

2024

中期報告

INTERIM REPORT

杭州泰格醫藥科技股份有限公司
Hangzhou Tigermед Consulting Co., Ltd.

(A joint stock company incorporated in the People's Republic of China with limited liability)
(於中華人民共和國註冊成立的股份有限公司)

Stock Code 股份代號: 3347

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dr. Ye Xiaoping (葉小平) (*Chairman*)
Ms. Cao Xiaochun (曹曉春)
Mr. Wen Zengyu (聞增玉)
Mr. Wu Hao (吳灝)

Independent Non-executive Directors

Mr. Liu Kai Yu Kenneth (廖啟宇)
Mr. Yuan Huagang (袁華剛)
Ms. Liu Yuwen (劉毓文) (appointed on March 21, 2024)
Dr. Yang Bo (楊波) (resigned on March 21, 2024)

COMPANY SECRETARY

Ms. Ho Yin Kwan (何燕群) (resigned on June 18, 2024)
Ms. Yung Mei Yee (翁美儀)
(appointed on June 18, 2024)

AUTHORISED REPRESENTATIVES

Dr. Ye Xiaoping (葉小平)
Ms. Ho Yin Kwan (何燕群) (resigned on June 18, 2024)
Ms. Yung Mei Yee (翁美儀)
(appointed on June 18, 2024)

SUPERVISORS

Mr. Zhang Binghui (張炳輝) (*Chairman*)
Ms. Chen Zhimin (陳智敏)
Ms. Lou Wenqing (樓文卿)

STRATEGY DEVELOPMENT COMMITTEE

Dr. Ye Xiaoping (葉小平) (*Chairman*)
Mr. Wu Hao (吳灝)
Mr. Yuan Huagang (袁華剛)
Ms. Liu Yuwen (劉毓文) (appointed on March 21, 2024)
Dr. Yang Bo (楊波) (resigned on March 21, 2024)

AUDIT COMMITTEE

Mr. Liu Kai Yu Kenneth (廖啟宇) (*Chairman*)
Mr. Yuan Huagang (袁華剛)
Ms. Liu Yuwen (劉毓文) (appointed on March 21, 2024)
Dr. Yang Bo (楊波) (resigned on March 21, 2024)

REMUNERATION AND EVALUATION COMMITTEE

Mr. Yuan Huagang (袁華剛) (*Chairman*)
Mr. Liu Kai Yu Kenneth (廖啟宇)
Ms. Cao Xiaochun (曹曉春)

NOMINATION COMMITTEE

Ms. Liu Yuwen (劉毓文) (appointed on March 21, 2024)
(*Chairwoman*)
Mr. Liu Kai Yu Kenneth (廖啟宇)
Mr. Wen Zengyu (聞增玉)
Dr. Yang Bo (楊波) (resigned on March 21, 2024)

AUDITOR

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CORPORATE INFORMATION

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Xixing Sub-District
Binjiang District
Hangzhou, China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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PRINCIPAL BANKS

Bank of China
Hangzhou Binjiang Sub-branch
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China

China Merchants Bank
Hangzhou Fengqi Sub-branch
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China

Industrial and Commercial Bank of China
Hangzhou Kaiyuan Sub-branch
1/F, Gongyuan Building
Xihu District
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China

COMPLIANCE ADVISER

Somerley Capital Limited
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HONG KONG LEGAL ADVISER

Jia Yuan Law Office
7/F & 17/F
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Sheung Wan
Hong Kong

PRC LEGAL ADVISER

Jia Yuan Law Offices
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A SHARE REGISTRAR AND TRANSFER OFFICE IN THE PRC

China Securities Depository & Clearing Corporation
Limited (CSDCC) Shenzhen Branch
22-28/F, Shenzhen Stock Exchange Building
2012 Shennan Blvd, Futian District
Shenzhen, China

H SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F
Far East Finance Centre
16 Harcourt Road
Hong Kong

STOCK CODE

A Share: 300347 (Shenzhen Stock Exchange)
H Share: 03347 (the Stock Exchange)

COMPANY'S WEBSITE

www.tigermedgrp.com

FINANCIAL HIGHLIGHTS

The Board is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended June 30, 2024, together with comparative figures for the six months ended June 30, 2023 (the “Corresponding Period”).

The Board also wishes to notify the Shareholders and potential investors of the Company that all financials of the Reporting Period and the Corresponding Period are prepared in accordance with CASBE except for those specifically noted otherwise.

	For the six months ended June 30,		
	2024	2023	Change ⁽²⁾
	RMB million	RMB million	
	(Unaudited)	(Unaudited)	
Operating results			
Revenue	3,358.2	3,710.9	(9.5)%
Gross Profit	1,333.0	1,481.1	(10.0)%
Net profit attributable to the owners of the Company	492.8	1,388.3	(64.5)%
Net profit attributable to shareholders of the listed company after deducting extraordinary gain or loss ⁽¹⁾	640.3	793.5	(19.3)%
Profitability			
Gross Profit Margin	39.7%	39.9%	(0.2)%
Margin of net profit attributable to the owners of the Company	14.7%	37.4%	(22.7)%
Margin of net profit attributable to shareholders of the listed company after deducting extraordinary gain or loss ⁽¹⁾	19.1%	21.4%	(2.3)%
Earnings per share (RMB)			
– Basic	0.57	1.61	(64.6)%
– Diluted	0.57	1.61	(64.6)%

Notes:

(1) Non-CASBE measure. Please refer to “Non-CASBE Measure” for details.

(2) Changes in percentage points for ratios.

The Board resolved not to declare any interim dividend for the six months ended June 30, 2024 (June 30, 2023: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

1. THE MANAGEMENT'S DISCUSSION AND ANALYSIS ON OPERATIONS OF THE GROUP DURING THE REPORTING PERIOD

In recent years, the combination of global cycles of the biopharmaceutical industry and the domestic production industry in China led to high volatility in R&D demand within China's biopharmaceutical sector. Changes in client risk preferences for biopharmaceutical research and development ("R&D") and cash flow pressures faced by unprofitable clients reliant on external financing added to the complexity. Consequently, the clinical CRO sector and related industries experienced significant competitive pressures and growth challenges.

Since the beginning of 2024, China's biopharmaceutical industry sentiment has shown signs of recovery. Notably, industry financing has rebounded significantly compared to the previous period. The initial payments or milestone payments from out-licensing deals have increasingly become one of the key sources of R&D funding for enterprises. In the first half of 2024, the innovative drug and clinical research sectors in China exhibited a recovery trend. NMPA approved 27 Class I innovative drugs, up by 4 as compared to the first half of 2023¹. Concurrently, 2,297 clinical trials were publicly announced by the CDE in China in the first half of 2024, up by 329 as compared to the first half of 2023¹. The total number of newly opened clinical trials in China in the first half of 2024 continues to remain the highest in the world².

Simultaneously, driven by multiple factors such as continuous breakthroughs in early-stage R&D and clinical data, the ongoing validation of demand for blockbuster products across various therapeutic areas, and expectations of accommodative global monetary policies in capital allocation, the global biopharmaceutical industry cycle has also continued to recover. In overseas markets, particularly in the United States, the biopharmaceutical sector showed high activity levels in 2024. Due to vast market potential, advanced technological pathways, and well-received assets of innovative targets, along with the gradual rise of cross-industry AI pharmaceuticals and other fields, the U.S. biopharmaceutical financing environment in the first half of 2024 has surpassed the level before the Federal Reserve's interest rate hike. To continuously create shareholder value and address future patent expirations, multinational pharmaceutical companies have actively engaged in mergers and acquisitions (the "M&A") and licensing deals globally.

In the first half of 2024, while China's innovative drug and clinical research sectors maintained steady development, the Chinese government at all levels provided unprecedented support to the industry from both policies and capital. The 2024 Government Work Report (政府工作報告) from the "Two Sessions (兩會)" explicitly supported innovative drug development for the first time, actively fostering new growth engines such as biomanufacturing. Throughout the first half of 2024, governments in Beijing, Guangzhou, Zhuhai, Shanghai, and other regions successively released landing policies and development opinions to support biopharmaceutical innovations. In July 2024, the State Council executive meeting (國務院常務會議) approved the "Implementation Plan for Supporting Innovative Drug Development Across the Whole Chain (全鏈條支持創新藥發展實施方案)", supportive policies cover all stages of the development chain for innovative drugs, including R&D, review, application, payment, and financing. This is followed by local governments nationwide. NMPA launched pilot reforms for clinical trial review and approval of innovative drugs, approving the "Pilot Work Plan for Optimizing Clinical Trial Review and Approval of Innovative Drugs (優化創新藥臨床試驗審評審批試點工作方案)", reducing the time required to initiate drug clinical trials, with pilot programs initially to be conducted in Beijing and Shanghai. On August 15, 2024, Beijing and Shanghai simultaneously released the first batch of lists of clinical trial institutions for pilot programs aimed at optimizing the review and approval of innovative drug clinical trials. Additionally, Shanghai established a RMB100 billion fund to support the biopharmaceutical, integrated circuit, and artificial intelligence industries. The government's strong policy support has clarified the long-term positioning of the domestic innovative drug and clinical research industry, as well as a very positive impact on the industry's medium- to long-term development.

¹ Source: CDE public information, including BE projects; Globaldata database

² Source: Globaldata database

MANAGEMENT DISCUSSION AND ANALYSIS

1. THE MANAGEMENT'S DISCUSSION AND ANALYSIS ON OPERATIONS OF THE GROUP DURING THE REPORTING PERIOD

(Continued)

Multinational pharmaceutical companies have continued their stable investments in clinical development in China, with the proportion of clinical trials conducted in China within the global context continuing to increase. According to the incomplete statistics, the top 20 global pharmaceutical companies initiated 293 new clinical trials in China in 2023, accounting for 15.4% of global clinical trials, a significant rise from 9.8% in 2018³. Multinational pharmaceutical companies have an increasing demand for comprehensive evidence generation in real-world studies and pharmacovigilance, etc. In China, the demand for high-quality site management services and registration consulting services is also constantly increasing. The business needs of multinational pharmaceutical companies in China are a key focus for our Company's future business development in the Chinese market.

In the first half of 2024, Chinese biopharmaceutical companies remained active in the field of overseas licensing deals, with a potential total value reaching US\$24.3 billion and a YoY growth of 110%. Out-licensing drugs included a variety of innovative products such as ADCs, RNAi therapies, and radiopharmaceuticals. By the second quarter of 2024, the number of out-licensing deals by Chinese innovative drug companies had exceeded in-licensing deals for six consecutive quarters⁴. Additionally, an increasing number of Chinese bio-pharmaceutical companies are targeting global markets and actively conducting overseas clinical trials.

Under the aforementioned macro trends, we actively responded to industry cycles and structural changes in the first half of 2024, with the number and value of new orders both achieving significant growth compared to the first half of 2023. This growth was primarily driven by the multinational pharmaceutical companies' demands in China and the Chinese companies and their partners' demands overseas. In the first half of 2024, the order demands in China from Chinese pharmaceutical companies, medical device companies, and bio-tech start-ups stabilized, with a YoY growth.

With the concerted efforts of all company employees and the support of our partners, we reinforced our leading position in the clinical service market in China, with a market share of 12.8%⁵ in 2023. We are the only Chinese CRO that is ranked global top 10 CROs in 2023, with a market share of 1.4%⁶. From its establishment in 2004 to 2023, the Company has provided services for the R&D of 61% of all Class I innovative drugs marketed in China. In the first half of 2024, the Company provided services for 15 approved Class 1 innovative drugs in China and assisted in the successful launch of 2 innovative medical device products. We also maintained a strong and diversified customer base. As of June 30, 2024, we had 800 ongoing drug clinical research projects, up from 772 as of June 30, 2023, and 752 as of December 31, 2023.

³ Source: PharmaCube database and Tigermed analysis. The top 20 companies include Merck & Co., Roche, Bayer, Johnson & Johnson, AstraZeneca, Novartis, Sanofi, Eli Lilly, AbbVie, Pfizer, Bristol-Myers Squibb, GSK, Novo Nordisk, Takeda Pharmaceuticals, Amgen, Gilead Sciences, Boehringer Ingelheim, CSL, Astellas Pharma, and Vertex Pharmaceuticals

⁴ Source: PharmaCube database and Tigermed analysis

^{5&6} Source: Frost & Sullivan

MANAGEMENT DISCUSSION AND ANALYSIS

1. THE MANAGEMENT'S DISCUSSION AND ANALYSIS ON OPERATIONS OF THE GROUP DURING THE REPORTING PERIOD

(Continued)

In the first half of 2024, the Company established the Clinical Operations Strategy Committee (臨床運營策略委員會) to consolidate relevant resources and experts, strengthen capabilities in clinical strategy, and effectively increase the success rate of RFPs to promote order conversion. Concurrently, to conduct business development activities more effectively, the Company decided to establish business units in therapeutic areas. The first batch of units formed are Cell and Gene Therapy (CGT), GLP-1, and Radiopharmaceuticals. These special business units integrate resources and business experience to provide customized R&D strategies and clinical development services to clients and projects in these three areas. During the Reporting Period, the Company also established a Solution Business Unit targeting multinational pharmaceutical companies ("MNCs"). This department is dedicated to customizing client development and market expansion strategies specifically for MNCs, promoting long-term strategic cooperation with MNCs in China, and providing a broad range of one-stop solutions to meet the Integrated Evidence Generation needs of multinational pharmaceutical companies in China.

At the same time, the Company continued to invest in overseas markets, represented by the United States, Australia, and Europe, and to build independent overseas business capabilities and brand presence. While continuing to strengthen our domestic clients and their overseas partnership projects, the Company has begun to gradually expand projects for overseas companies conducted in their local regions.

During the Reporting Period, our clinical operation business and new orders in North America continued to grow rapidly, with local medical monitoring (MM) and pharmacovigilance (PV) teams established in North America. As of June 30, 2024, the size of our U.S. clinical operation team reached nearly 100 employees covering 42 cities in 21 states. We established collaborations with over 700 clinical trial sites in the U.S. covering 45 states. As of June 30, 2024, we had over 45 ongoing clinical trials in the United States, including more than 25 international MRCTs.

As of June 30, 2024, we had 208 ongoing single region clinical trials overseas, primarily in the United States, Australia, and South Korea, up from 194 ongoing single regional clinical trials overseas as of December 31, 2023. We also had 55 ongoing MRCTs, with a cumulative experience of handling 133 MRCT projects as of June 30, 2024.

In July 2024, the Company completed the acquisition of the Japanese CRO company Medical Edge Co., Ltd. ("Medical Edge"), further strengthening our data management, statistical analysis, and clinical data information system services in Japan and the Asia-Pacific. As of June 30, 2024, the Southeast Asian clinical operations team had more than 60 people and 44 ongoing clinical trial projects, including support for clinical operation projects currently underway in North America. For the first half of 2024, the Company consolidated 15 subsidiaries and branches spanning from Eastern Europe to Western Europe under the unified management of the Tigermed EMEA division. The Company has conducted more than 100 Phase I-IV clinical trials in Europe, with MRCT experience covering 19 European countries.

We will continue to enhance our service capabilities and scope overseas through team expansions and potential M&A. This will support our business development and achieve growth in overseas markets while improving the coordination of global clinical operations. We aim to establish differentiated advantages in Europe, the Americas and other emerging markets, strengthen the expertise of our local operation and other related services, and enhance our global operation capabilities with an aim to go global with our customers and serve as the gateway to China as well.

MANAGEMENT DISCUSSION AND ANALYSIS

1. THE MANAGEMENT'S DISCUSSION AND ANALYSIS ON OPERATIONS OF THE GROUP DURING THE REPORTING PERIOD

(Continued)

In the first half of 2024, we continued to pursue external partnerships and collaborations that we believe are mutually beneficial with various stakeholders in the healthcare industry. As of June 30, 2024, our Excellence for Clinical Trial Sites ("E-Site") Program covers 19 major regions in China, had 273 E-Site centers and 88 green channel centers across China, completed the signing of 77 strategic cooperation centers and the construction of 7 co-centers, forming a diversified and win-win strategic cooperation model. During the Reporting Period, the Company focused on establishing in-hospital training systems, providing institutional qualification application services, and conducting clinical research GCP (Good Clinical Practice) training for the E-site centers. These efforts aim to explore the establishment of high-standard clinical research management systems, support new drug development, and meet the clinical needs of a broad range of patients.

Looking ahead, Tigermed will continue to embrace regulatory changes, technological innovation, and global expansion to improve and build an integrated clinical R&D service platform, enhancing its end-to-end one-stop service capabilities. At the same time, the Company will focus on expanding its client base among multinational pharmaceutical companies and large domestic pharmaceutical firms, establishing business units based on therapeutic areas or drug types. Through organic growth and potential acquisitions, the Company aims to enhance its commercial and operational capabilities in regions such as the United States and Europe. Additionally, the Company will strengthen mutually beneficial collaborations with industry stakeholders to further solidify its leading position in the domestic market, increase its global market share, and strive to achieve sustainable business growth and performance improvement, ultimately creating continuous returns for shareholders.

During the Reporting Period, the number of our total employees decreased to 9,348 as of June 30, 2024 from 9,701 as of December 31, 2023, covering 37 countries globally. As of June 30, 2024, our global team comprised over 1,000 clinical research associates ("CRA"), over 2,800 clinical research coordinators ("CRC"), over 800 for data management and statistical analysis and over 1,600 for laboratory services. Below is a breakdown of our employees by function and by region as of June 30, 2024:

Function	Number of employees				Total
	PRC	Asia Pacific (excluding PRC)	Americas	EMEA	
Project operation	6,792	524	899	75	8,290
Marketing and business development	402	37	45	10	494
Management and administration	432	31	92	9	564
Total	7,626	592	1,036	94	9,348

During the Reporting Period, the number of our employees in the PRC decreased to 7,626 as of June 30, 2024 from 8,069 as of December 31, 2023. This decline was primarily due to the Company's reduction in the scale of certain functions negatively affected by China's industry cycles, such as the laboratory services team and vaccine clinical operations team in China. Additionally, changes in China's policies and regulations led to strategic adjustments in some business sectors, resulting in a workforce reduction in these sectors.

MANAGEMENT DISCUSSION AND ANALYSIS

1. THE MANAGEMENT'S DISCUSSION AND ANALYSIS ON OPERATIONS OF THE GROUP DURING THE REPORTING PERIOD

(Continued)

On the other hand, the number of overseas employees increased to 1,722 as of June 30, 2024 from 1,632 as of December 31, 2023. As part of the Company's business growth strategy, the Company plans to continue expanding the scale of its clinical operation, project management, and business development teams in key overseas markets in the future.

A capable and stable team is essential for our Company to provide consistently high-quality service to our customers. We seek to attract top talent, especially inter-disciplinary talents, industry experts, and technical specialists with global experience to support our global expansion while continuing to improve our employee recruiting, internal transferring, training and development programs, and long-term incentive schemes to retain talents.

Revenue

During the Reporting Period, the Company recorded revenue of RMB3,358.2 million, representing a YoY decline of 9.5% as compared with RMB3,710.9 million during the Corresponding Period of last year. Among them, revenue generated from Clinical Trial Solutions ("CTS") segment was RMB1,637.1 million, representing a YoY decline of 22.2% as compared with RMB2,103.4 million during the Corresponding Period of last year; revenue generated from Clinical Related and Laboratory Services ("CRLS") segment was RMB1,721.1 million, representing a YoY increase of 7.1% as compared with RMB1,607.5 million during the Corresponding Period of last year.

Geographically, revenue generated from the Company's domestic business was RMB1,870.4 million, representing a YoY decline of 10.4% as compared with RMB2,087.4 million during the Corresponding Period of last year. The decrease in domestic revenue was primarily due to the YoY decline in domestic revenue from the CTS segment in the first half of 2024. Specific reasons have been detailed in the analysis by segment.

Revenue generated from the Company's overseas business was RMB1,487.8 million, representing a YoY decline of 8.4% as compared with RMB1,623.5 million during the Corresponding Period of last year. The Company generated some revenue related to specific vaccine projects during the Corresponding Period of last year, and after excluding these projects, revenue from the Company's overseas business achieved a YoY increase.

(1) CTS

During the Reporting Period, revenue generated from CTS segment was RMB1,637.1 million, representing a YoY decline of 22.2% as compared with RMB2,103.4 million during the Corresponding Period of last year. The YoY decrease in revenue from the CTS segment was primarily due to 1) the generation of some revenue related to specific vaccine projects within the segment in the first half of 2023; and 2) the YoY decline in revenue from the domestic clinical operations business of innovative drugs in the first half of 2024. This was mainly due to the YoY decline in the amount of new orders for domestic clinical operations of innovative drugs signed by the Company in 2023 as affected by industry development and industry cycles, resulting in a decrease in the overall workload of domestic clinical trials of innovative drugs executed by the Company in the first half of 2024. Meanwhile, the average unit price of new orders for domestic clinical operations has declined since the second half of 2023 due to the impact of a competitive landscape of the domestic industry, resulting in a corresponding decrease in revenue generated from the same workload when the Company executed such orders in the first half of 2024. With the gradual recovery of industry sentiment and the Company's proactive response, the domestic clinical operations business of innovative drugs has improved in the second quarter of 2024 as compared with the first quarter, and the improvement trend is expected to continue.

MANAGEMENT DISCUSSION AND ANALYSIS

1. THE MANAGEMENT'S DISCUSSION AND ANALYSIS ON OPERATIONS OF THE GROUP DURING THE REPORTING PERIOD

(Continued)

Revenue (Continued)

(1) CTS (Continued)

In the first half of 2024, excluding the impact of some revenue related to specific vaccine projects, the Company's overseas clinical operations business continued to maintain favorable growth, while revenue and new orders from the Company's clinical operations business in North America continued to grow rapidly. Benefiting from diverse business demands, including those from multinational pharmaceutical companies, the Company's business in medical devices, real-world studies and pharmacovigilance also achieved relatively good growth in the first half of 2024. The growth in these business has somewhat offset the impact of the domestic clinical operations business on the segment during the Reporting Period. During the Reporting Period, the performance of medical registration, medical translation and other business within the segment was relatively stable.

As of June 30, 2024, we had 800 ongoing drug clinical research projects, up from 752 as of December 31, 2023.

The following table sets forth a breakdown of our ongoing drug clinical research projects by phase as of the dates indicated:

	As of year/period end		
	June 30, 2023	December 31, 2023	June 30, 2024
Phase I (including PK studies)	332	330	340
Phase II	146	136	147
Phase III	185	171	192
Phase IV	35	31	30
Others ^{Note}	74	84	91
Total	772	752	800

Note: Other projects primarily consist of investigator-initiated studies and real-world studies

As of June 30, 2024, 537 ongoing drug clinical research projects were being conducted in the PRC and 263 were being conducted overseas, of which 208 were single region trials (including Korea, Australia and the U.S.) and 55 were MRCTs.

MANAGEMENT DISCUSSION AND ANALYSIS

1. THE MANAGEMENT'S DISCUSSION AND ANALYSIS ON OPERATIONS OF THE GROUP DURING THE REPORTING PERIOD

(Continued)

Revenue (Continued)

(1) CTS (Continued)

The following table sets forth the breakdown of the number of our ongoing drug clinical research projects conducted in different geographic regions as of the dates indicated:

	As of year/period end		June 30, 2024
	June 30, 2023	December 31, 2023	
Single region			
PRC	503	499	537
Overseas	207	194	208
MRCTs	62	59	55
Total	772	752	800

During the Reporting Period, the Company's Decentralized Clinical Trial ("DCT") team assisted an American MNC pharmaceutical company in obtaining approval in China for a new generation of CGRP receptor antagonists for the treatment of migraines. Additionally, the Company became a preferred supplier for a European MNC pharmaceutical company. The Company participated in the China Society for Drug Regulation ("CSDR", 中國藥品監督管理研究會) project on "DCT Practice Case Analysis and Strategy Research" (DCT 實踐案例分析及策略研究), serving as deputy leader and secretary-general of the project group. The Company completed the implementation of the ESDR (Electronic Source Data Repository) deployment and in-hospital data integration for three hospitals using the E2E (eSource to EDC) model. As of June 30, 2024, the Company completed 63 Phase I projects (including BE projects) based on the E2E model.

Our medical device team offers an integrated service that covers the full lifecycle of medical device R&D, providing services that cover product development strategy, pre-clinical trial, clinical trial, registration and post-market. As of June 30, 2024, we had 567 ongoing medical device and in vitro diagnostic ("IVD") projects, including medical device and IVD clinical trial operation, medical monitoring, clinical trial design and medical writing. During the Reporting Period, we offered clinical trial operation services to many of China's first-in-class medical device products and supported clinical strategies for various innovative medical device products. As of June 30, 2024, our medical device team had served more than 2,100 global clients, accumulated experience over more than 5,900 medical device and IVD project registration projects, and more than 940 medical device and IVD clinical trials.

MANAGEMENT DISCUSSION AND ANALYSIS

1. THE MANAGEMENT'S DISCUSSION AND ANALYSIS ON OPERATIONS OF THE GROUP DURING THE REPORTING PERIOD

(Continued)

Revenue (Continued)

(1) CTS (Continued)

During the first half of 2024, we acquired the China division of the renowned medical device CRO NAMSA (Nengsheng (Shanghai) Medical Device Technology Consulting Co., Ltd, 能盛(上海)醫療器械科技諮詢有限公司). Additionally, the Company signed a strategic cooperation agreement with NAMSA, establishing exclusive cooperation in the China region and global collaboration. In the first half of 2024, we assisted in the successful launch of 2 innovative device products (bronchial navigation operation control system, mitral valve clamp system). The IVD business expanded into specialty business areas such as pan-tumor early screening and blood group reagent testing.

Our medical registration team saw the number of customers increase to 779 as of June 30, 2024, from 720 as of December 31, 2023, and had a total of 1,121 accumulated project experience as of June 30, 2024. We assisted 2 products to be registered and approved in China, as well as assisted with 29 Investigational New Drug ("IND")/MRCT clinical trial filings in multiple countries. In the first half of 2024, we also added 21 new U.S. Food and Drug Administration IND ("FDA IND") projects, of which 19 of them have been successfully filed.

Our pharmacovigilance business continues to grow. As of June 30, 2024, the global pharmacovigilance team has more than 150 people, and for the first time, we established a local PV team in the U.S. During the Reporting Period, we added 106 newly signed projects and 80 new customers, expanding services in high value-added fields and building a team of high-standard PV doctors. During the Reporting Period, our PV business had more than 250 customers globally, accumulated more than 900 project experiences, and served 36 approved Class 1 innovative drugs approved in China.

Our medical translation business added 34 new customers as of June 30, 2024, including 13 pharmaceutical companies and 21 medical device companies. We launched our independently developed medical language model, the second phase of Yiya Intelligent Medical Machine Translation System/Language Service Platform 2.0 (醫雅智能醫學機翻系統／語言服務平台 2.0). The Company provides medical translation services in more than 80 languages, including pharmaceutical, medical device, IVD translation, simultaneous interpretation, and consecutive interpretation, etc. As of June 30, 2024, we served more than 630 customers and completed translations for more than 20,000 registration and filing projects.

MANAGEMENT DISCUSSION AND ANALYSIS

1. THE MANAGEMENT'S DISCUSSION AND ANALYSIS ON OPERATIONS OF THE GROUP DURING THE REPORTING PERIOD

(Continued)

Revenue (Continued)

(2) CRLS

During the Reporting Period, revenue generated from CRLS segment was RMB1,721.1 million, representing a YoY increase of 7.1% as compared with RMB1,607.5 million during the Corresponding Period. In the first half of 2024, benefiting from sufficient demand and significantly improved efficiency as compared with the same period of last year, our site management business within the segment achieved rapid YoY growth. During the same period, the Company's data management and statistical analysis business remained relatively stable, and the revenue from laboratory services was basically the same as that for the same period of last year; other business within the CRLS segments, such as medical imaging and patient recruitment, were to a certain extent affected by the development of the industry and the industry cycle in China, resulting in a decrease in the average unit price of the executed projects.

During the Reporting Period, our controlled subsidiary, Frontage, acquired a preclinical DMPK and bioanalytical laboratory in Nerviano, Italy, expanding its pharmacodynamics and analytical business in Europe. A subsidiary of Frontage, Frontage Pharmaceuticals (方達製藥), established an integrated process and services platform for drug R&D, clinical trial drug/placebo production, and clinical supply of drugs. As of June 30, 2024, Frontage had successfully passed more than 200 on-site inspections by the NMPA and the U.S. Food and Drug Administration. As of June 30, 2024, we had 5,173 ongoing laboratory projects in progress.

During the Reporting Period, our Data Management & Statistical Analysis ("DMSA") team continued to acquire new customers in both China and overseas markets. The total number of DMSA customers increased to more than 330 as of June 30, 2024, up from 296 as of June 30, 2023. As of June 30, 2024, we had 824 ongoing DMSA projects, of which 489 projects were being conducted by our team based in China and 335 projects by the teams based overseas. During the Reporting Period, the DMSA team helped 11 new drugs to be approved in China, the U.S., and Japan. We established a data science team consisting of 25 employees, mainly responsible for data-related tool development, quality solutions, new business scenario development, etc. The Company's independently developed RBQM (risk-based quality management system) Phase 1 platform has obtained China's patent. As of June 30, 2023, our DMSA team had over 800 professionals globally.

Our site management team had completed 165 site management projects and 2,110 ongoing site management projects as of June 30, 2024, up from 1,952 as of December 31, 2023. As of June 30, 2024, new orders signed continued to maintain a rapid YoY growth, and the proportion of international MNCs pharmaceuticals and leading biotech companies continued to increase. As of June 30, 2024, our site management team works with over 1,100 hospitals and clinical trial centers in more than 140 cities across China, with 15 branches. As of June 30, 2024, there were over 2,800 CRCs in our site management team. In the first half of 2024, we provided SMO services to 9 approved Class I innovative drugs in China.

During the Reporting Period, the Company's independent central imaging team added more than 10 new clients, covering multiple disease fields such as respiratory system, digestive system, hematological system, nervous system, ophthalmology, etc., and successfully assisted in the approval of 3 new drugs, and the submission of 4 project filings. As of June 30, 2024, the Company's independent central imaging team has successfully submitted 42 projects to the EMA/the PMDA/NMPA for filing, of which 27 projects have been approved.

MANAGEMENT DISCUSSION AND ANALYSIS

1. THE MANAGEMENT'S DISCUSSION AND ANALYSIS ON OPERATIONS OF THE GROUP DURING THE REPORTING PERIOD

(Continued)

Gross profit and gross profit margin

During the Reporting Period, we realized a gross profit of RMB1,333.0 million, as compared with RMB1,481.1 million during the Corresponding Period, representing a 10.0% YoY decline; our gross profit margin was 39.7%, which remained stable as compared with 39.9% during the Corresponding Period.

During the Reporting Period, our cost of services decreased by 9.2% from RMB2,229.8 million during the Corresponding Period to RMB2,025.2 million. Below is a breakdown of our cost of services by nature and their percentage of our revenue during the periods indicated:

Item	For the six months ended June 30,	
	2024	2023
	RMB million	RMB million
Direct labour costs	1,141.7	1,119.1
<i>% of revenue</i>	34.0%	30.2%
Direct project-related costs	638.7	875.6
<i>% of revenue</i>	19.0%	23.6%
Overhead costs	244.8	235.1
<i>% of revenue</i>	7.3%	6.3%
Cost of services	2,025.2	2,229.8
<i>% of revenue</i>	60.3%	60.1%

During the Reporting Period, the Company's direct labour costs as a percentage of our revenue was 34.0%, up from 30.2% during the Corresponding Period, while direct project-related costs as a percentage of our revenue was 19.0% during the Reporting Period, down from 23.6% during the Corresponding Period. The increase in direct labour costs as a percentage of the Company's revenue was mainly due to the decrease in revenue. The reasons for the decline in direct project-related costs as a percentage of the revenue of the Company in the first half of 2024, which was mainly due to the fact that the Company incurred some third-party supplier-related expenses related to the specific vaccine projects in the first half of 2023, which were direct project-related costs. During the Reporting Period, the Company's indirect costs as a percentage of our revenue was 7.3%, representing a slight YoY change.

MANAGEMENT DISCUSSION AND ANALYSIS

1. THE MANAGEMENT'S DISCUSSION AND ANALYSIS ON OPERATIONS OF THE GROUP DURING THE REPORTING PERIOD

(Continued)

Gross profit and gross profit margin (Continued)

(1) CTS

During the Reporting Period, gross profit of our CTS segment was RMB628.0 million, representing a YoY decline of 24.9% as compared with RMB835.8 million for the corresponding period of last year. The YoY decline in gross profit of the CTS segment was mainly attributable to the YoY decline in revenue of the segment during the Reporting Period. During the Reporting Period, the CTS segment's gross profit margin was 38.4%, with a slight decrease from 39.7% during the Corresponding Period, mainly due to the YoY decline in the average unit price of the orders executed by the domestic clinical operations in the first half of 2024, resulting in a decrease in the revenue from the execution of such orders corresponding to the same costs. At the same time, the Company took a series of measures such as adjustment to the labour cost, optimisation of team structure, and enhancement of team efficiency to promote its domestic clinical operations, which to a certain extent compensated for the impact of the decrease in the average unit price on the gross profit margin of the segment.

During the Reporting Period, benefiting from the improvement in efficiency and higher quality of orders being executed, the gross profit margin of the medical device and clinical business within the segment improved as compared with last year. Meanwhile, the Company incurred expenses related to third-party suppliers for certain specific vaccine projects during the Corresponding Period, and the decrease in such expenses during the Reporting Period had a positive impact on the gross profit margin of the CTS segment.

(2) CRLS

During the Reporting Period, gross profit from our clinical trial related services and laboratory services amounted to RMB705.0 million, representing a YoY increase of 9.3% from RMB645.3 million during the Corresponding Period. The gross profit margin of the CRLS segment was 41.0%, with a slight increase from 40.1% during the Corresponding Period.

In the first half of 2024, the gross profit margin of our site management business within the CRLS segment improved significantly, which was mainly due to the improvement in work efficiency, as that of our site management business during the Corresponding Period was still in the process of recovering, as well as the fact that our site management team executed more orders with better profitability during the Reporting Period. During the same period, the gross profit margin of our data management and statistical analysis business improved slightly, with the profitability of the business remaining at a high level.

MANAGEMENT DISCUSSION AND ANALYSIS

1. THE MANAGEMENT'S DISCUSSION AND ANALYSIS ON OPERATIONS OF THE GROUP DURING THE REPORTING PERIOD

(Continued)

Gross profit and gross profit margin (Continued)

(2) CRLS (Continued)

During the Reporting Period, the gross profit margin of our laboratory services decreased as compared to the Corresponding Period, mainly due to the slowdown in revenue growth of Frontage Holdings. Meanwhile, with the commencement of operations of Frontage Holdings' newly built preclinical research facilities and laboratories located in the PRC and North America, there was an increase in the fixed costs associated with the new business and the new experimental facilities, which contributed to low gross profit margins, leading to a YoY decline in the gross profit of our laboratory services. Other business within the segments, such as medical imaging and patient recruitment, were to a certain extent affected by the development of the industry and the industry cycle in China, resulting in a decrease in the average unit price of the executed projects. The Company took a series of measures such as adjustment to the labour cost, optimisation of team structure, and enhancement of team efficiency to promote such business, which to a certain extent compensated for the impact of the decrease in the average unit price on the gross profit margin.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 13.9% YoY from RMB89.0 million during the Corresponding Period to RMB101.4 million during the Reporting Period. That was primarily due to i) an increase in the number of employees in our sales and marketing team in both China and overseas as the forecast expanding business; ii) an increase in the compensation levels for our sales and marketing employees; and iii) an increase of travelling expenses as more sites were starting up. The increase was offset by the decrease of business publicity expenses by 36.9% YoY, implying our brand has gained more recognition, and therefore less expenses spent on marketing activities.

Administrative Expenses

Our administrative expenses increased by 8.7% YoY from RMB346.5 million during the Corresponding Period to RMB376.6 million during the Reporting Period. The increase was primarily due to i) an increase in staff costs to our administrative and management personnel in China and overseas; and ii) an increase of RMB12.2 million in the depreciation and amortization expense during the Reporting Period compared to that during the Corresponding Period, which was caused by vacant laboratory equipment bolt on the acquisition made by Frontage during the Reporting Period.

R&D Expenses

Our R&D expenses decreased by 2.7% YoY from RMB128.1 million during the Corresponding Period to RMB124.7 million during the Reporting Period. The decrease was primarily due to i) a decrease in staff costs for our R&D employees; and ii) a decrease in the expenses on low-value consumables. The decrease was offset by the increase in depreciation and amortisation of fixed assets and intangible assets.

MANAGEMENT DISCUSSION AND ANALYSIS

1. THE MANAGEMENT'S DISCUSSION AND ANALYSIS ON OPERATIONS OF THE GROUP DURING THE REPORTING PERIOD

(Continued)

Investment Income

Our investment income during the Reporting Period decreased by 28.5% YoY to RMB70.7 million from RMB98.9 million during the Corresponding Period, primarily due to i) less investment income generated during the Reporting Period and from the disposal of financial assets decreased by RMB29.8 million, representing an 86% YoY decline compared to the income generated during the Corresponding Period; and ii) the share of profit of associates decreased by 30.8% from RMB63.7 million during the Corresponding Period to RMB44.1 million during the Reporting Period. The decrease was offset by the increase in income generated from negotiable certificates of deposit from RMB0.3 million during the Corresponding Period to RMB21.6 million during the Reporting Period as the Company is pursuing efficient monetary management methods.

Changes in Fair Value

The changes in fair value reversed to an amount of RMB-98.4 million during the Reporting Period from a positive amount of RMB529.8 million during the Corresponding Period, representing a decline of 118.6% YoY. This significant reversal was due to the Secondary Market experiencing a decline during the Reporting Period, which allied with the slowdown of investment and financing resulting in the negative fair value changes of pharmaceutical funds.

Finance Cost-net

Our finance costs, net decreased by 81.7% from a net finance income of RMB88.1 million during the Corresponding Period to RMB16.1 million during the Reporting Period, primarily due to i) a decrease of 41.7% YoY in the interest income from RMB122.5 million during the Corresponding Period to RMB71.4 million during the Reporting Period, as the interest from negotiable certificates of deposit was reclassified to investment income, which made it non-comparable; ii) a decrease of 28.8% YoY in the exchange gains from RMB20.5 million during the Corresponding Period to RMB14.6 million during the Reporting Period; and iii) the increase of interest expense from RMB52.8 million during the Corresponding Period to RMB67.4 million during the Reporting Period, representing 27.7% YoY increase due to the increasing interest bearing bank borrowings.

Income Tax Expense

Our income tax expense decreased by 30.7% from RMB191.1 million during the Corresponding Period to RMB132.5 million during the Reporting Period. Our effective tax rate increased from 12.0% during the Corresponding Period to 19.2% during the Reporting Period, primarily due to i) the decrease in profit before tax from RMB1,599.1 million during the Corresponding Period to RMB690.1 million of the Reporting Period; and ii) the decrease of our non-taxable income which resulted in a comparatively higher effective tax rate.

MANAGEMENT DISCUSSION AND ANALYSIS

1. THE MANAGEMENT'S DISCUSSION AND ANALYSIS ON OPERATIONS OF THE GROUP DURING THE REPORTING PERIOD

(Continued)

Profit for the Period

As a result of the foregoing discussions, our profit for the period decreased by 60.4% from RMB1,408.1 million during the Corresponding Period to RMB557.6 million during the Reporting Period. The profit attributable to owners of the Company decreased by 64.5% from RMB1,388.3 million during the Corresponding Period to RMB492.8 million during the Reporting Period, and the profit attributable to non-controlling interests increased by 226.8% from RMB19.8 million during the Corresponding Period to RMB64.7 million during the Reporting Period.

Non-CASBE Measure

To supplement our financial information which are presented in accordance with CASBE, we prepared net profit attributable to shareholders of the listed company after deducting extraordinary gain or loss (歸屬於上市公司股東的扣除非經常性損益的淨利潤) under the guidance of No. 1 Explanatory Note on Information Disclosure by Companies Offering Securities to the Public – Extraordinary Gains and Losses 2023 Revision (公開發行證券的公司信息披露解釋性公告第1號 – 非經常性損益2023年修訂) issued by China Securities Regulatory Commission ("CSRC"). Net profit attributable to shareholders of the listed company after deducting extraordinary gain or loss is provided as an additional financial measure, which is not required by, or presented in accordance with CASBE and is therefore a non-CASBE measure. It is not an alternative to (i) profit before tax, profit for the period or profit for the period attributable to owners of the Company (as determined in accordance with CASBE) as a measure of our operating performance, (ii) cash flows from operating, investing and financing activities as a measure of our ability to meet our cash needs, or (iii) any other measures of performance or liquidity.

We believe that this non-CASBE measure is useful for understanding and assessing underlying business performance and operating trends, and that the owners of the Company and we may benefit from referring to this non-CASBE measure in assessing our financial performance by eliminating the impact of certain unusual, non-recurring, non-cash and/or non-operating items that we do not consider indicative of the performance of our business. However, the presentation of this non-CASBE measure is not intended to, and should not, be considered in isolation from or as a substitute for the financial information prepared and presented in accordance with the CASBE. The owners of the Company and potential investors should not view the non-CASBE measures on a stand-alone basis or as a substitute for results under the CASBE, or as being comparable to results or a similarly titled financial measure reported or forecasted by other companies.

Our net profit attributable to shareholders of the listed company after deducting extraordinary gain or loss is prepared in accordance with the No. 1 Explanatory Note on Information Disclosure by Companies Offering Securities to the Public – Extraordinary Gains and Losses 2023 Revision. The following table sets out our net profit attributable to shareholders of the listed company after deducting extraordinary gain or loss, and a reconciliation from profit attributable to owners of the Company to net profit attributable to shareholders of the listed company after deducting extraordinary gain or loss for the periods indicated.

MANAGEMENT DISCUSSION AND ANALYSIS

1. THE MANAGEMENT'S DISCUSSION AND ANALYSIS ON OPERATIONS OF THE GROUP DURING THE REPORTING PERIOD

(Continued)

Net profit attributable to shareholders of the listed company after deducting extraordinary gain or loss

	For the six months ended June 30,	
	2024	2023
	RMB million	RMB million
Profit attributable to owners of the Company	492.8	1,388.3
Adjusted for:		
Gain on disposal of non-current assets ⁽¹⁾	(1.5)	–
Government grants ⁽²⁾ included in the profit or loss for the period	(17.5)	(8.5)
Gain on entrusting to invest or manage assets	(21.6)	(0.3)
Loss/(gain) arising from changes in fair value of financial assets and financial liabilities held and loss/(gain) arising from the disposal of financial assets and financial liabilities ⁽³⁾	52.5	(618.9)
Share-based payment expenses recognized at one time due to cancellation or modification of the share incentive schemes	34.5	–
Other non-operating income and expenses apart from the above items	0.7	3.4
Effect of income tax	33.6	23.5
Effect of minority interests (after tax)	66.8	6.0
Net profit attributable to shareholders of the listed company after deducting extraordinary gain or loss	640.3	793.5
Margin of net profit attributable to shareholders of the listed company after deducting extraordinary gain or loss ⁽⁴⁾	19.1%	21.4%

Notes:

- (1) Disposal of non-current assets included those already written off in the provision for asset impairment;
- (2) Government grants in the extraordinary gain or loss was except for government grants which are closely related to the ordinary business scope of the Company and entitled in defined standard in conformity with the provisions of policies of the State and that have a sustained impact on the Company's profit or loss;
- (3) The financial assets and financial liabilities in the extraordinary gain or loss was except for those related to effective hedging business under ordinary business scope of the Company.
- (4) The margin of net profit attributable to shareholders of the listed company after deducting extraordinary gain or loss is calculated using the net profit attributable to shareholders of the listed company after deducting extraordinary gain or loss divided by revenue and multiplied by 100%.

MANAGEMENT DISCUSSION AND ANALYSIS

1. THE MANAGEMENT'S DISCUSSION AND ANALYSIS ON OPERATIONS OF THE GROUP DURING THE REPORTING PERIOD

(Continued)

Net profit attributable to shareholders of the listed company after deducting extraordinary gain or loss (Continued)

During the Reporting Period, our Non-CASBE net profit attributable to shareholders of the listed company after deducting extraordinary gain or loss was RMB640.3 million, representing a YoY decrease of 19.3% from RMB793.5 million during the Corresponding Period. Our margin of net profit attributable to shareholders of the listed company after deducting extraordinary gain or loss decreased from 21.4% during the Corresponding Period to 19.1% during the Reporting Period.

Cash Flows

	For the six months ended June 30,	
	2024	2023
	RMB million	RMB million
Net cash generated from operating activities	177.3	375.0
Net cash used in investing activities	(4,621.8)	(708.6)
Net cash generated from financing activities	206.2	621.1

During the Reporting Period, our net cash generated from operating activities was RMB177.3 million, representing a 52.7% decrease from RMB375.0 million during the Corresponding Period. The decrease was primarily due to i) a decrease of 39.7% YoY in the cash received from other operating activities from RMB182.2 million during the Corresponding Period to RMB109.9 million during the Reporting Period; ii) an increase of the amount of RMB79.1 million in the payment to the employees; and iii) an increase of 14.4% YoY in the cash paid for other operating activities from RMB182.3 million during the Corresponding Period to RMB208.5 million during the Reporting Period.

During the Reporting Period, our net cash used in investing activities was RMB4,621.8 million, representing a 552.2% increase from RMB708.6 million during the Corresponding Period. The increase was primarily due to i) the increase in the cash paid to acquire investments from RMB956.1 million during the Corresponding Period to RMB4,733.5 million during the Reporting Period. The significant increase of cash paid to acquire investments was primarily due to RMB3,670 million purchase of negotiable certificates of deposit during the Reporting Period. All negotiable certificates of deposit purchased by the Company are issued by reputable commercial large banks with capital preservation; and ii) the decrease in the cash received from disposal of investments from RMB349.6 million during the Corresponding Period to RMB286.9 million during the Reporting Period, representing a 17.9% decrease.

MANAGEMENT DISCUSSION AND ANALYSIS

1. THE MANAGEMENT'S DISCUSSION AND ANALYSIS ON OPERATIONS OF THE GROUP DURING THE REPORTING PERIOD

(Continued)

Cash Flows (Continued)

During the Reporting Period, our net cash generated from financing activities was RMB206.2 million, compared with RMB621.1 million net cash generated from financing activities during the Corresponding Period. The decrease was primarily due to 1) the decrease in the capital injection from non-controlling interests from RMB240.1 million during the Corresponding Period to RMB31.3 million during the Reporting Period; and 2) the increase in the cash paid for other financing activities from RMB119.1 million during the Corresponding Period to RMB568.2 million during the Reporting Period, which was primarily due to the lease liabilities and the change in equity interest in subsidiaries without change of control.

The Group primarily uses RMB to hold cash and cash equivalents.

Liquidity and Capital Resources

The Group's principal sources of funds are cash generated from operating activities, bank loans and our H Share IPO in August 2020, and we expect to utilize that to satisfy our future funding needs.

As of June 30, 2024, the Group has not used any financial instruments for hedging, nor used any net investment amounts in foreign currencies for hedging via monetary loans and/or other foreign exchange hedging instruments.

Trade, Bills and Other Receivables

Our trade receivables increased by 5.7% from RMB1,260.7 million as of December 31, 2023 to RMB1,332.9 millions as of June 30, 2024 as we continued to grow our business.

Our bills receivables increased by RMB13.4 million from RMB0.2 million as of December 31, 2023 to RMB13.6 million as of June 30, 2024, primarily due to the increase in bank acceptance bills received by the Company during the Reporting Period.

Our other receivables increased by 33.2% from RMB79.6 million as of December 31, 2023 to RMB106.0 million as of June 30, 2024, primarily due to some proceeds from the disposal of financial assets that have not yet been received.

Trade Payables and Other Payables

Our trade payables decreased by 8.9% from RMB249.3 million as of December 31, 2023 to RMB227.1 million as of June 30, 2024, primarily due to the decrease in payables on long-term assets occurred by our subsidiary, Frontage.

Our other payables increased by RMB516.2 million from RMB78.7 million as of December 31, 2023 to RMB594.9 million as of June 30, 2024, primarily due to an increase in dividends payable, which has been subsequently settled in July 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

1. THE MANAGEMENT'S DISCUSSION AND ANALYSIS ON OPERATIONS OF THE GROUP DURING THE REPORTING PERIOD

(Continued)

Contract Assets and Contract Liabilities

Our contract assets increased by 18.9% from RMB2,364.4 million as of December 31, 2023 to RMB2,811.8 million as of June 30, 2024, due to the increase in the total amount of contracts with our customers but we have not yet billed our customers upon meeting the billing milestones as specified in our customer service agreements or work orders as we continued to grow our business.

Our contract liabilities increased by 13.5% from RMB680.5 million as of December 31, 2023 to RMB772.2 million as of June 30, 2024, as more prepayments received from our customers in relation to our service agreements or work orders with them during the Reporting Period.

Property, Plant and Equipment

Our property, plant and equipment decreased by 4.8% from RMB638.8 million as of December 31, 2023 to RMB608.3 million as of June 30, 2024, primarily due to the increase in the depreciation in the six months ended June 30, 2024, and it was partially offset by the increase from the procurement and transfer from the right-of-use assets.

Construction in progress

Our construction projects increased from RMB324.3 million as of December 31, 2023, to RMB472.6 million as of June 30, 2024, representing a 45.7% YoY increase, which was due to i) the Group's construction of the Hangzhou office building and the Jiaxing office building, with construction costs of RMB140.2 million and RMB108.4 million respectively. Both buildings have been topped out and are in the stage of internal renovation. Moreover, the Hangzhou office building will serve as the Group's headquarter, providing guarantee and support services for our global development, and will also build a biomedical public service platform, training center, industrial incubator, and achievement transformation center. ii) the renovation cost of the laboratory increased from RMB62.0 million as of December 31, 2023 to RMB136.2 million as of June 30, 2024, mainly contributed by our subsidiary, Frontage.

Intangible Assets

Our intangible assets decreased by 7.0% from RMB371.1 million as of December 31, 2023 to RMB345.0 million as of June 30, 2024, primarily due to the amortisation of the customer relationship mainly related to acquisitions. Bolt-on acquisition made by Frontage during the Reporting Period partially offset the amortization.

Right-of-use Assets

Our right-of-use assets decreased by 10.3% from RMB509.6 million as of December 31, 2023 to RMB456.9 million as of June 30, 2024, primarily due to i) the termination of certain existing leasehold contract; and ii) the amortization of the leasehold.

MANAGEMENT DISCUSSION AND ANALYSIS

1. THE MANAGEMENT'S DISCUSSION AND ANALYSIS ON OPERATIONS OF THE GROUP DURING THE REPORTING PERIOD

(Continued)

Long-term Equity investment

Our long-term equity investment increased from RMB2,977.0 million as of December 31, 2023 to RMB3,518.4 million as of June 30, 2024, primarily in relation to the capital injection of RMB500.0 million to Hangzhou Taikun Equity Investment Fund Partnership (Limited Partnership)* (杭州泰鯤股權投資基金合夥企業(有限合夥)) ("Hangzhou Taikun") which we had 50.0% ownership.

Financial Assets

Our financial assets include listed equity securities, unlisted equity investments, unlisted fund investments, financial products, unlisted debt instruments and life insurance policies. Our financial assets increased by 2.5% from RMB10,288.3 million as of December 31, 2023 to RMB10,549.6 million as of June 30, 2024. Such increase was primarily due to our continuing investment activities during the Reporting Period.

The following table sets for a breakdown of our financial assets as of the dates indicated:

	As of June 30, 2024 RMB'000	As of December 31, 2023 RMB'000
Non-current Financial assets		
– Life insurance policies	3,799	3,443
– Listed equity securities	113,944	273,679
– Unlisted equity investments	5,330,477	4,998,402
– Unlisted fund investments	4,996,513	4,906,380
– Unlisted debt instrument	62,344	64,306
Total non-current financial assets	10,507,077	10,246,210
Current Financial assets		
– Financial products	42,226	10,000
– Unlisted equity investments	–	1,103
– Unlisted debt instruments	292	31,035
Total current financial assets	42,518	42,138
Total financial assets	10,549,595	10,288,348

MANAGEMENT DISCUSSION AND ANALYSIS

1. THE MANAGEMENT'S DISCUSSION AND ANALYSIS ON OPERATIONS OF THE GROUP DURING THE REPORTING PERIOD

(Continued)

Financial Assets (Continued)

Investments in companies and investment funds

During the Reporting Period, we continued to build and manage our investment portfolio through selective minority investments in the healthcare industry, funding innovative R&D efforts of emerging companies with a goal to forge long-term cooperative relationships and gain access to emerging business and innovative technologies. In addition to direct strategic investments in innovative start-ups, we also cooperate with investment funds, including Hangzhou Taikun, to incubate promising biotech and medical device companies as a limited partner of these investment funds. We holistically manage our diversified investment portfolio with a view to drive mid to long-term values rather than focusing on the performances of any individual investment asset for short-term financial returns. We continued to make investments in the healthcare industry in accordance with our industry strategy during the Reporting Period.

As of June 30, 2024, we were a strategic investor in 181 innovative companies and other related companies in the healthcare industry, as well as a limited partner in 61 professional investment funds.

During the Reporting Period, we realized a gain of RMB69.3 million from exiting our investments in companies and investment funds, as measured by the exit amount against our initial investment cost, compared with RMB152.3 million during the Corresponding Period.

Our investments in listed equity securities amounted to RMB113.9 million as of June 30, 2024, representing a 58.4% decrease from RMB273.7 million as of December 31, 2023. The decrease was primarily due to the loss of RMB155.0 million in fair value change during the Reporting Period.

Our unlisted equity investments amounted to RMB5,330.5 million as of June 30, 2024, representing a 6.6% increase from RMB4,999.5 million as of December 31, 2023. The increase is primarily due to i) our continuing investment in unlisted entities, which we believed have potential for growth in the future; and ii) a gain of RMB87.7 million in the fair value change during the Reporting Period.

Our unlisted fund investments amounted to RMB4,996.5 million as of June 30, 2024, representing a 1.8% increase from RMB4,906.4 million as of December 31, 2023. The increase is primarily due to the additional investments of RMB180.1 million during the Reporting Period, which were offset by decrease in fair value and disposal of investments of RMB34.6 million and RMB60.6 million respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

1. THE MANAGEMENT'S DISCUSSION AND ANALYSIS ON OPERATIONS OF THE GROUP DURING THE REPORTING PERIOD

(Continued)

Financial Assets (Continued)

Investments in companies and investment funds (Continued)

Our life insurance policies amounted to RMB3.8 million as of June 30, 2024, representing a 11.8% increase from RMB3.4 million as of December 31, 2023, which was mainly occurred by our subsidiary, DreamCIS.

Our unlisted debt instruments amounted to RMB62.6 million as of June 30, 2024, representing a decrease from RMB95.3 million as of December 31, 2023, primarily due to several instruments sold during the Reporting Period.

The movements of our financial assets during the Reporting Period are set forth below:

	Unlisted equity investments RMB'000	Unlisted fund investments RMB'000	Listed equity securities RMB'000	Life insurance policies RMB'000	Unlisted debt instrument RMB'000	Financial products RMB'000	Total RMB'000
Opening balance	4,999,505	4,906,380	273,679	3,443	95,341	10,000	10,288,348
Additions	317,010	180,129	–	849	11,596	97,984	607,568
Fair value change during the Reporting Period	87,677	(34,611)	(155,038)	(280)	5	–	(102,247)
Disposals of shares	(71,699)	(60,606)	(4,964)	–	(42,903)	(65,757)	(245,929)
Exchange realignment	(2,016)	5,221	267	(213)	(1,403)	(1)	1,855
Ending Balance	5,330,477	4,996,513	113,944	3,799	62,636	42,226	10,549,595

MANAGEMENT DISCUSSION AND ANALYSIS

1. THE MANAGEMENT'S DISCUSSION AND ANALYSIS ON OPERATIONS OF THE GROUP DURING THE REPORTING PERIOD

(Continued)

Indebtedness

Borrowings

The Group had RMB3,575.7 million outstanding borrowings as of June 30, 2024, of which RMB2,767.0 million were short-term and RMB808.7 million were long-term. One of the reasons why we decided to increase our short-term borrowing, after a holistic review of our treasury management, is because we were able to secure loans at a lower average interest rate than the average interest rate we received from our deposits or certificates of deposit we held. As of June 30, 2024 approximately 86% of our borrowings were denominated in RMB and approximately 14% were US\$ borrowings. During the Reporting Period, our average borrowing rate is 2.76% and the blended interest rate we received from our bank deposits and certificates of deposit is 2.88% on an aggregated basis. The Group had borrowing agreements include a mix of fixed and variable rate loans, and the exposure in relation to fixed rate agreements is considered to be minimal as of June 30, 2024.

Gearing Ratio

Gearing ratio is calculated using interest-bearing borrowings from banks and other entities divided by total equity and multiplied by 100%, and it was 14.9% as of June 30, 2024, as compared with 11.5% as of December 31, 2023.

Lease Liabilities

We had outstanding aggregated lease liabilities (for the remainder of relevant lease terms) of RMB493.8 million as of June 30, 2024, falling 9.6% from RMB546.0 million as of December 31, 2023, primarily due to the repayment of lease liabilities.

Pledges over Assets of the Group

The Group had no pledges over assets of the Group as of June 30, 2024.

Contingent Liabilities

As of June 30, 2024, the Group had no contingent liabilities.

Capital Commitments

As of June 30, 2024, the Group had total capital commitments entered but outstanding and not provided for in the financial statements amounting to approximately RMB446.5 million (December 31, 2023: approximately RMB614.3 million) and mainly included that not provided for the acquisition for the investments in the funds or companies was approximately RMB429.8 million (December 31, 2023: approximately RMB586.7 million).

In addition, the Group entered into a subscription agreement to subscribe 50% equity interests in an associate, Hangzhou Taikun, in 2021. The Group had committed to invest additional capital in Hangzhou Taikun, amounting to RMB7 billion as of June 30, 2024.

The capital commitment by the Group shall be paid subject to the notice to be issued by the general partner of Hangzhou Taikun according to the capital needs of Hangzhou Taikun.

MANAGEMENT DISCUSSION AND ANALYSIS

1. THE MANAGEMENT'S DISCUSSION AND ANALYSIS ON OPERATIONS OF THE GROUP DURING THE REPORTING PERIOD

(Continued)

Indebtedness (Continued)

Significant Investments Held

As of June 30, 2024, saved for the investment as mentioned below, the Group did not hold any other significant investments.

On July 12, 2021, Hangzhou Tigermed Equity Investment Partnership (Limited Partnership)* (杭州泰格股權投資合夥企業(有限合夥)) ("**Tigermed Equity**") and Hangzhou Tailong Venture Investment Partnership (Limited Partnership)* (杭州泰龍創業投資合夥企業(有限合夥)) ("**Tailong Investment**"), the subsidiaries of the Company, entered into the partnership agreement with Hangzhou Industry Investment Co., Ltd.* (杭州產業投資有限公司) ("**HZ Industry Investment**") and HZ Hi-Tech Investment Co., Ltd.* (杭州高新創業投資有限公司) ("**HZ Hi-Tech Investment**") in relation to the formation of a fund, namely Hangzhou Taikun. The registered capital of Hangzhou Taikun shall be RMB20 billion, of which RMB200 million will be subscribed by Tailong Investment as the general partner, RMB9.8 billion will be subscribed by the Tigermed Equity as a limited partner, RMB5 billion will be subscribed by HZ Industry Investment as a limited partner and RMB5 billion will be subscribed by HZ Hi-Tech Investment as a limited partner.

Hangzhou Taikun was established on August 10, 2021 and became an associate of the Group. As of June 30, 2024, our Group has paid up RMB3 billion of the registered capital of Hangzhou Taikun.

Hangzhou Taikun is principally engaged in investment activities focusing on innovative start-ups in the healthcare industry. In addition to direct strategic investments, Hangzhou Taikun also invests in equity investment and venture capital funds in the healthcare industry.

The Company, through its subsidiaries, namely Tigermed Equity and Tailong Investment, holds 50.0% of the equity interests of Hangzhou Taikun.

As of June 30, 2024, the carrying amount of our investment in Hangzhou Taikun was RMB3,153.4 million, accounting for 10.4% of the total assets of the Group.

As of June 30, 2024, Hangzhou Taikun had a net asset of RMB4,869.4 million, and generated a profit of RMB81.7 million during the Reporting Period. The Group has received the amount of RMB1.6 million for the dividend in respect of its investment in Hangzhou Taikun during the Reporting Period.

By investing in Hangzhou Taikun, the Company's strong investment and financing platform can be utilized to, deepen its position in the biopharmaceutical field, promote the optimization of upstream and downstream industrial chain and in turn enhance the Company's core competitiveness. The Directors believe that such investment will be able to complement the Company's long term investment strategy.

Please refer to the announcements of the Company dated July 12, 2021 and August 23, 2021 and the circular of the Company dated July 23, 2021 for details.

Saved as the significant investment mentioned above, the Company has no other future plans for material investments or capital assets.

MANAGEMENT DISCUSSION AND ANALYSIS

1. THE MANAGEMENT'S DISCUSSION AND ANALYSIS ON OPERATIONS OF THE GROUP DURING THE REPORTING PERIOD

(Continued)

Indebtedness (Continued)

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the Reporting Period, the Group had not conducted any material acquisitions and disposals of subsidiaries, associates and joint ventures.

Treasury Policy

Currently, the Group follows a set of funding and treasury policies to manage its capital resources and prevent risks involved. The Group expects to fund its working capital and other capital requirements from various sources, including but not limited to cash flow generated from operating activities, and internal financing and external financing at reasonable market rates. Save for Frontage and DreamCIS as they are publicly listed, the Group's treasury activities are centralized. The Group generally deals with financial institutions with good reputations.

Core Competence Analysis

We believe that the following strengths have enabled us to differentiate from our competitors:

1. Rich experience in project execution

As a leading CRO in the industry, we have accumulated rich experience in innovative drug and medical device R&D services over the past 20 years since its establishment, and the number of global customers reached over 3,100, including global multinational pharmaceutical companies and domestic large pharmaceutical companies, small to medium-sized innovative drug R&D enterprises, etc. Our products cover a wide range of chemical drugs, biologics, vaccines, medical devices, and most of the therapeutic areas, including oncology, respiratory, infectious, endocrine, hematology, neurology, cardiovascular, dermatology, immunology, digestion, metabolism, rare diseases and other disease areas. As of June 30, 2024, our cumulative experience in clinical trial operation exceeds 3,600 projects, including more than 800 clinical trials of Class I drugs in China and 133 international MRCTs.

2. Global synchronized operation and management

In recent years, we have set up branch offices and local clinical teams in many countries on all continents, with professionals familiar with pharmaceutical regulations and clinical practices in various countries, and established synchronized operation and collaboration mechanisms, forming strong capabilities of synchronized execution of globalizing projects. Meanwhile, we have also expanded our overseas customer base and operational capacity through the acquisition of overseas CRO companies. As of June 30, 2024, our global workforce has reached 9,348, covering 37 countries globally. In 2023, we set up our International Headquarters in Hong Kong, which has become the main hub for Tigermed's overseas functional support and business development.

MANAGEMENT DISCUSSION AND ANALYSIS

1. THE MANAGEMENT'S DISCUSSION AND ANALYSIS ON OPERATIONS OF THE GROUP DURING THE REPORTING PERIOD

(Continued)

Core Competence Analysis (Continued)

3. Covering the whole R&D industry chain

For CRO enterprises, integrated services can increase the depth and breadth of cooperation with customers, reduce communication and interface costs in the R&D process, enhance efficiency and improve the stability of cooperation. Currently, we have established two integrated R&D service platforms for pharmaceuticals and medical devices. Our integrated service platform for drug R&D can provide full-process and end-to-end services including drug discovery, pre-clinical development, IND filing, clinical trial phase I-III, registration, post-market studies and real-world studies. Our integrated service platform for medical device R&D can provide R&D services throughout the entire life cycle of medical device R&D, including product design and R&D, pre-clinical, clinical development and evaluation, registration and application and post-market studies.

4. Excellent quality standards and delivery capabilities

Excellent quality management is a solid foundation for clinical research and one of the core competencies that we are proud of. We have set up a Quality Management Committee as the highest quality governance body to promote the operation and improvement of our quality management system, organize regular quality review activities and comprehensive assessment on our overall quality status, review and assess our quality risks and related corrective measures, etc. The general manager of the Company serves as the first person responsible for quality management. We take the initiative to embrace changes and innovation, actively explore the use of digital, intelligent, remote and forward-looking approaches to incorporate "Quality by Design" into the design, operation and quality management of clinical trials and develop the Risk-Based Quality Monitoring System ("RBQM") for risk-based quality management. Our DCT solution team has been set up to utilize the latest remote and intelligent hybrid clinical trial methods such as the RBQM system, e-informed, remote follow-up, direct-to-patient drug delivery, and e-payment, to continuously improve the efficiency of clinical operation and quality management capabilities, and to enhance the efficiency of high-quality delivery and delivery capabilities.

5. Leading industry position and influence

Since our establishment in 2004, we have witnessed and involved in the whole process of China's pharmaceutical industry from me-too drugs to fast-follow drugs and then to innovative drugs. After 20 years of development, we have grown from a local CRO to expansion into Asia-Pacific, and then expansion from the Asia-Pacific region to Europe and the United States. We have become China's leading CRO and one of the few international CROs that can cover all 5 continents with global synchronization of R&D service capabilities. During the period from our establishment in 2004 to 2023, we have provided services for 61% of the marketed Class I innovative drugs in China. According to Frost & Sullivan's report, we have the largest market share in China's clinical outsourcing market for many consecutive years, and is the only China-based clinical services provider ranked among global top 10.

MANAGEMENT DISCUSSION AND ANALYSIS

1. THE MANAGEMENT'S DISCUSSION AND ANALYSIS ON OPERATIONS OF THE GROUP DURING THE REPORTING PERIOD

(Continued)

Core Competence Analysis (Continued)

6. Extensive network of collaborations with Chinese and global research institutions

In China, we have a network of more than 150 offices and operations covering almost all of the country's medium and large-sized cities, and we partner with more than 1,480 Chinese clinical trial institutions. In the U.S., we partner with more than 700 clinical study sites in 45 states. We have also launched the E-site Program to continue to strengthen cooperation with top clinical trial institutions, jointly develop professional clinical trial teams and build clinical sites, improve management and efficiency, and create a win-win and sustainable clinical study network. As of June 30, 2024, we have formed strategic alliance with 77 E-Sites and have 273 core collaborative sites nationwide.

7. Provision of full life-cycle services for enterprise

In order to better drive biopharmaceutical innovation, we make minority investments in innovative biopharmaceutical and medical device start-ups. Our industry reputation, experience and expertise enable us to identify early-stage investment opportunities and develop a diversified portfolio. Through our investments, we are able to build long-term relationships with such companies and promote continued innovation in the biopharmaceutical industry in China and globally. In addition to providing financial support to start-ups, we also focus on the early transformation of scientific research results, integrate pharmaceutical innovation and entrepreneurship resources from government, industry, universities, research institutes, hospitals, investment institutions and other parties, focus on building a platform empowered by transformation of scientific and technological achievements throughout the whole life cycle, actively participate in investing in and incubating more innovative enterprises, and provide one-stop R&D solutions and full life-cycle services for business operations, so as to continuously empower the growth of innovative enterprises.

MANAGEMENT DISCUSSION AND ANALYSIS

1. THE MANAGEMENT'S DISCUSSION AND ANALYSIS ON OPERATIONS OF THE GROUP DURING THE REPORTING PERIOD

(Continued)

Other Events

1. On February 6, 2024, the Company convened the fourth meeting of the fifth session of the Board to consider and approve the Resolution on the Share Repurchase Plan of the Company 《關於回購公司股份方案的議案》, pursuant to which, the Company intended to repurchase part of A shares of the Company by self-owned funds or self-raised funds through centralized price bidding (the “**Share Repurchase**”), which will be subsequently used to implement the A share equity incentive scheme or A share employee stock ownership plan. The total amount of funds for Share Repurchase shall not be less than RMB500,000,000 and not more than RMB1,000,000,000, and the price for share repurchase shall not be more than RMB60.00 per share (inclusive). The term of the Share Repurchase is within 12 months commencing from the date on which the general meeting of the Company considers and approves the Share Repurchase plan.

On April 12, 2024, in light of the current capital market and the actual situation of the Company, to further boost investor confidence and safeguard the smooth implementation of the Company's Share Repurchase, the Board convened the seventh meeting of the fifth session of the Board, pursuant to which the following adjustments were made to the Resolution on Plan for the Repurchase of the Shares of the Company. The price for the repurchase of Shares shall be adjusted from “not exceeding RMB60.00 per share (inclusive)” to “not exceeding RMB72.00 per share (inclusive)”, and the number of Shares to be repurchased will be adjusted accordingly in accordance with the maximum repurchase price. Based on the maximum repurchase amount of RMB1 billion and the maximum repurchase price of RMB72.00 per Share, it is estimated that the number of Shares to be repurchased will be approximately 13,888,888 Shares, representing approximately 1.59% of the current total issued share capital of the Company; based on the minimum repurchase amount of RMB500 million and the maximum repurchase price of RMB72.00 per Share, it is estimated that the number of Shares to be repurchased will be approximately 6,944,444 Shares, representing approximately 0.80% of the current total issued share capital of the Company, subject to the actual number of Shares to be repurchased upon the expiry of the period of the Share Repurchase.

Please refer to the announcements of the Company dated February 6, 2024, April 10, 2024 and April 12, 2024 and the circular of the Company dated April 10, 2024 for details.

MANAGEMENT DISCUSSION AND ANALYSIS

1. THE MANAGEMENT'S DISCUSSION AND ANALYSIS ON OPERATIONS OF THE GROUP DURING THE REPORTING PERIOD

(Continued)

Other Events (Continued)

2. On March 28, 2024, the sixth meeting of the fifth session of the Board and the fourth meeting of the fifth session of the Supervisory Committee were convened to approve the Resolution on Terminating the Implementation of the 2022 Restricted A Share Incentive Scheme and the Lapse of the Restricted Shares, pursuant to which the Company decided that the implementation of the 2022 Restricted A Share Incentive Scheme (Draft), together with the relevant ancillary documents such as the Management Measures for Assessment Relating to the Implementation of the 2022 Restricted A Share Incentive Scheme of the Company shall be terminated, and all Restricted Shares that have been granted but not yet vested will lapse. The termination of the Incentive Scheme by the Company complies with relevant laws, regulations, normative documents such as the Company Law of the People's Republic of China ("**Company Law**"), the Securities Law of the People's Republic of China ("**Securities Law**"), the Management Measures for Equity Incentives of Listed Companies ("**Management Measures**"), and the relevant provisions of the such incentive scheme, which will not prejudice the interests of the Company and its Shareholders as a whole, will not have a material adverse effect on the daily operation and future development of the Company, and will not affect the diligence of management and core staff of the Company. Upon termination of the incentive scheme, the Company will continuously optimize the existing salary system, improve internal performance evaluation mechanisms, and other means to ensure the motivation of the Company's core team, in order to promote the long-term sustainable and healthy development of the Company.

As the 7,469,650 Shares repurchased by the Company for the implementation of the employee share ownership plan or the 2022 Restricted A Share Incentive were not utilized, in accordance with the Company's share repurchase plan and the relevant requirements of the Self-regulatory Guidelines for the Companies Listed on the Shenzhen Stock Exchange No. 9 – Repurchase of Shares, given that the Shares repurchased by the Company were not expected to be used for the implementation of the A share incentive scheme or the employee share ownership plan, the sixth meeting of the fifth session of the Board and the fourth meeting of the fifth session of the Supervisory Committee and the 2024 second extraordinary general meeting were convened on March 28, 2024 and April 30, 2024, which approved the cancellation of the 7,469,650 Shares deposited in the designated account set up especially for repurchases. It was further approved that the registered capital of the Company and the total number of Shares will also be changed from 872,418,220 to 864,948,570 Shares as a result of the aforementioned cancellation.

Please refer to the announcements of the Company dated October 25, 2022 and November 25, 2022, March 28, 2024, April 30, 2024 and the circulars of the Company dated November 3, 2022 and April 10, 2024 for details.

MANAGEMENT DISCUSSION AND ANALYSIS

1. THE MANAGEMENT'S DISCUSSION AND ANALYSIS ON OPERATIONS OF THE GROUP DURING THE REPORTING PERIOD

(Continued)

Other Events (Continued)

3. On March 28, 2024, the Company convened its sixth meeting of the fifth session of the Board, and reviewed and approved the change of the Company's overseas financial statements preparation standards from IFRS to CASBE, which was subsequently approved by the 2023 annual general meeting of the Company on May 24, 2024. The Board is of the view that the adoption of the CASBE will enhance efficiency and reduce disclosure costs and is in the interests of the Company and the Shareholders as a whole.

Please refer to the announcement of the Company dated March 28, 2024 and May 24, 2024 and the circular of the Company dated May 2, 2024 for details.

4. On June 18, 2024, the Board announced the resignation of Ms. Ho Yin Kwan as the company secretary, process agent and the authorised representative of the Company with effect from June 18, 2024. On the same date, Ms. Yung Mei Yee was appointed in place of Ms. Ho Yin Kwan to act as the company secretary, the process agent and the authorized representative of the Company with effect from June 18, 2024.

2. THE MANAGEMENT'S DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT OF THE COMPANY

Industry and Business Outlook

The global pharmaceutical market has maintained steady growth driven by factors including the accelerating trend of the aging population, the increasing prevalence of chronic non-communicable diseases, and the accelerated development of breakthrough therapies. Due to the continuous growth of market demand for innovative therapies and in response to unmet clinical needs, pharmaceutical companies have become market-oriented with concentrated resource advantages, and they have optimized R&D costs under appropriate R&D models, controlled R&D risks, improved R&D efficiency and continued to increase investment in important pipelines in the clinical stage. The development of clinical research has also advocated an increase in R&D CRO demand. According to Frost & Sullivan, from 2018 to 2023, the global CRO market size has increased from US\$53.91 billion to US\$82.11 billion, and the market size is expected to reach US\$106.45 billion by 2026 as the global demand for drug R&D grows year by year. The global clinical CRO market size grew from US\$37.94 billion in 2018 to US\$57.75 billion in 2023 and is expected to grow to US\$73.20 billion by 2026.

Due to factors such as economic development, medical system reform, and demographic changes, the scale of China's pharmaceutical market continues to grow. At the same time, the government has vigorously promoted the reform of the regulatory review system, successively introduced a large number of policies to encourage the development of innovative drugs to advocate the rapid and high-quality development of the industry, and promoted the listings of unprofitable biopharmaceutical companies. The reform has enabled China's innovative drug industry to achieve tremendous development and driven the increase in demand for R&D outsourcing and hence making the market size of CRO continue to grow.

MANAGEMENT DISCUSSION AND ANALYSIS

2. THE MANAGEMENT'S DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT OF THE COMPANY (Continued)

Industry and Business Outlook (Continued)

According to Frost & Sullivan, from 2018 to 2023, the market size of China's CRO grew from RMB38.80 billion to RMB84.83 billion and is expected to reach RMB112.65 billion by 2026. The size of China's clinical CRO market grew from RMB21.05 billion in 2018 to RMB44.24 billion in 2023 and is expected to grow to RMB59.79 billion in 2026. According to CDE statistics, there are 2,297 clinical trials in the first half of 2024, maintaining YoY growth. In addition, some innovative drugs in the fields of anti-tumor, autoimmunity, ADC technology and other therapeutic areas have entered the commercialization stage one after another in recent years. Relevant pharmaceutical companies are expected to recover the R&D funds they have invested to support the development of subsequent research pipelines.

Affected by the tightening monetary policies in major economies and other factors, the funding activities of domestic innovative drugs have declined in recent years and the innovative drug industry has entered a period of phased adjustment. Under such circumstances, pharmaceutical companies are promoted to gradually optimize costs, focus on differentiated innovative projects based on clinical value, accelerate the development of best-in-class and first-in-class products with clinical advantages, and accelerate the process of commercialization and overseas expansions to further enhance their R&D and innovation capabilities and promote high-quality development of the industry. According to incomplete statistics, in the first half of 2024, the total transaction amount for license-out transactions potentially reach US\$24.3 billion. In the second quarter of 2024, the number of overseas license-out transactions has outnumbered the number of license-in transactions for 6 consecutive quarters. The continuous achievements of Chinese innovative drugs going overseas show that China's innovative drug R&D capabilities have been internationally recognized. This helps enterprises to commercialize faster when facing the fluctuating external funding environment, meet the demand for R&D funds and increase R&D investment, further enhancing innovation and R&D capabilities and achieving a virtuous circle.

A number of multinational pharmaceutical companies have achieved sales growth in China, which led to the boosting of their R&D investment in China. The demand for simultaneous clinical trials of foreign innovative drugs in China is also growing steadily and the clinical trials carried out by foreign-funded pharmaceutical companies in China are increasing year by year. Taking advantage of the development opportunities of China's pharmaceutical market, more and more foreign-funded pharmaceutical companies are choosing China as one of the first places for their new drugs to commercialize, which will further drive China's CRO demand.

Under the wave of innovation and domestic product substitution, China's medical device industry has shown a good development trend. Benefiting from factors such as new infrastructure, increases in overseas revenue, domestic product substitution policies and alignment towards global medical device regulatory standards, medical device companies' R&D investment in China has been expanding, high end Chinese medical device products are emerging, and domestic medical devices substituting imported medical devices has accelerated.

MANAGEMENT DISCUSSION AND ANALYSIS

2. THE MANAGEMENT'S DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT OF THE COMPANY (Continued)

Industry and Business Outlook (Continued)

The increasing difficulties and complexities in the R&D of new drugs, the tightening of regulatory authorities' supervision of drug registration and marketing, and the growing demand for overseas expansion have driven the demand and willingness of innovative drug pharmaceutical companies to outsource their R&D, aiming to reduce R&D costs, improve the R&D success rate, and increase R&D efficiency. Clinical CROs with rich experience in clinical projects, strong adaptability to innovative technologies, the ability to provide diversified and one-stop CRO services, and the empowerment of new digital technologies, as well as the ability to manage large-scale global clinical trial projects, will continue to increase industry barriers and gain more competitive advantages.

Potential Risks

1. Risk of force majeure events, natural disasters or outbreaks of other epidemics and contagious diseases and other emergencies

Our business operations, financial condition and results of operations will be adversely affected by the potential force majeure events, natural disasters or outbreaks of other epidemics and contagious diseases, and other emergencies. Furthermore, we may in the future experience additional disruptions that could materially and adversely impact our projects, business, financial condition and results of operations. These additional disruptions may also have the effect of heightening certain other risks, such as those relating to our ability to attract and retain customers, our ability to collect payments from our existing and future customers, our ability to recruit healthy volunteers and patients for our clinical trials and our ability to conduct R&D projects with high quality and timely delivery. The extent of the impact to our business will depend on future developments, which are uncertain and unpredictable at the moment.

We have formulated a business continuity management plan to facilitate the recovery of key operations, functions and technologies before, during and after emergencies or destructive events in a timely and organized way, so as to enable our Group to develop its business on a feasible and stable basis. However, if our business continuity management plan fails to cope with the impact of relevant emergencies and force majeure, it may materially adversely affect the Company's business, finance, operating results and future prospects.

2. Risk of reduction in demand for biopharmaceutical R&D services

The success of our business depends primarily on the number and size of service contracts with our customers, who are mostly biopharmaceutical and medical device companies. Over the past several years, we have benefited from increasing demand for our services from our customers because of the continued growth of the global pharmaceutical market, increasing R&D budgets of our customers, and a greater degree of outsourcing by our customers. Any slowing or reversal of any of these trends could have a material and adverse effect on the demand for our services. Furthermore, if investments in pharmaceutical industries were to decrease as a result of decreased cash flows generated by companies or decreased willingness in investment by external investors, the demand for outsourced biopharmaceutical R&D services from companies in such industries may also decrease. If our customers reduce their spending on our services, our business, financial condition, results of operations and prospects could also be materially and adversely affected.

MANAGEMENT DISCUSSION AND ANALYSIS

2. THE MANAGEMENT'S DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT OF THE COMPANY (Continued)

Potential Risks (Continued)

3. Risk of failure in adapting to updates or changes in regulations/policies

The biopharmaceutical R&D industry is usually heavily regulated by relevant local regulators in countries and regions where we operate or our services are delivered. In developed countries, the regulations and policies governing the biopharmaceutical R&D industry are generally well established. In China, the local government and NMPA have been gradually developing and refining relevant regulations and policies governing biopharmaceutical R&D activities in China. Whilst we have attached great importance to the latest development of these regulations and policies, our business, financial condition and results of operations could be adversely affected if we fail to timely adapt to any updates or changes of these relevant regulations or policies by formulating an updated operating strategy.

4. Risk of increasing competition

The global pharmaceutical CRO market is increasingly competitive. We face competition in several areas, including price, quality of services, breadth and flexibility of services, capacity, timeliness of delivery of services, compliance with regulatory standards and customer relationships. We compete with multinational CROs and domestic, small to medium-sized CROs. In addition, we compete with the in-house development teams of our customers. If we are not able to compete effectively with existing or new competitors, our business, financial condition and results of operations could be adversely affected. Furthermore, increased competition could create pricing pressure on our services, which could reduce our revenue and profitability.

5. Risk of failure in business expansion and strategy implementation

We expect to continue growing our business in the future and hence will continue to diversify our service offerings and enhance our global presence. As such, we will need to continuously enhance and upgrade our services and technology, optimize our branding, sales and marketing efforts, and expand, train and manage our employees. All these efforts will require significant managerial, financial and human resources. If we are not able to manage our growth or execute our strategies effectively, our expansion may not be successful and our business, financial condition and results of operations may be materially and adversely affected.

MANAGEMENT DISCUSSION AND ANALYSIS

2. THE MANAGEMENT'S DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT OF THE COMPANY (Continued)

Potential Risks (Continued)

6. Risk of failure in complying with existing or future changes in laws, regulations or industry standards

Government agencies and industry regulatory bodies around the world impose strict regulations or industry standards on how customers develop, test, study and manufacture drugs, medical devices, and biologics and how CROs and other third parties acting on customers' behalf perform such regulated services. Given the wide range of services the Company performs for its customers and its diverse geographic coverage, the Company is subject to various applicable legal and regulatory requirements around the world. In addition, the Company has attached great importance to comply with laws, regulations and industry standards during its operations and will continue to invest in the enhancement of our quality management system and compliance procedures. If the Company fails to comply with any laws, regulations or industry standards in the future in geographies where it operates, its business, financial condition and results of operations will be materially and adversely affected. Further, regulatory authorities may from time to time change their legal and regulatory requirements. Therefore, if the Company's existing quality management system and compliance procedures fail to adequately meet new legal and regulatory requirements, the Company may need to incur additional compliance costs and become exposed to negative findings of relevant governmental authorities, which may cause material and adverse impact to its business, financial condition and results of operations. In addition, if there are any actions taken against the Company by governmental regulators for violating the relevant laws, regulations or industry standards, even if successfully defended or settled in the end, could cause the Company to incur relevant legal expenses, divert management's attention from the operation of the Company's business and adversely affect its reputation, business, financial condition and results of operations.

MANAGEMENT DISCUSSION AND ANALYSIS

2. THE MANAGEMENT'S DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT OF THE COMPANY (Continued)

Potential Risks (Continued)

7. Risk of failure in obtaining or renewing certain regulatory approvals, licenses, permits and certificates required for the business

We are required to obtain and maintain numerous approvals, licenses, assurances, accreditations, permits, registrations, and certificates from relevant authorities to operate our business. If we or our business partners fail to obtain approvals, registrations, licenses, assurances, accreditations, permits and certificates necessary for our operations or to comply with the terms, conditions, and requirements thereunder, enforcement actions may be taken against us, including suspension or termination of licenses, approvals, assurances, accreditations, permits, registrations, and certificates, orders issued by the relevant regulatory authorities causing operations to cease, fines and other penalties, and may include corrective measures requiring capital expenditure or remedial actions. If such enforcement action is taken, our business operations could be materially and adversely disrupted. In addition, some of these approvals, licenses, assurances, accreditations, permits, registrations, and certificates are subject to periodic renewal by the relevant authorities, and the standards of such renewals may change from time to time. If we fail to obtain the necessary renewals and otherwise maintain all approvals, licenses, registrations, assurances, accreditations, permits and certificates necessary to carry out our business at any time, our business could be severely disrupted or discontinued, which could have a material adverse effect on our business, financial condition and results of operations. Furthermore, the interpretation or implementation of existing laws and regulations may change and new regulations may come into effect requiring us to obtain any additional approvals, permits, licenses, registrations, assurances, accreditations or certificates that were previously not required to operate our existing business, facilities or any planned future business or facilities. Failure to obtain the additional approvals, permits, licenses or certificates may restrict our ability to conduct our business, which, in turn, could have a material adverse effect on our business, financial condition and results of operations.

8. Risk of failure in meeting customers' expectations

If our customers determine that their expenditures on our services do not generate the expected results, they may allocate a portion or all of their budgets to our competitors, and reduce or terminate their business with us. We may not be able to replace customers which decrease or cease their purchase of our services with new customers that spend at similar levels or more on our services. As a result, we may suffer from a loss of customers and may fail to attract new customers, and our ability to maintain and/or grow our revenues could be materially and adversely affected.

9. Risk of losing key customers and contracts

If our key customers significantly reduce their spending on our services, or terminate their business relationship with us, our business, financial condition, and results of operations could be materially and adversely affected. In addition, if multiple of our contracts or a large contract are terminated, delayed, or altered in the normal course of business, our business, financial condition, and results of operations could be adversely affected.

MANAGEMENT DISCUSSION AND ANALYSIS

2. THE MANAGEMENT'S DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT OF THE COMPANY (Continued)

Potential Risks (Continued)

10. Risks of acquisitions and investments

We have historically grown our business in part through a number of acquisitions and investments and expect to continue to make selective acquisitions and investments in the future. If we fail to identify suitable acquisitions or investments targets, or made acquisitions or investments that are not successful, we may fail to realize our anticipated returns from such transactions. Our business, financial condition and results of operations could also be adversely affected.

11. Risk of failure to attract, train, motivate and retain talent

Along with our continued expansion, we have established an experienced talent pool with strong project management and R&D capabilities. Skilled and talented personnel help us keep pace with the latest developments in R&D technologies and methodologies in the pharmaceutical and medical device industries, and are therefore critical to our success. Our business operations also rely on personnel possessing highly technical skills for our project management, quality control, compliance, safety and health, information technology and marketing. In order to develop and retain our talent, we provide continuous training programs to our employees through various symposiums, forums and lectures. We also offer employee share incentive programs to our key employees and thus provide them with an opportunity to share the growth of our business. We intend to continue to attract and retain skilled personnel. However, as there is a limited supply of qualified personnel with the necessary experience and expertise, and such talent is highly sought after by pharmaceutical companies, medical device companies, CROs and research institutions, we have to provide competitive compensation and benefits packages to attract and retain talent. We may not always be able to hire and retain the requisite number of qualified personnel to keep pace with our anticipated growth while maintaining consistent service quality. Our expenses to recruit and retain talent are expected to continue to increase along with the growth of the CRO market in China and around the world. If there is a significant increase, our business, financial condition and results of operations may be adversely affected. In addition, we may not always be successful in training our professionals to quickly adapt to technological advances, evolving standards and changing customer needs, and the quality of our services may therefore be severely affected. If there is any failure to attract, train or retain skilled personnel, our reputation, business, financial condition, results of operations and prospects could be materially and adversely affected.

12. Risk of talent loss

Our Directors and our senior management have been instrumental in achieving our historic growth and are crucial to our success. If we lose the services of any of our Directors or our senior management, we may not be able to replace them with suitable and qualified candidates and may incur additional expense to recruit and train new personnel, which could disrupt our business and growth. Furthermore, as we expect to continue to expand our operations and develop new services and products, we will need to continue attracting and retaining experienced management and key technical and scientific personnel. Competition for these talents is intense, and the availability of suitable and qualified candidates is limited. We may be unable to attract or retain such personnel required to achieve our business objectives and failure or delay in doing so could materially and adversely impact our competitiveness, business, financial condition and results of operation.

MANAGEMENT DISCUSSION AND ANALYSIS

2. THE MANAGEMENT'S DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT OF THE COMPANY (Continued)

Potential Risks (Continued)

13. Risks related to financial assets at FVTPL

The fair value of our financial assets at FVTPL, including listed equity securities, unlisted equity investments, unlisted fund investments, unlisted debt instruments and financial products, are subject to changes beyond our control. During the Reporting Period, we recorded a negative changes in the fair value of financial assets in the amount of RMB98.4 million, compared to a positive changes in the fair value of financial assets in the amount of RMB529.8 million during the Corresponding Period. There is no guarantee that the changes in fair value of our financial assets at FVTPL will be positive, and our financial results may be materially affected by fluctuations in the changes in fair value of financial assets at FVTPL. During the Corresponding Period and the Reporting Period, we recorded gains on disposal of and received dividends from financial assets at FVTPL of a total of RMB34.9 million and RMB4.8 million, respectively. There is also no guarantee that we will make gains on disposal of financial assets at FVTPL in the future, and our financial results may be materially affected.

14. Foreign exchange risk

Most of our sales and the costs thereof are denominated in same currencies. However, certain entities within the Group do have sales, costs, capital expenditures, cash and cash equivalents and borrowings in foreign currencies, which exposes the Group to foreign currency risks. In addition, certain entities within the Group also have receivables and payables which are denominated in currencies different from their functional currencies. The Group is mainly exposed to the foreign currency of US\$. If RMB appreciates significantly against US\$, our revenue growth could be negatively impacted, and our margins might also be pressured. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

15. Risk of changes in international policies and situations

Our overseas expansion, our financial condition and results of operations could be adversely affected by circumstances including but not limited to material change of laws, regulations, industrial policies or political and economic environment of any foreign nations or regions where we carry out business operation, or any unforeseeable and unpredictable factors such as geopolitical tensions, international conflicts, wars, sanctions, or other force majeure events. Specifically, international market conditions and the international regulatory environment have historically been affected by competition among countries and geopolitical frictions. Changes to trade policies, treaties and tariffs, or the perception that these changes could occur, could adversely affect the financial and economic conditions in the jurisdictions in which we operate, capital markets where our shares are listed and traded, as well as our overseas expansion, our ability to raise additional capital, our financial condition and results of operations.

MANAGEMENT DISCUSSION AND ANALYSIS

2. THE MANAGEMENT'S DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT OF THE COMPANY (Continued)

Employees

The number of our total employees decreased to 9,348 as of June 30, 2024 from 9,701 as of December 31, 2023. As of June 30, 2024, our global team comprised over 1,000 CRAs, over 2,800 CRCs, over 800 for data management and statistical analysis and over 1,600 for laboratory services.

During the Reporting Period, the number of our employees in the PRC decreased to 7,626 as of June 30, 2024 from 8,069 as of December 31, 2023. This decline was primarily due to the Company's reduction in the scale of certain functions negatively affected by China's industry cycles, such as the laboratory services team and vaccine clinical operations team in China. Additionally, changes in China's policies and regulations led to strategic adjustments in some business sectors, resulting in a workforce reduction in these sectors.

On the other hand, the number of overseas employees increased to 1,722 as of June 30, 2024 from 1,632 as of December 31, 2023, covering 37 countries globally. As part of the Company's business growth strategy, the Company plans to continue expanding the scale of its clinical operation, project management, and business development teams in key overseas markets in the future.

We entered into individual employment contracts with our employees covering matters such as wages, bonuses, employee benefits, workplace safety, confidentiality obligations, non-competition and grounds for termination. These employment contracts typically have terms of three years. We also provide competitive salaries, bonuses, share schemes and other means to attract, motivate, retain and reward our employees. In addition, we invest in continuing education and training programs, including internal and external training, for our management staff and other employees to upgrade their skills and knowledge.

We regularly review our capabilities and adjust our workforce to ensure we have the right mix of expertise to meet the demand for our services. In China, we have established a labor union that represents employees with respect to the promulgation of bylaws and internal protocols.

MANAGEMENT DISCUSSION AND ANALYSIS

SHARE INCENTIVE SCHEMES

The valid share incentive schemes of the Group are set out as follows.

The number of A Shares that may be granted under all schemes of the Company during the Reporting Period divided by the weighted average number of Shares of the A Shares in issue (excluding treasury shares) for the Reporting Period was 0.09%.

1. 2022 Restricted Share Incentive Scheme

On the premise of fully protecting the interests of the Shareholders, the Company has established the 2022 Restricted Share Incentive Scheme on a compensation-matches-contribution basis for the purpose of further establishing and improving the long-term incentive and restraint mechanism, attracting and retaining talented individuals, fully mobilising the enthusiasm of the core technical (business) personnel of the Company, implementing the loyalty plan of the Company, and effectively aligning the interests of the Shareholders, the Company, and core teams and individuals so that all parties can focus on the long-term development of the Company.

The validity period of the 2022 Restricted Share Incentive Scheme shall commence on the date of the first grant of the 2022 Restricted Shares and end on the date on which all the 2022 Restricted Shares granted to the participants have been vested or lapsed, which shall not exceed 60 months.

The form of incentive adopted under the 2022 Restricted Share Incentive Scheme is 2022 Restricted Shares and the source of the underlying shares of the 2022 Restricted Share Incentive Scheme shall be ordinary A Shares of the Company to be repurchased by the Company from the secondary market.

The participants of the 2022 Restricted Share Incentive Scheme are core technical (business) personnel of the Group. The participants under the first grant of the Restricted Share Incentive Scheme exclude any independent non-executive Directors, Supervisors, the Shareholders or the de facto controllers individually or collectively holding 5% or more of the Shares of the Company and their spouses, parents or children. All the participants shall have employment or labour service relationships with the Company or its subsidiaries at the time of granting the 2022 Restricted Shares by the Company and within the appraisal period under the 2022 Restricted Share Incentive Scheme. Participants of the 2022 Restricted Share Incentive Scheme include some foreign employees. The participants under the reserved grant will be determined within 12 months after the 2022 Restricted Share Incentive Scheme is considered and approved by the general meeting. If the participants are not determined for more than 12 months, the reserved interests will lapse. The basis for determining the participants under the reserved grant shall be made by reference to the basis for the first grant.

On October 25, 2022, the Company convened the thirtieth meeting of the fourth session of the Board and the nineteenth meeting of the fourth session of the Supervisory Committee to consider and approve the "Resolution on 2022 Restricted A Share Incentive Scheme (Draft) of the Company and its summary" (《關於公司〈2022年A股限制性股票激勵計劃(草案)〉及其摘要的議案》), "Resolution on the Management Measures for Assessment Relating to the Implementation of the 2022 Restricted A Share Incentive Scheme of Hangzhou Tigermed Consulting Co., Ltd." (《關於〈杭州泰格醫藥科技股份有限公司2022年A股限制性股票激勵計劃實施考核管理辦法〉的議案》), "Resolution on Requesting the General Meeting of Shareholders of the Company to Authorize the Board to Handle Matters Regarding the 2022 Restricted A Share Incentive Scheme" (《關於提請股東大會授權董事會辦理公司2022年A股限制性股票激勵計劃有關事項的議案》). The aforesaid resolutions were approved by the Shareholders at the 2022 first extraordinary general meeting of the Company on November 23, 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

SHARE INCENTIVE SCHEMES (Continued)

1. 2022 Restricted Share Incentive Scheme (Continued)

On November 25, 2022, the Company convened the thirty-first meeting of the fourth session of the Board and the twentieth meeting of the fourth session of the Supervisory Committee to consider and approve the "Resolution on Adjustment to the List of Participants and the Number of Restricted Shares Granted under the First Grant of the 2022 Restricted A Share Incentive Scheme of the Company" 《關於調整公司2022年A股限制性股票激勵計劃首次授予激勵對象名單和授予數量的議案》 and "Resolution on the First Grant of Restricted Shares to Participants under the 2022 Restricted A Share Incentive Scheme" 《關於向2022年A股限制性股票激勵計劃激勵對象首次授予限制性股票的議案》, pursuant to which the Board agreed to cancel the qualifications of the 11 employees (among which seven resigned participants were no longer within the scope of the participants and four participants have waived their subscription for all the 2022 Restricted Shares to be granted to them by the Company due to personal reasons) to be granted the 2022 Restricted Shares. After the above adjustments, the total number of 2022 Restricted Shares to be granted under the 2022 Restricted Share Incentive Scheme was adjusted from 7,105,590 to 6,829,784; the number of 2022 Restricted Shares to be granted under the first grant was adjusted from 6,355,590 to 6,079,784; the number of participants of the first grant of 2022 Restricted Shares was adjusted from 828 to 817; and the reserved portion of the 2022 Restricted Shares remained as 750,000. 6,079,784 of 2022 Restricted Shares (being ordinary A Shares repurchased by the Company in the secondary market) were granted to 817 participants with a grant price of RMB69 per Share under first grant of 2022 Restricted Shares on November 25, 2022.

The Shares underlying the 2022 Restricted Share Incentive Scheme shall be A Shares repurchased by the Company from the secondary market. The 2022 Restricted Share Incentive Scheme does not involve any grant of share options which will require the Company to issue any new Shares or other new securities. The total number of outstanding restricted shares under the 2022 Restricted Share Incentive Scheme is 4,175,534, being 0.48% of the total issued Shares as at the date of this interim report. No further restricted shares will be granted under the 2022 Restrictive Share Incentive Scheme. The maximum number of Shares granted to a participant under the 2022 Restricted Share Incentive Scheme shall not exceed 1% of the total issued share capital of the Company.

The validity period of the 2022 Restricted Share Incentive Scheme shall commence on the date of the first grant of the restricted Shares, being November 25, 2022, and end on the date on which all the 2022 Restricted Shares under the 2022 Restricted Share Incentive Scheme granted to the participants have been vested or lapsed, which shall not exceed 60 months. As of the date of this report, the remaining life of the 2022 Restricted Share Incentive Scheme is approximately three years and one months.

MANAGEMENT DISCUSSION AND ANALYSIS

SHARE INCENTIVE SCHEMES (Continued)

1. 2022 Restricted Share Incentive Scheme (Continued)

Subject to fulfillment of the conditions as set out in the rules of the 2022 Restricted Share Incentive Scheme, the vesting periods and arrangements of each tranche of the reserved restricted shares granted under the 2022 Restricted Share Incentive Scheme are as follows:

Vesting Period		Proportion of Vesting
First vesting period	From the first trading day after the expiry of 12 months following the date of the reserved grant until the last trading day within the 24 months following the date of the reserved grant	50%
Second vesting period	From the first trading day after the expiry of 24 months following the date of the reserved grant until the last trading day within the 36 months following the date of the reserved grant	50%

The participants shall pay the grant price as decided by the Company upon satisfaction of granting conditions and vesting conditions, and the period within which the grant price shall be paid will be set out in the individual award letter. The source of funds for Directors and employees participating in the 2022 Restricted Share Incentive Scheme consists of funds raised from their compensation, self-raised funds and other methods as permitted by laws and regulations. The grant price of the restricted Shares under the first grant of the 2022 Restricted Share Incentive Scheme shall be RMB69 per Share, and shall not be lower than the par value of the Shares, and shall not be lower than the higher of the following:

- (1) 70% of the average trading price of the A Shares for the last trading day preceding the date of the announcement of the draft of the 2022 Restricted Share Incentive Scheme (total trading amount for the preceding trading day/total trading volume traded on the preceding trading day), i.e., RMB57.95 per Share;
- (2) 70% of the average trading price of the A Shares for last 20 trading days preceding the date of the announcement of the draft of the 2022 Restricted Share Incentive Scheme (total trading amount for the last 20 trading days/total trading volume traded on the last 20 trading days), i.e. RMB60.35 per Share;
- (3) 70% of the average trading price of the A Shares for last 60 trading days preceding the date of the announcement of the draft of the 2022 Restricted Share Incentive Scheme (total trading amount for the last 60 trading days/total trading volume traded on the last 60 trading days), i.e. RMB67.67 per Share; or
- (4) 70% of the average trading price of the A Shares for last 120 trading days preceding the date of the announcement of the draft of the 2022 Restricted Share Incentive Scheme (total trading amount for the last 120 trading days/total trading volume traded on the last 120 trading days), i.e. RMB68.30 per Share.

MANAGEMENT DISCUSSION AND ANALYSIS

SHARE INCENTIVE SCHEMES (Continued)

1. 2022 Restricted Share Incentive Scheme (Continued)

The grant price of the reserved restricted shares under the 2022 Restricted Share Incentive Scheme shall also be RMB69 per Share, which is the same as grant price of the restricted shares under the first grant of the 2022 Restricted Share Incentive Scheme.

On March 28, 2024, the Company convened the sixth meeting of the fifth session of the Board and the fourth meeting of the fifth session of supervisory committee of the Company to consider and approve the "Resolution on Terminating the Implementation of the 2022 Restricted A Share Incentive Scheme and the Lapse of the Restricted Shares", which was approved by the extraordinary general meeting of the Company dated April 30, 2024, pursuant to which the implementation of the 2022 Restricted Share Incentive Scheme, together with the relevant ancillary documents such as the Management Measures for Assessment Relating to the Implementation of the 2022 Restricted A Share Incentive Scheme of the Company Shall be terminate, and all restricted Shares that have been granted but not yet vested will be cancelled.

For details, please refer to the circular of the Company dated April 9, 2024.

Set out below are details of the movements of the outstanding 2022 Restricted Shares granted under the 2022 Restricted Share Incentive Scheme during the Reporting Period:

Date of grant	Name/Category of participants	Grant and exercise price per Share (RMB)	Outstanding as at January 1, 2024	Granted during the Reporting Period	Exercised during the Reporting Period	Canceled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at June 30, 2024	Vesting period
November 25, 2022	YANG JIANSONG	69	40,164	-	-	40,164	-	-	40% from the first trading day after the expiry of 12 months following
	Other core technical (business) personnel (816 persons)	69	3,385,370	-	-	3,385,370	-	-	November 25, 2022 until the last trading day within the 24 months following November 25, 2022, 30% from the first trading day after the expiry of 24 months following
	Reserved Shares	69	750,000	-	-	750,000	-	-	November 25, 2022 until the last trading day within the 36 months following November 25, 2022, and 30% from the first trading day after the expiry of 36 months following November 25, 2022 until the last trading day within the 48 months following November 25, 2022
Total:		69	4,175,534	-	-	4,175,534	-	-	

MANAGEMENT DISCUSSION AND ANALYSIS

SHARE INCENTIVE SCHEMES (Continued)

1. 2022 Restricted Share Incentive Scheme (Continued)

The estimated fair value of the 2022 Restricted Shares at the date of grant was approximately RMB551,858,000. The fair value is calculated by reference to the closing price of A Share at the date of grant, which is RMB90.88. Please refer to Note 8.4.(c)(ii) to the condensed consolidated financial statements in this interim report for details. The number of restricted Shares available for grant under the 2022 Restricted Share Incentive Scheme at the beginning and end of the Reporting Period were 750,000 restricted Shares and nil, respectively.

Because of the cancellation of restricted A-shares, granted by the Company under 2022 Restricted Share Scheme, the Company immediately recognised total expense of RMB34.5 million for the six months ended June 30, 2024 that otherwise would have been recognised for services received over the remainder of the vesting period.

2. Frontage Labs 2008 and 2015 Share Incentive Plans

Frontage Labs, a subsidiary of the Company, adopted 2 Pre-IPO share incentive plans respectively in 2008 and 2015 (collectively referred as the “**Frontage Labs Schemes**”) for the primary purpose of attracting, retaining and motivating the directors and employees of the Frontage Labs and its subsidiaries. Under the Frontage Labs Schemes, the directors of Frontage Labs may grant up to 9,434,434 share options under the 2008 share incentive plan and 12,000,000 share options under the 2015 share incentive plan to eligible employees, including the directors and employees of Frontage Labs and its subsidiaries, to subscribe for shares in Frontage Labs. Each option granted has a contractual term of 5 to 10 years and vesting on the anniversary one year after grant date.

On April 17, 2018, Frontage, Frontage Labs and corresponding employees entered into an agreement pursuant to which Frontage Labs has assigned, and Frontage has assumed, the rights and obligations of Frontage Labs under the Frontage Labs Schemes. The total outstanding share options under Frontage Labs Schemes as at December 31, 2018 were 4,035,000 shares.

On February 28, 2019, the Company granted a total of 7,990,000 share options under the Pre-IPO Share Incentive Plan in 2015 to the eligible employees at an exercise price of US\$2.00.

Pursuant to the capitalisation issue completed on May 11, 2019 (the “**Frontage Capitalisation Issue**”), the number of options granted to an eligible employee under the Frontage Labs Schemes were adjusted to ten times of the original number of options held by that grantee. Accordingly, the exercise price was adjusted to 10% of the original exercise price.

MANAGEMENT DISCUSSION AND ANALYSIS

SHARE INCENTIVE SCHEMES (Continued)

2. Frontage Labs 2008 and 2015 Share Incentive Plans (Continued)

Set out below are details of the movements of the outstanding options granted during the Reporting Period, after taking Frontage Capitalisation Issue into account:

Category of participants	Date of grant	Exercise price per share (US\$)	Outstanding as at January 1, 2024	Granted during the Reporting Period	Exercised during the Reporting Period	Canceled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at June 30, 2024	Vesting period
Directors									
Dr. Song Li	February 28, 2019	0.200	4,700,000	-	4,700,000	-	-	-	exercisable at any time ⁽¹⁾
Dr. Zhihe Li	February 28, 2019	0.200	4,500,000	-	4,500,000	-	-	-	exercisable at any time ⁽¹⁾
Senior management	February 21, 2014	0.016	130,000	-	130,000	-	-	-	exercisable at any time ⁽²⁾
and other	June 16, 2016	0.049	6,650,000	-	-	-	-	6,650,000	exercisable at any time ⁽²⁾
employees	September 14, 2017	0.057	9,850,000	-	-	-	-	9,850,000	exercisable at any time ⁽²⁾
	February 28, 2019	0.200	27,530,000	-	26,780,000	750,000	-	-	exercisable at any time ⁽¹⁾
Total			53,360,000	-	36,110,000	750,000	-	16,500,000	

Notes:

- (1) The option exercise period is five years from the date of grant.
- (2) The option exercise period is ten years from the date of grant.
- (3) The weighted average closing price of the shares immediately before the dates on which the options were exercised was HK\$1.79.

MANAGEMENT DISCUSSION AND ANALYSIS

SHARE INCENTIVE SCHEMES (Continued)

2. Frontage Labs 2008 and 2015 Share Incentive Plans (Continued)

The exercise price of options outstanding ranges from US\$0.049 to US\$0.057 (equivalent to RMB0.35 to RMB0.41).

The estimated fair value of the share options granted under the 2015 Pre-IPO Share Incentive Plan in 2021 was approximately US\$5,001,000. The fair value was calculated using the Black-Scholes model. There were no share options issued during the Reporting Period and no more options may be granted under the Frontage Labs Schemes upon the listing of Frontage.

The major inputs into the model are as follows:

Grant date	As at February 28, 2019
Share price (US\$)	0.22
Exercise price (US\$)	0.20
Expected volatility	30.0%
Expected life (years)	5
Risk-free interest rate	2.5%
Expected dividend yield	–

Share price is determined as the total fair value of Frontage's equity divided by the total number of shares. To determine the fair value of Frontage's equity value as of grant date, the Frontage Holdings Group used primarily the discounted cash flow method under the income approach, using cash flow projections based on financial forecasts approved by management covering a five-year period as appropriate and a discount rate of 18% for the options granted on February 28, 2019. Management's assessment is that the Frontage Holdings Group will arrive at a stable growth stage after a five-year period. Cash flow beyond that five-year period has been extrapolated using a steady 3% growth rate. This growth rate does not exceed the long-term average growth rate for the market in which the Frontage Holdings Group operates. The result from the income approach was cross checked with the market approach, which incorporates certain assumptions, including the market performance of comparable listed companies, as well as the financial results and growth trends of the Frontage Holdings Group, to derive the total equity of the Frontage Holdings Group.

MANAGEMENT DISCUSSION AND ANALYSIS

SHARE INCENTIVE SCHEMES (Continued)

2. Frontage Labs 2008 and 2015 Share Incentive Plans (Continued)

The risk-free interest rate was based on the market yield rate of U.S. government bonds with the term corresponding to the contractual life of the options. Expected volatility was determined by using the historical volatility of the comparable companies.

Changes in variables and assumptions may result in changes in the fair values of the share options.

The Group recognised total expense of nil for the Reporting Period (for the six months ended June 30, 2023: nil) in relation to share options granted under the Frontage Labs Schemes.

3. Frontage 2018 Share Incentive Plans ("2018 Share Incentive Plan")

On May 11, 2019, for the primary purpose of attracting, retaining and motivating the personnel of the Frontage Holdings Group, the board of directors of Frontage approved an incentive plan to grant options, restricted share units and any other types of award to eligible employees, including the directors, employees, consultants and advisors of the Frontage Holdings Group or any other person as determined by the Frontage board who the Frontage Board considers, in its absolute discretion, have contributed or will contribute to the Frontage Holdings Group. Each person who receives an Award under the 2018 Share Incentive Plan is a grantee (the "**Grantee**"). The total number of shares in respect of which the awards may be granted pursuant to the 2018 Share Incentive Plan and any other equity-based incentive plans of Frontage is 200,764,091, being 10% of the shares of Frontage in issue as on the listing date.

The total number of shares available for issue under the 2018 Share Incentive Plan is 118,973,591, being 5.84% of the issued shares as at the date of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

SHARE INCENTIVE SCHEMES (Continued)

3. Frontage 2018 Share Incentive Plans ("2018 Share Incentive Plan") (Continued)

In accordance with the Listing Rules, the maximum number of shares issued and to be issued and/or transferred and to be transferred upon the vesting or exercise of the awards granted to any eligible participant (including all vested, exercised and outstanding awards) in the 2018 Share Incentive Plan in any 12-month period shall not (when aggregated with any shares underlying the awards granted during such period pursuant to any other share award schemes of Frontage) exceed 1% of the shares of Frontage in issue from time to time. Any further grant of share awards in excess of this limit is subject to shareholders' approval in a general meeting. Share options granted to a director, chief executive or substantial shareholder of the Frontage, or to any of their close associates, are subject to approval in advance by the independent non-executive directors (excluding the independent non-executive directors who or whose close associates are the grantees of a share option). In addition, any grant of share options to a substantial shareholder or an independent non-executive director of Frontage, or to any of their respective associates, would result in the shares issued and to be issued in respect of all share options (excluding any options lapsed in accordance with the terms of the scheme) to such person in the 12-month period up to and including the date of such grant: a) representing in aggregate over 0.1% of the relevant class of shares in issue; and b) having an aggregate value, based on the closing price of the securities at the date of each grant, in excess of HK\$5 million, such further grant of share options must be approved by shareholders of Frontage (voting by way of a poll). The remaining life of the 2018 Share Incentive Plan is approximately 4 years and 8 months until May 29, 2029. The offer of a grant of share options may be accepted a period to be determined by the board of Frontage upon payment of a consideration of US\$1.00 by the grantee. Subject to such terms and conditions as the board of Frontage may determine, there is no minimum period for which any share option granted under the 2018 Share Incentive Plan must be held before it can be exercised. The exercise price of share options granted under the 2018 Share Incentive Plan will be determined by the board of Frontage, but in any event shall not be less than the highest of (i) the Stock Exchange closing price of the Frontage's shares on the date of offer of the share options; (ii) the average Stock Exchange closing price of the Frontage's shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of a share of Frontage provided that for the purpose of determining the exercise price where the shares of Frontage have been listed on the Stock Exchange for less than five trading days, the issue price of the shares of Frontage in the global offering shall be used as the closing price of the shares of Frontage for any trading day falling within the period before the listing of the shares of Frontage on the Stock Exchange.

An option may be exercised in accordance with the terms of the 2018 Share Incentive Plan at any time during a period to be determined by the board of directors of Frontage and notified to the Grantee in the notice of grant, or, where applicable, any period for the exercise of an option as determined by the board of directors of Frontage, which shall expire no later than 10 years from the date on which an offer is made to a participant.

On October 7, 2022, the board of directors of Frontage has resolved to grant a total of 32,555,000 share options.

On December 20, 2023, Frontage Holdings granted a total 26,285,000 share options under 2018 Frontage Share Incentive Scheme.

MANAGEMENT DISCUSSION AND ANALYSIS

SHARE INCENTIVE SCHEMES (Continued)

3. Frontage 2018 Share Incentive Plans ("2018 Share Incentive Plan") (Continued)

Set out below are details of the movements of the outstanding share options granted under the 2018 Frontage Share Award Scheme during the Reporting Period:

Category of participants	Date of grant	Exercise price per share (HK\$)	Outstanding as at January 1, 2024	Granted during the Reporting Period	Exercised during the Reporting Period	Canceled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at June 30, 2024	Vesting period
Director									
Dr. Song Li	October 7, 2022 ⁽¹⁾	2.092	1,500,000	-	-	-	-	1,500,000	<ul style="list-style-type: none"> • 30% on September 1, 2023; • 30% on September 1, 2024; and • 40% on September 1, 2025
	December 20, 2023 ⁽²⁾	2.130	1,600,000	-	-	-	-	1,600,000	<ul style="list-style-type: none"> • 30% on December 20, 2024; • 30% on December 20, 2025; and • 40% on December 20, 2026
Employees	October 7, 2022 ⁽¹⁾	2.092	26,600,000	-	69,000	1,070,000	-	25,461,000	<ul style="list-style-type: none"> • 30% on September 1, 2023; • 30% on September 1, 2024; and • 40% on September 1, 2025
	December 20, 2023 ⁽²⁾	2.130	24,550,000	-	-	2,053,000	-	22,497,000	
Total			54,250,000	-	69,000	3,123,000	-	51,058,000	

Note:

- (1) The closing price of the shares immediately before the date on which the options were granted was HK\$2.06.
- (2) The closing price of the shares immediately before the date on which the options were granted was HK\$2.16.
- (3) The weighted average closing price of the shares immediately before the dates on which the options were exercised during the Reporting Period was HK\$2.21.

MANAGEMENT DISCUSSION AND ANALYSIS

SHARE INCENTIVE SCHEMES (Continued)

3. Frontage 2018 Share Incentive Plans ("2018 Share Incentive Plan") (Continued)

The option exercise period commences from the respective vesting date of the relevant tranche of share options and ends on the date before the 5th anniversary of the date of grant (i.e. 6 October 2027 and 20 December 2028 respectively) (both dates inclusive). Except for the share options granted shown as above, no restricted share units or any other type of share incentive award was granted under the 2018 Share Incentive Plan for the year ended December 31, 2023. The number of Awards available for grant under the 2018 Share Incentive Plan at the beginning and the end of the financial period is 118,973,591 and 118,973,591, respectively.

The fair value of the share options granted under the 2018 Share Incentive Plan in as at December 20, 2023 and October 7, 2022 was approximately US\$2,988,000 (equivalent to approximately RMB21,083,000) and US\$3,255,000 (equivalent to approximately RMB21,995,000), which was calculated in accordance with IFRSs. The fair value was calculated using the Black-Scholes-Merton model.

The Group recognised total expenses of approximately US\$1,182,000 (equivalent to approximately RMB8,401,000) for the Reporting Period (for the six months ended June 30, 2023: US\$829,000 (equivalent to approximately RMB5,778,000)) in relation to share options granted under the 2018 Share Incentive Plan.

MANAGEMENT DISCUSSION AND ANALYSIS

SHARE INCENTIVE SCHEMES (Continued)

4. 2021 Frontage Share Award Scheme

On January 22, 2021 (the “**Adoption Date**”), the board of directors of Frontage, a non wholly-owned subsidiary of the Company, approved the adoption of the share award scheme (“**2021 Frontage Share Award Scheme**”) to recognise the contributions by certain employees of the Frontage Holdings Group, to give incentives thereto in order to retain them for the continual operation and development of the Frontage Holdings Group and to attract suitable personnel for further development of the Frontage Holdings Group. Each award granted has a contractual terms of 10 years and The respective awarded shares held by the trustee on behalf of selected employee(s) as specified in the 2021 Frontage Share Award Scheme and the grant notice shall vest in such selected employee(s) in accordance with the vesting schedule (if any) as set out in the grant notice.

Under the rules of the 2021 Frontage Share Award Scheme, the individuals eligible to be granted award(s) thereunder include any director, senior management, employee, or consultant of Frontage or its subsidiaries, but at the discretion of the board of directors of Frontage, excluding the following persons: (i) any seconded employee or part-time employee or non-full time employee of the Frontage Holdings Group; and (ii) any employee of the Frontage Holdings Group who at the relevant time has given or been given notice terminating his office or directorship as the case may be. Employees who are resident in a place where the award of the awarded shares and/or the vesting and transfer of the awarded shares pursuant to the terms of the 2021 Frontage Share Award Scheme is not permitted under the laws or regulations of such place or where in the view of the board of directors of Frontage or the trustee of the 2021 Frontage Share Award Scheme (as the case may be), compliance with applicable laws or regulations in such place makes it necessary or expedient to exclude such employee, are excluded from the 2021 Frontage Share Award Scheme.

The maximum number of shares in respect of which awards may be granted pursuant to the 2021 Frontage Share Award Scheme is 204,605,091, being 10% of the issued share capital of Frontage on the adoption date of the 2021 Frontage Share Award Scheme.

The total number of shares available for issue under the 2021 Frontage Share Award Scheme is 181,654,591, being 8.92% of the issued shares as at the date of this report.

The maximum number of awarded shares which may be awarded to a selected employee shall not in aggregate exceed one percent (1%) of the issued share capital of Frontage as at the adoption date of the 2021 Frontage Share Award Scheme (i.e. January 22, 2021).

No payment is required on acceptance of award under the 2021 Frontage Share Award Scheme.

There is no basis in determining the purchase price under the 2021 Frontage Share Award Scheme.

The 2021 Frontage Share Award Scheme will remain in force for a period of 10 years commencing on its adoption date (i.e. January 22, 2021) unless otherwise terminated by the board of directors of Frontage at an earlier date.

MANAGEMENT DISCUSSION AND ANALYSIS

SHARE INCENTIVE SCHEMES (Continued)

4. 2021 Frontage Share Award Scheme (Continued)

On January 25, 2021, the board of directors of Frontage has resolved to grant a total of 22,950,500 awarded shares to 184 award participants pursuant to the terms of the 2021 Frontage Share Award Scheme. Of the 22,950,500 awarded shares, (i) 19,850,500 awarded shares were granted to 182 non-connected award participants, all being employees of the Group who are not connected persons of the Company; and (ii) 3,100,000 awarded shares were granted to two connected award participants (being award participants who are connected with Frontage or connected persons of Frontage), namely Dr. Zhihe Li and Dr. Song Li and were approved by the independent shareholders of Frontage at the annual general meeting of Frontage held on May 27, 2021.

Each award share granted generally vested over a four-year period with an agreed award vesting on the anniversary one year after grant date.

Set out below are details of the movements of the awarded shares granted under the 2021 Frontage Share Award Scheme during the Reporting Period:

		Number of awarded shares							
Category of participants	Date of grant	Purchase Price	Outstanding	Granted	Vested	Canceled	Lapsed	Outstanding	Vesting period
			as at January 1, 2024	during the Reporting Period	during the Reporting Period	during the Reporting Period	during the Reporting Period	as at June 30, 2024	
Directors									
Dr. Song Li	January 25, 2021	–	925,000	–	462,500	–	–	462,500	25% on January 24, 2022, 25% on January 24, 2023, 25% on January 24, 2024, and 25% on January 24, 2025
Dr. Zhihe Li	January 25, 2021	–	625,000	–	312,500	–	–	312,500	25% on January 24, 2022, 25% on January 24, 2023, 25% on January 24, 2024, and 25% on January 24, 2025
Other grantees									
Five highest paid individual other than directors	January 25, 2021	–	2,250,000	–	1,125,000	–	–	1,125,000	25% on January 24, 2022, 25% on January 24, 2023, 25% on January 24, 2024, and 25% on January 24, 2025
178 employees	January 25, 2021	–	4,790,126	–	2,445,062	92,500	–	2,252,564	25% on January 24, 2022, 25% on January 24, 2023, 25% on January 24, 2024, and 25% on January 24, 2025
Total		–	8,590,126	–	4,345,062	92,500	–	4,152,564	

MANAGEMENT DISCUSSION AND ANALYSIS

SHARE INCENTIVE SCHEMES (Continued)

4. 2021 Frontage Share Award Scheme (Continued)

The weighted average closing price of the shares immediately before the dates on which the awards were vested during the financial period was HK\$2.07.

The number of awarded shares available for grant under the 2021 Frontage Share Award Scheme at the beginning and the end of the financial period is 181,654,591 and 181,654,591, respectively.

The estimated fair value was approximately US\$16.1 million (equivalent to RMB104.3 million) for the awarded shares. The fair value was calculated by reference to the closing share price of Frontage at the date of grant, which was HK\$6.02 (equivalent to RMB5.02) per share.

Changes in variables and assumptions may result in changes in the fair values of the share options.

The Group recognised total expense of approximately US\$0.48 million (equivalent to approximately RMB3.41 million) for the Reporting Period (for the six months ended June 30, 2023: approximately US\$1.1 million (equivalent to RMB8.0 million)) in relation to share award granted under the 2021 Frontage Share Award Scheme.

The number of shares that may be issued in respect of options and awards granted under all schemes of Frontage during the financial period divided by the weighted average number of shares in issue for the financial period is nil.

5. 2018 DreamCIS Scheme

DreamCIS, a subsidiary of the Company, adopted a share incentive plan in 2018 (the “**2018 DreamCIS Scheme**”) for the primary purpose of attracting, retaining and motivating the directors and employees of DreamCIS. Under the 2018 DreamCIS Scheme, the directors of DreamCIS may grant up to 402,372 share options under the share incentive plan to eligible employees, including the directors and employees of DreamCIS, to subscribe for shares in DreamCIS.

The maximum number of Shares to be granted to a participant under the 2018 DreamCIS Scheme shall not exceed 1% of the total issued share capital of DreamCIS.

Each option granted has a contractual term of 5 years.

The exercise price of options shall be a price determined by the board of Frontage, but may not be less than the highest of (i) the Stock Exchange closing price of the Frontage’s shares on the date of offer of the share options; (ii) the average Stock Exchange closing price of the Frontage’s shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of a share of the Frontage.

Upon adoption of the 2021 DreamCIS Scheme (as defined below), the provisions under the 2018 DreamCIS Scheme pursuant to which share options are granted shall cease to have effect and no further share option shall be granted pursuant to the 2018 DreamCIS Scheme, provided that share options previously granted under the 2018 DreamCIS Scheme shall remain valid and exercisable in accordance with the terms of the 2018 DreamCIS Scheme and their respective terms of grant.

MANAGEMENT DISCUSSION AND ANALYSIS

SHARE INCENTIVE SCHEMES (Continued)

5. 2018 DreamCIS Scheme (Continued)

Pursuant to the capitalisation issue completed during the year ended December 31, 2023 (the “**DreamCIS 2023 Capitalisation Issue**”), all the then outstanding share options granted and the exercise price are adjusted on a one-to-four basis.

Set out below are details of the movements of the outstanding options granted under the 2018 DreamCIS Scheme during the Reporting Period, retroactively reflecting the DreamCIS 2023 Capitalisation Issue:

Category of participants	Date of grant	Exercise price per share KRW	Outstanding as at January 1, 2024	Granted during the Reporting Period	Exercised during the Reporting Period	Forfeited during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at June 30, 2024	Vesting period
Other employees	March 16, 2018	1,250	-	-	-	-	-	-	May 22, 2020
	May 20, 2019	2,670	170,272	-	90,044	80,228	-	-	May 19, 2021
	March 26, 2021	4,075	512,168	-	-	-	-	512,168	March 25, 2023
Total			682,440	-	90,044	80,228	-	512,168	

Notes:

- (1) The option exercise period is three years from two years of employment after the date of grant.
- (2) The weighted average closing price of the shares of DreamCIS immediately before the dates on which the option were exercised was KRW2,670.

The exercise price of options outstanding is KRW4,075 (equivalent to RMB21.1).

The Group recognised total expense of nil for the Reporting Period (for the six months ended June 30, 2023: RMB0.2 million) in relation to share options granted under the 2018 DreamCIS Scheme.

6. 2021 DreamCIS Scheme

DreamCIS adopted a share option scheme in 2021 (the “**2021 DreamCIS Scheme**”) for the primary purpose of providing incentive or reward to directors or employees of DreamCIS for their contribution to, and continuing efforts to promote the interests of, DreamCIS and its subsidiaries and for such other purposes as the DreamCIS Board may approve from time to time.

Eligible participants mainly include directors or employees of DreamCIS who have contributed or will contribute to the incorporation, management, technological innovation, etc. of DreamCIS.

The number of options available for grant under 2021 DreamCIS Scheme at the beginning is 559,597 and remained the same at the end of the Reporting Period. As at the date of this report, 559,597 shares are available for issue under the 2021 DreamCIS Scheme, representing 10% of shares in issue of DreamCIS as at the date of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

SHARE INCENTIVE SCHEMES (Continued)

6. 2021 DreamCIS Scheme (Continued)

No option shall be granted to any participant if, at the relevant time of grant, the number of DreamCIS shares issued and to be issued upon exercise of all options (granted and proposed to be granted, whether exercised, cancelled or outstanding) to the participant in the 12-month period up to and including the date of such grant would exceed 1% of the total number of DreamCIS shares in issue at such time, unless: a) such grant has been duly approved, in the manner prescribed by the relevant provisions of Chapter 17 of the Listing Rules in force from time to time, by ordinary resolution of the Shareholders in general meeting, at which the participant and his associates abstained from voting; b) a circular regarding the grant has been despatched to the Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 17 of the Listing Rules in force from time to time. In accordance with the current Listing Rules, the circular must disclose the identity of the participant, the number and terms of the options to be granted (and options previously granted to such participant), the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4); and c) the number and terms (including the exercise price) of such options are fixed before the general meeting of the Shareholders at which the same are approved.

Each offer shall be in writing made to a participant by letter in such form as may be determined by a special resolution of the general meeting of DreamCIS shareholders or the DreamCIS board may from time to time determine at its discretion (the “Offer Letter”). The Offer Letter shall state, among others, the option period during which the option may be exercised, which period shall be determined in the Offer Letter to grant the option and shall not exceed five years from the date a grantee has served in office for at least two years from the date of the resolution of a general meeting of DreamCIS shareholders or the DreamCIS board granting the option (subject to the provisions for early termination contained in the 2021 DreamCIS Scheme). The DreamCIS shareholders or the DreamCIS board, as the case may be, may specify any other conditions which must be satisfied before the option may be exercised, including without limitation such performance targets (if any) and minimum periods for which an option must be held before it can be exercised, and any other terms in relation to the exercise of the option, including without limitation such percentages of the options that can be exercised during a certain period of time, as the DreamCIS board or the DreamCIS shareholders, as the case may be, may determine from time to time. The DreamCIS shareholders or the DreamCIS board, as the case may be, shall specify in the Offer Letter a date by which the Grantee must accept the Offer, being a date no later than 28 days after the date on which the Option is offered (the “Offer Date”) or the date on which the conditions for the Offer are satisfied, whichever is earlier.

The 2021 DreamCIS Scheme shall be valid and effective for a period of 10 years commencing on March 26, 2021, after which period no further options shall be granted (i.e. March 25, 2031). Subject to the above, in all other respects, in particular, in respect of options remaining outstanding on the expiry of the 10-year period referred to in this paragraph, the provisions of the 2021 DreamCIS Scheme shall remain in full force and effect. The remaining life of the 2021 DreamCIS Scheme is approximately 6.5 years.

MANAGEMENT DISCUSSION AND ANALYSIS

SHARE INCENTIVE SCHEMES (Continued)

6. 2021 DreamCIS Scheme (Continued)

Subject to the effect of alterations to share capital of DreamCIS, and as required by the Commercial Act of Korea, the exercise price shall be a price determined by the special resolution of the DreamCIS shareholders and notified to a participant and shall be at least the higher amount between substantial price (as defined below) as of the date of granting the stock option and their face value or nominal value. For the purpose of the 2021 DreamCIS Scheme, "exercise price" means: (x) average of final quotations of the stocks traded on the securities market and disclosed on a daily basis for two months (if any adjustment to a trading reference price is made due to ex-dividends or ex-rights during the same period, and the day immediately preceding the date of granting the stock option comes after at least seven days from the date the ex-dividends or ex-rights occur, it shall be such period) before the day immediately preceding the date the resolution of the Board is made, weighted by trading volume by real transactions; (y) average of final quotations of the stocks traded on the securities market and disclosed on a daily basis for one month (if any adjustment is made to a trading reference price due to ex-dividends or ex-rights during the same period, and the day immediately preceding the date of granting of the stock option comes after at least seven days from the date the ex-dividends or ex-rights occur, it shall be such period) before the day immediately preceding the date of granting stock option, weighted by trading volume by real transactions; and (z) average of final quotations of the stocks traded on the securities market and disclosed on a daily basis for one week before the day immediately preceding the date the stock option is granted, weighted by trading volume by real transactions.

No grant has been made since the adoption of the 2021 DreamCIS Scheme and up to June 30, 2024. Accordingly, there were no exercise, cancel and lapse of options under the 2021 DreamCIS Scheme since the adoption of such scheme and up to June 30, 2024.

7. DreamCIS 2023 Share Option Scheme

On March 28, 2023, DreamCIS proposed to adopt a share option scheme (the "**DreamCIS 2023 Share Option Scheme**") to provide incentive or reward to directors or employees of DreamCIS for their contribution to, and continuing efforts to promote the interests of DreamCIS and its subsidiaries and for such other purposes as the DreamCIS Board may approve from time to time.

Eligible participants include directors or employees of DreamCIS who have contributed or will contribute to the incorporation, management, technological innovation, etc. of DreamCIS as well as directors or employees of a Related Company (as defined below, in case of granting the Option by resolution of the DreamCIS board, excluding directors of DreamCIS) with supervisor title and above before March 3, 2023; provided that, such person shall not be a Largest Shareholder (as defined below), a Major Shareholder (as defined below), or their Specially Related Person (as defined below, except for persons who have become Specially Related Persons by virtue of becoming an officer of DreamCIS or the Related Company).

MANAGEMENT DISCUSSION AND ANALYSIS

SHARE INCENTIVE SCHEMES (Continued)

7. DreamCIS 2023 Share Option Scheme (Continued)

The qualifications of a person to be granted the option shall be provided for in the articles of incorporation of DreamCIS, through a special resolution of the general meeting of DreamCIS shareholders.

For the purpose of the DreamCIS 2023 Share Option Scheme, a “Related Company” means any of the following, provided that the shares held less than that of (a) or (b) below, but the business scope of the corporations shall be limited to those engaging in manufacturing or sales which affect the results of export of DreamCIS, or those engaging in research and development projects for technical innovation of DreamCIS: (a) a foreign corporation in which investments made by the related company as the largest investor are at least 30% of the corporation’s total equity capital; (b) a foreign corporation in which investments made by the foreign corporation mentioned in above (a) as the largest investor are at least 30% of the former foreign corporation’s equity capital, or a foreign corporation in which investments made by such foreign corporation as the largest investor are at least 30% of the former foreign corporation’s equity capital; or (c) if the related company is a financial holding company as defined in the Financial Holding Companies Act of Korea, an unlisted corporation among subsidiaries and sub-subsidiaries of such financial holding company.

A “**Largest Shareholder**” has its meaning under the Commercial Act of Korea (the “**Commercial Act**”), and means a shareholder who owns the largest number of DreamCIS shares, based on the total number of issued and outstanding DreamCIS shares other than non-voting DreamCIS shares.

A “**Major Shareholder**” has its meaning under the Commercial Act, and means a shareholder who owns more than 10% of the total number of issued and outstanding DreamCIS shares other than non-voting DreamCIS shares on his or her own account regardless of in whose name the DreamCIS shares are held, or exerts de facto influence on important matters related to the management of DreamCIS, including the appointment and dismissal of directors, executive directors or auditors, and his or her spouse, lineal ascendants and lineal descendants.

A “**Specially Related Person**” has its meaning under the Commercial Act, and means any of the following persons of a Largest Shareholder or a Major Shareholder: (a) directors, executive officers, and auditors; (b) affiliated companies and directors, executive officers and auditors thereof; (c) an individual or an organization that has invested at least 30% of the equity capital of the shareholder or has de facto control over important matters in the management of the shareholder, including appointment and dismissal of directors, executive officers and auditors of the shareholder (excluding their affiliated companies) and directors, executive officers and auditors of such individuals or organizations; or (d) an organization, where the shareholder, alone or jointly with the persons specified under (a) through (c) above, has invested at least 30% of the equity capital of such organization or has de facto control over important matters in the management of the organization, including appointment and dismissal of directors, executive officers, and auditors (excluding their affiliated companies) and directors, executive officers and auditors of such organizations.

As the DreamCIS 2023 Share Option Scheme was adopted on July 14, 2023, the number of options available for grant under DreamCIS 2023 Share Option Scheme at the beginning and the end of the Reporting Period is nil and nil, respectively. As at the date of this report, not more than 1,080,000 shares are available for issue under the DreamCIS 2023 Share Option Scheme, representing 4.56% of the total shares in issue of DreamCIS as at the date of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

SHARE INCENTIVE SCHEMES (Continued)

7. DreamCIS 2023 Share Option Scheme (Continued)

No option shall be granted to any participant if, at the relevant time of grant, the number of DreamCIS shares issued and to be issued upon the exercise of all options (excluding options which have lapsed in accordance with the terms of the scheme) to the participant in the 12-month period up to and including the date of such grant would exceed 1% of the total number of DreamCIS shares in issue at such time, unless: (a) such grant has been duly approved, in the manner prescribed by the relevant provisions of the Listing Rules in force from time to time, by ordinary resolution of the Shareholders at the general meeting, at which the participant and his close associates (or associates if the participant is a connected person) abstained from voting; (b) a circular regarding the grant has been despatched to the Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of the Listing Rules in force from time to time. In accordance with the current Listing Rules, the circular must disclose the identity of the participant, the number and terms of the options to be granted (and options to be granted to such participants in the 12-month period aforementioned), the purpose of granting options to participants with an explanation as to how the terms of the options serve such purpose; and (c) the number and terms of such options must be fixed before the general meeting of the Shareholders at which the same are approved.

Each offer shall be in writing made to a participant by letter in such form as may be determined by a special resolution of the general meeting of DreamCIS shareholders or the DreamCIS board may from time to time determine at its discretion (the “**2023 Offer Letter**”). The 2023 Offer Letter shall state, among others, the option period during which the option may be exercised, which period shall be determined in the 2023 Offer Letter to grant the option and shall not exceed five years from the date a grantee has served in office for at least two years from the date of the resolution of a general meeting of DreamCIS shareholders or the DreamCIS board granting the option (subject to the provisions for early termination contained in the DreamCIS 2023 Share Option Scheme). The DreamCIS shareholders or the DreamCIS board, as the case may be, may specify any other conditions which must be satisfied before the option may be exercised, including without limitation minimum periods for which an option must be held before it can be exercised, and any other terms in relation to the exercise of the option, including without limitation such percentages of the options that can be exercised during a certain period of time, as the DreamCIS board or the DreamCIS shareholders, as the case may be, may determine from time to time. Options to be granted under the DreamCIS 2023 Share Option Scheme have no performance target.

The DreamCIS shareholders or the DreamCIS board, as the case may be, shall specify in the 2023 Offer Letter a date by which the grantee must accept the offer, being a date no later than 28 days after the date on which the option is offered or the date on which the conditions for the offer are satisfied, whichever is earlier. No amount is payable on application or acceptance of the option.

The DreamCIS 2023 Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date on which it is adopted by ordinary resolution of the Shareholders at the general meeting or on the date on which it is approved by the DreamCIS board, whichever is later, after which period no further options shall be granted. Subject to the above, in all other respects, in particular, in respect of options remaining outstanding on the expiry of the 10-year period referred to in this paragraph, the provisions of the DreamCIS 2023 Share Option Scheme shall remain in full force and effect. The DreamCIS 2023 Share Option Scheme was approved by the Shareholders at the 2022 AGM. On July 14, 2023, the board of directors of DreamCIS approved the proposed DreamCIS 2023 Share Option Scheme. The remaining life of the DreamCIS 2023 Share Option Scheme is nine years and two months.

MANAGEMENT DISCUSSION AND ANALYSIS

SHARE INCENTIVE SCHEMES (Continued)

7. DreamCIS 2023 Share Option Scheme (Continued)

Subject to the effect of alterations to share capital of DreamCIS, and as required by the Commercial Act, the price at which each DreamCIS share subject to an option may be subscribed for on the exercise of that option, shall be a price determined by the special resolution of the DreamCIS Shareholders and notified to a participant and shall be at least the higher amount between substantial price (as defined below) as at the date of granting the stock option and their face value or nominal value.

For the purpose of the DreamCIS 2023 Share Option Scheme, "substantial price" means: (x) average of final quotations of the stocks traded on the securities market and disclosed on a daily basis for two months (if any adjustment to a trading reference price is made due to ex-dividends or ex-rights during the same period, and the day immediately preceding the date of granting the stock option comes after at least seven days from the date the ex-dividends or ex-rights occur, it shall be such period) before the day immediately preceding the date the resolution of the Board is made, weighted by trading volume by real transactions; (y) average of final quotations of the stocks traded on the securities market and disclosed on a daily basis for one month (if any adjustment is made to a trading reference price due to ex-dividends or ex-rights during the same period, and the day immediately preceding the date of granting of the stock option comes after at least seven days from the date the ex-dividends or ex-rights occur, it shall be such period) before the day immediately preceding the date of granting stock option, weighted by trading volume by real transactions; and (z) average of final quotations of the stocks traded on the securities market and disclosed on a daily basis for one week before the day immediately preceding the date the stock option is granted, weighted by trading volume by real transactions.

During the year ended December 31, 2023, the board of directors of DreamCIS has resolved to grant a total of 1,071,200 share options. Set out below are details of the movements of the outstanding options granted under the 2023 DreamCIS Share Option Scheme during the Reporting Period:

Category of participants	Date of grant	Exercise price per share KRW	Outstanding as at January 1, 2024	Granted during the Reporting Period	Exercised during the Reporting Period	Forfeited during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at June 30, 2024	Vesting period
Other employees	August 31, 2023	3,520	1,016,800	-	-	58,400	-	958,400	August 30, 2025

The number of shares that may be issued in respect of options and awards granted under all schemes of DreamCIS during the financial period divided by the weighted average number of shares in issue for the financial period is 14.33%.

The Group recognised total expense of approximately RMB1.38 million for the Reporting Period (for the six months ended June 30, 2023: nil) in relation to share options granted under the DreamCIS 2023 Share Option Scheme.

MANAGEMENT DISCUSSION AND ANALYSIS

SHARE INCENTIVE SCHEMES (Continued)

8. Fantastic Bioimaging Scheme

Fantastic Bioimaging, a subsidiary of the Company, adopted a share incentive plan in 2019 (the “**Fantastic Bioimaging Scheme**”) for the primary purpose of attracting, retaining and motivating the employees of the Fantastic Bioimaging. Under the Fantastic Bioimaging Scheme, employees are entitled to subscribe the restricted shares of Fantastic Bioimaging at the net asset value of Fantastic Bioimaging.

Upon the acceptance of the restricted shares granted, employees are required to have corresponding capital injection to Fantastic Bioimaging.

In the event that a participant terminates employment with Fantastic Bioimaging due to expiration of his/her service contract, the restricted shares he/she has subscribed for shall be returned to Fantastic Bioimaging, and Fantastic Bioimaging shall return the paid subscription monies to the employees.

Each restricted share granted has a contractual term of 3 years. As of the date of this report, the Fantastic Bioimaging Scheme has ended and no further restricted shares are available for grant under the Fantastic Bioimaging Scheme at the beginning and end of the financial period.

On September 1, 2019, Fantastic Bioimaging granted 466,667 restricted shares to its employees at a price of RMB1.5 per share.

Set out below are details of the movements of the outstanding restricted shares granted under the Fantastic Bioimaging Scheme during the Reporting Period:

Category of participants	Date of grant	Exercise	Outstanding	Granted	Vested	Canceled	Lapsed	Outstanding	Vesting period
		price per restricted share (RMB)	as at January 1, 2024	during the Reporting Period	during the Reporting Period	during the Reporting Period	during the Reporting Period	as at June 30, 2024	
Employees	September 1, 2019	1.5	-	-	-	-	-	-	September 1, 2022

The Group recognised total expense of nil for the Reporting Period (for the six months ended June 30, 2023: nil) in relation to restricted shares granted under the Fantastic Bioimaging Scheme.

MANAGEMENT DISCUSSION AND ANALYSIS

SHARE INCENTIVE SCHEMES (Continued)

9. Meditip Scheme

Meditip Co., Ltd (“**Meditip**”), a subsidiary of the Company, adopted a share incentive plan in 2021 (the “**Meditip Scheme**”) for the primary purpose of attracting, retaining and motivating the directors, employees and outside consultants of Meditip. Under the Meditip Scheme, the directors of Meditip may grant up to 26,500 share options under the Meditip Scheme to eligible employees, including the directors, employees and outside consultants of Meditip, to subscribe for shares in Meditip.

Each share option granted has a contractual term of 6 years.

Set out below are details of the movements of the outstanding options granted under the Meditip Scheme during the Reporting Period:

Category of participants	Date of grant	Exercise price per restricted share (RMB)	Outstanding as at January 1, 2024	Granted during the Reporting Period	Exercised during the Reporting Period	Forfeited during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at June 30, 2024	Vesting period
Other employees	September 8, 2021	281	23,400	–	–	2,900	–	20,500	September 7, 2024

The Group recognised total expense of approximately RMB0.3 million for the six months ended Reporting Period (for the six months ended June 30, 2023: RMB0.7 million) in relation to restricted shares granted under the Fantastic Bioimaging Scheme.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF NET PROCEEDS FROM OUR HONG KONG INITIAL PUBLIC OFFERING

The total net proceeds from the issuance of H Shares by the Company in its listing on the Stock Exchange amounted to approximately HK\$11,817.4 million⁽¹⁾, after deducting the underwriting commission and other estimated expenses payable by the Company in connection with the global offering of the Company.

On March 28, 2022, the Board considered and approved the proposed change in the use of proceeds from the global offering of the Company (the **"Proposed Change in Use of Proceeds"**). The Proposed Change in Use of Proceeds would enable the Company to better allocate its financial resources to opportunities that could drive sustainable growth for the Group and deliver returns to Shareholders in the near future. The Board considers that the changes will help the Company better seize domestic market opportunities, which is in line with the future growth strategies of the Company. The Proposed Change in Use of Proceeds was approved at the annual general meeting of the Company held on May 20, 2022. Please refer to the announcements of the Company dated March 28, 2022 and May 20, 2022 and the circular of the Company dated April 28, 2022 for details. For the unutilized net proceeds of approximately HK\$4,917.7 million as at the end of the Reporting Period, the Company intends to use them in the same manner and proportions as described in the announcement of the Company dated March 28, 2022 and the circular of the Company dated April 28, 2022 and proposes to use the unutilized net proceeds in accordance with the expected timetable disclosed in the table below.

As at the end of the Reporting Period, the Group has used the net proceeds as follows:

	Revised use of proceeds as stated in the announcement of the Company dated March 28, 2022 and the circular of the Company dated April 28, 2022 (HK\$ million)	Net proceeds unutilized as at the beginning of the Reporting Period (HK\$ million)	Actual use of proceeds during the Reporting Period (HK\$ million)	Accumulated actual use of proceeds up to the end of the Reporting Period (HK\$ million)	Net proceeds unutilized as at the end of the Reporting Period (HK\$ million)	Expected timeframe for utilizing the remaining unutilized net proceeds
approximately 15% to organically expand and enhance our service offerings and capabilities across clinical trial solutions services and clinical-related services to meet the rising demands for our services in both domestic and overseas markets	1,594.4	325.1	202.2	1,471.5	122.9	36 to 48 months from the Listing
approximately 40% to fund potential acquisitions of attractive domestic and overseas clinical CROs that are complementary to our existing business as part of our global expansion plan to 1) further strengthen and diversify our service offerings and 2) expand globally and increase capabilities in key markets	4,727.0	4,384.0	22.5	365.5	4,361.5	36 to 60 months from the Listing

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF NET PROCEEDS FROM OUR HONG KONG INITIAL PUBLIC OFFERING (Continued)

	Revised use of proceeds as stated in the announcement of the Company dated March 28, 2022 and the circular of the Company dated April 28, 2022 (HK\$ million)	Net proceeds unutilized as at the beginning of the Reporting Period (HK\$ million)	Actual use of proceeds during the Reporting Period (HK\$ million)	Accumulated actual use of proceeds up to the end of the Reporting Period (HK\$ million)	Net proceeds unutilized as at the end of the Reporting Period (HK\$ million)	Expected timeframe for utilizing the remaining unutilized net proceeds
approximately 20% to foster our biopharmaceutical R&D ecosystem by making minority investments in domestic and overseas companies with innovative business models and growth potential, such as biotech companies, healthcare IT companies, hospitals, medical device and diagnostic research companies	296.7	–	–	296.7	–	–
approximately 10% to repay certain of our outstanding borrowings as of May 31, 2020	1,181.7	–	–	1,181.7	–	–
approximately 5% to develop advanced technologies to enhance the quality and efficiency of our comprehensive service offerings, such as cloud-based virtual clinical trial platforms and laboratory automation, medical data platforms and site management capabilities, through recruiting qualified technical and scientific professionals and undertaking specific R&D projects	590.9	–	–	590.9	–	–
approximately 10% to working capital and general corporate purposes	1,181.7	433.3	–	748.4	433.3	36 to 48 months from the Listing
Total	9,572.4	5,142.4	224.7	4,654.7	4,917.7	

Note:

- The total net proceeds of HK\$11,817.4 million from the issuance of H Shares by the Company from its listing on the Stock Exchange consists of approximately HK\$10,251.0 million of net proceeds received prior to the exercise of the over-allotment option and the additional net proceeds of approximately HK\$1,566.4 million from the issue of over-allotment H Shares expenses. Such over-allotment option was fully exercised on August 29, 2020. Subsequent to the issuance of our interim results report for the six months ended June 30, 2020, the abovementioned amounts have been adjusted over the course of preparing our verification report (驗資報告) to reflect the final net proceeds received by the Company, after deducting paid commissions and other offering expenses. The verification report has been audited and approved by the China Securities Regulatory Commission (中國證監會).

CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend during the Reporting Period (June 30, 2023: nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

On February 6, 2024, the Company convened the fourth meeting of the fifth session of the Board to approve the Resolution on Plan for the Repurchase of the Shares of the Company, pursuant to which the Company approved the Share Repurchase, which will be subsequently used to implement the A share equity incentive scheme or A Share employee stock ownership plan. The total amount of the fund for the Share Repurchase shall be not less than RMB500 million and not more than RMB1 billion. The price of the Share Repurchase shall be not more than RMB60.00 per Share (inclusive). In the event of any distribution of dividends or bonus shares, conversion of capital reserve into share capital, stock split or stock consolidation, share placing and other ex-rights or ex-dividend matters during the period of the Share Repurchase, the Company will adjust the maximum price for the Share Repurchase pursuant to relevant requirements of CSRC and the Shenzhen Stock Exchange.

On April 12, 2024, in light of the current capital market and the actual situation of the Company, to further boost investor confidence and safeguard the smooth implementation of the Company's Share Repurchase, the Board convened the seventh meeting of the fifth session of the Board, pursuant to which the following adjustments were made to the Resolution on Plan for the Repurchase of the Shares of the Company. The price for the repurchase of Shares shall be adjusted from "not exceeding RMB60.00 per Share (inclusive)" to "not exceeding RMB72.00 per Share (inclusive)", and the number of Shares to be repurchased will be adjusted accordingly in accordance with the maximum repurchase price pursuant to such adjustment. Based on the maximum repurchase amount of RMB1 billion and the maximum repurchase price of RMB72.00 per Share, it is estimated that the number of Shares to be repurchased will be approximately 13,888,888 Shares, representing approximately 1.59% of the current total issued share capital of the Company; based on the minimum repurchase amount of RMB500 million and the maximum repurchase price of RMB72.00 per Share, it is estimated that the number of Shares to be repurchased will be approximately 6,944,444 shares, representing approximately 0.80% of the current total issued share capital of the Company, subject to the actual number of shares to be repurchased upon the expiry of the period of the Share Repurchase.

Please refer to the announcements of the Company dated February 6, 2024, April 10, 2024 and April 12, 2024 and the circular of the Company dated April 10, 2024 for details.

CORPORATE GOVERNANCE AND OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY (Continued)

During the Reporting Period, the Company repurchased a total of 3,451,200 A Shares through centralized price bidding, representing 0.37% of the total share capital of the Company. The highest transaction price was RMB55.3 per Share and the lowest transaction price was RMB50.04 per Share, with an average repurchase price of RMB52.39 per Share and a total transaction amount of RMB180,796,021.11 (excluding transaction fees). Details of the repurchase during the Reporting Period are as follows:

Date	Number of repurchased A Shares (Shares)	The highest repurchase price (RMB/Share)	The lowest repurchase price (RMB/Share)	Total Consideration (RMB)
May 23, 2024	184,600	55.15	55.021	10,156,863.05
May 24, 2024	301,100	55.1	54.81	16,558,792.1
May 27, 2024	105,000	55.3	55.1	5,797,155
May 28, 2024	100,000	54.77	54.61	5,470,556.15
May 29, 2024	268,000	53.4	53.07	14,265,279
May 30, 2024	104,000	53.89	53.49	5,577,659.88
May 31, 2024	106,000	54.01	53.83	5,714,615
June 3, 2024	203,000	53.65	52.93	10,817,599.76
June 14, 2024	1,427,500	53.8	50.04	72,483,114.43
June 17, 2024	190,000	53.68	53.41	10,179,680
June 18, 2024	154,500	52.15	51.91	8,034,294
June 19, 2024	150,000	51.87	51.74	7,770,852
June 20, 2024	157,500	50.8	50.33	7,969,560.74

Save as disclosed above, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the Reporting Period. As of the end of the Reporting Period, the Company held 3,451,200 A Shares as treasury shares.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CHANGE OF INFORMATION OF DIRECTORS AND SUPERVISORS

On March 21, 2024, as approved by the first extraordinary general meeting of the Company, due to personal work reasons, Dr. Yang Bo has resigned from her role as an independent non-executive Director, as well as her positions as the convenor (chairperson) and member of the Nomination Committee, member of the Audit Committee and member of the Strategy Development Committee of the fifth session of the Board. On even date, as approved by the fifth meeting of the fifth session of the Board and the 2024 first extraordinary general meeting of the Company, Ms. Liu Yuwen was appointed as an independent non-executive Director, as well as the convener (chairperson) and a member of the Nomination Committee, a member of the Audit Committee and a member of the Strategy Development Committee of the fifth session of the Board.

For details, please refer to the announcements of the Company dated February 27, 2024 and March 21, 2024.

Ms. Liu Yuwen has obtained the legal advice under rule 3.09D of the Listing Rules on April 3, 2024 and has confirmed that she understood her obligations as a Director.

Save as disclosed in this report, during the Reporting Period, there was no change to information which was required to be disclosed by Directors and Supervisors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules.

INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As of June 30, 2024, interests or short positions of Directors, Supervisors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which are registered in the register that the Company must keep in accordance with section 352 of the Securities and Futures Ordinance; or which shall be separately notified to the Company and the Stock Exchange pursuant to the Model Code are as follows:

CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS (Continued)

Interests of our Directors in the Shares or Underlying Shares of the Company

Name of Director	Nature of Interest	Number and class of Shares interested in	Approximate percentage of shareholding in the relevant class of Shares**	Approximate percentage of shareholding in the total Shares in issue of the Company***
Dr. Ye Xiaoping ⁽¹⁾	Beneficial owner; Interest of person acting in concert	228,901,315 Shares A Shares (L)*	30.86% (L)*	26.46% (L)*
Ms. Cao Xiaochun ⁽¹⁾	Beneficial owner; Interest of person acting in concert	228,901,315 Shares A Shares (L)*	30.86% (L)*	26.46% (L)*

Notes:

* "L" means holding a long position in Shares.

** Refers to the percentage of the number of relevant class of Shares involved divided by the number of Shares in issue of the relevant class of Shares of the Company as at June 30, 2024.

*** Refers to the percentage of the number of relevant class of Shares involved divided by the number of all Shares in issue of the Company (Total: 864,948,570 Shares including 741,823,770 A Shares and 123,124,800 H Shares) as at June 30, 2024.

- (1) Dr. Ye Xiaoping and Ms. Cao Xiaochun entered into the Concert Agreement on June 9, 2010 and each of them is deemed to be interested in the A Shares that the other person is interested in under section 317 of the SFO. Dr. Ye Xiaoping holds 177,239,541 of our A Shares, representing 20.49% of our total issued share capital of our Company. Ms. Cao Xiaochun holds 51,661,774 of our A Shares, representing 5.97% of our total issued share capital of our Company. Therefore, Dr. Ye Xiaoping and Ms. Cao Xiaochun are deemed to be interested in a total of 228,901,315 of our A Shares, representing 30.55% of the total number of A Shares of our Company and 26.24% of our total issued share capital.

Interests of our Directors in the Shares or Underlying Shares of our Associated Corporations

Name of Director	Nature of Interest	Member of our Group	Number and class of shares	Approximate percentage of shareholding
Dr. Ye Xiaoping	Beneficial owner	Tigermed Malaysia Sdn. Bhd.	1 share	1.00%

Save as disclosed above, so far as the Directors are aware, as at June 30, 2024, none of our Directors, Supervisors or chief executives has any interest and/or short position in the Shares, underlying Shares and debentures of the Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at June 30, 2024, so far as it was known to the Directors or chief executive of the Company, the following persons (other than the Directors, Supervisors and chief executive of the Company) had interests and/or short positions in the Shares or underlying Shares which are required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO, or had interests or short positions in 5% or more of the respective type of Shares which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Nature of Interest	Number and class of shares*	Approximate percentage of shareholding in relevant class of shares**	Approximate percentage of the Company's issued share capital***
2017 Eagle Holdings LLC ⁽¹⁾	Interest in controlled corporation	14,606,581 H Shares (L)	11.86%	1.69%
F-J Sands Family I, LLC ⁽¹⁾	Interest in controlled corporation	14,606,581 H Shares (L)	11.86%	1.69%
Sands Capital Management, LLC ⁽¹⁾	Beneficial owner	13,319,131 H Shares (L)	10.82%	1.54%
Sands Capital Management, LP ⁽¹⁾	Interest in controlled corporation	13,319,131 H Shares (L)	10.82%	1.54%
Sands Family Trust, LLC ⁽¹⁾	Interest in controlled corporation	13,319,131 H Shares (L)	10.82%	1.54%
Sands Frank Melville Jr. ⁽¹⁾	Interest in controlled corporation	13,319,131 H Shares (L)	10.82%	1.54%
Brown Brothers Harriman & Co.	Approved lending agent	7,560,500 H Shares (L)	6.10%	0.87%
		7,560,500 H Shares (P)	6.10%	0.87%
Ninety One UK Limited	Investment manager	7,560,500 H Shares (L)	6.14%	0.87%
Canada Pension Plan Investment Board	Beneficial owner	7,211,093 H Shares (L)	5.86%	0.83%
易方達基金管理有限公司	Investment manager	12,081,409 H Shares (L)	9.81%	1.40%

CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY (Continued)

Notes:

- * (L)-Long position; (S)-Short position; (P)-Lending pool.
 - ** Refers to the percentage of the number of relevant class of Shares involved divided by the number of Shares in issue of the relevant class of Shares of the Company as at June 30, 2024.
 - *** Refers to the percentage of the number of relevant class of Shares involved divided by the number of all Shares in issue of the Company (Total: 864,948,570 Shares including 741,823,770 A Shares and 123,124,800 H Shares) as at June 30, 2024.
- (1) Sands Frank Melville Jr. through groups of companies that he has interest in, directly and indirectly held 13,319,131 H Shares.

Save as disclosed above, to the best knowledge of the Directors or chief executive of the Company, as at June 30, 2024, no person (other than the Directors, Supervisors and the chief executive) had informed the Company that he/she had interests or short positions in the Shares or underlying Shares of equity derivatives of the Company which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO, or held any interests or short position in 5% or more of the respective types of capital in issue of the Company.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Apart from the above disclosed in the section of "SHARE INCENTIVE SCHEMES", at no time during the Reporting Period was the Company, its holding company, or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debt securities including debentures of, the Company or any other body corporate.

COMPLIANCE WITH THE CG CODE

The Company has adopted the principles and code provisions as set out in Part 2 of the CG Code and has complied with the code provisions in the CG Code during the Reporting Period.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct regarding dealings in the securities of the Company by the Directors, the Supervisors and the Group's senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Group or the Company's securities.

On January 29, 2024 and February 1, 2024, Ms. Cao Xiaochun, an executive Director and the general manager of the Company, pledged a total of 5,000,000 listed A Shares (the "Pledges") as additional collaterals in favour of Essence Securities Asset Management Co., Ltd. (安信證券資產管理有限公司) ("Essence Securities") for a loan provided by Essence Securities to her to facilitate her personal financial arrangements as demanded by Essence Securities as a result of a significant drop of the share price of the Company at the relevant times. Ms. Cao Xiaochun was in a passive position in relation to the Pledges. The Directors (except Ms. Cao Xiaochun who is affected by the Pledges) were satisfied that the Pledges occurred under exceptional circumstances within the meaning of Rule C.14 of the Model Code and should be allowed.

The Company had made specific enquiry of all Directors and Supervisors in relation to the compliance of the Model Code and was not aware of any non-compliance with the Model Code by the Directors and Supervisors during the Reporting Period.

CORPORATE GOVERNANCE AND OTHER INFORMATION

EVENTS AFTER THE REPORTING PERIOD

Subsequent to June 30, 2024, the following significant events took place:

1. On August 28, 2024, the Company convened the tenth meeting of the fifth session of the Board, the Board resolved and approved, amongst others, the proposed amendments to the articles of association of the Company and the rules of procedure for meetings of shareholders, rules of procedures for the Supervisory Committee and the rules of procedures for the Board (the **“Proposed Amendments to the Articles and Related Rules of Procedures”**) to reflect the relevant laws, administrative regulations and regulatory documents, and taking into account the needs of the Company’s business development. The Proposed Amendments to the Articles and Related Rules of Procedures are subject to the approval of the Shareholders at the 2024 third extraordinary general meeting of the Company by way of special resolution. For details, please refer to the announcement of the Company dated August 28, 2024.
2. On August 28, 2024, the Company convened the tenth meeting of the fifth session of the Board, the Board resolved and approved, amongst others, the further change in use of proceeds from the H Shares IPO (the **“Further Change in Use of Proceeds from the H Shares Offering”**) to enable the Company to better allocate its financial resources to opportunities that could drive sustainable growth for the Group and deliver returns to shareholders in the near future. The Further Change in Use of Proceeds from the H Shares Offering is subject to the approval by the Shareholders at the 2024 third extraordinary general meeting of the Company by way of ordinary resolution. For details, please refer to the announcement of the Company dated August 28, 2024.

REVIEW OF INTERIM RESULTS AND INTERIM REPORT

The Audit Committee comprises three independent non-executive Directors, namely Mr. Liu Kai Yu Kenneth, Mr. Yuan Huagang, Ms. Liu Yuwen. The chairman of the Audit Committee is Mr. Liu Kai Yu Kenneth, who holds the appropriate qualification as required under Rules 3.10(2) and 3.21 of the Listing Rules. The Audit Committee has reviewed the Group’s 2024 interim results announcement, interim report and unaudited condensed consolidated financial information of the Group for the six months ended June 30, 2024 with the management of the Company. The Audit Committee considered that the interim results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management of the Company.

By order of the Board
Hangzhou Tigermed Consulting Co., Ltd.
Ye Xiaoping
Chairman

Hong Kong, August 28, 2024

CONSOLIDATED BALANCE SHEET

as at 30 June 2024

(All amounts in RMB Yuan unless otherwise stated)

Items	Note	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Current assets:			
Cash at bank and on hand		3,172,620,470.07	7,419,991,842.25
Settlement provisions			
Placements with banks and other financial institutions			
Financial assets held for trading	5(1)	42,517,737.73	42,138,295.67
Derivative financial assets			
Notes receivables	5(2)	13,644,901.84	214,560.00
Accounts receivables	5(3)	1,332,911,879.30	1,260,700,340.86
Receivables financing			
Advances to suppliers	5(6)	86,532,181.89	56,545,630.65
Insurance premiums receivable			
Reinsurance premium receivable			
Reserves for reinsurance contracts receivable			
Other receivables	5(5)	105,960,575.94	79,577,742.45
Including: Interest receivable		17,376,536.37	19,636,120.18
Dividends receivable			
Financial assets held under resale agreements			
Inventories		22,136,941.00	23,397,667.40
Including: data resources			
Contract assets	5(4)	2,811,792,918.88	2,364,435,242.53
Assets held for sale			
Non-current assets due within one year			
Other current assets		58,517,272.05	97,139,803.40
Total current assets		7,646,634,878.70	11,344,141,125.21

CONSOLIDATED BALANCE SHEET

as at 30 June 2024

(All amounts in RMB Yuan unless otherwise stated)

Items	Note	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Non-current assets:			
Loans and advances to customers			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments		3,518,375,411.56	2,977,027,510.07
Other equity instrument investments	5(7)	9,872,440.95	14,507,959.32
Other non-current financial assets	5(8)	10,497,204,889.49	10,231,701,776.67
Investment properties			
Fixed assets	5(9)	608,338,138.68	638,751,357.57
Construction in progress	5(10)	472,627,690.59	324,278,367.30
Bearer biological assets			
Oil and gas assets			
Right-of-use assets	5(11)	456,868,986.13	509,578,081.32
Intangible assets		345,000,363.85	371,129,876.93
Including: data resources			
Development costs			
Including: data resources			
Goodwill	5(12)	2,799,342,027.04	2,764,188,189.08
Long-term prepaid expenses		197,936,926.37	213,751,116.95
Deferred tax assets		123,325,371.64	134,791,338.83
Other non-current assets	5(13)	3,741,589,284.84	156,895,649.92
Total non-current assets		22,770,481,531.14	18,336,601,223.96
TOTAL ASSETS		30,417,116,409.84	29,680,742,349.17

CONSOLIDATED BALANCE SHEET

as at 30 June 2024

(All amounts in RMB Yuan unless otherwise stated)

Items	Note	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Current liabilities:			
Short-term borrowings	5(14)	2,767,059,200.00	1,969,693,500.00
Borrowings from central bank			
Placements from banks and other financial institutions			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payables	5(15)	3,399,000.00	
Accounts payables	5(16)	227,112,814.45	249,307,924.54
Advances from customers			
Contract liabilities		772,245,863.28	680,489,184.98
Financial assets sold under repurchase agreements			
Customer deposits and deposits from banks and other financial institutions			
Security trading of agency			
Securities underwriting			
Employee benefits payable		233,446,905.33	357,979,354.68
Taxes payable	5(18)	158,161,687.49	220,759,136.97
Other payables	5(17)	594,905,642.35	78,673,426.67
Including: Interests payable		6,898,997.92	6,392,172.03
Dividends payable		513,481,650.41	3,470,035.91
Fee and commission payable			
Reinsured accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year	5(19)	555,727,450.13	563,595,304.44
Other current liabilities		20,357,240.08	18,238,459.30
Total current liabilities		5,332,415,803.11	4,138,736,291.58

CONSOLIDATED BALANCE SHEET

as at 30 June 2024

(All amounts in RMB Yuan unless otherwise stated)

Items	Note	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Non-current liabilities:			
Insurance contract reserves			
Long-term borrowings	5(20)	404,817,974.35	434,223,304.63
Debentures payable			
Including: Preference shares			
Perpetual Bonds			
Lease liabilities		386,754,553.73	423,108,703.51
Long-term payables			
Long-term employee benefits payable		2,476,446.05	2,538,825.71
Provisions			
Deferred income		14,462,985.38	14,594,433.99
Deferred tax liabilities		208,712,497.33	213,978,644.49
Other non-current liabilities			
Total non-current liabilities		1,017,224,456.84	1,088,443,912.33
Total liabilities		6,349,640,259.95	5,227,180,203.91
Owners' equity:			
Share capital	5(21)	864,948,570.00	872,418,220.00
Other equity instruments			
Including: Preference shares			
Perpetual Bonds			
Capital reserve	5(22)	10,776,919,164.02	11,708,834,896.63
Less: Treasury shares	5(23)	180,796,021.11	869,336,804.33
Other comprehensive income	5(24)	91,214,186.82	103,534,270.25
Special reserve			
Surplus reserve	5(25)	436,529,393.76	436,529,393.76
Provision for general risks			
Undistributed profits	5(26)	8,776,352,812.65	8,774,794,749.44
Total equity attributable to equity owners of the Company		20,765,168,106.14	21,026,774,725.75
Minority interests		3,302,308,043.75	3,426,787,419.51
Total owners' equity		24,067,476,149.89	24,453,562,145.26
TOTAL LIABILITIES AND OWNERS' EQUITY		30,417,116,409.84	29,680,742,349.17

COMPANY BALANCE SHEET

as at 30 June 2024

(All amounts in RMB Yuan unless otherwise stated)

Items	Note	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Current assets:			
Cash at bank and on hand		2,070,719,626.14	5,864,404,321.18
Financial assets held for trading			
Derivative financial assets			
Notes receivables		11,321,948.00	
Accounts receivables		790,165,757.37	844,420,011.82
Receivables financing			
Advances to suppliers		12,132,667.60	7,953,528.04
Other receivables		392,528,274.18	358,533,908.80
Including: Interest receivable		17,182,916.67	19,561,340.82
Dividends receivable			
Inventories			
Including: data resources			
Contract assets		1,856,122,913.63	1,605,838,325.84
Assets held for sale			
Non-current assets due within one year			
Other current assets		895,260.27	
Total current assets		5,133,886,447.19	8,681,150,095.68
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments		10,740,173,099.00	9,635,474,620.52
Other equity instrument investments			
Other non-current financial assets		943,609,787.05	940,558,478.03
Investment properties			
Fixed assets		22,458,925.74	25,006,415.77
Construction in progress		140,182,315.02	85,836,649.97
Bearer biological assets			
Oil and gas assets			
Right-of-use assets		45,552,786.76	45,042,163.26
Intangible assets		31,248,773.80	32,081,808.39
Including: data resources			
Development costs			
Including: data resources			
Goodwill			
Long-term prepaid expenses		4,745,312.43	6,868,273.64
Deferred tax assets		34,052,428.39	28,018,512.53
Other non-current assets		3,695,172,725.24	4,873,199.16
Total non-current assets		15,657,196,153.43	10,803,760,121.27
TOTAL ASSETS		20,791,082,600.62	19,484,910,216.95

COMPANY BALANCE SHEET

as at 30 June 2024

(All amounts in RMB Yuan unless otherwise stated)

Items	Note	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Current liabilities:			
Short-term borrowings		2,548,600,000.00	1,873,400,000.00
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payables			
Accounts payables		727,458,933.42	660,832,632.01
Advances from customers			
Contract liabilities		90,271,085.89	86,373,330.85
Employee benefits payable		30,601,756.55	64,232,912.86
Taxes payable		59,780,379.36	110,878,596.74
Other payables		2,969,510,511.45	1,889,651,884.20
Including: Interests payable		3,919,436.55	3,230,101.78
Dividends payable		491,290,787.76	
Liabilities held for sale			
Non-current liabilities due within one year		354,767,086.66	366,544,939.85
Other current liabilities		4,726,360.16	4,554,738.13
Total current liabilities		6,785,716,113.49	5,056,469,034.64
Non-current liabilities:			
Long-term borrowings			
Debentures payable			
Including: Preference shares			
Perpetual Bonds			
Lease liabilities		36,851,212.86	28,426,833.43
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income			
Deferred tax liabilities		70,529,861.25	67,296,751.58
Other non-current liabilities			
Total non-current liabilities		107,381,074.11	95,723,585.01
Total liabilities		6,893,097,187.60	5,152,192,619.65

COMPANY BALANCE SHEET

as at 30 June 2024

(All amounts in RMB Yuan unless otherwise stated)

Items	Note	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Owners' equity:			
Share capital		864,948,570.00	872,418,220.00
Other equity instruments			
Including: Preference shares			
Perpetual Bonds			
Capital reserve		10,727,744,006.79	11,555,102,983.84
Less: Treasury shares		180,796,021.11	869,336,804.33
Other comprehensive income			
Special reserve			
Surplus reserve		436,209,110.00	436,209,110.00
Undistributed profits		2,049,879,747.34	2,338,324,087.79
Total owners' equity		13,897,985,413.02	14,332,717,597.30
TOTAL LIABILITIES AND OWNERS' EQUITY		20,791,082,600.62	19,484,910,216.95

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2024

(All amounts in RMB Yuan unless otherwise stated)

Items	Note	For the six months ended	
		30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
I. Total operating revenue		3,358,244,223.39	3,710,850,371.59
Including: Operating revenue	5(27)	3,358,244,223.39	3,710,850,371.59
Interest income			
Premiums earned			
Fee and commission income			
II. Total operating costs		2,626,269,846.32	2,720,025,504.93
Including: Operating costs	5(27)	2,025,196,633.70	2,229,763,452.35
Interest expenses			
Fee and commission expense			
Refunded premiums			
Net payment from indemnity			
Net provision for insurance contracts			
Insurance policy dividend paid			
Reinsured expenses			
Taxes and surcharges		14,493,882.32	14,804,829.17
Selling expenses	5(29)	101,377,890.50	88,998,358.31
General and administrative expenses	5(28)	376,615,946.18	346,470,988.24
Research and development expenses	5(30)	124,694,222.85	128,082,457.82
Financial expenses	5(31)	-16,108,729.23	-88,094,580.96
Including: Interest expenses		67,432,236.02	52,814,698.13
Interest income		71,381,356.68	122,538,479.23
Add: Other income	5(32)	17,348,696.48	8,896,585.58
Investment income ("-" for losses)	5(34)	70,743,456.58	98,902,116.93
Including: Share of profit of associates and joint ventures		44,095,071.11	63,724,392.56
Derecognition of financial assets at amortized cost			
Exchange gain ("-" for losses)			
Net gain from exposure hedging ("-" for losses)			
Gains from changes in fair values ("-" for losses)	5(33)	-98,403,141.06	529,757,595.42
Credit impairment losses ("-" for losses)		-27,659,162.33	-21,559,038.29
Asset impairment losses ("-" for losses)		-8,424,529.23	-8,218,437.27
Gains on disposals of assets ("-" for losses)		1,489,722.71	-5,900.81
III. Operating Profit ("-" for losses)		687,069,420.22	1,598,597,788.22
Add: Non-operating income	5(35)	4,950,417.77	4,549,742.46
Less: Non-operating expenses	5(36)	1,926,665.02	4,002,437.68

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2024
(All amounts in RMB Yuan unless otherwise stated)

Items	Note	For the six months ended	
		30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
IV. Total Profit ("-" for losses)		690,093,172.97	1,599,145,093.00
Less: Income tax expenses	5(37)	132,514,479.05	191,055,100.26
V. Net Profit ("-" for losses)		557,578,693.92	1,408,089,992.74
(I) Classified by continuity of operations			
1. Net profit from continuing operations ("-" for losses)		557,578,693.92	1,408,089,992.74
2. Net profit from discontinued operations ("-" for losses)			
(II) Classified by ownership of the equity			
1. Attributable to equity owners of the Company ("-" for losses)		492,848,850.97	1,388,337,006.20
2. Minority interests ("-" for losses)		64,729,842.95	19,752,986.54
VI. Other comprehensive income, net of tax		-30,370,935.25	103,163,104.24
Attributable to equity owners of the Company		-12,320,083.43	69,870,509.83
(I) Other comprehensive income that will not be reclassified to profit or loss		-2,022,158.59	
1. Changes arising from remeasurement of net liability or net asset of defined benefit plan			
2. Shares of other comprehensive income of the investee accounted for using equity method that will not be subsequently reclassified to profit or loss			
3. Changes in fair value of other equity instrument investments		-2,022,158.59	
4. Changes in fair value attributable to change in the credit risk of financial liability designated at FVPL			
5. Others			
(II) Other comprehensive income that will be reclassified to profit or loss		-10,297,924.84	69,870,509.83
1. Shares of other comprehensive income of the investee accounted for using equity method that will be reclassified to profit or loss			
2. Changes in fair value of other debt investments			
3. Shares of financial assets reclassified to other comprehensive income			
4. Provision for credit impairment of other debt investments			
5. Cash flow hedges reserve			
6. Translation differences of foreign currency financial statements		-10,297,924.84	69,870,509.83
7. Others			
Attributable to minority interests		-18,050,851.82	33,292,594.41

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2024

(All amounts in RMB Yuan unless otherwise stated)

Items	Note	For the six months ended	
		30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
VII. Total comprehensive income		527,207,758.67	1,511,253,096.98
Attributable to equity owners of the Company		480,528,767.54	1,458,207,516.03
Attributable to minority interests		46,678,991.13	53,045,580.95
VIII. Earnings per share:			
(I) Basic earnings per share		0.57	1.61
(II) Diluted earnings per share		0.57	1.61

If a business combination under the same control occurs in the current period, the net profit achieved by the party being combined before the combination is: RMB0.00, and the net profit achieved by the party being combined in the previous period is: RMB0.00.

COMPANY INCOME STATEMENT

For the six months ended 30 June 2024
(All amounts in RMB Yuan unless otherwise stated)

Items	Note	For the six months ended	
		30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
I. Operating revenue		1,167,311,066.84	1,598,182,646.65
Less: Operating costs		812,551,347.19	1,096,068,234.12
Taxes and surcharges		3,413,439.80	7,064,507.26
Selling expenses		36,129,857.64	30,346,042.62
General and administrative expenses		87,865,847.43	71,078,789.72
Research and development expenses		47,929,443.41	52,682,362.65
Financial expenses		-30,655,076.96	-102,740,031.14
Including: Interest expenses		35,422,172.44	30,063,050.01
Interest income		60,101,822.42	111,346,293.94
Add: Other income		1,872,946.19	3,204,639.19
Investment income ("-" for losses)		47,224,012.57	34,912,251.17
Including: Share of profit of associates and joint ventures		32,071.97	-810,870.73
Derecognition of financial assets at amortized cost			
Net gain from exposure hedging ("-" for losses)			
Gains from changes in fair values ("-" for losses)		29,947,509.96	59,545,181.26
Credit impairment losses ("-" for losses)		-35,502,501.84	-15,905,879.89
Asset impairment losses ("-" for losses)		-4,587,701.20	-4,029,099.38
Gains on disposals of assets ("-" for losses)		-12,514.33	924.02
II. Operating Profit ("-" for losses)		249,017,959.68	521,410,757.79
Add: Non-operating income		0.02	35,100.00
Less: Non-operating expenses		625,484.35	957,216.15
III. Total Profit ("-" for losses)		248,392,475.35	520,488,641.64
Less: Income tax expenses		45,546,028.04	84,998,943.15
IV. Net Profit ("-" for losses)		202,846,447.31	435,489,698.49
(I) Net profit from continuing operations ("-" for losses)		202,846,447.31	435,489,698.49
(II) Net profit from discontinued operations ("-" for losses)			

COMPANY INCOME STATEMENT

For the six months ended 30 June 2024

(All amounts in RMB Yuan unless otherwise stated)

Items	Note	For the six months ended	
		30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
V. Other comprehensive income, net of tax			
(I) Other comprehensive income that will not be reclassified to profit or loss			
(II) Other comprehensive income that will be reclassified to profit or loss			
VI. Total comprehensive income		202,846,447.31	435,489,698.49
VII. Earnings per share:			
(I) Basic earnings per share		0.23	0.50
(II) Diluted earnings per share		0.23	0.50

CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2024
(All amounts in RMB Yuan unless otherwise stated)

Items	Note	For the six months ended	
		30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
I. Cash flows from operating activities:			
Cash received from sales of goods or rendering of services		3,056,322,442.94	3,310,082,306.61
Refund of taxes and surcharges		1,183,047.88	6,355,082.49
Cash received relating to other operating activities		109,908,791.08	182,154,184.51
Sub-total of cash inflows from operating activities		3,167,414,281.90	3,498,591,573.61
Cash paid for goods and services		848,583,328.12	1,072,712,094.43
Cash paid to and on behalf of employees		1,609,200,179.32	1,530,130,605.35
Payments of taxes and surcharges		323,762,293.83	338,405,234.03
Cash paid relating to other operating activities		208,540,095.92	182,302,384.46
Sub-total of cash outflows from operating activities		2,990,085,897.19	3,123,550,318.27
Net cash flows from operating activities		177,328,384.71	375,041,255.34
II. Cash flows from investing activities:			
Cash received from disposal of investments		286,899,076.47	349,639,774.18
Cash received from returns on investments		13,078,605.87	11,194,612.05
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		128,657.76	4,761,803.69
Net cash received from disposal of subsidiaries and other business units			
Cash received relating to other investing activities		13,835,699.65	39,388,834.63
Sub-total of cash inflows from investing activities		313,942,039.75	404,985,024.55
Cash paid to acquire fixed assets, intangible assets and other long-term assets		202,262,777.11	156,979,499.03
Cash paid to acquire investments		4,733,489,965.34	956,088,659.08
Net increase in pledged loans			
Net cash paid to acquire subsidiaries and other business units			
Cash paid relating to other investing activities			476,786.42
Sub-total of cash outflows from investing activities		4,935,752,742.45	1,113,544,944.53
Net cash flows from investing activities		-4,621,810,702.70	-708,559,919.98

CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2024

(All amounts in RMB Yuan unless otherwise stated)

Items	Note	For the six months ended	
		30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
III. Cash flows from financing activities:			
Cash received from capital contributions		31,300,000.00	243,589,156.00
Including: Cash received from capital contributions by minority shareholders of subsidiaries		31,300,000.00	240,060,000.00
Cash received from borrowings		1,515,318,400.00	1,455,850,834.02
Cash received relating to other financing activities		54,500,229.06	3,890,982.74
Sub-total of cash inflows from financing activities		1,601,118,629.06	1,703,330,972.76
Cash repayments of borrowings		742,705,523.51	896,841,185.47
Cash payments for distribution of dividends, profits or interest expenses		83,954,901.98	66,323,828.58
Payments for the dividends and profits distributed to minority shareholders of subsidiaries		19,797,431.75	14,497,540.33
Cash payments relating to other financing activities		568,248,193.06	119,095,755.79
Sub-total of cash outflows from financing activities		1,394,908,618.55	1,082,260,769.84
Net cash flows from financing activities		206,210,010.51	621,070,202.92
IV. Effect of foreign exchange rate changes on cash and cash equivalents		1,473,866.18	25,879,265.82
V. Net increase in cash and cash equivalents		-4,236,798,441.30	313,430,804.10
Add: Ending balance of cash and cash equivalents at beginning of period		7,399,941,369.85	7,782,740,887.02
VI. Ending balance of cash and cash equivalents at end of period		3,163,142,928.55	8,096,171,691.12

COMPANY CASH FLOW STATEMENT

For the six months ended 30 June 2024
(All amounts in RMB Yuan unless otherwise stated)

Items	Note	For the six months ended	
		30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
I. Cash flows from operating activities:			
Cash received from sales of goods or rendering of services		965,189,611.35	1,246,722,857.41
Refund of taxes and surcharges			
Cash received relating to other operating activities		1,883,962,980.78	2,460,295,558.34
Sub-total of cash inflows from operating activities		2,849,152,592.13	3,707,018,415.75
Cash paid for goods and services		520,598,619.61	641,096,729.71
Cash paid to and on behalf of employees		353,380,727.71	351,721,847.89
Payments of taxes and surcharges		134,844,666.92	144,833,098.13
Cash paid relating to other operating activities		1,305,721,726.00	2,555,749,448.12
Sub-total of cash outflows from operating activities		2,314,545,740.24	3,693,401,123.85
Net cash flows from operating activities		534,606,851.89	13,617,291.90
II. Cash flows from investing activities:			
Cash received from disposal of investments		26,965,430.80	102,799,088.21
Cash received from returns on investments		38,759,851.33	21,611,424.45
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		7,862.89	2,695.15
Net cash received from disposal of subsidiaries and other business units			
Cash received relating to other investing activities			4,118,955.20
Sub-total of cash inflows from investing activities		65,733,145.02	128,532,163.01
Cash paid to acquire fixed assets, intangible assets and other long-term assets		64,112,552.88	39,052,524.17
Cash paid to acquire investments		4,771,951,881.89	630,420,588.30
Net cash paid to acquire subsidiaries and other business units			
Cash paid relating to other investing activities			
Sub-total of cash outflows from investing activities		4,836,064,434.77	669,473,112.47
Net cash flows from investing activities		-4,770,331,289.75	-540,940,949.46

COMPANY CASH FLOW STATEMENT

For the six months ended 30 June 2024

(All amounts in RMB Yuan unless otherwise stated)

Items	Note	For the six months ended	
		30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
III. Cash flows from financing activities:			
Cash received from capital contributions			
Cash received from borrowings		1,382,600,000.00	1,382,400,000.00
Cash received relating to other financing activities			
Sub-total of cash inflows from financing activities		1,382,600,000.00	1,382,400,000.00
Cash repayments of borrowings		711,400,000.00	845,500,000.00
Cash payments for distribution of dividends, profits or interest expenses		33,631,187.23	30,151,765.25
Cash payments relating to other financing activities		195,897,733.26	15,490,808.52
Sub-total of cash outflows from financing activities		940,928,920.49	891,142,573.77
Net cash flows from financing activities		441,671,079.51	491,257,426.23
IV. Effect of foreign exchange rate changes on cash and cash equivalents		368,663.31	103,855.20
V. Net increase in cash and cash equivalents		-3,793,684,695.04	-35,962,376.13
Add: Ending balance of cash and cash equivalents at beginning of period		5,860,404,321.18	6,338,799,816.87
VI. Ending balance of cash and cash equivalents at end of period		2,066,719,626.14	6,302,837,440.74

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

For the six months ended 30 June 2024

(All amounts in RMB Yuan unless otherwise stated)

For the six months ended 30 June 2024 (unaudited)													
Attributable to equity owners of the Company													
Items	Share capital	Other equity instruments		Others	Capital reserve	Treasury shares	Less: comprehensive income	Other	Provision for general risks	Undistributed profits	Subtotal	Minority interests	Total owners' equity
		Preference shares	Perpetual bonds										
I. Balance at the end of prior year	872,418,220.00				11,708,834,896.63	869,336,804.33	103,534,270.25			8,774,794,749.44	21,026,774,725.75	3,426,787,419.51	24,453,562,145.26
Add: Changes in accounting policies													
Error correction of previous period													
Others													
II. Balance at the beginning of current year	872,418,220.00				11,708,834,896.63	869,336,804.33	103,534,270.25			8,774,794,749.44	21,026,774,725.75	3,426,787,419.51	24,453,562,145.26
III. Increase/decrease for the period (decrease expressed with "-")													
(I) Total comprehensive income	-7,469,650.00				-931,915,732.61	-488,540,783.22	-12,320,083.43			1,558,083.21	-261,606,619.61	-124,479,375.76	-386,085,995.37
(II) Capital contribution and withdrawal by owners										492,848,850.97	489,528,767.54	46,678,991.13	527,207,758.67
1. Ordinary shares paid by owners													
2. Capital paid by holders of other equity instruments													
3. Amount of share-based payments recognized in owners' equity													
4. Others													
(III) Profit distribution	-7,469,650.00				36,987,306.60	-488,540,783.22				718,058,439.82		90,886,582.57	808,545,022.39
1. Appropriation to surplus reserve													
2. Appropriation to general risk reserves													
3. Profit distributed to owners (or shareholders)													
4. Others													
(IV) Transfer within the owners' equity					36,987,306.60	-488,540,783.22				36,987,306.60	681,071,133.22	5,083,782.12	42,071,088.72
1. Transfer from capital reserve to paid-in capital													
2. Transfer from surplus reserve to paid-in capital													
3. Surplus reserve used to offset accumulated losses													
4. Transfer remeasurements of defined benefit obligation to retained earnings													
5. Reclassification from other comprehensive income to retained earnings													
6. Others													
(V) Special reserve													
1. Appropriation for the current period													
2. Application for the current period													
(VI) Others					-968,903,039.21					-491,290,787.76	-491,290,787.76	-50,891,826.46	-542,182,614.22
Balance at the end of current period	864,948,570.00				10,776,919,164.02	180,796,021.11	91,214,186.82			8,776,352,812.65	20,765,168,106.14	3,302,308,043.75	24,067,576,149.89

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

For the six months ended 30 June 2024

(All amounts in RMB Yuan unless otherwise stated)

For the six months ended 30 June 2023 (unaudited)															
Attributable to equity owners of the Company															
Items	Share capital	Other equity instruments			Others	Capital reserve	Treasury shares	Less: comprehensive income	Special reserve	Surplus reserve	Provision for general risks	Undistributed profits	Subtotal	Minority interests	Total owners' equity
		Preference shares	Perpetual bonds												
I. Balance at the end of prior year	872,418,220.00				11,852,193,939.21	869,336,804.33	65,551,109.52		391,861,320.51			7,270,334,547.08	19,583,022,331.99	3,098,008,609.50	22,681,030,941.49
Add: Changes in accounting policies															
Error correction of previous period															
Others															
II. Balance at the beginning of current year	872,418,220.00				11,852,193,939.21	869,336,804.33	65,551,109.52		391,861,320.51			7,270,334,547.08	19,583,022,331.99	3,098,008,609.50	22,681,030,941.49
III. Increase/decrease for the period (decrease expressed with "-")															
(I) Total comprehensive income					20,595,802.75		69,870,509.83					912,615,292.70	1,003,081,605.28	273,737,043.42	1,276,818,648.70
(II) Capital contribution and withdrawal by owners							69,870,509.83					1,388,337,006.20	1,458,207,516.03	53,045,580.95	1,511,253,096.98
1. Ordinary shares paid by owners															
2. Capital paid by holders of other equity instruments															
3. Amount recorded in owners' equity arising from share-based payment arrangements					48,423,311.55								48,423,311.55	247,033,759.63	295,457,071.18
4. Others					48,423,311.55									240,060,000.00	240,060,000.00
(III) Profit distribution															
1. Appropriation to surplus reserve														6,973,759.63	55,397,071.18
2. Appropriation to general risk reserves															
3. Profit distributed to owners (or shareholders)															
4. Others															
(IV) Transfer within the owners' equity															
1. Transfer from capital reserve to paid-in capital															
2. Transfer from surplus reserve to paid-in capital															
3. Surplus reserve used to offset accumulated losses															
4. Transfer remeasurements of defined benefit obligation to retained earnings															
5. Reclassification from other comprehensive income to retained earnings															
6. Others															
(V) Special reserve															
1. Appropriation for the current period															
2. Application for the current period															
(VI) Others					-27,827,508.80									12,648,583.76	-15,178,925.04
Balance at the end of current period	872,418,220.00				11,872,789,741.96	869,336,804.33	135,421,619.35		391,861,320.51			8,182,949,839.78	20,586,103,937.27	3,371,745,652.92	23,957,849,590.19

COMPANY STATEMENT OF CHANGES IN OWNERS' EQUITY

For the six months ended 30 June 2024
(All amounts in RMB Yuan unless otherwise stated)

Items	For the six months ended 30 June 2024 (unaudited)							Total owners' equity
	Share capital	Preference shares	Other equity instruments	Capital reserve	Treasury shares	Less: comprehensive income	Surplus reserve	
I. Balance at the end of prior year	872,418,220.00			11,555,102,983.84	869,336,804.33		436,209,110.00	14,332,717,597.30
Add: Changes in accounting policies								
Error correction of previous period								
Others								
II. Balance at the beginning of current year	872,418,220.00			11,555,102,983.84	869,336,804.33		436,209,110.00	14,332,717,597.30
III. Increase/decrease for the period (decrease expressed with "-")								
(I) Total comprehensive income								
(II) Capital contribution and withdrawal by owners	-7,469,650.00			-827,358,977.05	-688,540,783.22		-288,444,340.45	-434,732,184.28
1. Ordinary shares paid by owners								
2. Capital paid by holders of other equity instruments								
3. Amount recorded in owners' equity arising from share-based payment arrangements								
4. Others								
(III) Profit distribution								
1. Appropriation to surplus reserve				34,508,177.28				34,508,177.28
2. Profit distributed to owners (or shareholders)				-861,867,154.33	-688,540,783.22		-491,290,787.76	-180,796,021.11
3. Others								
(IV) Transfer within the owners' equity								
1. Transfer from capital reserve to paid-in capital								
2. Transfer from surplus reserve to paid-in capital								
3. Surplus reserve used to offset accumulated losses								
4. Transfer remeasurements of defined benefit obligation to retained earnings								
5. Reclassification from other comprehensive income to retained earnings								
6. Others								
(V) Special reserve								
1. Appropriation for the current period								
2. Application for the current period								
(VI) Others								
IV. Balance at the end of current period	864,948,570.00			10,727,744,006.79	180,796,021.11		436,209,110.00	13,897,985,413.02

(All amounts in RMB Yuan unless otherwise stated)

Hangzhou Tigermed Consulting Co., Ltd.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

1. GENERAL INFORMATION

Hangzhou Tigermed Consulting Co., Ltd. (the “Company”) was established in the People’s Republic of China (the “PRC”) on December 25, 2004 as a joint stock limited liability company. On August 17, 2012, the Company’s shares were listed on the ChiNext (“創業板”) of the Shenzhen Stock Exchange with stock code 300347. On August 7, 2020, the Company’s share were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) with stock code 3347. Its registered office and the principal place of business activities is located at Room 2001-2010, 20/F, Block 8, No. 19 Jugong Road, Xixing Sub-District, Binjiang District, Hangzhou, the PRC.

The Company and its subsidiaries are principally engaged in contract research organisation (“CRO”) services.

Dr. Ye Xiaoping and Ms. Cao Xiaochun are acting in concert and are the largest shareholders of the Company.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with the “Accounting Standards for Business Enterprises – Basic Standards” and various specific accounting standards, the application guidelines for the Accounting Standards for Business Enterprises, the Interpretation of the Accounting Standards for Business Enterprises and other relevant requirements by the Ministry of Finance (hereinafter referred to as the “Accounting Standards for Business Enterprises”), and relevant requirements of No. 15 of regulations on information disclosures of companies that issue public offering shares – General Rules of preparing financial reports issued by China Securities Regulatory Commission (CSRC). Disclosure regulation of Hong Kong Companies Ordinance and the Listing Rules of the Hong Kong Stock Exchange are also considered in the preparation of these financial statements.

2.2 Going concern

The financial statements are prepared on a going concern basis.

For a period of twelve months from the end of the reporting period, the Company has not identified any events or conditions in financial, operational, or other areas that, individually or collectively with other events or conditions, may cast significant doubt on its ability to continue as a going concern.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

3.1 Statement of compliance with the Accounting Standard for Business Enterprises

The financial statements have been prepared in compliance with the Accounting Standards for Business Enterprises to truly and completely reflect the consolidated and the Company's financial position as at 30 June 2024, and the consolidated and the Company's operating results and the consolidated and the Company's cash flow statements for the six months ended 30 June 2024.

3.2 Accounting period

The Company's accounting year starts on 1 January and ends on 31 December.

3.3 Operating cycle

The operating cycle of the Company is 12 months.

3.4 Recording currency

The Company's recording currency is Renminbi (RMB).

3.5 Methods for determining materiality standard and the basis for selection

Item	Materiality criteria
Major construction in progress	The balance of single project accounting for more than 1% of the Company's ending total assets
Principal non-wholly-owned subsidiary	The total assets of the subsidiary accounting for more than 10% of the Company's ending total assets, or have significant impact on the Company
Significant post-balance sheet events	Post-balance sheet events that have significant impact on the Company's share capital
Principal joint ventures and associates	The ending carrying amount of long-term equity investment of a single investee accounting for more than 5% of the Company's ending total assets

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.6 Significant changes in accounting policies and accounting estimates

3.6.1 Significant changes in accounting policies

The Company has no significant accounting policy changes during the current period.

3.6.2 Significant changes in accounting estimates

The Company has no significant changes in accounting estimates during the current period.

4. MAIN TAXES AND RATES

Tax Type	Tax base	Tax Rate
Value-Added Tax (VAT)	Calculate the output tax based on the income from the sale of goods and taxable services as stipulated by tax law. After deducting the input tax credit allowable for the current period, the balance will be the VAT payable.	13%, 9%, 6%, 5%, 3%, 1%, 0%, Tax Exempt
City maintenance and construction tax	The payment amount of VAT and consumption tax	7%, 5%, 1%
Enterprise income tax	Taxable income	25%
Education surcharge (including local education surcharge)	The payment amount of VAT and consumption tax	5%

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

5.1 Financial assets held for trading

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Financial assets at fair value through profit or loss	42,517,737.73	42,138,295.67
Including: Investments in debt instruments	291,253.73	31,035,495.67
Investments in equity instruments		1,102,800.00
Wealth management products	42,226,484.00	10,000,000.00
Total	42,517,737.73	42,138,295.67

5.2 Notes receivables

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Bank acceptance bills	13,644,901.84	214,560.00
Total	13,644,901.84	214,560.00

5.3 Accounts receivables

Aging	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Within 90 days	1,009,310,221.00	994,677,581.58
90 to 180 days	150,498,419.47	186,435,114.15
180 days to 1 year	190,239,027.60	144,710,519.77
Over 1 year	124,473,525.39	49,772,051.06
Accounts receivables with individually insignificant amount and subject to individual bad debt provisions	3,029,859.09	4,239,145.53
Subtotal	1,477,551,052.55	1,379,834,412.09
Less: Bad debt provisions	144,639,173.25	119,134,071.23
Total	1,332,911,879.30	1,260,700,340.86

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.4 Contract assets

Item	30 June 2024 (Unaudited)			31 December 2023 (Audited)		
	Book value balance	Bad debt provision	Book value	Book value balance	Bad debt provision	Book value
Contract assets with bad debt provisions based on the general model of expected credit losses	2,864,990,806.59	53,197,887.71	2,811,792,918.88	2,409,208,601.01	44,773,358.48	2,364,435,242.53
Total	2,864,990,806.59	53,197,887.71	2,811,792,918.88	2,409,208,601.01	44,773,358.48	2,364,435,242.53

5.5 Other receivables

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Interest receivable	17,376,536.37	19,636,120.18
Other receivables	88,584,039.57	59,941,622.27
Total	105,960,575.94	79,577,742.45

5.5.1 Other receivables

Aging	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Within 1 year (inclusive)	70,311,801.43	47,073,648.84
1 to 2 years	8,196,075.53	8,446,209.16
2 to 3 years	8,350,610.45	4,945,850.02
3 to 4 years	4,116,823.24	1,809,623.12
4 to 5 years	1,379,259.79	1,439,114.05
Over 5 years	3,282,659.96	2,623,881.84
Subtotal	95,637,230.40	66,338,327.03
Less: Bad debt provisions	7,053,190.83	6,396,704.76
Total	88,584,039.57	59,941,622.27

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.6 Advances to suppliers

Aging	30 June 2024 (Unaudited)		31 December 2023 (Audited)	
	Amount	Proportion	Amount	Proportion
Within 1 year	76,578,084.27	88.50%	49,910,276.22	88.26%
1 to 2 years	4,670,991.62	5.40%	5,517,592.34	9.76%
2 to 3 years	4,267,648.88	4.93%	127,762.09	0.23%
Over 3 years	1,015,457.12	1.17%	990,000.00	1.75%
Total	86,532,181.89		56,545,630.65	

Other explanation:

The Company's South Korean subsidiary, DreamCIS Inc., has provided for bad debts amounting to RMB416,062.36 within one year, presented at net value.

5.7 Other equity instrument investments

Item	31 December 2023 (Audited)	Gains recognized as other comprehensive income in the current period	Loss recognized as other comprehensive income in the current period	Accumulated gains recognized as other comprehensive income at the end of the period	Accumulated loss recognized as other comprehensive income at the end of the period	Dividend income recognized in the current period	30 June 2024 (Unaudited)	Reasons for being designated to be measured at fair value whose changes are recognized in other comprehensive income
Equity investments in unlisted companies	6,753,640.97		-1,450,900.00		-1,314,236.23		4,928,600.45	
Equity investments in listed companies	7,754,318.35		-2,392,889.70		-2,623,133.33		4,943,840.50	
Total	14,507,959.32		-3,843,789.70		-3,937,369.56		9,872,440.95	

5.8 Other non-current financial assets

Item	30 June 2024 (Unaudited)		31 December 2023 (Audited)
Financial assets at fair value through profit or loss	10,497,204,889.49		10,231,701,776.67
Including: Shares of listed companies	109,000,457.69		265,925,276.60
Pharmaceutical funds	4,996,513,452.22		4,906,379,989.74
Investments in equity of unlisted companies	5,325,548,050.77		4,991,647,845.20
Convertible company bonds	62,343,908.24		64,305,745.29
Insurance	3,799,020.57		3,442,919.84
Total	10,497,204,889.49		10,231,701,776.67

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.9 Fixed assets

Item	Houses and buildings	Machinery and other equipment	Specialized equipment	Transport equipment	Total
1. Cost					
(1) 31 December 2023 (Audited)	288,109,695.76	226,779,338.63	704,289,712.34	27,817,523.24	1,246,996,269.97
(2) Increase in the current period	461,735.01	8,499,767.71	28,037,598.20	-55,545.80	36,943,555.12
(3) Decrease in the current period		1,244,705.25	688,111.81	563,979.72	2,496,796.78
(4) 30 June 2024 (Unaudited)	288,571,430.77	234,034,401.09	731,639,198.73	27,197,997.72	1,281,443,028.31
2. Accumulated depreciation					
(1) 31 December 2023 (Audited)	73,623,978.53	108,505,997.32	416,041,322.32	10,073,614.23	608,244,912.40
(2) Increase in the current period	9,068,442.71	15,301,661.31	40,723,654.08	1,414,957.44	66,508,715.54
(3) Decrease in the current period		552,518.35	560,439.23	535,780.73	1,648,738.31
(4) 30 June 2024 (Unaudited)	82,692,421.24	123,255,140.28	456,204,537.17	10,952,790.94	673,104,889.63
3. Impairment provision					
(1) 31 December 2023 (Audited)					
(2) Increase in the current period					
(3) Decrease in the current period					
(4) 30 June 2024 (Unaudited)					
4. Net book value					
(1) 30 June 2024 (Unaudited)	205,879,009.53	110,779,260.81	275,434,661.56	16,245,206.78	608,338,138.68
(2) 31 December 2023 (Audited)	214,485,717.23	118,273,341.31	288,248,390.02	17,743,909.01	638,751,357.57

5.10 Construction in progress

Item	30 June 2024 (Unaudited)			31 December 2023 (Audited)		
	Gross carrying amount	Impairment Provision	Net book value	Gross carrying amount	Impairment Provision	Net book value
Equipments to be installed	87,903,185.22		87,903,185.22	82,092,660.51		82,092,660.51
Laboratory decoration	136,161,834.35		136,161,834.35	61,959,012.09		61,959,012.09
Jiaxing building	108,380,356.00		108,380,356.00	94,390,044.73		94,390,044.73
Hangzhou building	140,182,315.02		140,182,315.02	85,836,649.97		85,836,649.97
Total	472,627,690.59		472,627,690.59	324,278,367.30		324,278,367.30

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.11 Right-of-use assets

Item	Rental buildings	Specialized equipment	Office equipment	Total
1. Cost				
(1) 31 December 2023 (Audited)	678,811,194.24	157,927,799.21	1,202,220.05	837,941,213.50
(2) Increase in the current period	16,844,838.15	858,771.88	1,519.90	17,705,129.93
(3) Decrease in the current period	11,096,523.60	11,295,445.68		22,391,969.28
(4) 30 June 2024 (Unaudited)	684,559,508.79	147,491,125.41	1,203,739.95	833,254,374.15
2. Accumulated depreciation				
(1) 31 December 2023 (Audited)	263,982,882.02	63,427,703.05	952,547.11	328,363,132.18
(2) Increase in the current period	47,117,607.60	11,480,828.30	73,604.59	58,672,040.49
(3) Decrease in the current period	2,223,083.26	8,426,701.39		10,649,784.65
(4) 30 June 2024 (Unaudited)	308,877,406.36	66,481,829.96	1,026,151.70	376,385,388.02
3. Impairment provision				
(1) 31 December 2023 (Audited)				
(2) Increase in the current period				
(3) Decrease in the current period				
(4) 30 June 2024 (Unaudited)				
4. Net book value				
(1) 30 June 2024 (Unaudited)	375,682,102.43	81,009,295.45	177,588.25	456,868,986.13
(2) 31 December 2023 (Audited)	414,828,312.22	94,500,096.16	249,672.94	509,578,081.32

5.12 Goodwill

Item	31 December 2023 (Audited)	Increase in the current period		Decrease in the current period		30 June 2024 (Unaudited)
		Business combination	Impairment	Disposal	Foreign currency translation differences	
Goodwill	2,833,489,244.72	44,851,154.98			9,658,553.12	2,868,681,846.58
Less: Impairments	69,301,055.64				-38,763.90	69,339,819.54
Total	2,764,188,189.08	44,851,154.98			9,697,317.02	2,799,342,027.04

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.13 Other non-current assets

Item	30 June 2024 (Unaudited)			31 December 2023 (Audited)		
	Book value balance	Impairment provision	Net book value	Book value balance	Impairment provision	Net book value
Prepayment for investments	37,888,920.00		37,888,920.00	139,248,591.26		139,248,591.26
Prepayment for fixed assets and intangible asset, etc.	9,248,673.09		9,248,673.09	12,971,759.76		12,971,759.76
Certificate of deposit and interest	3,689,698,666.62		3,689,698,666.62			
Others	4,753,025.13		4,753,025.13	4,675,298.90		4,675,298.90
Total	3,741,589,284.84		3,741,589,284.84	156,895,649.92		156,895,649.92

5.14 Short-term borrowings

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Credit borrowings	2,569,751,200.00	1,878,400,000.00
Secured and guaranteed borrowings	197,308,000.00	91,293,500.00
Total	2,767,059,200.00	1,969,693,500.00

5.15 Notes Payables

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Bank acceptance bills	3,399,000.00	
Total	3,399,000.00	

5.16 Accounts payables

Aging	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Within 90 days	89,046,660.78	228,963,930.70
90 days to 1 year	65,311,468.87	9,354,997.17
Over 1 year	72,754,684.80	10,988,996.67
Total	227,112,814.45	249,307,924.54

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.17 Other payables

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Interests payable	6,898,997.92	6,392,172.03
dividends payable	513,481,650.41	3,470,035.91
Other payables	74,524,994.02	68,811,218.73
Total	594,905,642.35	78,673,426.67

5.18 Taxes payable

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Value-Added Tax	82,518,621.71	74,169,529.17
Enterprise income tax	64,998,492.55	123,876,650.19
Individual income tax	7,876,418.39	17,965,585.99
City maintenance and construction tax	1,082,561.54	1,089,370.03
Property tax	410,010.82	1,957,850.10
Education surcharge	816,654.91	819,164.44
Land use tax	119,500.02	488,110.00
Stamp tax	339,427.55	392,877.05
Total	158,161,687.49	220,759,136.97

5.19 Non-current liabilities due within one year

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Long-term borrowings due within one year	403,832,116.80	396,686,208.44
Lease liabilities due within one year	106,996,493.33	122,880,897.95
Other long-term liabilities due within one year	44,898,840.00	44,028,198.05
Total	555,727,450.13	563,595,304.44

5.20 Long-term borrowings

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Secured and guaranteed borrowings	404,817,974.35	434,223,304.63
Total	404,817,974.35	434,223,304.63

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.20 Long-term borrowings (Continued)

Explanation of the types of long-term borrowings:

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Guaranteed but Unsecured Bank Loan	466,650,091.15	484,909,513.07
Secured but unguaranteed Bank Loan	–	–
Unsecured and Unguaranteed Bank Loan	342,000,000.00	346,000,000.00
Total	808,650,091.15	830,909,513.07
Less: Borrowings due within one year	403,832,116.80	396,686,208.44
Including: Guaranteed but Unsecured Bank Loan	61,832,116.80	50,686,208.44
Secured but unguaranteed Bank Loan	–	–
Unsecured and Unguaranteed Bank Loan	342,000,000.00	346,000,000.00
Long-term borrowings due beyond one year	404,817,974.35	434,223,304.63
Including: Guaranteed but Unsecured Bank Loan	404,817,974.35	434,223,304.63
Secured but unguaranteed Bank Loan	–	–
Unsecured and Unguaranteed Bank Loan	–	–

The due date analysis of the long-term borrowing due beyond one year is disclosed as follows:

After the balance sheet date	30 June 2024 (Unaudited)	31 December 2023 (Audited)
1 to 2 years	104,289,490.51	82,235,000.00
2 to 5 years	300,528,483.84	351,988,304.63
Over 5 years	–	–
Total	404,817,974.35	434,223,304.63

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.20 Long-term borrowings (Continued)

Other Explanation

- (1) As at June 30, 2024, the Company had obtained banking facilities in an aggregate amount of approximately RMB425,000,000 (December 31, 2023: RMB512,000,000) through certain restricted bank deposits, of which RMB182,435,000 (December 31, 2023: RMB176,220,000) were utilized.
- (2) On May 31, 2022, Frontage Labs, one of the subsidiaries of the Company, entered into a three-year committed senior secured revolving credit agreement with a bank under which the bank has agreed to extend to Frontage Labs a revolving line of credit in the maximum principal amount of US\$54,000,000. As at June 30, 2024, US\$25,000,000 (December 31, 2023: US\$9,000,000) of the facility were utilized as borrowings. Frontage Labs is obligated to grant to the bank security interest in and to the collateral of some of its designated subsidiaries in the U.S.
- (3) On July 22, 2022, Frontage Labs entered into a credit agreement with a bank under which the bank has agreed to provide Frontage Labs a term loan facility in an aggregate principal amount of US\$49,000,000. As at June 30, 2024, US\$44,950,000 (December 31, 2023: US\$47,400,000) of the facility were utilized as borrowings. The Company, as the guarantor, is obligated to guarantee for the liabilities, obligations and the full satisfaction of Frontage Labs under this facility. This facility is collateralized by Frontage Labs' assets in some of its designated subsidiaries in the U.S.
- (4) As of June 30, 2024, the Company's total bank credit facilities were RMB7,490,000,000 (December 31, 2023: RMB5,887,500,000). The outstanding bank borrowings as of June 30, 2024, were RMB2,911,751,200 (December 31, 2023: RMB2,224,400,000).
- (5) As of June 30, 2024, the unutilized bank credit facilities of the Company were RMB5,022,706,000 (December 31, 2023: RMB4,265,190,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.21 Share capital

	31 December 2023 (Audited)	Movement in the current period (increase+/decrease-)				30 June 2024 (Unaudited)
		Issuance of new shares	Share donation	Conversion of reserves into shares	Others	
Total amount of shares	872,418,220.00				-7,469,650.00	864,948,570.00

Other explanation:

Termination of the Company's 2022 A-Share Restricted Stock Incentive Plan, with all granted but unvested restricted shares being forfeited, resulted in a reduction of capital reserve by RMB7,469,650.

5.22 Capital reserve

Item	31 December 2023 (Audited)	Increase in the current period	Decrease in the current period	30 June 2024 (Unaudited)
Capital premium (Share premium)	11,609,428,531.55	6,790,039.51	968,903,039.21	10,647,315,531.85
Other capital reserve	99,406,365.08	30,197,267.09	-	129,603,632.17
Total	11,708,834,896.63	36,987,306.60	968,903,039.21	10,776,919,164.02

5.23 Treasury shares

Item	31 December 2023 (Audited)	Increase in the current period	Decrease in the current period	30 June 2024 (Unaudited)
Repurchased share	869,336,804.33	180,796,021.11	869,336,804.33	180,796,021.11
Total	869,336,804.33	180,796,021.11	869,336,804.33	180,796,021.11

Other explanation, including increase and decrease of current period and reasons of changes:

- 1) Termination of the implementation of the Company's 2022 A-Share Restricted Stock Incentive Plan, with all granted but unvested restricted shares being forfeited, result in a reduction of treasury shares by RMB869,336,804.33.
- 2) The Company has cumulatively repurchased 3,451,200 shares through centralized bidding trading this period, with a total amount paid of RMB180,796,021.11.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.24 Other comprehensive income

Item	31 December 2023 (Audited)	Current period amount					Less: amount included in other comprehensive income in prior period and converted to earnings in the current period	30 June 2024 (Unaudited)
		Amount before tax in the period	Less: amount included in other comprehensive income in prior period and converted to current profit or loss	Less: income tax expenses	Amount after tax attributable to the parent company	After-tax amount attributable to minority shareholders		
1. Other comprehensive income that will not to be not reclassified in profit or loss	8,663,792.51	-3,843,789.70		-803,352.05	-2,022,158.59	-1,018,279.06		6,641,633.92
Including: Change in remeasurement of defined benefit plans	-163,681.05							-163,681.05
Changes in fair value of investments in other equity instruments	8,827,473.56	-3,843,789.70		-803,352.05	-2,022,158.59	-1,018,279.06		6,805,314.97
2. Other comprehensive income that will be reclassified into profit or loss	94,870,477.74	-27,330,497.60			-10,297,924.84	-17,032,572.76		84,572,552.90
Translation difference of foreign currency financial statements	94,870,477.74	-27,330,497.60			-10,297,924.84	-17,032,572.76		84,572,552.90
Total of other comprehensive income	103,534,270.25	-31,174,287.30		-803,352.05	-12,320,083.43	-18,050,851.82		91,214,186.82

5.25 Surplus reserve

Item	31 December 2023 (Audited)	Increase in the current period	Decrease in the current period	30 June 2024 (Unaudited)
Statutory surplus reserve	436,529,393.76			436,529,393.76
Total	436,529,393.76			436,529,393.76

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.26 Undistributed profits

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Undistributed profits of prior year-end before adjustment	8,774,794,749.44	7,270,334,547.08
Undistributed profits at the beginning of period after adjustment	8,774,794,749.44	7,270,334,547.08
Add: Net profits attributable to the Company's shareholders in the period	492,848,850.97	2,024,849,989.11
Less: Appropriation to statutory surplus reserve		44,668,073.25
Dividend distribution to shareholders	491,290,787.76	475,721,713.50
Undistributed profits at the end of the year	8,776,352,812.65	8,774,794,749.44

5.27 Operating revenue and operating costs

Item	For the six months ended			
	30 June 2024 (Unaudited)		30 June 2023 (Unaudited)	
	Revenue	Cost	Revenue	Cost
Principal business	3,295,694,293.43	2,006,201,702.75	3,670,357,798.83	2,212,650,362.23
Other business	62,549,929.96	18,994,930.95	40,492,572.76	17,113,090.12
Total	3,358,244,223.39	2,025,196,633.70	3,710,850,371.59	2,229,763,452.35

Segment Revenues (principal business)

Category	Six months ended June 30,	
	2024 (Unaudited)	2023 (Unaudited)
Clinical Trial Solutions	1,637,121,812.15	2,103,350,340.95
Clinical Related and Laboratory Services	1,658,572,481.28	1,567,007,457.88
Total	3,295,694,293.43	3,670,357,798.83

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.27 Operating revenue and operating costs (Continued)

Geographical Information

An analysis of the Company's principal revenue from external customers, analysed by region, is presented below:

	Six months ended June 30,	
	2024 (Unaudited)	2023 (Unaudited)
Revenue from external customers		
– Domestic	1,821,561,213.06	2,057,798,225.22
– Overseas	1,474,133,080.37	1,612,559,573.61
Total	3,295,694,293.43	3,670,357,798.83

5.28 General and administrative expenses

Item	For the six months ended	
	30-June-2024 (Unaudited)	30-June-2023 (Unaudited)
Employee benefits	169,998,053.50	156,948,364.08
Office facilities and site expenses	12,555,516.44	14,959,721.54
Depreciation and amortization	68,347,934.43	56,162,018.35
Travel expenses and business entertainment expenses	12,714,193.91	9,644,541.70
Consulting expenses and communication expenses	24,523,888.46	22,345,643.48
Share-based payment	34,704,505.02	39,259,383.14
Other expenses	53,771,854.42	47,151,315.95
Total	376,615,946.18	346,470,988.24

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.29 Selling expenses

Item	For the six months ended	
	30-June-2024 (Unaudited)	30-June-2023 (Unaudited)
Employee benefits	79,061,080.37	64,819,725.36
Advertising expenses	7,304,200.42	11,579,289.64
Travelling expenses and business entertainment expenses	5,624,758.47	4,034,064.90
Other expenses	9,387,851.24	8,565,278.41
Total	101,377,890.50	88,998,358.31

5.30 Research and development expenses

Item	For the six months ended	
	30-June-2024 (Unaudited)	30-June-2023 (Unaudited)
Employee benefits	114,714,085.48	116,717,354.33
Depreciation and amortization	4,011,430.44	3,442,960.94
Service expenses and cost of materials	5,009,889.17	5,683,069.58
Other expenses	958,817.76	2,239,072.97
Total	124,694,222.85	128,082,457.82

5.31 Financial expenses

Item	For the six months ended	
	30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
Interest expenses	67,432,236.02	52,814,698.13
Including: Interest expenses on lease liabilities	13,035,104.80	14,271,938.10
Less: Interest income	71,381,356.68	122,538,479.23
Exchange gains or losses	-14,623,271.35	-20,534,769.41
Others	2,463,662.78	2,163,969.55
Total	-16,108,729.23	-88,094,580.96

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.32 Other income

Source of other income	For the six months ended	
	30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
Government grants	13,842,241.03	4,613,528.80
Input tax plus credit	1,505,002.19	2,099,501.66
Return of individual income tax fee	2,001,453.26	2,183,555.12
Total	17,348,696.48	8,896,585.58

5.33 Gains from changes in fair values

Source of gains from changes in fair value	For the six months ended	
	30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
Financial assets held for trading	5,010.60	
Non-current period financial assets	-98,408,151.66	529,757,595.42
Total	-98,403,141.06	529,757,595.42

5.34 Investment income

Item	For the six months ended	
	30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
Investment incomes from long-term equity investments recognized under equity method	44,095,071.11	63,724,392.56
Interest incomes from debt investment during the holding period	227,502.34	355,135.13
Investment incomes other non-current financial assets during the holding period	10,910,526.75	10,834,822.51
Investment incomes from disposal of other non-current financial assets	-6,367,651.23	23,661,414.79
Investment incomes from certificates of deposit and wealth management products	21,646,818.84	326,351.94
Investment incomes from disposal of financial assets held for trading	231,188.77	
Total	70,743,456.58	98,902,116.93

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.35 Non-operating income

Item	For the six months ended		Amount included in non-recurring profit or loss in the period
	30 June 2024 (Unaudited)	30 June 2023 (Unaudited)	
Government grants	3,683,926.00	3,838,267.44	3,683,926.00
Others	1,266,491.77	711,475.02	1,266,491.77
Total	4,950,417.77	4,549,742.46	4,950,417.77

5.36 Non-operating expenses

Item	For the six months ended		Amount included in non-recurring profit or loss in the period
	30 June 2024 (Unaudited)	30 June 2023 (Unaudited)	
Donations	621,582.80	1,103,624.04	621,582.80
Fair value adjustment of contingent consideration	1,128,734.58	2,466,842.27	1,128,734.58
Others	176,347.64	431,971.37	176,347.64
Total	1,926,665.02	4,002,437.68	1,926,665.02

5.37 Income tax expenses

Item	For the six months ended	
	30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
Current income tax	148,916,761.34	198,041,891.74
Deferred income tax	-16,402,282.29	-6,986,791.48
Total	132,514,479.05	191,055,100.26

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

6. CHANGES IN SCOPE OF CONSOLIDATION

6.1 Business combination not under common control

6.1.1 Business combination not under common control occurred in the current period

Name of acquiree	Time of equity acquisition	Cost of equity acquisition	Proportion of equity acquisition (%)	Method of equity acquisition	Acquisition date	Basis for determination of the acquisition date	Income of the acquiree from the acquisition date to the end of the period	Net profit of the acquiree from the acquisition date to the end of the period	Cash flow of the acquiree from the acquisition date to the end of the period
Frontage Europe	2024/1/1	52,108,591.26	100	Cash	2024/1/1	Payment of Cash	1,301,018.35	-13,491,739.64	-1,251,272.75
NAMSA (Shanghai) Medical	2024/4/1	7.11	100	Cash	2024/4/1	Payment of Cash	919,203.68	-2,419,276.02	-1,475,134.87

Other Explanations:

On January 1, 2024, the Company's subsidiary, Frontage Labs, through its subsidiary Frontage Europe, acquired the bioanalytical drug metabolism and pharmacokinetics business of Accelera S.r.l..

6.1.2 Combination cost and goodwill

	Frontage Europe Business	NAMSA (Shanghai) Medical
Cost of combination		
– Cash	52,108,591.26	
– Fair value of non-cash assets		
– Fair value of liabilities issued or assumed		
– Fair value of equity securities issued		
– Fair value of contingent consideration		
– Fair value share of equity held prior to the acquisition date on the acquisition date		
– Others		7.11
Total cost of combination	52,108,591.26	7.11
Less: Fair value of the identifiable net assets obtained	7,668,431.37	-410,987.98
The amount by which the goodwill/consolidation cost is less than the fair value share of identifiable net assets obtained	44,440,159.89	410,995.09

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

6. CHANGES IN SCOPE OF CONSOLIDATION (Continued)

6.1 Business combination not under common control (Continued)

6.1.3 The identifiable assets and liabilities of the acquiree at the acquisition date

	Frontage Europe		NAMSA (Shanghai) Medical	
	Fair value at the acquisition date	carrying amount at the acquisition date	Fair value at the acquisition date	carrying amount at the acquisition date
Assets:	15,102,583.59	1,529,745.19	7,227,336.55	7,227,336.55
Cash at bank and on hand			3,712,869.94	3,712,869.94
Accounts receivables			1,471,120.05	1,471,120.05
Fixed assets	1,446,260.83	1,446,260.83		
Intangible assets	13,656,322.76	83,484.36	1,866.94	1,866.94
Right-of-use assets			194,341.24	194,341.24
Deferred tax assets			10,273.60	10,273.60
Prepayments			1,495,674.01	1,495,674.01
Other receivables			341,190.77	341,190.77
Liabilities:	7,434,152.22	4,176,671.01	7,638,324.53	7,638,324.53
Borrowings				
Accounts payables				
Deferred tax liabilities	3,257,481.22			
Employee benefits payable	4,176,671.00	4,176,671.01	98,270.85	98,270.85
Tax payables			37,749.98	37,749.98
Other payables			2,913,895.13	2,913,895.13
Other current liabilities			247,974.72	247,974.72
Non-current liabilities due within one year			207,521.84	207,521.84
Contract liabilities			4,132,912.01	4,132,912.01
Net assets	7,668,431.37	-2,646,925.82	-410,987.98	-410,987.98
Less: Minority interests				
Net assets obtained	7,668,431.37	-2,646,925.82	-410,987.98	-410,987.98

6.2 Changes in the consolidation scope due to other reasons

- 1) In May 2024, the Company's subsidiary, Blue Sky Resources Investment Ltd., was dissolved;
- 2) In June 2024, the Company's subsidiary, Hong Kong Tigermed Healthcare Technology Co., Limited, established Tiger Pharmaceutical Japan Co., Ltd., with a 100% ownership.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

7. DISCLOSURE OF FAIR VALUE

7.1 Ending fair value of assets and liabilities measured at fair value

Item	Level 1 fair value measurement	Ending fair value			Total
		Level 2 fair value measurement	Level 3 fair value measurement	Level 3 fair value measurement	
I. Continuous fair value measurement					
(I) Financial assets held for trading		42,517,737.73			42,517,737.73
1. Financial assets measured at fair value through current profit or loss		42,517,737.73			42,517,737.73
(1) Debt instrument investments		291,253.73			291,253.73
(2) Wealth management products		42,226,484.00			42,226,484.00
(II) Other non-current financial assets	78,461,707.34	34,337,770.92	10,384,405,411.23		10,497,204,889.49
1. Financial assets measured at fair value through current profit or loss	78,461,707.34	34,337,770.92	10,384,405,411.23		10,497,204,889.49
(1) Debt instrument investments			62,343,908.24		62,343,908.24
(2) Equity instrument investments	78,461,707.34	34,337,770.92	10,322,061,502.99		10,434,860,981.25
(III) Other equity instrument investments	4,943,840.50		4,928,600.45		9,872,440.95
Total assets continuously measured at fair value	83,405,547.84	76,855,508.65	10,389,334,011.68		10,549,595,068.17
(IV) Other non-current financial liabilities			44,898,840.00		44,898,840.00
1. Financial liabilities designated as at fair value through current profit or loss			44,898,840.00		44,898,840.00
(1) Contingent Consideration			44,898,840.00		44,898,840.00
Total liabilities continuously measured at fair value			44,898,840.00		44,898,840.00
Discontinuous fair value measurement	-	-	-		-

7.2 Basis for determination of market price of items measured at the first-level fair value on a continuing and discontinuing basis

Level I fair value measurements represent measurements based on quoted prices in active markets for identical assets or liabilities.

7.3 Continuing and discontinuing Level II fair value measurement items, qualitative and quantitative information on the valuation techniques and significant parameters used

Item	Fair value at end of period	Valuation technique
Wealth management products	42,226,484.00	Discounted Cash Flow Method
Restricted shares of listed companies	30,538,750.35	Public market trading quotes adjusted for lack of marketability discount
Debt investments	291,253.73	Quotation offered by the asset management company
Insurance	3,799,020.57	Quotation offered by the insurance company

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

7. DISCLOSURE OF FAIR VALUE (Continued)

7.4 Continuing and discontinuing Level III fair value measurement items, qualitative and quantitative information on the valuation techniques and significant parameters used

Item	Ending fair value	Valuation technique	Unobservable input value	Relationship between unobservable inputs and fair value changes
Equity investment in non-listed companies	5,330,476,651.22	Market multiples adjusted for lack of marketability discount	Lack of Marketability Discount	The larger the discount is, the lower the valuation will become
		Equity Value Allocation Model	Priority, the probability of initial public offering	The higher the priority is, the greater the valuation of preferred shares becomes; the higher the probability is, the greater the valuation of original shares becomes
		Backsolve from most Recent Transaction Price method	Due to considerations of time, sales conditions and agreement terms, the scale and nature of similar business can be estimated for their value	The greater the value of similar transactions, the higher the valuation will be
		Discounted Cash Flow Method	Expected growth rate, discount rate	The greater the expected growth rate, the higher the valuation; the higher the discount rate, the lower the valuation
Non-listed fund investment	4,996,513,452.22	Net Asset Value on Relevant Transactions	Net Asset Value	The higher the net asset value, the higher the valuation
Convertible company bonds	62,343,908.24	Binomial Options Pricing Model	Discount rate	The higher the discount rate is, the lower the valuation becomes
Contingent considerations	44,898,840.00	Discounted Cash Flow Method	Expected growth rate, discount rate	The greater the expected growth rate, the higher the valuation; the higher the discount rate, the lower the valuation

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

7. DISCLOSURE OF FAIR VALUE (Continued)

7.5 Continuing fair value measurement items at Level 3, the adjustment information between the book value at the end of the previous year and the period end, as well as the sensitivity analysis of unobservable parameters

Item	31 December 2023 (Audited)	Transfer out of Level 3	Total amount of current gains or losses		Purchase, issuance, sale and settlement			Other changes	30 June 2024 (Unaudited)	For the assets held at the end of the reporting period, the unrealized gains or changes that are recognized in current profit or loss
			Recognized in fair value change profit and loss	Recognized in other comprehensive income	Change in exchange rate	Purchase	Sale			
◆ Financial assets held for trading	1,102,800.00				-47,600.00		1,055,200.00			
Financial assets at fair value										
through current profit or loss	1,102,800.00				-47,600.00		1,055,200.00			
– Equity instrument investments	1,102,800.00				-47,600.00		1,055,200.00			
◆ Other equity instrument investments	6,753,640.97			-1,450,900.00	-374,140.52				4,928,600.45	
◆ Other non-current financial assets	9,962,333,580.23		54,517,644.07		508,735,038.12	3,567,839.88	144,748,691.07		10,384,405,411.23	54,517,644.07
Financial assets at fair value										
through current profit or loss	9,962,333,580.23		54,517,644.07		508,735,038.12	3,567,839.88	144,748,691.07		10,384,405,411.23	54,517,644.07
– Debt instrument investments	64,305,745.29				11,595,857.80	-59,294.85	13,498,400.00		62,343,908.24	
– Equity instrument investments	9,898,027,834.94		54,517,644.07		497,139,180.32	3,627,134.73	131,250,291.07		10,322,061,502.99	54,517,644.07
Total	9,970,190,021.20		54,517,644.07	-1,450,900.00	508,735,038.12	3,146,099.36	145,803,891.07		10,389,334,011.68	54,517,644.07
Including: profit or loss related to financial assets			54,517,644.07							54,517,644.07
◆ Other non-current financial liabilities	44,028,198.05		1,128,734.58		273,907.37		532,000.00		44,898,840.00	1,128,734.58
Contingent considerations	44,028,198.05		1,128,734.58		273,907.37		532,000.00		44,898,840.00	1,128,734.58
Total	44,028,198.05		1,128,734.58		273,907.37		532,000.00		44,898,840.00	1,128,734.58
Including: profit or loss related to financial liabilities			1,128,734.58							1,128,734.58

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

7. DISCLOSURE OF FAIR VALUE (Continued)

7.6 For the continuing fair value measurement items, if there is a conversion between different levels during the current period, the reasons for the conversion and the policy for determining the conversion time

- (1) The company's investment in HIGHTIDE THERAPEUTICS INC was listed on December 22, 2023, and the relevant quotations can be obtained from the public active market. All the shares held by the Company were fully released from lock-up on June 21, 2024. As of June 30, 2024, the investment shares were no longer in the restricted period. Therefore, the Company transferred these shares from Level 2 fair value to Level 1 fair value measurement for other non-current financial assets;
- (2) The Company's investment in Adlai Nortye Ltd. was listed on September 29, 2023, and the relevant quotations can be obtained from the public active market. All the shares held by the Company were fully released from lock-up on March 28, 2024. As of June 30, 2024, the investment shares were no longer in the restricted period. Therefore, the Company transferred these shares from Level 2 fair value to Level 1 fair value measurement for other non-current financial assets.

7.7 Changes in valuation techniques and the reasons for the changes during the current period

As at June 30, 2024, the management of the Company opines that the financial assets and financial liabilities measured at amortized cost in the financial statements predominantly encompass: notes receivable, accounts receivable, contract assets, other receivables, short-term borrowings, accounts payable, contract liabilities, other payables, long-term borrowings, etc.

The management of the Company opines that the book values of non-long-term financial assets and financial liabilities in the financial statements approximate closely to the fair values of such assets and liabilities.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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8. SHARE-BASED PAYMENT

8.1 General Information of Share-Based Payments

Recipients	Equity instruments granted in the current period		Equity instruments vested in the current period		Equity instruments exercised in the current period		Equity instruments expired in the current period	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Employee in the Company							3,425,534.00	34,508,177.28
Employee of DreamCIS					90,044.00	1,268,442.62	141,528.00	3,044,142.19
Employee of Frontage		4,345,062.00	8,168,716.56	36,179,000.00	51,408,680.00		3,965,500.00	7,235,060.00
Total		4,345,062.00	8,168,716.56	36,269,044.00	52,677,122.62		7,532,562.00	44,787,379.47

8.2 Equity-settled share-based payments

The method to determine the fair value of equity instruments on the grant date	the market value of the Company's share on the grant date.
Significant parameters to determine the fair value of equity instruments on the grant date	None
Basis of the quantity of exercisable equity instruments	On each balance sheet date during the vesting period, the Company make the best estimate based on the latest subsequent information such as changes in the number of feasible rights exercisers obtained, and revise the expected quantity of equity instruments that can be feasibly exercised.
Reasons for the significant differences between the estimate of current period and estimate of prior period	None
The cumulative amount of equity-settled share-based payments recognized in capital reserve	233,243,304.25
The total expenses recognized in the current period related to equity-settled share-based payments	47,982,352.97

8.3 Share-based Payment Expenses recognized in current period

Recipients	Equity-settled share-based payment	Cash-settled share-based payment	Total
Employee in the Company	34,508,177.28		34,508,177.28
Employee of Frontage	11,823,090.32		11,823,090.32
Employee of DreamCIS	1,651,085.37		1,651,085.37
Total	47,982,352.97		47,982,352.97

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

8. SHARE-BASED PAYMENT (Continued)

8.4 Modification and termination of share-based payment

Pursuant to the resolution of the sixth meeting of the fifth Board of Directors, fourth meeting of the fifth Board of Supervisors, second extraordinary general meeting of shareholders in 2024, the first A-share class shareholders' meeting in 2024 and the first H-share class shareholders' meeting in 2024, the "Resolution on the Cancellation of Repurchased Shares and the Reduction of the Company's Registered Capital" and the "Resolution on the Termination of the Company's 2022 A-Share Restricted Stock Incentive Plan and the Cancellation of Restricted Shares" were reviewed and approved. It has been decided to terminate the implementation of the Company's 2022 A-Share Restricted Stock Incentive Plan, and all restricted shares that have been granted but unvested will be cancelled. In accordance with the Company's share repurchase plan and the relevant provisions of the "Shenzhen Stock Exchange Listed Company Self-Regulatory Guidance No. 9 – Share Repurchase", it is anticipated that the shares repurchased by the Company will not be used for the implementation of equity incentive plan or employee stock ownership plan. The Company intends to cancel the 7,469,650 treasury shares purchased for the A-share equity incentive plan or A-share employee stock ownership plan in 2021 and 2022, which are stored in the repurchase special account. After the implementation of the cancellation of these treasury shares, the total number of the Company's shares will be reduced from 872,418,220 shares to 864,948,570 shares, and the registered capital will be decreased from RMB872,418,220.00 to RMB864,948,570.00.

Other Explanation:

During the six months ended June 30, 2024 the Company and its subsidiaries adopted certain share option schemes to its employees.

Details of the schemes are as follow:

(a) *Frontage Holdings:*

(i) 2021 share awards scheme

On January 22, 2021 (the "Adoption Date"), the Board of Directors of Frontage Holdings, a non-wholly-owned subsidiary of the Company, approved the adoption of the share award scheme ("2021 Frontage Share Award Scheme") to recognize the contributions by certain employees of the Frontage Holdings Group, to give incentives thereto in order to retain them for the continual operation and development of the Frontage Holdings Group and to attract suitable personnel for further development of the Frontage Holdings Group. Under the 2021 Frontage Share Award Scheme, the directors may grant up to 1% of the issued share capital of Frontage Holdings on the Adoption Date of the 2021 Frontage Share Award Scheme. Each award granted has a contractual term of 10 years and vesting on the one calendar year after grant date.

Under 2021 Frontage Share Award Scheme, a trust has set up for the scheme and a third-party trustee was engaged by Frontage Holdings to administrate the scheme. The trustee will hold the award shares in trust for the awardees until such shares are rested with the awardees. The trustee shall not exercise the voting rights in respect of any share held under the trust.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

8. SHARE-BASED PAYMENT (Continued)

8.4 Modification and termination of share-based payment (Continued)

Other Explanation: (Continued)

(a) Frontage Holdings: (Continued)

(i) 2021 share awards scheme (Continued)

On January 25, 2021, the Board of Directors has resolved to grant a total of 22,950,500 awarded shares.

Set out below are details of the movements of the outstanding awarded shares granted under the 2021 Frontage Share Awards Scheme during the current period:

	Six months ended June 30	
	2024 Number (Unaudited)	2023 Number (Unaudited)
Outstanding at beginning of period	8,590,126	14,410,501
Vested during the period	-4,345,062	-4,695,062
Forfeited during the period	-92,500	-574,063
Outstanding at end of period	4,152,564	9,141,376

Each award share granted generally vested over a four-year period with an agreed award vesting on the anniversary one year after grant date.

The estimated fair value was approximately US\$16.1 million (equivalent to RMB104.3 million) for the awarded shares. The fair value was calculated by reference to the closing share price of Frontage Holdings at the date of grant, which was HK\$6.02 (equivalent to RMB5.02) per share.

Changes in variables and assumptions may result in changes in the fair values of the share options.

On January 25, 2021, 22,950,500 shares of Frontage Holdings were issued for the 2021 Frontage Share Award Scheme. As at June 30, 2024, there are 8,548,002 shares (six months ended June 30, 2023: 12,893,064 shares) held for such scheme with carrying amount of nil (six months ended June 30, 2023: US\$1,000 (equivalent to RMB6,969.3)) accumulated in equity under the heading of "Treasury Shares".

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

8. SHARE-BASED PAYMENT (Continued)

8.4 Modification and termination of share-based payment (Continued)

Other Explanation: (Continued)

(a) Frontage Holdings: (Continued)

(i) 2021 share awards scheme (Continued)

The weighted average closing price of the shares immediately before the dates on which the awards were vested during the six months ended June 30, 2024 was HK\$2.07 (equivalent to RMB1.88) (six months ended June 30, 2023: HK\$2.98 (equivalent to RMB2.65)).

The Company recognized total expense of approximately US\$481,000 (equivalent to RMB3,419,000) for the six months ended June 30, 2024 (six months ended June 30, 2023: US\$1,143,000 (equivalent to RMB7,967,000)) in relation to share award granted under the 2021 Frontage Share Award Scheme.

(ii) Frontage Labs Scheme

Frontage Laboratories, Inc. ("Frontage Labs"), a subsidiary of the Company, adopted 2 Pre-IPO share incentive plans respectively in 2008 and 2015 (together referred as "Pre-IPO share incentive plans") for the primary purpose of attracting, retaining and motivating the directors and employees of the Frontage Labs and its subsidiaries. Under such plans, the directors of Frontage Labs may grant up to 9,434,434 share options under the 2008 share incentive plan and 12,000,000 share options under the 2015 share incentive plan to eligible employees, including the directors and employees of the Frontage Labs and its subsidiaries, to subscribe for shares in Frontage Labs. Each option granted has a contractual term of 5 to 10 years and vesting on calendar one year after grant date.

On April 17, 2018, Frontage Holdings Corporation ("Frontage Holdings"), Frontage Labs and corresponding employees entered into an agreement pursuant to which Frontage Labs has assigned, and Frontage Holdings has assumed, the rights and obligations of Frontage Labs under the Frontage Labs Schemes.

On February 28, 2019, Frontage Holdings granted a total 7,990,000 share options under the 2015 share incentive plan to the eligible employees at an exercise price of US\$2.00.

Pursuant to the capitalization issue completed on May 11, 2019 (the "Frontage Capitalization Issue"), the number of options granted to an eligible employee under the Frontage Labs Schemes were adjusted to ten times of the original number of options held by that grantee. Accordingly, the exercise price was adjusted to 10% of the original exercise price.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

8. SHARE-BASED PAYMENT (Continued)

8.4 Modification and termination of share-based payment (Continued)

Other Explanation: (Continued)

(a) *Frontage Holdings: (Continued)*

(ii) *Frontage Labs Scheme (Continued)*

Set out below are details of the movements of the outstanding options granted under the Frontage Labs Schemes during the current and prior period, retroactively reflecting the Frontage Capitalization Issue:

	Six months ended June 30, 2024		Six months ended June 30, 2023	
	Weighted average exercise price (RMB) (Unaudited)	Number (Unaudited)	Weighted average exercise price (RMB) (Unaudited)	Number (Unaudited)
Outstanding at beginning of period	1.06	53,360,000	1.04	60,270,500
Forfeited during the period	1.42	-750,000	–	–
Exercised during the period	1.42	-36,110,000	1.39	-2,868,500
Outstanding at end of period	0.36	16,500,000	1.16	57,402,000
Options exercisable		16,500,000		57,402,000
Weighted average contractual life (years)		2.70		1.00

The exercise price of options outstanding ranges from US\$0.049 to US\$0.057 (equivalent to RMB0.35 to RMB0.41).

The weighted average closing price of the shares of Frontage Holdings immediately before the dates on which the option was exercised was HK\$1.79 (equivalent to RMB1.63) (six months ended June 30, 2023: HK\$2.29 (equivalent to RMB2.04)).

The Company recognized total expense of nil for the six months ended June 30, 2024 (six months ended June 30, 2023: nil) in relation to share options granted under the Frontage Labs Schemes.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

8. SHARE-BASED PAYMENT (Continued)

8.4 Modification and termination of share-based payment (Continued)

Other Explanation: (Continued)

(a) Frontage Holdings: (Continued)

(iii) 2018 Frontage Share Incentive Scheme

On May 11, 2019, the Board of Directors of Frontage Holdings approved an incentive plan to grant share options, restricted share units and any other types of awards to eligible employees, including the directors and employees of the Frontage Holdings Group ("2018 Frontage Share Incentive Scheme"). The total number of shares in respect of which the awards may be granted pursuant to the 2018 Share Incentive Plan and any other equity-based incentive plans of Frontage is 200,764,091, being 10% of the shares of Frontage in issue as on the listing date.

On October 7, 2022, Frontage Holdings granted a total 32,555,000 share options under 2018 Frontage Share Incentive Scheme.

On December 20, 2023, Frontage Holdings granted a total 26,285,000 share options under 2018 Frontage Share Incentive Scheme.

Set out below are details of the movements of the outstanding options granted during the current and prior interim period:

	Six months ended June 30,			
	2024		2023	
	Weighted average exercise price (RMB) (Unaudited)	Number (Unaudited)	Weighted average exercise price (RMB) (Unaudited)	Number (Unaudited)
Outstanding at beginning of period	1.91	54,250,000	1.88	31,445,000
Forfeited during the period	1.92	-3,123,000	1.88	-1,265,000
Exercised during the period	1.92	-69,000	–	–
Outstanding at end of period	1.92	51,058,000	1.95	30,180,000
Options exercisable		9,306,000		30,180,000
Weighted average contractual life (years)		3.80		4.30

The exercise price of options outstanding ranges from HK\$2.09 to HK\$2.13 (equivalent to RMB1.90 to RMB1.94).

Each option granted generally vests over a three-year period with an agreed award vesting on the anniversary one year after grant date.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

8. SHARE-BASED PAYMENT (Continued)

8.4 Modification and termination of share-based payment (Continued)

Other Explanation: (Continued)

(a) Frontage Holdings: (Continued)

(iii) 2018 Frontage Share Incentive Scheme (Continued)

The weighted average closing price of the shares immediately before the dates on which the options were exercised was HK\$2.21 (equivalent to RMB2.00).

The estimated fair value of the share options granted under the 2018 Frontage Share Incentive Scheme in 2023 is approximately US\$3,255,000 (equivalent to approximately RMB21,995,000). The fair value is calculated using the Black-Scholes-Merton model. The major inputs into the model are as follows:

Grant date	20-Dec-23	7-Oct-22
Share price (HK\$)	2.12	1.94
Exercise price (HK\$)	2.13	2.09
Expected volatility	51.00%	52.00%
Expected life (years)	5	5
Risk-free rate	3.03%	3.70%
Expected dividend yield	—	—

Share price is determined by reference to the closing share price of Frontage Holdings at the date of grant.

The risk-free interest rate was based on market yield on Hong Kong Treasury securities with the maturity corresponding to the contractual life of the options. Expected volatility was determined by the average of the longest period historical volatility of Frontage Holdings, and the 5 years historical volatility of the comparable companies.

Changes in variables and assumptions may result in changes in the fair values of the share options.

The Company recognized total expenses of approximately US\$1,182,000 (equivalent to approximately RMB8,401,000) for the six months ended June 30, 2024 (six months ended June 30, 2023: US\$829,000 (equivalent to RMB5,778,000)), in relation to share options granted by Frontage Holdings under 2018 Frontage Share Incentive Scheme.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

8. SHARE-BASED PAYMENT (Continued)

8.4 Modification and termination of share-based payment (Continued)

Other Explanation: (Continued)

(b) *DreamCIS:*

(i) 2018 DreamCIS Scheme

DreamCIS, a subsidiary of the Company, adopted a share incentive plan in 2018 (the "DreamCIS Scheme") for the primary purpose of attracting, retaining and motivating the directors and employees of DreamCIS. Under the DreamCIS Scheme, the directors of DreamCIS may grant up to 402,372 share options under the share incentive plan to eligible employees, including the directors and employees of DreamCIS, to subscribe for shares in DreamCIS. Each option granted has a contractual term of 5 years.

Pursuant to the capitalization issue completed during the year ended December 31, 2023 (the "DreamCIS 2023 Capitalization Issue"), all the then outstanding share options granted and the exercise price are adjusted on a one-to-four basis.

During the six months ended June 30, 2021, the Board of Directors of DreamCIS has resolved to grant a total of 223,122 share options.

Set out below are details of the movements of the outstanding options granted under the 2018 DreamCIS Scheme during the current and prior interim period, retroactively reflecting the DreamCIS Capitalization Issue:

	Six months ended June 30,			
	2024		2023	
	Weighted average exercise price (RMB) (Unaudited)	Number (Unaudited)	Weighted average exercise price (RMB) (Unaudited)	Number (Unaudited)
Outstanding at beginning of period	19.3	682,440	19.4	704,588
Granted during the period				
Exercised during the period	14.1	-90,044	6.7	-6,400
Forfeited during the period	14.1	-80,228	21.8	-15,748
Outstanding at end of period	13.9	512,168	19.9	682,440
Options exercisable		512,168		682,440
Weighted average contractual life (years)		1.7		2.0

The exercise price of options outstanding ranges from KRW1,250 to KRW4,075 (equivalent to RMB6.5 to RMB21.1).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

8. SHARE-BASED PAYMENT (Continued)

8.4 Modification and termination of share-based payment (Continued)

Other Explanation: (Continued)

(b) DreamCIS: (Continued)

(i) 2018 DreamCIS Scheme (Continued)

The estimated fair value was approximately RMB5,811,000 for the share options granted in 2021. The fair value was calculated based on binomial model. The major inputs into the model are as follows:

Grant date	2021
Share price	KRW15,800 (Equivalent to RMB90)
Expected volatility	47.75%
Expected life (years)	2.5
Risk-free rate	1.03%
Expected dividend yield	—

The risk-free interest rate was based on the yield of South Korea Treasury Bonds with a maturity life with the term corresponding to the contractual life of the options. Expected volatility was determined by using the historical volatility of the comparable companies.

Changes in variables and assumptions may result in changes in the fair values of the share options.

The Company recognized total expense of nil for the six months ended June 30, 2024 (six months ended June 30, 2023: RMB174,000) in relation to share options granted under the DreamCIS Scheme.

(ii) 2021 DreamCIS Share Option Scheme

On March 26, 2021, the Board of Directors of DreamCIS approved the adoption of the share option scheme ("2021 DreamCIS Share Option Scheme") to provide incentive or reward to directors or employees of DreamCIS for their contribution to, and continuing efforts to promote the interests of DreamCIS and its subsidiaries. Under the 2021 DreamCIS Share Option Scheme, the directors of DreamCIS may grant up to 559,597 share options. No awards have been granted under the 2021 DreamCIS Share Option Scheme by June 30, 2024.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

8. SHARE-BASED PAYMENT (Continued)

8.4 Modification and termination of share-based payment (Continued)

Other Explanation: (Continued)

(b) DreamCIS: (Continued)

(iii) 2023 DreamCIS Share Option Scheme

On March 28, 2023, the Board of Directors of DreamCIS approved the adoption of the share option scheme of DreamCIS ("2023 DreamCIS Share Option Scheme") to provide incentive or reward to directors or employees of DreamCIS for their contribution to, and continuing efforts to promote the interests of DreamCIS and its subsidiaries.

During the year ended December 31, 2023, the Board of Directors of DreamCIS has resolved to grant a total of 1,071,200 share options.

Set out below are details of the movements of the outstanding options granted under the 2023 DreamCIS Share Option Scheme during the current and prior interim period:

	Six months ended June 30, 2024	
	Weighted average exercise price (RMB) (Unaudited)	Number (Unaudited)
Outstanding at beginning of period	20.31	1,016,800
Forfeited during the period	18.57	-58,400
Outstanding at end of period	18.27	958,400
Options exercisable	–	–

The estimated fair value was approximately RMB7,308,700 for the share options granted in 2023. The fair value was calculated based on binomial model. The major inputs into the model are as follows:

Grant date	2023
Share price	KRW1,260 (Equivalent to RMB6.82)
Expected volatility	42.80%
Expected life (years)	2.75
Risk-free rate	3.71%
Expected dividend yield	–

The risk-free interest rate was based on the yield of South Korea Treasury Bonds with a maturity life with the term corresponding to the contractual life of the options. Expected volatility was determined by using the historical volatility of the comparable companies.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

8. SHARE-BASED PAYMENT (Continued)

8.4 Modification and termination of share-based payment (Continued)

Other Explanation: (Continued)

(b) DreamCIS: (Continued)

(iii) 2023 DreamCIS Share Option Scheme (Continued)

Changes in variables and assumptions may result in changes in the fair values of the share options.

The Company recognized total expense of approximately RMB1,382,400 for the six months ended June 30, 2024 (six months ended June 30, 2023: nil) in relation to share options granted under the DreamCIS Scheme.

(c) the Company:

(i) 2021 Share Purchase Scheme

The Company adopted the share purchase scheme in 2021 (the "2021 Share Purchase Scheme") for the primary purpose of attracting, retaining and motivating the directors and employees of the Company. Under the 2021 Share Purchase Scheme, a trust entity has been set up for the scheme and a third-party agent with asset management qualifications was engaged by the participants of the scheme.

The minimum and maximum amount of funds to be raised is RMB10,000,000 and RMB15,000,000, respectively, which shall be divided into respective units to be subscribed at RMB1.00 each. The participants of the 2021 Share Purchase Scheme are required to pay the subscription funds in one lump sum according to the number of units subscribed.

In the event that a participant terminates employment with the Company due to expiration of his/her service contract, the units he/she has subscribed for and paid subscription monies shall be subject to mandatory transfer to other participants, at a consideration equal to the subscription costs.

The underlying shares of the 2021 Share Purchase Scheme are the repurchased shares previously repurchased and held by the Company as treasury shares (Note 5.23). The average repurchase price was RMB44.25 per share. On February 1, 2021, 286,372 shares previously repurchased by the Company was transferred to the trust unit for 2021 Share Purchase Scheme by way of non-trade transfer at RMB44.25 per share. As a result, a consideration of RMB12,672,000 has been received by the Company upon the transfer of treasury shares.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

8. SHARE-BASED PAYMENT (Continued)

8.4 Modification and termination of share-based payment (Continued)

Other Explanation: (Continued)

(c) the Company: (Continued)

(i) 2021 Share Purchase Scheme (Continued)

Set out below are details of the movements of the outstanding units granted under the 2021 Share Purchase Scheme during the current and prior period:

	Six months ended June 30,		Six months ended June 30,	
	2024		2023	
	Weighted average exercise price (RMB) (Unaudited)	Number (Unaudited)	Weighted average exercise price (RMB) (Unaudited)	Number (Unaudited)
Outstanding at beginning of period	-	-	44.25	104,772
Vested during the period	-	-	44.25	-104,772
Outstanding at end of period	-	-	-	-

The shares held by the 2021 Share Purchase Scheme in respect of a holder will be unlocked upon the expiry of the lock-up periods. The agent of the 2021 Share Purchase Scheme will then sell the relevant unlocked shares on the market at such timing and in such appropriate manner as it determines. The sale proceeds, after deducting the relevant tax and fees, will be distributed to the relevant holders according to the allocations stipulated under the 2021 Share Purchase Scheme.

The Company recognized total expense of nil for the six months ended June 30, 2024 (six months ended June 30, 2023: nil) in relation to 2021 Share Purchase Scheme.

(ii) 2022 Restricted Share Scheme

The Company adopted the restricted share scheme in 2022 (the "2022 Restricted Share Scheme") for the primary purpose of attracting, retaining and motivating the directors and employees of the Company. Under the 2022 Restricted Share Scheme, the directors may grant up to 7,105,590 restricted A-shares under the scheme to eligible employees, including the directors and employees of the Company, to obtain ordinary shares of the Company upon vesting.

The 2022 Restricted Share Scheme will be valid and effective for a period of 5 years.

On November 25, 2022, the Company granted a total 6,079,784 restricted A-shares under the 2022 Restricted Share Scheme to the eligible employees at an exercise price of RMB69.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

8. SHARE-BASED PAYMENT (Continued)

8.4 Modification and termination of share-based payment (Continued)

Other Explanation: (Continued)

(c) the Company: (Continued)

(ii) 2022 Restricted Share Scheme (Continued)

Set out below are details of the movements of the outstanding units granted under the 2022 Restricted Share Scheme during the current and prior period:

	Six months ended June 30,			
	2024		2023	
	Weighted average exercise price (RMB) (Unaudited)	Number (Unaudited)	Weighted average exercise price (RMB) (Unaudited)	Number (Unaudited)
Outstanding at beginning of period	69.00	3,425,534	69.00	6,072,384
Canceled	69.00	-3,425,534	–	–
Outstanding at end of period	–	–	69.00	6,072,384

The lock-up periods for the restricted shares granted in November 2022 are presented in the table below:

Lock-up period	Timing	Proportion of share exercisable
1st lock-up period	From the first trading day after 12 months since the listing date of the restricted A-shares to the last trading day within 24 months after the listing date of the restricted A-shares.	40%
2nd lock-up period	From the first trading day after 24 months since the listing date of the restricted A-shares to the last trading day within 36 months after the listing date of the restricted A-shares	30%
3rd lock-up period	From the first trading day after 36 months since the listing date of the restricted A-shares to the last trading day within 48 months after the listing date of the restricted A-shares.	30%

The estimated fair value of the restricted A-shares granted under the 2022 Restricted Share Scheme in 2022 is approximately RMB551,858,000. The fair value is calculated by reference to the closing A-share price of the Company at the date of grant, which is RMB90.88.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

8. SHARE-BASED PAYMENT (Continued)

8.4 Modification and termination of share-based payment (Continued)

Other Explanation: (Continued)

(c) *the Company: (Continued)*

(ii) 2022 Restricted Share Scheme (Continued)

Changes in variables and assumptions may result in changes in the fair values of the restricted A-shares.

Because of the cancellation of restricted A-shares, granted by the Company under 2022 Restricted Share Scheme, the Company immediately recognized total expense of RMB34,508,000 for the six months ended June 30, 2024 that otherwise would have been recognized for services received over the remainder of the vesting period.

(d) *Fantastic Bioimaging Co., Ltd. ("Fantastic Bioimaging")*

Fantastic Bioimaging, a subsidiary of the Company, adopted a share incentive plan in 2019 (the "Fantastic Bioimaging Scheme") for the primary purpose of attracting, retaining and motivating the employees of the Fantastic Bioimaging. Under the Fantastic Bioimaging Scheme, employees are entitled to subscribe the restricted shares of Fantastic Bioimaging at the net asset value of Fantastic Bioimaging.

Upon the acceptance of the restricted shares granted, employees are required to have corresponding capital injection to Fantastic Bioimaging.

In the event that a participant terminates employment with Fantastic Bioimaging due to expiration of his/her service contract, the restricted shares he/she has subscribed for shall be returned to Fantastic Bioimaging, and Fantastic Bioimaging shall return the paid subscription monies to the employees.

Each restricted share granted has a contractual term of 3 years. As of the date of this report, the Fantastic Bioimaging Scheme has ended and no further restricted shares are available for grant under the Fantastic Bioimaging Scheme at the beginning and end of the financial period.

On September 1, 2019, Fantastic Bioimaging granted 466,667 restricted shares to its employees at a price of RMB1.5 per share.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

8. SHARE-BASED PAYMENT (Continued)

8.4 Modification and termination of share-based payment (Continued)

Other Explanation: (Continued)

(d) *Fantastic Bioimaging Co., Ltd. ("Fantastic Bioimaging") (Continued)*

Set out below are details of the movements of the outstanding restricted shares granted under the Fantastic Bioimaging Scheme during the current period:

	Six months ended June 30			
	2024		2023	
	Weighted average exercise price	Number	Weighted average exercise price	Number
	RMB (Unaudited)		RMB (Unaudited)	
Outstanding at beginning of period	-	-	-	-
Outstanding at end of period	-	-	-	-

The Company recognized total expense of nil for the six months ended June 30, 2024 (six months ended June 30, 2023: nil) in relation to restricted shares granted under the Fantastic Bioimaging Scheme.

(e) *Meditip*

Meditip, a subsidiary of the Company, adopted a share incentive plan in 2021 (the "Meditip Scheme") for the primary purpose of attracting, retaining and motivating the directors, employees and outside consultants of Meditip. Under the Meditip Scheme, the directors of Meditip may grant up to 26,500 share options under the share incentive plan to eligible employees, including the directors, employees and outside consultants of Meditip, to subscribe for shares in Meditip. Each option granted has a contractual term of 6 years.

The estimated fair value was approximately RMB7,307,000 for the share options granted in 2021. The fair value was calculated based on binomial model. The major inputs into the model are as follows:

Grant date	2021
Share price	KRW77,800 to KRW85,201 (Equivalent to RMB407 to 446)
Expected volatility	61.36% – 63.24%
Expected life (years)	2.9 years – 4.9 years
Risk-free rate	2.64% – 2.85%
Expected dividend yield	-

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

8. SHARE-BASED PAYMENT (Continued)

8.4 Modification and termination of share-based payment (Continued)

Other Explanation: (Continued)

(e) Meditip (Continued)

Share price is determined as the total fair value of Meditip's equity divided by the total number of shares. To determine the fair value of Meditip's equity value as of grant dates, the Company used primarily the discounted cash flow method under the income approach, using cash flow projections based on financial forecasts approved by management covering a five-year period as appropriate and a discount rate of 15.5% for the options granted during the year ended December 31, 2021. Management assessment is that Meditip will arrive at a stable growth stage after 5 years period. Cash flow beyond that five-year period has been extrapolated using a steady 1% growth rate. This growth rate does not exceed the long-term average growth rate for the market in which Meditip operates. The result from the income approach was cross checked with the market approach, which incorporates certain assumptions, including the market performance of comparable listed companies, as well as the financial results and growth trends of the Company, to derive the total equity of Meditip.

The risk-free interest rate was based on the yield of South Korea Treasury Bonds with a maturity life with the term corresponding to the contractual life of the options. Expected volatility was determined by using the historical volatility of the comparable companies.

Changes in variables and assumptions may result in changes in the fair values of the share options.

Set out below are details of the movements of the outstanding options granted under the Meditip Scheme during the current and prior period, retroactively reflecting the Meditip Capitalization Issue:

	Six months ended June 30			
	2024		2023	
	Weighted average exercise price	Number	Weighted average exercise price	Number
	RMB (Unaudited)		RMB (Unaudited)	
Outstanding at beginning of period	281.0	23,400	281.0	24,800
Forfeited during the period	286.0	-2,900	290.0	-1,000
Outstanding at end of period	281.0	20,500	290.0	23,800
Options exercisable		-		-
Weighted average contractual life (years)		5.0		5.5

The exercise price of options outstanding is KRW54,167 (equivalent to RMB281).

The Company recognized total expense of approximately RMB269,000 for the six months ended June 30, 2024 (six months ended June 30, 2023: RMB722,000) in relation to share options granted under the Meditip Scheme.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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9. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

9.1 Information about the Parent company of the Company

The actual controllers of the Company are Mr. Ye Xiaoping and Ms. Cao Xiaochun: Mr. Ye Xiaoping holds 177,239,541.00 shares of the Company, with a shareholding ratio of 20.49%; Ms. Cao Xiaochun holds 51,661,774.00 shares of the Company, with a shareholding ratio of 5.97%.

9.2 Information on the Company's joint ventures and associates

Other joint ventures or associates that had related party transactions with the Company during the current period, or had balances arising from related party transactions with the Company in prior periods, are as follows:

Name of Joint ventures and associates	Relationship
Tigerise, Inc.	Associates
TIGERMED CO.LTD. (THAILAND)	Associates
Tigermed Vietnam Co., Limited	Associates
PT TIGERMED MEDICAL INDONESIA	Associates
EPS Tigermed (Suzhou) Co., Ltd.	Associates
Teddy Clinical Research Laboratory (Shanghai) Limited	Associates
Clinflash Healthcare Technology (Jiaxing) Co., LTD.	Associates
Hangzhou Taikun Equity Investment Fund Partnership (Limited partnership)	Associates
Shanghai Bioquick Pharmaceutical Supply Chain Management Co., Ltd.	Associates
Chenghong Pharmaceutical (Weihai) Co., Ltd.	Associates
Jiangsu Lanwan Management Technology Co., Ltd.	Associates
Taihe Pharmaceutical (Weihai) Co., Ltd.	Associates
Beijing Jingwei Legend Pharmaceutical Technology Co., LTD.	Associates

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

9. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

9.3 Related Party Transactions

9.3.1 Related party transactions for the purchase and sale of goods, provision and receipt of services

Information of goods purchased/services received

Related parties	Related party transactions	For the six months ended	
		30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
Teddy Clinical Research Laboratory (Shanghai) Limited	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	6,926,597.01	12,976,715.50
Tigerise Inc.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	8,324,303.87	4,214,262.92
Hangzhou Zhilan Health Co., Ltd.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	97,217.42	–
Hangzhou Kemi Culture & Media Co., Ltd.	Corporate Image Planning, Advertising Design, Meeting and Exhibition Services, Photography and Video Production Services	–	384,414.09
Chenghong Pharmaceutical (Weihai) Co., LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	2,000,452.85	126,658.37
Clinflash Healthcare Technology (Jiaxing) Co., LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	18,659,534.36	29,390,329.99
Hangzhou Taikun Equity Investment Fund Partnership (Limited partnership)	Fund Services	711,811.84	–
Shanghai Bioquick Pharmaceutical Supply Chain Management Co., Ltd.	Warehousing, transportation services	6,420,197.35	11,467,570.01
Hangzhou Laimai Medical Information Technology Co., LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	335,500.38	–
NEW TRIALS MEDICAL TECHNOLOGY (Hangzhou) Co., LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	-582.52	–

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

9. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

9.3 Related Party Transactions (Continued)

9.3.1 Related party transactions for the purchase and sale of goods, provision and receipt of services (Continued)

Information of goods sales/services provided

Related parties	Related party transactions	For the six months ended	
		30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
Teddy Clinical Research Laboratory (Shanghai) LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	720,327.43	108,704.76
Hangzhou Zhilan Health Co., LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	189,483.46	279,879.37
Hangzhou Hezheng Pharmaceutical Co., LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	1,142,500.00	6,513,815.98
Zhiding Medical Technology (Hangzhou) Co., LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	270,375.98	41,026.86
Chenghong Pharmaceutical (Weihai) Co., LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	2,358.49	–
Clinflash Healthcare Technology (Jiaxing) Co., LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	2,964,590.27	5,703,449.14
Hangzhou Patsy Medical Technology Co., LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	6,822.25	1,609,669.42
Hangzhou Taikun Equity Investment Fund Partnership (Limited partnership)	Fund Services	35,983,282.86	18,695,269.58
Shanghai Bioquick Pharmaceutical Supply Chain Management Co., Ltd.	Warehousing, transportation services	241,843.77	–
Shenzhen Robb Medical Technology Co., LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	2,806.58	1,271,627.58
EPS Tigermed (Suzhou) Co., Ltd.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	106,567.34	–
Hangzhou Laimai Medical Information Technology Co., LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	267,824.88	–

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

9. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

9.3 Related Party Transactions (Continued)

9.3.1 Related party transactions for the purchase and sale of goods, provision and receipt of services (Continued)

Information of goods sales/services provided (Continued)

Related parties	Related party transactions	For the six months ended	
		30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
Beijing Laimai Medical Information Technology Co., LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	5,886.24	–
Hangzhou Dian Medical Laboratory Center Co., LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	73,454.72	–
Beijing Jingwei Legend Pharmaceutical Technology Co., Ltd.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	42,452.88	–
Hangzhou Taiyuan Pharmaceutical Innovation Research Institute Co., LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	76,621.61	–
Hangzhou Dian Biotechnology Co., LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	-70,215.09	–
Hangzhou Fananskai Technology Co., Ltd.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	1,671,454.01	–
Fanske Technology Co., Ltd.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	1,771,047.81	–

9.3.2 Related party guarantees

The Company as a guarantor

Guaranteed party	Amount Guaranteed	Beginning Date of Guarantee	Maturity date of guarantee	Guarantee fulfilled
Chenghong Pharmaceutical (Weihai) Co., Ltd.	58,000,000.00	2023.5.30	2026.5.30	Not yet
Acme Biopharma (Wuhan) Co., Ltd	32,000,000.00	2023.4.27	2028.4.29	Not yet
Acme Biopharma (Wuhan) Co., Ltd	10,000,000.00	2023.4.27	2024.9.10	Not yet
Frontage Laboratories (Suzhou) Co., LTD	20,000,000.00	2023.7.18	2024.7.17	Not yet

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

9. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

9.4 Receivables and payables of related parties

9.4.1 Receivables

		30 June 2024 (Unaudited)		31 December 2023 (Audited)	
Item	Related Party	Book value balance	Bad debt provisions	Book value balance	Bad debt provisions
Accounts Receivables					
	Teddy Clinical Research Laboratory (Shanghai) Limited	360,121.50	17,724.54	4,973.83	89.53
	Hangzhou Zhilan Health Co., LTD.	145,250.00	2,614.50		
	Hangzhou Hezheng Pharmaceutical Co., LTD.	149,367.31	2,688.61		
	Zhiding Medical Technology (Hangzhou) Co., LTD.			11,691.80	210.45
	Chenghong Pharmaceutical (Weihai) Co., Ltd.			54,500.00	
	Clinflash Healthcare Technology (Jiaxing) Co., Ltd.	58,374.62	1,050.74	16,101.93	289.83
	Hangzhou Patsy Medical Technology Co., LTD.			77,631.50	14,152.22
	Shenzhen Robb Medical Technology Co., LTD.	73,581.76	1,324.47		
	Hangzhou Laimai Medical Information Technology Co., LTD.	136,481.37	2,456.66		
	Hangzhou Taiyuan Pharmaceutical Innovation Research Institute Co., LTD.	1,266,800.32	230,937.70		
	Hangzhou Fananskai Technology Co., Ltd.	491,183.24	8,841.30		
Prepayments					
	Tigerise Inc.	607,801.61		682,293.98	
	Clinflash Healthcare Technology (Jiaxing) Co., Ltd.	1,379,560.38		307,414.26	
	Hangzhou Zhilan Health Co., LTD.	95,857.95			
	Shanghai Bioquick Pharmaceutical Supply Chain Management Co., Ltd.	77,436.10			
Other Receivables					
	Shanghai Bioquick Pharmaceutical Supply Chain Management Co., Ltd.	1,452,530.48	72,626.52		
	TIGERMED CO., LTD. (THAILAND)	1,938,199.31	96,909.97	1,214,880.47	60,744.02
	PT TIGERMED MEDICAL INDONESIA	588,973.60	29,448.68	182,056.14	9,102.81
	Tigermed Vietnam Co., Limited	351,607.85	17,580.39	156,116.19	7,805.81

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

9. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

9.4 Receivables and payables of related parties (Continued)

9.4.1 Receivables (Continued)

		30 June 2024 (Unaudited)		31 December 2023 (Audited)	
Item	Related Party	Book value balance	Bad debt provisions	Book value balance	Bad debt provisions
Contract assets					
	Teddy Clinical Research Laboratory (Shanghai) Limited	296,068.93	5,329.23	19,540.45	351.73
	Hangzhou Zhilan Health Co., LTD.	204,265.62	3,676.79	191,695.50	3,450.52
	Hangzhou Hekang Pharmaceutical Co., LTD.	7,736.78	139.26	7,736.78	139.26
	Hangzhou Hezheng Pharmaceutical Co., LTD.	386,414.80	6,955.46	266,926.60	4,804.68
	Zhiding Medical Technology (Hangzhou) Co., LTD.	70,571.64	1,270.29		
	Clinflash Healthcare Technology (Jiaxing) Co., Ltd.	3,834,762.16	69,025.73	2,716,820.08	48,902.76
	Hangzhou Patsy Medical Technology Co., LTD.	1,229,638.97	22,133.50	1,222,407.39	22,003.33
	Shenzhen Robb Medical Technology Co., LTD.	787,866.79	14,181.60	858,473.57	15,452.52
	EPS Tigermed (Suzhou) Co., Ltd.	693,581.54	12,484.47	580,620.16	10,451.16
	Beijing Laimai Medical Information Technology Co., LTD.	6,416.00	115.49		
	Beijing Jingwei Legend Medical Technology Co., LTD.	45,000.06	810.00		
	Hangzhou Taiyuan Pharmaceutical Innovation Research Institute Co., LTD.	83,517.55	1,503.32		
	Hangzhou Dian Biotechnology Co., LTD.			74,428.00	1,339.70

Items	Related Party	30 June, 2024 (Unaudited)	31 December, 2023 (Audited)
Other non-current assets	Tigerise Inc.	17,888,920.00	—

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

9. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

9.4 Receivables and payables of related parties (Continued)

9.4.2 Payables

Item	Relate party	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Accounts Payables			
	Teddy Clinical Research Laboratory (Shanghai) Limited	20,620,594.71	23,740,600.14
	Chenghong Pharmaceutical (Weihai) Co., Ltd.	767,323.92	297,769.90
	Clinflash Healthcare Technology (Jiaxing) Co., Ltd.	48,439,728.14	41,187,631.46
	Shanghai Bioquick Pharmaceutical Supply Chain Management Co., LTD	2,454.22	370,229.90
Other Payables			
	Clinflash Healthcare Technology (Jiaxing) Co., Ltd.	25,546.78	25,546.78
	Jiangsu Lanwan Management Technology Co., Ltd.		10,000,000.00
	Taihe Pharmaceutical (Weihai) Co., Ltd.	3,000,000.00	3,000,000.00
Contract liabilities			
	Teddy Clinical Research Laboratory (Shanghai) Limited	267,866.24	4,752.00
	Hangzhou Zhilan Health Co., LTD.	163,885.21	137,516.22
	Hangzhou Hezheng Pharmaceutical Co., LTD.	632,033.39	134,953.93
	Zhiding Medical Technology (Hangzhou) Co., LTD.	94,339.62	301,105.55
	Clinflash Healthcare Technology (Jiaxing) Co., Ltd.	1,367,351.68	1,587,138.42
	Hangzhou Laimai Medical Information Technology Co., LTD.	7,200.00	
	Hangzhou Fananskai Technology Co., Ltd.	12,461.32	
	Fanske Technology Co., Ltd.	803,746.16	

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

10. CAPITAL COMMITMENTS

The Company has capital commitments under non-cancellable contracts as follows:

	As at June 30, 2024 (Unaudited)	As at December 31, 2023 (Audited)
Commitments for the investments in the funds or companies	429,777,138.91	586,720,000.00
Commitments for the acquisition of associates	3,000,000.00	15,570,000.00
Acquisition of property, plant and equipment	13,685,525.73	12,048,000.00

In addition, the Company entered a subscription agreement to subscribe 50% equity interest in an associate, Hangzhou Taikun for the year ended December 31, 2021. As at June 30, 2024, the Company has committed to invest additional capital in Hangzhou Taikun, amounting to RMB7,000,000,000 (as at December 31, 2023: RMB7,500,000,000). The capital commitment by the Company shall be paid subject to the notice to be issued by the general partner of Hangzhou Taikun according to the capital needs of Hangzhou Taikun.

11. OTHER SIGNIFICANT MATTERS

11.1 Net current assets/(liabilities)

Item	30 June 2024 (Unaudited)		31 December 2023 (Audited)	
	The Company	The Parent	The Company	The Parent
Current assets	7,646,634,878.70	5,133,886,447.19	11,344,141,125.21	8,681,150,095.68
Less: Current liabilities	5,332,415,803.11	6,785,716,113.49	4,138,736,291.58	5,056,469,034.64
Net current assets/(liabilities)	2,314,219,075.59	-1,651,829,666.30	7,205,404,833.63	3,624,681,061.04

11.2 Total assets less current liabilities

Item	30 June 2024 (Unaudited)		31 December 2023 (Audited)	
	The Company	The Parent	The Company	The Parent
Total assets	30,417,116,409.84	20,791,082,600.62	29,680,742,349.17	19,484,910,216.95
Less: Current liabilities	5,332,415,803.11	6,785,716,113.49	4,138,736,291.58	5,056,469,034.64
Total assets less current liabilities	25,084,700,606.73	14,005,366,487.13	25,542,006,057.59	14,428,441,182.31

12. RETURN ON NET ASSETS AND EARNINGS PER SHARE

Profit for the reporting period	Weighted average return on equity (%)	Earnings per share	
		Basic earnings per share (RMB per share)	Diluted earnings per share (RMB per share)
Net profit attributable to ordinary shareholders of the Company	2.32	0.57	0.57
Net profit attributable to ordinary shareholders of the Company after deduction of non-recurring profits and losses	3.02	0.74	0.74

DEFINITIONS

"2022 Restricted Share(s)"	the shares of the Company to be obtained in tranches and registered by the Participants who meet the conditions for grant under the 2022 Restricted Share Incentive Scheme after meeting the corresponding vesting conditions
"2022 Restricted Share Incentive Scheme"	2022 Restricted A Share Incentive Scheme of Hangzhou Tigermed Consulting Co., Ltd.
"A Share(s)"	ordinary shares issued by the Company, with a nominal value of RMB1.00 each, which are subscribed for or credited as paid in Renminbi and are listed for trading on the Shenzhen Stock Exchange
"Audit Committee"	the audit committee of the Board
"Board of Directors" or "Board"	our board of Directors
"CASBE"	China Accounting Standards for Business Enterprises
"CG Code"	the "Corporate Governance Code" as contained in Appendix C1 to the Listing Rules
"China" or "PRC"	the People's Republic of China, which for the purpose of this interim report and for geographical reference only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Company" or "our Company"	Hangzhou Tigermed Consulting Co., Ltd. (杭州泰格醫藥科技股份有限公司), the A Shares of which are listed on the Shenzhen Stock Exchange (stock code: 300347) and the H Shares of which are listed on the Stock Exchange (stock code: 03347)
"COVID-19"	Novel Coronavirus
"CRLS"	Clinical-related and Laboratory Services
"CRO"	Contract Research Organization, a company focused on providing R&D services to companies in the pharmaceutical and agrochemical markets
"CTS"	Clinical Trial Solutions
"Director(s)"	the director(s) of the Company or any one of them
"DreamCIS"	DreamCIS Inc., a joint stock company incorporated under the laws of Korea on April 27, 2000, which is listed on the Korean Securities Dealers Automated Quotations of the Korea Exchange (stock code: A223250) and a subsidiary of the Company
"EMEA"	Europe, Middle East and Africa

DEFINITIONS

"Fantastic Bioimaging"	Fantastic Bioimaging Co., Ltd. (杭州英放生物科技有限公司), a limited liability company established under the laws of the PRC on January 4, 2013, and a subsidiary of the Company, in which we held 67.5% equity interest as of the date of this report
"Frontage Holdings Group"	Frontage and its subsidiaries
"Frontage" or "Frontage Holdings"	Frontage Holdings Corporation, a company incorporated under the laws of the Cayman Islands with limited liability on April 16, 2018, which is listed on the Stock Exchange (stock code: 1521) and a subsidiary of the Company
"Frontage Labs"	Frontage Laboratories, Inc., a company incorporated under the laws of Pennsylvania, United States on April 21, 2004 and a subsidiary of the Company
"FVOCI"	fair value through other comprehensive income
"FVTPL"	fair value through profit or loss
"Group" or "we"	the Company and its subsidiaries
"H Share(s)"	ordinary share(s) in the share capital of our Company with nominal value of RMB1.00 each, which are listed on the Stock Exchange
"HK\$"	Hong Kong dollars and cents, both are the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IFRS"	International Financial Reporting Standards
"KRW"	South Korean Won, the lawful currency of the South Korea
"Listing"	the listing of the H Shares on the Main Board of the Stock Exchange on August 7, 2020
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
"Model Code"	the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix C3 to the Listing Rules
"MRCTs"	Multi-regional Clinical Trials
"Ms. Cao"	Ms. Cao Xiaochun, an executive Director and general manager of the Company

DEFINITIONS

"NMPA"	China National Medical Products Administration
"Nomination Committee"	the nomination committee of the Board
"Prospectus"	the prospectus issued by the Company dated July 28, 2020
"Remuneration and Evaluation Committee"	the remuneration and evaluation committee of the Board
"Reporting Period"	the six months ended June 30, 2024
"RMB"	Renminbi, the lawful currency of the PRC
"R&D"	research & development
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Share(s)"	comprising A Shares and H Shares
"Shareholder(s)"	holder(s) of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategic Development Committee"	the strategic development committee of the Board
"Supervisor(s)"	the supervisor(s) of the Company or any one of them
"Supervisory Committee"	our board of Supervisors
"U.S."	United States
"USD" or "US\$"	United States dollars, the lawful currency of the United States
"YoY"	year-over-year
"%"	percentage

This report was originally prepared in English. In the event of discrepancies between the Chinese and English versions, the English version shall prevail. All numbers in this report are approximate rounded values for particular items.

