increase/decrease of other equity instruments in the current period & the reason for the change as well as the basis of relevant accounting treatment:

N/A.

Other notes:

N/A.

55. Capital reserves

Unit: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
Capital premium (share)	34,548,922.63	43,057,750.00	0.00	77,606,672.63
Other reserves capital	16,825,727.21	19,371,447.77	372,277.13	35,824,897.85
Total	51,374,649.84	62,429,197.77	372,277.13	113,431,570.48

Other descriptions, including the increase/decrease in the current period & the reason for the change:

Note 1: The increase in the current period consists of: (1) The exercise of stock options in the current period, with the capital reserve-capital stock premium increase of RMB 43,057,750.00; (2) The share payment for the current period is included in the capital reserve-the amount of other capital reserve is RMB 9,664,000.00. (3) In the current period of stock options exercised, the amount allowed by the tax law is deducted, and the part exceeding the book share payment is correspondingly included as expense, with an impact on income tax expense of RMB 9,707,447.77, which is included in the capital reserve.

Note 2: The decrease of the current period consists of: (1) On March 11, 2020, the Company entered into the Equity Transfer Agreement of Guangzhou CTI Hengjian Engineering Testing Co., Ltd. with Guo Lin, which stipulates that Guo Lin will transfer the 6% equity held in Guangzhou CTI Hengjian to the Company for RMB 1,422,000.00. The capital reserves were decreased by 283,208.95, the difference between the acquisition proceeds and the net assets corresponding to the acquired equity proportion on the purchase date. (2) On February 3, 2020,

the subsidiary of the Company, Centre Testing International (Hong Kong) Co., Ltd. (hereinafter referred to as CTI Hong Kong) entered into the Agreement on the Transfer of the Equity in POLY NDT (PRIVATE) LIMITED with Chua Ting Kin, which stipulates that Chua Ting Kin will transfer the 30% equity held in POLY NDT (PRIVATE) LIMITED to CTI Hong Kong for SGD1,506,071.00. The capital reserves were decreased by RMB 89,068.18, the difference between the acquisition proceeds and the net assets corresponding to the acquired equity proportion on the purchase date.

56. Treasury shares

Unit: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
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Other descriptions, including the increase/decrease in the current period & the reason for the change:

N/A.

57. Other comprehensive income

Unit: RMB

Item	Beginning balance	Amount incurred in the current period						Ending balance
		Amount incurred before income tax in the current period	Less: amount included in other comprehensive income previously and then transferred into current profit or loss	Less: amount included in other comprehensive income previously and then transferred into current retained earnings	Less: Income tax expense	After-tax income attributable to the parent company	After-tax income attributable to minority shareholders	
II. Other comprehensive income reclassified to profit or loss	4,241,925.44	10,446,465.24				10,446,465.24		14,688,390.68
Converted difference in foreign currency statements	4,241,925.44	10,446,465.24				10,446,465.24		14,688,390.68
Total other comprehensive income	4,241,925.44	10,446,465.24				10,446,465.24		14,688,390.68

Other descriptions, including adjustments of the initial recognition amount of the hedged item converted from the effective part of cash flow hedging gains and losses:

N/A.

58. Special reserve

Unit: RMB

Item	Beginning balance	Increase in the	Decrease in the	Ending balance
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		current period	current period	
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Other descriptions, including the increase/decrease in the current period & the reason for the change:

N/A.

59. Surplus reserve

Unit: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
Statutory surplus reserve	138,233,476.24	40,960,036.16	0.00	179,193,512.40
Total	138,233,476.24	40,960,036.16	0.00	179,193,512.40

Description of surplus reserve, including the increase/decrease of the current period and the reasons for the change:

N/A.

60. Undistributed profit

Unit: RMB

Item	Current period	Previous period
Undistributed profit at the end of the previous period before adjustment	1,295,758,239.33	910,396,183.20
Initial undistributed profit after adjustment	1,295,758,239.33	910,396,183.20
Add: net profit attributable to owners of the parent company in the current period	577,610,518.76	476,396,504.93
Less: withdrawal statutory surplus reserve	40,960,036.16	33,020,874.20
Ordinary share dividend payable	58,219,023.87	58,013,574.60
Purchase of minority interests	2,356,798.59	
Undistributed profit at the end of the period	1,771,832,899.47	1,295,758,239.33

Details of adjustment of initial undistributed profit

- 1) Retroactive adjustment shall be made according to the Accounting Standards for Business Enterprises and related new regulations, and undistributed profit at beginning of influence period is RMB 0.00.
- 2) Due to alteration of accounting policies, undistributed profit at beginning of influence period is RMB 0.00.
- 3) Due to alteration of major errors in accounting policies, undistributed profit at beginning of influence period is RMB 0.00.
- 4) Change in consolidation scope due to common control imposes impact on RMB 0.00 of undistributed profits at the beginning of the period.
- 5) Other adjustments exert impact on RMB 2,356,798.59 of undistributed profits at the beginning of the period.

61. Operating income and operating cost

Unit: RMB

Item	Amount incurred in the current period		Amount of the previous period	
	Revenue	Costs	Revenue	Costs
Main Business	3,559,785,273.30	1,784,006,120.71	3,174,536,719.70	1,609,275,574.02
Other business	7,927,488.35	1,110,280.23	8,718,992.97	1,189,717.79
Total	3,567,712,761.65	1,785,116,400.94	3,183,255,712.67	1,610,465,291.81

Whether the lower of the net profits before and after net of non-recurring gains/losses is negative through audit

Yes No

Related income information:

Unit: RMB

Contract type	Division 1	Division 2	Total
Commodity type	3,567,712,761.65		3,567,712,761.65
Including:			
Trade guarantee	479,649,797.53		479,649,797.53
Consumer goods test	401,810,285.54		401,810,285.54
Industrial test	696,228,126.21		696,228,126.21
Life science	1,990,024,552.38		1,990,024,552.38
By business region	3,567,712,761.65		3,567,712,761.65
Including:			
Domestic	3,394,052,361.45		3,394,052,361.45
Overseas	173,660,400.20		173,660,400.20
Including:			
Including:			
Including:			
Including:			
Including:			

Information about performance obligations:

As to sample testing revenue, when the testing services provided have been completed and the test report delivered to the customer, the customer obtains control of the relevant commodity and the Company completes its performance obligations. As to project and engineer testing, the customer acquires control of said service at the same time as the Company performs it, and the Company recognizes completed performance obligations based on performance throughout the period in which the service is provided.

Information about transaction prices apportioned to the remaining performance obligations

The income corresponding to the performance obligations that have been signed but not performed or have not been fully performed at the end of the Reporting Period is RMB 0.00, including RMB ____ estimated for the annual confirmed income, RMB ____ estimated for the annual confirmed income and RMB ____ estimated for the annual confirmed income.

Other notes

N/A.

62. Taxes and surcharges

Unit: RMB

Item	Amount incurred in the current period	Amount of the previous period
City maintenance and construction tax	5,420,061.13	4,314,674.23
Educational surcharges	2,416,449.39	2,120,277.93
Housing property tax	5,227,769.93	3,128,520.95
Land use tax	584,589.76	713,473.66
Vehicle and vessel usage tax	83,428.30	72,202.86
Stamp duty	2,235,307.56	1,438,990.80
Local educational surcharges	1,632,684.33	1,435,530.03
Other taxes	661,090.22	255,691.84
Total	18,261,380.62	13,479,362.30

Other notes:

N/A.

63. Selling expenses

Unit: RMB

Item	Amount incurred in the current period	Amount of the previous period
Employee remuneration	404,863,783.34	350,273,158.35
Depreciation and amortization costs	5,738,113.39	6,600,926.88
Rents and utilities	14,134,979.05	16,232,467.98
Office expenses	26,743,104.51	26,544,275.11
Travel expenses	57,242,759.85	55,060,672.68
Reception expenses	41,567,848.05	42,843,377.63
Training fee	800,102.53	844,471.75
Market promotion expense	112,209,445.95	100,456,768.76
Others	4,464,877.74	5,873,060.03
Total	667,765,014.41	604,729,179.17

Other notes:

N/A.

64. Administrative expenses

Unit: RMB

Item	Amount incurred in the current period	Amount of the previous period
Employee remuneration	139,900,058.46	126,087,932.84
Payment for shares	9,664,000.00	13,825,157.99
Depreciation and Amortization	14,533,659.87	12,712,233.70
Rents and utilities	9,817,557.35	8,467,759.82
Office expenses	21,238,613.63	23,716,827.32
Travel expenses	5,651,210.49	7,941,059.54
Consultation and training expense	19,677,790.24	18,112,179.53
Certification charge	1,574,634.02	380,730.18
Materials and consumables	1,010,777.51	1,338,469.45
Others	12,065,616.38	10,088,857.14
Total	235,133,917.95	222,671,207.51

Other notes:

N/A.

65. R&D expenses

Unit: RMB

Item	Amount incurred in the current period	Amount of the previous period
Employee remuneration	201,370,181.75	178,793,627.79
Material Expense	30,446,513.63	50,665,299.47
Depreciation and Amortization	53,625,263.92	44,364,381.40
Equipment adjustment fee	0.00	196,445.90
Rental and utilities	18,090,300.81	21,601,267.53
Others	4,696,533.93	4,968,377.59

Total	308,228,794.04	300,589,399.68
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Other notes:

N/A.

66. Financial expenses

Unit: RMB

Item	Amount incurred in the current period	Amount of the previous period
Interest expenses	7,014,416.56	9,190,009.02
Less: interest income	4,052,159.50	3,099,180.27
Exchange gains and losses	6,397,710.43	460,087.61
Bank handling charge and others	2,062,879.21	1,119,468.07
Total	11,422,846.70	7,670,384.43

Other notes:

N/A.

67. Other income

Unit: RMB

Sources of other income	Amount incurred in the current period	Amount of the previous period
Transferred to deferred profits	35,098,064.38	27,399,773.14
Subsidy for work-based training	12,000.00	
Technical subsidy for technically advanced enterprises	200,000.00	
"Employment guarantee" program	518,579.80	
09 second-batch government subsidy for scientific and technological projects	300,000.00	
2016 award for high-tech enterprise recognition	120,000.00	
Acceptance balance payment of the Scientific and Technical Development Project (Special Technical Innovation Project of Key Industries) of Xiangcheng District 2016		120,000.00
Post research and development subsidy 2016		61,600.00
Awards to excellent scientific and technical innovation enterprises 2017		15,400.00
2017 subsidy for enterprise R&D input	236,300.00	
One-time incentive fund for "Enterprise Professionals" of rewarded enterprises in the urgently-needed professional program for Gusu key industries 2017 and the urgently-needed professional and talent program of Yangcheng Lake		65,000.00
Fund for Entrepreneurship and Innovation Talent Team Program of Kunshan Municipality 2017	150,000.00	150,000.00
Construction subsidy for enterprise research and development organization 2017		600,000.00
2018 2019 second-batch subsidy for scientific and technical innovation coupon	3,600.00	
Supporting incentive for Information Project of Bao'an District 2018		300,000.00

Special fund for the second batch of provincial industry and information transformation and upgrade 2018		410,000.00
Political reward for high-quality development of the third batch of scientific and technical innovation in Xiangcheng District 2018		10,000.00
One-time incentive fund for "Enterprise Professionals" of rewarded enterprises in the urgently-needed professional program for Gusu key industries 2018	10,000.00	
Honor of Scientific and Technical Coupon 2018		2,680.00
Intended fund for the Information and Industrialization Integration Project for Municipal Industrial Transformation and Upgrade 2018		1,000,000.00
Subsidy for municipal scientific and technical innovation coupon 2018		100,000.00
Special fund for scientific innovation and development (intellectual property) of Xiangcheng District 2018		2,000.00
Political support fund for brand construction and high-quality development of Xiangcheng District (first batch) 2018		90,720.00
Special fund for transformation, upgrading, innovation and development of Xiangcheng District 2018 (the fourth scientific and technical batch)		300,000.00
Special incentive fund for high-quality province and subsidy fund of technical standard 2018		21,600.00
Fund for Public Technical Service Platform Project 2018	770,000.00	
2018 municipal/county-level award for the payment into treasury of the service industry to enterprises above designated size	60,000.00	
Technical Innovation Projects of Key Industries in Kunshan City 2018		100,000.00
Enterprise research and development grant 2018		2,046,000.00
2019 (fifth-batch) special support funding in an amount of RMB 520,000	520,000.00	
Enterprise innovation and development promotion policy 2019		800,000.00
2019 second-batch intellectual property self-aid funding	4,200.00	
2019 first-batch patent funding authorized by central budget	7,000.00	
2019 award for rapidly growing enterprises in High-tech Zone	100,000.00	
2019 policies towards excellent enterprises in scientific and technical innovation	1,090,000.00	
2019 provincial innovation capacity construction fund (third batch)	12,800.00	
Subsidy for municipal scientific and	63,100.00	

technical innovation coupon 2019		
2019 Xiangcheng District's special fund for supporting new domestic sales of enterprises	125,854.00	
Political support fund for brand construction and high-quality development of Xiangcheng District (first batch) 2019	462,000.00	
2019 rent subsidy for recognized small and medium technical enterprises in Economic Development Zone	150,000.00	
Special fund for scientific research and development 2019 (fourth batch)		29,820.45
Special fund for scientific research and development 2019 (first batch)		234,240.90
Fund for high quality development and industrial economy of Kunshan City 2019 - Enterprise information project		53,500.00
Subsidy for party building of new economy organization and new social organization 2019	127.50	8,000.00
Enterprise research and development grant 2019	346,000.00	
2019 Shaanxi Province's special reward funding for technical renovation of small and medium enterprises	314,000.00	
2019 Shenzhen's special supportive reward for standard field	300,000.00	
Political reward for high-quality development of the third batch of scientific and technical innovation (subsidy for increased R&D expenses) in Xiangcheng District 2019	1,000,000.00	
2019 Xiangcheng District's funding for supportive policies towards technology-driven high-quality development (R&D institution construction/scientific and technological achievements transfer and transformation/industry-university-research cooperation projects)	350,000.00	
2019 R&D grant	64,000.00	
2019 provincial subsidy for R&D input	10,000.00	
District-level supporting subsidy for provincial research and development investment 2019		10,000.00
2019 domestic patent authorization policies towards intellectual property rights	6,000.00	
2020 funding for public technical service platform projects	2,000,000.00	
2020 innovative provincial construction funding (seventh batch) 62029484	222,000.00	
Subsidy for provincial scientific and technical innovation coupon 2020	25,000.00	
2020 special provincial funding for intellectual property rights	2,125.00	
2020 special fund program for technological transformation and enhancement projects & funding program	570,000.00	

for quality-brand improvement programs		
2020 Ningbo social insurance premium refund	203,696.00	
2020 enterprise unemployment subsidy	7,393.19	
2020 Shanghai service trading	151,700.00	
2020 first-batch provincial subsidy for high-tech enterprise nurturing	20,000.00	
2020 reward for standardization of market supervision in an amount of RMB 50,000	50,000.00	
2020 Suzhou Xiangcheng District's special fund for high-end services and Suzhou City's funding for guiding service industry development (demonstration enterprises for AI and big data application)	300,000.00	
2020 subsidy for micro enterprises	50,000.00	
2020 subsidy for labor employment (labor absorption and filing)	5,000.00	
2020 Xiangcheng District's poverty alleviation funding supporting service enterprises in response to the epidemic	41,845.00	
2020 special fund for business development	125,200.00	
E-INVOICING REGISTRATION	1,013.08	
Global Ready Talent Programme	14,210.82	
Government Paid childcare leave	1,821.58	
HMRC JRS Grant	172,985.77	
Jobs Support Scheme	3,213,628.37	
Malaysia government's subsidy	27,449.87	
Marine and Process Safe Restart Package	36,081.06	
TEMPORARY HOUSING SUBSIDY	10,637.39	
Temporary Housing Support	14,031.52	
Wage Credit Scheme	49,331.15	
Large instrument subsidy of Anhui Province		696,000.00
Technical contract subsidy of Anhui Province		81,000.00
Fixed-amount subsidy for scientific and technical intellectual property of Anhui Province		4,000.00
Research and development instrument subsidy of Anhui Province	100,000.00	591,000.00
Bao'an District's subsidy for work resumption and COVID-19 prevention and control of enterprises above designated size, qualified construction businesses and all real estate development and operation businesses, wholesale and retail businesses above designated size and accommodation and catering businesses and service industry legal entities above designated size	122,400.00	
Bao'an District's subsidy for work resumption and COVID-19 prevention and control of enterprises above designated size, qualified construction	159,700.00	

businesses and all real estate development and operation businesses, wholesale and retail businesses above designated size and accommodation and catering businesses and service industry legal entities above designated size		
Subsidy for booth fee of attending Bao'an Industry Development Expo and Small City Expo	59,200.00	
Beijing - Reward for economic contribution growth in 2020	316,775.04	
Subsidy for enterprises participating in the Industry Talents Program in an amount of RMB 100,000	100,000.00	
Incentive for inspection and testing service of innovation coupon		22,606.36
Special fund for promoting high quality economic development through innovation and transformation		300,000.00
Subsidy for entrepreneurship creating jobs	60,000.00	30,000.00
Subsidy for college student subsidy		70,200.00
Return of handling charges for withheld non-resident enterprise income tax		1,142.29
Return of handling charges for withheld individual income tax		284,085.38
Subsidy fund of party-building work		30,000.00
Special fund for development of local service trade		45,300.00
Subsidy for post practice	11,000.00	
Subsidy for patent for invention		6,000.00
Subsidy for epidemic prevention and control	33,000.00	
Commission return of withheld house rent		642.53
Social insurance subsidy for persons not with employment difficulties	49,562.28	
Provincial funding for service trade	110,400.00	
Reward for operation contribution of service enterprises	90,000.00	
Service guidance	800,000.00	
Subsidy for pre-job training	46,000.00	
High-end innovative and entrepreneurial talent introduction program	1,110,000.00	
Subsidy for high-tech enterprises	200,000.00	
R&D subsidy for hi-tech enterprise		240,000.00
Subsidy for internship of college graduates	48,012.73	
Social insurance subsidy for college graduates		181,573.50
Subsidy for high-tech enterprises	200,000.00	
Reward for recognized high-tech enterprises	100,000.00	
Refund of individual tax handling fee	200,626.78	
Individual tax handling fee refund (2017)	12,790.00	
Fund of public health program	680,020.00	136,720.00

Encouraging professional service enterprises to expand	5,000.00	5,000.00
Decision on Recognizing Weitang Town's 2018 Tax Contribution Award Enterprises	50,000.00	
Guangdong Province's reward funding for scientific and technical innovation	250,073.00	
Special fund for national service and trade development		1,334,100.00
National subsidy for recognized high-tech enterprises	50,000.00	
National funding for second-batch scientific and technical projects in 2020 in high-tech zones	170,000.00	
2019 policy funding for promoting the development of service industry of the Economy and Trade Development Bureau, Hefei Economic Development Zone	50,000.00	
2019 second-batch district-level policy reward subsidy for promoting scientific and technical innovation of the Market Supervision Administration, Hefei Economic Development Zone	4,800.00	
Reimbursement for Henan Quality Benchmark Prize		400,000.00
Subsidy for technical contracts	139,300.00	
Deduction of value-added tax		7,904.39
Deduction of patent fees	1,250.00	
Internship subsidy	197,685.00	
Internship (trainee) subsidy		204,960.00
Subsidy of Productivity Promotion Center of Jiangsu Province	200,000.00	30,000.00
Specially-funded economy and trade development programs	100,000.00	
Employment insurance subsidy		11,972.80
Employment internship subsidy	4,630.92	
Notice on Carrying out Epidemic Prevention and Control Training for Project	180,900.00	
Reward for scientific and technical innovation bases	500,000.00	
Praise of excellent scientific and technical innovation enterprises		500,000.00
Subsidy after research and development investment of scientific and technical enterprise	530,000.00	1,230,000.00
Two-way opening and sharing subsidy for scientific research instrument		50,000.00
Reward for trans-provincial employment	2,120.00	
High quality development and industrial economy of Kunshan City - Enterprise information project	80,300.00	
LCS (2018) No. 14 - social insurance subsidy	67,928.00	
Subsidy for delayed resumption of work of Hubei-nationality employees working	33,000.00	

at enterprises in Bao'an District from Xin'an Subdistrict Office, Labor Management Office		
One-time subsidy for personnel absorbed and filed by enterprises in Xin'an Subdistrict from Labor Management Office	50,000.00	
Subsidy for getting rid of old cars	87,000.00	
Nanchang's subsidy for epidemic prevention and control	24,000.00	
Nanchang's special fund for developing service outsourcing industry	31,600.00	
Development support to Testing, Inspection and Certification Industry Park of Nantong City		20,860.00
Ningbo High-tech Zone's ninth-batch funding for scientific and technical projects in 2020 in an amount of RMB 403,100	403,100.00	
Ningbo's social insurance subsidy for absorbing college students	172,090.00	
Special fund for industrial concentration and development of core and basic parts of Ningguo City		482,300.00
Other subsidy	17,253.78	
Award of Enterprise Technology Center		300,000.00
Subsidy for job skill training for newly hired employees	22,600.00	
Social insurance subsidy for new jobs in enterprises	15,794.30	
Provincial financial incentive for research and development cost of enterprise		100,000.00
District's special fund for talent development	12,500.00	
Subsidy for human resources training	23,500.00	
Standardization capital subsidy of Quality Supervision Administration of Xiamen Municipality	400,000.00	
Brand and trademark grant		50,000.00
"Small Technology Giants" Program of Shanghai Minhang District	500,000.00	
Financial support fund for trade development and promotion center of Pudong New Area, Shanghai		1,375,600.00
Social security rebate		72,288.00
Social insurance subsidy for unemployment	4,524.20	
Social insurance subsidy for return-to-work after unemployment	9,230.47	
Hi-tech subsidy of Scientific and Technical Innovation Committee of Bao'an District, Shenzhen Municipality 2019		350,000.00
Shenzhen 2019 unemployment insurance refund for affected enterprises	54,710.17	
Childbirth allowance		14,292.39

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Provincial patent grant		1,500.00
Training subsidy from unemployment insurance fund	15,900.00	
Unemployment welfare	698.89	
Subsidy for food and drug detection and inspection equipment	104,300.00	
Return of 2% handling charges for withholding and remitting individual income tax received	556,190.40	
Tax deduction		417.29
Subsidy from National Autonomous Innovation Demonstration Zone in Southern Jiangsu		500,000.00
The 13th Scientific Development Plan (Scientific and Technical Infrastructure) Project and Fund of Suzhou 2019		500,000.00
Subsidy for Suzhou Municipal Engineering Technology Research Center		200,000.00
Subsidy fund for technical standard of Suzhou and special government fund for incentive of high quality		108,000.00
Reward for providing employment	500.00	
Subsidy for stabilizing employment	4,737,177.65	1,012,002.77
Xi'an City's subsidy for employment in implementing the ten measures for enhancing enterprise employment guarantee during the epidemic of COVID-19	4,000.00	
Social insurance subsidy for including college students	32,231.00	
Subsidy for social insurance of recruiting employment		1,800.00
Xiangcheng District's subsidy for improving job skills of enterprise employees	77,600.00	
Deduction of educational surcharges of small and micro businesses		64,357.91
Reward for development performance of service outsourcing enterprises during the epidemic of COVID-19	2,500.00	
Subsidy for detection of COVID-19	103,300.00	
Xinjiang Kerui's subsidy for work-based training	5,400.00	
Reward for R&D input	304,000.00	
Government subsidy for research and development project	386,480.00	450,600.00
One-time subsidy for employment absorption	9,000.00	
One-time subsidy for employment	3,000.00	
Subsidy for work-based training	163,000.00	
Special subsidy for the epidemic	50,000.00	
Government subsidy for small and medium enterprises in preventing and controlling the epidemic	50,000.00	
Grant for project in the zone		200,000.00

Educational surcharges/local educational surcharges exemption for enterprises with monthly sales revenue less than RMB 100,000	354.49	
Yunnan's 2020 reward for enterprise up-sizing	100,000.00	
Immediate refund of value-added tax levied		6,261,374.68
Zhangjiang Development Fund	1,000,000.00	
Special Fund Project for Innovation and Entrepreneurship of Small and Micro Businesses of Economic Development Zone in Changsha City	200,000.00	200,000.00
Subsidy fund for research and development investment of recognized high-tech enterprises in Changsha City 2018		150,000.00
Changsha County's 2019 Building Policy Reporting Program	163,917.94	
Social insurance subsidy for recruiting talents	34,500.00	
Town-level financial support fund		20,900.00
Intellectual property subsidy		5,000.00
Reward for intellectual property rights	8,000.00	
Reward fund for SME service organizations	500,000.00	300,000.00
Subsidy for employing college students for small and medium enterprises	122,000.00	
Subsidy for one-time absorption employment by key enterprises	13,500.00	
Anhui - Anhui Province's subsidy for instrument R&D	67,300.00	
Items under government subsidy: Dalian City's subsidy for vocational skills upgrading training during the epidemic in micro, small and medium-sized enterprises	119,000.00	
2019 Bao'an District's funding for standardization strategy	4,030,000.00	
2019 Shenzhen's special supportive reward for standard field	997,207.00	
2019 funding for standardization strategy	75,000.00	
2019 Shenzhen's special supportive reward for standard field	735,140.00	
Value-added tax grossed-up deduction	13,330,724.49	8,204,717.32
Total	86,875,074.01	61,370,552.10

68. Investment income

Unit: RMB

Item	Amount incurred in the current period	Amount of the previous period
Long-term equity investment income accounted by equity method	13,802,874.46	14,061,999.74
Investment income from disposal of long-term equity investment	911,312.38	52,383,351.87
Gains from re-measurement of the	1,288,794.67	0.00

remaining equity at fair value after loss of control		
Investment incomes from disposal of other non-current financial assets	2,569.03	0.00
Financial income	13,084,507.96	17,997,762.01
Total	29,090,058.50	84,443,113.62

Other notes:

N/A.

69. Net exposure hedge income

Unit: RMB

Item	Amount incurred in the current period	Amount of the previous period
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Other notes:

N/A.

70. Income from changes in fair value

Unit: RMB

Sources of income from changes in fair value	Amount incurred in the current period	Amount of the previous period
Financial assets held for trading	9,369,010.39	0.00
Other non-current financial assets	0.00	-913,655.36
Total	9,369,010.39	-913,655.36

Other notes:

N/A.

71. Credit impairment loss

Unit: RMB

Item	Amount incurred in the current period	Amount of the previous period
Losses from bad debt	-19,767,231.76	-32,498,960.46
Total	-19,767,231.76	-32,498,960.46

Other notes:

N/A.

72. Assets impairment loss

Unit: RMB

Item	Amount incurred in the current period	Amount of the previous period
XI. Goodwill impairment loss	0.00	-13,520,247.34
XII. Contract assets impairment loss	4,283,330.48	0.00
Total	4,283,330.48	-13,520,247.34

Other notes:

N/A.

73. Asset disposal income

Unit: RMB

Source of asset disposal income	Amount incurred in the current period	Amount of the previous period
Gains/losses from disposal of fixed assets	447,705.19	-425,955.06

Gains/losses from disposal of intangible assets	0.00	5,188.67
Total	447,705.19	-420,766.39

74. Non-operating income

Unit: RMB

Item	Amount incurred in the current period	Amount of the previous period	Amount included in the current non-recurring gains/losses
Government subsidy	1,224,190.13	7,353,475.42	1,224,190.13
Payments cannot be made	128,632.93	880,647.39	128,632.93
Gains from inventory profit	30,855.00	280,488.76	30,855.00
Compensation for claim settlement	1,351,610.49	1,140,806.75	1,351,610.49
Others	892,219.57	13,391,776.29	892,219.57
Total	3,627,508.12	23,047,194.61	3,627,508.12

Government subsidy included in the current profit or loss:

Unit: RMB

Subsidy project	Issuing Institution	Reason for grant	Nature/type	The subsidy affects the profit and loss of the current year (Yes or No?)	Special subsidy (Yes or No?)	Amount incurred in the current period	Amount incurred in the previous period	Related to assets/earnings
2019 subsidy for high-tech enterprises	Dalian Science and Technology Bureau	Subsidy	subsidy from engaging in specific trades and industries encouraged and supported by the state (in accordance with national policies and regulations)	Yes	No	100,000.00		Earnings related
2019 supportive funding for advanced manufacturing industry	Development and Reform Bureau of Laoshan District, Qingdao City	Subsidy	subsidy from compliance with local government support policies, such as investment promotion	Yes	No	150,000.00		Earnings related
Subsidy for high-tech enterprises	S&T and Talent Bureau of Chengdu	Subsidy	subsidy from engaging in	Yes	No	100,000.00		Earnings related

	High-Tech Industrial Development Zone: RMB 50,000; Chengdu Productivity Promotion Center: RMB 50,000		specific trades and industries encouraged and supported by the state (in accordance with national policies and regulations)					
Reward for recognized high-tech enterprises	Science and Technology Innovation Commission of Laoshan District, Qingdao City: RMB 220,000; Management Committee of Qingdao High-tech Industry Park: RMB 180,000; Chongqing Beibei District Science and Technology Bureau: RMB 20,000	Award	subsidy from engaging in specific trades and industries encouraged and supported by the state (in accordance with national policies and regulations)	Yes	No	420,000.00		Earnings related
High-tech Zone's 2019 reward funding for the inclusion of new service enterprises above designated size included into government statistics	Economic Development Bureau of Shijiazhuang High-tech Industrial Development Zone	Award	subsidy from compliance with local government support policies, such as investment promotion	Yes	No	20,000.00		Earnings related
National High-Tech Enterprises Review Program	Science and Technology Bureau of Dongli District, Tianjin	Subsidy	subsidy from engaging in specific trades and industries encouraged and supported by the state (in accordance with national policies and regulations)	Yes	No	100,000.00		Earnings related
special fund for developing the inspection, testing and certification	Market Supervision Administration of Laoshan District,	Subsidy	subsidy from engaging in specific trades and	Yes	No	31,856.00		Earnings related

industry	Qingdao City		industries encouraged and supported by the state (in accordance with national policies and regulations)					
Tianjin City's evaluation of Eyas and Gazelle enterprises	Science and Technology Bureau of Dongli District, Tianjin	Subsidy	subsidy from compliance with local government support policies, such as investment promotion	Yes	No	210,000.00		Earnings related
Government subsidy (in an amount of RMB 30,000) for new enterprises above designated size included into government statistics	Economic Development Bureau of Shijiazhuang High-tech Industrial Development Zone	Award	subsidy from compliance with local government support policies, such as investment promotion	Yes	No	30,000.00		Earnings related
Yuhang's Direct subsidy (new fiscal funds going directly to the grass-roots level of cities and counties and directly benefiting enterprises and people) for small and micro enterprises	Market Supervision Administration of Yuhang District, Hangzhou City	Subsidy	subsidy from compliance with local government support policies, such as investment promotion	Yes	No	10,000.00		Earnings related
Subsidy for employee caring	Hangzhou Qiantang New District Finance Bureau	Subsidy	subsidy from compliance with local government support policies, such as investment promotion	Yes	No	500.00		Earnings related
Technical subsidy for products and technologies of technically advanced enterprises	Bureau of Industry and Information Technology in Laoshan District of Qingdao City	Subsidy	subsidy from compliance with local government support policies, such as investment	Yes	No	15,000.00		Earnings related

			promotion					
Subsidy for demonstrative technically advanced enterprises	Bureau of Industry and Information Technology in Laoshan District of Qingdao City	Subsidy	subsidy from compliance with local government support policies, such as investment promotion	Yes	No	15,000.00		Earnings related
Transferred to deferred profits				Yes	No		12,000.00	Earnings related
Special fund for scientific, technical and industrial development	Technology Innovation Bureau of Bao'an District	Subsidy	subsidy from engaging in specific trades and industries encouraged and supported by the state (in accordance with national policies and regulations)	Yes	No		648,000.00	Earnings related
Incentive for enterprise employing dependents of soldiers	Veteran Affairs Bureau of Shenzhen Municipality	Award	Grant obtained due to the undertaking for a state function to guarantee a public utility or the supply of socially necessary product or price control	Yes	No	3,300.00	2,400.00	Earnings related
Standardization strategy fund incentive of Shenzhen Municipality 2018	Market and Quality Supervision Commission of Shenzhen Municipality	Award	subsidy from compliance with local government support policies, such as investment promotion	Yes	No		4,999,999.89	Earnings related
Municipal support fund for national hi-tech enterprises in Dongli District 2018	Science and Technology Bureau of Dongli District, Tianjin	Subsidy	subsidy from engaging in specific trades and industries encouraged and supported by the state (in accordance	Yes	No		150,000.00	Earnings related

			with national policies and regulations)					
District-level incentive fund for national hi-tech enterprises in Dongli District 2018 and service coupon subsidy for national hi-tech enterprise 2018	Science and Technology Bureau of Dongli District, Tianjin	Subsidy	subsidy from engaging in specific trades and industries encouraged and supported by the state (in accordance with national policies and regulations)	Yes	No		180,000.00	Earnings related
Government subsidy for scientific and technological projects	Science and Technology Bureau of Shenyang	Subsidy	subsidy from engaging in specific trades and industries encouraged and supported by the state (in accordance with national policies and regulations)	Yes	No		300,000.00	Earnings related
Standardization grant and award	Qingdao Bureau of Quality and Technical Supervision	Award	subsidy from engaging in specific trades and industries encouraged and supported by the state (in accordance with national policies and regulations)	Yes	No	12,000.00	12,000.00	Earnings related
Special grant for creating Shenzhen standard of Shenzhen 2018	Market and Quality Supervision Commission of Shenzhen Municipality	Subsidy	subsidy from engaging in specific trades and industries encouraged and supported by the state (in accordance	Yes	No		90,000.00	Earnings related

			with national policies and regulations)					
Gazelle enterprise subsidy 2018	Technology Innovation Bureau of Guangzhou Development Zone	Subsidy	subsidy from compliance with local government support policies, such as investment promotion	Yes	No		550,000.00	Earnings related
Standardization capital subsidy of Quality Supervision Administration of Xiamen Municipality	Quality Supervision Administration of Xiamen Municipality	Subsidy	subsidy from engaging in specific trades and industries encouraged and supported by the state (in accordance with national policies and regulations)	Yes	No		225,000.00	Earnings related
Tax incentive	People's Government of Weitang Town, Xiangcheng District, Suzhou Municipality	Award	subsidy from compliance with local government support policies, such as investment promotion	Yes	No		80,000.00	Earnings related
Allowance of maternity insurance	Foshan Administrative Bureau of Social Security Fund	Subsidy	subsidy from engaging in specific trades and industries encouraged and supported by the state (in accordance with national policies and regulations)	Yes	No		12,008.50	Earnings related
Special construction fund for the fifth batch of innovation provinces 2019	Administrative Commission of Changsha Economic and Technological Development Zone	Subsidy	subsidy from engaging in specific trades and industries encouraged and	Yes	No		26,604.00	Earnings related

			supported by the state (in accordance with national policies and regulations)					
Subsidy for stabilizing employment	Human Resource and Social Security Bureau	Subsidy	subsidy from engaging in specific trades and industries encouraged and supported by the state (in accordance with national policies and regulations)	Yes	No		6,644.93	Earnings related
Social security rebate	Employment Administration Office of Longwan District, Wenzhou Municipality	Subsidy	subsidy from engaging in specific trades and industries encouraged and supported by the state (in accordance with national policies and regulations)	Yes	No		58,818.10	Earnings related
Government Paid childcare leave	the Ministry of Social and Family Development	Subsidy	subsidy from engaging in specific trades and industries encouraged and supported by the state (in accordance with national policies and regulations)	Yes	No	6,534.13		Earnings related
Total						1,224,190.13	7,353,475.42	

Other notes:

75. Non-operating expenses

Unit: RMB

Item	Amount incurred in the current period	Amount of the previous period	Amount included in the current non-recurring gains/losses
External donation	372,000.00	438,800.00	372,000.00
Losses due to retirement of non-current assets	2,657,450.61	2,599,843.46	2,657,450.61
Fine and interest on late payment	665,880.71	627,945.43	665,880.71
Others	741,321.08	5,244,384.58	741,321.08
Total	4,436,652.40	8,910,973.47	4,436,652.40

Other notes:

N/A.

76. Income tax expense

(1) Income tax expense statement

Unit: RMB

Item	Amount incurred in the current period	Amount of the previous period
Current income tax expense	58,223,846.31	43,765,450.48
Deferred income tax expenses	3,949,050.60	8,509,414.61
Total	62,172,896.91	52,274,865.09

(2) Adjustment process of accounting profit and income tax expense

Unit: RMB

Item	Amount incurred in the current period
Total profit	651,273,209.52
Income tax expense calculated according to legal/applicable tax rate	97,690,981.42
Impact of different tax rates applicable to subsidiaries	779,988.34
Impact of adjustment of income tax in the previous period	-2,297,505.86
Impact of non-taxable income	-6,811,938.92
Impact of non-deductible costs, expenses and losses	9,295,392.35
Impact of the usage of deductible losses of unrecognized deferred income tax assets in the previous period	-8,051,612.46
Impact of the deductible temporary difference or deductible losses of unrecognized deferred income tax assets in the current period	4,768,223.62
Influence of additional deduction of R&D expenses	-27,598,327.91
Others	-2,320,033.05
Influence of changes in tax rates	-3,282,270.62
Income tax expense	62,172,896.91

Other notes

N/A.

77. Other comprehensive income

Refer to Note 57, "Other comprehensive income", for details.

78. Cash flow statement items

(1) Other cash received and related to operating activities

Unit: RMB

Item	Amount incurred in the current period	Amount of the previous period
Guarantee deposit and security	93,806,938.58	88,939,559.81
Receipt of government subsidy	118,869,584.70	45,778,413.31
Business payment	22,029,743.10	19,186,831.97
Demand deposit interest income received	3,739,552.67	3,244,680.58
Others	110,600,488.67	104,029,829.61
Total	349,046,307.72	261,179,315.28

Description of other cash received and related to operating activities:

N/A.

(2) Other cash paid and related to operating activities

Unit: RMB

Item	Amount incurred in the current period	Amount of the previous period
Period expense	386,837,335.70	309,919,675.02
Guarantee deposit and security	100,079,502.57	101,491,106.36
Business payment	24,144,128.19	16,853,130.17
Others	102,811,301.74	104,251,558.34
Total	613,872,268.20	532,515,469.89

Description of other cash paid and related to operating activities:

N/A.

(3) Other cash received and related to investing activities

Unit: RMB

Item	Amount incurred in the current period	Amount of the previous period
Wealth management product	2,477,418,207.24	1,833,104,117.39
Principal of term deposit in bank	10,000,000.00	50,487,500.00
Receiving compensation of Valuation Adjustment Mechanism	0.00	5,859,564.91
Fixed deposit interest income received	691,038.60	825,448.67
Borrowing		
Others	31,685,724.00	0.00
Total	2,519,794,969.84	1,890,276,630.97

Description of other cash received and related to investing activities:

N/A.

(4) Other cash paid in relation to investing activities

Unit: RMB

Item	Amount incurred in the current period	Amount of the previous period
Borrowing		
Financial product with principal-guaranteed and floating proceeds	2,650,000,000.00	2,150,000,000.00
Principal of term deposit in bank		
Performance commitment compensation	2,000,000.00	3,000,000.00
Others		570,406.56
Total	2,652,000,000.00	2,153,570,406.56

Description for other cash paid related to investment activities:

N/A.

(5) Cash received from other financing activities

Unit: RMB

Item	Amount incurred in the current period	Amount of the previous period
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Description for cash received from other financing activities

N/A.

(6) Cash paid for other financing activities

Unit: RMB

Item	Amount incurred in the current period	Amount of the previous period
Acquisition payment of minority equity	9,526,125.68	12,544,770.00
Others	44,877.59	42,814.09
Total	9,571,003.27	12,587,584.09

Description for cash paid for other financing activities

N/A.

79. Supplementary information of Cash Flow Statement**(1) Supplementary information of Cash Flow Statement**

Unit: RMB

Supplementary information	Current amount	Amount in previous period
1. Convert net profit to cash flow from operating activities:	--	--
Net profit	589,100,312.61	483,972,279.99
Add: Provision for asset losses	15,483,901.28	46,019,207.80
Depreciation of fixed assets, depreciation of oil and gas assets, and depreciation of productive biological assets	257,237,024.63	238,878,759.95
Depreciation of assets with right of use		
Amortization of intangible assets	7,648,717.46	7,615,144.72
Amortization of long-term deferred expenses	56,358,783.57	59,858,513.18
Loss of disposing fixed assets, intangible assets and other long-term assets (profit expressed with "-")	-447,705.19	420,766.39
Scrap loss of fixed assets (profit expressed with "-")	2,657,450.61	2,541,927.58
Loss from changes in fair value (gains expressed with "-")	-9,369,010.39	913,655.36
Financial expenses (profit expressed with "-")	13,412,126.99	9,650,096.63
Loss from investment (profit expressed with "-")	-29,090,058.50	-84,443,113.62
Reduction of deferred income tax assets (increase expressed with "-")	-13,325,087.64	-18,654,817.86
Increase of deferred income tax liabilities (decrease expressed with "-")	17,617,446.09	26,972,193.67
Decrease of inventories (increase expressed with "-")	-12,458,537.12	-5,120,768.65
Decrease of operating receivables (increase expressed with "-")	-139,955,633.51	-272,003,804.27

Increase of operating payables (decrease expressed with "-")	166,419,236.00	285,636,409.78
Others	9,664,000.00	12,906,961.36
Net cash flow from operating activities	930,952,966.89	795,163,412.01
2. Major investment and financing activities not related to cash flow:	--	--
Debt into capital		
Convertible bonds due within one year		
Fixed assets on financial leased		
3. Net changes of cash and cash equivalents:	--	--
Ending balance of cash	542,921,176.89	489,840,154.72
Less: beginning balance of cash	489,840,154.72	740,371,631.78
Add: ending balance of cash equivalents		
Less: beginning balance of cash equivalents		
Net increase of cash and cash equivalents	53,081,022.17	-250,531,477.06

(2) Net cash paid for acquiring subsidiaries in the current period

Unit: RMB

	Amount
Cash or cash equivalents paid for the business combination incurred in the current period	305,311,699.90
Including:	--
Including: MARITEC PTE. LTD.	270,351,699.90
Tianjin Eco-City Environmental Technology Co., Ltd.	34,960,000.00
Less: Cash and cash equivalent held by the subsidiaries at the purchase date	59,123,477.62
Including:	--
Including: MARITEC PTE. LTD.	11,523,560.35
Tianjin Eco-City Environmental Technology Co., Ltd.	47,599,917.27
Including:	--
Net cash paid for acquiring subsidiaries	246,188,222.28

Other notes:

N/A.

(3) Net cash received from disposing subsidiaries in the current period

Unit: RMB

	Amount
Cash and cash equivalent paid for the disposal of subsidiaries in the current period	758,240.00
Including:	--
Nanjing CTI Medical Technology Service Co., Ltd.	330,000.00
Zhejiang Shengnuo Testing Technology Co., Ltd.	428,240.00
Less: Cash and cash equivalent held by the subsidiaries at the date of loss of control	139,956.54
Including:	--
Nanjing CTI Medical Technology Service Co., Ltd.	17,756.59
Zhejiang Shengnuo Testing Technology Co., Ltd.	122,199.95
Including:	--

Net cash received from disposing subsidiaries	618,283.46
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Other notes:

N/A.

(4) Composition of cash and cash equivalents

Unit: RMB

Item	Ending balance	Beginning balance
I. Cash	542,921,176.89	489,840,154.72
Including: Cash on hand	212,612.19	301,448.26
Bank deposits available for payment at any time	542,264,225.03	488,903,429.17
Other monetary funds available for payment at any time	444,339.67	635,277.29
III. Ending Balance of Cash and Cash Equivalents	542,921,176.89	489,840,154.72

Other notes:

N/A.

80. Notes to items in Statement of Changes in Equity

N/A.

81. Assets with the ownership or right of use restricted

Unit: RMB

Item	Ending book value	Reason of restriction
Monetary fund	17,650,766.01	Banker acceptance bill security, performance security, letter of guarantee security, limited amount of account, etc.
Total	17,650,766.01	--

Other notes:

N/A.

82. Foreign currency monetary items

(1) Foreign currency monetary items

Unit: RMB

Item	Ending balance in foreign currency	Conversion rate	Ending balance of converted RMB
Monetary fund	--	--	
Including: USD	7,286,472.50	6.5249	47,543,504.42
EURO	144,171.79	8.0250	1,156,978.61
HKD	2,758,442.02	0.8416	2,321,504.80
Pound	303,285.37	8.8903	2,696,297.92
NTD	13,265,822.00	0.2326	3,085,630.20
SGD	14,468,676.86	4.9314	71,350,833.07
Accounts receivable	--	--	
Including: USD	788,783.25	6.5249	5,146,731.83
EURO	16,431.00	8.0250	131,858.78
HKD	1,012,391.81	0.8416	852,028.95

Pound	37,483.68	8.8903	333,241.16
NTD	11,165,969.00	0.2326	2,597,204.39
SGD	5,484,319.77	4.9314	27,045,374.51
Long-term borrowings	--	--	
Including: USD	13,000,000.00	6.5249	84,823,700.00
EURO			
HKD			
Other receivables			
Including: USD	34,282.45	6.5249	223,689.56
EUR		8.025	
Hong Kong dollar	518,798.72	0.8416	436,621.00
Pound	1,543.00	8.8903	13,717.73
NTD	1,155,267.00	0.2326	268,715.10
SGD	84,527.67	4.9314	416,839.75
Accounts payable			
Including: USD	1,460,026.30	6.5249	9,526,525.60
EUR		8.025	
Hong Kong dollar	27,464,231.11	0.8416	23,113,896.90
Pound	5,539.57	8.8903	49,248.44
NTD	1,223,747.00	0.2326	284,643.55
SGD	4,199,163.33	4.9314	20,707,754.05
Other payables			
Including: USD		6.5249	
EUR		8.025	
Hong Kong dollar	10,711,857.92	0.8416	9,015,099.63
Pound	69,559.56	8.8903	618,405.36
NTD	1,535,756.00	0.2326	357,216.85
SGD	539,632.93	4.9314	2,661,145.83

Other notes:

(2) Description for business entity overseas, including the disclosure of the main business location overseas, recording currency and selection basis for the important business entity overseas as well as the reason for the change of recording currency.

Applicable Not Applicable

83. Hedging

Disclose hedging items and relevant hedging instruments and qualitative and quantitative information on hedged risks according to the hedging category:

N/A.

84. Government subsidy

(1) Basic information of government subsidy

Unit: RMB

Class	Amount	Item	Amount recorded in the current profit or loss
Government subsidy included into deferred incomes	77,928,856.00	See Note VI (33) for details	35,098,064.38
Government subsidy included	38,446,285.14	Refer to Note VI (45) for	38,446,285.14

into other incomes		details	
Government subsidy included into non-operating income	1,224,190.13	Refer to Note VI (51) for details	1,224,190.13
Government subsidy writing off cost and expense	1,286,385.00	See Note VI (58, 3) for details.	1,286,385.00
Less: Refund of government subsidy		See Note VI (58, 2) for details.	
Total	118,885,716.27		76,054,924.65

(2) Refund of government subsidy

Applicable Not Applicable

Other notes:

(3) Government subsidy writing off cost and expense

Subsidy project	Class	Amount incurred in the current period	Amount of the previous period	Cost items written off
Interest subsidy on borrowings	Earnings related	1,286,385.00	110,272.00	Financial expenses

85. Others

N/A.

VIII. Alteration of Consolidation Scope**1. Business combination not under the same control****(1) Business combination not under the same control in the current period**

Unit: RMB

Name of acquiree	Date of acquiring equity	Cost of equity acquisition	Ratio of equity acquisition	Method of equity acquisition	Purchase date	Determination basis of purchase date	Revenues of the acquiree from the purchase date to the end of the period	Net profits of the acquiree from the purchase date to the end of the period
MARITEC PTE. LTD.	June 5, 2020	287,949,270.49	100.00%	Purchase with cash	June 5, 2020	Acquisition of control	33,807,483.01	5,132,157.17
Tianjin Eco-City Environmental Technology Co., Ltd.	September 24, 2020	34,960,000.00	51.00%	Purchase with cash	September 24, 2020	Acquisition of control	10,828,429.19	300,464.92

Other notes:

N/A.

(2) Combination cost and goodwill

Unit: RMB

Merger costs	MARITEC PTE. LTD.	Tianjin Eco-City Environmental Technology Co., Ltd.
-- Cash	287,949,270.49	34,960,000.00
Total merger costs	287,949,270.49	34,960,000.00
Less: Fair value of identifiable net assets	21,276,254.24	22,068,184.90

obtained		
Goodwill/amount of merger costs lower than the fair value of identifiable net assets acquired	266,673,016.25	12,891,815.10

Description for the method of determining the fair value of the consolidation cost, or contingent consideration and its alteration:

The fair value of merger costs shall be determined subject to the cash actually paid and contingent consideration.

Main reason for the formation of large goodwill:

The amount of the fair value of merger costs greater than the fair value of identifiable net assets acquired by the acquiree in the merger.

Other notes:

N/A.

(3) Identifiable assets and liabilities of the acquiree on purchase date

Unit: RMB

	MARITEC PTE. LTD.		Tianjin Eco-City Environmental Technology Co., Ltd.	
	Fair value on the purchase date	Book value on the purchase date	Fair value on the purchase date	Book value on the purchase date
Monetary fund	11,523,560.35	11,523,560.35	47,599,917.27	47,599,917.27
Receivables	18,034,207.50	18,034,207.50	7,560,771.70	7,560,771.70
Inventories	702,473.28	702,473.28	4,161,089.90	4,161,089.90
Fixed assets	4,063,206.78	4,063,206.78	289,605.44	289,605.44
Intangible assets	0.00	0.00	80,228.08	80,228.08
Long-term deferred expenses	0.00	0.00	224,559.01	224,559.01
Deferred income tax assets	0.00	0.00	168,124.56	168,124.56
Advances to suppliers	238,133.85	238,133.85	218,980.68	218,980.68
Other receivables	263,429.05	263,429.05	339,275.14	339,275.14
Notes receivable			200,000.00	200,000.00
Accounts payable	2,060,468.07	2,060,468.07	13,758,329.62	13,758,329.62
Deferred income tax liabilities	233,555.79	233,555.79	0.00	0.00
Advances from customers	3,276,263.02	3,276,263.02	1,641,040.08	1,641,040.08
Payroll payable	791,759.58	791,759.58	1,685,663.15	1,685,663.15
Taxes payable	4,308,314.65	4,308,314.65	150,372.73	150,372.73
Other payables	2,516,384.38	2,516,384.38	336,195.41	336,195.41
Long-term payables	362,011.08	362,011.08	0.00	0.00
Net assets	21,276,254.24	21,276,254.24	43,270,950.79	43,270,950.79
Less: Minority equity	0.00	0.00	21,202,765.89	21,202,765.89
Net assets acquired	21,276,254.24	21,276,254.24	22,068,184.90	22,068,184.90

Method of determining the fair value of identifiable assets and liabilities:

Contingent liabilities of the acquiree taken in business combination:

N/A.

Other notes:

N/A.

(4) Gains or losses of the equity held before purchase date which re-measured by fair value

Whether business combination is realized through many transactions in steps and the controlling rights are obtained within the Reporting Period.

Yes No

(5) Relevant description for combination consideration or fair values of identifiable assets of the acquiree and liabilities on the purchase date or at the end of current period of combination

N/A.

(6) Others

N/A.

2. Business combination under the same control**(1) Business combination under the same control in the current period**

Unit: RMB

Name of combined party	Equity ratio acquired in business combination	Basis for the judgement of business combination under the same control	Date of combination	Basis for determination of date of combination	Income of the combined party from the beginning of consolidation period to the date of combination	Net profit of the combined party from the beginning of the combination period to the date of combination	Income of the combined party during comparison	Net profit of the combined party during comparison

Other notes:

(2) Merger cost

Unit: RMB

Merger costs	
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Explanation on contingent consideration and its changes:

Other notes:

(3) Book value of the assets and liability of combined party on the date of combination

Unit: RMB

	Date of combination	End of previous period

Contingent liabilities of the combined party taken in business combination:

Other notes:

3. Counter purchase

Basic information of the transactions, basis of the counter purchase, basis and whether assets and liabilities retained by the listed company consist of business, determination of the combination cost, the amount and calculation of the equity amount adjusted in treatment for the equity transaction:

4. Disposal of subsidiaries

Whether there is the condition of loss controlling rights with disposing subsidiary on one time or not

Yes No

Unit: RMB

Name of subsidiary	Equity disposal cost	Equity disposal share	Method of equity disposal	Date of losing control	Basis for determining the date of losing control	The difference in the net assets of subsidiaries related to disposal price and disposal investment in the consolidated financial statements	Proportion of remaining equity on the date of losing control	Book value of residual equity on the date of losing control	Fair value of residual equity on the date of losing control	Gains or losses from recalculation of residual equity at fair value	Method of determining the fair value of residual equity on the date of losing control and the main assumptions	Amount of investment gains/losses transferred from other comprehensive incomes related to previous equity investment in subsidiaries
Nanjing CTI Medical Technology Service Co., Ltd.	1,072,500.00	26.00%	Sale	January 6, 2020	Industrial and commercial registration of changes completed	1,169,688.35	34.00%	113,705.33	1,402,500.00	1,288,794.67	Divide the disposal price by the ratio of equities sold and multiply by the ratio of residual equities	0.00
Zhejiang Shengnuo Testing Technology Co., Ltd.	535,300.00	51.00%	Sale	November 13, 2020	Industrial and commercial registration of changes completed	-252,305.37	0.00%	0.00	0.00	0.00	0.00	0.00

Other notes:

Whether there is the condition of loss controlling rights with disposing subsidiary on multiple steps through many transactions or not

Yes No

5. Change of merger scope caused by other reasons

Specify the change of consolidation scope caused by other reasons (such as establishment of new subsidiaries and liquidation of subsidiaries) and other related situations:

New subsidiaries of the Company include: Shenzhen CTI Medical Laboratory, CTI Hubei Co., Ltd., Chengdu CTI Zhicheng Rail Transit Technology Co., Ltd., CTI Special Equipment Testing (Beijing) Co., Ltd. and Huayi Testing and Certification (Shenzhen) Co., Ltd.

The subsidiaries canceled by the Company include: Shanghai CTI-SAMT Materials Technology Co., Ltd., Jinzhou CTI Co., Ltd. and Chengdu CTI Zhicheng Rail Transit Technology Co., Ltd.

6. Others

IX. Equity in Other Entities

1. Rights and interests in subsidiaries

(1) Composition of enterprise group

Name of subsidiary	Main business location	Jurisdiction of registration	Business nature	Shareholding ratio (%)		Way of obtaining
				Direct	Indirect	
Shenzhen CTI Co., Ltd.	Shenzhen	Shenzhen	Technical testing industry	100.00%	0.00%	Establishment
Centre Testing International (Beijing) Co., Ltd.	Beijing	Beijing	Technical testing industry	100.00%	0.00%	Establishment
Suzhou CTI Testing Technology Co., Ltd.	Suzhou	Suzhou	Technical testing industry	95.00%	5.00%	Establishment
Centre Testing International (Hong Kong) Co., Ltd.	Hong Kong	Hong Kong	Technical testing industry	100.00%	0.00%	Establishment
CENTRE TESTING INTERNATIONAL PTE.LTD.	Singapore	Singapore	Technical testing industry	0.00%	100.00%	Establishment
Centre Testing International (Taiwan) Co., Ltd.	Taiwan	Taiwan	Technical testing industry	0.00%	100.00%	Establishment
CTI U.S. INC.	USA	USA	Technical testing industry	0.00%	100.00%	Establishment
CEM International Limited	UK	UK	Technical testing industry	0.00%	70.00%	Business combination not under the same control
POLY NDT (PRIVATE) LIMITED	Singapore	Singapore	Technical testing industry	0.00%	100.00%	Business combination not under the same control
MARITEC PTE. LTD.	Singapore	Singapore	Technical testing industry	0.00%	100.00%	Business combination not under the same control
Centre Testing International (Qingdao) Co., Ltd.	Qingdao	Qingdao	Technical testing industry	100.00%	0.00%	Establishment
Shanghai CTI Pinbiao Testing Technology Co., Ltd.	Shanghai	Shanghai	Technical testing industry	78.73%	21.27%	Establishment
Centre Testing International (Xiamen) Co., Ltd.	Xiamen	Xiamen	Technical testing industry	100.00%	0.00%	Establishment
Centre Testing International (Ningbo) Co., Ltd.	Ningbo	Ningbo	Technical testing industry	100.00%	0.00%	Establishment

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Shenzhen CTI International Certification Co., Ltd.	Shenzhen	Shenzhen	Technical certification	100.00%	0.00%	Business combination not under the same control
Beijing CTI Excellent Technology Service Co., Ltd.	Beijing	Beijing	Technical testing industry	0.00%	100.00%	Establishment
Zhejiang Hua'an Energy Saving Engineering Co., Ltd.	Hangzhou	Hangzhou	Technical testing industry	0.00%	100.00%	Establishment
Shenzhen CTI Commodity testing and Survey Co., Ltd.	Shenzhen	Shenzhen	Technical qualification	100.00%	0.00%	Business combination not under the same control
Tianjin Jinbin CTI Product Testing Center Co., Ltd.	Tianjin	Tianjin	Technical testing industry	100.00%	0.00%	Business combination not under the same control
CTI Biotechnology (Suzhou) Co., Ltd.	Suzhou	Suzhou	Technical testing industry	0.00%	83.34%	Establishment
Guangdong CTI Judicial Authentication Center	Shenzhen	Shenzhen	Technical qualification	100.00%	0.00%	Establishment
Shenzhen CTI Training Center	Shenzhen	Shenzhen	Service industry	100.00%	0.00%	Establishment
Shenzhen CTI Institute of Reference Materials	Shenzhen	Shenzhen	Technical testing industry	100.00%	0.00%	Establishment
Shanghai CTI Biological Technology Co., Ltd.	Shanghai	Shanghai	Trade	100.00%	0.00%	Establishment
Shenzhen CTI Investment Management Co., Ltd.	Shenzhen	Shenzhen	Service industry	100.00%	0.00%	Establishment
Shenzhen CTI Information Technology Co., Ltd	Shenzhen	Shenzhen	Technical Services	100.00%	0.00%	Establishment
Centre Testing International (Anhui) Co., Ltd.	Hefei	Hefei	Technical testing industry	100.00%	0.00%	Establishment
Centre Testing International Pinbiao (Guangzhou) Co., Ltd.	Guangzhou	Guangzhou	Technical testing industry	100.00%	0.00%	Establishment
Guangzhou CTI Occupational Health Outpatient Department Co., Ltd.	Guangzhou	Guangzhou	Service industry	100.00%	0.00%	Establishment
Shanghai CTI-Medlab Medical Testing Institute Co., Ltd.	Shanghai	Shanghai	Service industry	0.00%	100.00%	Establishment

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Centre Testing International (Chongqing) Co., Ltd.	Chongqing	Chongqing	Technical testing industry	100.00%	0.00%	Establishment
CTI CSERC (Suzhou) Co., Ltd.	Suzhou	Suzhou	Technical Services	0.00%	100.00%	Business combination not under the same control
Wuhan CTI Testing Technology Co., Ltd.	Wuhan City	Wuhan City	Technical testing industry	100.00%	0.00%	Establishment
Huai'an CTI Testing Technology Co., Ltd.	Huai'an	Huai'an	Technical testing industry	100.00%	0.00%	Establishment
Dalian Huaxin Physical and Chemical Testing Center Co., Ltd.	Dalian	Dalian	Technical testing industry	100.00%	0.00%	Business combination not under the same control
Centre Testing International (Heilongjiang) Co., Ltd.	Harbin	Harbin	Technical testing industry	100.00%	0.00%	Business combination not under the same control
Centre Testing International (Hangzhou) Co., Ltd.	Hangzhou	Hangzhou	Technical testing industry	100.00%	0.00%	Establishment
Hunan Pinbiao CTI Testing Technology Co., Ltd.	Changsha	Changsha	Technical testing industry	100.00%	0.00%	Establishment
Hangzhou Hua'an Nondestructive Testing Technology Co., Ltd.	Hangzhou	Hangzhou	Technical testing industry	100.00%	0.00%	Business combination not under the same control
Xinjiang Kerui Testing Technology Co., Ltd.	Karamay City	Karamay City	Technical testing industry	0.00%	100.00%	Establishment
Shenzhen Taikenilin Technology Development Co., Ltd.	Shenzhen	Shenzhen	Technical testing industry	0.00%	100.00%	Establishment
Hangzhou Huacheng Equipment Engineering Supervision Co., Ltd.	Hangzhou	Hangzhou	Technical testing industry	0.00%	100.00%	Establishment
Zhoushan Jingwei Shipping Service Co., Ltd.	Zhoushan City	Zhoushan City	Technical testing industry	0.00%	60.00%	Business combination not under the same control
Centre Testing International Pinzheng (Shanghai) Co., Ltd.	Shanghai	Shanghai	Technical testing industry	100.00%	0.00%	Establishment
Centre Testing International (Guizhou) Co., Ltd.	Guiyang	Guiyang	Technical testing industry	100.00%	0.00%	Establishment
Centre Testing International (Nanchang) Co., Ltd.	Nanchang	Nanchang	Technical testing industry	100.00%	0.00%	Establishment

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Ltd.						
Centre Testing International (Henan) Co., Ltd.	Zhengzhou	Zhengzhou	Technical testing industry	100.00%	0.00%	Business combination not under the same control
Centre Testing International (Tianjin) Co., Ltd.	Tianjin	Tianjin	Technical testing industry	100.00%	0.00%	Establishment
Centre Testing International (Yunnan) Co., Ltd.	Kunming	Kunming	Technical testing industry	100.00%	0.00%	Establishment
CTI Engineering Testing Co., Ltd.	Guangzhou	Guangzhou	Technical testing industry	100.00%	0.00%	Business combination not under the same control
Ningbo Quality Assurance Co., Ltd. (NQA)	Ningbo	Ningbo	Technical testing industry	100.00%	0.00%	Business combination not under the same control
Hebei CTI Testing Service Co., Ltd.	Shijiazhuang	Shijiazhuang	Technical testing industry	100.00%	0.00%	Establishment
Beijing CTI Agro-food Certification Co., Ltd.	Beijing	Beijing	Technical certification	0.00%	100.00%	Business combination not under the same control
Centre Testing International (Gansu) Co., Ltd.	Lanzhou City	Lanzhou City	Technical testing industry	100.00%	0.00%	Establishment
Centre Testing International Pinbiao (Jiangyin) Co., Ltd.	Nanjing City	Nanjing City	Technical testing industry	100.00%	0.00%	Establishment
Jiangyin CTI Zhi'an Outpatient Department Co., Ltd.	Jiangyin City	Jiangyin City	Service industry	80.00%	0.00%	Business combination not under the same control
Suzhou Wuzhong Economic Development Zone Jiakang Outpatient Department Co., Ltd.	Suzhou	Suzhou	Service industry	0.00%	80.00%	Business combination not under the same control
Shenzhen CTI Pest Control Co., Ltd.	Shenzhen	Shenzhen	Service industry	67.00%	0.00%	Establishment
Shenzhen CTI Laboratory Technology Service Co., Ltd.	Shenzhen	Shenzhen	Service industry	67.00%	0.00%	Establishment
Centre Testing Electronic Certification Co., Ltd.	Zhengzhou	Zhengzhou	Technical certification	71.26%	0.00%	Business combination not under the same control
Henan Hucheng Information Technology Co., Ltd.	Zhengzhou	Zhengzhou	Service industry	0.00%	100.00%	Business combination not under the same control
Fujian Science Way Testing Co., Ltd. (SW)	Putian	Putian	Technical testing industry	51.00%	0.00%	Business combination not under the same control
Centre Testing	Nanning City	Nanning City	Technical	100.00%	0.00%	Establishment

International (Guangxi) Co., Ltd.			testing industry			
Shenzhen CTI Metrology Technology Co., Ltd.	Shenzhen	Shenzhen	Technical testing industry	0.00%	100.00%	Establishment
Ningguo CTI Testing Technology Co., Ltd.	Ningguo City	Ningguo City	Technical testing industry	100.00%	0.00%	Establishment
Centre Testing International (Guangzhou) Co., Ltd.	Guangzhou	Guangzhou	Technical testing industry	100.00%	0.00%	Establishment
CTI River Environment Technology (Shenzhen) Co., Ltd.	Shenzhen	Shenzhen	Service industry	0.00%	51.00%	Establishment
Inner Mongolia CTI QC Technology Service Co., Ltd.	Hohhot	Hohhot	Technical testing industry	100.00%	0.00%	Establishment
Suzhou CTI Engineering Testing Co., Ltd.	Suzhou	Suzhou	Technical testing industry	100.00%	0.00%	Establishment
Shenzhen CTI Reference Materials Research Center Co., Ltd.	Shenzhen	Shenzhen	Service industry	100.00%	0.00%	Establishment
Centre Testing International Pinbiao (Fuzhou) Co., Ltd.	Fuzhou	Fuzhou	Technical testing industry	100.00%	0.00%	Establishment
Centre Testing International Pinbiao (Liaoning) Co., Ltd.	Shenyang	Shenyang	Technical testing industry	100.00%	0.00%	Establishment
Centre Testing International (Zhongshan) Co., Ltd.	Zhongshan City	Zhongshan City	Technical testing industry	100.00%	0.00%	Establishment
Centre Testing International (Dongguan) Co., Ltd.	Dongguan City	Dongguan City	Technical testing industry	100.00%	0.00%	Establishment
Sichuan CTI Jianxin Testing Technology Co., Ltd.	Chengdu	Chengdu	Technical testing industry	68.00%	0.00%	Business combination not under the same control
Centre Testing International (Chengdu) Co., Ltd.	Chengdu	Chengdu	Technical testing industry	100.00%	0.00%	Establishment
Centre Testing International (Shenyang) Co., Ltd.	Shenyang	Shenyang	Technical testing industry	100.00%	0.00%	Establishment
Shanghai CTI Zhike Materials Technology Co., Ltd.	Shanghai	Shanghai	Technical testing industry	51.00%	0.00%	Establishment

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Pinbiao Environmental Technology Co., Ltd.	Xi'an	Xi'an	Technical testing industry	100.00%	0.00%	Establishment
Centre Testing International (Shanxi) Co., Ltd.	Taiyuan	Taiyuan	Technical testing industry	100.00%	0.00%	Establishment
Shenzhen CTI Occupational Health Outpatient Department	Shenzhen	Shenzhen	Service industry	100.00%	0.00%	Business combination not under the same control
Centre Testing International Group (Shandong) Co., Ltd.	Qingdao	Qingdao	Technical testing industry	100.00%	0.00%	Establishment
Wuhan Huaxin Physical and Chemical Testing Technology Center Co., Ltd.	Wuhan City	Wuhan City	Technical testing industry	0.00%	100.00%	Establishment
Hebei CTI Junrui Testing Technology Co., Ltd.	Shijiazhuang	Shijiazhuang	Technical testing industry	68.00%	0.00%	Business combination not under the same control
Henan CTI Quantong Engineering Testing Co., Ltd.	Zhengzhou	Zhengzhou	Technical testing industry	80.00%	0.00%	Establishment
Zhejiang CTI Yuanjian Testing Co., Ltd.	Hangzhou	Hangzhou	Technical testing industry	51.00%	0.00%	Business combination not under the same control
Zhejiang Huajian Technology Development Co., Ltd.	Hangzhou	Hangzhou	Technical testing industry	0.00%	51.00%	Business combination not under the same control
CTI Biotechnology (Suzhou) Co., Ltd.	Suzhou	Suzhou	Service industry	100.00%	0.00%	Establishment
Chengdu Xijiao CTI Rail Transit Technology Co., Ltd.	Chengdu	Chengdu	Technical testing industry	60.00%	0.00%	Establishment
Shanghai CTI Pinchuang Medical Testing Co., Ltd.	Shanghai	Shanghai	Technical testing industry	100.00%	0.00%	Establishment
Tianjin Eco-City Environmental Technology Co., Ltd.	Tianjin	Tianjin	Technical testing industry	51.00%	0.00%	Business combination not under the same control
Shenzhen CTI Medical Laboratory	Shenzhen	Shenzhen	Service industry	0.00%	100.00%	Newly-formulated
CTI Hubei Co., Ltd.	Wuhan City	Wuhan City	Technical testing industry	100.00%	0.00%	Newly-formulated
CTI Special Equipment Testing (Beijing) Co., Ltd.	Beijing	Beijing	Technical testing industry	70.00%	0.00%	Newly-formulated
Huayi Testing and Certification (Shenzhen) Co., Ltd.	Shenzhen	Shenzhen	Technical testing industry	0.00%	51.00%	Newly-formulated

Description for shareholding ratio in subsidiary different from ratio of voting right:

Basis for the control of an investee while holding its half or less than half voting rights, and the non-control of an investee while holding its more than half voting rights:

Controlling basis for the structured entities included in the combination scope:

Basis on determining to be an agent or consignor:

Other notes:

(2) Important partially-owned subsidiaries

Unit: RMB

Name of subsidiary	Shareholding ratio of minority shareholders	Gains/losses attributable to minority shareholders in the current period	Dividend announced to distribute for minority shareholders in the current period	Balance of minority shareholders' equity at period end
CTI Biotechnology (Suzhou) Co., Ltd.	16.66%	3,856,723.43		11,279,437.03
Jiangyin CTI Zhi'an Outpatient Department Co., Ltd.	20.00%	1,334,561.56		5,909,220.17
Shenzhen CTI Pest Control Co., Ltd.	33.00%	-215,917.53		-154,628.59
Shenzhen CTI Laboratory Technology Service Co., Ltd.	33.00%	854,405.60		4,235,803.64
Centre Testing Electronic Certification Co., Ltd.	28.74%	3,054,372.67	5,748,000.00	29,326,856.45
Fujian Science Way Testing Co., Ltd. (SW)	49.00%	349,611.55		1,035,089.13
Sichuan CTI Jianxin Testing Technology Co., Ltd.	32.00%	2,348,862.00		5,352,358.68
Shanghai CTI Zhike Materials Technology Co., Ltd.	49.00%	-121,839.80		4,166,759.67
Hebei CTI Junrui Testing Technology Co., Ltd.	32.00%	-469,432.25		277,299.17
Henan CTI Quantong Engineering Testing Co., Ltd.	20.00%	-599,376.99		1,398,065.37
Zhejiang CTI Yuanjian Testing Co., Ltd.	49.00%	13,026.76		4,706,032.45
Chengdu Xijiao CTI Rail Transit Technology Co., Ltd.	40.00%	-334,731.60		1,063,047.20
Tianjin Eco-City Environmental Technology Co., Ltd.	49.00%	147,227.81		21,349,993.70

Description for shareholding ratio of minority shareholders different from ratio of voting right:

Other notes:

(3) Main finance information of important partially-owned subsidiaries

Unit: RMB

Name of	Ending balance						Beginning balance					
	Current	Other	Total	Curren	Non-	Total	Curren	Other	Total	Curren	Non-	Total

subsidiary	assets	non-current assets	assets	t liabilities	current liabilities	liabilities	t assets	non-current assets	assets	t liabilities	current liabilities	liabilities
CTI Biotechnology (Suzhou) Co., Ltd.	50,533,362.40	91,952,816.93	142,486,179.33	69,325,912.95	9,878,619.08	79,204,532.03	41,021,944.58	96,941,768.34	137,963,712.92	83,717,189.78	14,114,476.29	97,831,666.07
Jiangyin CTI Zhi'an Outpatient Department Co., Ltd.	11,369,352.84	9,291,385.55	20,660,738.39	5,280,471.80	455,814.05	5,736,285.85	11,276,862.71	6,956,851.24	18,233,713.95	9,954,507.12	27,562.07	9,982,069.19
Shenzhen CTI Pest Control Co., Ltd.	774,316.22	176,191.05	950,507.27	1,714,765.44	8,396.88	1,723,162.32	1,011,064.72	118,902.18	1,129,966.90	1,243,860.19	4,466.20	1,248,326.39
Shenzhen CTI Laboratory Technology Service Co., Ltd.	29,341,054.61	175,385.10	29,516,439.71	16,680,671.10	0.00	16,680,671.10	23,192,152.15	157,090.07	23,349,242.22	13,102,581.48	0.00	13,102,581.48
Centre Testing Electronic Certification Co., Ltd.	108,765,041.01	3,645,794.97	112,410,835.98	10,329,975.71	38,910.22	10,368,885.93	97,845,985.88	4,264,209.26	102,110,195.14	10,695,846.59	0.00	10,695,846.59
Fujian Science Way Testing Co., Ltd. (SW)	2,606,838.17	749,709.34	3,356,547.51	1,244,120.72	0.00	1,244,120.72	1,911,308.67	1,023,021.95	2,934,330.62	1,535,396.79	0.00	1,535,396.79
Sichuan CTI Jianxin Testing Technology Co., Ltd.	28,459,748.88	10,272,528.32	38,732,277.20	21,667,502.15	338,654.16	22,006,156.31	18,408,887.24	3,998,787.47	22,407,674.71	12,836,331.30	185,416.27	13,021,747.57
Shanghai CTI Zhike Materials Technology Co.,	3,656,126.11	5,121,039.23	8,777,165.34	273,514.54	59.64	273,574.18	2,700,473.89	6,220,045.88	8,920,519.77	158,437.92	9,838.03	168,275.95

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Ltd.													
Hebei CTI Junrui Testing Technology Co., Ltd.	818,020.66	2,628,310.68	3,446,331.34	2,221,769.21	358,002.22	2,579,771.43	928,447.60	2,763,461.09	3,691,908.69	1,576,439.67	401,533.32	1,977,972.99	
Henan CTI Quantong Engineering Testing Co., Ltd.	2,646,075.63	7,485,028.51	10,131,104.14	1,954,133.01	0.00	1,954,133.01	3,050,627.23	0.00	3,050,627.23	5,846.91	0.00	5,846.91	
Zhejiang CTI Yuanjian Testing Co., Ltd.	5,819,079.52	4,910,106.08	10,729,185.60	1,143,567.20	0.00	1,143,567.20	8,256,831.67	2,583,585.65	10,840,417.32	1,281,384.15	0.00	1,281,384.15	
Chengdu Xijiao CTI Rail Transit Technology Co., Ltd.	6,279,575.50	46,324.41	6,325,899.91	668,281.91	900,000.00	1,568,281.91	0.00	0.00	0.00	5,553.00	0.00	5,553.00	
Tianjin Eco-City Environmental Technology Co., Ltd.	63,204,099.19	432,910.12	63,637,009.31	20,062,809.62	2,783.98	20,065,593.60							

Unit: RMB

Name of subsidiary	Amount incurred in the current period				Amount of the previous period			
	Operating income	Net profits	Total comprehensive income	Cash flow from operating activities	Operating income	Net profits	Total comprehensive income	Cash flow from operating activities
CTI Biotechnology (Suzhou) Co., Ltd.	41,012,455.83	6,044,014.59	6,044,014.59	6,575,168.53	71,247,127.86	12,288,377.86	12,288,377.86	7,769,891.93
Jiangyin CTI Zhi'an Outpatient Department Co., Ltd.	23,671,447.96	6,672,807.78	6,672,807.78	7,235,119.77	20,174,161.67	2,324,820.72	2,324,820.72	5,635,162.96
Shenzhen CTI Pest Control Co.,	3,335,378.88	-654,295.56	-654,295.56	241,276.11	3,062,390.30	-197,614.92	-197,614.92	184,290.78

Ltd.								
Shenzhen CTI Laboratory Technology Service Co., Ltd.	43,746,775.51	2,589,107.87	2,589,107.87	1,026,153.99	39,158,607.04	3,147,206.64	3,147,206.64	5,441,235.85
Centre Testing Electronic Certification Co., Ltd.	39,481,087.26	10,627,601.50	10,627,601.50	6,751,214.36	39,443,741.81	11,071,524.98	11,071,524.98	14,406,636.48
Fujian Science Way Testing Co., Ltd. (SW)	4,882,432.19	713,492.96	713,492.96	1,349,295.22	4,028,636.78	521,367.22	521,367.22	71,091.97
Sichuan CTI Jianxin Testing Technology Co., Ltd.	28,287,425.44	7,340,193.75	7,340,193.75	1,646,892.43	25,610,683.53	2,855,905.19	2,855,905.19	1,407,150.83
Shanghai CTI Zhike Materials Technology Co., Ltd.	1,807,062.34	-248,652.66	-248,652.66	1,866,711.11	1,291,516.02	-601,452.26	-601,452.26	-288,325.49
Hebei CTI Junrui Testing Technology Co., Ltd.	100,890.05	1,466,975.79	1,466,975.79	955,508.52	57,447.85	-636,464.30	-636,464.30	-585,530.25
Henan CTI Quantong Engineering Testing Co., Ltd.	367,533.76	1,817,809.19	1,817,809.19	1,984,635.56	0.00	-5,219.68	-5,219.68	627.23
Zhejiang CTI Yuanjian Testing Co., Ltd.	7,060,935.66	26,585.23	26,585.23	2,249,614.54	2,077,692.59	-213,569.68	-213,569.68	2,858,558.73
Chengdu Xijiao CTI Rail Transit Technology Co., Ltd.	819,200.35	-836,829.00	-836,829.00	162,865.33	0.00	-5,553.00	-5,553.00	0.00
Tianjin Eco-City Environmental Technology Co., Ltd.	10,828,429.19	300,464.92	300,464.92	233,930.37				

Other notes:

(4) Major restriction on using the assets of the Group and debt liquidation of the Group

(5) Financial or other supports provided for structured entities included in the consolidated financial statements

Other notes:

2. Transaction where the share of equity interest in the subsidiary by its owner has changed, with control retained over the subsidiary

(1) Changes of owners' equity shares in subsidiary

(1) Guangzhou CTI Hengjian Engineering Testing Co., Ltd. (hereinafter referred to as "Guangzhou Hengjian"): on March 11, 2020, the Company signed the Equity Transfer Agreement of Guangzhou CTI Hengjian Engineering Testing Co., Ltd. with Guo Lin, under which, Guo Lin will transfer 6.00% of the equity held in Guangzhou Hengjian to the Company for RMB 1,422,000.00, and after the transfer, Guangzhou Hengjian will become a wholly-owned subsidiary of the Company.

(2) POLY NDT (PRIVATE) LIMITED: On February 3, 2020, the subsidiary of the Company, Centre Testing International (Hong Kong) Co., Ltd. (hereinafter referred to as CTI Hong Kong) entered into the Agreement on the Transfer of the Equity in POLY NDT (PRIVATE) LIMITED with Chua Ting Kin, which stipulates that Chua Ting Kin will transfer the 30.00% equity held in POLY NDT (PRIVATE) LIMITED to CTI Hong Kong for SGD1,506,071.00. After the transfer, POLY NDT (PRIVATE) LIMITED will become a wholly-owned subsidiary of CTI Hong Kong.

(2) Impact on minority shareholders' equity and owner's equity attributable to the parent company

Unit: RMB

	CTI Engineering Testing Co., Ltd.	POLY NDT(PRIVATE LIMITED)
-- Cash	1,422,000.00	7,549,869.34
Total of purchase cost/disposal consideration	1,422,000.00	7,549,869.34
Less: Subsidiaries' share of net assets calculated based on equity ratio received/disposed of	1,138,791.05	5,104,002.57
Balance	283,208.95	2,445,866.77
Including: Adjusted capital reserve	283,208.95	89,068.18
Adjusted surplus reserve	0.00	0.00
Adjusted undistributed profit	0.00	2,356,798.59

Other notes

3. Equity in joint ventures or associates

(1) Important joint ventures or associates

Name of joint venture or associates	Main business location	Jurisdiction of registration	Business nature	Shareholding ratio (%)		Accounting treatment on investment for joint ventures or associates
				Direct	Indirect	
Zhengjiang Fangyuan Electrical Equipment Testing Co., Ltd.	Jiaxing	Jiaxing	Technical Services	13.00%		Accounting by equity method
Xi'an Dongyi Integrated Technology Laboratory Co., Ltd.	Xi'an	Xi'an	Technical Services	22.00%		Accounting by equity method

Description for shareholding ratio in joint ventures or associates different from ratio of voting right:

Basis of the voting rights below 20% but with major influence, or without major influence but with over 20% (20% included) voting rights held:

(2) Main financial information of important joint venture

Unit: RMB

	Ending balance/the amount incurred in the current period		Opening balance/ the amount incurred in previous period	

Other notes

(3) Main financial information of important associates

Unit: RMB

	Ending balance/the amount incurred in the current period		Opening balance/ the amount incurred in previous period	
	Xi'an Dongyi Integrated Technology Laboratory Co., Ltd.	Zhengjiang Fangyuan Electrical Equipment Testing Co., Ltd.	Xi'an Dongyi Integrated Technology Laboratory Co., Ltd.	Zhengjiang Fangyuan Electrical Equipment Testing Co., Ltd.
Current assets	33,224,881.06	200,378,588.93	32,248,196.75	197,398,547.41
Other non-current assets	7,109,368.95	374,607,399.71	7,768,399.41	269,077,235.09
Total assets	40,334,250.01	574,985,988.64	40,016,596.16	466,475,782.50
Current liabilities	1,737,613.84	146,893,709.87	1,828,817.54	101,070,505.08
Non-current liabilities				12,660,200.00
Total liabilities	1,737,613.84	146,893,709.87	1,828,817.54	113,730,705.08
Shareholders' equity attributable to the parent company	38,596,636.17	428,092,278.77	38,187,778.62	352,745,077.42
Share of net assets calculated by shareholding percentage	8,491,259.96	55,651,996.24	8,401,311.30	45,856,860.06
Book value of equity investment in the associates	11,223,082.77	100,153,005.19	11,036,507.01	90,519,409.08
Operating income	23,679,414.70	209,864,528.76	18,878,235.34	165,833,719.74
Net profits	4,348,071.64	84,104,585.47	3,864,503.15	76,604,785.12
Total comprehensive income	4,348,071.64	84,104,585.47	3,864,503.15	76,604,785.12
Dividends received from the associates in the current year	770,000.00	1,300,000.00	440,000.00	1,040,000.00

Other notes

(4) Summary of the financial information for those minor joint venture and associates

Unit: RMB

	Ending balance/the amount incurred in the current period	Opening balance/ the amount incurred in previous period
Joint ventures:	--	--
Total of following items calculated as per respective shareholding ratio	--	--
Associates:	--	--
Total investment book value	5,244,592.20	4,196,886.22
Total of following items calculated as per respective shareholding ratio	--	--
-- Net profit	4,746,646.23	361,865.02

-- Total comprehensive income	4,746,646.23	361,865.02
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Other notes

(5) Description for major restriction on capital transferring from joint venture or associates to the Company

(6) Excess deficit from joint ventures or associates

Unit: RMB

Name of joint venture or associates	Accumulated unrealized pre-period loss	Unrecognized loss in the current period (net profit shared in the current period)	Cumulative unrecognized loss at end of current period
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Other notes

(7) Unrecognized commitments related to investments in joint ventures

(8) Contingent liabilities related to investments in joint ventures or associates

4. Important joint operation

Name of joint operation	Main business location	Jurisdiction of registration	Business nature	Shareholding ratio /equity shared	
				Direct	Indirect

Description for shareholding ratio or equity shared in joint operation different from ratio of voting right:

Basis for classification as joint operation if the joint operation is an independent entity:

Other notes

5. Equity in structured entities not included in the consolidated financial statements

Description for structured entities not included in the consolidated financial statements:

6. Others

X. Risks relating to financial instruments

The Company conducts risk management to seek the appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Company's financial performance. Based on this objective, the Company's basic policy for risk management is to confirm and analyze all kinds of risks faced by the Company, set up appropriate risk bottom line, conduct risk management, and monitor all risks promptly and reliably to limit risks within a specific range.

The Company faces various risks relevant to financial instruments in its daily operation, mainly including credit risk, liquidity risk, and market risk. The management has deliberated and approved the policies governing such risks, as outlined below.

1. Credit risk

Credit risk refers to the risk that default of obligations by a party of a financial instrument causes financial losses to the other party. The Company mainly faces customer credit risk resulting from sales on account. Before signing any new contract, the Company will have conducted a credit risk evaluation on new clients, including external credit ratings and bank credit in certain circumstances (when this information is available). The Company sets a credit limit for each client, which is the maximum amount that does not require any additional approval.

The Company monitors the credit rating of existing clients on a quarterly basis and reviews the aging analysis of accounts receivable on a monthly basis, to ensure that the overall credit risk of the Company is under control. When monitoring the customer credit risk, the Company groups them according to the credit features of customers. Any client rated as "high risk" shall be placed in the list of restricted clients, and only with additional approval can the Company grant any credit to such

client in the future, otherwise, the client will be required to make corresponding payments in advance.

2. Market risk

Market risk of a financial instrument means the risk that fair value of the financial instrument or future cash flow fluctuates due to change in market price, including exchange rate risk, interest rate risk and other price-related risks.

(1) Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or cash flow in the future may fluctuate due to changes of market interest rate. The interest rate risk faced by the Company mainly comes from bank borrowings. According to the Company's current policy, the borrowings at fixed interest rates account for 100% of external borrowings. To maintain this ratio, the Company may adopt interest rate swaps to achieve the expected interest rate structure. Although the policy cannot ensure the Company to prevent the risk of the interest rate adopted from exceeding the prevailing market interest rate and it cannot completely eliminate the cash flow risk associated with interest rate fluctuations, the management believes that the policy achieves a reasonable balance among these risks.

(2) Exchange rate risk

Exchange rate risk means risk that fair value or future cash flow of the financial instrument fluctuates due to change in foreign exchange rate. The company tries its best to make foreign currency income offset foreign currency expenditure to reduce exchange rate risk.

(3) Other price-related risk

The Company receives no equity investment from other listed companies.

3. Liquidity risks

Liquidity risk refers to the risk that an enterprise will encounter difficulty in meeting obligations that are settled by delivering cash or another financial asset. The Company's policy is to ensure that it has sufficient cash to repay matured debts. Liquidity risk is under centralized control of Finance Department of the Company. Finance Department ensures that the Company has sufficient funds to repay its debts under any appropriate forecast circumstances by monitoring cash balance, negotiable securities which can be realized at any time and through rolling forecast of cash flow over the next 12 months.

As of Dec. 31, 2020, all the financial liabilities of the Company are listed as undiscounted contractual cash flows by the maturity date as follows:

Item	Book value	Undiscounted contract amount	Within 1 year	1 to 3 year(s)	Total
Bank borrowings	277,695,182.73	277,695,182.73	192,871,483.42	84,823,699.31	277,695,182.73
Notes payable	73,912.21	73,912.21	73,912.21		73,912.21
Accounts payable	548,860,093.93	548,860,093.93	548,860,093.93		548,860,093.93
Other payables	99,369,030.07	99,369,030.07	99,369,030.07		99,369,030.07
Long-term payables	847,738.90	847,738.90		847,738.90	847,738.90
Total	926,845,957.84	926,845,957.84	841,174,519.63	85,671,438.21	926,845,957.84

XI. Disclosure of fair value

1. Fair value at period end of assets and liabilities measured by fair value

Unit: RMB

Item	Period end fair value			
	First level of fair value measurement	Second level of fair value measurement	Third level of fair value measurement	Total

I. Continuous fair value measurement	--	--	--	--
(I) Financial assets held for trading			1,001,604,472.72	1,001,604,472.72
1. Financial assets at fair value through profit or loss			1,001,604,472.72	1,001,604,472.72
Other non-current financial assets			47,294,000.00	47,294,000.00
Total assets continuously measured at fair value			1,048,898,472.72	1,048,898,472.72
II. Non-continuous fair value measurement	--	--	--	--

2. Determination basis of the market price of the item measured using the first level of continuous and non-continuous fair value measurement

N/A.

3. Valuation techniques and qualitative and quantitative information on important parameters adopted for the second level of continuous and non-continuous fair value measurement

N/A.

4. Valuation techniques and qualitative and quantitative information on important parameters adopted for the third level of continuous and non-continuous fair value measurement

N/A.

5. Adjustment between book values at beginning and end and sensitivity analysis of unobservable parameters for items of third level of continuous fair value measurement

N/A.

6. Conversion causes and policy to determine the conversion time point in case of conversion between levels in the current period for the items of continuous fair value measurement

N/A.

7. Changes of valuation techniques in the current period and causes

N/A.

8. Fair value of financial assets and liabilities not measured at fair value

The financial assets and liabilities not measured at fair value mainly include receivable, short-term borrowing, payable, long-term receivable and long-term payable.

There are small differences between the book values of financial assets and liabilities that are not measured at fair value and their fair values.

9. Others

N/A.

XII. Related parties and related transactions

1. Parent company of the Company

Name	Jurisdiction of registration	Business nature	Registered capital	Shareholding ratio of the parent company in the Company	Ratio of voting right of the parent company in the Company
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The parent company of the Company

Wan Feng is the final controller of the Company.

Other notes:

2. Subsidiaries of the Company

See Note VIII (I) "Equities in subsidiaries" for more information about subsidiaries of the Company.

3. Joint ventures and associates of the Company

Please refer to Note VIII (III) "Equity in joint ventures or associates" for details of major joint ventures and associates of the Company.

Other joint ventures and associates that form balances in related transactions with the Company in the current or previous period are as follows:

Name of joint venture or associates	Relation with the Company
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Other notes

4. Other related parties

Name of other related parties	Relation between other related parties and the Company
Wan Feng	Controlling shareholder and Chairman of Board of the Company
Wan Yunxiang	Controlling shareholder of the Company
Richard Shentu	Director and CEO of the Company
Kuang Zhigang	Director of the Company (left)
Chen Yan	Director and Secretary of the Board of Directors of the Company
Zhang Hanbin	Director of the Company (left)
Cheng Hong	Director of the Company
Zeng Fanli	Director of the Company
Cheng Haijin	Director of the Company
Liu Jidi	Director of the Company
Chen Weiming	Supervisor of the Company
Zhang Yuming	Supervisor of the Company
Ou Jin	Supervisor of the Company
Qian Feng	Senior executive of the Company
Xu Jiang	Senior executive of the Company
Zhou Lu	Senior executive of the Company
Li Fengyong	Senior executive of the Company
Wang Hao	Senior executive of the Company
Zeng Xiaohu	Senior executive of the Company
Shenzhen Greem Environment&Safety Technology Co., Ltd.	A company controlled by Wan Feng, the controlling shareholder and Chairman of Board of the Company
Shenzhen HK Poltechnic Investment CO., LTD.	A company controlled by Wan Feng, the controlling shareholder and Chairman of Board of the Company
Beijing Tianrui Junfeng Investment Management Co., Ltd.	A company controlled and served by Wan Feng, the controlling shareholder and Chairman of Board of the Company
Shenzhen Qianhai Gangli No. 1 Investment Partnership (Limited Partnership)	A company invested in and served by Wan Feng, the controlling shareholder and Chairman of Board of the Company
Shenzhen Mingding Certified Public Accountants	A company where Zhang Hanbin, a former independent director of the Company, serves as the head and managing partner
OFILM Group Co., Ltd.	A company where Zhang Hanbin, a former independent director of the Company, also acts as an independent director
Shenzhen Beauty Star Co., Ltd.	A company where Zhang Hanbin, a former independent director of the Company, also acts as an independent director

Institute of Quality Development Strategy (IQDS) of Wuhan University	A company where Cheng Hong, an independent director of the Company, serves as the president
South Sea Shenghui New Energy (Guangdong) Co., Ltd.	A company where Zeng Fanli, an independent director of the Company, serves as the legal representative and General Manager
Shenzhen Yuehai Shenghui International Trading Co., Ltd.	A company where Zeng Fanli, an independent director of the Company, serves as the legal representative, General Manager and Executive Director
Shenzhen Dafusheng Trading Co., Ltd.	A company where Zeng Fanli, an independent director of the Company, serves as the legal representative, General Manager and Executive Director
Baijiahui (Shenzhen) International Trading Co., Ltd.	A company where Zeng Fanli, an independent director of the Company, serves as the President
Yiduo Education Technology (Shanghai) Co., Ltd.	A company where Liu Jidi, an independent director of the Company, serves as the legal representative and Executive Director
Shanghai Yishi Training School Co., Ltd.	A company where Liu Jidi, an independent director of the Company, serves as the Supervisor
Shanghai Pudong Yushi Nursery Co., Ltd.	A company where Liu Jidi, an independent director of the Company, serves as the legal representative and Executive Director
Shanghai Yingyi Education Technology Co., Ltd.	A company where Liu Jidi, an independent director of the Company, serves as the legal representative and Executive Director
Shanghai Huanpu Consulting Management Firm	A company where Cheng Haijin, an independent director of the Company, invests in and serves as the President
Shenzhen AVSHD Technology Co., Ltd.	A company where Chen Weiming, a supervisor of the Company, serves as the Vice General Manager
ZhongRen Time Education Technology (Beijing) Corporation Ltd.	A company where Xu Jiang, a senior executive of the Company, serves as a supervisor

Other notes

5. Related transactions

(1) Related transactions for purchasing and selling commodities and providing and accepting labor services

Table of purchase of commodities and receiving of labor services

Unit: RMB

Related party	Contents of affiliate transaction	Amount incurred in the current period	Trading limit approved	Trading limited approved exceeded or not	Amount of the previous period
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Table of sales of commodities and receiving of labor services

Unit: RMB

Related party	Contents of affiliate transaction	Amount incurred in the current period	Amount of the previous period
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Description for related transactions for purchasing and selling commodities and providing and accepting labor services.

(2) Related trusteeship/contracting and entrust management/outsourcing

Statement of trusteeship/contracting of the Company:

Unit: RMB

Name of client/employer	Name of trustee/contractor	Type of trusted/contracted asset	Starting date of trusteeship/contracting	Ending date of trusteeship/contracting	Pricing basis for trusteeship/contracting revenue	Trusteeship/contracting revenue recognized in the current period
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Information about associated trusteeship/contracting

Statement of entrust management/outsourcing of the Company:

Unit: RMB

Name of client/employer	Name of trustee/contractor	Type of entrust management/outsourcing asset	Starting date of entrust management/outsourcing	Ending date of entrust management/outsourcing	Pricing basis for entrust management/outsourcing expense	Entrust management/outsourcing expense recognized in the current period
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Information about related entrust management/outsourcing

(3) Related leasing

The Company is the lessor:

Unit: RMB

Name of lessee	Type of asset leased	Lease income recognized in the current period	Lease income recognized in previous period
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The Company is the lessee:

Unit: RMB

Name of lessor	Type of asset leased	Lease expense recognized in the current period	Lease expense recognized in previous period
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Description for related leasing

(4) Related party guarantee

The Company is the guarantor

Unit: RMB

Secured Party	Amount guaranteed	Starting date of guarantee	Expiry date of guarantee	Whether the guarantee has been performed
Shenzhen CTI Metrology Technology Co., Ltd.	30,000,000.00	April 17, 2020	April 16, 2021	Yes
Centre Testing International (Hong Kong) Co., Ltd.	200,000,000.00	April 17, 2020	April 16, 2021	No
Guangzhou CTI Hengjian Engineering Testing Co., Ltd.	10,000,000.00	April 17, 2020	April 16, 2021	No
CTI Biotechnology (Suzhou) Co., Ltd.	20,000,000.00	May 11, 2020	May 10, 2021	No
Sichuan CTI Jianxin Testing Technology Co., Ltd.	10,000,000.00	May 11, 2020	May 10, 2021	No
Centre Testing International (Hong Kong) Co., Ltd.	260,758,500.00	March 9, 2020	June 5, 2020	Yes
Hangzhou Hua'an Nondestructive Testing Technology Co., Ltd.	20,000,000.00	October 29, 2019	Oct. 28, 2020	No

The Company is the Secured Party

Unit: RMB

Guarantor	Amount guaranteed	Starting date of guarantee	Expiry date of guarantee	Whether the guarantee has been performed
Shenzhen CTI Co., Ltd.	97,690,000.00	May 04, 2017	May 4, 2020	Yes

Shenzhen CTI Co., Ltd.	20,000,000.00	May 31, 2017	May 31, 2020	Yes
Shenzhen CTI Co., Ltd.	60,000,000.00	Aug. 10, 2017	Aug. 2, 2020	Yes
Suzhou CTI Testing Technology Co., Ltd.	40,000,000.00	Aug. 7, 2017	Aug. 6, 2020	Yes

Description for related guarantees

(5) Fund borrowing from/to related parties

Unit: RMB

Related party	Amount borrowed	Starting date	Maturity date	Note
Borrowing				
Lending				

(6) Asset transfer and debt restructuring with related parties

Unit: RMB

Related party	Contents of affiliate transaction	Amount incurred in the current period	Amount of the previous period
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(7) Compensation of key management personnel

Unit: RMB

Item	Amount incurred in the current period	Amount of the previous period
Remuneration of key management personnel	12,953,900.00	10,093,600.00

(8) Other related transactions**6. Receivables and payables of related parties****(1) Receivables**

Unit: RMB

Name of project	Related party	Ending balance		Beginning balance	
		Book balance	Provision for bad and doubtful debts	Book balance	Provision for bad and doubtful debts

(2) Payables

Unit: RMB

Name of project	Related party	Ending book balance	Beginning book balance
Other payables			
	Wan Feng	1,880,000.00	26,972.98
	Ou Jin	2,903.24	
Subtotal		1,882,903.24	26,972.98

7. Commitments of related parties**8. Others****XIII. Share-based Payment****1. Overview of share-based payment**√ Applicable Not Applicable

Unit: RMB

Total amount of equity instruments granted to the Company in the current period	0.00
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Total amount of equity instruments exercised by the Company in the current period	7,605,000.00
Total amount of equity instruments of the Company that expire in the current period	52,500.00
Scope of exercise price of outstanding stock options of the Company at the end of the period and remaining contract term	<p>1. The Proposal on Awarding Stock Options to Incentive Objects was deliberated and approved on the 22nd session of the fourth Board of Directors of the Company on Dec. 17, 2018. The Board of Directors of the Company believed that the stock option awarding conditions specified in the stock option incentive plan for 2018 had been met and agreed to award 20.65 million shares of stock options to 38 Incentive Objects at the exercise price of RMB 6.13 per share on Dec. 17, 2018. On December 25, 2019, the Company held the 2nd Meeting of the 5th Board of Directors and the 2nd Meeting of the 5th Board of Supervisors and deliberated and approved the Proposal on Adjusting Exercise Price of the Stock Option Incentive Plan for 2018 and the Proposal on Meeting Exercise Conditions of the First Exercise Period of the Stock Option Incentive Plan for 2018. On May 15, 2020, the Company held the 5th Meeting of the 5th Board of Directors and the 5th Meeting of the 5th Board of Supervisors and deliberated and approved the Proposal on Adjustment of the Exercise Price of the Stock Option Incentive Plan. According to the provisions of the Stock Option Incentive Plan for 2018 (draft), due to the implementation of the 2018 and 2019 annual equity distribution, the exercise price was adjusted from RMB 6.13 per share to RMB 6.06 per share.</p> <p>2. The Proposal on Awarding Stock Options to Incentive Objects was deliberated and approved on the 27th session of the fourth Board of Directors of the Company on May 20, 2019. The Board of Directors of the Company believed that the stock option awarding conditions specified in the Company's stock option incentive plan for 2019 had been met and agreed to award 4.7 million shares of stock options to 9 Incentive Objects at the exercise price of RMB 9.23 per share on May 20, 2019. On May 15, 2020, the company held the 5th Meeting of the 5th Board of Directors and the 5th Meeting of the 5th Board of Supervisors and deliberated and approved the Proposal on Adjusting the Exercise Price of the Stock Option Incentive Plan. Due to the implementation of the 2018 and 2019 annual equity distribution plans, the Board of Directors agreed that the exercise price of stock options under the Company's Stock Option Incentive Plan for 2019 was adjusted from RMB 9.23 per share to RMB 9.16 per share.</p>
Scope of exercise price of other outstanding equity instruments of the Company at the end of the period and remaining contract term	None

Other notes

2. Equity-settled share-based payment

✓ Applicable Not Applicable

Unit: RMB

Determination method of fair value of equity instruments on grant date	Black-Scholes option pricing model
Basis for determining the number of exercisable equity instruments	At each balance sheet date within the waiting period, the best estimation shall be made and the number of vested equity instruments shall be updated on the basis of the newly acquired changes of vesting employee number and other subsequent information.

Causes for material difference between current estimate and previous estimate	None
Payment of the cumulative amount included into capital reserves with equity-settled shares	24,427,000.00
Total costs recognized by equity-settled share-based payment in the current period	9,664,000.00

Other notes

3. Cash-settled share-based payment

Applicable Not Applicable

4. Modification and termination of stock payment

There is no modification or termination of stock payment during the reporting period.

5. Others

XIV. Commitment and Contingencies

1. Important commitments

Important commitments on the balance sheet date

1. Lease contracts which have been executed or are going to be performed and financial impacts

As of December 31, 2020, the operating leases of the Company and its subsidiaries as the lessees that have been signed and are still being performed, will be paid in future years as follows:

Item	Rent
Within 1 year (inclusive)	20,753,348.74
1-2 years (including 2 years)	2,021,683.28
2-3 years (including 3 years)	48,942.00
Above 3 years	252,000.00
Total	23,075,974.02

Except for aforesaid disclosure, there is no important commitment to be disclosed by the Company.

2. Contingencies

(1) Important contingencies on the balance sheet date

There is no significant contingency to be disclosed by the Company.

(2) The important contingencies not required to be disclosed shall be explained as well.

The Company has no important contingency required to disclose.

3. Others

XV. Events After the Balance Sheet Date

1. Important non-adjusting events

Unit: RMB

Item	Content	Impact on the financial position and operation result	Reasons for inability to estimate the impact
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2. Profit distribution

Unit: RMB

Profits or dividends to be distributed	58,279,749.99
Profits or dividends to be released upon approval	58,279,749.99

3. Sales return

4. Description of other events after the balance sheet date

1. On the 12th Meeting of the 5th Board of Directors held on January 11, 2021, the *Proposal on Renting and Selling Public Rental Housing to Related Parties* was deliberated and approved. To enhance employees' sense of belonging to the Company, attract and retain outstanding talents, and improve the cohesiveness and work enthusiasm of the Company's employees, Shanghai CTI Pinzheng Testing Technology Co., Ltd, a wholly-owned subsidiary of the Company, signed a *Subscription Order* with Shanghai Lingang Pujiang Public Rental Housing Operation Management Co. Ltd. to subscribe for -8# West Building of the "rental for sales" public rent housing program of Pujiang High Tech Park, Caohejing Development Zone, Shanghai (Phase 1), which has a building area (tentatively estimated area) of 2821.92m² as public rental housing. The Company plans to lease the aforesaid public rental housing to its employees with the "rental for sales" method. The Company examined the qualifications of the employees to be subscribed in strict accordance with the conditions for public rental housing allocation in Shanghai, and a total of three employees, including directors and senior executives, were eligible for the rental and sales of such public rental housing: Richard Shentu, Chen Yan and Qian Feng. The proposal has been deliberated and approved at the First Extraordinary General Shareholders' Meeting 2021. The details are given in the *Announcement on Leasing and Selling Public Rental Housing to Related Parties* (Announcement No.: 2021-003).

2. On the 13th Meeting of the 5th Board of Directors held on February 25, 2021, the *Proposal on the Use of Self-owned Idle Funds for Entrusted Wealth Management and Securities Investment* was deliberated and approved. To strengthen the management of the self-owned funds and improve the efficiency in the use of funds and the level of income, the Company and its subsidiaries used temporarily idle self-owned funds with a quota of not more than RMB 1.5 billion for entrusted wealth management and securities without affecting normal operations investment, of which the quota for entrusted wealth management did not exceed RMB 1 billion, and the quota for securities investment did not exceed RMB 500 million. The above-mentioned quotas can be used on a rolling basis within 12 months from the date of deliberation and approval by the Board of Directors.

3. On the 14th Meeting of the Strategy and M&A Committee of the 5th Board of Directors held on March 5, 2021, the *Proposal on the Investment in and Establishment of Maritec (Shanghai) Co., Ltd.* was deliberated and approved. The wholly-owned subsidiary of the Company, Shanghai CTI Pinbiao Testing Technology Co., Ltd. (hereinafter referred to as "CTI Pinbiao") invested RMB 5 million to found Maritec (Shanghai) Co., Ltd. (hereinafter referred to as "Maritec"), with a registered capital of RMB 5 million. Maritec is 100% held by CTI Pinbiao, a subsidiary of the Company, and thus becomes a sub-subsidiary of the Company.

4. On the 14th Meeting of the Strategy and M&A Committee of the 5th Board of Directors held on March 5, 2021, the *Proposal on the Establishment of Wholly-owned Sub-subsidiaries* was deliberated and approved. The wholly-owned subsidiary of the Company, Shanghai CTI Pinchuang Medical Testing Co., Ltd., plans to set up PCR laboratories as invested wholly-owned subsidiaries with its own funds in Tianjin, Qingdao, Yunnan, Beijing and Suzhou, with a total paid-in registered capital of RMB 65 million.

5. On the 14th Meeting of the Strategy and M&A Committee of the 5th Board of Directors held on March 5, 2021, the *Proposal on the Establishment of Jiangxi Application CTI Testing Co., Ltd.* was deliberated and approved. The Company cooperated with Jiangxi College of Applied Technology in setting up the "CTI Production Training Base" and founded Jiangxi Application CTI Testing Co., Ltd. (hereinafter referred to as "Jiangxi Application") with RMB 10 million of self-owned fund, with a registered capital of RMB 10 million. After establishment, Jiangxi Application will become a wholly-owned subsidiary of the Company.

6. On the 15th Meeting of the Strategy and M&A Committee of the 5th Board of Directors held on April 6, 2021, the *Proposal on the Acquisition of the Equity of MGA (Nantong) Company* was deliberated and approved. The Company will acquire 100.00% of the equity of MGA (Nantong) Automobile Safety Testing Service Co., Ltd. for RMB 35 million with its self-owned fund.

7. On the 15th Meeting of the Strategy and M&A Committee of the 5th Board of Directors held on April 6, 2021, the *Proposal on Adding Capital to Wholly-owned Subsidiaries* was deliberated and approved. The Company will increase the capital of its wholly-owned subsidiary, Shanghai CTI Pinchuang Medical Testing Co., Ltd. ("Shanghai CTI Pinchuang") at a price of RMB 9.17 million for its 100% equity in Guangzhou CTI Occupational Health Outpatient Department Co., Ltd. The company will increase the capital of its wholly-owned subsidiary, Shanghai CTI Pinchuang at a price of RMB 25,376,000 for its 80% equity in Jiangyin CTI Zhi'an Outpatient Department Co., Ltd. Meanwhile, the Company will increase the capital of Shanghai CTI Pinchuang by RMB 100 million in cash.

With the capital increase completed, Shanghai CTI Pinchuang's registered capital will be increased from the

original RMB 185 million to RMB 319,546,000. Shanghai CTI Pinchuang will hence hold 100% of the equity in Guangzhou CTI Occupational Health Outpatient Department Co., Ltd. and 80.00% of the equity in Jiangyin CTI Zhi'an Outpatient Department Co., Ltd.

8. On the 16th Meeting of the Strategy and M&A Committee of the 5th Board of Directors held on April 13, 2021, the *Proposal on Investing in Beijing Guoxin Tianyuan Quality Evaluation and Certification Center* was deliberated and approved, according to which the Company will acquire 20% of the equity in Beijing Guoxin Tianyuan Quality Evaluation and Certification Center at a price of RMB 13 million with its self-owned fund.

9. On the 14th Meeting of the 5th Board of Directors held on April 19, 2021, the Profit Distribution Proposal for 2020 was deliberated and approved. Based on the total capital stock of 1,665,135,714 shares as of December 31, 2020, the Company will accordingly increase 0 shares for every 10 shares of the capital reserve, and distribute cash dividends of RMB 0.35 (tax included) for every 10 shares, totaling RMB 58,279,749.99. If the number of total shares changes for restricted stock re-purchase, share compensation for committed performance and share re-purchase implemented by the Company before this profit distribution plan will be implemented, then the number of total shares will be based on to carry out profit distribution where the distribution proportion remains unchanged and the total distribution amount is adjusted accordingly. The proposal is to be deliberated and approved by the General Shareholders' Meeting 2020.

In addition to the events after the balance sheet date mentioned above, by the date on which financial reports were approved and reported, the Company was free of other significant events after the balance sheet date that should be disclosed.

XVI. Other Important Matters

1. Correction of accounting errors in previous period

(1) Retrospective restatement

Unit: RMB

Correction of accounting errors	Processing program	Name of the report item of each comparison period impacted	Cumulative impact

(2) Prospective application

Correction of accounting errors	Approval procedure	Reasons for adopting the prospective application

2. Debt restructuring

3. Asset exchange

(1) Exchange of non-monetary assets

(2) Exchange of other assets

4. Pension plan

5. Discontinuing operation

Unit: RMB

Item	Revenue	Fees	Total profit	Income tax expense	Net profits	Profit of discontinuing operation attributable to the owners of the parent company

Other notes

6. Information of segments

(1) Determination basis and accounting policies for reporting segments

The Company determines the operating segment on the basis of its internal organizational structure, management

requirements and internal reporting system. Operating segments of the Company refer to components within the Group satisfying all the following conditions:

- (1) It engages in business activities from which it may earn revenues and incur expenses;
- (2) The management can evaluate the operating results of such components on a regular basis, so as to decide to allocate resources to them and evaluate their performance;
- (3) The Company has the access to accounting information of the part, such as its financial condition, operation result and cash flows.

The Company decides the reporting segments on the basis of operation segments. The operation segments meeting one of the following conditions are decided as reporting segments:

- (1) The segment revenue of the operating segment accounts for 10.00% or more of the total revenue of all segments;
- (2) The absolute amount of the segment profit (loss) of the segment accounts for 10.00% or more of the larger of the total profit of all profitable segments or the absolute amount of the total loss of all loss-making segments.

The Company operates in a relatively narrow range, mainly providing testing services for customers. The management divides the overall business into four major sectors: trade security, consumer product testing, industrial testing and life sciences for management. Since the same entity may be engaged in two or more of the above four sectors at the same time, it is impossible to accurately calculate assets and liabilities according to the above-mentioned sectors. Therefore, the Company did not disclose segment information.

2. Other segment information

(1) External revenue by product

Type of product	Amount incurred in the current period		Amount of the previous period	
	Revenue	Costs	Revenue	Costs
Trade guarantee	479,649,797.53	149,689,249.01	434,106,278.51	140,254,089.35
Consumer goods test	401,810,285.54	227,183,832.56	424,515,411.61	203,429,559.78
Industrial test	696,228,126.21	374,149,986.12	562,078,608.49	336,025,924.25
Life science	1,990,024,552.38	1,034,093,333.25	1,762,555,414.06	930,755,718.43
Total	3,567,712,761.65	1,785,116,400.94	3,183,255,712.67	1,610,465,291.81

(2) External revenue by region

Region	Amount incurred in the current period		Amount of the previous period	
	Revenue	Costs	Revenue	Costs
Domestic	3,394,052,361.45	1,713,269,629.53	3,090,282,691.67	1,573,655,120.21
Overseas	173,660,400.20	71,846,771.41	92,973,021.00	36,810,171.60
Total	3,567,712,761.65	1,785,116,400.94	3,183,255,712.67	1,610,465,291.81

(2) Financial information of the reporting segments

Unit: RMB

Item	Inter-segment set-off	Total
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(3) Reasons shall be described if the Company does not have any reporting segment or the total assets and total liabilities of the reporting segment cannot be disclosed

(4) Other descriptions

7. Other important transactions and matters impacting the investor's decision-making

8. Others

On December 28, 2020, the Company held the 13th Meeting of the Strategy and M&A Committee of the 5th Board of Directors. At the meeting, the *Proposal on Purchasing the Equity of How-To NPD Consulting Co., Ltd.* was deliberated and approved. Under the proposal, the Company plans to hold 40% of the equity in How-To NPD

Consulting Co., Ltd. at a price of RMB 19.2 million. With the acquisition completed, the Company will hold 60.00% of the equity in How-To NPD Consulting Co., Ltd., and the latter will become a holding subsidiary of the Company.

XVII. Notes to Main Items of Financial Statements of Parent Company

1. Accounts receivable

(1) Accounts receivable disclosed by category

Unit: RMB

Category	Ending balance					Beginning balance				
	Book balance		Provision for bad and doubtful debts		Book value	Book balance		Provision for bad and doubtful debts		Book value
	Amount	Percent age	Amount	Proportion of provision		Amount	Percent age	Amount	Proportion of provision	
Accounts receivable with individual provision for bad debt reserves	21,256.88	0.01%	21,256.88	100.00%	0.00	31,307.00	0.03%	30,497.00	97.41%	810.00
Including:										
Accounts receivable with provision for bad debt reserves by portfolio	170,687,520.13	99.99%	7,991,698.08	4.68%	162,695,822.05	110,538,050.81	99.97%	6,829,329.34	6.18%	103,708,721.47
Including:										
Including: Portfolio of related parties within the scope of consolidation	49,694,390.11	29.11%	0.00	0.00%	49,694,390.11	19,134,330.67	17.31%	0.00		19,134,330.67
Aging portfolio	120,993,130.02	70.88%	7,991,698.08	6.61%	113,001,431.94	91,403,720.14	82.67%	6,829,329.34	7.47%	84,574,390.80
Total	170,708,777.01	100.00%	8,012,954.96	4.69%	162,695,822.05	110,569,357.81	100.00%	6,859,826.34	6.20%	103,709,531.47

Individual provision for bad debt reserves: RMB 21,256.88

Unit: RMB

Item	Ending balance			
	Book balance	Provision for bad and doubtful debts	Proportion of provision	Reasons for provision
Accounts receivable with individual	21,256.88	21,256.88	100.00%	Predicted to be

provision for expected credit loss				unrecoverable
Total	21,256.88	21,256.88	--	--

Individual provision for bad debt reserves:

Unit: RMB

Item	Ending balance			
	Book balance	Provision for bad and doubtful debts	Proportion of provision	Reasons for provision

Provision for bad debt reserves by portfolio:

Unit: RMB

Item	Ending balance		
	Book balance	Provision for bad and doubtful debts	Proportion of provision

Explanation of basis for determining such portfolio:

For provision for bad debt reserve for accounts receivable by the general model of the expected credit loss, relevant information of bad debt reserves is disclosed by referring to the disclosure method of other receivables:

Applicable Not Applicable

Disclosure by aging

Unit: RMB

Aging	Book balance
Within 1 year (inclusive)	165,988,008.11
1-2 years	2,742,590.12
2-3 years	1,235,619.18
Above 3 years	742,559.60
3-4 years	379,345.40
4-5 years	104,952.20
Above 5 years	258,262.00
Total	170,708,777.01

(2) Provision for bad debt accrued, recovered or reversed in the current period

Provision for bad debt accrued in the current period:

Unit: RMB

Category	Beginning balance	Amount changed in current period				Ending balance
		Accrual	Recovery or reverse	Write-off	Others	
Accounts receivable with individual provision for expected credit loss	30,497.00		9,240.12			21,256.88
Accounts receivable with provision for expected credit loss by portfolio	6,829,329.34	1,572,886.12		451,867.38	41,350.00	7,991,698.08
Total	6,859,826.34	1,572,886.12	9,240.12	451,867.38	41,350.00	8,012,954.96

The reversed or recalled bad debt reserves at current period with significant amount:

Unit: RMB

Company name	Reversed or recovered amount	Recovery method
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(3) Accounts receivable actually written off in the current period

Unit: RMB

Item	Amount written off
Accounts receivable written off	451,867.38

Write-off for the major accounts receivable:

Unit: RMB

Company name	Nature of accounts receivable	Amount written off	Write-off reason	Write-off procedures performed	Whether the fund is generated by related transactions
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Explanation of write-off of accounts receivable:

(4) Information of top five accounts receivable in terms of the ending balance collected by the debtor

Unit: RMB

Company name	Ending balance of accounts receivable	Proportion in the total ending balance of accounts receivable	Ending balance of bad debt reserve
Centre Testing International (Hong Kong) Co., Ltd.	20,892,408.98	12.24%	0.00
CTI U.S. INC.	8,726,297.25	5.11%	0.00
Trade Union Federation of Foxconn Technology Group	8,158,738.90	4.78%	407,936.95
Guangzhou Era Supply Chain Management Co., Ltd.	6,749,598.72	3.95%	337,479.94
Huawei Technologies Co., Ltd.	5,614,673.66	3.29%	280,733.69
Total	50,141,717.51	29.37%	

(5) Accounts receivable derecognized due to transfer of financial assets**(6) Assets and liabilities resulted by transfer of accounts receivable and continuous involvement**

Other notes:

2. Other receivables

Unit: RMB

Item	Ending balance	Beginning balance
Dividends receivable	20,654,143.66	31,020,293.24
Other receivables	649,722,103.45	665,431,914.39
Total	670,376,247.11	696,452,207.63

(1) Interest receivable**1) Classification of interest receivable**

Unit: RMB

Item	Ending balance	Beginning balance
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2) Significant overdue interest

Borrower	Ending balance	Overdue date	Overdue reason	Impaired or not and its judgment basis
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Other notes:

3) Provision for bad debt reserves Applicable Not Applicable**(2) Dividends receivable****1) Classification of dividends receivable**

Unit: RMB

Project (or investee)	Ending balance	Beginning balance
Shenzhen CTI Co., Ltd.	20,654,143.66	28,266,893.24
Jiangyin CTI Zhi'an Outpatient Department Co., Ltd.	0.00	2,273,400.00
Zhejiang Fangyuan Electrical Equipment Inspection Co., Ltd.	0.00	480,000.00
Total	20,654,143.66	31,020,293.24

2) Significant dividends receivable with aging above 1 year

Unit: RMB

Project (or investee)	Ending balance	Aging	Reasons for outstanding dividends	Impaired or not and its judgment basis
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3) Provision for bad debt reserves Applicable Not Applicable

Other notes:

(3) Other receivables**1) Classification of other receivables by nature**

Unit: RMB

Nature of amount	Ending book balance	Beginning book balance
Security deposit	8,770,183.99	9,278,050.81
Suspense payment receivable	642,253,954.13	658,464,051.14
Others	138,784.44	164,790.93
Total	651,162,922.56	667,906,892.88

2) Provision for bad debt reserves

Unit: RMB

Provision for bad debts	Stage I	Stage II	Stage III	Total
	Expected credit loss in the next 12 months	Expected credit loss throughout the entire duration (depreciation of credit that has not occurred)	Expected credit loss throughout the entire duration (depreciation of credit that has occurred)	
Balance on January 1, 2020	2,474,978.49			2,474,978.49
Balance of the current period on January 1,	—	—	—	—

2020				
Reversal of the current period	971,659.04			971,659.04
Write-off of the current period	64,500.34			64,500.34
Other changes	2,000.00			2,000.00
Balance on December 31, 2020	1,440,819.11			1,440,819.11

Changes in the book balance with significant change amount of the loss provision in the current period

Applicable Not Applicable

Disclosure by aging

Unit: RMB

Aging	Book balance
Within 1 year (inclusive)	647,529,429.82
1-2 years	718,823.48
2-3 years	532,630.66
Above 3 years	2,382,038.60
3-4 years	964,344.60
4-5 years	779,168.00
Above 5 years	638,526.00
Total	651,162,922.56

3) Bad debt reserves accrued, recovered or reversed in the current period

Provision for bad debt accrued in the current period:

Unit: RMB

Category	Beginning balance	Amount changed in current period				Ending balance
		Accrual	Recovery or reverse	Write-off	Others	

The reversed or recovered bad debt reserves with significant amounts in the current period:

Unit: RMB

Company name	Reversed or recovered amount	Recovery method

4) Other receivables actually written off in the current period

Unit: RMB

Item	Amount written off
Other receivables actually written off	64,500.34

The write-off of major other receivables:

Unit: RMB

Company name	Nature of other receivables	Amount written off	Write-off reason	Write-off procedures performed	Whether the fund is generated by related transactions

Explanation of write-off of other receivables:

5) Other information of top five other receivables in terms of the ending balance collected by the debtor

Unit: RMB

Company name	Nature of payment	Ending balance	Aging	Proportion in ending balance of other receivables	Ending balance of bad debt reserve
Centre Testing International Pinzheng (Shanghai) Co., Ltd.	Suspense payment receivable	553,552,213.39	Within 1 year, 1 to 3 years and more than 3 years	85.01%	
CTI Biotechnology (Suzhou) Co., Ltd.	Suspense payment receivable	20,018,587.71	Within 1 year	3.07%	
Shanghai CTI-Medlab Medical Testing Institute Co., Ltd.	Suspense payment receivable	13,191,852.29	Within 1 year	2.03%	
Shenzhen CTI Investment Management Co., Ltd.	Suspense payment receivable	12,935,678.67	Within 1 year	1.99%	
Shanghai Biological Technology Co., Ltd.	Suspense payment receivable	8,964,643.37	Within 1 year	1.38%	
Total	--	608,662,975.43	--	93.48%	

6) Receivables involving government subsidies

Unit: RMB

Company name	Name of government subsidies project	Ending balance	Ending aging	Estimated time, amount and basis of collection
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7) Other receivables derecognized due to the transfer of financial assets

8) Assets and liabilities resulting from the transfer of other receivables and continuous involvement

Other notes:

3. Long-term equity investment

Unit: RMB

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investments in subsidiaries	2,145,161,857.17	147,018,373.06	1,998,143,484.11	1,782,980,637.07	147,827,705.96	1,635,152,931.11
Investment for joint ventures and associates	116,620,680.16	0.00	116,620,680.16	104,507,787.49	0.00	104,507,787.49
Total	2,261,782,537.33	147,018,373.06	2,114,764,164.27	1,887,488,424.56	147,827,705.96	1,739,660,718.60

(1) Investment in subsidiaries

Unit: RMB

Investee	Beginning balance (book value)	Current increase and decrease				Ending balance (book value)	Ending balance of impairment provision
		Additional Investment	Decreased investment	Accrued impairment provision	Others		
Centre Testing International (Anhui) Co., Ltd.	17,000,000.00					17,000,000.00	

Centre Testing International (Chengdu) Co., Ltd.	34,000,000.00					34,000,000.00	
Dalian Huaxin Physical and Chemical Testing Center Co., Ltd.	30,110,000.00					30,110,000.00	
Centre Testing International (Dongguan) Co., Ltd.	17,000,000.00					17,000,000.00	
Fujian Science Way Testing Co., Ltd. (SW)	11,730,000.00			4,963,673.06		6,766,326.94	4,963,673.06
Centre Testing International Pinbiao (Fuzhou) Co., Ltd.	10,000,000.00					10,000,000.00	
Centre Testing International (Gansu) Co., Ltd.	23,000,000.00					23,000,000.00	
Guangdong CTI Judicial Authentication Center	500,000.00					500,000.00	
Centre Testing International (Guangxi) Co., Ltd.	21,000,000.00					21,000,000.00	
CTI Engineering Testing Co., Ltd.	18,499,200.00	1,422,000.00				19,921,200.00	
Guangzhou CTI Occupational Health Outpatient Department Co., Ltd.	10,000,000.00					10,000,000.00	
Centre Testing International (Guangzhou) Co., Ltd.	50,962,075.96	27,188,221.26				78,150,297.22	
Centre Testing International Pinbiao (Guangzhou) Co., Ltd.	20,000,000.00					20,000,000.00	
Centre Testing International (Guizhou) Co., Ltd.	6,000,000.00					6,000,000.00	
Hangzhou Hua'an Nondestructive Testing Technology	57,945,300.00	29,210,000.00				87,155,300.00	142,054,700.00

Co., Ltd.							
Centre Testing International (Hangzhou) Co., Ltd.	45,000,000.00					45,000,000.00	
Hebei CTI Testing Service Co., Ltd.	18,000,000.00					18,000,000.00	
Hebei CTI Junrui Testing Technology Co., Ltd.	1,400,100.00	619,600.00				2,019,700.00	
Centre Testing International (Henan) Co., Ltd.	41,512,600.00					41,512,600.00	
Henan CTI Quantong Engineering Testing Co., Ltd.	1,555,500.00	6,444,500.00				8,000,000.00	
Centre Testing International (Heilongjiang) Co., Ltd.	40,000,000.00					40,000,000.00	
Hunan Pinbiao CTI Testing Technology Co., Ltd.	30,000,000.00					30,000,000.00	
Centre Testing Electronic Certification Co., Ltd.	71,000,000.00					71,000,000.00	
Centre Testing International Group (Shandong) Co., Ltd.	12,500,000.00	13,000,000.00				25,500,000.00	
Centre Testing International (Beijing) Co., Ltd.	50,000,000.00					50,000,000.00	
Centre Testing International (Hong Kong) Co., Ltd.	21,653,737.32	101,127,636.00				122,781,373.32	
Huai'an CTI Testing Technology Co., Ltd.	17,000,000.00					17,000,000.00	
Centre Testing International Pinbiao (Jiangsu) Co., Ltd.	35,000,000.00					35,000,000.00	
Jiangyin CTI Zhi'an Outpatient Department Co., Ltd.	14,228,804.43					14,228,804.43	

Centre Testing International Pinbiao (Liaoning) Co., Ltd.	24,500,000.00					24,500,000.00	
Centre Testing International (Nanchang) Co., Ltd.	8,000,000.00					8,000,000.00	
Nanjing CTI Medical Technology Service Co., Ltd.	3,304,345.20		3,304,345.20				
Inner Mongolia CTI QC Technology Service Co., Ltd.	19,000,000.00					19,000,000.00	
Centre Testing International (Ningbo) Co., Ltd.	10,000,000.00					10,000,000.00	
Ningbo Quality Assurance Co., Ltd. (NQA)	43,867,526.63					43,867,526.63	
Ningguo CTI Testing Technology Co., Ltd.	3,580,000.00					3,580,000.00	
Pinbiao Environmental Technology Co., Ltd.	7,800,000.00					7,800,000.00	
Centre Testing International (Qingdao) Co., Ltd.	6,000,000.00					6,000,000.00	
Centre Testing International (Xiamen) Co., Ltd.	5,000,000.00					5,000,000.00	
Centre Testing International (Shanxi) Co., Ltd.	3,400,000.00					3,400,000.00	
Shanghai CTI-Medlab Medical Testing Institute Co., Ltd.	80,000,000.00		80,000,000.00				
Shanghai CTI Biological Technology Co., Ltd.	2,900,000.00					2,900,000.00	
Shanghai CTI Pinbiao Testing Technology	24,304,111.00					24,304,111.00	

Co., Ltd.							
Centre Testing International Pinzheng (Shanghai) Co., Ltd.	120,000,000.00					120,000,000.00	
Shanghai CTI-SAMT Materials Technology Co., Ltd.	9,000,000.00		9,000,000.00				
Shanghai CTI Zhike Materials Technology Co., Ltd.	5,100,000.00					5,100,000.00	
Shenzhen CTI International Certification Co., Ltd.	47,002,500.00					47,002,500.00	
Shenzhen CTI Commodity testing and Survey Co., Ltd.	4,186,136.80					4,186,136.80	
Shenzhen CTI Investment Management Co., Ltd.	20,000,000.00					20,000,000.00	
Shenzhen CTI Pest Control Co., Ltd.	1,340,000.00					1,340,000.00	
Shenzhen CTI Occupational Health Outpatient Department	800,000.00					800,000.00	
Shenzhen CTI Institute of Reference Materials	200,000.00					200,000.00	
Shenzhen CTI Reference Materials Research Center Co., Ltd.	1,000,000.00					1,000,000.00	
Shenzhen CTI Co., Ltd.	20,942,247.47					20,942,247.47	
Shenzhen CTI Training Center	2,002,600.30					2,002,600.30	
Shenzhen CTI Laboratory Technology Service Co., Ltd.	2,010,000.00					2,010,000.00	
Shenzhen CTI Information Technology Co., Ltd	10,800,000.00					10,800,000.00	
Centre Testing	18,500,000.00					18,500,000.00	

Full text of Annual Report 2020 of Centre Testing International Group Co., Ltd.

International (Shenyang) Co., Ltd.							
Sichuan CTI Jianxin Testing Technology Co., Ltd.	9,180,000.00					9,180,000.00	
CTI CSERC (Suzhou) Co., Ltd.	16,162,306.00		21,935,311.96	5,773,005.96	-		
Suzhou CTI Engineering Testing Co., Ltd.	7,500,000.00					7,500,000.00	
CTI Biotechnology (Suzhou) Co., Ltd.	50,000,000.00		50,000,000.00				
Suzhou CTI Testing Technology Co., Ltd.	90,000,000.00	100,000,000.00				190,000,000.00	
CTI Biotechnology (Suzhou) Co., Ltd.	5,000,000.00					5,000,000.00	
Centre Testing International (Tianjin) Co., Ltd.	87,761,080.00	12,238,920.00				100,000,000.00	
Tianjin Jinbin CTI Product Testing Center Co., Ltd.	12,797,960.00					12,797,960.00	
Wuhan CTI Testing Technology Co., Ltd.	20,000,000.00					20,000,000.00	
Centre Testing International (Yunnan) Co., Ltd.	31,000,000.00					31,000,000.00	
Zhejiang CTI Yuanjian Testing Co., Ltd.	9,614,800.00					9,614,800.00	
Centre Testing International (Zhongshan) Co., Ltd.	10,000,000.00					10,000,000.00	
Centre Testing International (Chongqing) Co., Ltd.	55,000,000.00					55,000,000.00	
Chengdu Xijiao CTI Rail Transit Technology Co., Ltd.		4,200,000.00				4,200,000.00	
Shanghai CTI Pinchuang		180,010,000.00				180,010,000.00	

Medical Testing Co., Ltd.							
CTI Hubei Co., Ltd.		16,000,000.00				16,000,000.00	
Tianjin Eco-City Environmental Technology Co., Ltd.		34,960,000.00				34,960,000.00	
Total	1,635,152,931.11	526,420,877.26	164,239,657.16	-809,332.90	0.00	1,998,143,484.11	147,018,373.06

(2) Investment in joint ventures and associates

Unit: RMB

Investor	Beginning balance (book value)	Current increase and decrease								Ending balance (book value)	Ending balance of impairment provision
		Additonal Investment	Decreased investment	Profit & loss on investment recognized by equity method	Adjustment of other comprehensive income	Other equity changes	Dividends or profits at cash declared and paid	Accrued impairment provision	Others		
I. Joint venture											
II. Associates											
How-To NPD Consulting Co., Ltd.	2,711,304.73			1,033,889.88						3,745,194.61	
Liangduan (Shanghai) Testing Technology Co., Ltd.	240,566.67			-120.00						240,446.67	
Xi'an Dongyi Integrated Technology Laboratory Co., Ltd.	11,036,507.01			956,575.76			770,000.00			11,223,082.77	
Zhengjiang Fangyuan Electrical Equipment Testing Co., Ltd.	90,519,409.08			10,933,596.11			1,300,000.00			100,153,005.19	

Nanjing CTI Medical Technology Service Co., Ltd.				- 143,549.08					1,402,500.00	1,258,950.92	
Subtotal	104,507,787.49	0.00	0.00	12,780,392.67	0.00	0.00	2,070,000.00		1,402,500.00	116,620,680.16	0.00
Total	104,507,787.49	0.00	0.00	12,780,392.67	0.00	0.00	2,070,000.00		1,402,500.00	116,620,680.16	0.00

(3) Others

Note: Other increases are the original 60% shareholding of Nanjing Pharmaceutical. After the sale of 26% of the equity in the current period, the remaining 34% of the equity is changed to 1,402,500.00 at fair value.

4. Operating income and operating cost

Unit: RMB

Item	Amount incurred in the current period		Amount of the previous period	
	Revenue	Costs	Revenue	Costs
Main Business	844,320,406.50	444,590,092.81	771,146,485.41	366,674,927.05
Other business	9,478,206.84	1,711,050.88	10,304,929.50	1,656,213.51
Total	853,798,613.34	446,301,143.69	781,451,414.91	368,331,140.56

Related income information:

Unit: RMB

Contract type	Division 1	Division 2	Total
Including:			
Including:			
Including:			
Including:			
Including:			
Including:			
Including:			

Information about performance obligations:

N/A.

Information about transaction prices apportioned to the remaining performance obligations

The income corresponding to the performance obligations that have been signed but not performed or have not been fully performed at the end of the Reporting Period is RMB 0.00, including RMB ____ estimated for the annual confirmed income, RMB ____ estimated for the annual confirmed income and RMB ____ estimated for the annual confirmed income.

Other notes:

5. Investment income

Unit: RMB

Item	Amount incurred in the current period	Amount of the previous period
Income from long-term equity investment under cost method	309,180,524.92	196,982,300.00
Long-term equity investment income	12,780,392.67	11,093,385.94

accounted by equity method		
Investment income from disposal of long-term equity investment	-2,203,473.62	45,872,909.45
Gains from re-measurement of the remaining equity at fair value after loss of control	1,288,794.67	0.00
Financial income	5,313,512.86	11,979,721.18
Total	326,359,751.50	265,928,316.57

6. Others

XVIII. Supplementary Information

1. Details of non-recurring gains/losses of current period

Applicable Not Applicable

Unit: RMB

Item	Amount	Note
Profit or loss on disposal of non-current assets	8,937.65	Gains/losses from disposal of fixed assets and investment incomes from disposal of long-term equity investment, etc.
Government subsidies recorded in current profit or loss (excluding the government subsidies in close relation to corporate business and enjoyed according to quota or ration under national common standards)	89,385,649.14	Government subsidies
Gains/losses from the entrusted investment or management assets	22,453,518.35	Incomes from wealth management products
Other non-operating income and expenditures except for the aforementioned items	608,109.20	
Less: Amount of impacted income tax	12,314,817.04	
Impact of minority equity	1,834,448.79	
Total	98,306,948.51	--

The reasons shall be explained when the non-recurring profit and loss items defined by the Company based on the definition stipulated in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public - Non-Recurring Gains/Losses, and the non-recurring profit and loss items listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public - Non-Recurring Gains/Losses are defined as recurrent profit or loss.

Applicable Not Applicable

2. Return on equity and earnings per share (EPS)

Profit within the Reporting Period	Weighted ROAE	EPS	
		Basic earnings per share (RMB/share)	Diluted earnings per share (RMB/share)
Net profit attributable to common shareholders of the Company	16.75%	0.3472	0.3449
Net profit attributable to common shareholders of the Company after deducting non-recurring gains/losses	13.90%	0.2881	0.2862

3. Accounting data differences under domestic and foreign accounting standards

(1) Differences of net profits and net assets in the financial reports disclosed as per the IAS and PRC GAAP

Applicable Not Applicable

(2) Differences of net profits and net assets in the financial reports disclosed as per the foreign accounting standard and China's accounting standard

Applicable Not Applicable

(3) Explain the reasons of accounting data differences under domestic and foreign accounting standards. Where data audited by an overseas audit institution are subject to differential adjustment, the name of the overseas institution shall be indicated

N/A.

4. Miscellaneous

N/A.

Section XIII List of Documents for Reference

- (I) Financial statements signed and sealed by Wan Feng, the legal representative, Wang Hao, the person in charge of accounting work, and Li Yanhong, the person in charge of accounting organization.
- (II) Originals of audit reports sealed by accounting firms and signed and sealed by certified accountants.
- (III) The Annual Report 2020 signed by Mr. Wan Feng, the legal representative.
- (IV) Originals of all documents of and the Company announcements publicly disclosed on websites designated by China Securities Regulatory Commission during the reporting period.
- (V) Other relevant information.