



2024
年度報告
ANNUAL REPORT

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

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. Wu Hao (吳灝)
Mr. Wen Zengyu (聞增玉)

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) (*Chairwoman*)
(*appointed on March 21, 2024*)
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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Hong Kong

CORPORATE INFORMATION

PRINCIPAL BANKS

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Hangzhou Binjiang Sub-branch
3806 Jiangnan Avenue
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Hangzhou, Zhejiang Province
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Hangzhou Fengqi Sub-branch
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China

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Hangzhou Kaiyuan Sub-branch
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STOCK CODE

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

COMPANY'S WEBSITE

www.tigermedgrp.com

STATEMENT FROM THE CHAIRMAN, THE GENERAL MANAGER AND CO-PRESIDENT

Dear Shareholders,

In 2024, the global biopharmaceutical industry continued to advance, driven by both technological innovation and growing clinical demand. Meanwhile, evolving macroeconomic conditions, shifting geopolitical dynamics, and structural adjustments within the industry have brought about significant transformation. In China, both the biopharmaceutical sector and capital markets are evolving toward rationality, placing greater emphasis on the quality of innovation, R&D efficiency, and optimal resource allocation. While challenges persist, these transitions signal a shift toward high-quality development.

We always believe that amidst transformation lies opportunity. In recent years, Chinese innovative pharmaceutical companies have made notable strides in R&D, achieving faster innovation breakthroughs. Increasingly, these enterprises are expanding globally through joint development efforts and international market entry. At the same time, strong policy support and robust investment activity are adding vitality to the sector's growth.

In this context, CROs with a global vision and integrated capabilities are playing an increasingly critical role in bridging innovation and execution. As a leading global CRO with over two decades of clinical development experience, Tigermed is committed to providing efficient R&D solutions that help clients bring innovative therapies to life – faster and more effectively. Despite market volatility in 2024, we remained focused on our strengths, maintaining our leading position in China's clinical CRO market with a 12.8% share. Since our founding in 2004, we have served the development of over 60% of China's approved Class I innovative drugs. In 2024, we assisted in 28 approved Class I new drugs and 6 approved innovative medical devices in China, which is a testament to the trust our clients place in our comprehensive service capabilities.

Tigermed is committed to long-term, sustainable growth through four strategic initiatives: expanding international footprint with a focus on North America, Europe, and Asia-Pacific; strengthening our integrated R&D service capabilities; offering specialized services in key therapeutic areas such as endocrinology and metabolism, radiopharmaceuticals, cell and gene therapy, and ophthalmology, etc. to establish differentiated competitive advantages; and accelerating AI-driven transformation to enhance operational efficiency and management effectiveness.

Driven by these strategic initiatives, in 2024, the company achieved revenue of RMB6,603 million, including RMB3,178 million from Clinical Trial Solutions and RMB3,425 million from Clinical-related and Lab Services. As client demand recovered and service capabilities improved, our new bookings returned to steady growth in 2024, with the net new bookings reaching RMB8,423 million, representing a 7.3% YoY increase. The backlog of future contracted revenue reached RMB15,776 million, representing a 12.0% YoY increase.

Globalization remained at the core of our development in 2024. By year-end, we had made solid progress in enhancing our local capabilities across multiple regions, significantly strengthening our global delivery capacity.

STATEMENT FROM THE CHAIRMAN, THE GENERAL MANAGER AND CO-PRESIDENT

In North America, both contract value and revenue saw rapid growth. Our U.S.-based clinical operations team exceeded 120 people across 65 cities in 25 states, and we partnered with over 700 clinical and 100 oncology centers. In Europe, our team grew to over 110 people across 20 countries, and our ability to serve local clients continues to improve. In the Asia-Pacific region, we acquired Medical Edge in Japan and delivered strong performance in South Korea.

We advanced digital transformation through intelligent remote platforms, including our remote monitoring system (CTRM), subject eligibility discussion system (SEDS), and safety report distribution and receiving system (Safety Portal). By the end of 2024, 23% of our clinical trials had adopted hybrid DCT models, significantly improving patient engagement and trial flexibility. In addition, we also launched our self-developed YiYa AI Translation Platform, significantly improved the quality and efficiency of multilingual clinical document management.

In 2024, we also continued to foster a collaborative global ecosystem. Tigermed initiated China-Africa digital healthcare cooperation and signed an MoU with Purpose Africa. Furthermore, we established Northern China headquarters in Beijing Tongzhou and launched the Tigermed Incubation Center in Jiaxing to support innovation and expand our ecosystem footprint.

While advancing our core business and global strategy, Tigermed views sustainable development as a core strategic commitment. In 2024, we continued to invest in areas such as compliance, employee development, and data security, maintaining an AA rating in MSCI ESG assessments.

Our subsidiaries also received strong recognition. Tigermed-Jyton was awarded the “2024 Future Medical Top 100 –Top 5 Best Customer Satisfaction Medical Device CRO” award, and Yaxincheng was named as one of the “2024 Recommended Language Service Providers” and “Recommended Emergency Translation and Language Service Providers”.

Looking ahead, we remain confident in the long-term growth of the global biopharma industry. Continued policy support, technological advancement, growing patient needs, and global collaboration will unlock new opportunities. Guided by a long-term vision, Tigermed will expand its global presence and deliver lasting value to clients, partners, and shareholders around the world.

To our employees, clients, shareholders, and partners – thank you for your unwavering trust and support. Together, let us move forward with resilience and purpose as we shape the future of global clinical development.

Xiaoping Ye, PhD,
Co-Founder and Chairman

Xiaochun Cao,
Co-Founder, Executive Director,
and General Manager

Hao Wu,
Executive Director
and Co-President

March 27, 2025

FINANCIAL HIGHLIGHTS

	Year ended December 31,		
	2024	2023	Change ⁽²⁾
	RMB million	RMB million	
Operating results			
Revenue	6,603.1	7,384.0	(10.6)%
Gross Profit	2,242.0	2,848.5	(21.3)%
Net profit attributable to the owners of the Company	405.1	2,024.8	(80.0)%
Net profit attributable to shareholders of the listed company after deducting extraordinary gain or loss ⁽¹⁾	854.9	1,477.2	(42.1)%
Profitability			
Gross Profit Margin	34.0%	38.6%	(4.6)%
Margin of net profit attributable to the owners of the Company	6.1%	27.4%	(21.3)%
Margin of net profit attributable to shareholders of the listed company after deducting extraordinary gain or loss ⁽¹⁾	12.9%	20.0%	(7.1)%
Earnings per share (RMB)			
– Basic	0.47	2.34	(79.9)%
– Diluted	0.47	2.34	(79.9)%

	Year ended December 31,		
	2024	2023	Change ⁽²⁾
	RMB million	RMB million	
Financial position			
Total assets	28,671.0	29,680.7	(3.4)%
Equity attributable to owners of the Company	20,670.7	21,026.8	(1.7)%
Total liabilities	4,606.5	5,227.2	(11.9)%
Cash and cash equivalents	2,048.5	7,399.9	(72.3)%
Gearing ratio	9.6%	11.5%	(1.9)%

Notes:

- (1) Non-CASBE measures. Please refer to “Non-CASBE Measures” for details.
- (2) Changes in percentage points for ratios.

FINANCIAL SUMMARY

	For the year ended December 31,				
	2020	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Operating results					
Revenue	3,192,279	5,213,538	7,085,471	7,384,039	6,603,120
Gross profit	1,503,333	2,248,118	2,785,444	2,820,661	2,242,013
Profit for the year	2,030,555	3,396,638	2,281,260	2,151,585	447,831
Profit attributable to the owners of the Company	1,751,328	2,879,099	2,016,086	2,026,507	405,143
Profitability					
Gross profit margin	47.1%	43.1%	39.3%	38.2%	34.0%
Profit margin for the year	63.6%	65.2%	32.2%	29.1%	6.8%
Earnings per share (RMB)					
Earnings per share-Basic	2.20	3.32	2.33	2.34	0.47
Earnings per share-Diluted	2.19	3.31	2.33	2.34	0.47

	As at December 31,				
	2020	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	19,506,059	23,741,173	27,446,510	29,680,743	28,671,016
Total liabilities	1,647,582	3,135,976	4,765,482	5,227,181	4,606,537
Non-controlling interests	1,704,653	2,419,734	3,052,583	3,384,420	3,393,826
Equity attributable to the owners of the Company	16,153,824	18,185,463	19,628,445	21,069,142	20,670,653
Gearing ratio	–	2.4%	9.3%	11.5%	9.6%

Note: The Group has disclosed its financial reports according to the CASBE and relevant regulations since 2024. The Group's financial statements and annual results for the year ended December 31, 2024 have been prepared under the CASBE.

MANAGEMENT DISCUSSION AND ANALYSIS

The Board of Hangzhou Tigermed Consulting Co., Ltd. (杭州泰格醫藥科技股份有限公司) is pleased to announce the audited consolidated annual results of the Group for the year ended December 31, 2024 (the “**Reporting Period**”), together with the comparative figures for the year ended December 31, 2023 (the “**Corresponding Period**”).

In recent years, both domestic and international environments have undergone profound and complex transformations. Influenced by the interplay of the global macroeconomic cycle, the development cycle of biopharmaceutical industry, and China’s economic and industrial cycles, the demand for R&D in the domestic biopharmaceutical industry has exhibited significant volatility. Some of our customers have experienced notable shifts in their risk appetite for biopharmaceutical R&D, while some others, particularly those that have not yet achieved profitability and rely on external financing, are encountering substantial cash flow pressures. These factors contribute to heightened competitive intensity and growth challenges within clinical research outsourcing services and related industries.

However, with the gradual recovery of China’s economic and industrial cycles, the continuous optimization of regulatory policies, and the further improvement of the industry’s ecosystem, the domestic biopharmaceutical industry reached a pivotal turning point in 2024, stabilizing after hitting its lowest point. Investment and financing activities in the industry have also shown a stabilizing trend. While achieving breakthroughs across multiple fields, the industry is also entering a new stage of development, demonstrating renewed vitality. China’s clinical research outsourcing industry is also expected to benefit from the recovery of the biopharmaceutical industry. According to data from Frost & Sullivan, between 2024 and 2028, the growth rate of China’s clinical research outsourcing industry is expected to rebound, averaging 12.6% annually. The overall market size is projected to reach approximately RMB75 billion by 2028.

In 2024, based on a patient-centric and clinical value-oriented approach, China’s innovative drug research and development (R&D) continued to thrive, with its innovation capabilities reaching new heights. The quality and quantity of the innovative drug pipelines rise to the world’s leading level. In 2024, China’s National Medical Products Administration (NMPA) approved 48 Class I innovative drugs, marking an increase of 8 compared to 2023 and setting a new historical record. Simultaneously, the Center for Drug Evaluation (CDE) under the NMPA announced a total of 4,861 clinical trials, an increase of 655 compared to 2023. Among them, the number of clinical trials for innovative drugs reached 1,859, solidifying China’s position as the second-largest contributor globally in terms of innovative drugs under development. R&D activities in high-demand therapeutic areas remained highly active, such as weight loss, cell and gene therapies, and innovative anti-tumor therapies (including antibody-drug conjugates (ADCs), bispecific antibodies, and novel small molecule drugs). Several new domestically produced drugs have achieved leading positions in various indications within China and have begun to make significant breakthroughs in global markets. Driven by emerging technologies and R&D tools, enterprises with differentiated target portfolios (e.g., companies with bispecific/ADC platform capabilities), high clinical development efficiency (e.g., those employing innovative clinical research models and real-world evidence to accelerate regulatory review), and strong globalization and business development capabilities continued to capture significant attention from both markets and investors. At the same time, the biopharmaceutical industry is gradually shifting from “scale expansion” to “value creation,” entering a phase of high-quality innovation. ^{Note 1}

MANAGEMENT DISCUSSION AND ANALYSIS

Technological innovation serves as a critical driver in propelling the industry's transformation and upgrading. Recently, new technologies such as artificial intelligence (AI), digitalization, and decentralized clinical trials (DCTs) have been rapidly applied in clinical R&D, substantially enhancing efficiency and quality while lowering costs. Simultaneously, breakthroughs in cutting-edge biotechnologies in areas such as gene editing, vaccine development, and personalized medicine have continued to make breakthroughs, bringing new hope to patients worldwide. With the steady rise in living standards in China and the ongoing deepening of population aging in developed markets, the demand for innovative therapies is anticipated to grow consistently. Additionally, the gradual development of emerging markets in Southeast Asia, Africa, and countries of the Belt and Road Initiative also presents significant growth potential for the industry. As a result, the biopharmaceutical industry continues to demonstrate robust momentum for sustainable development.

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 start-up biotechnology industry has shown high activity in developed markets overseas, represented by the United States. 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 has further recovered in 2024 compared to 2023. To continuously create shareholder value and address future patent expirations, multinational pharmaceutical companies have actively engaged in mergers and acquisitions and licensing deals globally.

In recent years, as the Chinese government has placed growing emphasis on innovative drug development, local governments at all levels have provided strong 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 and identified it as one of the key emerging industries so as to actively foster 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)", with supportive policies covering 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)", exploring the establishment of comprehensive systems and mechanisms to enhance clinical trial quality and efficiency, and aiming to complete the review and approval of innovative drug clinical trial applications within 30 working days. On August 15, 2024, Beijing and Shanghai simultaneously released the first batch of lists of clinical trial institutions participating in the pilot programs of innovative drug clinical trial review and approval. During the same period, Shanghai formally established a RMB100 billion mother fund to support the development of three major industries: biopharmaceuticals, integrated circuits, and artificial intelligence. Additionally, the National Healthcare Security Administration (NHSA) plans to launch the first Class C drug reimbursement catalog in 2025. By implementing a collaborative model of "basic medical insurance + commercial insurance," the goal is to help build a diversified payment mechanism for innovative drugs and better support the development of new productivity in the pharmaceutical industry. On January 3, 2025, the General Office of the State Council issued the "Opinions on Deepening the Reform of Drug and Medical Device Supervision and Promoting the High-Quality Development of the Pharmaceutical Industry《關於全面深化藥品醫療器械監管改革促進醫藥產業高質量發展的意見》". The document proposes increasing support for the R&D and innovation of drugs and medical devices, improving the quality and efficiency of review and approval, and promoting the pharmaceutical industry's further openness and international cooperation. The 2025 Government Work Report (政府工作報告) from the "Two Sessions (兩會)" once again mentioned the support for innovative drug development, improving drug pricing mechanisms, and formulating an innovative drug catalog. The report implements a health-first development strategy and promotes the coordinated development and governance of

MANAGEMENT DISCUSSION AND ANALYSIS

healthcare services, medical insurance, and the pharmaceutical industry. The report also supports the optimization of drug centralized procurement policies, the strengthening of quality assessment and supervision, and assurance that the public can use medicines with greater confidence. The strong policy support from the Chinese government has made the long-term positioning of the domestic innovative drug and clinical research industries clearer and has had a very positive impact on the medium- and long-term development of the industry.

In 2024, multiple innovative drugs developed by Chinese biopharmaceutical companies were approved in Europe and the United States. Drugs that received approval also maintained active participation and diversified transaction structures in overseas licensing deals, demonstrating a clear growth trend. Upfront payments or milestone payments from outbound licensing deals have gradually become an important source of R&D funding for Chinese biopharmaceutical companies. According to statistics, compared with 2023, the number of out-licensing transactions by Chinese biopharmaceutical companies has a 18% YoY increase. This growth not only reflects the high recognition of Chinese innovative drug products in the global biopharmaceutical market but also highlights the significant shifting of the domestic pharmaceutical industry from in-licensing to out-licensing innovations. In 2024, the potential total deal value of China's innovative drug out-licensed transactions reached approximately US\$51.5 billion, with upfront payments of about US\$4 billion – significantly exceeding 2023 levels. The out-licensed drugs include multiple types of innovative products such as ADCs, bispecific antibodies, RNAi therapies, and radiopharmaceuticals. At the same time, an increasing number of Chinese biopharmaceutical companies have begun focusing on the global market and are actively conducting overseas clinical research. ^{Note 2}

Meanwhile, multinational pharmaceutical companies have maintained stable investment in clinical development in China, and the proportion of global clinical trials conducted in China continues to rise. According to incomplete statistics, in 2024, the top 20 multinational pharmaceutical companies launched 336 new clinical trials in China, accounting for 19% of their total global clinical trials – significantly higher than the 9.8% recorded in 2018. In China, along with the development of clinical research, multinational pharmaceutical companies are increasingly demanding comprehensive evidence generation services such as real-world studies and pharmacovigilance. Their demand for high-quality site management services and other related services continues to grow. The clinical trial layout of multinational pharmaceutical companies in China is characterized by the three key trends of accelerated localization, deepened early-stage R&D, and a focus on high-value therapeutic areas. The business needs of multinational pharmaceutical companies in the Chinese market will be a key focus for the Company's future business development. ^{Note 3}

During the Reporting Period, the Company actively responded to industry cycles and structural changes and continued to maintain its leading position in the clinical service market in China. According to statistics from China's Ministry of Science and Technology (MOST) (中國科學技術部項目) on the number of projects, the Company's market share remained ranked first. From its establishment in 2004 through 2024, the Company has provided R&D services for 60% of the Class I innovative drugs listed in China. In 2024, the Company provided services for more than 28 Class I innovative drugs in China and assisted in the successful listing of multiple Chinese innovative medical device products, obtaining over 500 drug and medical device project approvals and registration certificates. ^{Note 2}

During the Reporting Period, despite cyclical fluctuations in upstream industries, which led to fierce competition in China's CRO industry and exerted negative pressure on the pricing of new orders from domestic clients, the Company's business development department and all employees went above and beyond. On the one hand, the Company continued to deeply cultivate relationships with high-quality Chinese clients, consistently developing China's clinical R&D and related business orders; on the other hand, the Company actively explored new business opportunities from large multinational pharmaceutical companies (MNCs) and overseas clinical research projects. At the same time, as China's biopharmaceutical industry gradually stabilized, demand for CRO services began to recover. In the context of intense competition, some small- and medium-sized clinical CROs began to scale down, leading to an optimization trend on the supply side. In 2024,

MANAGEMENT DISCUSSION AND ANALYSIS

the Company strengthened client management, developed and optimized management strategies and rules, and further consolidated business cooperation with a high-quality and diversified client base, effectively improving its win rate for new business opportunities, increasing the number of new clients developed by 22% YoY.

Through unremitting efforts, both the number and value of the Company's newly signed orders achieved solid growth compared to the corresponding period last year. The growth in new orders mainly came from large multinational pharmaceutical companies' demands in China, especially in areas such as integrated evidence generation (IEG) and site management organization (SMO) services, as well as from the growing overseas clinical demands of Chinese pharmaceutical and biotech companies, their partners, and overseas early-stage biotech companies. Benefiting from this, the Company has achieved notable success in its business expansion in overseas markets, with new orders and business operations in the North American market experiencing a rapid growth. During the Reporting Period, new customer demands increased notably compared to the Corresponding Period, driving total new bookings to RMB10.1 billion. After deducting the impacts from the cancellation of legacy contracts (most of which were signed before 2024) and negative change orders, the net new bookings was RMB8.4 billion, representing a YoY growth of 7.3%. As of December 31, 2024, the Company's backlog of future contracted revenue was RMB15.8 billion, representing a YoY increase of 12.0%.

During the Reporting Period, the Company established a Clinical Operations Strategy Committee, pooling relevant resources and experts to strengthen its clinical strategy capabilities and effectively improve the success rate of clinical project bids so as to drive booking conversions. To target business development efforts more effectively, the Company decided to establish specialized business development teams based on therapeutic areas. It has already established business lines for cell and gene therapy (CGT), radiopharmaceuticals, weight loss, ophthalmology, and central nervous system (CNS) diseases. These business lines integrate the Company's industry resources and business experience in each field to provide customized R&D strategies and clinical development services to clients and projects in these areas. The Company also established a dedicated solutions department for MNCs, formulating development and market expansion strategies specifically aimed at MNC clients and promoting long-term strategic cooperation with them in China. At the same time, the Company offers MNC clients in China a wide range of one-stop solutions to meet their IEG needs.

During the Reporting Period, the Company continued to deepen its global presence and service capabilities, consistently expanding its overseas business and accelerating the pace of internationalization. It continued to invest in overseas markets, with a focus on the United States, Australia, and Europe, and has preliminarily established independent overseas business capabilities and brand recognition. On the basis of stabilizing domestic clients and their overseas partner projects, the Company has gradually begun to expand into the local projects of overseas start-up companies. In 2024, the Company's overseas clinical CRO business saw rapid growth in newly signed orders, revenue, and profit. The number of single-region clinical trials conducted by the Company overseas (primarily in the United States, Australia, and South Korea) increased from 208 as of June 30, 2024, to 233 as of December 31, 2024. As of December 31, 2024, the Company was conducting 62 global multi-regional clinical trials (MRCTs), with cumulative experience reaching 148 MRCT projects.

In 2024, the Company established local medical monitoring (MM) and pharmacovigilance (PV) teams in North America. As of December 31, 2024, the Company's U.S. clinical operations team exceeded 120 people, covering 65 cities in 25 states, and collaborating with over 700 clinical trial centers across 45 states in the U.S. As of December 31, 2024, there were 57 ongoing clinical trials in the U.S. region, including 28 MRCTs. Cumulatively, the Company has conducted over 120 clinical trials in the U.S.

MANAGEMENT DISCUSSION AND ANALYSIS

In 2024, the Company integrated a total of 15 subsidiaries and branches across Eastern and Western Europe under the unified management of Tigermed EMEA to improve operational efficiency. As of December 31, 2024, the European clinical operations team exceeded 110 people, operating in 20 countries, and had cumulatively conducted over 100 Phase I-IV clinical trials in Europe. As of December 31, 2024, the Company's South Korea team (DreamCIS) reached a headcount of 428 people, representing a 16% YoY increase, with over 140 ongoing projects. The Company's Southeast Asia clinical operations team comprised more than 70 people, distributed across major countries in Southeast Asia, with 44 ongoing clinical trial projects in the region. In Australia, 20 new clinical trial projects were added, and collaborations were established with more local clinical institutions. In July 2024, the Company completed the acquisition of the Japanese CRO Company Medical Edge Co., Ltd. (Medical Edge), further strengthening its presence in data management, statistical analysis, and clinical data information system services in Japan and the Asia-Pacific region. As of December 31, 2024, the Company's Japan-based clinical services team expanded to 21 people, supporting 10 international MRCT projects executed in Japan. Looking forward, the Company will continue global business expansion through team growth or potential mergers and acquisitions as it aims to achieve overseas business growth and enhance the synergy of clinical operations, build differentiated competitive advantages in Europe, North America, and emerging regional markets, strengthen local clinical trial operational capabilities, gradually enhance its global operational capacity, and help clients go global, serving as a bridge and link for the internationalization of innovative products.

During the Reporting Period, the Company continued to seek mutually beneficial external partnerships with stakeholders in the healthcare industry to promote cooperation. In China, our Excellence for Clinical Trial Sites ("E-Site") Program signed 20 new strategic cooperative centers on top of its existing partnerships with over 250 key centers, forming a diversified and deeply integrated strategic cooperation model. The Company carried out in-hospital training programs, institutional qualification application services, and GCP clinical research training for E-site cooperative centers, collaboratively explored the establishment of high-standard clinical research management systems to support innovative drug development and meet the clinical needs of patients. Internationally, the Company initiated digital cooperation between China and Africa and signed a memorandum of understanding with Purpose Africa, an innovative African healthcare organization. The Company also signed cooperation agreements with international partners such as the Korea-China Economic and Trade Promotion Association, promoting collaborations in Africa, South Korea, and other regions.

During the Reporting Period, the Company established its Northern China headquarters in Tongzhou, Beijing, and the second phase of the Tigermed Pharmaceutical Building in Jiaxing, Zhejiang, was also completed. Additionally, the Tigermed Biopharmaceutical Enterprise Incubation Center was launched, forming a comprehensive platform that integrates R&D, incubation, and investment, further expanding the Company's empowerment of the innovation ecosystem. Leveraging its extensive market experience and network resources, the Company provided multi-faceted support for resident enterprises, including strategic planning and market development, helping them grow rapidly.

As a global medical R&D empowerment platform, the Company is committed to contributing Tigermed solutions to the world, as well as promoting its corporate vision "To be recognized as the leading global CRO" and its brand proposition of a "Passion for Innovation." Through a diversified, equitable, and inclusive corporate culture, the Company strives to ensure that talents from different countries, cultures, and backgrounds receive equality and support in the workplace, enabling every employee to better realize their value and gain a true sense of belonging. The Company actively fulfills its social responsibilities and continues to make progress in ESG management. Since July 2022, the Company has maintained the highest AAA rating in the Shenzhen Stock Exchange Guozheng ESG ratings and maintained an AA rating in the MSCI ESG ratings in 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

As of December 31, 2024, the Company had a total of 10,185 employees worldwide, covering 33 countries, including more than 1,600 overseas employees. There are nearly 1,000 professional clinical research associates (CRAs), over 3,400 professional clinical research coordinators (CRCs), more than 800 professionals in data management and statistical analysis, and over 1,800 staff in the laboratory services team. In 2024, the number of Company employees increased YoY compared to 2023, mainly due to the consolidation of subsidiary corporation Teddy Clinical Research Laboratory (Shanghai) Limited (“**TeddyLab**”) in the consolidated financial statements during the Reporting Period.

Looking ahead, the Company will continue to embrace regulatory reform, technological innovation, and global expansion and to enhance and build an integrated clinical R&D service platform, improving its end-to-end one-stop service capabilities. The Company will establish dedicated business teams in specific therapeutic areas and continuously expand business with multinational pharmaceutical companies and large domestic pharmaceutical clients. Through sustainable growth and potential acquisitions, the Company aims to enhance its business development and operational capabilities in the United States, Europe, and other regions. At the same time, the Company will strengthen mutually beneficial collaborative relationships with industry stakeholders, further consolidate its advantageous position in the domestic market, increase its global market share, and strive for sustainable business development and performance growth, continuously creating returns for our shareholders.

Note 1: Data sources from CDE public information (clinical trial numbers include BE projects) and the GlobalData database.

Note 2: Data sources from the PharmCube database and Tigermed analysis.

Note 3: Data sources from the PharmCube database, TrialCube and Tigermed analysis. The top 20 multinational pharmaceutical 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; Vertex Pharmaceuticals.

Our Digitalization and Artificial Intelligence Strategy and Implementation Progress

Since 2023, groundbreaking progress has been made in generative AI, drawing widespread attention to the underlying technologies such as pre-trained large language models (LLMs), deep learning frameworks, and big data training. Generative AI technology enhances efficiency and automation, with applications across R&D support, content generation, decision-making assistance, and data management, and is expected to profoundly impact the biopharmaceutical, clinical research, and the clinical CRO industry where the Company operates. The breakthrough in the generative AI space also improved the willingness of stakeholders at various value chain along the biopharmaceutical R&D and clinical research industry to adopt digitalization and AI technology. Digitalization and AI are among the Company’s most critical future development strategies and are key to achieving long-term performance growth. Leveraging digital and AI technologies to empower innovation is also an inevitable choice for the future advancement of the biopharmaceutical industry.

MANAGEMENT DISCUSSION AND ANALYSIS

Our Digitalization and Artificial Intelligence Strategy and Implementation Progress (Continued)

The application of AI technology is reshaping clinical trials, bringing improved efficiency and cost restructuring, and driving innovation in existing clinical CRO service models. Leveraging AI technology, future clinical trial cycles are expected to shorten, automation levels will significantly increase, and high-quality data assets (such as high-quality structured datasets, annotated medical images, and multi-omics data) will hold extremely high application value. On the regulatory front, mainstream global regulatory agencies such as the U.S. FDA have begun accepting AI tools (e.g., AI-assisted endpoint evaluation) in drug and device reviews. Going forward, the rights and interests of clinical trial subjects and patients must also be safeguarded in the large-scale use of AI technologies, with data and information security becoming focal issues of industry concern.

AI's empowerment of clinical CROs is reflected in many aspects: In clinical trial design and optimization, AI can analyze historical trial data, patient characteristics, and disease mechanisms to help generate optimal trial protocols, dynamically adjust enrollment criteria and dosage strategies, and facilitate adaptive trial design. It can also leverage real-world data (RWD) and generative AI to simulate control groups, enabling virtual control group construction and simulated clinical trial execution, thereby reducing risks in formal trials. In subject recruitment and stratification, natural language processing (NLP) can parse electronic health records (EHRs), imaging reports, and genetic data to quickly identify eligible patients, achieving precise patient matching and improving enrollment efficiency. Additionally, machine learning models can predict patient compliance, assess the risk of subject dropout, and enable early intervention to reduce dropout rates. In intelligent monitoring and risk management, AI can automate data cleansing by identifying outliers in clinical trial data, reducing manual verification workloads. Risk scoring models based on multi-modal data (e.g., patient diaries, wearable devices) can also be built to provide early warnings on trial safety issues. In intelligent medical writing and regulatory submissions, AI-powered structured writing systems integrate trial data and automatically generate CSR drafts. LLM-driven regulatory Q&A bots can interpret guidelines from different regulatory agencies in real-time, efficiently assisting with submission strategy development.

The Company has positioned the development and application of digitalization and AI as core strategies for its own development. To this end, the Company has established a digital transformation center (數字化推進中心), which fully oversees the group's digitalization and AI strategies and their implementation. As of now, the center has begun to take shape. In early 2025, the Company held an AI Innovation Workshop, bringing together various business units and technical teams to explore AI applications in enterprise operations and business, sharing AI needs and experiences in actual scenarios, clarifying and launching the group's AI strategic plan, and establishing a sustainable governance system.

MANAGEMENT DISCUSSION AND ANALYSIS

Our Digitalization and Artificial Intelligence Strategy and Implementation Progress (Continued)

In February 2025, the Company completed the localized deployment of the open-source LLM DeepSeek-R1. Based on the open-source model Qwen 2.5, the Company's subsidiary Taya Technology developed a one-stop AI solution, the YiYa AI LLM Platform, for medical scenarios. Leveraging open-source medical corpora and distilled data, the platform has deeply adapted to medical scenarios, completing the training and optimization of the Taya Medical LLM. This has allowed the Company to achieve outstanding results in the five evaluation dimensions of MedBench: medical language understanding, medical language generation, medical knowledge Q&A, complex medical reasoning, and medical safety and ethics. The YiYa AI LLM Platform is now online and covers multiple medical application scenarios, providing intelligent translation, medical Q&A, and integrated search solutions for innovative drug R&D, clinical trials, and regulatory submissions.

The Company's medical translation business is currently one of its most mature AI application scenarios. It has built full-process AI translation product capabilities and is continuously optimizing machine translation performance and LLM agents to achieve full-process RPA capabilities in translation process management. Tailored AI translation solutions are provided for clients in the healthcare and life sciences industries, supporting the precise translation of medical literature, reports, and other documents in multi-language environments, enhancing efficiency and human productivity in translation services.

In clinical trial scenarios, the Company also intends to focus on applying AI technology to optimize its internal clinical trial processes, including document quality control, intelligent Q&A, medical writing, data management, patient recruitment, and clinical trial protocol design. In early 2025, the Company completed preliminary planning for AI application system compliance and expects to finalize AI governance policies and systems for AI ethics, fairness, and auditing by the second quarter of 2025. Moving forward, the Company will utilize its deployed models to build an integrated centralized AI-based clinical trial platform, achieving centralized and integrated "innovative clinical infrastructure" through AI technologies.

The Company will then develop an AI-based document automation processing system to enhance the efficiency and accuracy of clinical trial document handling, improve productivity and service quality, and reduce costs. It also plans to build an AI-powered knowledge management platform to improve the efficiency of knowledge acquisition, organization, sharing, and application, enabling better utilization of internal knowledge resources to foster innovation and decision-making. The Company aims to develop and launch AI-native clinical trial products, build a vertical search platform for medical Q&A powered by LLMs, and create intelligent medical writing products for clinical trials from the ground up, achieving product-market fit (PMF). The Company will also accelerate the R&D and promotion of AI-driven medical translation products, focusing on improving accuracy in high-demand languages and driving technological innovation.

The Company has achieved some initial results in its digitalization and AI strategy. Going forward, it plans to continue investing in digital and intelligent technologies, expand its pool of professionals in these areas, strive for further AI breakthroughs, and expand the application scope of AI within the Company while ensuring high-quality compliance. These efforts aim to enhance business efficiency, unlock new business opportunities, and further solidify the Company's industry position.

MANAGEMENT DISCUSSION AND ANALYSIS

1. The Management's Discussion and Analysis on Operations of the Group for the Reporting Period

Revenue

During the Reporting Period, our revenue decreased by 10.6% YoY from RMB7,384.0 million during the Corresponding Period to RMB6,603.1 million. Revenue generated from Clinical Trial Solutions ("CTS") segment was RMB3,178.1 million, as compared to RMB4,168.1 million during the Corresponding Period. Revenue generated from Clinical Related and Laboratory Services ("CRLS") segment increased by 6.5% YoY to RMB3,425.0 million from RMB3,215.9 million during the Corresponding Period.

Geographically, our revenue generated in the PRC decreased by 16.2% YoY to RMB3,547.9 million during the Reporting Period from RMB4,234.5 million during the Corresponding Period. The decrease in our revenue generated in the PRC was primarily due to the YoY decrease of our revenue generated from CTS segment in the PRC in the Reporting Period. The reasons for the decrease will be detailed in the subsequent analysis by our business segment.

Our revenue generated from overseas during the Reporting Period decreased by 3.0% YoY to RMB3,055.2 million from RMB3,149.5 million during the Corresponding Period. The Company generated some revenue related to specific vaccine projects during the Corresponding Period, and after excluding these projects, revenue from the Company's overseas business achieved a YoY increase in the Reporting Period.

(1) CTS

During the Reporting Period, our revenue generated from CTS segment decreased by 23.8% to RMB3,178.1 million from RMB4,168.1 million during the Corresponding Period. The YoY decrease in revenue from the CTS segment was primarily due to 1) the generation of some revenue related to specific vaccine projects in our CTS segment during the Corresponding Period and the absence of such revenue in the Reporting Period; 2) the YoY decline in revenue from the domestic clinical operations business of innovative drugs during the Reporting Period. This was mainly due to the YoY decline in the amount of new bookings 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 during the Reporting Period, particularly during the first half of 2024. Meanwhile, the average unit price of new bookings for domestic clinical operations has declined since the second half of 2023 due to the impact of the competitive landscape of the domestic industry, resulting in a corresponding decrease in revenue generated from the same workload when the Company executed such bookings during the Reporting Period; and 3) the cancellation of certain domestic innovative drug clinical operation bookings during the Reporting Period, primarily in the second half of 2024. Additionally, some bookings were terminated due to the significant increase in payment risks arising from the financial difficulties of certain of our customers. These bookings were mainly from domestic start-up biotech companies that rely on external financings and certain vaccine companies. These cancellations had negative impact on our CTS revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

1. The Management's Discussion and Analysis on Operations of the Group for the Reporting Period (Continued)

Revenue (Continued)

(1) CTS (Continued)

In 2024, excluding the impact of some revenue related to specific vaccine projects, the Company's overseas clinical operations business continued to maintain good growth, while revenue and new bookings 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 and pharmacovigilance also achieved relatively good growth during the Reporting Period. The growth in these services has to a certain extent offset the impact of the domestic clinical operations business on our CTS segment during the Reporting Period.

During the Reporting Period, our medical registration business within our CTS segment was also negatively affected by industry development and industry cycles, leading to a decrease in the average unit price of executed projects and a YoY decline in revenue. Other businesses within our CTS segment, such as medical translation, delivered relatively stable performance during the Reporting Period.

As of December 31, 2024, we had 831 ongoing drug clinical research projects, up from 800 as of June 30, 2024 and 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		December 31, 2024
	December 31, 2023	June 30, 2024	
Stage of project			
Phase I (including PK studies)	330	340	331
Phase II	136	147	159
Phase III	171	192	203
Phase IV	31	30	27
Others	84	91	111
Total	752	800	831

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

As of December 31, 2024, 536 ongoing drug clinical research projects were being conducted in the PRC and 295 were being conducted overseas, of which 233 were single region trials primarily in South Korea, Australia, Southeast Asia, Europe and the U.S., and 62 were MRCTs projects being conducted across Asia Pacific, North America, Europe and Africa in various therapeutic areas including oncology, respiratory, cardiovascular, endocrine, autoimmune, infection, rare diseases and vaccines. The number of ongoing overseas drug clinical research projects as of December 31, 2024 increased meaningfully as compared to that as of December 31, 2023, demonstrating the progress we made in our globalization strategy.

MANAGEMENT DISCUSSION AND ANALYSIS

1. The Management's Discussion and Analysis on Operations of the Group for 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		December 31, 2024
	December 31, 2023	June 30, 2024	
Region			
Single region			
PRC	499	537	536
Overseas	194	208	233
MRCTs	59	55	62
Total	752	800	831

The Company's decentralized clinical trial (DCT) technologies and platforms have been widely applied in registration trials, post-marketing studies, real-world studies, and investigator-initiated studies across various fields, including oncology, hematology, central nervous system disorders, respiratory, and endocrinology. In 2024, the Company launched several new remote intelligent technology platforms, including a remote monitoring system (CTRM), a subject eligibility discussion system (SEDS), and a safety report distribution and receiving system (Safety Portal). Additionally, these systems have been integrated into Tigermed's unified DCT platform, the iTigermed Platform. In 2024, the Company supported the approval in China of a new generation CGRP receptor antagonist for the treatment of migraines by a U.S.-based multinational pharmaceutical Company (MNC), using the DCT model. In 2024, approximately one-quarter of the Company's ongoing clinical trials adopted a remote intelligent hybrid clinical trial model (DCT hybrid model). Meanwhile, the Company participated in the China Drug Regulatory Research Association (CDSDR)'s project DCT Practice Case Analysis and Strategy Research, serving as deputy team leader and secretary-general of the project team. The Company also initiated China's industry-wide DCT practice survey. The Company's integrated DCT solutions are expected to further enhance the efficiency of its clinical trial solutions.

MANAGEMENT DISCUSSION AND ANALYSIS

1. The Management's Discussion and Analysis on Operations of the Group for the Reporting Period (Continued)

Revenue (Continued)

(1) CTS (Continued)

As of December 31, 2024, the Company was conducting 614 medical device projects, including clinical trial operations, medical monitoring, protocol design, and medical writing for both medical devices and in vitro diagnostics (IVD). The Company's medical device team has served over 2,100 clients globally, with accumulated experience in more than 6,000 medical device and IVD registration projects and over 1,000 medical device and IVD clinical trial projects. During the Reporting Period, the Company's medical device team undertook clinical operation services for several first-in-class domestic products and supported the clinical strategies of multiple industry-leading innovative products, contributing to the successful marketing of six innovative medical device products. IVD services also successfully expanded into rapidly growing specialty areas such as pan-cancer early screening, Alzheimer's disease detection, and blood type reagent testing. In February 2024, the Company announced the acquisition of the China business of North American Science Associates, Inc. ("**NAMSA**") and entered into an exclusive strategic cooperation agreement with NAMSA for the China region. This expanded the team's size and overseas service reach, covering medical device consulting, regulatory affairs, quality consulting, clinical research, and more. The Company's medical device clinical service subsidiary, Tigermed-Jyton, was awarded the "2024 Future Medical Top 100–Top 5 Best Customer Satisfaction Medical Device CRO" award.

The number of clients served by the Company's medical registration team increased from 720 as of December 31, 2023 to 845 as of December 31, 2024. The team has completed 1,230 projects in total, assisting three products in marketing in China and 100 products in acceptance by regulatory agencies such as the China NMPA, the U.S. FDA, and European authorities. They also supported 63 international MRCT IND applications that were approved in multiple countries. During the Reporting Period, the Company added 39 new U.S. FDA IND projects, as well as completed 31 FDA IND submissions, and obtained clinical approvals.

The Company continued to strengthen its pharmacovigilance (PV) team, expanding into high value-added areas and building a high-standard team of PV physicians. This business focused more on safety analysis in both clinical and post-marketing pharmacovigilance, enhancing the value contribution of safety monitoring. As of December 31, 2024, the global PV professional team had grown to 190 people, with personnel established in Southeast Asia, Japan, and, for the first time, a local PV team in the United States. The PV business added 224 new research projects and 179 new clients during the Reporting Period. Looking ahead, the Company will continue to improve its one-stop global safety and pharmacovigilance service solutions.

MANAGEMENT DISCUSSION AND ANALYSIS

1. The Management's Discussion and Analysis on Operations of the Group for the Reporting Period (Continued)

Revenue (Continued)

(1) CTS (Continued)

During the Reporting Period, the Company's medical translation business gained 66 new clients, including 28 pharmaceutical companies and 38 medical device companies, becoming a primary supplier for the Asia-Pacific region and a global supplier to several multinational pharmaceutical companies in Europe and the U.S. The Company launched its self-developed intelligent translation system, the YiYa AI Intelligent Translation Platform. Leveraging deep learning and neural network technologies, this system features a neural translation engine and DeepSeek-powered automatic quality checks and editing. It is expected to increase translation efficiency by 100% to 200% and reduce costs by approximately 30%. In 2024, the Company established two new subsidiaries – Tiseyaxin and Taizhiyaxin – focusing on academic writing and editing, language services related to intellectual property, precision translation, and other services to expand its capabilities in the medical language services sector. In 2024, its subsidiary Beijing Taya Ltd was selected as one of the "2024 Recommended Language Service Providers" and "Recommended Emergency Translation and Language Service Providers."

In 2024, the Company further enriched its real-world study (RWS) service offerings. In addition to traditional chart review retrospective studies and prospective studies, it introduced innovative RWS services based on regional healthcare databases and ePro data. In 2024, the Company supported multiple registration projects that successfully gained approval through RWS. The Company also assisted in a large-scale RWS project involving 15,000 Chinese patients with eight years of follow-up data. This study led to approval in October 2024, marking the first breast cancer indication in China approved under the new RWS regulations.

(2) CRLS

Revenue generated from our CRLS segment during the Reporting Period increased by 6.5% YoY to RMB3,425.0 million from RMB3,215.9 million during the Corresponding Period. During the Reporting Period, benefiting from sufficient demand and meaningfully improved efficiency, particularly during the first half of 2024, as compared with the Corresponding Period, our site management business within the CRLS segment achieved a rapid YoY growth in revenue. During the Reporting Period, revenue generated from our Data Management and Statistical Analysis ("DMSA") business remained relatively stable, and revenue generated from our laboratory service was broadly flat as compared to that in the Corresponding Period. Our laboratory service business in China was negatively impacted by increased local competition during the Reporting Period. Our other business within the CRLS segment, such as medical imaging and patient recruitment etc., were to a certain extent affected by the industry development and the industry cycle in China during the Reporting Period, resulting in a decrease in the average unit price of the executed projects.

MANAGEMENT DISCUSSION AND ANALYSIS

1. The Management's Discussion and Analysis on Operations of the Group for the Reporting Period (Continued)

Revenue (Continued)

(2) CRLS (Continued)

During the Reporting Period, the Company's data management and statistical analysis services acquired more new domestic and international clients. The number of global data statistics clients increased from 340 during the Corresponding Period to 407 during the Reporting Period. The Company assisted in marketing of 15 innovative drugs in both China and overseas markets. The Company also established a data science team of 25 employees, primarily responsible for developing four modules: data governance, intelligent analysis, intelligent development, and centralized monitoring. This team provides customized services, including dynamic tracking management, data visualization, and automated reporting. The Company's independently developed RBQM (risk-based quality management system) Phase 1 platform also obtained a national patent. As of December 31, 2024, there were 842 ongoing data statistics projects, of which 517 were implemented by the domestic team and 325 by overseas teams. The data management and statistical analysis teams, comprising over 800 professionals, are located in China, South Korea, the United States, and India.

During the Reporting Period, the Company's site management team completed 344 projects. Newly signed orders maintained rapid YoY growth, with an increasing proportion of clients from multinational pharmaceutical companies and leading biotech enterprises. The Company provided SMO site management services for 15 Chinese Class I new drugs that were successfully approved. As of December 31, 2024, the Company had cumulatively provided SMO site management services for 70 Chinese Class I new drugs. The number of ongoing site management projects increased from 1,952 as of December 31, 2023 to 2,253 as of December 31, 2024. Throughout 2024, the team successfully handled 130 inspections from provincial and national regulatory agencies, with a 100% pass rate and no significant issues at the level of CRC (clinical research coordinator). The team collaborates with more than 1,200 hospitals and clinical trial centers across over 140 cities in China, operating through 15 branch companies and employing over 3,400 professional CRCs.

During the Reporting Period, the Company's holding subsidiary Frontage Holdings introduced the Nulisatm platform and ARGOTM HT System in the United States to enhance bio-sample and biomarker analysis capabilities. The Company also acquired a preclinical DMPK and bioanalysis laboratory in Nerviano, Italy, expanding its pharmacodynamic and analytical business in Europe. Frontage Holdings' subsidiary, Frontage Pharmaceuticals, established an integrated process and service system for drug R&D, clinical trial drug/placebo production, and clinical drug supply. As of December 31, 2024, Frontage Holdings had successfully passed over 220 on-site inspections by China NMPA and the U.S. FDA. It had cumulatively provided consistency evaluation services for 90 approved drugs and 4,990 ongoing laboratory service projects.

During the Reporting Period, the Company's independent central imaging team added over 60 new projects and more than 25 new clients, with a cumulative client base exceeding 120 clients. The projects cover various disease areas, including the respiratory system, digestive system, hematology system, nervous system, and ophthalmology. In 2024, the team provided independent central imaging services for seven newly approved drugs in China and Japan. As of December 31, 2024, the Company had cumulatively supported marketing of 33 new drugs.

MANAGEMENT DISCUSSION AND ANALYSIS

1. The Management's Discussion and Analysis on Operations of the Group for the Reporting Period (Continued)

Gross Profit

During the Reporting Period, we realized a gross profit of RMB2,242.0 million compared to RMB2,848.5 million during the Corresponding Period, representing a 21.3% decrease. Our gross profit margin decreased from 38.6% during the Corresponding Period to 34.0% during the Reporting Period.

Our cost of services decreased from RMB4,535.5 million during the Corresponding Period to RMB4,361.1 million during the Reporting Period.

Below is a breakdown of our cost of services by nature and their percentage of our revenue during the periods indicated:

	Year ended December 31,	
	2024	2023
	RMB million	RMB million
Direct labour costs	2,234.3	2,347.8
<i>% of revenue</i>	33.8%	31.8%
Direct project-related costs	1,368.8	1,430.7
<i>% of revenue</i>	20.7%	19.4%
Overhead costs	758.0	757.0
<i>% of revenue</i>	11.5%	10.3%
Total cost of services	4,361.1	4,535.5
<i>% of revenue</i>	66.0%	61.4%

(1) CTS

The gross profit of the CTS segment decreased by 41.0% YoY from RMB1,592.4 million during the Corresponding Period to RMB939.5 million during the Reporting Period. The gross profit margin of the CTS segment decreased to 29.6% during the Reporting Period from 38.2% during the Corresponding Period.

This relatively significant YoY decline in the profit margin of our CTS segment was mainly due to 1) the YoY decline in the average unit price of the bookings executed by the domestic clinical operations during the Reporting Period, resulting in a decrease in the revenue from the execution of such bookings but not the costs. At the same time, the Company took a series of measures such as adjustment to the labor cost, optimization 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; and 2) the cancellation of certain domestic innovative drug clinical operation bookings during the Reporting Period and primarily in the second half of 2024 (most of which were booked before 2024). However, the Company had commenced these jobs and incurred costs. Some bookings were terminated due to the significant increase in payment risks arising from the financial difficulties of certain of our customers. These bookings were mainly from domestic start-up biotech companies that rely on external financing and certain vaccine companies. This led to a certain decrease in the revenue of the CTS segment without affecting the cost of services, thereby having a meaningful impact on the segment's gross profit margin during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

1. The Management's Discussion and Analysis on Operations of the Group for the Reporting Period (Continued)

Gross Profit (Continued)

(1) CTS (Continued)

During the Reporting Period, benefiting from the improvement in efficiency and higher quality of bookings being executed, the gross profit margin of the medical device clinical operation business within the segment improved as compared with last year. The gross profit margin of our other services within the CTS segment, such as registration and medical translation etc., remained relatively stable during the Reporting Period.

(2) CRLS

The gross profit of the CRLS segment realized during the Reporting Period was RMB1,302.5 million as compared to RMB1,256.1 million during the Corresponding Period. The gross profit margin of the CRLS segment decreased slightly by 1.1 percentage points from 39.1% during the Corresponding Period to 38.0% during the Reporting Period.

During the Reporting Period, the gross profit margin of our site management business within the CRLS segment improved meaningfully, which was mainly due to the improvement in work efficiency, as compared with the Corresponding Period, particularly during the first half of 2023, was still in the process of recovering, as well as the fact that our site management team executed more bookings with better profitability during the Reporting Period.

Meanwhile, the gross profit margin of our DMSA business during the Reporting Period slightly declined YoY, primarily due to the increased usage of more expensive overseas teams for project execution and the increased contribution of domestic revenue that is slightly less profitable. Despite this, our DMSA still maintained high profitability during the Reporting Period.

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 services in our CRLS segment, including medical imaging and patient recruitment etc. maintained relatively stable gross profit margin during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

1. The Management's Discussion and Analysis on Operations of the Group for the Reporting Period (Continued)

Workforce

The number of our total employees reached 10,185 as of December 31, 2024 from 9,348 as of June 30, 2024, and from 9,701 as of December 31, 2023. Below is a breakdown of our employees by function and by region as of December 31, 2024:

Function	Number of employees				Total
	PRC	Asia Pacific (excluding PRC)	Americas	EMEA	
Project operation and scientists	7,645	462	873	51	9,031
Marketing and business development	450	40	50	9	549
Management and administration	464	35	97	9	605
Total	8,559	537	1,020	69	10,185

During the Reporting Period, the number of our employees in the PRC increased to 8,559 as of December 31, 2024 from 7,626 as of June 30, 2024 and 8,069 as of December 31, 2023. The main reason for the increase in headcount was our consolidation of TeddyLab during the Reporting Period, and the addition of staff in site management services to meet our development needs. During the Reporting Period, the Company made appropriate reductions in the size of certain departments that were negatively affected by domestic industry cycles, such as the domestic laboratory services team and the vaccine clinical operations team. At the same time, due to changes in domestic policies and regulations, the Company implemented strategic adjustments to certain business segments in 2024, resulting in a corresponding decrease in personnel for those segments.

The number of overseas employees decreased to 1,626 as of December 31, 2024 from 1,722 as of June 30, 2024 and 1,632 as of December 31, 2023. The primary reason for the decrease was the reduction of approximately 200 employees in Frontage's laboratory services team in North America. During the Reporting Period, we continued to expand the scale of their clinical operations, project management, and business development teams in key overseas markets. As part of our business growth strategy, we plan to continue to expand the scale of our clinical operations, project management, and business development teams in key overseas markets in the future.

Highly qualified and stable employees are critical for the Company to consistently deliver high-quality services to its clients. The Company is committed to attracting globally experienced interdisciplinary talents, industry experts, and professional technicians to support global expansion. It will also continue to improve its recruitment, job transfer, training, and development programs, as well as its long-term incentive plans, to cultivate and retain talent.

MANAGEMENT DISCUSSION AND ANALYSIS

1. The Management's Discussion and Analysis on Operations of the Group for the Reporting Period (Continued)

Selling and Marketing Expenses

Our selling and marketing expenses increased by 10.8% YoY from RMB187.3 million during the Corresponding Period to RMB207.6 million during the Reporting Period, which was primarily due to i) an increase in the number of employees in our business development and marketing team in both China and overseas as our push to increase our new bookings and initiatives to expand global business; ii) an increase in the compensation levels for certain of our business development and marketing employees who met or exceeded their performance expectations; and iii) an increase of travelling expenses related to business development and marketing activities. The increase was partially offset by a 29.4% YoY decrease of publicity related expenses in 2024, partly because we spent less on sponsoring, publicizing and conferences as we benefitted from our increased brand recognition.

Administrative Expenses

Our administrative expenses increased by 13.3% YoY from RMB650.2 million during the Corresponding Period to RMB736.8 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; ii) an increase of RMB24.5 million in the depreciation and amortization expense during the Reporting Period compared to that during the Corresponding Period, which was primarily caused by the laboratory equipment depreciation and customer relationship amortization from bolt on acquisitions made by Frontage Holdings; and iii) an increase of share based payment by RMB25.2 million as the Company recognized a total expense of RMB34.5 million during the Reporting Period as a result of the cancellation of A-shares under 2022 Restricted Share Scheme. This would otherwise have been recognized for services received over the remainder of the vesting period. During the Corresponding Period, the Group did not accrue the share-based expenses.

R&D Expenses

Our R&D expenses decreased by 8.9% YoY from RMB261.6 million during the Corresponding Period to RMB238.4 million during the Reporting Period. The decrease was primarily due to i) a slight decrease in staff costs for our R&D employees; and ii) a decrease in the expenses on certain consumables used for R&D purposes. The decrease was partially offset by the increase in depreciation and amortisation of R&D related fixed assets and intangible assets as we made investments during the Reporting Period to drive our long-term technology ambition.

MANAGEMENT DISCUSSION AND ANALYSIS

1. The Management's Discussion and Analysis on Operations of the Group for the Reporting Period (Continued)

Investment Income

Our investment income during the Reporting Period decreased by 50.7% YoY to RMB166.6 million from RMB338.2 million during the Corresponding Period, primarily due to i) a RMB213.9 million decrease in investment income generated from the disposal of financial assets during the Reporting Period; and ii) the share of profit of associates decreased by 70.2% from RMB105.2 million during the Corresponding Period to RMB31.3 million during the Reporting Period. The decrease was partially offset by i) the increase in financial management income mainly generated from negotiable certificates of deposit from RMB0.6 million during the Corresponding Period to RMB78.1 million during the Reporting Period as the Company is pursuing efficient monetary management methods; and ii) a one-time income from the acquisitions of subsidiaries and associates of RMB55.8 million due to our acquisition of controlling stake of TeddyLab during the Reporting Period.

Changes in Fair Value

The changes in fair value reversed to a loss of RMB501.7 million during the Reporting Period from a gain of RMB352.8 million during the Corresponding Period. The loss of changes in fair value during the Reporting Period was primarily due to the downward adjustment of existing private and public financial assets and fund assets we held in the second half of 2024 to reflect the prevailing market condition. This will be discussed with more details in the Financial Assets section.

Finance Cost

Our finance costs was RMB38.1 million during the Reporting Period, as compared to a net finance income of RMB108.3 million during the Corresponding Period. The change of finance costs is primarily due to i) a decrease of 60.7% YoY in the interest income from RMB229.8 million during the Corresponding Period to RMB90.2 million during the Reporting Period, as the interest from negotiable certificates of deposit was reclassified to investment income, which made it non-comparable; ii) the increase of interest expense from RMB119.9 million during the Corresponding Period to RMB141.2 million during the Reporting Period, representing 17.8% YoY increase due to the increase in interest bearing bank borrowings.

Income Tax Expense

Our income tax expense decreased by 36.0% from RMB338.6 million during the Corresponding Period to RMB216.6 million during the Reporting Period. Our effective tax rate increased from 13.6% during the Corresponding Period to 32.6% during the Reporting Period, primarily due to i) the decrease in profit before tax from RMB2,488.5 million during the Corresponding Period to RMB664.5 million of the Reporting Period; and ii) the decrease of our non-taxable income which resulted in a comparatively higher effective tax rate.

Profit for the Year

As a result of the foregoing discussions, our profit for the period decreased by 79.2% from RMB2,149.9 million during the Corresponding Period to RMB447.8 million during the Reporting Period. The profit attributable to owners of the Company decreased by 80.0% from RMB2,024.8 million during the Corresponding Period to RMB405.1 million during the Reporting Period, and the profit attributable to non-controlling interests decreased by 65.9% from RMB125.1 million during the Corresponding Period to RMB42.7 million during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

1. The Management's Discussion and Analysis on Operations of the Group for the Reporting Period (Continued)

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 for the Reporting Period (Continued)

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

	For the Year ended December 31,	
	2024 RMB million	2023 RMB million
Profit attributable to owners of the Company	405.1	2024.8
Adjusted for:		
(Gain)/loss on disposal of non-current assets ⁽¹⁾	(3.6)	0.2
Government grants ⁽²⁾ included in the profit or loss for the period	(32.9)	(35.9)
Gain on entrusting to invest or manage assets	(78.1)	(0.6)
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⁾	476.9	(677.8)
Share-based payment expenses recognized at one time due to cancellation or modification of the share incentive schemes	34.5	–
Other items that meet the definition of non-recurring profit or loss	(55.8)	–
Other non-operating income and expenses apart from the above items	3.5	8.6
Effect of income tax	63.1	55.7
Effect of minority interests (after tax)	42.2	102.2
Net profit attributable to shareholders of the listed company after deducting extraordinary gain or loss	854.9	1,477.2
Margin of net profit attributable to shareholders of the listed company after deducting extraordinary gain or loss⁽⁴⁾	12.9%	20.0%

MANAGEMENT DISCUSSION AND ANALYSIS

1. The Management's Discussion and Analysis on Operations of the Group for the Reporting Period (Continued)

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

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%.

During the Reporting Period, our Non-CASBE net profit attributable to shareholders of the listed company after deducting extraordinary gain or loss was RMB854.9 million, representing a YoY decrease of 42.1% from RMB1,477.2 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 20.0% during the Corresponding Period to 12.9% during the Reporting Period.

Cash Flows

	Year ended December 31,	
	2024	2023
	RMB million	RMB million
Net cash generated from operating activities	1,097.0	1,150.4
Net cash used in investing activities	(4,739.1)	(1,534.2)
Net cash used in financing activities	(1,702.4)	(7.8)

During the Reporting Period, our net cash generated from operating activities was RMB1,097.0 million, representing a 4.6% decrease from RMB1,150.4 million during the Corresponding Period. The decrease was primarily due to 1) a 37.8% YoY decrease in the cash received from other operating activities from RMB281.3 million during the Corresponding Period to RMB175.0 million during the Reporting Period; and 2) a 6.6% YoY increase in the payments to and on behalf of our employees from RMB2,930.9 million during the Corresponding Period to RMB3,123.7 million during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

1. The Management's Discussion and Analysis on Operations of the Group for the Reporting Period (Continued)

Cash Flows (Continued)

During the Reporting Period, our net cash used in investing activities was RMB4,739.1 million, representing a 208.9% increase from RMB1,534.2 million during the Corresponding Period. The increase was primarily due to the increase in the cash paid to acquire investments from RMB2,142.1 million during the Corresponding Period to RMB6,176.1 million during the Reporting Period. The significant increase of cash paid to acquire investments was primarily due to RMB4,780.9 million purchase of negotiable certificates of deposit, structured deposits and other yield enhancement products during the Reporting Period. All negotiable certificates of deposit purchased by the Company are issued by reputable large commercial banks with capital preservation. The increase in cash used in investing activities was partially offset by the increase in the cash received from disposal of investments from RMB1,173.9 million during the Corresponding Period to RMB2,088.5 million during the Reporting Period, representing a 77.9% increase.

During the Reporting Period, our net cash used in financing activities was RMB1,702.4 million, compared with RMB7.8 million net cash used in financing activities during the Corresponding Period. The increase was primarily due to 1) the decrease in the capital injection from non-controlling interests from RMB385.8 million during the Corresponding Period to RMB78.6 million during the Reporting Period; and 2) the increase in the cash paid for repayment of debts from RMB2,516.7 million during the Corresponding Period to RMB3,880.2 million during the Reporting Period.

The Group primarily uses Renminbi 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 December 31, 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 7.9% from RMB1,260.7 million as of December 31, 2023 to RMB1,359.8 millions as of December 31, 2024 as we continued to execute our backlog bookings.

Our bills receivables increased by RMB5.8 million from RMB0.2 million as of December 31, 2023 to RMB6.0 million as of December 31, 2024, primarily due to the increase in bank acceptance bills received by the Company during the Reporting Period.

Our other receivables increased by 11.8% from RMB79.6 million as of December 31, 2023 to RMB89.0 million as of December 31, 2024, primarily due to some proceeds from the disposal of financial assets that have not yet been received as of December 31, 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

1. The Management's Discussion and Analysis on Operations of the Group for the Reporting Period (Continued)

Trade and Other Payables

Our trade payables increased by 3.2% from RMB249.3 million as of December 31, 2023 to RMB257.3 million as of December 31, 2024, primarily due to the increase in payables on cost and expense.

Our other payables decreased by RMB1.9 million from RMB78.7 million as of December 31, 2023 to RMB76.8 million as of December 31, 2024, primarily due to a decrease in interest expense payable resulted from the decrease of the borrowing at period end.

Contract Assets and Contract Liabilities

Our contract assets increased by 5.9% from RMB2,364.4 million as of December 31, 2023 to RMB2,504.7 million as of December 31, 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 16.2% from RMB680.5 million as of December 31, 2023 to RMB790.7 million as of December 31, 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 increased by 21.9% from RMB638.8 million as of December 31, 2023 to RMB778.5 million as of December 31, 2024, primarily due to the increase from 1) the procurement of equipment; and 2) transfer from the construction in progress and right-of-use assets, which was mainly in relation to our new office building in Jiaxing, Zhejiang.

Construction in Progress

Our construction projects increased from RMB324.3 million as of December 31, 2023, to RMB420.5 million as of December 31, 2024, representing a 29.7% YoY increase, which was primarily due to 1) the Group's construction of the Hangzhou office building, with construction cost of RMB179.5 million. As at December 31, 2024, the construction of the building has been completed and was in the process of internal renovation. The Hangzhou office building will serve as the Group's headquarter; and 2) the renovation cost of the laboratory and the facilities to be installed increased from RMB144.1 million as of December 31, 2023 to RMB241.1 million as of December 31, 2024, mainly in relation to Frontage's laboratory facilities; and the increase was offset by the transfer of new office building in Jiaxing, Zhejiang to property, plant and equipment.

MANAGEMENT DISCUSSION AND ANALYSIS

1. The Management's Discussion and Analysis on Operations of the Group for the Reporting Period (Continued)

Intangible Assets

Our intangible assets decreased by 9.2% from RMB371.1 million as of December 31, 2023 to RMB336.9 million as of December 31, 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 4.4% from RMB509.6 million as of December 31, 2023 to RMB487.2 million as of December 31, 2024, primarily due to 1) the termination of certain existing leasehold contract; and 2) the amortization of the leasehold.

Long-term Equity Investment

Our long-term equity investment increased from RMB2,977.0 million as of December 31, 2023 to RMB3,424.6 million as of December 31, 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 included listed equity securities, unlisted equity investments, unlisted fund investments, financial products, unlisted debt instrument and life insurance policies. Our financial assets decreased by 1.0% from RMB10,288.3 million as of December 31, 2023 to RMB10,188.8 million as of December 31, 2024. The decrease was primarily due to the fair value losses incurred on listed equity securities we held during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

1. The Management's Discussion and Analysis on Operations of the Group for the Reporting Period (Continued)

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

	As of December 31, 2024 RMB'000	As of December 31, 2023 RMB'000
Non-current financial assets		
– Life insurance policies	4,032	3,443
– Listed equity securities	67,523	273,679
– Unlisted equity investments	5,000,911	4,998,402
– Unlisted fund investments	4,932,666	4,906,380
– Unlisted debt instruments	108,864	64,306
Total non-current financial assets	10,113,996	10,246,210
Current financial assets		
Financial assets		
– Financial products	50,000	10,000
– Unlisted equity investments	–	1,103
– Unlisted debt instruments	24,853	31,035
Total current financial assets	74,853	42,138
Total financial assets	10,188,849	10,288,348

MANAGEMENT DISCUSSION AND ANALYSIS

1. The Management's Discussion and Analysis on Operations of the Group for the Reporting Period (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 December 31, 2024, we were a strategic investor in 187 innovative companies and other related companies in the healthcare industry, as well as a limited partner in 54 professional investment funds.

During the Reporting Period, we realized a gain of RMB74.7 million from exiting our investments in companies and investment funds, as measured by the exit amount against our initial investment cost, down from RMB546.1 million during the Corresponding Period.

Our investments in listed equity securities amounted to RMB67.5 million as of December 31, 2024, representing a 75.3% decrease from RMB273.7 million as of December 31, 2023. The decrease is primarily due to the loss of RMB157.4 million in fair value change during the Reporting Period.

Our unlisted equity investments amounted to RMB5,000.9 million as of December 31, 2024, broadly unchanged as compared to RMB4,999.5 million as of December 31, 2023. The slight increase is primarily due to our continuing investments in unlisted entities, which we believed to have potential for mid-to-long-term growth; and the increase was offset by a loss of RMB195.1 million in the fair value change during the Reporting Period and RMB95.4 million of disposal.

Our unlisted fund investments amounted to RMB4,932.7 million as of December 31, 2024, broadly unchanged as compared to RMB4,906.4 million as of December 31, 2023. The increase is primarily due to the additional investments of RMB344.4 million during the Reporting Period, which were offset by decrease in fair value and disposal of investments of RMB154.6 million and RMB176.2 million respectively.

Our life insurance policies amounted to RMB4.0 million as of December 31, 2024, representing a 17.6% increase from RMB3.4 million as of December 31, 2023, which was mainly occurred by our subsidiary, DreamCIS.

Our unlisted debt instruments amounted to RMB133.7 million as of December 31, 2024, increased from RMB95.3 million as of 31 December, 2023, which was primarily due to new investments made during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

1. The Management's Discussion and Analysis on Operations of the Group for the Reporting Period (Continued)

Investments in companies and investment funds (Continued)

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	294,308	344,439	–	1,684	83,737	274,784	998,952
Fair value change during the Reporting Period	(195,082)	(154,615)	(157,415)	(678)	906	–	(506,884)
Disposals of shares	(95,385)	(176,223)	(49,741)	–	(42,958)	(234,784)	(599,091)
Exchange realignment	(2,435)	12,685	1,000	(417)	(3,309)	–	7,524
Ending Balance	5,000,911	4,932,666	67,523	4,032	133,717	50,000	10,188,849

Indebtedness

Borrowings

The Group had RMB2,315.8 million outstanding borrowings as of December 31, 2024, of which RMB1,992.2 million were short-term and RMB323.6 million were long-term. During the Reporting Period, our average borrowing rate is 2.70%. As of December 31, 2024, 77.61% of our borrowings were denominated in RMB and 22.04% were US\$ borrowings. The Group had unutilised banking facilities of RMB6,446.0 million as of December 31, 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 9.6% as of December 31, 2024.

Lease Liabilities

We had outstanding aggregated lease liabilities (for the remainder of relevant lease terms) of RMB517.6 million as of December 31, 2024, down 5.2% from RMB546.0 million as of December 31, 2023, primarily due to the repayment of lease liabilities. Of the aggregated lease liabilities as of December 31, 2024, RMB118.3 million were due within one year and RMB399.3 million would be due in more than one year.

Pledges over Assets of the Group

The Group had no pledges over assets of the Group as of December 31, 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

1. The Management's Discussion and Analysis on Operations of the Group for the Reporting Period (Continued)

Indebtedness (Continued)

Contingent Liabilities

As of December 31, 2024, the Group had no contingent liabilities.

Capital Commitments

As of December 31, 2024, the Group had the total capital commitments entered but outstanding and not provided for in the financial statements amounting to approximately RMB240.5 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 around RMB234.8 million (December 31, 2023: approximately RMB586.7 million).

In addition, the Group entered into a subscription agreement to subscribe 50.0% equity interests in an associate, Hangzhou Taikun in 2021. The Group has committed to invest additional capital in Hangzhou Taikun, amounting to RMB7 billion as of December 31, 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.

Significant Investments Held

As of December 31, 2024, saved for the investment as mentioned below, the Group did not hold any significant investments and none of the above-mentioned investments constituted a significant investment to our Group.

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)* (杭州泰瓏創業投資合夥企業(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 December 31, 2024, our Group has paid up RMB3,000 million 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 healthcare industry.

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

MANAGEMENT DISCUSSION AND ANALYSIS

1. The Management's Discussion and Analysis on Operations of the Group for the Reporting Period (Continued)

Indebtedness (Continued)

Significant Investments Held (Continued)

As of December 31, 2024, the carrying amount of our investment in Hangzhou Taikun was RMB3,119.0 million, accounting for 10.9% of the total assets of the Group.

As of December 31, 2024, Hangzhou Taikun had a net asset of RMB6,238.0 million, and generated a profit of RMB51.2 million during the Reporting Period. The Group received investment income of RMB22.4 million 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.

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 reputation.

MANAGEMENT DISCUSSION AND ANALYSIS

1. THE MANAGEMENT'S DISCUSSION AND ANALYSIS ON OPERATIONS OF THE GROUP FOR THE REPORTING PERIOD (Continued)

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 2,800, including global multi-national 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 December 31, 2024, our cumulative experience in clinical trial operation exceeds 4,000 projects, including more than 910 clinical trials of Class I drugs in China and more than 140 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 December 31, 2024, our global workforce has reached 10,185 employees, covering over 30 countries globally. Since the establishment of our International Headquarter in Hong Kong in 2023, it has become a central hub for Tigermed's overseas functional support and business development initiatives.

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 integrated R&D service platforms for both pharmaceutical and medical device customers. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

1. THE MANAGEMENT'S DISCUSSION AND ANALYSIS ON OPERATIONS OF THE GROUP FOR THE REPORTING PERIOD (Continued)

Core Competence Analysis (Continued)

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 RBQM, e-informed, remote follow-up, direct-to-patient drug delivery, and e-payment, actively assemble taskforce to develop models and platforms based in artificial intelligence technology to enable clinical trials, aiming 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 nearly 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 2024, we have provided services for 60% of the marketed Class I new 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.

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 1,400 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 December 31, 2024, we have formed strategic alliance with 74 E-Sites and have 252 core collaborative sites nationwide.

MANAGEMENT DISCUSSION AND ANALYSIS

1. THE MANAGEMENT'S DISCUSSION AND ANALYSIS ON OPERATIONS OF THE GROUP FOR THE REPORTING PERIOD (Continued)

Core Competence Analysis (Continued)

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 startups. 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.

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 million and not more than RMB1 billion, 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 investors' 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 FOR THE REPORTING PERIOD (Continued)

Other Events (Continued)

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, the Securities Law of the People's Republic of China, the Management Measures for Equity Incentives of Listed Companies, 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.

2. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

1. THE MANAGEMENT'S DISCUSSION AND ANALYSIS ON OPERATIONS OF THE GROUP FOR THE REPORTING PERIOD (Continued)

Other Events (Continued)

3. 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.
4. On August 28, 2024, the Board convened its tenth meeting of the fifth session of the Board, pursuant to which it passed a resolution to approve (and agreed and submitted to the Shareholders to approve) proposed amendments to its Articles of Association, Rules of Procedure for General Meeting, Rules of Procedure of the Supervisory Committee and Rules of Procedure of the Board ("**Related Rules of Procedures**"). The aforementioned proposed amendments to the Articles of Association and Related Rules of Procedures were duly passed by the Shareholders at the 2024 third extraordinary general meeting of the Company on October 8, 2024.

Please refer to the announcements of the Company dated August 28, 2024 and October 8, 2024 and the circular of the Company dated September 13, 2024 for details.

5. On August 28, 2024, the Board further considered and approved the proposed change in the use of proceeds for (i) the expansion and enhancement of clinical trial solutions and clinical-related services; (ii) the repayment of bank loans, which can increase the efficiency of the use of funds, reduce finance costs and increase the level of net profit margins; and (iii) working capital and general corporate purposes. The Board is of the view that the aforementioned proposed change in use of proceeds will enhance the Group's financial management flexibility. For details, please refer to the section headed "Use of Proceeds from our Hong Kong Initial Public Offering" below.

MANAGEMENT DISCUSSION AND ANALYSIS

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

Industry Outlook

Amidst the interplay of global and Chinese macroeconomic cyclical fluctuations and structural changes in the biopharmaceutical industry, China's biopharmaceutical industry and its capital market have gradually regained rationality in recent years, with more pragmatic and prudent demands for research and development ("R&D"). Driven by evolving global trends, gradual improvements in China's economic and industrial cycles, continuous refinement and guidance of regulatory frameworks, and steady enhancements in the industry's ecosystem, the industry is manifesting a progressive resurgence and advancing with a robust developmental trajectory. Many innovative pharmaceutical companies have strengthened their R&D capabilities and optimized resource allocation through strategic adjustments, continuously bolstering their innovation capacity.

In 2024, the China National Medical Products Administration (NMPA) approved 48 Class I new drugs, an increase of 8 compared to 2023, marking a record high. During the same period, the number of drug clinical trials registered and disclosed on the China Drug Clinical Trial Registration and Information Disclosure Platform (www.ChinaDrugTrials.org.cn) reached 4,861, a 15.57% YoY growth from 4,206 in 2023. Notably, 1,859 of these were innovative drug clinical trials, positioning China as the second-largest contributor globally in terms of the number of new drugs under research. The innovative R&D capabilities of Chinese innovative pharmaceutical companies have continued to advance, with their global competitiveness and recognition steadily rising. This progress underscores a significant shift in China's pharmaceutical industry from in-licensing to out-licensing. By the end of 2024, several domestically developed innovative drugs had gained approvals in developed markets such as Europe and the United States, marking the beginning of commercial breakthroughs in the global market. ^{Note 1}

Meanwhile, cyclical fluctuations in China's investment and financing environment have spurred some pharmaceutical companies to pursue innovation-driven transformations and actively engage in national and local innovation projects to secure government funding support. Beyond organic growth, many pharmaceutical companies are expanding their businesses through establishing partnerships. The trend of global expansion continues to gain momentum, with companies actively exploring international markets. By leveraging diverse models such as out-licensing, mergers and acquisitions and NewCo, these companies are broadening their funding channels to fuel their development, seizing market opportunities and accelerating their globalization. Upfront payments or milestone payments for license-out transactions have also emerged as significant sources of R&D funding for Chinese biopharmaceutical companies. According to the incomplete statistics, the number of out-licensing transactions of Chinese biopharmaceutical companies in 2024 increased by 18% YoY compared to 2023. The total potential value of these transactions for innovative drugs reached approximately US\$51.5 billion in 2024, including upfront payments of approx. US\$4 billion, both figures significantly surpassing 2023 levels. ^{Note 2}

MANAGEMENT DISCUSSION AND ANALYSIS

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

Industry Outlook (Continued)

Since 2022, competition in China's clinical CRO industry has intensified. By the end of 2024, some small and medium-sized clinical contract research organizations (CROs) began scaling back business operations, leading to a more optimized supply side. However, as China's biopharmaceutical industry stabilizes, the demand for CRO services has shown signs of recovery. Meanwhile, with the increasing global expansion demands from pharmaceutical companies, clinical CROs with global service capabilities hold a distinct competitive advantage in this increasingly intense landscape. Additionally, the application of artificial intelligence ("AI") technologies is transforming clinical trial processes and methodologies, enhancing efficiency and reducing costs, which is expected to drive innovation in the existing service models of clinical CROs. Breakthroughs in generative AI technology have further heightened the willingness of stakeholders across the biopharmaceutical and clinical research fields to adopt AI technologies. Looking ahead, as digital and intelligent technologies continue to empower innovation, the adoption of AI technologies is expected to grow significantly, hence shortening clinical trial cycles. In this context, high-quality data assets (e.g., high-quality structured datasets, including annotated medical imaging and multi-omics data, etc.) will hold immense application value.

China's policies continue to reinforce the support for innovation and high-quality development in the pharmaceutical industry. In July 2024, China's State Council executive meeting reviewed and 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》", which aims to strengthen policy safeguards across the whole chain, optimize the review and approval mechanisms, and increase the support for innovative drugs, so as to drive the all-around development of innovative drugs, accelerate their market entry, and boost the global competitiveness of Chinese innovative drugs. In the same month, the NMPA issued "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》", aiming to optimize the review and approval mechanisms for clinical trials of innovative drugs. This Plan introduces pilot programs in selected regions, shortens the review and approval timeline for innovative drugs from 60 working days to 30 working days, and optimizes the filing mechanism for bioequivalence trials. On January 3, 2025, the General Office of the State Council of the PRC released "the Opinions on Comprehensively Deepening the Reform of Regulation of Drugs and Medical Devices and Promoting the High-Quality Development of the Pharmaceutical Industry 《關於全面深化藥品醫療器械監管改革促進醫藥產業高質量發展的意見》". The Opinions propose to deepen the reform across the entire process of regulation of drugs and medical devices, to accelerate the establishment of a unified national market in the drug and medical device sector, and to foster a globally-competitive innovation ecosystem, so as to promote China's transition from a major pharmaceutical country to a pharmaceutical powerhouse, and to better meet the people's demand for high-quality drugs and medical devices. Furthermore, "the 2025 Government Work Report 《2025年國務院政府工作報告》" issued by the State Council of the PRC emphasizes the need to improve the drug pricing mechanism, establish an innovative drug catalog, and support the development of innovative drugs.

MANAGEMENT DISCUSSION AND ANALYSIS

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

Industry Outlook (Continued)

Local governments in China have also actively responded by introducing a series of policies to promote the high-quality development of the biopharmaceutical industry, offering comprehensive support to pharmaceutical companies, including financial backing. For example, the Beijing Municipal Government released "the Several Measures to Support the High-Quality Development of Innovative Drugs in Beijing (2024) (Draft for Comments) 《北京市支持創新藥高質量發展若干措施(2024)(徵求意見稿)》", which outlines a range of specific initiatives. These include optimizing the review and approval processes and supporting the R&D of innovative drugs, so as to boost the innovation-driven development of the biopharmaceutical industry. These measures aim to enhance Beijing's competitiveness in the biopharmaceutical sector through policy guidance and financial support. Similarly, the Shanghai Municipal Government has introduced a series of policy documents, such as "the Several Opinions on Supporting the Innovation and Development of the Entire Biomedicine Industry Chain ("Shanghai's Opinions") 《關於支持生物醫藥產業全鏈條創新發展的若干意見》" and "the Action Plan of Shanghai Municipality to Enhance the International Competitiveness of Biopharmaceutical Enterprises (2024–2027) ("Shanghai's Action Plan") 《上海市提升生物醫藥企業國際競爭力行動方案(2024–2027年)》". Shanghai's Opinions focus on the whole-chain innovation-driven development of the biopharmaceutical industry, providing all-around policy support spanning R&D, manufacture, and market promotion, including the establishment of specialized funds. Shanghai's Action Plan further defines the specific goals and measures to enhance the international competitiveness of Shanghai-based biopharmaceutical companies, aiming to elevate the international influence of Shanghai's biopharmaceutical industry. Other provinces and municipalities, such as Hubei Province, Fujian Province, Hainan Province and Chongqing Municipality, have also rolled out a series of specific policies. These policies provide multi-dimensional resource support for the development and innovation of drugs in the pharmaceutical industry, further propelling the development of the biopharmaceutical industry.

MANAGEMENT DISCUSSION AND ANALYSIS

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

Industry Outlook (Continued)

In 2024, Chinese regulatory authorities continued to refine their regulatory frameworks by issuing a series of draft guidelines, finalized guidelines and notices/circulars, such as “the Guidelines for the Administration of Phase I Drug Clinical Trials (Draft Revised Version for Comments)《藥物I期臨床試驗管理指導原則(修訂版徵求意見稿)》”, “the Technical Guidelines for Clinical Pharmacology Studies for Rare Disease Drugs (Draft for Comments)《罕見病藥物臨床藥理學研究技術指導原則(徵求意見稿)》”, “the Pilot Work Plan for Patient-Centered Action for Rare Diseases Encouragement (“**CARE**”)《以患者為中心的罕見疾病藥物研發試點工作計劃》”, “the Announcement of the NMPA on Further Optimizing the Review and Approval of Clinical Urgently Needed Overseas-Marketed Drugs《國家藥監局關於進一步優化臨床急需境外已上市藥品審評審批有關事項的公告》”, “the Technical Guidelines for the Application of Decentralized Clinical Trials in Clinical Research and Development of Rare Disease Drugs《在罕見疾病藥物臨床研發中應用去中心化臨床試驗的技術指導原則》”, “the Technical Guidelines for the Evaluation of Adverse Event Correlations in Drug Clinical Trials (Trial)《藥物臨床試驗不良事件相關性評價技術指導原則(試行)》”, and “the Guidelines for the Application of Real-World Data Based on Disease Registration (Trial)《基於疾病登記的真實世界數據應用指導原則(試行)》” etc. These measures aim to strengthen the guidance and administration of drug clinical trials and R&D of rare disease drugs. China also continued to advance the localized implementation of ICH technical guidelines, newly introducing such documents as “ICH M15: Model-Informed Drug Development General Principles (Draft)” and “ICH M14 Guideline on general principles on plan, design and analysis of pharmacoepidemiological studies that utilize real-world data for safety assessment of medicines” guiding principles draft. At the level of regulations and technical requirements, it will be more conducive to the synchronous R&D declaration of imported drugs in China and overseas. Additionally, the Guidelines for Benefit-Risk Assessment Based on Multi-Regional Clinical Trial Data in Globally Synchronized Research and Development of New Drugs (Draft for Comments) further encourage the globally-synchronized research & development, application for, review and marketing of new drugs. This document also specifies the technical requirements for conducting benefit-risk assessments based on global clinical trial data of new drugs when applying for registration and marketing of the drugs in China.

Note 1: Data sources from CDE public information (clinical trial numbers include BE projects) and the GlobalData database.

Note 2: Data sources from the PharmaCube database and Tigermed analysis.

MANAGEMENT DISCUSSION AND ANALYSIS

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

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.

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

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. In addition, frontier technologies such as artificial intelligence are being increasingly applied into the biopharmaceutical R&D industry. Whilst we have attached great importance to the latest development of these regulations, policies and technology, 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, policies or technology by formulating an updated operating strategy.

MANAGEMENT DISCUSSION AND ANALYSIS

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

Potential Risks (Continued)

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.

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 action 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 businesses, 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 Corresponding Period and the Reporting Period, we recorded a positive change in fair value of financial assets at FVTPL in the amount of RMB352.8 million and a negative change of RMB501.7 million, respectively. There is no guarantee that the changes in fair value of our financial assets at FVTPL can 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 RMB232.4 million and RMB72.7 million, respectively. There is also no guarantee that we will continue to 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 employees increased to 10,185 as of December 31, 2024 from 9,701 as of December 31, 2023.

The number of domestic employees increased from 7,626 as of December 31, 2023 to 8,559 as of December 31, 2024. The main reason for the increase in headcount was our consolidation of TeddyLab during the Reporting Period and the addition of staff in site management services to meet our development needs. During the Reporting Period, the Company made appropriate reductions in the size of certain departments that were negatively affected by domestic industry cycles, such as the domestic laboratory services team and the vaccine clinical operations team. At the same time, due to changes in domestic policies and regulations, the Company implemented strategic adjustments to certain business segments in 2024, resulting in a corresponding decrease in personnel for those segments.

The number of overseas employees decreased from 1,722 as of December 31, 2023 to 1,626 as of December 31, 2024. The primary reason for the decrease was the reduction of approximately 200 employees in Frontage's laboratory services team in North America. During the Reporting Period, we continued to expand the scale of their clinical operations, project management, and business development teams in key overseas markets. As part of our business growth strategy, we plan to continue to expand the scale of our clinical operations, project management, and business development teams in key overseas markets in the future.

Highly qualified and stable employees are critical for the Company to consistently deliver high-quality services to its clients. The Company is committed to attracting globally experienced interdisciplinary talents, industry experts, and professional technicians to support global expansion. It will also continue to improve its recruitment, job transfer, training, and development programs, as well as its long-term incentive plans, to cultivate and retain talent.

We enter 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, bonus 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.

Relationship with Customers and Suppliers

We provided services to our customers in 2024 as we continued to deepen our partnerships with existing customers and attract new customers. Our talents are most crucial to our ability to provide consistent high-quality services to customers and which enable us to enjoy a high level of customer loyalty and have developed long-term relationships with many of our customers. We procure a variety of consumables and equipment, mainly for our clinical trial solutions and clinical related and laboratory services. Such supplies are generally available from various suppliers in quantities adequate to meet our needs. Our suppliers are primarily located in China or the United States, including those with local offices and operations in China. We have established stable relationships with many of our key suppliers.

PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Below are the brief profiles of the current Directors, Supervisors and senior management of the Group.

Directors

The Board currently comprises seven (7) Directors, of which four (4) are executive Directors and three (3) are independent non-executive Directors. The following table sets forth information in respect of our Directors:

Name	Position	Age	Date of Appointment as Director
Dr. Ye Xiaoping (葉小平)	Chairman of the Board Executive Director	62	September 18, 2010
Ms. Cao Xiaochun (曹曉春)	Executive Director	56	September 18, 2010
Mr. Wu Hao (吳灝)	Executive Director	58	October 15, 2021
Mr. Wen Zengyu (聞增玉)	Executive Director	45	May 23, 2023
Mr. Liu Kai Yu Kenneth (廖啟宇)	Independent Non-executive Director	56	April 22, 2020
Mr. Yuan Huagang (袁華剛)	Independent Non-executive Director	52	May 23, 2023
Ms. Liu Yuwen (劉毓文)	Independent Non-executive Director	50	March 21, 2024

Ms. Liu Yuwen, who was appointed as an independent non-executive Director on March 21, 2024 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.

Supervisors

Our Supervisory Committee consists of three Supervisors. The following table sets forth information in respect of our Supervisors:

Name	Position	Age	Date of Appointment as Supervisor
Mr. Zhang Binghui (張炳輝)	Chairman of the Supervisory Committee	62	April 22, 2020
Ms. Chen Zhimin (陳智敏)	Supervisor	65	April 22, 2020
Ms. Lou Wenqing (樓文卿)	Employee Supervisor	33	August 25, 2022

PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Executive Directors

Dr. Ye Xiaoping (葉小平), aged 62, is the Chairman of the Board, an executive Director and co-founder of our Company. Dr. Ye was appointed as the chairman of the Board and a Director since the incorporation of our Company in September 2010 and designated as an executive Director in April 2020. From September 2010 to April 2019, Dr. Ye served as the general manager of our Company. From March 2005 to September 2010, Dr. Ye served successively as manager, director and general manager at Hangzhou Tigermed Limited, the predecessor of our Company. Dr. Ye is primarily responsible for the overall strategic planning of our Group and supervising and overseeing the management of our business. Dr. Ye is the chairman of the Strategy Development Committee of our Company. Dr. Ye possesses extensive experience in biopharmaceutical R&D and strategic planning. Dr. Ye received his doctorate in immunology degree from University of Oxford in April 2001.

Dr. Ye served as a director of Dian Diagnostics Group Co., Ltd. (迪安診斷技術集團股份有限公司) (a company listed on the Shenzhen Stock Exchange with stock code: 300244) from September 2020 to December 2022 and Coland Holdings Limited (康聯控股有限公司) (a company listed on the Taiwan Stock Exchange with stock code: 4144, but ceased to be listed on the Taiwan Stock Exchange on October 30, 2020) since December 2010. He served as an independent non-executive director of HBM Holdings Limited (和鉑醫藥控股有限公司) (a company listed on the Stock Exchange with stock code: 2142) since December 2020. From October 2011 to January 2020, Dr. Ye served as a director of Shanghai Lide Biotech Co., Ltd. (上海立迪生物技術股份有限公司) (National Equities Exchange and Quotations stock code: 838848), the shares of which ceased to be listed on the National Equities Exchange and Quotations in April 2019.

Ms. Cao Xiaochun (曹曉春), aged 56, is our executive Director, co-founder and general manager. Ms. Cao was appointed as a deputy general manager in September 2010 and was later appointed as the general manager in April 2019. She was designated as an executive Director in April 2020. From September 17, 2021 to October 21, 2022, she served as the chief financial officer of the Company. From November 2010 to May 2019, Ms. Cao served as secretary to the Board of our Company. Ms. Cao served as executive director and director successively from January 2005 to September 2010 of Hangzhou Tigermed Limited, the predecessor of our Company. Ms. Cao is primarily responsible for overseeing our Group's operations and management. Ms. Cao is a member of the Remuneration and Evaluation Committee of our Company. Ms. Cao possesses extensive experience in biopharmaceutical R&D and business operations and management.

Ms. Cao received her bachelor's degree in traditional Chinese medicine and pharmacy from Zhejiang Chinese Medical University (浙江中醫藥大學) in July 1992, graduate certificate in medicine from Zhejiang University (浙江大學) in June 2003 and graduate certificate in business administration from Renmin University of China (中國人民大學) in June 2007. Ms. Cao was admitted as a licensed pharmacist in the PRC by the Office of Personnel of Zhejiang Province (浙江省人事廳) in October 2001 and a senior engineer in the PRC by the Office of Personnel of Zhejiang Province (浙江省人事廳) in December 2002.

Mr. Wu Hao (吳灝), aged 58, joined the Group in January 2020 and is currently an executive Director and the co-president of our Company. Mr. Wu was appointed as an executive Director in October 2021. Mr. Wu is a member of the Strategy Development Committee of our Company.

Mr. Wu has over 17 years of experience in the pharmaceutical industry and has extensive marketing and managerial experience. Prior to joining the Group, Mr. Wu served successively as sales manager and a product/project manager of Schering Plough Pharmaceutical Co., Ltd.* (先靈葆雅製藥有限公司) from August 1994 to October 1999, product manager of Shanghai Roche Pharmaceutical Co., Ltd.* (上海羅氏製藥有限公司) from October 1999 to December 2002, marketing director of Eisai China Inc.* (衛材(中國)製藥有限公司) from January 2003 to July 2007, director of marketing and business development department of SciClone International Pharmaceutical Co., Ltd.* (賽生國際製藥有限公司) from August 2007 to January 2009 and the general manager of Meixin Insurance Broker (Shanghai) Co., Ltd.* (美信保險經紀(上海)有限公司) from March 2010 to January 2020. Mr. Wu Hao has been a non-executive director of Frontage Holdings Corporation (a company listed on the Stock Exchange with stock code: 1521) since June 1, 2022.

PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Wu obtained his bachelor's degree in clinical medicine from Shanghai Jiao Tong University School of Medicine (formerly known as Shanghai Second Medical University) in 1992 and an EMBA degree from China Europe International Business School in 2009.

Mr. Wen Zengyu (聞增玉), aged 45, joined the Company in March 2010 and is currently an executive Director, executive vice president and chief operating officer of the Company. Mr. Wen was appointed as an executive Director in May 2023. Mr. Wen has 19 years of experience in the pharmaceutical industry. Prior to joining the Group, Mr. Wen served as a statistician of APEX International Clinical Research Co., Ltd. from March 2004 to November 2004 and a senior statistician of Schering Plough Pharmaceutical Co., Ltd.* (先靈葆雅製藥有限公司) from December 2004 to February 2010.

Mr. Wen obtained his bachelor's degree in health service management from Weifang Medical University in July 2001 and a master's degree in epidemiology and hygienic statistics from Fudan University in June 2004.

Mr. Wen served as an executive director of Hangzhou Tigermed-IntelliPV Co., Ltd., Jiaxing Tigermed Data Management Co., Ltd. and Tigermed Xinze Medical Technology (Jiaxing) Co., Ltd. (each a wholly-owned subsidiary of the Company) since July 2021, and served as an executive director of MacroStat (China) Clinical Research Co., Ltd. (a wholly-owned subsidiary of the Company) since August 2021.

Independent Non-executive Directors

Mr. Liu Kai Yu Kenneth (廖啟宇), aged 56, is our independent non-executive Director. Mr. Liu joined our Company and was appointed as an independent non-executive Director in April 2020. Mr. Liu is primarily responsible for providing independent opinion and judgment to the Board, thereby protecting the overall interest of our Company. Mr. Liu is the chairman of the Audit Committee, member of the Remuneration and Evaluation Committee and member of the Nomination Committee of our Company. Mr. Liu served at Hong Kong Exchanges and Clearing Limited (Stock Exchange stock code: 388) from June 2004 to October 2016, with his last position as assistant vice president in IPO Transactions, Listing & Regulatory Affairs Division. Prior to that, he served at VC CEF Capital Limited (now known as VC Capital Limited) from September 2000 to May 2003, with his last position as an assistant manager in the corporate finance department. He also worked as an audit officer in the internal audit department of Kowloon-Canton Railway Corporation from January 2000 to September 2000, an assistant manager of the audit and control division of the Hong Kong branch of Banque Nationale de Paris from August 1996 to September 1997, an accountant at Ernst & Young from August 1994 to May 1996, and a junior accountant in the audit department of Kwan Wong Tan & Fong (merged with Deloitte Touche Tohmatsu in 1997) from May 1994 to August 1994. Mr. Liu has also been serving as an independent non-executive director of Sisram Medical Ltd (a company listed on the Stock Exchange with stock code: 1696) since August 2017; an independent non-executive director of Tianli Education International Holdings Limited (a company listed on the Stock Exchange with stock code: 1773) since June 2018, an independent non-executive director of Fourace Industries Group Holdings Limited (a company listed on the Stock Exchange with stock code: 1455) since August 2020, and an independent non-executive director of Wuhan Youji Holdings Ltd. (a company listed on the Stock Exchange with stock code: 2881) since June 2024.

Mr. Liu obtained his bachelor's degree in mechanical engineering from the Imperial College of Science, Technology and Medicine of the University of London in August 1991 and a master of business administration degree in international banking and finance from the University of Birmingham in December 1998. Mr. Liu has been a member of the Hong Kong Institute of Certified Public Accountants since July 1999 and a fellow of the Association of Chartered Certified Accountants since April 2004.

PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Yuan Huagang (袁華剛), aged 52, is our independent non-executive Director. Mr. Yuan was appointed as an independent non-executive Director in May 2023. Mr. Yuan is well versed in the relevant laws, rules and regulations of the capital market in China, and has long been engaged in M&A and restructuring and various innovative businesses and has engaged in and led many investment and investment banking projects with impact.

Mr. Yuan served in various positions at Guotai Junan Securities Co., Ltd. (a company listed on the Stock Exchange, stock code: 2611) from July 2000 to 2015, including executive director of investment banking department, managing director, deputy general manager and sponsor representative. He served as a director of EVE Energy Co., Ltd. (惠州億緯鋰能股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 300014) from October 2016 to October 2022. He served as the managing partner and a member of the Investment Decision-making Committee of Zhejiang United Investment Group* (浙江民營企業聯合投資股份有限公司) since June 2015.

Mr. Yuan has been an independent director of Shanghai Xinhua Media Co., Ltd. (上海新華傳媒股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600825) since October 2020. Mr. Yuan has been a director and the general manager of Pacific Shuanglin Bio-pharmacy Co., Ltd (派斯雙林生物製藥股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 000403) since March 2022.

Mr. Yuan obtained the PRC lawyer qualification (non-practicing) certificate in August 1998 and obtained the qualification for sponsor representative of the Securities Association of China in May 2009.

Mr. Yuan obtained his bachelor's degree in economics from Zhejiang University in July 1997 and a master's degree in business administration in banking and finance from the University of Macau in December 1999.

Ms. Liu Yuwen (劉毓文), aged 50, is our independent non-executive Director. Ms. Liu was appointed as an independent non-executive Director in March 2024. Ms. Liu has been the legal representative and founding partner of Suzhou Industrial Park Bohe Venture Investment Management Co., Ltd.* (蘇州工業園區薄荷創業投資管理有限公司) since August 2015, served as the executive deputy general manager, chairperson and general manager and executive director of Suzhou Industrial Park Biotech Development Co., Ltd.* (蘇州工業園區生物產業發展有限公司) (BioBAY) from December 2005 to July 2015, served as the chief representative of the Shanghai representative office of Perrigo International Inc. (美國百利高國際公司) from May 2003 to November 2005 (now known as Perrigo Trading (Shanghai) Co., Ltd. (百利高貿易(上海)有限公司))*). Ms. Liu also worked as the new business development manager of Suzhou Capsugel Co., Ltd.* (蘇州膠囊有限公司) ("Suzhou Capsugel"), a Sino-US joint venture, from April 2000 to April 2003, a quality control and assurance manager of Suzhou Capsugel from May 1998 to April 2000, and a quality engineer of Suzhou Capsugel from July 1997 to April 1998.

Ms. Liu became a registered pharmacist in 2000, obtained a senior economist certificate from Jiangsu Provincial Department of Human Resources and Social Security in 2013 and obtained the qualification certificate of fund practitioner issued by the Asset Management Association of China in 2016.

Ms. Liu obtained the bachelor's and master's degree in pharmacy from the China Pharmaceutical University in 1994 and 1997, respectively, and a BI-Fudan master's degree in business and administration offered in partnership by BI Norwegian Business School and Fudan University.

PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Supervisors

Mr. Zhang Binghui (張炳輝), aged 62, is currently the Chairman of our Supervisory Committee. Mr. Zhang was appointed as a non-employee representative Supervisor in April 2020. Mr. Zhang served as an independent director at Hangzhou Tigermed Limited (the predecessor of our Company) and our Company from September 2010 to June 2017. Mr. Zhang is primarily responsible for supervision of the finances of our Group and supervision over the directors and senior management.

Mr. Zhang was an independent director of Zhongjiao Tongli Construction Co., Ltd. (中交通力建設股份有限公司) (the shares of which are listed on the NEEQ with stock code: 870958) from May 2015 to June 2020; was an independent director of GI Technologies Group Co. Ltd. (吉艾科技集團股份公司) (a company listed on the Shenzhen Stock Exchange with stock code: 300309) from October 2016 to November 2021; was an independent director of Beijing Srt Education & Technology Co., Ltd. (北京尚睿通教育科技股份有限公司) (the shares of which are listed on the NEEQ with stock code: 835971) from December 2017 to December 2020; has been an independent director of Chengdu Kanghua Biological Products Co., Ltd. (成都康華生物製品股份有限公司) (a company listed on the Shenzhen Stock Exchange with stock code: 300841) since July 2018 present; has been an independent director of Suzhou Zelgen Biopharmaceuticals Co., Ltd. (蘇州澤璟生物製藥股份有限公司) (a company listed on the Shanghai Stock Exchange with stock code: 688266) since February 2019; has been an independent director of Jiangsu Asieris Pharmaceuticals Co., Ltd. (江蘇亞虹醫藥股份有限公司) (a company listed on the Shanghai Stock Exchange with stock code: 688176) since December 2020.

Mr. Zhang was a certified public accountant in Ruihua Certified Public Accountants LLP (瑞華會計師事務所) (formerly known as Crowe CPA Limited (國富浩華會計師事務所)). Mr. Zhang received his graduation certificate in economics from the Correspondence Institute of the Party School of the Central Communist Party (中央黨校函授學院) in December 1993. Mr. Zhang was admitted as a licensed senior accountant by the Shandong Human Resources Department (山東省人事廳) in December 1998. Mr. Zhang has received certificate of membership as a non-practicing member by the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in May 2013.

Ms. Chen Zhimin (陳智敏), aged 65, is currently the Supervisor. Ms. Chen was appointed as a shareholder Supervisor in April 2020. Ms. Chen joined our Company and was appointed as an independent non-executive Director in December 2015, and resigned as an independent non-executive Director in April 2020. Ms. Chen is primarily responsible for supervision of the finances of our Group and supervision over the Directors and senior management.

Ms. Chen has served as a senior consultant of Zhejiang Tianjin Engineering Investment and Consulting Co., Ltd. (浙江天健東方工程投資諮詢有限公司), a member of the regular board of directors of Institute of Certified Public Accountants of Zhejiang Province and a vice president of Zhejiang Engineering Cost Association (浙江省建設工程造價管理協會).

Ms. Chen was the Chief Officer of Zhejiang Zhejing Asset Appraisal Institution from May 1996 to January 2000, the chairman and general manager of Zhejiang Zhejing Asset Assessment Co., Ltd (浙江浙經資產評估有限公司) from January 2000 to February 2009, the general manager of Zhejiang Tianjin Engineering Investment and Consulting Co., Ltd. from February 2009 to April 2015, an independent director of Zhejiang Jolly Pharmaceutical Co., Ltd. (浙江佐力藥業股份有限公司) from May 2015 to March 2020, a senior consultant of Zhejiang Tianjin Engineering Investment and Consulting Co., Ltd. from May 2015 to May 2018; and an independent director of Zhejiang Weixing Industrial Development Co., Ltd. (浙江偉星實業發展股份有限公司) (a company listed on the Shenzhen Stock Exchange with stock code: 002003) from June 2016 to July 1, 2023. She currently is external director of Zhejiang Finance and Capital Investment Co., Ltd. (浙江財通資本投資有限公司), supervisor of Hangzhou Tigermed Consulting Co., Ltd., independent director of Zhejiang Canaan Technology Limited (浙江

PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

迦南科技股份有限公司) (a company listed on the Shenzhen Stock Exchange with stock code: 300412), Hangzhou Honghua Digital Technology Stock Co., Ltd. (杭州宏華數碼科技股份有限公司) (a company listed on the Shanghai Stock Exchange with stock code: 688789), Tongkun Group Co., Ltd. (桐昆集團股份有限公司) (a company listed on the Shanghai Stock Exchange with stock code: 601233) and Hang Zhou Great Star Industrial Co., Ltd. (杭州巨星科技股份有限公司) (a company listed on the Shenzhen Stock Exchange with stock code: 002444). She was a member of the 9th, 10th and 11th CPPCC of Zhejiang Province, the 11th and 12th Citizen Building Committee of Hangzhou Province (杭州市民建委員).

Ms. Lou Wenqing (樓文卿), aged 33, is an employee representative Supervisor. Ms. Lou was appointed as an employee representative Supervisor in August 2022. Ms. Lou joined the Internal Control and Internal Audit Department of the Company in February 2022 and engaged in internal audit work, and she currently serves as the audit executive of the Company. Ms. Lou is mainly responsible for supervising the finances of our Group and exercising supervision over the directors and senior management. Ms. Lou worked in China Merchants Group* (中財招商集團) from October 2015 to December 2016 as a risk control specialist. From December 2016 to November 2021, she served as the general manager of Hangzhou Junqing Investment Co., Ltd.* (杭州市軍卿投資有限公司), and she served as the alliance officer of the Federation of Seaport, Land, and Airport Information Port Operators in Zhejiang Province* (浙江省海港陸港空港信息港運營商聯合會) from December 2021 to February 2022. Ms. Lou obtained a bachelor's degree in business administration from the School of Modern Science and Technology of China Jiliang University in June 2014 and a master's degree in entrepreneurial management from Royal Holloway, the University of London in October 2015.

Senior Management

Ms. Cao Xiaochun (曹曉春), aged 56, is our executive Director, co-founder and general manager. For the biography of Ms. Cao, please refer to "Executive Directors" of this section.

Mr. Wu Hao (吳灝), aged 58, is our executive Director and co-president. For the biography of Mr. Wu, please refer to "Executive Directors" of this section.

Mr. Wen Zengyu (聞增玉), aged 45, is our executive Director, executive vice president and chief operating officer. For the biography of Mr. Wen, please refer to "Executive Directors" of this section.

Ms. Yang Chengcheng (楊成成), aged 51, joined the Company in September 2022 and is currently the chief financial officer of the Company. Prior to joining the Company, she had worked in management positions such as senior auditor of PricewaterhouseCoopers, assistant financial controller of Otis Electric Elevator Co., Ltd. (奧的斯機電電梯有限公司) (formerly known as Hangzhou Xizi Otis Co., Ltd. (杭州西子奧的斯股份有限公司)), financial controller of Xizi Elevator Group Co., Ltd. (西子電梯集團有限公司), director, financial controller and investment officer of Baida Group Co., Ltd. (百大集團股份有限公司) (its shares are listed on the Shanghai Stock Exchange, stock code: 600865), financial controller of Pacific Shuanglin Biopharmacy Co., Ltd. (派斯雙林生物製藥股份有限公司) and managing director, financial controller and person-in-charge of risk control and post investment of Zhejiang United Investment Group Co., Ltd. (浙江民營企業聯合投資股份有限公司). Ms. Yang is familiar with domestic and overseas accounting and taxation standards and specializes in finance, taxation, risk control and operation management. She has over 20 years of experience in financial management as well as investment and financing and capital operation of listed companies. Ms. Yang holds a master's degree of business administration from Zhejiang University.

* for identification purpose only

CORPORATE GOVERNANCE REPORT

The Board is pleased to present this corporate governance report in this annual report (the “**Corporate Governance Report**”).

VISION, MISSIONS AND VALUES

Our mission is to improve health by accelerating the development of innovative and effective treatments for patients everywhere.

Guided by our values – integrity & honesty, open & inclusive, collaborative & accountable, professional & innovative – we vision to be recognized as the leading global CRO.

Under the leadership of the Board, the Company instil these vision, missions and values in our staff and stakeholders while integrating them into the Group’s day-to-day operations. Taking into account the corporate culture in a range of contexts, the Board considers that the culture and the purpose, values and strategy of the Group are aligned.

CORPORATE GOVERNANCE PRACTICES

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of our Shareholders as a whole. The Company has adopted corporate governance practices based on the principles and code provisions as set out in Part 2 of the CG Code as contained in Appendix C1 to the Listing Rules as its own code of corporate governance practices.

The Board is of the view that the Company has complied with the code provisions in Part 2 of the CG Code, in force during the year, during the Reporting Period. The Board will continue to review and monitor its code of corporate governance practices of the Company with an aim to maintaining a high standard of corporate governance.

DIRECTORS’ 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 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 REPORT

BOARD OF DIRECTORS

The Company is headed by an effective Board which oversees the Group's businesses, strategic decisions and performance and takes decisions objectively in the best interests of the Company.

The Board should regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether the Director is spending sufficient time performing them.

Board Composition

For the year ended December 31, 2024 and up to the date of this annual report, the Board comprised seven Directors, consisting of four executive Directors and three independent non-executive Directors as follows:

Executive Directors

Dr. Ye Xiaoping (*Chairman*)

Ms. Cao Xiaochun

Mr. Wu Hao

Mr. Wen Zengyu

Independent Non-executive Directors

Mr. Liu Kai Yu Kenneth

Mr. Yuan Huagang

Ms. Liu Yuwen (*appointed on March 21, 2024*)

Dr. Yang Bo (*resigned on March 21, 2024*)

Ms. Liu Yuwen, who was appointed as an independent non-executive Director on March 21, 2024, 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 of the Company.

The biographical information of the Directors is set out in the section headed "Profiles of Directors, Supervisors and Senior Management" of this annual report and the relationships between the Directors are disclosed in the respective Director's biography.

Except for the relationships between the Directors set forth in the respective Director's biography under the section headed "Profiles of Directors, Supervisors and Senior Management", the Directors do not have financial, business, family or other material/relevant relationships with one another.

Chairman and Chief Executive Officer

Code provision C.2.1 stipulates that the roles of chairman of the board of directors and chief executive should be separate and should not be performed by the same individual.

The chairman of the Board (the "**Chairman**") and general manager of the Company ("**General Manager**") are held by Dr. Ye Xiaoping and Ms. Cao Xiaochun, respectively, thus we have complied with code provision C.2.1. The division of responsibilities between the Chairman and the General Manager has been clearly established.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS (Continued)

Independent Non-executive Directors

During the Reporting Period, the Board at all times fulfilled the requirements of the Listing Rules relating to the appointment of three independent non-executive directors representing at least one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

The Company has established the following mechanisms to ensure that independent views and input are available to the Board:

- appropriate Board and Board committee structure were in place, including rules on the appointment and tenure of independent non-executive Directors ("INEDs");
- when selecting and recommending candidates for directorship, the Nomination Committee is required to consider whether the candidates for INEDs satisfy the independence requirements of the Listing Rules;
- the chairman would hold meetings with the INEDs without the presence of other directors at least annually;
- the Board may seek independent professional advice, at the Company's expense, to ensure that they will have access to accurate and relevant professional views in the performance of their responsibilities;
- terms of reference for each Board committee has indicated that they were authorized to engage independent professional advisers, at the Company's expense; and
- effectiveness reviews on the Board and Board committees were held annually, with feedback sought from members on the quality of, and access to, independent external advice.

During the Reporting Period, the Chairman has held one meeting with the independent non-executive Directors without the presence of other Directors to discuss the Company's strategy, Director's contributions, and their independent view. The Board will review the implementation and effectiveness of the above mechanisms on an annual basis.

Appointment and Re-election of Directors

The Directors (including independent non-executive Directors) of the Company shall be elected at the general meeting of the Company with a term commencing from the date he/she takes office, until the current term of service of the Board ends. The term of service of the Board is for a period of three years. Directors may serve consecutive terms if re-elected in accordance with the Articles of Association.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS (Continued)

Responsibilities of the Directors

The Board should assume responsibility for leadership and control of the Company and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including the independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses, for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities.

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading materials on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS (Continued)

Continuous Professional Development of Directors (Continued)

For the year ended December 31, 2024, all Directors attended training sessions on the respective obligations of the Directors and senior management. In addition, relevant reading materials including legal and regulatory update have been provided to the Directors for their reference and studying.

The record of continuous professional development relating to director's duties and regulatory and business development that have been received by the Directors for the year ended December 31, 2024 is summarized as follows:

Directors	Type of Training ^{Note}
Executive Directors	
Dr. Ye Xiaoping	A/B
Ms. Cao Xiaochun	A/B
Mr. Wu Hao	A/B
Mr. Wen Zengyu	A/B
Independent Non-executive Directors	
Mr. Liu Kai Yu Kenneth	A/B
Mr. Yuan Huagang	A/B
Ms. Liu Yuwen (appointed on March 21, 2024)	A/B
Dr. Yang Bo (resigned on March 21, 2024)	N/A

Note:

Types of Training

A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops

B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

Board Diversity Policy

The Board has adopted a board diversity policy (the “**Board Diversity Policy**”) in order to enhance the effectiveness of the Board and to maintain high standard of corporate governance. The Board Diversity Policy sets out the criteria in selecting candidates to the Board, including but not limited to gender, age, cultural and educational background and professional experience. The Company also takes into consideration the benefits of diversity on the Board without focusing on a single diversity aspect in determining the optimal composition of the Board. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Nomination Committee would discuss and agree on the measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption. At any given time, the Board may seek to improve one or more aspects of its diversity and measure progress accordingly. The Company aims to maintain an appropriate balance of diversity perspectives of the Board that are relevant to the Company's business growth in the next few years and will continue to seek opportunities to increase the proportion of female Board members.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS (Continued)

Board Diversity Policy (Continued)

The Group has also taken, and continues to take, steps to promote diversity at all levels of its workforce. Opportunities for employment, training and career development are equally opened to all eligible employees without discrimination. As of December 31, 2024, approximately 83% of the Group's employees are female and over 50% of new joiners in 2024 were female employees. Further details on the gender ratio of the Group and objectives for achieving gender diversity with respective rights and benefit, together with relevant data, can be found in the 2024 Tigermed Sustainability Report and Environmental, Social and Governance Report of the Company.

The Directors have a balanced mix of knowledge and skills, including knowledge and experience in the areas of business management, medical clinical research, scientific research, biostatistics, financial management and accounting. They obtained degrees in various areas including medicine, immunology, biostatistics, pharmacy, science, pharmacology, mechanical engineering, business administration, law, international banking and finance. The Board Diversity Policy is well implemented as evidenced by the fact that there are two female and five male Directors with experience from different industries and sectors. The Directors are of the view that the Board satisfies the Board Diversity Policy.

The Nomination Committee is responsible for reviewing the diversity of the Board. The Nomination Committee will monitor and evaluate the implementation of the Board Diversity Policy on an annual basis to ensure its continued effectiveness. The Nomination Committee has reviewed the Board Diversity Policy during the Reporting Period and considered it to be effective.

Nomination Policy

The primary duties of the Nomination Committee are to make recommendations to the Board regarding the appointment of Directors and management personnel and make recommendations for selection criteria and procedures.

The Company has adopted a nomination policy which sets out the objectives, selection criteria and nomination procedures for identifying and recommending candidates for appointment or re-appointment of Directors.

During the Reporting Period, Ms. Liu Yuwen was appointed as our independent non-executive Director on March 21, 2024.

BOARD COMMITTEES

The Board has established five committees, namely, the Audit Committee, the Remuneration and Evaluation Committee, the Nomination Committee, the Strategy Development Committee and the Compliance, Environmental, Social and Corporate Governance Management Committee, for overseeing particular aspects of the Company's affairs.

All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Board committees (except Compliance, Environmental, Social and Corporate Governance Management Committee) are posted on the Company's website and the Stock Exchange's website and are available to the Shareholders upon request.

BOARD COMMITTEES (Continued)

Audit Committee

As at December 31, 2024, the Audit Committee consisted of three independent non-executive Directors, namely Mr. Liu Kai Yu Kenneth, Ms. Liu Yuwen and Mr. Yuan Huagang. Dr. Yang Bo resigned as a committee member of Audit Committee on March 21, 2024 and Ms. Liu Yuwen was appointed as a committee member of the Audit Committee on March 21, 2024. Mr. Liu Kai Yu Kenneth is the chairman of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code and in compliance with the relevant laws and regulations of the PRC.

The main duties of the Audit Committee include but are not limited to:

- handling relationship with the external auditor of the Company;
- reviewing the financial information of the Company;
- monitoring the financial reporting system, risk management and internal control system of the Company;
- reviewing the effectiveness of internal audit function;
- reviewing and monitoring corporate governance functions; and
- other matters as authorized by the Board.

The Audit Committee held 4 meetings during the Reporting Period to review the annual financial results and reports, interim financial results and reports, significant issues on the financial reporting, operational and compliance controls, the effectiveness of the Group's risk management and internal control systems and internal audit function.

The attendance records of the Audit Committee meetings are set out under "Attendance Record of Directors and Committee Members".

Remuneration and Evaluation Committee

The Remuneration and Evaluation Committee consists of two independent non-executive Directors, namely Mr. Yuan Huagang and Mr. Liu Kai Yu Kenneth, and one executive Director, namely Ms. Cao Xiaochun. Mr. Yuan Huagang is the chairman of the Remuneration and Evaluation Committee.

The terms of reference of the Remuneration and Evaluation Committee are of no less exacting terms than those set out in the CG Code and in compliance with the relevant laws and regulations of the PRC.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES (Continued)

Remuneration and Evaluation Committee (Continued)

The main duties of the Remuneration and Evaluation Committee include but are not limited to:

- establishment of remuneration plans or proposals according to the primary scopes, responsibilities, importance and remuneration level of relevant positions of other relevant enterprises of management positions of Directors and members of senior management; making recommendations to the Board on overall performance evaluation and remuneration management system and structure for the Directors and members of senior management of the Company and establishment of formal and transparent procedures for the formulation of the remuneration policies;
- reviewing and approving the management's proposal on remuneration based on the corporate goals and objectives set by the Board;
- proposing remuneration plans or proposals include but not limited to performance evaluation criteria, procedures and key evaluation system, and major incentive and penalty plans and systems;
- determining, with delegated responsibility from the Board, the remuneration packages of individual executive Directors and members of senior management, or making recommendations to the Board on the remuneration packages of individual executive Directors and members of senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- making recommendations to the Board on the remuneration of non-executive Directors;
- considering salaries paid by peer companies, time commitment and responsibilities and the employment conditions of other positions within the Group;
- reviewing and approving compensation payable related to executive Directors and members of senior management for his/her loss or termination of office or appointment to ensure that the compensation shall be consistent with contractual terms or, in case the compensation is not consistent with contractual terms, is fair and reasonable and not excessive;
- reviewing and approving the compensation arrangements in connection with any dismissal or removal for misconduct to directors, to ensure the arrangements shall be consistent with contractual terms or, in case the compensation is not consistent with contractual terms, is fair and reasonable;
- ensuring that no Director or any of his/her associate is involved in deciding his/her own remuneration;
- examining the performance of the Directors (non-independent Directors) and members of senior management of the Company, and making annual performance evaluation;
- supervising the implementation of the Company's remuneration system;

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES (Continued)

Remuneration and Evaluation Committee (Continued)

- reviewing and/or approving matters relating to share schemes under chapter 17 of the Listing Rules; and
- any other matters authorized by the Board.

For details of Directors' remuneration policy, please refer to "Compensation of Directors, Supervisors and Senior Management" of this annual report.

The Remuneration and Evaluation Committee held one meeting during the Reporting Period to review and make recommendation to the Board on the remuneration policy and structure of the Company and the remuneration packages of the Directors and senior management and other related matters, assess performance of executive Directors, approve the terms of executive Directors' service contracts, and consider Resolution on the Remuneration and consider Allowance Standards of the Company's Directors.

The attendance records of the Remuneration and Evaluation Committee meetings are set out under "Attendance Record of Directors and Committee Members".

Details of the remuneration of the senior management by band for the year ended December 31, 2024 are set out below:

Remuneration band (RMB)	Number of person(s)
Nil to 1,000,000	0
1,000,001 to 3,000,000	4
3,000,001 to 5,000,000	0

Nomination Committee

As at December 31, 2024, the Nomination Committee consisted of two independent non-executive Directors, namely Ms. Liu Yuwen and Mr. Liu Kai Yu Kenneth, and one executive Director, namely Mr. Wen Zengyu. Dr. Yang Bo resigned as the Chairman of the Nomination Committee on March 21, 2024 and Ms. Liu Yuwen was appointed as the Chairman of the Nomination Committee on March 21, 2024.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code and in compliance with the relevant laws and regulations of the PRC.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES (Continued)

Nomination Committee (Continued)

The main duties of the Nomination Committee include but are not limited to:

- reviewing the structure, number and composition (including skills, knowledge and experience) of the Board annually and providing recommendations to the Board on the scale and composition of the Board on the basis of the Company's operations, scale of assets and shareholding structure; in considering the composition of the board of directors, the Nomination Committee should ensure a balanced composition of executive and non-executive Directors (including independent Directors) of the Board and consider diversity of the Board from a number of aspects, including but not limited to gender, age, cultural and educational background and professional experience of the directors; develop and review the policy concerning diversity of the Board;
- reviewing and making recommendations to the Board for selection criteria and procedures for Directors and management personnel;
- conducting extensive searches to locate qualified candidates for Directors and management personnel;
- examining the candidates of Directors (including independent directors) and management personnel and making recommendations;
- examining the candidates for other senior management members that are required to be recommended to the Board for appointment and make recommendations;
- making recommendations to the Board on the appointment or re-appointment of Directors and the succession plan for Directors (especially the Chairman) and General Manager;
- reviewing the independence of independent Directors; and
- other matters authorized by the Board.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience etc. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence, time commitment and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendations to the Board.

BOARD COMMITTEES (Continued)

Nomination Committee (Continued)

Selection procedures for Directors and management personnel are as follows:

- (1) the Nomination Committee shall actively communicate with relative departments of the Company to study the demand of the Company for new Directors and management personnel and to produce written materials;
- (2) the Nomination Committee shall seek for the right candidates for the position of Directors and manager in the Company itself, controlling (investee) enterprises of the Company and the talent market;
- (3) the Nomination Committee shall obtain information of the occupation, education background, job title, detailed work experience and all the part-time positions of the preliminary candidates for preparing written reports;
- (4) seek for the consent from the nominated candidates on the nomination; otherwise, such nominated candidates shall not be considered as candidates for directors and managers;
- (5) convene Nomination Committee meetings to review the qualifications of the preliminary candidates according to the job descriptions of directors and managers;
- (6) submit proposals and relevant materials to the board of directors in respect of candidates for directors and managers within one or two months prior to the election of new directors and managers;
- (7) carry out other follow-up work according to the decision(s) and feedback of the board of directors.

For the year ended December 31, 2024, the Nomination Committee held 1 meeting to make a supplementary election of the independent non-executive director of the fifth session of the Board of Directors.

The attendance records of the Nomination Committee meetings are set out under "Attendance Record of Directors and Committee Members".

Strategy Development Committee

As at December 31, 2024, the Strategy Development Committee consisted of two executive Directors, namely Dr. Ye Xiaoping and Mr. Wu Hao, and two independent non-executive Directors, namely Ms. Liu Yuwen and Mr. Yuan Huagang. Dr. Yang Bo resigned as a committee member of the Strategy Development Committee on March 21, 2024 and Ms. Liu Yuwen was appointed as a committee member of the Strategy Development Committee on March 21, 2024. Dr. Ye Xiaoping is the chairman of the Strategy Development Committee.

The terms of reference of the Strategy Development Committee are in compliance with the relevant laws and regulations of the PRC.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES (Continued)

Strategy Development Committee (Continued)

The main duties of the Strategy Development Committee include but are not limited to:

- conducting research and making recommendations on the Company's long-term development plans, business goals and development strategies;
- considering and making recommendations on the Company's business strategies, including but not limited to product strategy, market strategy, marketing strategy, research and development strategy and human resources strategy;
- considering and making recommendations on the significant strategic investments and financing schemes of the Company;
- deliberating and making recommendations on major capital operations and asset management projects of the Company;
- considering and making recommendations on other major matters affecting the Company's development;
- following up and monitoring the implementation of the aforesaid matters; and
- making recommendations on other matters authorized by the Board.

For the year ended December 31, 2024, the Strategy Development Committee held 1 meeting to consider the resolution on external investments and related transactions.

The attendance records of the Strategy Development Committee meetings are set out under "Attendance Record of Directors and Committee Members".

Compliance, Environmental, Social and Corporate Governance Management Committee

The Compliance, Environmental, Social and Corporate Governance Management Committee shall consists of at least three members, of which one shall be a Director. Members of the Compliance, Environmental, Social and Corporate Governance Management Committee who are not Directors are management personnel of the Company who are involved in compliance, environmental, social and corporate governance matters. The Compliance, Environmental, Social and Corporate Governance Management Committee consists of eight members, of which there is one executive Director, namely Ms. Cao Xiaochun, and seven management personnel of the Company, namely Mr. Wu Hao, Mr. Wen Zengyu, Ms. Gong Yunjie, Mr. Peng Yifei, Ms. Yang Chengcheng, Mr. Cui Jie and Mr. Liu Luyang. Ms. Cao Xiaochun is the chairman of the Compliance, Environmental, Social and Corporate Governance Management Committee.

The terms of reference of the Compliance, Environmental, Social and Corporate Governance Management Committee are of no less exacting terms than those set out in the CG Code and in compliance with the relevant laws and regulations of the PRC.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES (Continued)

Compliance, Environmental, Social and Corporate Governance Management Committee (Continued)

The main duties of the Compliance, Environmental, Social and Corporate Governance Management Committee include but are not limited to:

- formulating the management policies, objectives, strategies and structure of the compliance, environmental, social and corporate governance of the Group to ensure they meet the needs of the Group and comply with the laws, regulations, regulatory requirements and international standards;
- reviewing the performance of related compliance, environmental, social and corporate governance objectives of the Group periodically and providing recommendations on actions to enhance performance;
- identifying and assessing the Group's compliance, environmental, social and corporate governance risks and opportunities and their material impact on the business of the Company, establishing the internal management structure and control systems of the Company and reviewing its effectiveness and adequacy;
- ensuring that compliance, environmental, social and corporate governance considerations are incorporated into management and business decision-making processes;
- reviewing the channels and means of communication between the Group and its stakeholders regularly to ensure the effectiveness of relevant policies;
- compiling the annual environmental, social and corporate governance report of the Group, continuously improve the quality of information disclosure and making recommendations to enhance information disclosure;
- reviewing and evaluating the performance and terms of reference of the Compliance, Environmental, Social and Corporate Governance Management Committee, ensuring the maximum effectiveness of such Committee and proposing reasonable changes for approval by the Board; and
- other matters as authorized by the top management of the Company or the Board.

The Company released Tigermed Environmental, Social and Corporate Governance Code, which includes dimensions such as anti-corruption business guidelines, employee rights, customer rights, environmental protection and social welfare, covering key industry and the Company's environmental, social and corporate governance management issues to enhance the way which the Company make decisions and act on environmental, social and corporate governance issues.

The Compliance, Environmental, Social and Corporate Governance Management Committee held 2 meetings during the Reporting Period to review and approve the 2023 Tigermed Sustainability Report And Environmental, Social and Governance Report, confirm the achievement of environmental management objectives, update the responsibilities of the ESG working group and various compliance task forces, and discuss relevant proposals regarding Employee rights, Business ethics, and Compliance, for providing decision-making support in ESG management.

The attendance records of the Compliance, Environmental, Social and Corporate Governance Management Committee meetings are set out under "Attendance Record of Directors and Committee Members".

CORPORATE GOVERNANCE REPORT

Corporate Governance Functions

The Board is responsible for performing the functions set out in the CG Code.

During the Reporting Period, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and written employee guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

The attendance record of each Director during their tenure of office at the Board and Board committee meetings and the general meetings of the Company held for the year ended December 31, 2024 is set out in the table below:

Name of Director	Board	Audit Committee	Remuneration and Evaluation Committee	Nomination Committee	Strategy Development Committee	Compliance, Environmental, Social and Corporate Governance Management Committee	Annual General Meeting	Extraordinary General Meetings	A Share Class Meetings and H Share Class meetings
Dr. Ye Xiaoping	10	N/A	N/A	N/A	1	N/A	1	3	4
Ms. Cao Xiaochun	10	N/A	1	N/A	N/A	2	1	3	4
Mr. Wu Hao	10	N/A	N/A	N/A	1	N/A	1	2	4
Mr. Wen Zengyu	10	N/A	N/A	1	N/A	N/A	1	2	4
Dr. Yang Bo (resigned on March 21, 2024)	2	N/A	N/A	1	N/A	N/A	N/A	0	N/A
Mr. Liu Kai Yu Kenneth	10	4	1	1	N/A	N/A	1	3	4
Mr. Yuan Huagang	10	4	1	N/A	1	N/A	1	1	2
Ms. Liu Yuwen (appointed on March 21, 2024)	8	4	N/A	N/A	1	N/A	1	1	2

Apart from regular Board meetings, the Chairman also held meetings with the independent non-executive Directors without the presence of other Directors during the Reporting Period.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS

The Company recognizes that risk management is critical to the success of our business. We believe that key operational risks faced by us include changes in the general market conditions and the regulatory environment of the global CRO market, our ability to offer quality services, our ability to manage our anticipated growth and to execute our growth strategies, our ability to compete in the industry and comply with regulations and industry standards. We are also exposed to credit, liquidity, interest rate and currency risks that arise in the normal course of our business. In order to meet these challenges, our Audit Committee, is responsible for reviewing and supervising our financial reporting process, risk management and internal control system. The details of process used to identify, evaluate and manage significant risks are set out below.

Information Technology and Data Security Risk Management

The Company considers information technology and data risk management crucial to the safety and security of our operations. We collect, analyze, store and transmit, often electronically, the data of our subjects and clinical trial results, and nearly all of which is confidential. Our IT team is responsible for ensuring that the usage, maintenance and protection of pre-clinical and clinical data comply with our internal rules and applicable laws and regulations. We provide regular training to our IT team and hold regular meetings to review our information technology operations, discussing any issues or necessary updates. Our data protection procedures are set forth in our internal data back-up policies. We back up our data in separate and various secured data back-up systems regularly to minimize the risk of data loss or leakage, and conduct frequent reviews of our back-up systems to ensure that they function properly and are well maintained. We have also built Ipsec virtual private network among Beijing, Hangzhou, Shanghai and Jiaxing and established our Remote Disaster Recovery Center on Amazon Web Services platform. Therefore, we normally hold three copies of data in our system to prevent data loss and enhance data security.

Financial Reporting Risk Management

The Company maintains a set of accounting policies in connection with our financial reporting risk management, such as financial reporting management policies, budget management policies, liability policies, financial statements preparation policies and finance department and staff management policies. We have various procedures and IT systems to implement our accounting policies, and our finance department reviews our management accounts accordingly. We also provide regular training to our finance department employees to ensure that they understand our financial management and accounting policies and strictly enforce them in our daily operations.

Human Resource Risk Management

The Company has set a number of standard operation procedures for human resource management in China and overseas, including the employee management system, training manuals, and human resource planning policies. These measures aim to mitigate our risks in insufficient recruitment, staff attrition, non-compliance with labor regulations, employee information management and others.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS (Continued)

Internal Control

The Board is responsible for establishing and maintaining an effective internal control system. During the Reporting Period, we have regularly reviewed and enhanced our internal control system. Below is a summary of the internal control policies, measures and procedures we have implemented or plan to implement:

We have adopted various measures and procedures regarding each aspect of our operations, such as protection of intellectual property, environmental protection and occupational health and safety. We provide periodic training on these measures and procedures to our employees as part of our employee training program. We also regularly monitor the implementation of those measures and procedures through our on-site internal control team for each stage of the product development process.

Our Directors (who are responsible for overseeing our corporate governance) with assistance from our legal advisors, will periodically review our compliance status with all relevant laws and regulations.

- We have established the Audit Committee which shall (i) make recommendations to our Directors on the appointment and removal of external auditors; (ii) review our financial statements and oversee our financial reporting and internal audit; and (iii) oversee our risk management and internal control procedures.
- We maintain strict anti-corruption policies among our sales personnel and distributors in our sales and marketing activities. We also monitor to ensure that our marketing personnel comply with applicable promotion and advertising requirements, which include restrictions on promoting our products for unapproved uses or patient populations, also known as off-label use, and limitations on industry-sponsored scientific and educational activities.
- We will continue to seek advice from law firms in the United States, Korea and other jurisdictions where we currently operate or may operate in the future to keep us abreast of applicable local laws and regulations. We will continue to arrange various trainings to be provided by external legal advisors from time to time when necessary and/or any appropriate accredited institution to update our Directors, senior management, and relevant employees on the latest laws and regulations in the jurisdictions in which we currently operate or may operate in the future.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries.

Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited. The Board is aware of its obligations to announce any inside information in accordance with the Listing Rules.

The Board confirms its responsibilities for risk management and internal control systems, and for reviewing the effectiveness of such risk management and internal control systems. Such systems are designed to manage rather than eliminate the risk of failing to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS (Continued)

Internal Control (Continued)

The Company has an internal audit function which aims at helping the Company to accomplish its objectives by applying a systematic, disciplined approach to evaluate and improve the effectiveness of the Group's risk management and internal control systems and to resolve material internal control defects.

The Board has reviewed annually the effectiveness of the internal audit system and the risk management and the internal control system of the Group, including the adequacy of resources, qualifications and experience of staff in the aforementioned systems and of the Company's accounting, internal audit and financial reporting functions and the adequacy of their training programs and budget.

The internal audit policy of the Company was amended during the Reporting Period.

During the Reporting Period, the Board, through a review covering all material controls, including financial, operational and compliance controls for the year ended December 31, 2024, considered that the risk management and internal control system of the Group was effective and adequate and the Company's internal audit function was effective. The Board has also considered the Company's processes for financial reporting and Listing Rules compliance effective. The Board will conduct annual review on the risks management and internal control system of the Company.

Whistleblowing Policy

The Company has adopted a whistle-blowing policy for promoting high corporate governance standards and deterring wrongdoings. The policy aims at encouraging and enabling employees of the Group at all levels and those who deal with the Company (e.g. customers and suppliers) to report to the Company, in confidence, any suspected impropriety, misconduct or malpractice concerning the Group.

For whistleblowing behavior, the Company has stipulated strict whistleblower protection measures and improved the protection system. We keep the personal information of whistleblowers and the information they provide strictly confidential through telephone encryption and other means, and regularly pay attention to the situation of whistleblowers to avoid retaliation against them for reporting or testifying. Once the whistleblower is verified to have been retaliated against, the Company will strictly deal with the personnel involved and take legal measures when appropriate.

The Board delegated the authority to the Audit Committee, which is responsible for ensuring that proper arrangements are in place for fair and independent investigation of any matters raised and appropriate follow-up actions are taken.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS (Continued)

Policy on Anti-corruption

We formulate and strictly implement the Anti-Bribery and Anti-Corruption Policy. During the Reporting Period, the Company released Tigermed Environmental, Social and Corporate Governance Code, where matters such as anti-corruption business guidelines, employee rights and customer rights are covered to outline the Group's zero-tolerance stance against bribery and corruption, assists employees in recognising circumstance which may lead to or give the appearance of being involved in corruption or unethical business conduct, so as to avoid such conduct which is clearly prohibited, and to promptly seek guidance where necessary. We also make clear norms of business ethics including anti-corruption in Tigermed Code of Conduct, which strictly regulates the behavior of all employees (including regular employees, contract labors, interns and individuals acting on behalf of Tigermed). We exercise strict management over anti-corruption issues.

All members of the Board and the Supervisory Committee, senior managers and employees above the director level are required to sign the Tigermed Conflict of Interest Statement, making an explicit commitment to eliminating the prohibited actions including accepting or requesting gifts and rewards in any form beyond ordinary business etiquette from any entity that has a business relationship with Tigermed. In 2024, we conducted anti-corruption and business ethics training for all employees (including regular employees, contract workers and interns).

As an important part of anti-corruption risk control, we strengthen the anti-corruption management of suppliers in procurement. We take concrete actions to make our suppliers an important part of our business ethics. We require suppliers to sign the Tigermed Supplier Code of Conduct and Anti-Bribery and Anti-Corruption Commitment. We also require them to abide by the code of conduct regarding anti-corruption.

In addition, we have set up various compliance reporting channels such as an official website, reporting hotline and reporting email, etc. We set up a working group to investigate and evaluate each report, and deal with it according to the investigation results.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended December 31, 2024.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the independent auditor's report.

CORPORATE GOVERNANCE REPORT

AUDITOR'S REMUNERATION

The remuneration paid or payable to the external auditor of the Group, BDO China Shu Lun Pan Certified Public Accountants LLP, for the year ended December 31, 2024 is set out as follows:

Services rendered	Fees paid/ payable RMB
Audit services	5,290,000

For the year ended December 31, 2024, there were no non-audit services provided by the external auditor.

COMPANY SECRETARY

For the year ended December 31, 2024, Ms. Yung Mei Yee ("**Ms. Yung**"), a vice president of SWCS Corporate Services Group (Hong Kong) Limited, was the company secretary of the Company. Ms. Ho Yin Kwan resigned as the company secretary of the Company on June 18, 2024. Ms. Yung was re-nominated as company secretary on June 18, 2024. The primary corporate contact person of our Company is Ms. Li Xiaori, who is our secretary to the Board.

Ms. Yung has complied with Rule 3.29 of the Listing Rules by taking no less than 15 hours of the relevant professional training for the year ended December 31, 2024.

All Directors have access to the advice and services of the company secretary on corporate governance and board practices related matters.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, all resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Convening Shareholders' General Meetings

An annual general meeting is required to be held once every year within six months following the end of the previous financial year. An extraordinary general meeting is required to be held within two months subsequent to the occurrence of any of the following:

- when the number of Directors is less than the minimum number required by the Company Law of the PRC, or is less than two thirds of the number stipulated in the Articles of Association;
- when the unrecovered losses of the Company amount to one third of the total paid-up share capital;
- when Shareholders severally or jointly holding more than 10% Shares request in writing to hold such meeting;
- when the Board deems it necessary to convene the meeting;
- when the Supervisory Committee proposes to convene the meeting; and
- any other circumstances as stipulated by laws, administrative regulations, departmental rules, regulatory documents and the listing rules for stock exchanges where the Shares are listed or the Articles of Association.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS (Continued)

Convening Shareholders' General Meetings (Continued)

A general meeting shall be convened by the Board, and chaired by the Chairman. In the event that the Chairman is incapable of performing or is not performing his/her duties, a Director jointly nominated by half or more of the Directors shall preside over the meeting.

A general meeting convened by the Supervisory Committee shall be chaired by the chairman of the Supervisory Committee. Where the chairman of the Supervisory Committee is incapable of performing or is not performing his/her duties, a supervisor jointly recommended by more than one half of the supervisors shall chair the meeting.

A general meeting convened by the Shareholders themselves shall be presided over by a representative elected by the convener. If for any reason, the Shareholder is unable to elect a representative as a presider to preside over the meeting, the Shareholder holding the most voting shares among the Shareholders (including shareholder proxy (other than HKSCC Nominees)) shall act as the presider to preside over the meeting.

Putting Forward Proposals at General Meetings

Shareholders who individually or collectively hold over 3% of the shares of the Company may submit ad hoc proposals in writing to the convener of the general meeting 10 days before the convening of the general meeting. The convener shall issue a supplemental notice of general meeting within 2 days upon receipt of the proposals and announce the contents of the ad hoc proposals.

The contents of such proposals shall fall within the functions and powers of the general meeting, shall feature definite topics and specific issues for resolution, and shall be in compliance with relevant requirements of laws, administrative regulations, listing rules for stock exchanges where the Company's shares are listed and the Articles of Association.

For procedures of nomination of candidates for directorship by Shareholders, please refer to the Company's website (www.tigermedgrp.com).

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may supervise the operations of the Company, and to make suggestions and enquiries accordingly.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the Company at 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong (For the attention of the Board/Company Secretary).

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. For this purpose, the Company has set up a website (www.tigermedgrp.com), where relevant latest information, the up-to-date state of the Company's business operation and development, the Company's financial information and corporate governance practices and other data are available to the public.

The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

The market capitalization of the Company as at December 31, 2024, the last trading day in 2024, was HK\$47,145,757,059 (issued share capital (excluding treasury shares): 738,168,570 A Shares at closing market price: RMB54.62 per Share and 123,124,800 H Shares at closing market price: HK\$30.80 per Share). The public float is around 73.54%.

The 2024 annual general meeting of the Company will be held at Meeting Room, 1/F, Shengda Science Park Tower A, No. 19 Jugong Road, Binjiang District, Hangzhou, the PRC on Friday, May 30, 2025 at 10:00 a.m.

Changes to the Articles of Association

On October 8, 2024, the Company has made certain changes to the Articles of Association in accordance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Guidelines for Articles of Association of Listed Companies, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and other relevant laws, administrative regulations and regulatory document.

An up-to-date version of the Company's Articles of Association is also available on the Company's website and the Stock Exchange's website. Save as disclosed above, there had been no significant change in the Articles of Association throughout the Reporting Period.

Policies relating to the Shareholders

The Company has in place a Shareholders' communication policy to ensure that Shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its implementation and effectiveness. The Board has reviewed the implementation and effectiveness of the Shareholders' communication policy during the Reporting Period. Having considered the multiple channels of communication and engagement in place, it is satisfied that the Shareholders' communication policy has been implemented during the Reporting Period and is effective.

Dividend Policy

The Company has adopted a policy on payment of dividends pursuant to the CG Code taking into consideration of various elements including but not limited to, among other things, the Company's profitability, operation and development plans, external financing environment, costs of capital, the Company's cash flows and other factors that the Directors may consider relevant. The policy sets out the factors in consideration, procedures, methods and intervals of the payment of dividends with an objective to provide the Shareholders with continuing, stable and reasonable returns on investment while maintaining the Company's Business operation and achieving its long-term development goal. At the end of each financial year, distribution of dividends will be formulated by the Board, and will be subject to Shareholders' approval.

DIRECTORS' REPORT

The Board is pleased to present this directors' report together with the audited consolidated financial statements of the Group for the Reporting Period.

PRINCIPAL ACTIVITIES

The Company is a joint stock limited liability company established under the laws of the PRC on December 25, 2004. The Company completed its initial public offering and listing of its A Shares on the Shenzhen Stock Exchange (stock code: 300347) on August 17, 2012. The Company completed its public offering and listing of its H Shares on the Main Board of the Stock Exchange (stock code: 3347) on August 7, 2020. The Group is a leading China-based provider of comprehensive biopharmaceutical R&D services, with an expanding global presence. The Group is principally engaged in CRO services.

The activities and particulars of the Company's principal subsidiaries are shown under note 8 to the financial statements. An analysis of the Group's revenue and operating profit for the year ended December 31, 2024 by principal activities is set out in the section headed "Management Discussion and Analysis" in this annual report.

BUSINESS REVIEW

A review of the Group's business during the year ended December 31, 2024, which includes a discussion of the principal risks and uncertainties faced by the Group, an analysis of the Group's performance using financial key performance indicators, particulars of important events affecting the Group during the year ended December 31, 2024, and an indication of likely future developments in the Group's business, could be found in the sections headed "Chairman's Statement", "Statement from the General Manager and Co-president", "Management Discussion and Analysis" and "Corporate Governance Report" in this annual report. The review and discussion form part of this Directors' Report.

RESULTS AND DIVIDEND

The consolidated results of the Group for the Reporting Period are set out on pages 127 to 139 of this annual report.

The Board proposed to declare a final dividend of RMB3.00 (inclusive of tax) per 10 Shares (representing an aggregate amount of RMB256.54 million (inclusive of tax) based on the total issued Shares of the Company as at the date of this annual report) for the year ended December 31, 2024.

The aforesaid proposal is subject to the consideration and approval at the forthcoming annual general meeting of the Company ("AGM"). If the distribution proposal is approved at the AGM, it is expected that the final dividend for the year ended December 31, 2024 will be paid in 60 days after the AGM to the Shareholders (i.e. on or before July 31, 2025). Details regarding the closure of the register of members of the Company and declaration and payment of dividend will be announced in due course.

There was no arrangement under which a Shareholder had waived or agreed to waive any dividends during the Reporting Period.

FINANCIAL SUMMARY

A summary of the published results, assets and liabilities of the Group for the last five financial years is set out on page 7 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property and equipment of the Group during the Reporting Period are set out in notes 7.1.3 and 16 to the financial statements on pages 244 and 314 of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is highly aware of the importance of environmental protection and has not noted any material incompliance with all relevant laws and regulations in relation to its business including environmental protection, health and safety, workplace conditions, employment and the environment.

The Group has established detailed internal rules regarding environmental protection, in particular, the discharge of air, water and solid waste and noise control. During the year ended December 31, 2024, we did not incur any additional costs specifically attributable to environmental compliance.

The Company has complied with the “comply or explain” provisions set out in the ESG Reporting Code for the Reporting Period.

Further details of the Group's environmental policies and performance will be disclosed in the environmental, social and governance report of the Company for the Reporting Period to be published with this annual report.

The Company's 2024 environmental, social and governance report, which is prepared in both Chinese and English, has been uploaded to the Company's website (tigermedgrp.com/en/investors/announcements) and the website of HKEXnews (www.hkexnews.hk) and is available for inspection. Stakeholders may contact the Company in cases where hard copy is needed.

The contact details of the Company are as follows: Address: Room 2001-2010, 20/F, Block 8, No. 19 Jugong Road, Xixing Sub-District, Binjiang District, Hangzhou, China.

Company's Email: ir@tigermedgrp.com

SHARE CAPITAL

Details of the movements in share capital of the Company during the Reporting Period are set out in note 5.34 to the financial statements on page 222 of this annual report.

RESERVES

Details of the movement in the reserves of the Company during the Reporting Period is set out in note 5.35 to the consolidated financial statements on pages 222 to 223 of this annual report.

DISTRIBUTABLE RESERVES

As at December 31, 2024, the Company's distributable reserves, calculated in accordance with PRC rules and regulation, were RMB2,046.45 million.

DIRECTORS' REPORT

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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. 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 as at April 12, 2024; 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 as at April 12, 2024, 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 and April 12, 2024 and the circular of the Company dated April 10, 2024 for details.

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

During the Reporting Period, the Company repurchased a total of 3,655,200 A Shares through centralized price bidding, representing 0.42% of the total issued Share capital of the Company (including treasury Shares) as at the date of this annual report. The highest transaction price was RMB55.3 per Share and the lowest transaction price was RMB48.17 per Share, with an average repurchase price of RMB52.29 per Share and a total transaction amount of RMB191,146,104.89 (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	55.10	54.81	16,558,792.10
May 27, 2024	105,000	55.30	55.10	5,797,155.00
May 28, 2024	100,000	54.77	54.61	5,470,556.15
May 29, 2024	268,000	53.40	53.07	14,265,279.00
May 30, 2024	104,000	53.89	53.49	5,577,659.88
May 31, 2024	106,000	54.01	53.83	5,714,615.00
June 3, 2024	203,000	53.65	52.93	10,817,599.76
June 14, 2024	1,427,500	53.80	50.04	72,483,114.43
June 17, 2024	190,000	53.68	53.41	10,179,680.00
June 18, 2024	154,500	52.15	51.91	8,034,294.00
June 19, 2024	150,000	51.87	51.74	7,770,852.00
June 20, 2024	157,500	50.80	50.33	7,969,560.74
July 1, 2024	101,500	48.45	48.17	4,909,308.00
July 19, 2024	52,500	52.15	51.97	2,732,429.78
July 22, 2024	50,000	54.25	54.14	2,708,346.00

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 December 31, 2024, the Company held 3,655,200 A Share treasury shares.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association, or the laws of the PRC, which would oblige the Company to offer new Shares on a pro-rata basis to its existing Shareholders.

DIRECTORS' REPORT

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 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 would 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 2021 AGM 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\$5,142.4 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.

On August 28, 2024, the Board convened its tenth meeting of the fifth session of the Board, pursuant to which it passed a resolution to approve the re-allocation of approximately 20% of the net proceeds from the H Shares Offering in the amount of HK\$2,363.4 million which was originally allocated to “fund potential acquisitions of attractive domestic and overseas clinical CROs that are complementary to our existing businesses, as part of our global expansion plans, to 1) further strengthen and diversify our service offerings; and 2) expand globally and increase capabilities in key markets” for the following usage:

- (i) approximately HK\$590.92 million or 5% of the net proceeds for organic expansion and enhancement of 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;
- (ii) approximately HK\$1,181.70 million or 10% of the net proceeds for repaying certain of our outstanding borrowings as of June 30, 2024; and
- (iii) approximately HK\$590.85 million or 5% of the net proceeds for working capital and general corporate purposes (the **“Further Change in Use of Proceeds from the H Shares Offering”**).

The Further Change in Use of Net Proceeds from the H Shares Offering was approved by the Shareholders at the 2024 third extraordinary general meeting of the Company on October 8, 2024 (the **“EGM”**). Please refer to the announcements of the Company dated August 28, 2024 and October 8, 2024 and the circular of the Company dated September 13, 2024 for details.

On March 27, 2025, the Company convened the fourteenth 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 Offering (the **“Further Change in Use of Proceeds from the H Shares Offering in 2025”**) 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 in 2025 is subject to the approval by the Shareholders at the AGM by way of ordinary resolution. For details, please refer to the announcement of the Company dated March 27, 2025.

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

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

	Original use of net proceeds as stated in the Prospectus	Approximate percentage	Revised net proceeds after First Change in Use of Proceeds from the H Shares Offering	Approximate percentage	Net proceeds unutilized as at the beginning of the Reporting Period	Revised net proceeds after Further Change in Use of Proceeds from the H Shares Offering	Approximate percentage	Actual use of proceeds during the Reporting Period	Accumulated actual use of proceeds up to the end of the Reporting Period	Net proceeds unutilized as at the end of the Reporting Period	Expected timeframe for utilizing the remaining unutilized net proceeds
	(HK\$ million)		(HK\$ million)		(HK\$ million)	(HK\$ million)		(HK\$ million)	(HK\$ million)	(HK\$ million)	
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 overseas markets	1,772.6	15%	–	–	–	–	–	–	–	–	N/A
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	15%	325.1	713.8	15%	376.6	1,645.9	337.2	60 months from the date of approval by the EGM
to fund potential acquisitions of attractive overseas clinical CROs that are complementary to our existing businesses as part of our global expansion plan	4,727.0	40%	–	–	–	–	–	–	–	–	N/A
to fund potential acquisitions of attractive domestic and overseas clinical CROs that are complementary to our existing businesses 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	40%	4,384.0	1,998.0	40%	522.2	865.2	1,475.8	60 months from the date of approval by the EGM

DIRECTORS' REPORT

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

	Original use of net proceeds as stated in the Prospectus	Approximate percentage	Revised net proceeds after First Change in Use of Proceeds from the H Shares Offering	Approximate percentage	Net proceeds unutilized as at the beginning of the Reporting Period	Revised net proceeds after Further Change in Use of Proceeds from the H Shares Offering	Approximate percentage	Actual use of proceeds during the Reporting Period	Accumulated actual use of proceeds up to the end of the Reporting Period	Net proceeds unutilized as at the end of the Reporting Period	Expected timeframe for utilizing the remaining unutilized net proceeds
	(HK\$ million)		(HK\$ million)		(HK\$ million)	(HK\$ million)		(HK\$ million)	(HK\$ million)	(HK\$ million)	
to foster our biopharmaceutical R&D ecosystem by making minority investments in companies with innovative business models and growth potential, such as biotech companies, healthcare IT companies, hospitals, medical device and diagnostic research companies (including (i) HK\$1,418.1 million (representing 60% of the net proceeds for investment purposes) in the PRC and (ii) HK\$945.4 million (representing 40% of the net proceeds for investment purposes) in overseas markets)	2,363.5	20%	–	–	–	–	–	–	–	–	N/A
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	20%	–	–	–	–	296.7	–	N/A
to repay certain of our outstanding borrowings as of May 31, 2020	1,181.7	10%	1,181.7	10%	–	–	–	–	1,181.7	–	N/A
to repay certain of our outstanding borrowings as of June 30, 2024	–	–	–	–	–	1,181.7	25%	1,181.7	1,181.7	–	60 months from the date of approval by the EGM

DIRECTORS' REPORT

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

	Original use of net proceeds as stated in the Prospectus	Approximate percentage	Revised net proceeds after First Change in Use of Proceeds from the H Shares Offering	Approximate percentage	Net proceeds unutilized as at the beginning of the Reporting Period	Revised net proceeds after Further Change in Use of Proceeds from the H Shares Offering	Approximate percentage	Actual use of proceeds during the Reporting Period	Accumulated actual use of proceeds up to the end of the Reporting Period	Net proceeds unutilized as at the end of the Reporting Period	Expected timeframe for utilizing the remaining unutilized net proceeds
	(HK\$ million)		(HK\$ million)		(HK\$ million)	(HK\$ million)		(HK\$ million)	(HK\$ million)	(HK\$ million)	
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	5%	590.9	5%	–	–	–	–	590.9	–	NA
to working capital and general corporate purposes	1,181.7	10%	1,181.7	10%	433.3	1,024.2	20%	150.0	898.4	874.2	60 months from the date of approval by the EGM
Total	11,817.4	100%	9,572.4	100%	5,142.4	4,917.7	100%	2,230.5	6,660.5	2,687.2	

Note:

- (1) 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).

DIRECTORS' REPORT

DIRECTORS

During the Reporting Period and up to the date of this report, the Board consists of the following seven Directors:

Executive Directors

Dr. Ye Xiaoping (*Chairman*)

Ms. Cao Xiaochun (*General Manager*)

Mr. Wu Hao (*Co-president*)

Mr. Wen Zengyu

Independent Non-executive Directors

Mr. Liu Kai Yu Kenneth

Mr. Yuan Huagang

Ms. Liu Yuwen (*appointed on March 21, 2024*)

Dr. Yang Bo (*resigned on March 21, 2024*)

SUPERVISORS

During the Reporting Period and up to the date of this report, the Company has the following three Supervisors:

Mr. Zhang Binghui (*Chairman*)

Ms. Chen Zhimin

Ms. Lou Wenqing (*Employee Supervisor*)

BIOGRAPHICAL DETAILS OF THE DIRECTORS, THE SUPERVISORS AND THE SENIOR MANAGEMENT

Biographical details of the Directors, the Supervisors and the senior management of the Group as at the date of this annual report are set out on pages 53 to 58 in the section headed "Profiles of Directors, Supervisors and Senior Management" of this annual report.

Pursuant to Rule 13.51B of the Listing Rules, there is no other change in the information of Directors, Supervisors or the chief executive of the Company except as disclosed in this annual report.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

We have entered into a contract with each of our Directors and Supervisors in respect of, among other things, (i) compliance of relevant laws and regulations; (ii) observance of the Articles of Association; and (iii) provisions on arbitration.

Save as disclosed above, none of the Directors or Supervisors has entered into any service contract with the Company or any of its subsidiaries (excluding contracts expiring or determinable by the Company within one year without payment of compensation, other than statutory compensation).

NON-COMPETITION ARRANGEMENT

In order to avoid any potential competition between Dr. Ye Xiaoping, Ms. Cao Xiaochun and the Company, Dr. Ye Xiaoping and Ms. Cao Xiaochun had provided a non-competition undertaking in favor of the Company on March 21, 2011 (the “**Non-competition Undertaking**”). Details of the non-competition agreements are set out in the section headed “Relationship with Dr. Ye and Ms. Cao – Competition” in the Prospectus.

Both Dr. Ye Xiaoping and Ms. Cao Xiaochun confirmed that they have complied with the non-competition undertakings for the Reporting Period. The independent non-executive Directors have conducted such review for the Reporting Period and also reviewed the relevant undertakings and are satisfied that the non-competition undertakings have been fully complied with.

CONTRACT WITH CONTROLLING SHAREHOLDERS

No contract of significance was entered into between the Company or any of its subsidiaries and the controlling shareholders or any of their respective subsidiaries during the Reporting Period or subsisted at December 31, 2024 and no contract of significance for the provision of services to the Company or any of its subsidiaries by the controlling shareholders or any of their respective subsidiaries was entered into during the Reporting Period or subsisted as at December 31, 2024.

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

No transaction, arrangement and contract of significance to the business of the Group which the Company or any of its subsidiaries was a party, and in which a Director or Supervisor or any entity connected with such a Director or Supervisor had a material interest, whether directly or indirectly, subsisted as at December 31, 2024 or at any time during the Reporting Period.

COMPENSATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The remuneration of Directors, Supervisors and senior management of the Company is determined with reference to factors including the salaries paid by comparable companies, time commitment and responsibilities of the Directors, Supervisors and senior management of the Company, employment conditions of other positions in our Company and the desirability of performance-based remuneration.

Details of the Directors' and Supervisors' emoluments and emoluments of the five highest paid individuals in the Group are set out in notes 12.5.4 and 12.5.5 to the consolidated financial statements on pages 290 to 292 of this annual report.

For the Reporting Period, no emoluments were paid by the Group to any Director, Supervisors or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors or Supervisors has waived any emoluments for the year ended December 31, 2024.

Except as disclosed above, no other payments have been made or are payable, for the year ended December 31, 2024, by our Group to or on behalf of any of the Directors or Supervisors.

DIRECTORS' REPORT

DIRECTORS' AND SUPERVISORS' INTERESTS IN COMPETING BUSINESS

For the year ended December 31, 2024, none of the Directors and Supervisors or their respective close associates (as defined in the Listing Rules) had any interest in a business that competed or was likely to compete, either directly or indirectly, with the business of the Group, other than being a Director or Supervisor of the Company and/or its subsidiaries.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed in this annual report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

MANAGEMENT CONTRACTS

Other than the Directors' and Supervisors' service contracts and appointment letters, no contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or in existence as at December 31, 2024 or at any time during the Reporting Period.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report, during the Reporting Period, the Company has not entered into any equity-linked agreement.

MATERIAL LEGAL PROCEEDINGS

The Group was not involved in any material legal proceeding during the Reporting Period.

LOAN AND GUARANTEE

During the Reporting Period, the Group had not made any loan or provided any guarantee for loan, directly or indirectly, to the Directors, Supervisors and senior management of the Company, the controlling shareholders of the Company (if any) or their respective connected persons.

SHARE INCENTIVE SCHEMES

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 nil.

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

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.

DIRECTORS' REPORT

SHARE INCENTIVE SCHEMES (Continued)

1. 2022 Restricted Share Incentive Scheme (Continued)

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.

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 Shares. A total of 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 available for issue under the 2022 Restricted Share Incentive Scheme is 4,175,534, being 0.48% of the total issued Shares (excluding treasury shares) as at the date of this annual 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.

SHARE INCENTIVE SCHEMES (Continued)

1. 2022 Restricted Share Incentive Scheme (Continued)

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 two years and six months.

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.

DIRECTORS' REPORT

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 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 held on 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 announcements of the Company dated March 28, 2024 and April 30, 2024, and 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 price per Share (RMB)	Outstanding as at January 1, 2024	Granted during the Reporting Period	Vested during the Reporting Period	Canceled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at December 31, 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 November 25, 2022 until the last trading day within the 24 months following November 25, 2022,
	Other core technical (business) personnel (816 persons)	69	3,385,370	-	-	3,385,320	-	-	30% from the first trading day after the expiry of 24 months following 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
	Reserved Shares	69	750,000	-	-	750,000	-	-	
	Total		4,175,534	-	-	4,175,524	-	-	

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 13.4(c)(i) 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 year ended December 31, 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. No more options may be granted under the Frontage Labs Schemes upon the listing of Frontage. Each option granted has a contractual term of 5 to 10 years and vesting on the anniversary one year after grant date. As of the date of this report, the Frontage Labs Schemes has ended.

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. The maximum number of Shares to be granted to a participant under the Frontage Labs Schemes shall not exceed 1% of the total issued share capital of Frontage Labs.

On February 28, 2019, Frontage Labs 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.

DIRECTORS' REPORT

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 December 31, 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.

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 year ended December 31, 2024.

SHARE INCENTIVE SCHEMES (Continued)

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

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.

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 year ended December 31, 2024 (for the year ended December 31, 2023: nil) in relation to share options granted under the Frontage Labs Schemes.

DIRECTORS' REPORT

SHARE INCENTIVE SCHEMES (Continued)

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 9.86% of the shares of Frontage in issue (excluding treasury shares) as at the date of this report.

The total number of shares available for issue under the 2018 Share Incentive Plan is 85,823,591, being 4.2% of the issued shares (excluding treasury shares) of Frontage as at the date of this report.

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 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.

SHARE INCENTIVE SCHEMES (Continued)

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

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. As of the date of this report, the remaining life of the 2018 Share Incentive Plan is approximately three years and four months.

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 granted a total 26,285,000 share options under 2018 Frontage Share Incentive Scheme.

On October 30, 2024, the board of directors of Frontage has resolved to grant a total of 33,150,000 share options.

Set out below are details of the movements of the outstanding share options granted under the 2018 Share Incentive Plan 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	Forfeited during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at December 31, 2024	Vesting period
Director									
Dr. Song Li	October 7, 2022 ⁽¹⁾	2.092	1,500,000	-	-	-	-	1,500,000	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	30% on December 20, 2024; 30% on December 20, 2025; and 40% on December 20, 2026
	October 30, 2024 ⁽³⁾	0.820	-	4,500,000	-	-	-	4,500,000	30% on October 30, 2025; 30% on October 30, 2026; and 40% on October 30, 2027;
Employees	October 7, 2022	2.092	26,600,000	-	69,000	3,081,000	-	23,450,000	30% on October 30, 2025; 30% on October 30, 2026; and 40% on October 30, 2027;
	December 20, 2023	2.130 ⁽²⁾	24,550,000	-	-	3,372,000	-	21,178,000	30% on December 20, 2024; 30% on December 20, 2025; and 40% on December 20, 2026
	October 30, 2024 ⁽³⁾	0.820	-	28,650,000	-	-	-	28,650,000	30% on October 30, 2025; 30% on October 30, 2026; and 40% on October 30, 2027;
			<u>54,250,000</u>	<u>33,150,000</u>	<u>69,000</u>	<u>6,453,000</u>	<u>-</u>	<u>80,878,000</u>	
Total									

DIRECTORS' REPORT

SHARE INCENTIVE SCHEMES (Continued)

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

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 closing price of the shares immediately before the date on which the options were granted was HK\$0.73.
- (4) The weighted average closing price of the shares immediately before the dates on which the options were exercised during the Reporting Period was HK\$2.18.

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, 2024. The number of Awards available for grant under the 2018 Share Incentive Plan at the beginning and the end of the financial year is 118,973,591 and 85,823,591, respectively.

The fair value of the share options granted under the 2018 Share Incentive Plan as at October 7, 2022, as at December 20, 2023 and October 30, 2024 were approximately US\$3,255,000 (equivalent to approximately RMB21,995,000), US\$2,988,000 (equivalent to approximately RMB21,083,000), and US\$1,839,000 (equivalent to approximately RMB13,087,611) respectively, which was calculated in accordance with IFRSs. The fair value was calculated using the Black-Scholes-Merton model. Please refer to Note 13.4(a)(iii) to the financial statements for details.

The Group recognised total expenses of approximately US\$1.94 million (equivalent to approximately RMB13.78 million) for the year ended December 31, 2024 (for the year ended December 31, 2023: US\$1,368,000 (equivalent to approximately RMB9,652,000)) in relation to share options granted under the 2018 Share Incentive Plan.

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 8.66% of the issued shares (excluding treasury shares) of Frontage 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. As of the date of this report, the remaining life of the 2021 Frontage Share Award Scheme is approximately five years and eight months.

DIRECTORS' REPORT

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 as at January 1, 2024	Granted during the Reporting Period	Vested during the Reporting Period	Canceled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at December 31, 2024	Vesting period
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 individuals 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	155,000	–	2,190,064	25% on January 24, 2022, 25% on January 24, 2023, 25% on January 24, 2024, and 25% on January 24, 2025
		–	8,590,126	–	4,345,062	155,000	–	4,090,064	
Total									

The weighted average closing price of the shares immediately before the dates on which the awards were vested during the financial period was HK\$2.05.

SHARE INCENTIVE SCHEMES (Continued)

4. 2021 Frontage Share Award Scheme (Continued)

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\$1.21 million (equivalent to approximately RMB8.59 million) for the year ended December 31, 2024 (for the year ended December 31, 2023: approximately US\$1.68 million (equivalent to RMB11.83 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 (excluding treasury shares) for the financial period is 1.6%.

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. A total of 747,840 shares were issued, representing 3.14% of the total issued share capital of DreamCIS up to the date of this report.

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.

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. As of the date of this report, the remaining life of the 2018 DreamCIS Scheme is approximately nine months.

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.

DIRECTORS' REPORT

SHARE INCENTIVE SCHEMES (Continued)

5. 2018 DreamCIS Scheme (Continued)

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 December 31, 2024	Vesting period
Other employees	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 RMB20.12).

The Group recognised total expense of nil for the year ended December 31, 2024 (for the year ended December 31, 2023: RMB0.28 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 of the Reporting Period 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.

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 years.

DIRECTORS' REPORT

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, "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.

No grant has been made since the adoption of the 2021 DreamCIS Scheme and up to December 31, 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 December 31, 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).

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 4.54% of the total shares in issue of DreamCIS as at the date of this report.

DIRECTORS' REPORT

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 three years and eight months.

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 current year:

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 December 31, 2024	Vesting period
Other employees	August 31, 2023	3,520	1,016,800	-	-	104,800	-	912,000	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 RMB2.83 million for the year ended December 31, 2024 in relation to share options granted under the DreamCIS 2023 Share Option Scheme.

DIRECTORS' REPORT

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 year.

On September 1, 2019, Fantastic Bioimaging granted 466,667 restricted shares to its employees at a price of RMB1.5 per share. A total of 466,667 shares were issued, representing 10% of the total issued share capital of Fantastic Bioimaging up to the date of this report.

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

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 price per restricted share (RMB)	Outstanding as at January 1, 2024	Granted during the Reporting Period	Vested during the Reporting Period	Forfeited during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at December 31, 2024	Vesting period
Employees	September 1, 2019	1.5	–	–	–	–	–	–	September 1, 2022

The Group recognised total expense of nil for the year ended December 31, 2024 (for the year ended December 31, 2023: nil) in relation to restricted shares granted under the Fantastic Bioimaging Scheme.

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. On 7 December, 2024, Meditip adopted a new incentive plan under the scheme. The directors of Meditip may grant up to 15,000 share options to eligible employees, including the directors and employees of Meditip to subscribe for shares in Meditip.

Each share option granted has a contractual term of 6 years. As of the date of this report, the remaining life of the Meditip Scheme is approximately two years and 1 month.

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

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 (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 December 31, 2024	Vesting period
Other employees	September 8, 2021	54,167	23,400	–	–	3,730	–	19,670	September 7, 2024
	December 27, 2024	175,000	–	15,000	–	–	–	15,000	December 26, 2027

The Group recognised total expense of approximately RMB0.73 million for the year ended December 31, 2024 (for the year ended December 31, 2023: RMB2.26 million) in relation to restricted shares granted under the Meditip Scheme.

DIRECTORS' REPORT

SHARE INCENTIVE SCHEMES (Continued)

10. Teddy Clinical Shanghai Scheme

Teddy Clinical Shanghai, a subsidiary of the Company, adopted a share incentive plan from 2018 to 2022 (the “**Teddy Clinical Shanghai Scheme**”) for the primary purpose of attracting, retaining and motivating the employees of the Shanghai Teddy Clinical Shanghai. Under Teddy Clinical Shanghai Scheme, employees are entitled to subscribe for the restricted shares of Teddy Clinical Shanghai at the fair value of Teddy Clinical Shanghai at subscription time.

Upon the acceptance of the restricted shares granted, employees are required to have corresponding capital injection to Teddy Clinical Shanghai via employee shareholding platforms.

In the event that a participant terminates employment with Teddy Clinical Shanghai due to expiration of his/her service contract, the restricted shares he/she has subscribed for shall be returned to Teddy Clinical Shanghai, and Teddy Clinical Shanghai 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 remaining life of the Teddy Clinical Shanghai Scheme is approximately one year and six months.

On 6 August, 2018, Teddy Clinical Shanghai granted 10,000,000 restricted shares to its employees at a price of RMB1 per share, of which 4,446,400 restricted shares were granted to Ms. Xu Yi (徐頤), chairman of Teddy Clinical Shanghai, and 3,907,200 restricted shares were granted to Mr. Yan Zhi (燕智), chief executive director of Teddy Clinical Shanghai.

On 2 February, 2021, Teddy Clinical Shanghai granted 2,727,025 restricted shares to its employees at a price of RMB2.22 per share, of which 121,900 restricted shares were granted to Ms. Xu Yi (徐頤) and 1,678,700 restricted shares were granted to Mr. Yan Zhi (燕智).

On 18 February, 2022, Teddy Clinical Shanghai granted 2,727,025 restricted shares to its employees at a price of RMB3.67 per share, of which 1,378,000 restricted shares were granted to Ms. Xu Yi (徐頤) and 578,500 restricted shares were granted to Mr. Yan Zhi (燕智).

As at the date of this report, a total of 5,946,300 restricted shares, representing 9.81% of the total issued share capital of Teddy Clinical Shanghai, have been granted to Ms. Xu Yi (徐頤) and a total of 3,907,200 restricted shares, representing 6.45% of the total issued share capital of Teddy Clinical Shanghai, have been granted to Mr. Yan Zhi (燕智). Saved as disclosed as above, no other participants under the Teddy Clinical Shanghai Scheme were granted with restricted shares exceeding 1% of the total issued share capital of Teddy Clinical Shanghai.

A total of 18,269,905 shares were issued, representing 23.69% of the total issued share capital of Teddy Clinical Shanghai up to the date of this report.

SHARE INCENTIVE SCHEMES (Continued)

10. Teddy Clinical Shanghai Scheme

Set out below are details of the movements of the outstanding restricted shares granted under the Teddy Clinical Shanghai Scheme during the Reporting Period:

Category of participants	Date of grant	Outstanding as at January 1, 2024	Granted during the Reporting Period	Vested during the Reporting Period	Forfeited during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at December 31, 2024	Vesting period
Employees	August 6, 2018	10,000,000	–	–	–	–	10,000,000	August 5, 2021
	February 2, 2021	2,727,025	–	–	–	–	2,727,025	February 1, 2024
	February 18, 2022	2,727,025	–	–	–	–	2,727,025	February 17, 2025

The Group recognised total expense of approximately RMB0.98 million for the year ended December 31, 2024 in relation to restricted shares granted under the Teddy Clinical Shanghai Scheme.

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

As at December 31, 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 SFO; or which shall be separately notified to the Company and the Stock Exchange pursuant to the Model Code, are as follows:

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)*

DIRECTORS' REPORT

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 (Continued)

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 December 31, 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 December 31, 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 30.86% of the total number of A Shares of our Company and 26.46% 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 December 31, 2024, none of our Directors, Supervisors or chief executive 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.

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

As at December 31, 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%
Ninety One UK Limited	Investment manager	7,560,500 H Shares (L)	6.14%	0.87%

DIRECTORS' REPORT

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

Notes:

- * (L)-Long 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 December 31, 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 December 31, 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 December 31, 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 FOR PURCHASE OF SHARES OR DEBENTURES

None of the Company, its holding company or any of its subsidiaries has entered into any arrangement at any time during the Reporting Period to the date of this report, so that the Directors would benefit from the purchase of Shares or debt securities (including debentures) of the Company or any other body corporate.

MAJOR SUPPLIERS AND CUSTOMERS

During the Reporting Period, the Group's largest customers accounted for 3.8% of the Group's total revenue. The Group's five largest customers accounted for 11.28% of the Group's total revenue.

During the Reporting Period, the Group's largest suppliers accounted for 1.75% of the Group's total purchase. The Group's five largest suppliers accounted for 5.14% of the Group's total purchase.

None of the Directors and Supervisors or any of their close associates (as defined under the Listing Rules) or any Shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital (excluding treasury shares)) has any beneficial interest in the Group's five largest suppliers or the Group's five largest customers.

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

As at the date of this annual report, the Company is not aware of any tax relief or exemption available to the Shareholders by reason of their holding of the Company's securities.

HUMAN RESOURCES

The Group had 10,185 employees as at December 31, 2024 (as at December 31, 2023: 9,701). The Group enters into employment contracts with its employees to cover matters such as wages, benefits, and grounds for termination.

Remuneration of the Group's employees includes salary, bonus and allowance elements. The compensation programs are designed to remunerate the employees based on their performance, measured against specified objective criteria, and is determined with reference to their experience, qualifications and general market conditions. We also provide our employees with welfare benefits in accordance with applicable regulations and our internal policies. We provide periodic training to our employees in order to improve their quality, skills and knowledge, including introductory training for new employees, technical training, professional and management training and health and safety training, as well as extensive training to our sales and marketing team. In 2023, based on the gradual expansion of the Company's training scale and the dispersion of resources, we upgraded the employee training course platform, relying on the newly developed Tigermed E-Learning Platform (TELP) system, and progressively integrated various resources such as the talent system, the course system, the instructor team, and the training and management system to enhance the efficiency of training management and the quality of training systematic construction during the reporting period. The Group also has in place incentive schemes for its employees, the details of which are set out in the section headed "Share Incentive Schemes".

RETIREMENT BENEFITS SCHEME

The employees of the Group's subsidiaries in the PRC are required to contribute a certain percentage of their payroll to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to this retirement benefits schemes is to make the specified contributions.

Details of the pension obligations of the Company are set out in notes 12.5.3, 12.5.4 and 12.5.5 to the financial statements in this annual report.

During the Reporting Period, no forfeited contributions had been used by the Group to reduce the existing level of contributions.

During the year of 2024, no forfeited contributions made by the Group on behalf of employees who leave the scheme prior to vesting fully in such contributions may be used by the Group, as the employer, to reduce existing level of contributions. As at December 31, 2024, the Group had no significant obligation apart from the contributions as stated in notes 12.5.3, 12.5.4 and 12.5.5 to the financial statements in this annual report.

DIRECTORS' REPORT

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group for the Reporting Period are set out in note 12 to the financial statements contained herein.

The related party transactions disclosed in note 12 were not regarded as connected transactions or were exempt from reporting, announcement and Shareholders' approval requirements under the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, as at the latest practicable date prior to the issue of this annual report, the Company has maintained the public float as required under the Listing Rules.

INDEMNITY OF DIRECTORS

A permitted indemnity provision (as defined in the Hong Kong Companies Ordinance) in relation to the director's and officer's liability insurance is currently in force and was in force during the Reporting Period.

CORPORATE GOVERNANCE

The Company is committed to ensuring high standards of corporate governance and has adopted the code provisions set out in Part 2 of the CG Code. During the Reporting Period and up to the date of this report, the Company has complied with all the applicable code provisions in Part 2 of the CG Code.

In order to maintain high standards of corporate governance, the Board will continuously review and monitor the Company's corporate governance code.

Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 59 to 79 of this annual report.

DONATIONS

During the Reporting Period, the Company made donations of RMB2.24 million.

AUDITOR

Since the Listing Date, BDO Limited had acted as auditor of the Company and was responsible for auditing the consolidated financial statements of the Group for the financial years of 2021, 2022 and 2023.

As disclosed in the announcements of the Company dated March 28, 2024, May 3, 2024 and May 24, 2024, and the circular of the Company dated May 2, 2024, upon the approval of the general meeting held on May 24, 2024, BDO Limited's appointment was not renewed and BDO China Shu Lun Pan Certified Public Accountants LLP was re-appointed as the Company's auditor for 2024 until the conclusion of the next annual general meeting of the Company. The consolidated financial statements for the Reporting Period have been audited by BDO China Shu Lun Pan Certified Public Accountants LLP.

COMPLIANCE WITH LAWS AND REGULATIONS

For the Reporting Period, the Company is in compliance with the relevant laws and regulations that have a significant impact on the Company.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to December 31, 2024, the following significant events took place:

1. On March 27, 2025, the Company convened the fourteenth 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 (the “**Proposed Amendments to the Articles**”) to reflect the needs of the Company’s business development. The Proposed Amendments to the Articles are subject to the approval of the Shareholders at the AGM by way of special resolution. For details, please refer to the announcement of the Company dated March 27, 2025.
2. On March 27, 2025, the Company convened the fourteenth 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 Offering in 2025 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 in 2025 is subject to the approval by the Shareholders at the AGM by way of ordinary resolution. For details, please refer to the announcement of the Company dated March 27, 2025.

Save as disclosed in this annual report and note 15 to the financial statement, no events after the Reporting Period need to be brought to the attention of the Shareholders.

On behalf of the Board

Dr. Ye Xiaoping

Chairman

Hong Kong, March 27, 2025

AUDIT REPORT

Xin Kuai Shi Bao Zi [2025] No. ZA10477

To the Shareholders of Hangzhou Tigermed Consulting Co., Ltd.:

OPINION

We have audited the accompanying financial statements of Hangzhou Tigermed Consulting Co., Ltd. (hereinafter “Tigermed”), which comprise the consolidated and company balance sheets as at December 31 2024, the consolidated and company income statements, cash flow statements and changes in shareholders’ equity for the year ended 31 December 2024 and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company’s financial position of Tigermed as at December 31 2024, and their financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises (“CASs”).

BASIS FOR OPINION

We conducted our audit in accordance with China Standards on Auditing (“CSAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Tigermed in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants (“CICPA Code”), and we have fulfilled our other ethical responsibilities in accordance with the CICPA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (Continued)

Key audit matters identified in our audit are summarised as follows:

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>1. Revenue</p> <p>Please refer to the accounting policies described in Note 3.26 under “3. Significant Accounting Policies and Accounting Estimates” and Note 5.40 under “5. Notes to the Items of Consolidated Financial Statements” in the Notes to the Financial Statements.</p> <p>For the year ended December 31 2024, Tigermed’s consolidated revenue amounted to RMB6,603,120,162.78, of which service revenue accounted for RMB6,474,085,099.06, represented 98.05% of the Company’s consolidated revenue. Both the amount and proportion are material.</p> <p>Management has identified the performance obligations in clinical service contracts and recognizes revenue when control of the goods or services underlying those obligations is transferred to the customer. Inappropriate determination of the timing or progress of satisfying performance obligations may result in a material misstatement in revenue recognition. Therefore, we have identified revenue as a key audit matter.</p>	<p>The audit procedures we performed include:</p> <ol style="list-style-type: none"> (1) Understanding the policies, procedures, methods and related controls for the determination of budgeted revenue and budgeted costs; (2) Inquiring of management and inspecting terms of contract research organization services contracts to evaluate whether accounting policy of the Company complies with Accounting Standards for Business Enterprises; (3) For clinical-related services where revenue is recognized over time, assess whether they meet the criteria for recognizing revenue over time under Accounting Standards for Business Enterprises 14-Revenue, and evaluate whether the use of the input method (measuring progress based on costs incurred in fulfilling the performance obligation) or the output method (measuring progress based on goods or services transferred to the customer) to determine the stage of completion of the performance obligation is appropriate. Review whether the progress of performance obligations determined by management using the input method or output method is accurate.

AUDIT REPORT

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
2. Other non-current financial assets	
<p>Please refer to the accounting policies described in Note 3.10 under “3. Significant Accounting Policies and Accounting Estimates” and Note 5.12 under “5. Notes to the Items of Consolidated Financial Statements” in the Notes to the Financial Statements.</p> <p>As at December 31, 2024, Tigermed’s financial assets at fair value through profit or loss (FVTPL) amounted to RMB10,105,905,487.26. The valuation of Tigermed’s financial instruments is based on a combination of market data and valuation models. The inputs to the valuation models include data reliably obtained from active markets, as well as management’s assumptions and estimates when observable parameters cannot be reliably obtained (i. e., financial instruments classified under Level 2 and Level 3 of the fair value hierarchy). These assumptions and estimates incorporate factors such as counterparty credit risk, market interest rate volatility, and correlations. Due to the complexity of valuation methodologies for certain financial instruments, management engaged independent third-party appraisers to assess fair values. The determination of inputs used in valuation models involves significant management estimates. Consequently, we have identified the evaluation of financial instruments’ fair values as a key audit matter.</p>	<p>The audit procedures we performed include:</p> <ol style="list-style-type: none">(1) Evaluating the competence, capabilities and objectivity of the independent professional appraisers;(2) Obtaining an understanding from management and the independent professional valuer about the valuation methodology, significant unobservable inputs and critical judgement on key inputs and data used in the valuations;(3) Assessing the reasonableness of significant unobservable inputs used by management with the assistance from our internal valuation experts, on a sample basis.

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>3. Goodwill</p> <p>Please refer to the accounting policies described in Note 3.19 under “3. Significant Accounting Policies and Accounting Estimates” and Note 5.17 under “5. Notes to the Items of Consolidated Financial Statements” in the Notes to the Financial Statements.</p> <p>As at December 31, 2024, Tigermed Group’s cumulative carrying amount of goodwill was RMB3,227,762,493.75, with a goodwill impairment loss of RMB5,000,000.00 recognized during the current year. For goodwill, management performs an impairment test at least annually at the end of each reporting period. In conducting the impairment test, management identifies cash-generating units (CGUs), allocates goodwill to the relevant CGUs or groups of CGUs using a reasonable methodology, and tests the CGUs or groups of CGUs containing goodwill for impairment by comparing their carrying amounts with their recoverable amounts. The recoverable amount of a CGU is the higher of its fair value less costs of disposal and its value in use (the present value of estimated future cash flows). The estimation of the recoverable amount of goodwill relies on management’s judgments, including key assumptions such as future cash flows, discount rates, and long-term average growth rates applied to the relevant CGUs or groups of CGUs. Accordingly, we have identified the impairment assessment of goodwill as a key audit matter.</p>	<p>The audit procedures we performed include:</p> <ol style="list-style-type: none"> (1) Review the basis on which management has allocated goodwill to cash-generating units (CGUs) or groups of CGUs and assess the reasonableness of such allocation; (2) Review the valuation models applied by management in impairment testing and the reasonableness of key assumptions, utilizing the assistance of internal valuation specialists where necessary; (3) Compare the forecast future cash flows with historical data and other supporting evidence, and evaluate the reasonableness of such forecasts.

AUDIT REPORT

OTHER INFORMATION

The management of Tigermed (hereinafter “Management”) is responsible for the other information. The other information comprises all of the information included in 2024 annual report of Tigermed other than the financial statements and our auditor’s report thereon.

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

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

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

RESPONSIBILITIES OF THE MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with the CASs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these financial statements, management is responsible for assessing Tigermed’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate Tigermed or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Tigermed’s financial reporting process.

AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Tigermed's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in these financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Tigermed to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Tigermed to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

AUDIT REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

(Continued)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**BDO China Shu Lun Pan Certified
Public Accountants LLP**

**PRC Certified Public Accountant:
Lin Wenying
(Engagement Partner)**

**PRC Certified Public Accountant:
Yang Chengyan**

**Shanghai, the People's Republic of China
27 March 2025**

CONSOLIDATED BALANCE SHEET

For the year ended December 31 2024

ASSETS	Note	December 31 2024	December 31 2023
Current assets:			
Cash at bank and on hand	5.1	2,055,344,830.04	7,419,991,842.25
Financial assets held for trading	5.2	74,852,975.16	42,138,295.67
Notes receivables	5.3	6,010,700.41	214,560.00
Accounts receivables	5.4	1,359,758,181.20	1,260,700,340.86
Prepayments	5.5	101,932,971.27	56,545,630.65
Other receivables	5.6	89,030,886.84	79,577,742.45
Inventories	5.7	31,956,085.52	23,397,667.40
Contract assets	5.8	2,504,689,617.50	2,364,435,242.53
Other current assets	5.9	76,108,977.92	97,139,803.40
Total current assets		6,299,685,225.86	11,344,141,125.21
Non-current assets:			
Long-term equity investments	5.10	3,424,603,314.72	2,977,027,510.07
Other equity instrument investments	5.11	8,090,146.65	14,507,959.32
Other non-current financial assets	5.12	10,105,905,487.26	10,231,701,776.67
Fixed assets	5.13	778,498,376.24	638,751,357.57
Construction in progress	5.14	420,535,374.37	324,278,367.30
Right-of-use assets	5.15	487,230,305.93	509,578,081.32
Intangible assets	5.16	336,876,524.01	371,129,876.93
Goodwill	5.17	3,227,762,493.75	2,764,188,189.08
Long-term prepaid expenses	5.18	210,094,767.04	213,751,116.95
Deferred tax assets	5.19	126,686,732.61	134,791,338.83
Other non-current assets	5.20	3,245,047,038.72	156,895,649.92
Total non-current assets		22,371,330,561.30	18,336,601,223.96
TOTAL ASSETS		28,671,015,787.16	29,680,742,349.17

The notes to the financial statements appended hereto form part of these financial statements.

CONSOLIDATED BALANCE SHEET

For the year ended December 31 2024

LIABILITIES AND OWNERS' EQUITY	Note	December 31 2024	December 31 2023
Current liabilities:			
Short-term borrowings	5.22	1,912,017,204.22	1,969,693,500.00
Accounts payables	5.23	257,287,412.33	249,307,924.54
Contract liabilities	5.24	790,737,308.84	680,489,184.98
Employee benefits payable	5.25	243,974,190.43	357,979,354.68
Taxes payable	5.26	159,172,131.01	220,759,136.97
Other payables	5.27	76,840,278.73	78,673,426.67
Non-current liabilities due within one year	5.28	198,600,777.18	563,595,304.44
Other current liabilities	5.29	23,223,162.38	18,238,459.30
Total current liabilities		3,661,852,465.12	4,138,736,291.58
Non-current liabilities			
Long-term borrowings	5.30	323,649,635.25	434,223,304.63
Lease liabilities	5.31	399,316,716.16	423,108,703.51
Long-term employee benefits payable	5.32	2,784,565.42	2,538,825.71
Deferred income	5.33	17,136,295.72	14,594,433.99
Deferred tax liabilities	5.19	201,796,922.90	213,978,644.49
Total non-current liabilities		944,684,135.45	1,088,443,912.33
Total liabilities		4,606,536,600.57	5,227,180,203.91
Owners' equity:			
Share capital	5.34	864,948,570.00	872,418,220.00
Capital reserve	5.35	10,772,578,438.11	11,708,834,896.63
Less: Treasury shares	5.36	191,146,104.89	869,336,804.33
Other comprehensive income	5.37	99,095,699.24	103,534,270.25
Surplus reserve	5.38	436,529,393.76	436,529,393.76
Undistributed profits	5.39	8,688,647,453.50	8,774,794,749.44
Total equity attributable to equity owners of the Company		20,670,653,449.72	21,026,774,725.75
Minority interests		3,393,825,736.87	3,426,787,419.51
Total owners' equity		24,064,479,186.59	24,453,562,145.26
TOTAL LIABILITIES AND OWNERS' EQUITY		28,671,015,787.16	29,680,742,349.17

The notes to the financial statements appended hereto form part of these financial statements.

COMPANY BALANCE SHEET

For the year ended December 31 2024

ASSETS	Note	December 31 2024	December 31 2023
Current assets:			
Cash at bank and on hand		576,539,840.25	5,864,404,321.18
Notes receivables		4,000,000.00	
Accounts receivables	18.1	834,987,475.99	844,420,011.82
Prepayments		32,769,190.77	7,953,528.04
Other receivables	18.2	585,238,951.90	358,533,908.80
Contract assets		1,492,328,815.51	1,605,838,325.84
Total current assets		3,525,864,274.42	8,681,150,095.68
Non-current assets:			
Long-term equity investments	18.3	11,409,856,533.65	9,635,474,620.52
Other non-current financial assets		925,808,144.91	940,558,478.03
Fixed assets		22,227,537.63	25,006,415.77
Construction in progress		181,174,681.87	85,836,649.97
Right-of-use assets		34,290,174.93	45,042,163.26
Intangible assets		32,013,929.00	32,081,808.39
Long-term prepaid expenses		2,747,671.87	6,868,273.64
Deferred tax assets		32,668,623.52	28,018,512.53
Other non-current assets		3,155,384,174.46	4,873,199.16
Total non-current assets		15,796,171,471.84	10,803,760,121.27
TOTAL ASSETS		19,322,035,746.26	19,484,910,216.95

COMPANY BALANCE SHEET

For the year ended December 31 2024

LIABILITIES AND OWNERS' EQUITY	Note	December 31 2024	December 31 2023
Current liabilities:			
Short-term borrowings		1,615,000,000.00	1,873,400,000.00
Accounts payables		576,917,531.90	660,832,632.01
Contract liabilities		103,784,295.26	86,373,330.85
Employee benefits payable		33,129,969.59	64,232,912.86
Taxes payable		37,515,687.51	110,878,596.74
Other payables		2,964,184,798.30	1,889,651,884.20
Non-current liabilities due within one year		19,880,218.95	366,544,939.85
Other current liabilities		8,557,212.07	4,554,738.13
Total current liabilities		5,358,969,713.58	5,056,469,034.64
Non-current liabilities			
Lease liabilities		15,036,915.55	28,426,833.43
Deferred tax liabilities		63,820,224.03	67,296,751.58
Total non-current liabilities		78,857,139.58	95,723,585.01
Total liabilities		5,437,826,853.16	5,152,192,619.65
Owners' equity:			
Share capital		864,948,570.00	872,418,220.00
Capital reserve		10,727,744,006.79	11,555,102,983.84
Less: Treasury shares		191,146,104.89	869,336,804.33
Surplus reserve		436,209,110.00	436,209,110.00
Undistributed profits		2,046,453,311.20	2,338,324,087.79
Total owners' equity		13,884,208,893.10	14,332,717,597.30
TOTAL LIABILITIES AND OWNERS' EQUITY		19,322,035,746.26	19,484,910,216.95

CONSOLIDATED INCOME STATEMENT

For the year ended December 31 2024

Items	Note	Year-ended December 31 2024	Year-ended December 31 2023
I. Total operating revenue		6,603,120,162.78	7,384,039,460.88
Including: Operating revenue	5.40	6,603,120,162.78	7,384,039,460.88
II. Total operating costs		5,610,048,004.89	5,554,124,713.54
Including: Operating costs	5.40	4,361,106,945.65	4,535,510,632.92
Taxes and surcharges	5.41	28,038,219.79	27,866,690.14
Selling expenses	5.42	207,607,782.45	187,314,822.95
General and administrative expenses	5.43	736,842,477.93	650,201,401.07
Research and development expenses	5.44	238,385,545.75	261,555,130.31
Financial expenses – net	5.45	38,067,033.32	-108,323,963.85
Including: Interest expenses		141,235,382.04	119,897,366.25
Interest income		90,219,275.91	229,848,679.61
Add: Other income	5.46	36,850,266.27	34,366,177.35
Investment income ("-" for losses)	5.47	166,642,230.65	338,175,307.12
Including: Share of profit of associates and joint ventures		31,270,924.92	105,183,014.33
Gains from changes in fair values ("-" for losses)	5.48	-501,688,166.32	352,770,634.28
Credit impairment losses ("-" for losses)	5.49	-35,275,311.28	-38,372,976.88
Asset impairment losses ("-" for losses)	5.50	1,254,555.47	-29,725,239.12
Gains on disposals of assets ("-" for losses)	5.51	3,563,278.83	-188,092.67
III. Operating Profit ("-" for losses)		664,419,011.51	2,486,940,557.42
Add: Non-operating income	5.52	5,090,122.07	13,453,970.77
Less: Non-operating expenses	5.53	5,047,625.28	11,861,470.03
IV. Total Profit ("-" for losses)		664,461,508.30	2,488,533,058.16
Less: Income tax expenses	5.54	216,630,221.33	338,606,214.59
V. Net Profit ("-" for losses)		447,831,286.97	2,149,926,843.57
(I) Classified by continuity of operations			
1. Net profit from continuing operations ("-" for losses)		447,831,286.97	2,149,926,843.57
(II) Classified by ownership of the equity			
1. Attributable to equity owners of the Company ("-" for losses)		405,143,491.82	2,024,849,989.11
2. Minority interests ("-" for losses)		42,687,795.15	125,076,854.46

CONSOLIDATED INCOME STATEMENT

For the year ended December 31 2024

Items	Note	Year-ended December 31 2024	Year-ended December 31 2023
VI. Other comprehensive income, net of tax		-30,367,462.62	53,516,065.69
Attributable to equity owners of the Company		-4,438,571.01	37,983,160.73
(I) Other comprehensive income that will not be reclassified to profit or loss		-2,636,848.67	-146,493.44
1. Changes arising from remeasurement of net liability or net asset of defined benefit plan		96,766.31	-97,075.54
2. Changes in fair value of other equity instrument investments		-2,733,614.98	-49,417.90
(II) Other comprehensive income that will be reclassified to profit or loss		-1,801,722.34	38,129,654.17
1. Translation differences on translation of foreign currency financial statements		-1,801,722.34	38,129,654.17
Attributable to minority interests		-25,928,891.61	15,532,904.96
VII. Total comprehensive income		417,463,824.35	2,203,442,909.26
Attributable to equity owners of the Company		400,704,920.81	2,062,833,149.84
Attributable to minority interests		16,758,903.54	140,609,759.42
VIII. Earnings per share			
(I) Basic earnings per share (RMB/Share)	5.55	0.47	2.34
(II) Diluted earnings per share (RMB/Share)	5.55	0.47	2.34

The notes to the financial statements appended hereto form part of these financial statements.

COMPANY INCOME STATEMENT

For the year ended December 31 2024
(All amounts in RMB Yuan unless otherwise stated)

Items	Note	Year-ended December 31 2024	Year-ended December 31 2023
I. Total operating revenue	18.4	1,999,961,812.45	3,073,124,906.11
Less: Operating costs	18.4	1,695,796,620.82	2,118,161,953.93
Taxes and surcharges		7,021,860.29	11,501,963.94
Selling expenses		79,203,168.46	61,879,177.05
General and administrative expenses		176,774,605.37	146,830,285.16
Research and development expenses		78,586,906.79	106,922,759.66
Financial expenses – net		-13,755,247.51	-116,585,980.67
Including: Interest expenses		70,910,135.77	93,723,368.16
Interest income		71,446,544.06	205,722,621.91
Add: Other income		5,340,495.26	19,940,899.78
Investment income ("-" for losses)	18.5	295,394,136.34	223,894,784.15
Including: Share of profit of associates and joint ventures		13,013.96	-1,365,129.19
Gains from changes in fair values ("-" for losses)		-3,234,305.74	-5,101,866.27
Credit impairment losses ("-" for losses)		-37,038,201.07	-93,610,218.27
Asset impairment losses ("-" for losses)		5,785,660.46	1,973,786.47
Gains on disposals of assets ("-" for losses)		664,088.63	-149,197.77
II. Operating Profit ("-" for losses)		243,245,772.11	891,362,935.13
Add: Non-operating income		105.09	1,550,038.91
Less: Non-operating expenses		2,711,734.46	6,967,215.94
III. Total Profit ("-" for losses)		240,534,142.74	885,945,758.10
Less: Income tax expenses		41,114,131.57	142,595,079.26
IV. Net Profit ("-" for losses)		199,420,011.17	743,350,678.84
1. Net profit from continuing operations ("-" for losses)		199,420,011.17	743,350,678.84
V. Total comprehensive income		199,420,011.17	743,350,678.84
VI. Earnings per share			
(I) Basic earnings per share (RMB/Share)		0.23	0.86
(II) Diluted earnings per share (RMB/Share)		0.23	0.86

The notes to the financial statements appended hereto form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended December 31 2024
(All amounts in RMB Yuan unless otherwise stated)

Items	Note	Year-ended December 31 2024	Year-ended December 31 2023
I. Cash flows from operating activities			
Cash received from sales of goods or rendering of services		6,785,119,210.17	6,804,043,814.92
Refund of taxes and surcharges		615,206.98	9,955,470.41
Cash received relating to other operating activities	5.56	175,028,505.84	281,306,124.09
Sub-total of cash inflows from operating activities		6,960,762,922.99	7,095,305,409.42
Cash paid for goods and services		1,960,341,102.44	2,048,085,771.45
Cash paid to and on behalf of employees		3,123,669,809.04	2,930,923,401.17
Payments of taxes and surcharges		524,720,429.49	654,870,188.18
Cash paid relating to other operating activities	5.56	255,029,678.28	310,988,106.57
Sub-total of cash outflows from operating activities		5,863,761,019.25	5,944,867,467.37
Net cash flows from operating activities		1,097,001,903.74	1,150,437,942.05
II. Cash flows from investing activities			
Cash received from disposal of investments		2,088,507,799.04	1,173,925,795.56
Cash received from returns on investments		62,540,443.58	43,440,432.88
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		2,335,687.89	5,312,645.89
Cash received relating to other investing activities	5.56	17,676,031.20	71,215,099.72
Sub-total of cash inflows from investing activities		2,171,059,961.71	1,293,893,974.05
Cash paid to acquire fixed assets, intangible assets and other long-term assets		356,554,496.96	313,756,832.07
Cash paid to acquire investments		6,176,067,436.97	2,142,064,124.64
Net cash paid to acquire subsidiaries and other business units		367,354,142.19	356,929,561.84
Cash paid relating to other investing activities	5.56	10,206,300.00	15,368,197.97
Sub-total of cash outflows from investing activities		6,910,182,376.12	2,828,118,716.52
Net cash flows from investing activities		-4,739,122,414.41	-1,534,224,742.47
III. Cash flows from financing activities			
Cash received from capital contributions		78,560,000.00	385,833,621.33
Cash received from borrowings		3,379,458,927.10	3,200,523,134.86
Cash received relating to other financing activities	5.56	128,097,800.76	9,711,772.88
Sub-total of cash inflows from financing activities		3,586,116,727.86	3,596,068,529.07
Cash repayments of borrowings		3,880,222,821.92	2,516,748,688.43
Cash payments for distribution of dividends, profits or interest expenses		642,156,083.35	589,866,946.69
Cash payments relating to other financing activities	5.56	766,148,050.22	497,258,954.23
Sub-total of cash outflows from financing activities		5,288,526,955.49	3,603,874,589.35
Net cash flows from financing activities		-1,702,410,227.63	-7,806,060.28
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-6,916,778.71	8,793,343.53
V. Net increase in cash and cash equivalents		-5,351,447,517.01	-382,799,517.17
Add: Cash and cash equivalents at beginning of year		7,399,941,369.85	7,782,740,887.02
VI. Cash and cash equivalents at end of year		2,048,493,852.84	7,399,941,369.85

COMPANY CASH FLOW STATEMENT

For the year ended December 31 2024
(All amounts in RMB Yuan unless otherwise stated)

Items	Note	Year-ended December 31 2024	Year-ended December 31 2023
I. Cash flows from operating activities			
Cash received from sales of goods or rendering of services		2,152,304,303.49	2,509,038,056.43
Cash received relating to other operating activities		7,008,116,588.84	6,059,526,356.74
Sub-total of cash inflows from operating activities		9,160,420,892.33	8,568,564,413.17
Cash paid for goods and services		1,407,700,278.53	1,431,795,223.41
Cash paid to and on behalf of employees		631,940,906.21	657,413,870.96
Payments of taxes and surcharges		167,141,205.85	264,021,781.22
Cash paid relating to other operating activities		5,970,846,063.32	5,359,209,773.56
Sub-total of cash outflows from operating activities		8,177,628,453.91	7,712,440,649.15
Net cash flows from operating activities		982,792,438.42	856,123,764.02
II. Cash flows from investing activities			
Cash received from disposal of investments		1,485,928,579.20	403,394,257.62
Cash received from returns on investments		57,939,682.49	35,567,651.44
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		33,995.68	8,966.04
Sub-total of cash inflows from investing activities		1,543,902,257.37	438,970,875.10
Cash paid to acquire fixed assets, intangible assets and other long-term assets		120,176,414.35	95,235,687.71
Cash paid to acquire investments		6,305,289,238.42	1,554,913,569.41
Sub-total of cash outflows from investing activities		6,425,465,652.77	1,650,149,257.12
Net cash flows from investing activities		-4,881,563,395.40	-1,211,178,382.02
III. Cash flows from financing activities			
Cash received from borrowings		3,094,600,000.00	2,798,400,000.00
Sub-total of cash inflows from financing activities		3,094,600,000.00	2,798,400,000.00
Cash repayments of borrowings		3,699,000,000.00	2,344,500,000.00
Cash payments for distribution of dividends, profits or interest expenses		560,636,093.86	545,902,913.88
Cash payments relating to other financing activities		220,337,220.01	31,142,767.74
Sub-total of cash outflows from financing activities		4,479,973,313.87	2,921,545,681.62
Net cash flows from financing activities		-1,385,373,313.87	-123,145,681.62
IV. Effect of foreign exchange rate changes on cash and cash equivalents		279,789.92	-195,196.07
V. Net increase in cash and cash equivalents		-5,283,864,480.93	-478,395,495.69
Add: Cash and cash equivalents at beginning of year		5,860,404,321.18	6,338,799,816.87
VI. Cash and cash equivalents at end of year		576,539,840.25	5,860,404,321.18

The notes to the financial statements appended hereto form part of these financial statements.

For the year ended December 31 2024

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CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

For the year ended December 31 2024

Items	For the year ended December 31, 2023												
	Attributable to equity owners of the Company												
	Share capital	Other equity instruments		Capital reserve	Less Treasury shares	Other comprehensive income		Special reserve	Surplus reserve	Provision for general risks	Undistributed profits	Subtotal	Minority interests
Preference shares		Perpetual bonds	Others			Less Treasury shares	comprehensive income						
I. Balance at the end of prior year	872,418,220.00		11,852,193,993.21	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	
II. Balance at the beginning of current year	872,418,220.00		11,852,193,993.21	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			-143,359,042.58		37,983,160.73		44,668,073.25		1,504,460,202.36	1,443,752,393.76	328,778,810.01	1,772,531,203.77	
(II) Capital contribution and withdrawal by owners					37,983,160.73				2,024,849,989.11	2,062,833,149.84	125,076,854.46	2,187,910,004.30	
1. Ordinary shares paid by shareholders			-4,181,513.61							-4,181,513.61	404,840,067.70	400,658,554.09	
3. Amount recorded in owners' equity arising from share-based payment arrangements											398,564,718.24	398,564,718.24	
(III) Profit distribution													
1. Appropriation to surplus reserve			-4,181,513.61				44,668,073.25		-520,389,786.75	-475,721,713.50	-101,484,379.66	-577,206,093.16	
3. Profit distributed to owners (or stockholders)							44,668,073.25		-475,721,713.50	-475,721,713.50	-101,484,379.66	-577,206,093.16	
(VI) Others			-139,177,528.97							-139,177,528.97	-99,653,732.49	-238,831,261.46	
IV. Balance at the end of current period	872,418,220.00		11,708,834,896.63	869,336,804.33	103,534,270.25		436,529,393.76		8,774,794,749.44	21,026,774,725.75	3,426,787,419.51	24,453,562,145.26	

COMPANY STATEMENT OF CHANGES IN OWNERS' EQUITY

For the year ended December 31 2024

(All amounts in RMB Yuan unless otherwise stated)

Items	For the year ended December 31 2024										
	Share capital	Preference shares	Other equity instruments	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total owners' equity
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	2,338,324,087.79	14,332,717,597.30
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	2,338,324,087.79	14,332,717,597.30
III. Increase/decrease for the period (decrease expressed with "-")	-7,469,650.00				-827,358,977.05	-678,190,699.44				-291,870,776.59	-448,508,704.20
(I) Total comprehensive income										199,420,011.17	199,420,011.17
(II) Capital contribution and withdrawal by owners	-7,469,650.00				-827,358,977.05	-678,190,699.44					-156,637,927.61
1. Ordinary shares paid by shareholders	-7,469,650.00				-861,867,154.33	-869,336,804.33					
2. Amount recorded in owners' equity arising from share-based payment arrangements											
3. Others					34,508,177.28						34,508,177.28
(III) Profit distribution											-191,146,104.89
1. Appropriation to surplus reserve						191,146,104.89					
2. Profit distributed to owners (or stockholders)										-491,290,787.76	-491,290,787.76
IV. Balance at the end of current period	864,948,570.00				10,727,744,006.79	191,146,104.89			436,209,110.00	2,046,453,311.20	13,884,208,893.10

COMPANY STATEMENT OF CHANGES IN OWNERS' EQUITY

For the year ended December 31 2024
(All amounts in RMB Yuan unless otherwise stated)

Items	For the year ended December 31, 2023									
	Share capital	Preference shares	Other equity instruments	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Undistributed profits	Total owners' equity
I. Balance at the end of prior year	872,418,220.00				11,567,718,406.29	869,336,804.33			391,541,036.75	2,115,363,195.70
II. Balance at the beginning of current year	872,418,220.00				11,567,718,406.29	869,336,804.33			391,541,036.75	2,115,363,195.70
III. Increase/decrease for the period (decrease expressed with "-")					-12,615,422.45				44,668,073.25	222,960,892.09
(I) Total comprehensive income									743,350,678.84	743,350,678.84
(II) Capital contribution and withdrawal by owners					-12,615,422.45					-12,615,422.45
1. Amount of share-based payments recognized in owners' equity					-12,615,422.45					-12,615,422.45
(III) Profit distribution									44,668,073.25	44,668,073.25
1. Appropriation to surplus reserve									-520,389,786.75	-475,721,713.50
2. Profit distributed to owners (or stockholders)									44,668,073.25	-475,721,713.50
IV. Balance at the end of current period	872,418,220.00				11,555,102,983.84	869,336,804.33			436,209,110.00	2,338,324,087.79

NOTES TO FINANCIAL STATEMENTS

1 Corporation general information

Hangzhou Tigermed Consulting Co., Ltd. (the “Company”) was established in the People’s Republic of China (the “PRC”) on December 15, 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 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 (collectively referred to as the “Group”) is principally engaged in the contract research organisation (“CRO”) services.

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

The functional currency of the Company is Renminbi (“RMB”), which is the same as the presentation currency of the consolidated financial statements.

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 FINANCIAL STATEMENTS

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 December 31, 2024, and the consolidated and the Company's operating results and the consolidated and the Company's cash flow statements for the year ended December 31, 2024.

3.2 Accounting period

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

3.3 Operating cycle

The operating cycle of the Company is 12 months.

3.4 Reporting currency

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

3.5 Accounting treatment of business combinations under common control and business combinations not under common control

Business combinations under common control: Assets and liabilities obtained by combining party in the business combination under common control (including goodwill arising from the acquisition of the merged party by the ultimate controller) are recognized on the basis of their carrying amounts at the combination date recorded on the financial statements of the ultimate controlling party. The difference between the carrying amount of the consideration paid for the combination (or aggregate face values of the shares issued) and the carrying amount of the net assets obtained is adjusted to capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess is adjusted to undistributed profits.

Business combinations not under common control: The consideration paid for business combination comprises the fair value of the assets transferred by the acquirer, the liabilities incurred or assumed by the acquirer, and the equity interests issued by the acquirer to obtain control of the acquiree at the date of acquisition. Where the cost of the combination exceeds the Company's interest in the fair value of the acquiree's identifiable net assets, the difference is recognized as goodwill. Where the cost of combination is lower than the Company's interest in the fair value of the acquiree's identifiable net assets, the difference is recognized in profit or loss for the current period.

Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognized amounts of the equity or debt securities.

NOTES TO FINANCIAL STATEMENTS

3 Significant accounting policies and accounting estimates (Continued)

3.6 Consolidated Financial Statements

The consolidation scope for consolidated financial statement is determined based on the concept of control, the consolidation scope including the Company and all subsidiaries. Control exists when the Company has power over the investee; exposure, or rights to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect the amount of its returns.

The Company regards the entire enterprise group as an accounting entity, prepares consolidated financial statements in accordance with unified accounting policies, and reflects the overall financial status, operating results and cash flows of the enterprise group. All significant intra-group accounts and transactions between the parent company and its subsidiaries or between subsidiaries are eliminated on consolidation. Any losses resulting from intragroup transactions that indicate impairment losses of the related assets shall be fully recognized. If the accounting policies and accounting periods adopted by the subsidiaries are inconsistent with those of the Company, necessary adjustments shall be made in accordance with the accounting policies and accounting periods of the Company when preparing the consolidated financial statements.

The portion of owners' equity of subsidiary as at the balance sheet date, net profit/loss, and comprehensive income for the period ended, attributable to minority interests, are presented separately in the consolidated financial statements under the headings of owner's equity, net profit, and total comprehensive income, respectively. When the amount of loss for the current period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of owner's equity of the subsidiary, the excess is allocated against the balance of minority interests.

(1) Increase of subsidiary or business

During the reporting period, if a subsidiary or business is added due to a business combination under the same control, the operating results and cash flows from the beginning of the current period to the end of the reporting period shall be included in the consolidated financial statement, the opening balances of the consolidated financial statements and the relevant items in the comparative statement are adjusted at the same time, as if the consolidated reporting entity has been in existence since the time when the ultimate controlling party began to control it.

If the investee under common control can be controlled due to additional investment and other reasons, for equity investments held before the acquisition of the control of the merged party, the relevant gains and losses, other comprehensive income and changes in other net assets have been recognized from the later of the date of acquisition of the original equity and the date when the merging party and the merged party are under common control up to the date of merger, and the retained earnings at the beginning of the comparative statement period or the current gains and losses shall be offset respectively.

NOTES TO FINANCIAL STATEMENTS

3 Significant accounting policies and accounting estimates (Continued)

3.6 Consolidated Financial Statements (Continued)

(1) Increase of subsidiary or business (Continued)

During the reporting period, for subsidiaries obtained through a business combination not under common control, the subsidiaries' financial statements shall be included in the consolidated financial statements based on the fair values of the identifiable assets, liabilities and contingent liabilities at the acquisition date.

If the investee not under common control can be controlled due to additional investment and other reasons, the equity of the acquiree held before the purchase date shall be re-measured according to the fair value of the equity on the purchase date, and the difference between the fair value and its book value is included in the current investment income. The equity of the acquiree held before the purchase date regarding other comprehensive income that would be reclassified to profit or loss in the future and changes in other owners' equity accounted for by the equity method are converted into investment income for the current period on the purchase date.

(2) Disposal of subsidiaries

① General treatment

When the control of the investee is lost due to the disposal of part of the equity investment or other reasons, the Company will re-measure the remaining equity investment after disposal at its fair value on the date of loss of control. The sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity, minus the difference between the share of the net assets of the original subsidiary and the sum of the goodwill calculated continuously from the purchase date or the merger date based on the original shareholding ratio, is included in the investment income in the current period of loss of control. Other comprehensive income related to the equity investment of the original subsidiary that would be reclassified to profit or loss in the future and changes in other owners' equity accounted for by the equity method, shall be converted into investment income in the current period when control is lost.

② Step-by-step disposal of subsidiaries

Where the equity investment in a subsidiary is disposed of step by step through multiple transactions until control is lost, the terms, conditions and economic effects of each transaction of the disposal of the equity investment in the subsidiary meet one or more of the following circumstances, usually indicating that multiple transactions should be treated as a package transaction accounting treatment.

- i. These transactions were entered into at the same time or taking into account the influence of each other;
- ii. These transactions as a whole can achieve a complete commercial outcome;

NOTES TO FINANCIAL STATEMENTS

3 Significant accounting policies and accounting estimates (Continued)

3.6 Consolidated Financial Statements (Continued)

(2) Disposal of subsidiaries (Continued)

② Step-by-step disposal of subsidiaries (Continued)

- iii. The occurrence of one transaction is dependent on the occurrence of at least one other transaction;
- iv. A transaction is uneconomical on its own, but economical when considered together with other transactions.

If the transactions belong to a package transaction, the Company will account for each transaction as a transaction of disposing of the subsidiary and losing control; the difference between the disposal price and the share of the net assets of the subsidiary corresponding to the disposal investment before the loss of control is recognized as other comprehensive income in the consolidated financial statements and transferred to the profit and loss for the period when the control is lost.

If the transactions not belong to a package transaction, before the loss of control, the accounting treatment shall be carried out for the partial disposal of the equity investment in the subsidiary without the loss of control; when the control is lost, the accounting treatment shall be carried out according to the general treatment method for the disposal of the subsidiary.

(3) Purchase of minority stakes in subsidiaries

The difference between the long-term equity investment newly acquired by the Company due to the purchase of minority shares and the net asset share of the subsidiary that should be calculated continuously from the date of purchase or merger date according to the newly added shareholding ratio shall be adjusted for the share capital premium in the capital reserve in the Consolidated Balance Sheets. If the share capital premium in the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

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

The difference between the disposal price and the corresponding share of the net assets of the subsidiary from the purchase date or the merger date, shall be adjusted for the share premium in the capital reserve in the Consolidated Balance Sheets. If the share premium in the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

3.7 Classification of joint arrangements and accounting treatments of joint operations

A joint arrangement is classified into joint operation and joint venture.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

NOTES TO FINANCIAL STATEMENTS

3 Significant accounting policies and accounting estimates (Continued)

3.7 Classification of joint arrangements and accounting treatments of joint operations (Continued)

The Company recognizes the following items in relation to its interest in a joint operation:

- i. its solely-held assets, and its share of any assets incurred jointly;
- ii. its solely-assumed liabilities, and its share of any liabilities incurred jointly;
- iii. its revenue from the sale of its share of the output arising from the joint operation;
- iv. its share of the revenue from the sale of the output by the joint operation; and
- v. its solely-incurred expenses, and its share of any expenses incurred jointly.

The Company accounts for investments in joint ventures using equity method. Refer to Note “3.14 Long-term equity investments” for details.

3.8 Recognition criteria of cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the Company’s short-term (usually due within three months from the purchase date), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.9 Translation of transactions and financial statements denominated in foreign currencies

Foreign currency transaction are translated into RMB using the exchange rates prevailing at the dates of the transactions.

As at the balance sheet date, monetary items denominated in foreign currency are exchanged to Renminbi by adopting the prevailing exchange rate on that date. Foreign exchange difference arising from the exchange, with the exception that foreign exchange differences for specific borrowings denominated in foreign currency and qualifying for conditions of capitalization are capitalized during the capitalization year and credited to the cost of relevant assets.

The asset and liability items in the balance sheets are translated at the spot exchange rates on the balance sheet date. Among the owners’ equity items, the items other than “undistributed profits” are translated at the spot exchange rates of the transaction dates. The income and expense items in the income statements are translated at the spot exchange rates of the transaction dates. The differences arising from the above translation are presented in other comprehensive income.

When foreign operations are disposed, exchange differences of foreign currency statements related to such foreign operations that are presented under shareholder’s equity item are all transferred to profit or loss for the current period.

NOTES TO FINANCIAL STATEMENTS

3 Significant accounting policies and accounting estimates (Continued)

3.10 Financial instruments

The Company shall recognize a financial asset, a financial liability or an equity instrument in its statement of financial position when, the Company becomes party to the contractual provisions of the instrument.

3.10.1 Classification of financial instruments

At initial recognition, the Company classifies its financial assets into: financial assets at amortized cost, or financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss according to the Company's business model for managing financial assets and the contract cash flow characteristics of the financial assets.

Financial assets fulfilling all of the following conditions, which are not designated as financial assets at fair value through profit or loss, are classified as financial assets at amortized cost:

- The objective of the business model is to collect the contractual cash flows.
- The contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets fulfilling all of the following conditions, which are not designated as financial assets at fair value through profit or loss, are classified as financial assets at fair value through other comprehensive income (debt instruments):

- The objective of the business model is for both collection of the contractual cash flows and selling such financial assets.
- The contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

For investments in non-tradable equity instruments, the Company may irrevocably designate them as financial assets measured at fair value through other comprehensive income (equity instruments). The designation is based on an individual financial asset and meets the definition of an equity instrument from the issuer's perspective.

NOTES TO FINANCIAL STATEMENTS

3 Significant accounting policies and accounting estimates (Continued)

3.10 Financial instruments (Continued)

3.10.1 Classification of financial instruments (Continued)

Other than financial assets measured at amortized cost and financial assets at fair value through other comprehensive income as aforementioned, all financial assets are classified as financial assets at fair value through current profit or loss. At initial recognition, the Company may designate a portion of financial assets that should be classified as financial assets at amortized cost or financial assets at fair value through other comprehensive income, as financial assets at fair value through profit or loss in order to eliminate or significantly reduce any accounting mismatch.

Financial liabilities are classified as financial liabilities at amortized cost and financial liabilities at fair value through profit or loss at initial recognition.

At initial recognition, a financial liability fulfilling one of the following conditions may be designated as financial liability at fair value through profit or loss:

- (1) The designation is able to eliminate or significantly reduce any accounting mismatch.
- (2) A group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Company is provided internally on that basis to the entity's key management personnel.
- (3) The financial liability contains embedded derivatives which need to be separated.

3.10.2 Recognition basis and measurement methods of financial instruments

(1) *Financial assets at amortized cost*

Financial assets at amortized cost include notes receivable, accounts receivable, other receivables, long-term receivables, debt investments, etc. Financial assets at amortized cost are measured at fair value on initial recognition, and the related transaction expenses are included in the initial recognized amount. For accounts receivables excluding significant financing components or regardless consideration of financing components of contracts less than one year by the Company, accounts receivables initially recognized at contractual transaction price.

Interest income calculated by the effective interest rate method is recognized in current profit or loss during the holding period.

The difference between the carrying amount and the consideration received is recognized in current profit or loss when the financial asset is recovered or disposed.

NOTES TO FINANCIAL STATEMENTS

3 Significant accounting policies and accounting estimates (Continued)

3.10 Financial instruments (Continued)

3.10.2 Recognition basis and measurement methods of financial instruments (Continued)

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

Financial assets at fair value through other comprehensive income (debt instruments) include financing receivables, other debt investments, etc. Financial assets at fair value through other comprehensive income (debt instruments) are measured at fair value on initial recognition, and the related transaction expenses are included in the initial recognized amount. Such financial assets are measured at fair value through other comprehensive income, except for the impairment gains or losses, foreign exchange gains and losses, and interest income calculated using the effective interest method which are recognized in profit or loss for the current period.

When an investment in debt instrument measured at fair value through other comprehensive income is derecognized, the difference between the carrying amount and the consideration received as well as any cumulative profit or loss that were previously recognized in other comprehensive income is recognized in profit or loss for the current period.

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

Financial assets at fair value through other comprehensive income (equity instruments) include other investments in equity instruments etc. Financial assets at fair value through other comprehensive income (equity instruments) are measured at fair value on initial recognition, and the related transaction expenses are included in the initial recognized amount. Such financial assets are measured at fair value through other comprehensive income. The relevant dividend income of such financial assets is recognized in profit or loss for the current period.

When an investment in debt instrument measured at fair value through other comprehensive income is derecognized, the difference between the carrying amount and the consideration received as well as any cumulative profit or loss that were previously recognized in other comprehensive income is recognized in retain earnings.

(4) *Financial assets at fair value through current profit or loss*

Financial assets at fair value through current profit or loss include financial assets held for trading, derivative financial assets, other non-current financial assets etc. Financial assets at fair value through current profit or loss are measured at fair value on initial recognition, and the related transaction expenses are recognized in profit or loss for the current period. Such financial assets are measured at fair value through profit or loss for the current period.

NOTES TO FINANCIAL STATEMENTS

3 Significant accounting policies and accounting estimates (Continued)

3.10 Financial instruments (Continued)

3.10.2 Recognition basis and measurement methods of financial instruments (Continued)

(5) *Financial liability at fair value through profit or loss*

Financial liability at fair value through profit or loss include financial liabilities held for trading, derivative financial liabilities. Financial assets at fair value through current profit or loss are measured at fair value on initial recognition, and the related transaction expenses are recognized in profit or loss for the current period. Such financial assets are measured at fair value through profit or loss for the current period.

The difference between the carrying amount and the consideration paid is recognized in current profit or loss when the financial liability is derecognized.

(6) *Financial liabilities at amortized cost*

Financial liabilities at amortized cost include short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings, debentures payable, long-term payables etc. Financial liabilities at amortized cost are measured at fair value on initial recognition, and the related transaction expenses are included in the initial recognized amount.

Interest expenses calculated by the effective interest rate method is recognized in current profit or loss during the holding period.

The difference between the carrying amount and the consideration received is recognized in current profit or loss when the financial liability is derecognized.

3.10.3 Recognition basis and measurement methods of financial asset derecognition and financial asset transfer

A financial asset is derecognized when one of the following criteria is met:

- The contractual rights to receive cash flows from the financial asset have expired.
- The financial asset has been transferred and the Company transfers substantially all the risks and rewards of ownership of the financial asset to the transferee.
- The financial asset has been transferred to the transferee and the Company has not retained control of the financial asset, although the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

If the Company and the counterparty modify or renegotiate a contract, and the contract terms are substantially different, the original financial assets shall be derecognized and a new financial asset shall be recognized based on the new contract terms.

NOTES TO FINANCIAL STATEMENTS

3 Significant accounting policies and accounting estimates (Continued)

3.10 Financial instruments (Continued)

3.10.3 Recognition basis and measurement methods of financial asset derecognition and financial asset transfer (Continued)

In the event of a transfer of financial assets, if the Company retains almost all the risks and rewards of ownership of a financial asset, the asset should not be derecognized.

When judging whether the transfer of financial assets meets the above-mentioned conditions for derecognition of financial assets, the principle of substance over form is adopted.

The Company divides the transfer of financial assets into overall transfer and partial transfer. If the overall transfer of financial assets meets the conditions for derecognition, the difference between the following two amounts shall be included in the current profits and losses:

- (1) The book value of the transferred financial asset.
- (2) Sum of consideration received from the transfer of financial assets and the amount of the accumulated number of changes in fair value that was directly recognized in other comprehensive income (the financial assets involved in the transfer are financial assets at fair value through other comprehensive income (debt instruments)).

If a part of the financial asset is transferred and the transferred part meets the conditions for derecognition, the book value of the financial asset before the transfer will be apportioned according to the fair value of the derecognized part and the continued recognized part, and the difference between the following two amounts shall be included in the current profit and loss:

- (1) The book value of the derecognition part.
- (2) Sum of the consideration received for the derecognition part and the corresponding amount of the accumulated fair value changes originally recognized in other comprehensive income (the financial assets involved in the transfer are financial assets at fair value through other comprehensive income (debt instruments)).

For a transfer of a financial asset that does not satisfy the derecognition criteria, the Company will continuously recognize the transferred financial asset. and the considerations received should be recognized as a financial liability.

NOTES TO FINANCIAL STATEMENTS

3 Significant accounting policies and accounting estimates (Continued)

3.10 Financial instruments (Continued)

3.10.4 Derecognition of financial liabilities

The Company derecognizes a financial liability (or part of it) when the underlying present obligation (or part of it) is discharged. An agreement between the Company and an existing lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

If the contract terms of the existing financial liabilities (or part of them) are substantially modified, the existing financial liabilities (or part of them) shall be recognized and a new financial liability shall be recognized based on the new contract terms.

When the Company derecognizes a financial liability or a part of it, it recognizes the difference between the carrying amount of the financial liability (or part of the financial liability) derecognized and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

If the Company repurchases a part of the financial liability, the book value of the financial liability shall be allocated according to the fair value of the continued recognition part and the derecognition part on the repurchase date. The difference between the book value allocated to the derecognized part and the consideration paid (including non-cash assets transferred out or liabilities assumed) shall be included in the current profit and loss.

3.10.5 Determination of fair value of financial assets and financial liabilities

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of a financial instrument that is not traded in an active market is determined by using a valuation technique. In the valuation, the Company adopts the valuation technique which is applicable to the current situation and supportable by adequate available data and other information, selects inputs with the same characteristics as those of assets or liabilities considered by market participants in relevant transactions of assets or liabilities, and gives priority to the use of relevant observable inputs. When relevant observable inputs are not available or feasible, unobservable inputs are adopted.

3.10.6 Measuring method and accounting treatment of financial instrument impairment

The Company assesses the expected credit losses ("ECL") for financial assets at amortized cost, investments in debt instruments at fair value through other comprehensive income, as well as financial guarantee contracts, etc.

NOTES TO FINANCIAL STATEMENTS

3 Significant accounting policies and accounting estimates (Continued)

3.10 Financial instruments (Continued)

3.10.6 Measuring method and accounting treatment of financial instrument impairment (Continued)

Giving consideration to reasonable and supportable information about past events, current conditions and forecasts of future economic conditions, weighted by the probability of default, the Company recognizes the ECL as the probability-weighted amount of the present value of the difference between the contractual cash flows receivable and the cash flows expected to be collected.

For accounts receivables and contract assets arising from transactions adopting *Accounting Standard for Business Enterprises No. 14 – Revenue*, the Company recognizes the lifetime ECL regardless of whether a significant financing component exists.

For lease receivables arising from transactions adopting *Accounting Standard for Business Enterprises No. 21 – Leases*, the Company measures the loss provision according to the lifetime ECL.

For other financial instrument, the Company assesses changes in credit risks of the relevant financial asset since initial recognition at each balance sheet date.

The Company determine whether credit risk has increased significantly since initial recognition by confirming the change in default risk over the expected lifetime of a financial instrument through comparing the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. Generally, if the maturity exceeds 30 days, the Company considers that the credit risk of the financial instrument has increased significantly, unless there is conclusive evidence that the credit risk of the financial instrument has not increased significantly since the initial recognition.

The Company may consider that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

If the credit risks of the financial instrument have been significantly increased since initial recognition, the Company will make a loss allowance at an amount of lifetime expected credit loss; if not, the Company will make a loss allowance for the financial instrument at an amount in the future 12-month expected credit losses. Increase in or reversal of credit loss provision is included in profit or loss as loss or gain on impairment, except for financial assets classified as at fair value through other comprehensive income. The Company recognizes credit loss provision for financial assets at FVTOCI in other comprehensive income and recognizes loss or gain on impairment in profit or loss for the period, without reducing the carrying amount of the financial assets presented in the balance sheet.

The Company shall directly reduce the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

NOTES TO FINANCIAL STATEMENTS

3 Significant accounting policies and accounting estimates (Continued)

3.11 Inventories

3.11.1 Classification and cost of inventories

Inventories are classified as: Raw materials.

Inventories are initially measured at cost, cost of inventories includes costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition.

3.11.2 Valuation method of inventories upon delivery

Cost is determined using the weighted average method upon delivery.

3.11.3 Inventory system

The inventory system is a perpetual inventory system.

3.11.4 Amortization method of low-value consumables and packaging

- (1) Low-value consumables are amortized using the one-off write-off method;
- (2) The packaging materials are amortized using the one-off write-off method;

3.11.5 Recognition criteria and provision method for inventory provision

At the balance sheet date, inventories shall be measured at the lower of cost and net realizable value. When the carrying amounts of the inventories is higher than its net realizable value, a provision shall be made. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion, the estimated selling expenses and related taxes.

For finished goods, merchandise inventories, and materials held for sale that are directly intended for sale, their net realizable value is determined based on the estimated selling price in the ordinary course of business, less the estimated selling expenses and related taxes. For materials inventory that requires processing, the net realizable value is determined by the estimated selling price of the finished goods less the estimated costs of completion, the estimated selling expenses, and related taxes. Inventory held to satisfy sales contracts or service contracts is valued based on contract prices, and if the inventory quantities held exceeds the contract amount, the net realizable value of the excess is based on general selling prices.

When the circumstances that previously caused inventories to be written down below cost no longer exist, and the net realizable value of the inventories exceeds their carrying amount, the amount of the write-down is reversed, limited to the amount of the original write-down. The reversed amount is recognized in the profit and loss for the period.

NOTES TO FINANCIAL STATEMENTS

3 Significant accounting policies and accounting estimates (Continued)

3.12 Contract assets

3.12.1 The recognition method and criteria for contract assets

The Company presents contract assets or contract liabilities on the balance sheet according to the relationship between contractual performance obligations and customer payments. The Company's right to receive consideration following the transfer of products to customers (which is dependent on factors other than the passage of time) is presented as contract assets. Contract assets and contract liabilities under the same contract are presented on a net basis after set-off. The unconditional (namely, dependent only on the passage of time) right to receive consideration from customers owned by the Company shall be presented as amounts receivable.

3.12.2 The Company's determination and accounting treatment of expected credit losses from contract assets

For details of the Company's determination and accounting treatment of expected credit losses from contract assets, please refer to Note "3.10 Measuring method and accounting treatment of financial instrument impairment".

3.13 Held for sale and discontinued operation

3.13.1 Held for sale

A non-current asset or disposal group is classified as held for sale if its carrying amount will be recovered primarily through a sale transaction (including non-monetary asset exchanges with commercial substance) rather than through continuing use.

A non-current asset or a disposal group is classified as held for sale when both of the following conditions are satisfied: (1) the non-current asset or the disposal group is available for immediate sale in its present condition (by reference to the practice in similar disposal transactions); and (2) the sale is highly likely to occur, meaning the Company has made a resolution for a sale plan and obtained binding purchase commitment, and the sale is expected to be completed within one year. If regulatory approval is required by relevant authorities or regulators before the sale can proceed, such approval has been obtained.

Non-current assets (except for financial assets, deferred tax assets and assets formed by employee benefits.) or disposal groups that classified as held for sale, if the carrying amount exceeds the fair value less the cost of disposal, the carrying amount is reduced to the fair value less the cost of disposal. The amount of this write-down is recognized as an impairment loss, included in profit or loss for the period, and an impairment provision for assets held for sale is also recognized.

NOTES TO FINANCIAL STATEMENTS

3 Significant accounting policies and accounting estimates (Continued)

3.13 Held for sale and discontinued operation (Continued)

3.13.2 Discontinued Operation

A discontinued operation is a component of the Company that either has been disposed of or is classified as held for sale, and is separately identifiable and satisfies one of the following conditions:

- (1) it represents a separate major line of business or geographical area of operations;
- (2) it is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; and
- (3) it is a subsidiary acquired exclusively with a view to resale.

Profit or loss from continuing operations and profit or loss from discontinued operations are presented separately in the income statement. Impairment losses and reversals, along with other operating gains and losses and disposal gains and losses related to discontinued operations, are reported as profit or loss from discontinued operations. For discontinued operations reported in the current period, the Company restates information previously reported as profit or loss from continuing operations in comparable prior periods as profit or loss from discontinued operations in the current period's financial statements.

3.14 Long-term equity investments

3.14.1 Identification criteria for joint control and significant influence

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. If the Company, together with other joint venturers, exercises joint control over an investee and has rights to the net assets of the investee, the investee is a joint venture of the Company.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. If the Company is able to exercise significant influence over an investee, the investee is an associate of the Company.

NOTES TO FINANCIAL STATEMENTS

3 Significant accounting policies and accounting estimates (Continued)

3.14 Long-term equity investments (Continued)

3.14.2 Determination of initial investment cost

(1) *Investment in associates and joints formed through business combination*

For long-term equity investments in subsidiaries formed through business combinations under common control, the initial investment cost of the long-term equity investment is determined at the acquisition date based on the share of the book value of the owner's equity of the entity being merged as presented in the consolidated financial statements of the ultimate controlling party. The difference between the initial investment cost of long-term equity investment and the carrying amounts of the consideration paid is treated as an adjustment to the share premium in capital reserve; if the share premium in capital reserve is not sufficient to absorb the aforesaid difference, the remaining balance is adjusted against retained earnings. Due to additional investments or similar reasons, when control over a unit under common control is achieved, the difference between the initial investment cost of the long-term equity investment recognized in accordance with the above principles and the sum of the carrying amounts of the long-term equity investment before the acquisition plus the carrying amounts of the new consideration paid for the further acquisition of shares at the acquisition date is treated as an adjustment to the share premium, if the share premium in capital reserve is not sufficient to absorb the aforesaid difference, the remaining balance is adjusted against retained earnings.

For long-term equity investments acquired through a business combination involving enterprises not under common control, the initial investment cost of the long-term equity investment acquired shall be the cost of acquisition at the acquisition date. Due to additional investments or similar reasons, when control over a unit not under common control is achieved, the initial investment cost is recognized as the aggregate of the carrying amount of the previously held equity interest and the consideration paid for the additional investment.

(2) *Long-term equity investment acquired otherwise than through a business combination*

For long-term equity investment acquired by payment in cash, the initial investment cost shall be the purchase price actually paid.

For long-term equity investments acquired by issuing equity securities, the initial investment cost shall be the fair value of the equity securities issued.

NOTES TO FINANCIAL STATEMENTS

3 Significant accounting policies and accounting estimates (Continued)

3.14 Long-term equity investments (Continued)

3.14.3 Subsequent measurement and recognition of related profit and loss

(1) *Long-term equity investments accounted for using the cost method*

The Company's separate financial statements adopted cost method to account for the long-term equity investments of subsidiaries, unless the investment meets the criteria to be classified as held for sale. Except for the declared but not yet distributed cash dividends or profits included in the price actually paid or the consideration when the investment is obtained, the Company shall recognize the cash dividends or profits declared and distributed by the investee as investment income for the current period.

(2) *Long-term equity investments accounted for using the equity method*

The Company accounts for investments in associates and joint ventures using equity method. Where the initial investment cost of a long-term equity investment exceeds the investor's interest in the fair value of the investee's identifiable net assets at the acquisition date, no adjustment shall be made to the initial investment cost. Where the initial investment cost is less than the investor's interest in the fair value of the investee's identifiable net assets at the acquisition date, the difference shall be charged to profit or loss for the current period, and the cost of the long-term equity investment shall be adjusted accordingly.

The Company recognizes its share of the net profit or loss and other comprehensive income of the investee for the period as investment income and other comprehensive income for the period. Meanwhile, carrying amount of long-term equity investment is adjusted; the carrying amount of long-term equity investment is decreased in accordance with its share of the investee's declared profit or cash dividends; other changes in owners' equity of the investee other than net profit or loss, other comprehensive income and profit distribution (hereinafter "other changes in owners' equity") are correspondingly adjusted to the carrying amount of the long-term equity investment, and recognized in the capital reserve.

When the Company recognizes the share of the net profit and loss, other comprehensive income and other changes in owners' equity of the investee, it is recognized after adjusting the net profit and other comprehensive income of the investee based on the fair value of the identifiable assets of the investee and in accordance with the Company's accounting policies and accounting periods when the investment is obtained.

NOTES TO FINANCIAL STATEMENTS

3 Significant accounting policies and accounting estimates (Continued)

3.14 Long-term equity investments (Continued)

3.14.3 Subsequent measurement and recognition of related profit and loss (Continued)

(2) *Long-term equity investments accounted for using the equity method (Continued)*

Unrealized gains or losses on transactions between the Company and its associates and joint ventures are eliminated to the extent of the Company's equity interests in its associates and joint ventures, based on which the investment income or losses are recognized, except for transactions involving the disposal or sale of assets that constitute a business. Any losses resulting from transactions between the Company and its investees, which are attributable to asset impairment losses are recognized in full.

The Company's share of net losses from joint ventures or associates, except to the extent that the Company has incurred obligations to assume additional losses, is limited to the reduction to zero of the carrying amount of its long-term equity investments and other long-term interests that are essentially part of its net investment in the joint ventures or associates. Where net profits are subsequently made by the joint ventures or associates, the Company resumes recognizing its share of those profits after its share of the profits exceeds the share of losses previously not recognized.

(3) *Disposal of long-term equity investments*

On disposal of a long-term investment, the difference between the carrying amount of the investment and the actual consideration paid is recognized in current profit or loss.

For partial disposals of long-term equity investments accounted for using the equity method, where the remaining equity interest continues to be accounted for under the equity method, the other comprehensive income originally recognized under the equity method is reclassified proportionately on the same basis as if the investee had directly disposed of the related assets or liabilities. Other changes in owners' equity are proportionately transferred to current period profit or loss.

Upon the loss of joint control or significant influence over an investee due to the disposal of equity investments or similar reasons, other comprehensive income that was originally recognized under the equity method of accounting for the equity investment is reclassified on the same basis as if the investee had directly disposed of the related assets or liabilities when the equity method of accounting is discontinued. Additionally, other changes in owners' equity are transferred to profit or loss in the current period upon discontinuation of the equity method accounting.

NOTES TO FINANCIAL STATEMENTS

3 Significant accounting policies and accounting estimates (Continued)

3.14 Long-term equity investments (Continued)

3.14.3 Subsequent measurement and recognition of related profit and loss (Continued)

(3) Disposal of long-term equity investments (Continued)

Upon the loss of control over an investee due to the disposal of part of the equity investment or similar reasons, when preparing separate financial statements, if the remaining equity interest enables joint control or significant influence over the investee, the equity method of accounting is applied retrospectively to the remaining equity interest as if it had been accounted for using the equity method from the acquisition date. For other comprehensive income recognized prior to obtaining control over the investee, it is reclassified proportionately on the same basis as if the investee had directly disposed of the related assets or liabilities. Other changes in owners' equity recognized due to the adoption of the equity method are proportionately transferred to profit or loss in the current period. If the remaining equity interest does not enable joint control or significant influence over the investee, it is classified as a financial asset, and the difference between its fair value and carrying amount at the date of loss of control is recognized in profit or loss for the current period. For other comprehensive income and other changes in owners' equity recognized prior to the acquisition of control of the investee, the entire amount is carried forward.

If the disposal of equity investments in subsidiaries through multiple transactions in a step-by-step manner until the loss of control is a package transaction, each transaction is accounted for as a disposal of an equity investment in a subsidiary with loss of control. The difference between the disposal price and the carrying amount of the long-term equity investment corresponding to the equity interest disposed of in each case before the loss of control is recognized as other comprehensive income in the individual financial statements and then transferred to profit or loss for the period in which the loss of control occurs. If the transaction is not a package transaction, each transaction is accounted for separately.

3.15 Fixed Assets

3.15.1 Recognition and initial measurement of fixed assets

Fixed assets refer to tangible assets held for the production of goods, provision of labor services, leasing or operation and management, and with a useful life of more than one fiscal year. Fixed assets are recognized when the following conditions are met at the same time:

- (1) The economic benefits related to the fixed asset are likely to flow into the enterprise;
- (2) The cost of the fixed asset can be reliably measured.

The Company's fixed assets are initially measured at cost. (Consider the impact of estimated dismantling and disposal costs)

NOTES TO FINANCIAL STATEMENTS

3 Significant accounting policies and accounting estimates (Continued)

3.15 Fixed Assets (Continued)

3.15.1 Recognition and initial measurement of fixed assets (Continued)

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset when it is probable that the associated economic benefits will flow to the Company and the related cost can be reliably measured. The carrying amount of the replaced part is derecognized. All the other subsequent expenditures are recognized in profit or loss for the period in which they are incurred.

3.15.2 Depreciation method

Property, plant and equipment are depreciated on a straight-line basis. The depreciation rate is determined based on the category of the fixed asset, its estimated useful life, and the estimated residual value rate. For the fixed assets that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives. If different components of a fixed asset have different useful lives or provide economic benefits in different ways, then different depreciation rates or methods are selected, and depreciation is calculated separately for each component.

Depreciation Methods, Useful Lives, Residual Rates and Annual Depreciation Rates for Fixed Assets:

Category	Depreciation method	Depreciation life (years)	Residual value rate (%)	Annual depreciation rate (%)
Houses and buildings	Straight-line method	10-40	5.00	2.375-9.50
Specialized equipment	Straight-line method	5-10	5.00	9.50-19.00
Transport equipment	Straight-line method	5	5.00	19.00
Machinery and other equipment	Straight-line method	5	5.00	19.00

3.15.3 Disposal of fixed assets

When a fixed asset is disposed of, or it is expected that no economic benefit can be generated through use or disposal, the recognition of the fixed asset is terminated. The disposal income from the sale, transfer, scrapping or destruction of fixed assets after deducting its book value and relevant taxes is included in the current profit and loss.

3.16 Construction in progress

Construction in progress is measured at actual cost as incurred. Actual cost comprises construction costs, installation costs, borrowing costs that are eligible for capitalization and other costs necessary to bring the fixed assets ready for their intended use. Construction in progress is transferred to fixed assets when the assets are ready for their intended use, and depreciation is charged starting from the month after the transfer.

NOTES TO FINANCIAL STATEMENTS

3 Significant accounting policies and accounting estimates (Continued)

3.17 Borrowing costs

3.17.1 Recognition principles of capitalization of borrowing costs

Borrowing costs incurred by the Company that can be directly attributable to the acquisition, construction or production of assets that meet the capitalization criteria shall be capitalized and included in the cost of the relevant assets; other borrowing costs shall be recognized as expenses based on the amount incurred when incurred and included in the current profit and loss.

“Assets meeting capitalization criteria” refer to fixed assets, investment properties, inventories, and similar assets that require a substantially extended period of construction or production (typically one year or longer) to reach their intended usable or saleable state.

3.17.2 Period of capitalization of borrowing costs

The capitalization period refers to the period from the time when the capitalization of borrowing costs begins to the time when the capitalization ceases. The period when the capitalization of borrowing costs is suspended is not included.

Borrowing costs are capitalized when the following conditions are met:

- (1) Asset expenditure has been incurred, and asset expenditure includes expenditure in the form of paying cash, transferring non-cash assets or assuming interest-bearing debts for the purchase, construction or production of assets eligible for capitalization;
- (2) Borrowing costs have been incurred;
- (3) The acquisition, construction or production activities necessary to bring the asset to its intended usable or saleable state have begun.

Capitalization of borrowing costs shall cease when the qualifying asset being constructed or produced reaches its intended usable or saleable condition.

3.17.3 Suspension of capitalization period

If an asset eligible for capitalization is interrupted abnormally during the acquisition, construction or production process, and the interruption lasts for more than 3 consecutive months, the capitalization of borrowing costs shall be suspended; if the interruption is a necessary procedure for the acquired, constructed or produced assets eligible for capitalization to reach the intended usable state or saleable state, the borrowing costs shall continue to be capitalized. Borrowing costs incurred during the interruption period are recognized as current profits and losses, and the borrowing costs continue to be capitalized until the acquisition and construction of assets or the restart of production activities.

NOTES TO FINANCIAL STATEMENTS

3 Significant accounting policies and accounting estimates (Continued)

3.17 Borrowing costs (Continued)

3.17.4 The calculation methods for the capitalization rate and the capitalized amount of borrowing costs.

For the specific borrowings taken out for the purpose of acquiring, constructing, or producing assets that qualify for capitalization, the amount of interest to be capitalized shall be the actual interest expense incurred during the current period less any bank interest earned from depositing the borrowed funds before being used into banks or any investment income on the temporary investment of those funds.

For general borrowings utilized for purpose of acquiring, constructing, or producing assets that qualify for capitalization, the Company shall determine the amount of interest to be capitalized on such borrowings by applying a capitalization rate to the weighted average of the excess amounts of cumulative expenditures on the asset over and above the amounts of specific-purpose borrowings. The capitalization rate shall be the weighted average of the interest rates applicable to the general-purpose borrowings.

During the capitalization period, the exchange differences on the principal and interest of foreign currency specific borrowings are capitalized and included in the cost of the asset that qualifies for capitalization. Exchange differences on the principal and interest of other foreign currency borrowings, except for specific foreign currency borrowings, are recognized in profit or loss for the current period.

3.18 Intangible assets

3.18.1 The valuation methods for intangible assets

- (1) *The Company initially measures intangible assets at cost when they are acquired.*

The cost of outsourcing intangible assets includes the purchase price, relevant taxes and other expenses directly attributable to making the asset achieve its intended purpose.

- (2) *Subsequent measurement of intangible assets*

When the Company acquires intangible assets, it analyzes and judges their useful life.

For intangible assets with a limited useful life, they are amortized over the period that brings economic benefits to the enterprise. If it is impossible to foresee the period for which intangible assets will bring economic benefits to the enterprise, it shall be regarded as intangible assets with uncertain service life. Intangible assets with indefinite useful lives are not amortized.

NOTES TO FINANCIAL STATEMENTS

3 Significant accounting policies and accounting estimates (Continued)

3.18 Intangible assets (Continued)

3.18.2 The estimation of the useful life for intangible assets with limited useful life

Projects	Expected service life	Amortization method	Basis
Land use rights	The use period specified on the real estate certificate	Straight-line method	Term of land use right
Technology royalty	5 years	Straight-line method	Expected software update and upgrade period
Software	5 years	Straight-line method	Expected software update and upgrade period
Customer relationship	1-10 years	Straight-line method	
Trademark	3 years	Straight-line method	
Customer orders	3 years	Straight-line method	
Non-competition agreements	5 years	Straight-line method	

3.18.3 The basis for determining intangible assets with indefinite useful life and the procedures for reviewing their useful lives

As of the balance sheet date, the Company does not have any intangible assets with indefinite useful lives.

3.18.4 The scope of aggregation for research and development expenses.

Expenditures incurred during the Company's research and development process include salaries and wages of personnel engaged in R&D activities, materials consumed, depreciation and amortization expenses, and other related expenses, which are aggregated as follows:

Salaries and Wages: Salaries and wages of personnel engaged in R&D activities primarily refer to the salaries and wages of personnel directly involved in R&D activities, as well as those of managers and direct service personnel closely related to R&D activities.

Other Expenses: Primarily refer to the depreciation and amortization expenses of equipment and software used by personnel directly involved in R&D activities, as well as managers and direct service personnel closely related to R&D activities, along with other related expenses.

3.18.5 The specific criteria for distinguishing between the research phase and the development phase

The Company classifies the expenses for internal research and development as research costs and development costs.

Research phase: The phase of original planned investigation and research activities to acquire and understand new scientific or technical knowledge, etc.

NOTES TO FINANCIAL STATEMENTS

3 Significant accounting policies and accounting estimates (Continued)

3.18 Intangible assets (Continued)

3.18.5 The specific criteria for distinguishing between the research phase and the development phase (Continued)

Development phase: The phase prior to the commencement of commercial production or use, during which research findings or other knowledge are applied to a plan or design to produce new or substantially improved materials, devices, products, or similar items.

3.18.6 The specific conditions for capitalizing expenditures in the development phase

Expenditure arising from the research phase is accounted for in profit or loss for the current period when incurred. Expenses incurred during the development phase that satisfy the following conditions are recognized as intangible assets, while those that do not satisfy the following conditions are accounted for in the profit or loss for the current period:

- (1) It is technically feasible that the intangible asset can be used or sold upon completion;
- (2) There is intention to complete the intangible asset for use or sale;
- (3) The intangible asset can produce economic benefits, including there is evidence that the products produced using the intangible asset has a market or the intangible asset itself has a market; if the intangible asset is for internal use, there is evidence that there is usage for the intangible asset;
- (4) There is sufficient support in terms of technology, financial resources and other resources in order to complete the development of the intangible asset, and there is capability to use or sell the intangible asset;
- (5) The expenses attributable to the development phase of the intangible asset can be measured reliably.

If it is impossible to distinguish between expenditures in the research stage and expenditures in the development stage, all R&D expenditures incurred shall be included in the current profit or loss.

3.19 Impairment of long-term assets

Long-term equity investments, fixed assets, construction in progress, right-of-use assets, intangible assets with finite useful lives, oil and gas assets and other long-term assets, are tested for impairment if there is any indication that the assets may be impaired at the balance sheet date. If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, a provision for impairment and an impairment loss are recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less the cost of disposal and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognized on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

NOTES TO FINANCIAL STATEMENTS

3 Significant accounting policies and accounting estimates (Continued)

3.19 Impairment of long-term assets (Continued)

Goodwill arising from business combinations, intangible assets with indefinite useful lives, and intangible assets not yet available for use, is tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired.

For goodwill acquired in a business combination, intangible assets with an indefinite useful life, intangible assets not yet available for use, irrespective of whether there is any indication that it may be impaired, is tested at least at the end of each year for impairment.

The Company conducts goodwill impairment tests, and the carrying amount of goodwill acquired in a business combination shall, from the acquisition date, be allocated to relevant asset group in a reasonable method; if it is difficult to apportion to the relevant asset group, it is apportioned to the relevant group of asset groups. Relevant asset group, or group of asset groups, that are expected to benefit from the synergies of the combination.

At the time of impairment testing the relevant asset group or group of asset groups containing goodwill, if there are indications of impairment for the asset group or group of asset groups related to goodwill, the asset group or group of asset groups that does not contain goodwill is first tested for impairment, the recoverable amount is calculated and compared with the relevant carrying amount, and the corresponding impairment loss is recognized. The asset group or group of asset groups containing goodwill is then tested for impairment by comparing its carrying amount with its recoverable amount, and if the recoverable amount is less than the carrying amount, the impairment loss is first deducted from the carrying amount of goodwill that is allocated to the asset group or group of asset groups, and then deducted from the carrying amounts of other assets within the asset group or group of asset groups in proportion to the carrying amounts of assets other than goodwill.

Once the above asset impairment loss is recognized, it will not be reversed for the value recovered in any subsequent periods.

3.20 Long-term prepaid expenses

Long-term prepaid expenses include the expenditure that have been incurred but should be recognized as expenses over more than one year in the current and subsequent periods.

The amortization period and method of each expenditure is as follows:

Item	Amortisation method	Amortisation period
Leasehold improvements	Straight-Line Method	5 years
Technology licensing fee	Straight-Line Method	3 years
Laboratory animals	Average amortization method	

NOTES TO FINANCIAL STATEMENTS

3 Significant accounting policies and accounting estimates (Continued)

3.21 Contract liabilities

The Company presents contract assets or contract liabilities on the balance sheet according to the relationship between contractual performance obligations and customer payments. The obligation to pass products to customers in connection with customer consideration received or receivable is presented as contract liabilities. Contract assets and contract liabilities under the same contract are presented on a net basis.

3.22 Employee benefits

3.22.1 Accounting treatment of short-term employee benefits

In the accounting period in which employees have rendered services, the Company shall recognize the short-term employee benefits that actually occurred as liability, and charged to profit or loss for the current period or cost of relevant assets.

During the accounting period which employees rendered service, social security contributions and housing provident fund paid by the Company, as well as labor union funds and employees' education expenses extracted by requirement. Based on the required accrual basis and proportions in order to determine the appropriate amount of employee benefits, such employee benefits shall be recognized.

The Company shall recognize the amount of employee welfare that actually occurred and charged to profit or loss for the current period or cost of relevant assets. Non-monetary welfares are measured at fair value.

3.22.2 Accounting treatment of post-employment benefits

(1) *Defined contribution plans*

Employees of the Company participated in pension insurance and unemployment insurance schemes regulated by the local government. During the accounting period which employees rendered service, based on the required accrual basis and proportions in order to determine the amount, such employee insurance shall be recognized as liabilities and charged to profit or loss for the current period or cost of relevant assets.

Our company participates in the following defined contribution plans:

- 1) In China: A state-administered post-employment benefit plan, under which the Company contributes a fixed percentage of eligible employees' wages to the plan.
- 2) In the U.S.: A defined contribution plan, under which the Company provides a 50-cent matching contribution for each dollar contributed by eligible employees, up to 4% of the employee's salary. The matching contribution is subject to a cap of 2% of the employee's total salary.
- 3) In South Korea: A defined contribution plan established by the Company's subsidiary in Korea with Kookmin Bank, Woori Bank, and Shinhan Bank. Contributions to the defined contribution plan are recognized as post-employment benefits regardless of the plan's performance.

NOTES TO FINANCIAL STATEMENTS

3 Significant accounting policies and accounting estimates (Continued)

3.22 Employee benefits (Continued)

3.22.2 Accounting treatment of post-employment benefits (Continued)

(2) *Defined benefit plans*

The Company assigns the benefit obligations generated by the defined benefit plan to the period during which employees provide services according to a formula determined by the expected cumulative benefit unit method, and includes them in the current profit and loss or the cost of related assets.

The deficit or surplus that the present value of the defined benefit obligation less the fair value of plan assets is recognized as a net defined benefit liability or asset. The Company measures a net defined benefit asset by the lower of the defined benefit surplus and the asset ceiling if there is a defined benefit surplus.

All defined benefit plan obligation including obligation expected to be settled before twelve months after the reporting period, shall be discounted which the discount rate determined by reference to active market yields at the end of the reporting period on government bonds or high-quality corporate bonds. The currency and term of the corporate bonds or government bonds shall be consistent with the currency and estimated term of the post-employment benefit obligations.

Service costs and the net interest of the net liabilities of the defined benefit plan are recognized in the current profit and loss or the cost of related assets. Re-measurement of changes in defined benefit plan net liabilities or assets is recognized in other comprehensive income, and shall not be reclassified to profit or loss in a subsequent period. The entity shall transfer those amounts recognized in other comprehensive income within undistributed profits when the original defined benefit plan terminates.

When the defined benefit plan is settled, the differences between the present value of the defined benefit plan obligation and the settlement price on the settlement date shall be recognized as the settlement gain or loss.

3.22.3 Termination benefits

Where termination benefits are provided to employees, liabilities in employee remuneration are recognized and charged to current profit and loss when: the Company is not in a position to withdraw termination benefits provided under termination plans or redundancy plans, or costs or expenses relating to the restructuring exercise which involves the payment of termination benefits are recognized, whichever earlier.

NOTES TO FINANCIAL STATEMENTS

3 Significant accounting policies and accounting estimates (Continued)

3.23 Provision

The Company recognizes as provision an obligation that is related to contingent matters when all of the following criteria are fulfilled:

- (1) the obligation is a present obligation of the Company;
- (2) the obligation would probably result in an outflow of economic benefits from the Company;
- (3) the obligation could be reliably measured.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation.

Factors surrounding a contingency, such as the risks, uncertainties and the time value of money, are taken into account as a whole in determining the best estimate of a provision. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows.

Where there is a continuous range of possible outcomes, and each point in that range is as likely as any other, the mid-point of the range is used as the best estimate. In other circumstances, the best estimate is separately treated:

- Where a contingency is referred to a single item, the best estimate is determined as the individual most likely outcome.
- Where a contingency being measured involves a large population of items, the best estimate is determined by weighting all possible outcomes by their associated probabilities.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by a third party, the reimbursement shall be recognized when it is virtually certain that reimbursement will be received. The reimbursement shall be treated as a separate asset. The amount recognized for the reimbursement shall not exceed the amount of the provision.

The Company shall review the carrying amounts of provisions on every balance sheet date. The carrying value will be adjusted to the best estimated value if there is certain evidence that the current carrying amount is not the best estimate.

NOTES TO FINANCIAL STATEMENTS

3 Significant accounting policies and accounting estimates (Continued)

3.24 Share-based payment

The Company's share-based payment is a transaction which the Company grants equity instruments or assumes liabilities based on equity instruments in return for services rendered by employees or other parties. The Company's share-based payment can be distinguished into equity-settled share-based payments and cash-settled share-based payments.

3.24.1 Equity-settled share-based payments and equity instruments

Equity-settled share-based payments made in exchange for services rendered by employees are measured at the fair value of equity instruments granted to employees. Instruments which are vested immediately upon the grant date are charged to relevant costs or expenses at the fair value on the date of grant and the capital reserve is credited accordingly. Instruments of which vesting is conditional upon completion of services or fulfillment of performance conditions are measured by recognizing services rendered during the period in relevant costs or expenses and crediting the capital reserve accordingly at the fair value on the date of grant according to the best estimates conducted by the Company at each balance sheet date during the vesting period.

Where the terms of an equity-settled share-based payment are modified, as a minimum, services obtained are recognized as if the terms had not been modified. In addition, an expense is recognized for any modification which increases the total fair value of the instrument granted, or is otherwise beneficial to the employee as measured at the date of modification.

In the vesting period, where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. Where employees or other parties are permitted to choose to fulfill non-vesting conditions but have not fulfilled during the vesting period, equity-settled share-based payments are deemed cancelled. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the new awards are treated as if they were a modification of the original award.

3.24.2 Cash-settled share-based payments and equity instruments

Cash-settled share-based payments are measured at the fair value of the liabilities assumed by the Company, which is based on share or other equity instruments. Instruments which are vested immediately upon the grant date are charged to relevant costs or expenses at the fair value on the date of grant and the liability is credited accordingly. Instruments of which vesting is conditional upon completion of services or fulfillment of performance conditions are measured by recognizing services rendered during the period in relevant costs or expenses and crediting the liability accordingly at the fair value to the best estimates conducted by the Company at each balance sheet date during the vesting period. At each balance sheet date prior to the settlement of the relevant liability and at the settlement date, the fair value of the liability is reassessed and the difference is recognized in profit or loss for the current period.

NOTES TO FINANCIAL STATEMENTS

3 Significant accounting policies and accounting estimates (Continued)

3.24 Share-based payment (Continued)

3.24.2 Cash-settled share-based payments and equity instruments (Continued)

If the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction by the Company, on the modification date (whether the modification occurs in or after the vesting period), the Company measures by reference to the fair value of the equity instruments granted at the modification date, and recognizes the received services as capital reserve. In the meanwhile, the liability for the cash-settled share-based payment transaction as at the modification date is derecognized. Any difference between the carrying amount of the liability derecognized and the amount of equity recognized on the modification date is recognized in current profit or loss. If, as a result of the modification, the vesting period is extended or shortened, the Company's accounting treatment will be in accordance with the modified vesting period.

3.25 Other financial instruments such as preferred shares and perpetual bonds

The Company classifies the financial instruments or their components as financial assets, financial liabilities or equity instruments at initial recognition based on the economic substance rather than only in legal form reflected by contractual terms of the issued preferred shares, perpetual bonds.

Preferred shares and perpetual bonds issued by the Company are wholly or partially classified as a financial liability at initial recognition if one of the following conditions is met:

- (1) There are contractual obligations that the Company cannot unconditionally avert to deliver cash or other financial assets;
- (2) There are contractual obligations that include delivery of a variable number of own equity instruments for settlement;
- (3) There are contractual obligations that include delivery of derivative settled by own equity (such as the right of debt-equity swaps), and the derivative that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments;
- (4) There are contractual terms indirectly form a contractual obligation;
- (5) Perpetual bonds are in the same order of liquidation as ordinary bonds and other debts issued by the issuer when the issuer is in bankruptcy liquidation.

Financial instruments such as perpetual bonds or preferred shares that do not meet any of the above conditions are wholly or partially classified as equity instruments at initial recognition.

NOTES TO FINANCIAL STATEMENTS

3 Significant accounting policies and accounting estimates (Continued)

3.26 Revenue

3.26.1 Accounting policies relevant to the revenue recognition and measurement

The Company satisfies the performance obligation stipulated in the contract upon the transfer of control of the relevant goods or services to the customer, revenue is recognized. Obtaining control of the relevant commodity refers to the ability to direct the use of the goods or services, and obtain substantially all of the remaining benefits from the asset

When a contract contains multiple performance obligations, the Company allocates the transaction price to each performance obligation on a relative stand-alone selling price basis of the goods or services promised as of the commencement date of the contract.

The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and expected refunds to customers. the Company considers the terms of the contract and its customary business practices to determine the transaction price. When determining the transaction price, the Company considers variable consideration, the existence of a significant financing component in the contract, non-cash consideration, and consideration payable to a customer. the Company determines the transaction price including variable consideration only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. When a contract includes a significant financing component, the Company determines the transaction price at an amount that corresponds to what the customer would have paid in cash for the goods or services at the time of transfer of control, and the difference between the transaction price and the consideration is amortized using the effective interest rate over the term of the contract.

A performance obligation is satisfied over time if one of the following criteria is met. Otherwise, it is satisfied at a point in time:

- the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

NOTES TO FINANCIAL STATEMENTS

3 Significant accounting policies and accounting estimates (Continued)

3.26 Revenue (Continued)

3.26.1 Accounting policies relevant to the revenue recognition and measurement (Continued)

For performance obligations satisfied over time, the Company recognizes revenue over time by reference to the progress towards complete satisfaction of the relevant performance obligation, except when it cannot be reasonably determined. The Company considers the nature of the goods or services and applies either the output method or the input method to determine the progress toward satisfaction of the performance obligation. When the progress toward satisfaction of the performance obligation cannot be reasonably determined, but the cost incurred are expected to be compensated, the Company recognizes revenue at the amount of costs incurred, until the progress toward satisfaction of the performance obligation can be reasonably determined.

For performance obligations satisfied at a point in time, the Company recognizes revenue when the customer obtains control of the relevant goods or services. In determining whether the customer has obtained control of the goods or services, the Company considers the following indicators:

- the Company has a present right to payment for the goods or services-the customer is presently obliged to pay for the goods or services.
- the Company has transferred the legal title of the goods to the customer-the customer has a legal title to the goods.
- the Company has physically transferred the goods to customer-the customer has a physical possession of the good.
- the Company has transferred the principal risks and rewards of ownership of the goods to the customer-the customer has the significant risks and rewards of ownership of the goods.
- the customer has accepted the goods or services.

The Company determines its role as principal or agent in transactions based on whether it has control over the goods or services before transferring them to the customer. If the Company has control over the goods or services prior to transfer, it is identified as the principal and recognizes revenue based on the total transaction price received or receivable; otherwise, it is classified as an agent and recognizes revenue based on the amount of commission or fee to which it expects to be entitled.

3 Significant accounting policies and accounting estimates (Continued)

3.26 Revenue (Continued)

3.26.2 Disclose specific methods of revenue recognition and measurement according to business type

The Company operates primarily under two billing models: the Fee-for-Service (FFS) model and the Full-Time Equivalent (FTE) model. Under both models, we typically enter into master service agreements with our customers and collect payments according to prearranged schedules outlined in these agreements. Under the FFS model, we bill our customers in accordance with the payment schedules listed in the relevant contracts or work orders. Under the FTE model, the Company designates employees to projects and charges a fixed rate for each FTE employee for each period of time.

Revenue from clinical trial related services and laboratory services under the FFS model is recognized at a point in time. This occurs when the Company transfers control of the services or deliverables to the customer and has the right to receive payment from the customer for the services performed upon completion, or upon the delivery and acceptance of the deliverables.

Revenue from clinical trial technical services, clinical trial related services, and laboratory services under the FFS model is recognized over time. This is because the performance of services by the Company results in the creation of assets with no alternative use, and we have an enforceable right to receive payment for the services performed to date. Therefore, the revenue is recognized as the services are performed over time.

Revenue from clinical trial technical services, clinical trial related services, and laboratory services under the FTE model is recognized over time. For services recognized under the FTE model, the Company assigns dedicated staff to projects and charges a fixed rate for each FTE employee for each period of time. The customer simultaneously receives and utilizes the benefits resulting from our service performance. Therefore, we recognize revenue over time based on the amount for which we have the right to invoice for services performed to date (that is, the FTE billable amount, calculated based on the number of employees allocated to the project and the hours worked by the employees), typically in the form of monthly billing statements.

3.27 Contract costs

Contract costs include costs to fulfil a contract and costs to obtain a contract.

Costs incurred by our company in fulfilling a contract, which do not fall within the scope of another Standard (for example, Inventories, Property, Plant and Equipment or Intangible Assets), are recognized as a contract fulfillment cost asset only if those costs meet all of the following criteria:

- The costs relate directly to a contract or to an anticipated contract;
- The costs generate or enhance resources of the Company that will be used in satisfying performance obligations in the future; and
- The costs are expected to be recovered.

NOTES TO FINANCIAL STATEMENTS

3 Significant accounting policies and accounting estimates (Continued)

3.27 Contract costs (Continued)

Incremental costs incurred by our company in obtaining a contract that are expected to be recoverable are recognized as costs of obtaining a contract and recognized as an asset.

The asset related to contract costs is amortized on the same basis as the revenue from the sale of the goods or services to which the asset relates. However, for costs of obtaining a contract that have an amortization period not exceeding one year, our company expenses them as incurred in the income statement of the current period.

For assets related to contract costs, if the carrying amount exceeds the difference between the following two amounts, our company recognizes an impairment loss and establishes an allowance for impairment:

- (1) The remaining amount of consideration that the Company expects to receive in exchange for the goods or services to which the asset relates;
- (2) The estimated costs that are expected to be incurred in transferring those related goods or services.

Our company recognize in profit or loss a reversal of some or all of an impairment loss previously recognized when the impairment conditions no longer exist or have improved. The increased carrying amount of the asset shall not exceed the amount that would have been determined (net of amortization) if no impairment loss had been recognized previously.

3.28 Government grants

3.28.1 Types

Government grants are monetary assets of non-monetary assets obtained free of charge by the Company from the government, and they are categorized into grants related to assets and grants related to income.

Grants related to assets refer to government grants received by the Company that are utilized for the construction, or acquisition in some other manner of long-term assets. Grants related to income refer to government grants other than those related to assets.

The Company categorizes government grants as related to assets based on the specific criteria that the government documentation explicitly stipulates that the grant is intended for fixed assets or intangible assets, which are considered as long-term assets.

The Company categorizes government grants as related to income based on the specific criteria that either the government documentation does not specify the object of the grant, or it explicitly states that the grant is intended for assets other than long-term ones.

NOTES TO FINANCIAL STATEMENTS

3 Significant accounting policies and accounting estimates (Continued)

3.28 Government grants (Continued)

3.28.2 Recognition Timing

Government grants are recognized by the Company when it is reasonably assured that the Company will comply with the conditions attached to the grants and that the grants will be received.

3.28.3 Accounting treatment

Government grants related to assets may either offset the book value of the relevant assets or be recognized as deferred income. When recognized as deferred income, it is allocated to the profit or loss over the useful life of the related asset using a systematic and rational method (if associated with the Company's daily operations, it is recorded as other income; if unrelated to the Company's daily operations, it is recorded as non-operating income).

Government grants related to income that are intended to compensate the Company for related costs, expenses, or losses in future periods are recognized as deferred income. This deferred income is recognized in profit or loss during the periods in which the related costs, expenses, or losses are recognized (if related to the Company's daily operations, it is included in other income; if unrelated to the Company's daily operations, it is included in non-operating income) or used to offset the related costs, expenses, or losses.

The accounting treatment for policy-based preferential interest subsidies obtained by our company is differentiated according to the following two scenarios:

- (1) When the finance department allocates the interest subsidy funds to the lending bank, which then provides loans to our company at a preferential policy interest rate, our company records the actual amount received from the loan as the book value of the borrowing. We calculate the related borrowing costs based on the principal of the loan and this preferential policy interest rate.
- (2) When the finance department directly allocates the interest subsidy funds to our company, we offset the corresponding interest subsidies against the related borrowing costs.

3.29 Deferred income tax assets/deferred income tax liabilities

The income tax expenses include current income tax and deferred income tax. The Company recognizes current and deferred income taxes in profit or loss for the current period, except for income taxes arising from business combinations and transactions or events directly attributable to owners' equity (including other comprehensive income).

Deferred tax assets and deferred tax liabilities are calculated and recognized based on the differences between the tax base and its carrying amount (temporary differences).

NOTES TO FINANCIAL STATEMENTS

3 Significant accounting policies and accounting estimates (Continued)

3.29 Deferred income tax assets/deferred income tax liabilities (Continued)

For deductible temporary differences, a deferred tax asset shall be recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. For deductible losses and tax credits that can be carried forward to future years, deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible losses and tax credits can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences, except in special circumstances.

Special circumstances in which deferred tax assets or deferred tax liabilities are not recognized include:

- Initial recognition of goodwill;
- Transactions or events that are neither business combinations nor, when they occur, affect accounting profit and taxable profit (or deductible losses), and for which the initial recognition of assets and liabilities does not result in the creation of equivalent taxable temporary differences and deductible temporary differences.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, except where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates, according to tax laws, that are expected to apply in the year in which the asset is realized or the liability is settled.

At the balance sheet date, the carrying amount of deferred tax assets is reviewed and reduced if it is no longer probable that sufficient taxable profits will be available in the future to allow the benefit of deferred tax assets to be utilized. Such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

When there is a legal right to settle on a net basis and there is an intention to settle on a net basis or to acquire assets and settle liabilities simultaneously, current income tax assets and current income tax liabilities are presented on a net basis after offsetting.

NOTES TO FINANCIAL STATEMENTS

3 Significant accounting policies and accounting estimates (Continued)

3.29 Deferred income tax assets/deferred income tax liabilities (Continued)

Deferred tax assets and deferred tax liabilities are offset and presented as a net amount if all of the following conditions are met:

- The taxable entity has the legal right to set off current tax assets current tax liabilities;
- The deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, provided that the taxable entity concerned intends either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.30 Lease

A contract is a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At the inception of a contract, the Company assesses whether the contract is, or contains, a lease. If one party to the contract conveys a right to control the use of one or more identified assets for a period of time in exchange for consideration, such contract is, or contains, a lease.

For a contract that contains multiple separate leases at the same time, the Company separates the contract and accounts for each individual lease separately. If a contract contains both lease and non-lease components, the lessee and lessor separate the lease and non-lease components.

3.30.1 The Company as lessee

(1) *Right-of-use assets*

Except for short-term leases and leases of low-value assets, the Company recognizes right-of-use assets at the commencement date of the lease. Right-of-use assets are initially measured at cost, which includes the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received (if any);
- any initial direct costs incurred by the Company; and
- an estimate of costs to be incurred by the Company in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

NOTES TO FINANCIAL STATEMENTS

3 Significant accounting policies and accounting estimates (Continued)

3.30 Lease (Continued)

3.30.1 The Company as lessee (Continued)

(1) *Right-of-use assets (Continued)*

The Company subsequently depreciates right-of-use assets using the straight-line method. Right-of-use assets in which the Company is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated over the remaining useful life of the leased assets; otherwise, right-of-use assets are depreciated over the shorter of lease term and the remaining useful life of the leased assets.

the Company determines whether a right-of-use asset is impaired and makes accounting treatments in accordance with relevant notes in "3.19 Impairment of long-term assets", and account for the identified impairment loss.

(2) *Lease liabilities*

At the lease commencement date, the Company recognizes a lease liability for leases other than short-term leases and leases of low-value assets. Lease liabilities are initially measured at the present value of payment that are not paid. Lease payments include:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable (if any);
- variable lease payments that depend on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The Company adopts the inherent interest rate of the lease as the discount rate. Where the inherent interest rate of the lease cannot be ascertained, the incremental loan interest rate of the lessee is adopted as the discount rate.

Interest expenses on lease liabilities over the respective periods of the lease term are computed based on fixed cyclical interest rates and charged to current profit or loss, or relevant asset cost.

NOTES TO FINANCIAL STATEMENTS

3 Significant accounting policies and accounting estimates (Continued)

3.30 Lease (Continued)

3.30.1 The Company as lessee (Continued)

(2) Lease liabilities (Continued)

Variable lease payments not included in lease liabilities are charged to current profit or loss, or relevant asset cost, as and when incurred.

Subsequent to the commencement date of a lease, in case of any of the following circumstances, the Company remeasures lease liabilities and makes a corresponding adjustment to the related right-of-use assets, if the carrying amount of the right-of-use asset is reduced to zero, and there is a further reduction in the measurement of the lease liability, the Company shall recognize the difference amount of the remeasurement in profit or loss:

- When there is a change in the valuation of an option to purchase, an option to renew or an option to terminate a lease, or when the actual exercise of the aforementioned options is inconsistent with the original valuation, the Company remeasures the lease liability based on the present value of the lease payments after the change and the revised discount rate;
- When there is a change in the substantive fixed payments, a change in the amount expected to be payable for the residual value of the guarantee, or a change in the index or rate used to determine the lease payments, the Company re-measures the lease liability at the present value calculated using the changed lease payments and the original discount rate. However, if the change in lease payments results from a change in the floating rate, the present value is calculated using the revised discount rate.

(3) Short-term lease and low-value asset lease

For short-term leases and low-value asset leases, the Company elects not to recognize right-of-use assets and lease liabilities, which are instead charged to relevant asset cost or current profit or loss over the respective periods during the lease term on a straight-line basis. A short-term lease is a lease that at the commencement date, has a lease term of 12 months or less and does not contain any purchase options. A lease of a low-value asset, is a lease that the single underlying asset, when is new, is of low value. Where the Company subleases or expects to sublease a leased asset, the original lease is not a low value asset lease.

NOTES TO FINANCIAL STATEMENTS

3 Significant accounting policies and accounting estimates (Continued)

3.30 Lease (Continued)

3.30.1 The Company as lessee (Continued)

(4) Lease modifications

The Company accounts for a lease modification as a separate lease if both:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope which is adjusted based on circumstances of such contract.

For a lease modification that is not accounted for as a separate lease, the Company reallocates the revised contract consideration, re-determines the lease term and re-measures the lease liabilities at the present value of the revised lease payments discounted using the revised discount rate.

If the scope of the lease is narrowed or the lease term is shortened as a result of the lease modification, the Company reduces the carrying amount of the right-of-use assets accordingly, and record the relevant gains or losses of partial or complete termination of the lease into the current profit and loss. In case of re-measurement of lease liabilities due to other lease modifications, the Company adjusts the carrying amount of the right-of-use assets accordingly.

3.30.2 Sale and leaseback transaction

The Company assesses whether the transfer of assets in sale and leaseback transaction constitutes a sale in accordance with the principles described in "3. 26 Revenue" of the notes.

As a lessee

Where the transfer of assets in a sale and leaseback transaction is a sale, the Company, as the lessee, measures the right to use assets resulting from the sale and leaseback according to the portion of the book value of the original asset related to the right to use the leaseback, and recognizes the relevant gains or losses only in respect of the rights transferred to the lessor.

Subsequent measurement of the right-of-use asset and lease liability, as well as lease modifications after the lease commencement date, are disclosed in detail in Note "3.30.1. the Company as the lessee." In the subsequent measurement of lease liabilities arising from sale and leaseback transactions, the Company determines lease payments or modified lease payments in a manner that does not result in the recognition of gains or losses related to the right-of-use obtained in the leaseback transaction.

Where the transfer of assets in a sale and leaseback transaction is not a sale, the Company, as the lessee, continues to recognize the transferred assets and at the same time recognizes a financial liability equal to the transfer income. The accounting treatment of financial liabilities is detailed in the note "3.10 Financial Instruments".

3 Significant accounting policies and accounting estimates (Continued)

3.31 Hedge Accounting

3.31.1 Type of Hedge Accounting

(1) *Fair Value Hedge*

A fair value hedge is a hedge of the exposure to changes in the fair value of a recognized asset or liability, or unrecognized firm commitment (other than foreign exchange risk).

(2) *Cash Flow Hedge*

A cash flow hedge is a hedge of the exposure to variability in cash flows that could affect profit or equity. This variability arises from recognized assets or liabilities; highly probable forecast transactions or foreign exchange risk inherent in an unrecognized firm commitment.

(3) *Hedge of a Net Investment in a Foreign Operation*

A hedge of a net investment in a foreign operation is a hedge of the foreign exchange risk associated with the net investment in a foreign operation. A net investment in a foreign operation refers to the investor's interest in the net assets of the foreign operation.

3.31.2 Designation of a hedging relationship and assessment of hedge effectiveness

At the inception of a hedging relationship, the Company formally designates the hedging relationship and prepares formal written documentation. This documentation specifies the nature and quantity of the hedging instruments; the nature and quantity of the hedged item (s);

The nature of the hedged risk; the type of hedge (e. g., fair value hedge, cash flow hedge, or net investment hedge) and the Company's assessment of hedge effectiveness. Hedge effectiveness is defined as the extent to which changes in the fair value or cash flows of the hedging instrument offset the changes in the fair value or cash flows of the hedged item that result from the hedged risk.

The Company continuously evaluates hedge effectiveness to determine whether the hedge meets the effectiveness requirements for applying hedge accounting during the designated accounting period of the hedging relationship. If the hedge no longer meets these requirements, hedge accounting is discontinued.

To apply hedge accounting, the following effectiveness requirements must be met:

- (1) There must be an economic relationship between the hedged item and the hedging instrument.
- (2) Credit risk effects must not dominate the value changes resulting from the economic relationship between the hedged item and the hedging instrument.
- (3) An appropriate hedging ratio must be used. This ratio must not create a disproportionate weighting between the hedged item and hedging instrument, which could result in accounting outcomes inconsistent with hedge accounting objectives. If the hedging ratio becomes inappropriate but the risk management objective remains unchanged, the Company must adjust the quantity of the hedged item or hedging instrument to restore an appropriate hedging ratio.

NOTES TO FINANCIAL STATEMENTS

3 Significant accounting policies and accounting estimates (Continued)

3.31 Hedge Accounting (Continued)

3.31.3 Hedge accounting treatment

(1) Fair Value Hedge

The changes in the fair value of the hedging instrument are recognized in profit or loss. The changes in the fair value of the hedged item arising from the hedged risk are also recognized in profit or loss, and the carrying amount of the hedged item is adjusted accordingly.

For fair value hedges of financial instruments measured at amortized cost, adjustments to the carrying amount of the hedged item are amortized to profit or loss over the remaining period from the date of adjustment to maturity using the effective interest method. Such amortization must commence immediately after the adjustment and must not be delayed beyond the point when the hedged item ceases to be adjusted for changes in fair value attributable to the hedged risk.

If the hedged item is derecognized, the unamortized change in fair value is recognized in profit or loss.

If the hedged item is an unrecognized firm commitment, the cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability (measured at fair value), with the related gains or losses recognized in profit or loss. Changes in the fair value of the hedging instrument are also recognized in profit or loss.

(2) Cash Flow Hedge

The effective portion of gains or losses on the hedging instrument is directly recognized in other comprehensive income (OCI), while the ineffective portion is recognized in profit or loss.

If the hedged transaction affects profit or loss (e. g., when hedged interest income or expense is recognized or the forecast transaction occurs), the amount previously recognized in OCI is reclassified to profit or loss. If the hedged item is a non-financial asset or non-financial liability, the cumulative amount previously recognized in OCI is transferred to the initial carrying amount of the non-financial asset or non-financial liability (or reclassified to profit or loss in the same period when the non-financial asset or non-financial liability affects profit or loss).

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss recognized in OCI for the hedging instrument is reclassified to profit or loss. If the hedging instrument expires, is sold, terminates, is exercised (without replacement or extension), or the designation of the hedging relationship is revoked, the cumulative amount previously recognized in OCI is not reclassified until the forecast transaction or firm commitment affects profit or loss.

NOTES TO FINANCIAL STATEMENTS

3 Significant accounting policies and accounting estimates (Continued)

3.31 Hedge Accounting (Continued)

3.31.3 Hedge accounting treatment (Continued)

(3) *Hedge of a net investment in a foreign operation*

The hedge of a net investment in a foreign operation, including hedges of monetary items that form part of the net investment, is accounted for similarly to a cash flow hedge. The effective portion of gains or losses on the hedging instrument is recognized in other comprehensive income (OCI), while the ineffective portion is recognized in profit or loss. When the foreign operation is disposed of, any cumulative gains or losses previously recognized in OCI are reclassified to profit or loss.

3.32 Repurchase of the Company's shares

Restricted shares granted to incentive recipients are subject to different lock-up periods, which commence from the grant date. The interval between the grant date and the first vesting date shall not be less than 12 months. During the lock-up period, the incentive recipients' restricted shares shall not be transferable, used as collateral, or applied to debt settlement.

Upon satisfaction of vesting conditions, the Company will process the release of restrictions for eligible recipients in accordance with applicable regulations. Restricted shares held by recipients who do not meet vesting conditions shall not be released and cannot be deferred to subsequent periods; such shares shall be repurchased and canceled by the Company at the grant price.

Cash dividends received by incentive recipients through restricted shares are held in trust by the Company as dividend payables and paid to recipients upon vesting. If vesting conditions are not met, such dividends shall be reclaimed by the Company. Shares acquired by incentive recipients through capitalization (e. g., capital reserve conversion, stock dividends, or stock splits) during the lock-up period shall be subject to the same restrictions and may not be sold or transferred in secondary markets; such shares shall also be repurchased and canceled by the Company if vesting conditions are not met.

Upon termination of the restricted share incentive plan, the Company shall repurchase all unvested restricted shares and dispose of them in accordance with the provisions of the Company Law.

NOTES TO FINANCIAL STATEMENTS

3 Significant accounting policies and accounting estimates (Continued)

3.33 Segment Report

The Company determines its operating segments based on its internal organizational structure, management requirements, and internal reporting systems. Reportable segments are identified based on these operating segments, and segment information is disclosed accordingly.

An operating segment is a component of the Company that simultaneously satisfies the following conditions: (1) It generates revenue and incurs expenses from its normal activities; (2) The Company's management regularly evaluates its operating results to decide resource allocation and performance evaluation; (3) The Company can obtain financial position, operating results, and cash flow information related to the component.

Two or more operating segments with similar economic characteristics may be aggregated into a single operating segment if they meet certain conditions.

3.34 Methods for determining materiality standard and the basis for selection

Item	Materiality criteria
Significant receivables subject to individual impairment provisioning	The balance of single project accounting for more than 0.5% of the Company's ending total assets
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

3.35 Significant changes in accounting policies and accounting estimates

3.35.1 Significant changes in accounting policies

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

3.35.2 Significant changes in accounting estimates

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

NOTES TO FINANCIAL STATEMENTS

4 Taxation

4.1 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%

Disclosure of the existence of taxable entities with different corporate income tax rates:

Taxpayer Name	Income Tax Rate
Tigermend and its domestic subsidiaries (excluding limited partnerships)	25%
Subsidiaries established in the Cayman Islands and BVI	0%

4.2 Tax concession

- On December 8, 2023, the Company was awarded the "High and New Technology Enterprise Certificate" with the certificate number GR202333006083, jointly issued by the Zhejiang Provincial Department of Science and Technology, the Department of Finance of Zhejiang Province, and the Zhejiang Provincial Tax Service of the State Taxation Administration. The certificate is valid for three years, and the Company's enterprise income tax will be levied at a reduced rate of 15% from 2023 to 2025.
- Subsidiary MacroStat (China) Clinical Research Co., Ltd., obtained the "Technical Advanced Service Enterprise Certificate" with the certificate number 20223101150046 on December 26, 2022. The certificate was jointly issued by the Shanghai Municipal Commission of Science and Technology, the Shanghai Municipal Commission of Commerce, the Shanghai Municipal Finance Bureau, the Shanghai Municipal Tax Service of the State Taxation Administration, and the Shanghai Municipal Development and Reform Commission. It is valid for three years, and the Company's corporate income tax will be levied at a reduced rate of 15% from 2022 to 2024.
- Subsidiary Hangzhou Simo Co., Ltd. obtained the "High and New Technology Enterprise Certificate" with the certificate number GR202333004983, jointly issued by the Department of Science and Technology of Zhejiang Province, the Department of Finance of Zhejiang Province, and the State Taxation Administration of Zhejiang Province on December 8, 2023. The certificate is valid for three years, and the enterprise income tax for the Company is reduced to 15% from 2023 to 2025.

NOTES TO FINANCIAL STATEMENTS

4 Taxation (Continued)

4.2 Tax concession (Continued)

- (4) Subsidiary Jiaxing Tigermed Data Management Co., Ltd. obtained the “High and New Technology Enterprise Certificate” with the certificate number GR202433006379, jointly issued by the Department of Science and Technology of Zhejiang Province, the Department of Finance of Zhejiang Province, and the State Taxation Administration of Zhejiang Province on December 16, 2024. The certificate is valid for three years, and the enterprise income tax for the Company is reduced to 15% from 2024 to 2026.
- (5) Subsidiary Hangzhou Fantastic Bioimaging Co., Ltd. obtained the “High and New Technology Enterprise Certificate” with the certificate number GR202333013045, jointly issued by the Department of Science and Technology of Zhejiang Province, the Department of Finance of Zhejiang Province, and the State Taxation Administration of Zhejiang Province on December 8, 2023. The certificate is valid for three years, and the enterprise income tax for the Company is reduced to 15% from 2023 to 2025.
- (6) Subsidiary Beijing Tigermed-Jyton Co., Ltd. obtained the “High and New Technology Enterprise Certificate” with the certificate number GR202411003403, jointly issued by the Beijing Municipal Commission of Science and Technology, the Beijing Municipal Finance Bureau, and Beijing Municipal tax service, State Taxation Administration on October 29, 2024. The certificate is valid for three years, and the enterprise income tax for the Company is reduced to 15% from 2024 to 2026.
- (7) Subsidiary Frontage Laboratories (Shanghai) Co., Ltd. obtained the “High and New Technology Enterprise Certificate” with the certificate number GR202331001819, issued by the Shanghai Municipal Commission of Science and Technology, the Shanghai Municipal Finance Bureau, and the State Taxation Administration of Shanghai on November 15, 2023. The certificate is valid for three years, and the enterprise income tax for the Company is reduced to 15% from 2023 to 2025.
- (8) Subsidiary Beijing Yaxincheng Medical InfoTech Co., Ltd. obtained the “High and New Technology Enterprise Certificate” with the certificate number GS202311000130, jointly issued by the Beijing Municipal Commission of Science and Technology, the Beijing Municipal Finance Bureau, and the State Taxation Administration of Beijing on October 26, 2023. The certificate is valid for three years, and the enterprise income tax for the Company is reduced to 15% from 2023 to 2025.
- (9) Subsidiary Shanghai Mosim Medical Technology Co., Ltd. obtained the “High and New Technology Enterprise Certificate” with the certificate number GR202331007516, jointly issued by the Shanghai Municipal Commission of Science and Technology, the Shanghai Municipal Finance Bureau, and the State Taxation Administration of Shanghai on December 12, 2023. The certificate is valid for three years, and the enterprise income tax for the Company is reduced to 15% from 2023 to 2025.
- (10) Subsidiary Acme Biopharma Co. (Shanghai) LTD. obtained the “Technology Advanced Service Enterprise Certificate” with the certificate number 20223101150081, jointly issued by the Shanghai Municipal Commission of Science and Technology, the Shanghai Municipal Commission of Commerce, the Shanghai Municipal Finance Bureau, the State Taxation Administration of Shanghai, and the Shanghai Municipal Development and Reform Commission on December 28, 2022. The certificate is valid for three years, and the enterprise income tax for the Company is reduced to 15% from 2022 to 2024.

NOTES TO FINANCIAL STATEMENTS

4 Taxation (Continued)

4.2 Tax concession (Continued)

- (11) Subsidiary Wuhan Conraddio Pharmaceutical Co., Ltd. obtained the "High and New Technology Enterprise Certificate" with the certificate number GR202342001665, jointly issued by the Department of Science and Technology of Hubei Province, the Department of Finance of Hubei Province, and the State Taxation Administration of Hubei Province on October 6, 2023. The certificate is valid for three years, and the enterprise income tax for the Company is reduced to 15% from the fiscal year of 2023 to 2025.
- (12) Subsidiary Frontage Lingang Laboratories (Shanghai) Co., Ltd. obtained the "High and New Technology Enterprise Certificate" with the certificate number GR202331002480, jointly issued by the Shanghai Municipal Commission of Science and Technology, the Shanghai Municipal Finance Bureau, and the State Taxation Administration of Shanghai on November 15, 2023. The certificate is valid for three years, and the enterprise income tax for the Company is reduced to 15% from 2023 to 2025.
- (13) Subsidiary Suzhou Frontage New Drug Development Co., Ltd. obtained the "High and New Technology Enterprise Certificate" with the certificate number GR202332010756, jointly issued by the Department of Science and Technology of Jiangsu Province, the Department of Finance of Jiangsu Province, and the State Taxation Administration of Jiangsu Province on December 13, 2023. The certificate is valid for three years, and the enterprise income tax for the Company is reduced to 15% from 2023 to 2025.
- (14) Subsidiary Luohe Taige Pharmaceutical Technology Co., Ltd. obtained the "Certificate of Technologically Advanced Service Enterprise" with the certificate number 20234111000003, jointly issued by the Science and Technology Department of Science enterprises and the Modern Service Industry, the Provincial Department of Finance, the Provincial Department of Commerce, the Provincial Tax Bureau, and the Provincial Development and Reform Commission of Henan Province, and the State Taxation Administration of Jiangsu Province on November 9, 2023. The certificate is valid for three years, and the enterprise income tax for the Company is reduced to 15% from 2023 to 2025.
- (15) Subsidiary Teddy Clinical Research Laboratory (WuXi) Limited obtained the "High and New Technology Enterprise Certificate" with the certificate number GR202232013718, jointly issued by the Jiangsu Municipal Commission of Science and Technology, the Jiangsu Municipal Finance Bureau, and the State Taxation Administration of Jiangsu on December 12, 2022. The certificate is valid for three years, and the enterprise income tax for the Company is reduced to 15% from 2022 to 2024.
- (16) Subsidiary Teddy Clinical Research Laboratory (Shanghai) Limited obtained the "High and New Technology Enterprise Certificate" with the certificate number GR202431001385, jointly issued by the Shanghai Municipal Commission of Science and Technology, the Shanghai Municipal Finance Bureau, and the State Taxation Administration of Shanghai on December 15, 2024. The certificate is valid for three years, and the enterprise income tax for the Company is reduced to 15% from 2024 to 2026.

NOTES TO FINANCIAL STATEMENTS

4 Taxation (Continued)

4.3 Others

Hong Kong corporate income tax

Taxable Income	Tax Rate
Less than HKD2 million	8.25%
Exceeding part over HKD2 million	16.50%

U.S. Corporate Income Tax

Federal Income Tax

Federal Income Tax: Based on the federal taxable income, the tax rate for C-Corporations is 21%.

State Income Tax

State Income Tax is assessed based on the taxable income of each subsidiary in their respective states and states where sales occur, with tax rates ranging from 1% to 10% depending on the state.

Canadian Corporate Income Tax

Federal income tax rate: 15%

State Income Tax

Tigermend Clinical is located in British Columbia, Canada and is subject to a taxable income tax rate of 12%.

Australian Corporate Income Tax

30% of taxable income.

Malaysia Corporate Income Tax

24% of taxable income.

Singapore Corporate Income Tax

17% of taxable income.

Taiwan Corporate Income Tax

Profit-making enterprises with annual taxable income of less than NT\$120,000 are exempted from profit-making enterprise income tax.

If the annual taxable income of a profit-making enterprise exceeds NT\$120,000, 20% of the entire taxable income will be taxed.

Swiss Corporate Income Tax:

The federal income tax is 11.85%, and state and community taxes are subject to the regulations set by the state and community.

Indian Corporate Income Tax

Aggregate 27.82% of taxable income, including 25% corporate income tax and 2.82% additional and health and education surcharge.

4 Taxation (Continued)

4.3 Others (Continued)

Hong Kong corporate income tax (Continued)

Romania Corporate Income Tax

16% of taxable income.

South Korean Corporate Income Tax

Taxable Income	Tax Rate
Less than 200 million KRW	9%
200 million KRW to 20 billion KRW	19%
20 billion KRW to 300 billion KRW	21%
Exceeding 300 billion KRW	24%

Philippine Corporate Income Tax

Payable at 25% of taxable income.

Colombia Corporate Income Tax

35% of taxable income.

Brazil Corporate Income Tax

34% of taxable income.

Laos Corporate Income Tax

20% of taxable income.

South Africa Corporate Income Tax

27% of taxable income.

United Kingdom Corporate Income Tax

19% of taxable income.

Mexico Corporate Income Tax

30% of taxable income.

Indonesia Corporate Income Tax

22% of taxable income.

Small and medium-sized enterprises (annual turnover not exceeding Rp 50 billion) are subject to 11% of taxable income.

NOTES TO FINANCIAL STATEMENTS

4 Taxation (Continued)

4.3 Others (Continued)

Hong Kong corporate income tax (Continued)

Pakistan Corporate Income Tax

29% of taxable income.

- 1) 7.5% of taxable income for annual turnover up to Rp 100 million.
- 2) 15% of taxable income for annual turnover exceeding Rp. 100 million but not exceeding Rs. 250 million.

Dutch Corporate Income Tax

25.8% of taxable income.

Argentina Corporate Income Tax

25% of taxable income.

Turkey Corporate Income Tax

25% of taxable income.

Hungary Corporate Income Tax

9% of taxable income.

Poland Corporate Income Tax

19% of taxable income.

Spain Corporate Income Tax

25% of taxable income.

Czech Republic Corporate Income Tax

21% of taxable income.

Croatia Corporate Income Tax

18% of taxable income.

Latvian Corporate Income Tax

25% of taxable income.

Italy Corporate Income Tax

24% of taxable income.

Serbia Corporate Income Tax

15% of taxable income.

NOTES TO FINANCIAL STATEMENTS

5 Notes to the items of consolidated financial statements

5.1 Cash at bank and on hand

Item	December 31 2024	December 31 2023
Cash on hand	56,004.54	51,615.16
Cash at bank	1,985,510,100.51	7,293,913,711.04
Other monetary funds	69,778,724.99	126,026,516.05
Total	2,055,344,830.04	7,419,991,842.25
Including: Total amount deposited overseas	572,251,491.67	467,260,755.01
Amounts deposited overseas and limited to remit to China	6,197,023.27	15,838,406.07

5.2 Financial assets held for trading

Item	December 31 2024	December 31 2023
Financial assets at fair value through profit or loss	74,852,975.16	42,138,295.67
Including: Investments in debt instruments	24,852,975.16	31,035,495.67
Investments in equity instruments		1,102,800.00
Wealth management products	50,000,000.00	10,000,000.00
Total	74,852,975.16	42,138,295.67

5.3 Notes receivables

5.3.1 Classification of notes receivables

Item	December 31 2024	December 31 2023
Bank acceptance bills	6,010,700.41	214,560.00

The Company has no pledged notes receivable at the end of the period.

NOTES TO FINANCIAL STATEMENTS

5 Notes to the items of consolidated financial statements (Continued)

5.3 Notes receivables (Continued)

5.3.2 Notes receivable endorsed or discounted but unmatured by the Company at the end of the period

Item	Amount derecognized at period-end	Amount not derecognized at period-end
Bank acceptance bills	66,343,857.73	

5.4 Accounts receivables

5.4.1 Accounts receivables by aging

The Company grants its customers a credit period ranging from 30 to 90 days. The table below presents the aging analysis of accounts receivable:

Aging	December 31 2024	December 31 2023
Within 90 days	1,069,020,665.30	994,677,581.58
90 to 180 days	107,860,212.19	186,435,114.15
180 days to 1 year	149,261,790.29	144,710,519.77
Over 1 year	167,074,966.55	49,772,051.06
Accounts receivables with individually insignificant amount and subject to individual bad debt provisions	18,465,187.00	4,239,145.53
Subtotal	1,511,682,821.33	1,379,834,412.09
Less: Bad debt provisions	151,924,640.13	119,134,071.23
Total	1,359,758,181.20	1,260,700,340.86

5 Notes to the items of consolidated financial statements (Continued)

NOTES TO FINANCIAL STATEMENTS

5 Notes to the items of consolidated financial statements (Continued)

5.4 Accounts receivables (Continued)

5.4.2 Disclosure of accounts receivables by method of bad debt provisions (Continued)

Accounts receivables with bad debt provisions on an individual basis:

Name	December 31 2024				December 31 2023	
	Gross carrying amount	Bad debt provisions	Proportion of provision(%)	Provision basis	Gross carrying amount	Bad debt provisions
Customer 1	14,201,221.75	14,201,221.75	100.00	Expected irrecoverable	1,784,125.52	1,784,125.52
Customer 2	1,092,538.25	1,092,538.25	100.00	Expected irrecoverable	1,092,538.25	1,092,538.25
Customer 3	926,137.00	926,137.00	100.00	Expected irrecoverable	926,137.00	926,137.00
Customer 4	561,539.48	561,539.48	100.00	Expected irrecoverable	283,348.00	283,348.00
Customer 5	551,336.39	551,336.39	100.00	Expected irrecoverable	125,198.00	125,198.00
Others	1,132,414.13	1,132,414.13	100.00	Expected irrecoverable	27,798.76	27,798.76
Total	18,465,187.00	18,465,187.00			4,239,145.53	4,239,145.53

Accounts receivables with bad debt provisions made on a collective credit risk basis:

Category	December 31 2024		
	Accounts receivable	Bad debt provisions	Proportion of provision (%)
Within 90 days	1,069,020,665.30	33,447,804.99	3.13
90 to 180 days	107,860,212.19	15,886,497.35	14.73
180 days to 1 year	149,261,790.29	32,003,078.15	21.44
Over 1 year	167,074,966.55	52,122,072.64	31.20
Total	1,493,217,634.33	133,459,453.13	

NOTES TO FINANCIAL STATEMENTS

5 Notes to the items of consolidated financial statements (Continued)

5.4 Accounts receivables (Continued)

5.4.3 Provision, reversal or recovery of provision for bad debts in the current period

Category	December 31		Movement in the current year			December 31
	2023	Accrual	Recovery or reversal	Write-off or charge-off	Other changes	2024
Accounts receivables with bad debt provisions made on a collective credit risk basis	114,894,925.70	19,328,338.16		6,822,948.08	6,059,137.35	133,459,453.13
Accounts receivables with individually insignificant amount and subject to individual bad debt provisions	4,239,145.53	14,425,073.21		111,468.50	-87,563.24	18,465,187.00
Total	119,134,071.23	33,753,411.37		6,934,416.58	5,971,574.11	151,924,640.13

5.4.4 The actual write-off of accounts receivable

Item	Amount of write-off
Actual write-off of accounts receivable	6,934,416.58

5.4.5 Top five accounts receivables balance and contract assets by debtor

The total carrying amount of the top five largest debtor counterparties' trade receivables and contract assets as of the December 31, 2024 is RMB447,446,100.50, representing 11.03% of the combined carrying amount of all trade receivables and contract assets. The cumulative impairment loss allowance recognized for expected credit losses on these trade receivables and contract assets as of the reporting date is RMB19,395,271.73.

5.5 Advances to suppliers

5.5.1 Advances to suppliers by aging

Aging	December 31 2024		December 31 2023	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	99,382,459.68	97.49	49,910,276.22	88.26
1 to 2 years	936,705.63	0.92	5,517,592.34	9.76
2 to 3 years	1,383,825.06	1.36	127,762.09	0.23
Over 3 years	229,980.90	0.23	990,000.00	1.75
Total	101,932,971.27	100.00	56,545,630.65	100.00

NOTES TO FINANCIAL STATEMENTS

5 Notes to the items of consolidated financial statements (Continued)

5.5 Advances to suppliers (Continued)

5.5.2 Top five advances by suppliers at the end of the period

The carrying amounts of advances to suppliers of the top five largest counterparties as of the December 31, 2024 is RMB35,582,760.51, representing 34.90% of the total advances to suppliers.

5.6 Other receivables

Item	December 31 2024	December 31 2023
Interest receivable		19,636,120.18
Other receivables	89,030,886.84	59,941,622.27
Total	89,030,886.84	79,577,742.45

5.6.1 Interest receivables

Item	December 31 2024	December 31 2023
Interest on deposit		19,636,120.18

5.6.2 Other receivables

(1) Aging of other receivables

Aging	December 31 2024	December 31 2023
Within 1 year	71,276,094.34	47,073,648.84
1 to 2 years	12,952,529.55	8,446,209.16
2 to 3 years	6,626,874.06	4,945,850.02
3 to 4 years	3,771,426.17	1,809,623.12
4 to 5 years	1,351,552.78	1,439,114.05
Over 5 years	2,445,464.57	2,623,881.84
subtotal	98,423,941.47	66,338,327.03
Less: Bad debt provisions	9,393,054.63	6,396,704.76
Total	89,030,886.84	59,941,622.27

5 Notes to the items of consolidated financial statements (Continued)

5.6 Other receivables (Continued)

5.6.2 Other receivables (Continued)

(2) Disclosure of other receivables by method of bad debt provisions

Category	December 31 2024				December 31 2023			
	Gross carrying amount		Bad debt provisions		Gross carrying amount		Bad debt provisions	
	Amount	Proportion (%)	Amount	Proportion of provision (%)	Amount	Proportion (%)	Amount	Proportion of provision (%)
Other receivables with bad debt provisions made on an individual basis	2,962,800.00	3.01	2,962,800.00	100.00				
Including:								
Other receivables with individually insignificant amount and subject to individual bad debt provisions	2,962,800.00	3.01	2,962,800.00	100.00				
Other receivables with bad debt provisions made on a collective credit risk basis	95,461,141.47	96.99	6,430,254.63	6.74	66,338,327.03	100.00	6,396,704.76	9.64
Including:								
Other receivables with bad debt provisions made on a collective credit risk basis	95,461,141.47	96.99	6,430,254.63	6.74	66,338,327.03	100.00	6,396,704.76	9.64
Total	98,423,941.47	100.00	9,393,054.63		66,338,327.03	100.00	6,396,704.76	
			89,030,886.84				59,941,622.27	

NOTES TO FINANCIAL STATEMENTS

5 Notes to the items of consolidated financial statements (Continued)

5.6 Other receivables (Continued)

5.6.2 Other receivables (Continued)

(2) *Disclosure of other receivables by method of bad debt provisions (Continued)*

Other receivables with bad debt provisions on an individual basis:

Item	December 31 2024				December 31 2023	
	Gross carrying amount	Bad debt provisions	Proportion of provision(%)	Provision basis	Gross carrying amount	Bad debt provisions
Customer 1	<u>2,962,800.00</u>	<u>2,962,800.00</u>	100.00	Expected irrecoverable		

Other receivables with bad debt provisions made on a collective credit risk basis:

Category	December 31 2024		
	Other receivables	Bad debt provisions	Proportion of provision(%)
Within 1 year	68,313,294.34	2,221,136.94	3.25
1 to 2 years	12,952,529.55	545,911.47	4.21
2 to 3 years	6,626,874.06	406,320.58	6.13
3 to 4 years	3,771,426.17	686,346.40	18.20
4 to 5 years	1,351,552.78	873,242.22	64.61
Over 5 years	<u>2,445,464.57</u>	<u>1,697,297.02</u>	69.41
Total	<u>95,461,141.47</u>	<u>6,430,254.63</u>	

(3) *Bad debt provisions*

	Stage 1 Expected credit losses over the next 12 months	Stage 2 Expected credit losses of the entire duration (no credit impairment occurred)	Stage 3 Expected credit loss of the entire duration (credit impairment occurred)	Total
Bad debt provisions				
December 31 2023	6,396,704.76			6,396,704.76
Prior year-end balance in the current period				
Provision made during the current period	-1,198,829.55		3,140,400.00	1,941,570.45
Other changes	1,232,379.42		-177,600.00	1,054,779.42
December 31 2024	<u>6,430,254.63</u>		<u>2,962,800.00</u>	<u>9,393,054.63</u>

NOTES TO FINANCIAL STATEMENTS

5 Notes to the items of consolidated financial statements (Continued)

5.6 Other receivables (Continued)

5.6.2 Other receivables (Continued)

(4) Provision, reversal or recovery of provision for bad debts in the current period

Category	December 31		Movement in the current period			December 31
	2023	Accrual	Recovery or reversal	Write-off or charge-off	Other changes	2024
Other receivables with bad debt provisions made on a collective credit risk basis	6,396,704.76	-1,198,829.55			1,232,379.42	6,430,254.63
Other receivables with individually insignificant amount and subject to individual bad debt provisions		3,140,400.00			-177,600.00	2,962,800.00
Total	<u>6,396,704.76</u>	<u>1,941,570.45</u>			<u>1,054,779.42</u>	<u>9,393,054.63</u>

(5) Classification by nature

Nature	December 31 2024	December 31 2023
Receivables arising from collection and payment	41,428,948.27	20,329,322.56
Deposits and guarantees receivable	36,288,319.89	29,702,873.41
Petty cash	1,696,713.07	1,113,415.36
Others	19,009,960.24	15,192,715.70
Total	<u>98,423,941.47</u>	<u>66,338,327.03</u>

NOTES TO FINANCIAL STATEMENTS

5 Notes to the items of consolidated financial statements (Continued)

5.6 Other receivables (Continued)

5.6.2 Other receivables (Continued)

(6) Top five other receivables by the debtor at the end of the period

Company	Nature	Ending balance	Aging	Proportion in total ending other receivables (%)	Ending balance of bad debt provisions
NO.1	Receivables arising from collection and payment	5,000,000.00	within 1 year	5.08	250,000.00
NO.2	Receivables arising from collection and payment	3,777,474.43	within 1 year	3.84	188,873.72
NO.3	Deposits and guarantees receivable	2,844,000.00	within 1 year	2.89	
NO.4	Receivables arising from collection and payment	2,428,276.88	within 1 year	2.47	
NO.5	Receivables arising from collection and payment	2,404,679.41	1 – 2 years	2.44	
Total		16,454,430.72		16.72	438,873.72

5.7 Inventories

5.7.1 Inventories by classification

Item	December 31 2024			December 31 2023		
	Gross carrying amount	Provision for decline in the value of inventories/ Impairment provision of contract fulfilment costs	Net book value	Gross carrying amount	Provision for decline in the value of inventories/ Impairment provision of contract fulfilment costs	Net book value
Raw materials	32,891,809.25	935,723.73	31,956,085.52	26,569,397.58	3,171,730.18	23,397,667.40

NOTES TO FINANCIAL STATEMENTS

5 Notes to the items of consolidated financial statements (Continued)

5.7 Inventories (Continued)

5.7.2 Provision for decline in the value of inventories and impairment of contract fulfilment costs

Item	December 31 2023	Increase in year ended December 31 2024		Decrease in year ended December 31 2024		December 31 2024
		Accrual	Others	Reversal or recovery	Others	
Raw materials	<u>3,171,730.18</u>			<u>2,236,006.45</u>		<u>935,723.73</u>

Inventories with provision made on a collective basis:

Category	December 31 2024			December 31 2023		
	Gross carrying amount	Impairment provision	Proportion of provision(%)	Gross carrying amount	Impairment provision	Proportion of provision(%)
Raw materials	<u>32,891,809.25</u>	<u>935,723.73</u>	<u>2.84</u>	<u>26,569,397.58</u>	<u>3,171,730.18</u>	<u>11.94</u>

5.8 Contract assets

5.8.1 Information on contract assets

Item	December 31 2024			December 31 2023		
	Gross carrying amount	Impairment provision	Net book value	Gross carrying amount	Impairment provision	Net book value
Contract assets with bad debt provisions based on the general model of expected credit losses	<u>2,546,878,203.97</u>	<u>42,188,586.47</u>	<u>2,504,689,617.50</u>	<u>2,409,208,601.01</u>	<u>44,773,358.48</u>	<u>2,364,435,242.53</u>

NOTES TO FINANCIAL STATEMENTS

5 Notes to the items of consolidated financial statements (Continued)

5.8 Contract assets (Continued)

5.8.2 Provision for contract assets impairments

Category	December 31 2024				December 31 2023			
	Gross carrying amount		Impairment provision		Gross carrying amount		Impairment provision	
	Amount	Proportion(%)	Amount	Proportion of provision(%)	Amount	Proportion(%)	Amount	Proportion of provision(%)
Including: Contract assets with impairment provision made on a collective credit risk basis	2,546,878,203.97	100.00	42,188,586.47	1.66	2,409,208,601.01	100.00	44,773,358.48	1.86
Including: Contract assets with bad debt provisions based on the general model of expected credit losses	2,546,878,203.97	100.00	42,188,586.47	1.66	2,409,208,601.01	100.00	44,773,358.48	1.86
Total	2,546,878,203.97	100.00	42,188,586.47		2,409,208,601.01	100.00	44,773,358.48	
				2,504,689,617.50				2,364,435,242.53

NOTES TO FINANCIAL STATEMENTS

5 Notes to the items of consolidated financial statements (Continued)

5.8 Contract assets (Continued)

5.8.3 Provision for contract assets impairment in the period

Item	December 31 2023	Accrual	Reversal	Write-off	Others	December 31 2024
Contract assets with bad debt provisions made on a collective credit risk basis	44,773,358.48	-4,018,549.02			1,433,777.01	42,188,586.47

5.9 Other current assets

Item	December 31 2024	December 31 2023
Value-added tax credits, input tax to be credited, and input tax to be certified	36,148,167.35	29,437,751.87
Prepaid enterprise income tax	20,298,270.92	24,976,950.70
Other prepaid taxes and surcharges	4,988,144.35	1,730,265.51
Short-term debt investment	14,674,395.30	40,994,835.32
Total	76,108,977.92	97,139,803.40

NOTES TO FINANCIAL STATEMENTS

5 Notes to the items of consolidated financial statements (Continued)

5.10 Long-term equity investments

5.10.1 Information on long-term equity investments

Company	December 31 2023	Prior year- end balance of impairment provision	Movement in the year ended December 31, 2024						December 31 2024	Impairment provision as at December 31 2024
			Increase in investment	decrease in investment	Share of net profit/ (loss) under equity method	Share of other comprehensive income	Share in other changes in equity	Profit distribution/ Cash dividends declared		
1. Associates										
Teddy Clinical Research Laboratory (Shanghai) Limited	73,396,529.63				1,948,688.35	-541.02	-198,153.14	-15,670,522.95	-	
EPS Tigermed (Suzhou) Co., Ltd.	1,991,884.75				254,381.50				2,246,266.25	
EPS Tigermed (Nantong) Co., Ltd.	15,158,470.26				-241,367.54				14,917,102.72	
Cliniflash Healthcare Technology (Jiaxing) Co., Ltd.	94,740,409.13				3,219,388.38	-227.01		-5,927,272.73	92,032,297.77	
Hangzhou Taikun Equity Investment Fund Partnership (Limited Partnership)	2,615,842,431.47		500,000,000.00	23,595,439.62	25,583,459.16			1,175,310.00	3,119,005,761.01	
Hangzhou Gexin Enterprise Management Consulting Partnership (Limited Partnership)	32,374,135.71					0.69			32,374,136.40	
Chenghong Pharmaceutical (Weihai) Co., Ltd.	46,653,876.51				1,833,857.56				48,487,734.07	
PT TIGERMED MEDICAL INDONESIA	233,542.44				-55,032.09	-2,272.93			176,237.42	
Beijing Jingwei Legend Pharmaceutical Technology Co., Ltd.	42,271,391.95				973,734.67				43,245,126.62	
Jiangsu Lanwan Management Technology Ltd., Co	48,386,958.54				-1,701,832.13				46,685,126.41	
Taife Pharmaceutical (Weihai) Co., Ltd.	5,977,879.68				-17,787.87				5,960,091.81	
Shanghai Bioquick Pharmaceutical Supply Chain Management Co., Ltd.			20,000,000.00		-526,565.76				19,473,434.24	
Subtotal	2,977,027,510.07		520,000,000.00	23,595,439.62	31,270,924.92	-3,040.96	-198,153.14	-20,022,485.68	3,424,603,314.72	
Total	2,977,027,510.07		520,000,000.00	23,595,439.62	31,270,924.92	-3,040.96	-198,153.14	-20,022,485.68	3,424,603,314.72	

NOTES TO FINANCIAL STATEMENTS

5 Notes to the items of consolidated financial statements (Continued)

5.11 Other equity instrument investments

5.11.1 Information on other equity instruments investments

Item	December 31 2024	December 31 2023	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	Reasons for being designated to be measured at fair value whose changes are recognized in other comprehensive income
Equity investments in companies	8,090,146.65	14,507,959.32		-5,196,150.85	-5,289,730.71			

5.12 Other non-current financial assets

Item	December 31 2024	December 31 2023
Financial assets at fair value through profit or loss	10,105,905,487.26	10,231,701,776.67
Including: Shares of listed companies	64,151,476.08	265,925,276.60
Pharmaceutical funds	4,932,665,711.94	4,906,379,989.74
Investments in equity of unlisted companies	4,996,191,847.81	4,991,647,845.20
Convertible company bonds	108,864,224.15	64,305,745.29
Insurance	4,032,227.28	3,442,919.84
Total	10,105,905,487.26	10,231,701,776.67

5.13 Fixed assets

5.13.1 Fixed assets and disposal of fixed assets

Item	December 31 2024	December 31 2023
Fixed assets	778,498,376.24	638,751,357.57

NOTES TO FINANCIAL STATEMENTS

5 Notes to the items of consolidated financial statements (Continued)

5.13 Fixed assets (Continued)

5.13.2 Information on fixed assets

Item	Houses and buildings	Machinery and other equipment	Specialized equipment	Transport equipment	Total
1. Cost					
(1) December 31 2023	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	162,818,484.01	25,914,418.88	122,369,986.40	2,402,557.51	313,505,446.80
(3) Decrease in the current period	34,160.16	6,317,474.45	5,351,596.93	1,857,620.18	13,560,851.72
(4) December 31 2024	450,894,019.61	246,376,283.06	821,308,101.81	28,362,460.57	1,546,940,865.05
2. Accumulated depreciation					
(1) December 31 2023	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	19,476,980.82	36,441,327.61	110,533,182.40	3,195,743.99	169,647,234.82
(3) Decrease in the current period	34,160.16	4,318,934.38	3,588,303.57	1,508,260.30	9,449,658.41
(4) December 31 2024	93,066,799.19	140,628,390.55	522,986,201.15	11,761,097.92	768,442,488.81
3. Impairment Provision					
(1) December 31 2023					
(4) December 31 2024					
4. Net book value					
(1) December 31 2024	357,827,220.42	105,747,892.51	298,321,900.66	16,601,362.65	778,498,376.24
(2) December 31 2023	214,485,717.23	118,273,341.31	288,248,390.02	17,743,909.01	638,751,357.57

5.13.3 Details of Fixed Assets for Which Certificates Have Not Yet Been Obtained

Item	Net book value	Reasons for not yet obtaining the Certificate
Jiaying Building	139,655,550.67	Certificate not yet obtained

5.14 Construction in progress

Item	December 31 2024			December 31 2023		
	Gross carrying amount	Impairment Provision	Net book value	Gross carrying amount	Impairment Provision	Net book value
Construction in progress	420,535,374.37		420,535,374.37	324,278,367.30		324,278,367.30

5.14.1 Details of construction in progress

Item	December 31 2024			December 31 2023		
	Gross carrying amount	Impairment Provision	Net book value	Gross carrying amount	Impairment Provision	Net book value
Laboratory decoration and Equipment to be installed	241,073,121.56		241,073,121.56	144,051,672.60		144,051,672.60
Jiaying building				94,390,044.73		94,390,044.73
Hangzhou building	179,462,252.81		179,462,252.81	85,836,649.97		85,836,649.97
Total	420,535,374.37		420,535,374.37	324,278,367.30	–	324,278,367.30

NOTES TO FINANCIAL STATEMENTS

5 Notes to the items of consolidated financial statements (Continued)

5.15 Right-of-use assets

Item	Buildings	Specialized equipment	Office equipment	Total
1. Cost				
(1) December 31 2023	678,811,194.24	157,927,799.21	1,202,220.05	837,941,213.50
(2) Increase in the current period	155,219,149.22	1,070,275.25	3,642.92	156,293,067.39
(3) Decrease in the current period	136,472,747.96	11,310,225.72		147,782,973.68
(4) December 31 2024	697,557,595.50	147,687,848.74	1,205,862.97	846,451,307.21
2. Accumulated depreciation				
(1) December 31 2023	263,982,882.02	63,427,703.05	952,547.11	328,363,132.18
(2) Increase in the current period	120,837,118.89	22,377,167.94	125,634.56	143,339,921.39
(3) Decrease in the current period	104,044,324.60	8,437,727.69		112,482,052.29
(4) December 31 2024	280,775,676.31	77,367,143.30	1,078,181.67	359,221,001.28
3. Impairment provision				
(1) December 31 2023				
(4) December 31 2024				
4. Net book value				
(1) December 31 2024	416,781,919.19	70,320,705.44	127,681.30	487,230,305.93
(2) December 31 2023	414,828,312.22	94,500,096.16	249,672.94	509,578,081.32

5.16 Intangible assets

Item	Land use right	Technology Transfer Fee	Software	Customer relationship	Trademark	Customer Orders	Non-Compete Agreements	Total
1. Gross carrying amount								
(1) December 31 2023	64,689,457.23	27,637,757.86	86,874,959.69	388,845,419.86	4,249,620.00	19,327,674.60	20,287,966.80	611,912,856.04
(2) Increase in the current period	147,189.87	103,832.80	52,263,262.16	-3,800,615.11	63,420.00	168,365.00	11,901,693.90	60,847,148.62
(3) Decrease in the current period		6,526.43						6,526.43
(4) December 31 2024	64,836,647.10	27,735,064.23	139,138,221.85	385,044,804.75	4,313,040.00	19,496,039.60	32,189,660.70	672,753,478.23
2. Accumulated amortization								
(1) December 31 2023	3,081,981.74	24,723,023.74	61,196,893.38	134,761,957.20	2,794,270.70	12,250,641.20	1,974,211.15	240,782,979.11
(2) Increase in the current period	1,124,624.29	2,985,846.19	23,744,334.33	52,315,962.28	1,479,380.82	7,081,279.65	6,362,547.55	95,093,975.11
(3) Decrease in the current period								
(4) December 31 2024	4,206,606.03	27,708,869.93	84,941,227.71	187,077,919.48	4,273,651.52	19,331,920.85	8,336,758.70	335,876,954.22
3. Impairment provision								
(1) December 31 2023								
(4) December 31 2024								
4. Net book value								
(1) December 31 2024	60,630,041.07	26,194.30	54,196,994.14	197,966,885.27	39,388.48	164,118.75	23,852,902.00	336,876,524.01
(2) December 31 2023	61,607,475.49	2,914,734.12	25,678,066.31	254,083,462.66	1,455,349.30	7,077,033.40	18,313,755.65	371,129,876.93

NOTES TO FINANCIAL STATEMENTS

5 Notes to the items of consolidated financial statements (Continued)

5.17 Goodwill

Name of investee or matters relevant to recognition of goodwill	December 31 2023	Increase in the current period		Decrease in the current period		December 31 2024
		Business combination	Impairment	Disposal	Foreign currency translation differences	
Gross carrying amount						
Business combination of MacroStat not under common control	11,512,365.34					11,512,365.34
Business combination of Taiwan Tigermed not under common control	872,275.08					872,275.08
Business combination of Tigermed-BDM not under common control	15,090,831.90					15,090,831.90
Business combination of Frontage Holdings not under common control	268,001,862.20					268,001,862.20
Business combination of Canny Consulting not under common control	24,527,230.75					24,527,230.75
Business combination of DreamCIS Inc not under common control	133,700,419.06					133,700,419.06
Business combination of Beiyi not under common control	141,620,000.48					141,620,000.48
Business combination of Jietong Tigermed not under common control	456,865,395.18	73,421,095.47				530,286,490.65
Business combination of Opera not under common control	2,900,093.42					2,900,093.42
Business combination of Beijing Yaxincheng not under common control	101,922,698.37	2,942,643.11				104,865,341.48
Business combination of Frontage Suzhou not under common control	27,645,694.99					27,645,694.99
Business combination of BRI not under common control	7,021,137.80				415,331.97	6,605,805.83
Business combination of Mosim not under common control	185,952,173.10					185,952,173.10
Business combination of Biotranex not under common control	10,894,317.76				-162,583.39	11,056,901.15
Business combination of Acme Bioscience not under common control	119,221,764.63				-1,779,228.34	121,000,992.97
Business combination of HT-Med not under common control	23,110,429.65					23,110,429.65

NOTES TO FINANCIAL STATEMENTS

5 Notes to the items of consolidated financial statements (Continued)

5.17 Goodwill (Continued)

Name of investee or matters relevant to recognition of goodwill	December 31 2023	Increase in the current period		Decrease in the current period		December 31 2024
		Business combination	Impairment	Disposal	Foreign currency translation differences	
Business combination of Frontage Labs not under common control	14,124,852.18				-210,794.88	14,335,647.06
Business combination of Conradbio not under common control	15,544,274.50					15,544,274.50
Business combination of Quintara not under common control	306,588,887.52				-4,575,436.69	311,164,324.21
Business combination of Experimur not under common control	458,484,213.70				-6,842,275.04	465,326,488.74
Business combination of Clinical not under common control	96,743,869.16				-1,443,775.25	98,187,644.41
Business combination of Meditip Co., Ltd. not under common control	116,819,620.77	18,425,226.18			13,245,145.20	121,999,701.75
Business combination of LCS INC. not under common control	2,851,640.68				297,886.29	2,553,754.39
Business combination of Marti Farm not under common control	31,723,068.85				1,346,147.64	30,376,921.21
Business combination of Nucro not under common control	259,750,127.65				15,365,391.45	244,384,736.20
Business combination of Frontage Europe not under common control		44,440,159.89			1,887,515.59	42,552,644.30
Business combination of Teddy Clinical Research Laboratory (Shanghai) Business not under common control		94,820,789.63				94,820,789.63
Business combination of Yibai Health not under common control		246,857,516.96				246,857,516.96
Business combination of Medical Edge not under common control		5,635,987.38			332,879.10	5,303,108.28
Total	2,833,489,244.72	486,543,418.62			17,876,203.65	3,302,156,459.69

NOTES TO FINANCIAL STATEMENTS

5 Notes to the items of consolidated financial statements (Continued)

5.17 Goodwill (Continued)

Name of investee or matters relevant to recognition of goodwill	December 31 2023	Increase in the current period		Decrease in the current period		December 31 2024
		Business combination	Impairment	Disposal	Foreign currency translation differences	
Impairment provision						
Business combination of Taizhou Kanlihua not under common control	9,820,000.00					9,820,000.00
Business combination of DreamCIS Inc not under common control	5,000,000.00					5,000,000.00
Business combination of Beiyi not under common control	29,000,000.00		5,000,000.00			34,000,000.00
Business combination of Mosim not under common control	12,100,000.00					12,100,000.00
Business combination of Conradbio not under common control	7,155,362.34					7,155,362.34
Business combination of Acme Bioscience not under common control	6,225,693.30				-92,910.30	6,318,603.60
Subtotal	69,301,055.64		5,000,000.00		-92,910.30	74,393,965.94
Net book value	2,764,188,189.08	486,543,418.62	-5,000,000.00		17,969,113.95	3,227,762,493.75

NOTES TO FINANCIAL STATEMENTS

5 Notes to the items of consolidated financial statements (Continued)

5.17 Goodwill (Continued)

5.17.1 The composition of the asset group or combination of asset groups to which the goodwill belongs, and the relevant information of the operating segment it belongs to

Name	The composition and basis of the asset group or asset group combination	Operating segments	Whether it is consistent with previous years
Bioanalysis, Laboratory, CMC, and Pharmacokinetics and Drug Metabolism Service(Frontage Holdings Corporation)	It is capable of generating independent cash flows and recognizing them as a distinct asset group.	Bioanalysis, Laboratory, CMC, and Pharmacokinetics and Drug Metabolism Service	Yes
Clinical research service (DreamCIS Inc.)		Clinical research service	Yes
Data management and statistical analysis(MacroStat (China) Clinical Research Co., Ltd.)		Data management and statistical analysis	Yes
Clinical research service (Taiwan International Pharmaceutical Co., Ltd		Clinical research service	Yes
Data management and statistical analysis (Tigermed-BDM Inc.)		Data management and statistical analysis	Yes
Medical technical consultation (Beijing Canny Consulting Inc.)		Medical technical consultation	Yes
Clinical research service (Beijing Medical Development Co., Ltd.)		Clinical research service	Yes
Drug development, medical device technology development and service (Beijing Tigermed-Jyton Co., Ltd.)		Drug development, medical device technology development and service	Yes
Clinical research service (Tigermed S. R. L.)		Clinical research service	Yes

NOTES TO FINANCIAL STATEMENTS

5 Notes to the items of consolidated financial statements (Continued)

5.17 Goodwill (Continued)

5.17.1 The composition of the asset group or combination of asset groups to which the goodwill belongs, and the relevant information of the operating segment it belongs to (Continued)

Name	The composition and basis of the asset group or asset group combination	Operating segments	Whether it is consistent with previous years
medical translation (Beijing Yaxincheng Medical InfoTech Co., Ltd.)		medical translation	Yes
Clinical research service (Shanghai Mosim Medical Technology Co., Ltd.)		Clinical research service	Yes
field service (Beijing Tigermed Talent Consulting Co., Ltd.)		Field service	Yes
Clinical research service (Marti Farm d. o. o.)		Clinical research service	Yes
Central Laboratory (Teddy Clinical Research Laboratory (Shanghai) Limited)		Central Laboratory	Yes
Medical Research and Experimental Development (Hangzhou Yibai Health Management Co., Ltd.)		Medical Research and Experimental Development	Yes
Clinical research service (Medical Edge)		Clinical research service	Yes

5.17.2 The specific method for determining the recoverable amount

The recoverable amount is determined as the fair value less costs of disposal:

Item	Book value	Recoverable amount	Provision	Determination of fair value less costs of disposal	Key Parameters	Determination of Key Parameters
Bioanalysis, Laboratory, CMC, and Pharmacokinetics and Drug Metabolism Services (Frontage Holdings Corporation)	195,797.78	265,827.73			Stock price	Active market
Total	195,797.78	265,827.73				

NOTES TO FINANCIAL STATEMENTS

5 Notes to the items of consolidated financial statements (Continued)

5.17 Goodwill (Continued)

5.17.2 The specific method for determining the recoverable amount (Continued)

The recoverable amount is determined as the present value of the expected future cash flows.:

Item	Book value	Recoverable amount	Provision	The length of the forecast period	Key assumptions in the forecast period (pre-tax discount rate)	Key assumptions in the terminal period (perpetual growth rate)	Basis for determining the key parameters during the terminal period
Data management and statistical analysis(MacroStat (China) Clinical Research Co., Ltd.)	2,971.78	64,100.00		5	13.38%		Taking into account the long-term average growth rates associated with the entity's products, markets, industry, or geographical location.
Clinical research service (Taiwan International Pharmaceutical Co., Ltd	105.07	350.70		5	12.97%		
Data management and statistical analysis (Tigermed-BDM Inc.)	1,584.31	10,725.00		5	14.25%		
Medical technical consultation (Beijing Canny Consulting Inc.)	1,607.57	8,710.80		5	15.62%		
Clinical research service (Beijing Medical Development Co., Ltd.)	11,264.49	10,790.00	474.49	5	16.08%		
Drug development, medical device technology development and service (Hangzhou Tigermed-Jyton Medical Tech. Co., Ltd.)	56,752.40	69,000.00		5	13.26%		
Clinical research service (Tigermed S. R. L.)	291.05	714.85		5	18.52%		
medical translation (Beijing Yaxincheng Medical InfoTech Co., Ltd.)	11,204.73	15,015.00		5	12.85%		
Clinical research service (Shanghai Mosim Medical Technology Co., Ltd.)	17,422.68	19,248.00		5	13.52%		
field service (Beijing Tigermed Talent Consulting Co., Ltd.)	2,491.69	2,703.00		5	15.56%		
Clinical research service (Marti Farm d.o.o.)	3,657.31	4,872.21		5	13.13%		
Central Laboratory (Teddy Clinical Research Laboratory (Shanghai) Limited)	13,701.00	16,675.78		5	12.14%		
Medical Research and Experimental Development (Hangzhou Yibai Health Management Co., Ltd.)	25,374.14	29,318.21		5	13.22%		
Clinical research service (Medical Edge)	691.04	853.51		5	11.12%		
Clinical research service (DreamCIS Inc)	30,653.70	34,241.05		5	14.17%		
Total	179,772.96	287,318.11	474.49				

NOTES TO FINANCIAL STATEMENTS

5 Notes to the items of consolidated financial statements (Continued)

5.17 Goodwill (Continued)

5.17.2 The specific method for determining the recoverable amount (Continued)

- (1) The business of the Company's subsidiary Jyton Detecting has been integrated into the Company's subsidiary Tigermed-Jyton, and the goodwill of RMB73,010,100.38 arising from the acquisition of Jyton Detecting has been allocated to the Cash-Generating Unit (CGU) related to the goodwill formed by the acquisition of Tigermed-Jyton,;
- (2) The business of the Company's subsidiary Zhiyu Wuyuan has been integrated into the Company's subsidiary Beijing Yaxincheng, and the goodwill of RMB2,942,643.11 arising from the acquisition of Zhiyu Wuyuan has been allocated to the Cash-Generating Unit (CGU) related to the goodwill formed by the acquisition of 2,942,643.11;
- (3) The business of the Company's subsidiary Nengsheng Medical has been integrated into the Company's subsidiary Tigermed-Jyton, and the goodwill of RMB410,995.09 arising from the acquisition of Nengsheng Medical has been allocated to the Cash-Generating Unit (CGU) related to the goodwill formed by the acquisition of Tigermed-Jyton;
- (4) As of December 31, 2024, the goodwill of RMB18,425,226.18 arising from the acquisition of the business of LSKSMO by the Company's subsidiary Meditip Co., Ltd has been allocated to the Cash-Generating Unit (CGU) related to the goodwill formed by the acquisition of Meditip Co., Ltd.

5.18 Long-term prepaid expenses

Item	December 31 2023	Increase in the current period	Amortization in the current period	Other decreases	December 31 2024
Leasehold improvements	203,353,924.44	36,262,632.55	34,768,605.63	424,155.62	204,423,795.74
Technology royalty	329,152.29	164,243.24	341,420.78		151,974.75
Laboratory animals	<u>10,068,040.22</u>	<u>236,330.07</u>	<u>4,785,373.74</u>		<u>5,518,996.55</u>
Total	<u>213,751,116.95</u>	<u>36,663,205.86</u>	<u>39,895,400.15</u>	<u>424,155.62</u>	<u>210,094,767.04</u>

NOTES TO FINANCIAL STATEMENTS

5 Notes to the items of consolidated financial statements (Continued)

5.19 Deferred tax assets and deferred tax liabilities

5.19.1 Deferred tax assets before offsetting:

Item	December 31 2024		December 31 2023	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for asset impairments	189,604,937.31	30,760,828.99	157,702,437.54	26,615,569.59
share-based payment	40,313,958.62	9,003,317.42	116,722,493.92	28,926,406.58
Contractual liabilities	32,617,841.82	8,043,559.79	47,763,876.26	11,845,441.31
Others	197,762,399.47	39,346,251.26	228,961,590.48	47,982,103.25
Loss deductible by pre-tax profits in the future years	310,231,315.07	51,136,026.73	176,282,683.28	27,825,347.93
Total	770,530,452.29	138,289,984.19	727,433,081.48	143,194,868.66

5.19.2 Deferred liabilities before offsetting

Item	December 31 2024		December 31 2023	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Fair value increase of asset revaluation from business combination not under common control	316,136,442.81	73,014,230.37	298,774,077.27	71,394,689.73
Fair value change from other non-current financial assets	425,468,160.21	63,820,224.03	448,645,010.55	67,296,751.58
Accelerated depreciation of fixed assets allowed by tax law	267,779,880.30	65,732,301.27	304,958,072.69	75,280,616.09
Others	66,924,702.10	10,833,418.81	56,067,446.05	8,410,116.92
Total	1,076,309,185.42	213,400,174.48	1,108,444,606.56	222,382,174.32

5.19.3 Deferred tax assets or liabilities presented at net amount after the offsetting

Item	December 31 2024		December 31 2023	
	Offset of deferred tax assets and liabilities	Balance of deferred tax assets or liabilities after offset	Offset of deferred tax assets and liabilities	Balance of deferred tax assets or liabilities after offset
Deferred tax asset	11,603,251.58	126,686,732.61	8,403,529.83	134,791,338.83
Deferred tax liabilities	11,603,251.58	201,796,922.90	8,403,529.83	213,978,644.49

NOTES TO FINANCIAL STATEMENTS

5 Notes to the items of consolidated financial statements (Continued)

5.20 Other non-current assets

Item	December 31 2024			December 31 2023		
	Gross carrying amount	Impairment provision	Net book value	Gross carrying amount	Impairment provision	Net book value
Prepayment for investments	80,000,000.00		80,000,000.00	139,248,591.26		139,248,591.26
Prepayment for fixed assets and intangible asset, etc.	10,081,946.15		10,081,946.15	12,971,759.76		12,971,759.76
Certificate of deposit and interest	3,150,169,257.40		3,150,169,257.40			
Others	4,795,835.17		4,795,835.17	4,675,298.90		4,675,298.90
Total	3,245,047,038.72		3,245,047,038.72	156,895,649.92		156,895,649.92

5.21 Assets subject to restrictions in ownership or use right

Item	December 31 2024			December 31 2023		
	Gross carrying amount	Net book value	Restricted type	Gross carrying amount	Net book value	Restricted type
Cash at bank and on hand	6,850,977.20	6,850,977.20	Deposit and special account	20,050,472.40	20,050,472.40	Deposit and special account

- (1) Time deposits with original maturity over three months represent fixed deposits with maturity more than three months from the date of acquisition which carried interest at prevailing market rate of 3.48% (2023: ranging from 2.90% to 3.45%) per annum as at December 31, 2024;
- (2) According to the lease agreement for the property in Secaucus, New Jersey, a cash deposit of US\$300,000 (RMB2,156,520.00) (2023: US\$300,000 (RMB2,137,403.30)) was required as a guarantee over the property until the end of the lease term in 2027;
- (3) As at December 31, 2024, certain bank deposits with balance of RMB649,600 were pledged as collateral for project guarantees;
- (4) As at December 31, 2024, a cash deposit of US\$382,000 (equivalent to RMB2,744,874.08) was required by Pennsylvania department of environmental protection, Bureau of radiation protection in the USA for radiology license in the USA, and the amount is restricted. As at December 31, 2024, the remaining amount in the collateral account was US\$382,000 (equivalent to RMB2,744,874.08 (2023: US\$369,000 (equivalent to RMB2,612,226.47)), which has been included in the restricted bank deposits.

NOTES TO FINANCIAL STATEMENTS

5 Notes to the items of consolidated financial statements (Continued)

5.22 Short-term borrowings

Item	December 31 2024	December 31 2023
Secured and unguaranteed bank loans	288,066,804.22	86,882,300.00
Unsecured and guaranteed bank loans	3,950,400.00	4,411,200.00
Unsecured and unguaranteed bank loans	1,620,000,000.00	1,878,400,000.00
Total	1,912,017,204.22	1,969,693,500.00

5.23 Accounts payables

5.23.1 Breakdown of accounts payables

Item	December 31 2024	December 31 2023
Costs and expenses	234,871,298.65	212,659,236.10
Long-term assets	22,416,113.68	36,648,688.44
Total	257,287,412.33	249,307,924.54

5.23.2 Aging analysis of accounts payables

Item	December 31 2024	December 31 2023
Within 90 days	202,233,662.03	228,963,930.70
91 days to 1 year	48,897,656.16	9,354,997.17
Over 1 year	6,156,094.14	10,988,996.67
Total	257,287,412.33	249,307,924.54

5.24 Contract liabilities

Item	December 31 2024	December 31 2023
The obligation to pass products to customers in connection with customer consideration received or receivable	790,737,308.84	680,489,184.98
Total	790,737,308.84	680,489,184.98

The changes in contract liabilities are mainly related to the performance of services by the Company. During the year ended December 31, 2024, the Company recognized revenue of RMB461,108,429.12 (2023: RMB632,818,000) that was initially recorded as contract liabilities at the beginning of the year.

NOTES TO FINANCIAL STATEMENTS

5 Notes to the items of consolidated financial statements (Continued)

5.25 Employee benefits payable

5.25.1 Breakdown of employee benefits payable

Item	December 31 2023	Increase in the current period	Decrease in the current period	December 31 2024
Short-term employee benefits	298,496,801.94	2,828,562,162.28	2,891,330,099.52	235,728,864.70
Post-employment benefits – defined contribution plans	6,362,302.74	172,486,319.85	170,744,646.01	8,103,976.58
Termination benefits		11,239,360.24	11,098,011.09	141,349.15
Other benefits due within one year	53,120,250.00		53,120,250.00	
Total	<u>357,979,354.68</u>	<u>3,012,287,842.37</u>	<u>3,126,293,006.62</u>	<u>243,974,190.43</u>

5.25.2 Breakdown of short-term benefits

Item	December 31 2023	Increase in the current period	Decrease in the current period	December 31 2024
(1) Salaries, bonuses, allowances and subsidies	291,282,910.75	2,572,432,057.00	2,638,941,253.17	224,773,714.58
(2) Welfare expenses for the employees		37,591,630.82	37,591,630.82	
(3) Social security contributions	2,863,587.65	99,819,588.43	97,286,932.84	5,396,243.24
Including: Medical insurance	2,655,495.61	95,068,795.29	92,533,257.19	5,191,033.71
Work injury insurance	99,103.08	2,994,776.51	2,933,224.08	160,655.51
Maternity insurance	108,988.96	1,756,016.63	1,820,451.57	44,554.02
(4) Housing funds	1,242,026.82	112,597,225.61	109,515,419.02	4,323,833.41
(5) Labor union funds and employee education funds	3,108,276.72	6,121,660.42	7,994,863.67	1,235,073.47
Total	<u>298,496,801.94</u>	<u>2,828,562,162.28</u>	<u>2,891,330,099.52</u>	<u>235,728,864.70</u>

5.25.3 Breakdown of defined contribution plan

Item	December 31 2023	Increase in the current period	Decrease in the current period	December 31 2024
Basic pensions insurance	5,291,269.12	165,913,790.79	163,494,075.44	7,710,984.47
Unemployment insurance	1,071,033.62	6,572,529.06	7,250,570.57	392,992.11
Total	<u>6,362,302.74</u>	<u>172,486,319.85</u>	<u>170,744,646.01</u>	<u>8,103,976.58</u>

NOTES TO FINANCIAL STATEMENTS

5 Notes to the items of consolidated financial statements (Continued)

5.26 Taxes payable

Tax Item	December 31 2024	December 31 2023
Value-Added Tax	83,080,678.02	74,169,529.17
Enterprise income tax	53,405,271.08	123,876,650.19
Individual income tax	19,744,334.30	17,965,585.99
City maintenance and construction tax	846,214.71	1,089,370.03
Property tax	724,376.08	1,957,850.10
Education surcharge	652,460.55	819,164.44
Land use tax	239,000.00	488,110.00
Stamp tax	479,796.27	392,877.05
Total	159,172,131.01	220,759,136.97

5.27 Other payables

Item	December 31 2024	December 31 2023
Interests payable	5,310,915.46	6,392,172.03
dividends payable	2,609,775.37	3,470,035.91
Other payables	68,919,587.90	68,811,218.73
Total	76,840,278.73	78,673,426.67

5.27.1 Interests payable

Item	December 31 2024	December 31 2023
Interests payable of long-term borrowings with interest paid periodically and principal prepaid at maturity	3,421,822.17	3,131,351.02
Interests payable of corporate bonds	1,889,093.29	3,260,821.01
Interests payable of short-term borrowings		
Total	5,310,915.46	6,392,172.03

NOTES TO FINANCIAL STATEMENTS

5 Notes to the items of consolidated financial statements (Continued)

5.27 Other payables (Continued)

5.27.2 Dividends payable

Item	December 31 2024	December 31 2023
Dividends of Ordinary share	2,609,775.37	3,470,035.91

5.27.3 Other payables

Disclosure of other payables by nature

Item	December 31 2024	December 31 2023
Payables arising collection and receive from companies	29,350,488.82	21,393,311.54
Payables arising collection and receive from individuals	4,302,339.57	3,372,734.88
Guarantee	14,610,717.17	14,698,592.28
Others	16,732,035.23	12,135,531.40
Received equity subscription	3,924,007.11	17,211,048.63
Total	68,919,587.90	68,811,218.73

5.28 Non-current liabilities due within one year

Item	December 31 2024	December 31 2023
Lease liabilities due within one year	118,349,661.75	122,880,897.95
Other long- term liabilities due within one year	70,519.78	44,028,198.05
Long-term borrowings due within one year	80,180,595.65	396,686,208.44
Total	198,600,777.18	563,595,304.44

- (1) RMB118,349,661.75 of Lease liabilities due within one year are lease fees maturing within one year, which are reclassified from lease liabilities to non-current liabilities due within one year;
- (2) Other long-term liabilities due within one year is RMB70,519.78, which is payable for the Company's acquisition of LSKSMO.

NOTES TO FINANCIAL STATEMENTS

5 Notes to the items of consolidated financial statements (Continued)

5.29 Other current liabilities

Item	December 31 2024	December 31 2023
Liquidated Damages for Early Termination of Lease	3,050,849.73	
Deferred Output VAT	20,172,312.65	18,238,459.30
Total	23,223,162.38	18,238,459.30

5.30 Long-term borrowings

Item	December 31 2024	December 31 2023
Secured and unguaranteed bank loans	399,653,427.50	484,909,513.07
Unsecured and guaranteed bank loans	2,728,849.20	
Unsecured and unguaranteed bank loans	1,447,954.20	346,000,000.00
Total	403,830,230.90	830,909,513.07
Less: Long-term borrowings due within one year'	80,180,595.65	396,686,208.44
Including: Secured and unguaranteed bank loans	80,180,595.65	50,686,208.44
Unsecured and Unguaranteed Bank Loan		346,000,000.00
Long-term borrowings due beyond one year	323,649,635.25	434,223,304.63
Including: Secured and unguaranteed bank loans	319,472,831.85	434,223,304.63
Unsecured and guaranteed bank loans	2,728,849.20	
Unsecured and unguaranteed bank loans	1,447,954.20	
Total	323,649,635.25	434,223,304.63

5.31 Lease liabilities

Item	December 31 2024	December 31 2023
Lease payments	517,666,377.91	545,989,601.46
Less: Lease liabilities due within one year	118,349,661.75	122,880,897.95
Total	399,316,716.16	423,108,703.51

NOTES TO FINANCIAL STATEMENTS

5 Notes to the items of consolidated financial statements (Continued)

5.32 Long-term employee benefits payable

5.32.1 Breakdown of long-term employee benefits payable

Item	December 31 2024	December 31 2023
Bonus	2,179,960.59	1,819,986.49
Termination benefits	604,604.83	718,839.22
Total	2,784,565.42	2,538,825.71

5.33 Deferred income

Item	December 31 2023	Increase in the current period	Decrease in the current period	December 31 2024	Recognition reason
Government grants	<u>14,594,433.99</u>	<u>3,133,772.77</u>	<u>591,911.04</u>	17,136,295.72	Related to assets

5.34 Share capital

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

The Company repurchased 7,469,650 shares for the implementation of the employee stock ownership plan or equity incentive plan, but these shares were not used and were subsequently cancelled. As a result, the Company's registered capital was reduced by RMB7,469,650.00, additional paid-in capital (capital premium) was reduced by RMB861,867,154.33, and treasury stock was reduced by RMB869,336,804.33.

5.35 Capital reserve

Item	December 31 2023	Increase in the current period	Decrease in the current period	December 31 2024
Capital premium (Share premium)	11,609,428,531.55	61,595,436.01	1,005,556,855.80	10,665,467,111.76
Other capital reserve	<u>99,406,365.08</u>	<u>42,213,138.55</u>	<u>34,508,177.28</u>	107,111,326.35
Total	<u>11,708,834,896.63</u>	<u>103,808,574.56</u>	<u>1,040,065,033.08</u>	10,772,578,438.11

NOTES TO FINANCIAL STATEMENTS

5 Notes to the items of consolidated financial statements (Continued)

5.35 Capital reserve (Continued)

Explanation of capital premium changes:

- (1) The Company repurchased 7,469,650 shares for the implementation of the employee stock ownership plan or equity incentive plan, but these shares were not used and were subsequently cancelled. As a result, the Company's registered capital was reduced by RMB7,469,650.00, additional paid-in capital (capital premium) was reduced by RMB861,867,154.33, and treasury stock was reduced by RMB869,336,804.33;
- (2) The Company cancelled an equity-settled share-based payment plan, transferring amounts from other capital reserves to capital premium, resulting in an increase in additional paid-in capital of RMB34,508,177.28;
- (3) The acquisition of minority interests in subsidiaries Frontage Holdings, employee exercises, and share repurchases resulted in a reduction of additional paid-in capital by RMB76,355,728.65;
- (4) Employee exercises at subsidiary DreamCIS Inc. and the dilution of equity in its subsidiary Meditip Co., Ltd resulted in an increase in additional paid-in capital of RMB27,087,258.73;
- (5) The Company's acquisition of equity in subsidiaries Shanghai Guanhe, Jietong Testing, and Marti Farm d.o.o. resulted in a reduction of additional paid-in capital by RMB42,950,838.17;
- (6) The dilution of equity in subsidiaries Jiaying Taishi, Taiyu Phase IV, Taiyu Phase II, and changes in equity of Tigermind India resulted in a reduction of additional paid-in capital by RMB24,383,134.65.

Explanation of other capital reserve changes:

- (1) The Company cancelled an equity-settled share-based payment plan, reducing other capital reserves by RMB34,508,177.28, which was transferred to capital premium;
- (2) The Company's equity-settled share-based payments increased additional paid-in capital by RMB42,213,138.55.

5.36 Treasury shares

Item	December 31 2023	Increase in the current period	Decrease in the current period	December 31 2024
Repurchased share	869,336,804.33	191,146,104.89	869,336,804.33	191,146,104.89
Total	869,336,804.33	191,146,104.89	869,336,804.33	191,146,104.89

NOTES TO FINANCIAL STATEMENTS

5 Notes to the items of consolidated financial statements (Continued)

5.36 Treasury shares (Continued)

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

- (1) During the current year, the Company has cumulatively repurchased 3,655,200.00 shares through centralized competitive bidding, with a total payment amount of RMB191,146,104.89;
- (2) The Company repurchased 7,469,650 shares for the implementation of the employee stock ownership plan or equity incentive plan, but these shares were not used and were subsequently cancelled. As a result, the Company's registered capital was reduced by RMB7,469,650.00, additional paid-in capital (capital premium) was reduced by RMB861,867,154.33, and treasury stock was reduced by RMB869,336,804.33.

5.37 Other comprehensive income

Item	December 31 2023	Amount before income tax in the period	Less: amount included in other comprehensive income in prior period and converted to current profit or loss	Current period amount			Less: amount included in other comprehensive income in prior period and converted to retained earnings in the current period	December 31 2024
				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 be not reclassified in profit or loss	8,663,792.51	-5,012,214.08		-1,047,552.75	-2,636,848.67	-1,327,812.66		6,026,943.84
Including: Change in remeasurement of defined benefit plans	-163,681.05	183,936.77		38,442.78	96,766.31	48,727.68		-66,914.74
Changes in fair value of investments in other equity instruments	8,827,473.56	-5,196,150.85		-1,085,995.53	-2,733,614.98	-1,376,540.34		6,093,858.58
2. Other comprehensive income that will be reclassified into profit or loss	94,870,477.74	-26,402,801.29			-1,801,722.34	-24,601,078.95		93,068,755.40
Translation difference of foreign currency financial statements	94,870,477.74	-26,402,801.29			-1,801,722.34	-24,601,078.95		93,068,755.40
Total of other comprehensive income	103,534,270.25	-31,415,015.37		-1,047,552.75	-4,438,571.01	-25,928,891.61		99,095,699.24

NOTES TO FINANCIAL STATEMENTS

5 Notes to the items of consolidated financial statements (Continued)

5.38 Surplus reserve

Item	December 31 2023	Increase in the current period	Decrease in the current period	December 31 2024
Statutory surplus reserve		436,529,393.76		436,529,393.76

5.39 Undistributed profits

Item	December 31 2024	December 31 2023
Undistributed profits at the beginning of period	8,774,794,749.44	7,270,334,547.08
Add: Net profits attributable to the Company's shareholders in the period	405,143,491.82	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	8,688,647,453.50	8,774,794,749.44

5.40 Operating revenue and operating costs

Item	Year ended December 31 2024		Year ended December 31 2023	
	Revenue	Cost	Revenue	Cost
Principal business	6,474,085,099.06	4,320,302,084.19	7,289,111,261.02	4,505,851,451.29
Other business	129,035,063.72	40,804,861.46	94,928,199.86	29,659,181.63
Total	6,603,120,162.78	4,361,106,945.65	7,384,039,460.88	4,535,510,632.92

5.41 Taxes and surcharges

Item	Year ended December 31 2024	Year ended December 31 2023
City maintenance and construction tax	10,779,197.06	12,568,964.43
Education surcharge	8,276,335.16	9,279,526.13
Property tax	2,136,393.00	1,767,047.01
Stamp tax	3,918,531.09	3,505,390.39
Others	2,927,763.48	745,762.18
Total	28,038,219.79	27,866,690.14

NOTES TO FINANCIAL STATEMENTS

5 Notes to the items of consolidated financial statements (Continued)

5.42 Selling expenses

Item	Year ended December 31 2024	Year ended December 31 2023
Employee benefits	158,857,835.34	140,523,246.61
Advertising expenses	14,103,087.26	19,972,867.27
Travelling expenses	7,197,921.02	4,928,089.45
Business entertainment expenses	11,519,345.76	7,983,325.74
Other expenses	15,929,593.07	13,907,293.88
Total	207,607,782.45	187,314,822.95

5.43 General and administrative expenses

Item	Year ended December 31 2024	Year ended December 31 2023
Employee benefits	292,976,002.56	271,395,618.55
Office facilities and site expenses	41,292,606.48	31,078,453.19
Depreciation charges	44,588,346.62	40,564,742.69
Travel expenses	13,937,094.06	11,458,655.38
Consulting expenses	84,774,200.60	83,215,733.84
System usage expenses	11,143,099.33	14,515,551.88
Office expenses	17,914,024.00	17,699,089.06
Business entertainment expenses	15,458,186.98	16,157,536.88
Insurance expenses	13,295,488.04	11,351,593.46
Communication expenses	3,905,995.32	4,137,521.96
Amortization of intangible assets	98,774,767.38	78,309,975.33
Service expenses	14,900,533.12	11,269,215.97
Other expenses	33,152,854.98	34,473,820.45
Audit fee	5,290,000.00	4,340,000.00
Share-based payment	45,439,278.46	20,233,892.43
Total	736,842,477.93	650,201,401.07

NOTES TO FINANCIAL STATEMENTS

5 Notes to the items of consolidated financial statements (Continued)

5.44 Research and development expenses

Item	Year ended December 31 2024	Year ended December 31 2023
Employee benefits	212,117,719.43	237,178,754.86
Depreciation and amortization	8,872,443.82	7,212,898.51
Service expenses	9,847,898.07	9,629,771.99
Cost of materials	3,904,589.85	4,144,949.18
Other expenses	3,642,894.58	3,388,755.77
Total	238,385,545.75	261,555,130.31

5.45 Financial expenses

Item	Year ended December 31 2024	Year ended December 31 2023
Interest expenses	141,235,382.04	119,897,366.25
Including: Interest expenses on lease liabilities	25,963,568.02	27,920,203.50
Less: Interest income	90,219,275.91	229,848,679.61
Exchange gains or losses	-18,021,491.44	-2,609,303.53
Others	5,072,418.63	4,236,653.04
Total	38,067,033.32	-108,323,963.85

5.46 Other income

Item	Year ended December 31 2024	Year ended December 31 2023
Government grants	29,388,355.26	25,085,535.84
Additional Deduction of Input VAT	1,506,133.30	6,163,190.70
Return of individual income tax fee	2,084,911.53	2,185,708.19
National service trade fund	2,248,018.00	367,231.00
Stabilization subsidy	1,622,848.18	564,511.62
Total	36,850,266.27	34,366,177.35

NOTES TO FINANCIAL STATEMENTS

5 Notes to the items of consolidated financial statements (Continued)

5.47 Investment income

Item	Year ended December 31 2024	Year ended December 31 2023
Investment incomes from long-term equity investments recognized under equity method	31,270,924.92	105,183,014.33
Investment incomes from disposal of financial assets held for trading	447,803.45	184,471.17
Interest incomes from debt investment during the holding period	682,906.49	341,927.28
Certificates of Deposit and Interest	78,135,293.75	633,091.09
Investment incomes from other equity instruments		2,430,349.47
Investment incomes in the current period of holding other non-current financial assets	18,085,571.25	33,063,100.51
Investment incomes from disposal of other non-current financial assets	-17,806,714.50	196,339,353.27
The incomes arising from the investment cost of the Company in obtaining subsidiaries, associates or joint ventures being less than the fair value of the investee's identifiable net assets at the acquisition date	55,826,445.29	
Total	166,642,230.65	338,175,307.12

5.48 Gains from changes in fair values

Source of gains from changes in fair value	Year ended December 31 2024	Year ended December 31 2023
Financial assets held for trading	172,744.43	401,104.23
Including: Financial assets held for trading at fair value through profit or loss	172,744.43	401,104.23
Other non-current period financial assets	-501,860,910.75	352,369,530.05
Including: Other non-current financial assets at fair value through profit or loss	-501,860,910.75	352,369,530.05
Total	-501,688,166.32	352,770,634.28

NOTES TO FINANCIAL STATEMENTS

5 Notes to the items of consolidated financial statements (Continued)

5.49 Credit impairment losses

Item	Year ended December 31 2024	Year ended December 31 2023
Bad debt provision on accounts receivables	33,753,411.37	39,288,110.32
Bad debt provision on other receivables	1,941,570.45	-915,133.44
Impairment of prepayments	-419,670.54	
Total	35,275,311.28	38,372,976.88

5.50 Asset impairment losses

Item	Year ended December 31 2024	Year ended December 31 2023
Losses for decline in the value of inventories and losses for impairment provision of contract fulfilment costs	-2,236,006.45	3,171,730.18
Contract assets impairment losses	-4,018,549.02	-2,603,901.60
Goodwill impairment losses	5,000,000.00	29,157,410.54
Total	-1,254,555.47	29,725,239.12

5.51 Gains on disposals of assets

Item	Year ended December 31 2024	Year ended December 31 2023	Amount included in non-recurring profit or loss in the period
Gains from disposal of non-current assets	3,563,278.83	-188,092.67	3,563,278.83
Total	3,563,278.83	-188,092.67	3,563,278.83

5.52 Non-operating income

Item	Year ended December 31 2024	Year ended December 31 2023	Amount included in non-recurring profit or loss in the period
Government grants	3,518,588.75	10,285,889.10	3,518,588.75
Others	1,571,533.32	3,168,081.67	1,571,533.32
Total	5,090,122.07	13,453,970.77	5,090,122.07

NOTES TO FINANCIAL STATEMENTS

5 Notes to the items of consolidated financial statements (Continued)

5.53 Non-operating expenses

Item	Year ended December 31 2024	Year ended December 31 2023	Amount included in non-recurring profit or loss in the period
Fair value adjustment of contingent consideration	1,130,211.52	3,603,656.64	1,130,211.52
Donations	2,237,043.86	7,220,471.32	2,237,043.86
Others	1,680,369.90	1,037,342.07	1,680,369.90
Total	5,047,625.28	11,861,470.03	5,047,625.28

5.54 Income tax expenses

5.54.1 Statement of income tax

Item	Year ended December 31 2024	Year ended December 31 2023
Current income tax	240,680,053.59	394,046,903.59
Deferred income tax	-24,049,832.26	-55,440,689.00
Total	216,630,221.33	338,606,214.59

5.54.2 Reconciliation of Accounting Profit to Income Tax Expense

Item	Year ended December 31 2024
Total profit	664,461,508.30
Income tax expenses calculated at the statutory/applicable tax rate	166,115,377.08
Effect of different tax rates applicable to subsidiaries	18,747,583.02
Effect of adjustments for income tax of previous periods	7,989,021.89
Effect of non-taxable income	-3,629,834.88
Effect of additional deductible expenses stipulated by the tax law	-34,166,196.39
Effect of non-deductible costs, expenses and losses	24,377,927.12
Effect of utilization of the deductible loss for which no deferred income tax assets were previously unrecognized	-4,984,688.43
Effect of deductible temporary differences for which no deferred tax assets or deductible losses were recognised for current period	35,828,600.46
Effect of changes in the beginning balance of deferred income tax assets/liabilities due to tax rate adjustments	6,352,431.46
Income tax expenses	216,630,221.33

NOTES TO FINANCIAL STATEMENTS

5 Notes to the items of consolidated financial statements (Continued)

5.55 Earnings per share

5.55.1 Basic earnings per share

Basic earnings per share is calculated by dividing the consolidated net profit attributable to the parent company's ordinary shareholders by the weighted average number of ordinary shares outstanding during the period:

Items	Year ended December 31 2024	Year ended December 31 2023
Consolidated net profit attributable to the parent company's ordinary shareholders	405,143,491.82	2,024,849,989.11
The weighted average number of ordinary shares outstanding issued by the Company	863,040,578.33	864,948,570.00
Basic earnings per share	0.47	2.34
Including: Basic earnings per share on a going concern basis	0.47	2.34
Basic earnings per share from discontinued operations		

5.55.2 Diluted earnings per share

Diluted earnings per share is calculated by dividing the consolidated net profit attributable to the parent company's ordinary shareholders (diluted) by the weighted average number of ordinary shares outstanding issued by the Company (diluted).:

Items	Year ended December 31 2024	Year ended December 31 2023
Consolidated net profit attributable to the parent company's ordinary shareholders (Diluted)	405,143,491.82	2,024,849,989.11
The weighted average number of ordinary shares outstanding issued by the Company (Diluted)	863,040,578.33	864,948,570.00
Diluted earnings per share	0.47	2.34
Including: Diluted earnings per share on a going concern basis	0.47	2.34
Diluted earnings per share from discontinued operations		

NOTES TO FINANCIAL STATEMENTS

5 Notes to the items of consolidated financial statements (Continued)

5.56 Cash flow statement items

5.56.1 Cash relating to operating activities

(1) Cash received relating to other operating activities:

Item	Year ended December 31 2024	Year ended December 31 2023
Interest income	109,855,396.09	219,151,107.81
Government grants	32,783,932.97	36,112,000.97
Non-operating income and other income	7,527,311.03	3,853,789.86
Proceeds from other operating activities	24,861,865.75	22,189,225.45
Total	175,028,505.84	281,306,124.09

(2) Cash paid relating to other operating activities

Item	Year ended December 31 2024	Year ended December 31 2023
Selling and general administration expenses, research and development expenses	223,031,177.37	288,092,129.97
Finance expenses	5,072,418.63	4,236,653.04
Payment for other operating activities	23,627,083.39	11,287,582.28
Non-operating expenses	3,298,998.89	7,371,741.28
Total	255,029,678.28	310,988,106.57

5.56.2 Cash relating to investment activities

(1) Cash received relating to other investing activities

Item	Year ended December 31 2024	Year ended December 31 2023
Refund restricted funds	10,524,439.35	65,576,215.48
Cash and cash equivalents held by subsidiaries at the acquisition date	4,702,653.44	5,638,884.24
Interest income on intercompany loans	41,298.41	
Funds received from intercompany loans	2,407,640.00	
Total	17,676,031.20	71,215,099.72

NOTES TO FINANCIAL STATEMENTS

5 Notes to the items of consolidated financial statements (Continued)

5.56 Cash flow statement items (Continued)

5.56.2 Cash relating to investment activities (Continued)

(2) Cash paid relating to other investing activities

Item	Year ended December 31 2024	Year ended December 31 2023
Addition of restricted funds	1,256,160.00	10,830,000.00
Investment funds		4,538,197.97
Funds paid to intercompany loans	8,950,140.00	
Total	10,206,300.00	15,368,197.97

5.56.3 Cash relating to financing activities

(1) Cash received relating to other financing activities

Item	Year ended December 31 2024	Year ended December 31 2023
Cash received from the partial disposal of a subsidiary's equity without loss of control	73,537,961.70	
Proceeds from employee stock option incentive plan	54,559,839.06	9,711,772.88
Total	128,097,800.76	9,711,772.88

(2) Cash paid relating to other financing activities

Item	Year ended December 31 2024	Year ended December 31 2023
Addition of restricted funds	118,526.01	86,325.67
Acquisition of minority interests	342,920,444.95	318,442,789.12
Repurchase of share-based payments	270,889,712.77	29,849,883.64
Lease liabilities payments	152,219,366.49	148,879,955.80
Total	766,148,050.22	497,258,954.23

NOTES TO FINANCIAL STATEMENTS

5 Notes to the items of consolidated financial statements (Continued)

5.57 Supplementary information to the statement of cash flows

5.57.1 Supplementary information to the statement of cash flows

Supplementary information	Year ended December 31 2024	Year ended December 31 2023
1. Net profit adjusted to cash flows from operating activities		
Net profit	447,831,286.97	2,149,926,843.57
Add: Credit impairment losses	35,275,311.28	38,372,976.88
Asset impairment losses	-1,254,555.47	29,725,239.12
Depreciation of fixed assets	116,428,764.15	110,881,103.36
Depreciation of right-of-use assets	118,919,145.39	120,628,367.30
Amortization of intangible assets	88,792,330.09	74,175,980.91
Amortization of long-term prepaid expenses	39,895,400.15	33,337,538.65
Losses on disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)	-3,563,278.83	188,092.67
Losses from changes in fair value ("-" for gains)	501,688,166.32	-352,770,634.28
Finance expenses ("-" for incomes)	123,213,890.60	117,288,062.72
Investment losses ("-" for gains)	-166,642,230.65	-338,175,307.12
Decreases in deferred tax assets ("-" for increases)	11,612,941.68	-13,438,174.12
Increases in deferred tax liabilities ("-" for decreases)	-18,370,688.51	-414,390.56
Decreases in inventories ("-" for increases)	3,658,293.20	-4,364,957.26
Decreases in operating receivables ("-" for increase)	-1,016,962,949.53	-719,465,431.86
Decreases in operating payables ("-" for decrease)	751,590,196.71	-111,549,453.91
Others	64,889,880.19	16,092,085.98
Net cash flows from operating activities	1,097,001,903.74	1,150,437,942.05
2. Net change in cash and cash equivalents		
Ending balance of cash	2,048,493,852.84	7,399,941,369.85
Less: Beginning balance of cash	7,399,941,369.85	7,782,740,887.02
Add: Ending balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase in cash and cash equivalents	-5,351,447,517.01	-382,799,517.17

NOTES TO FINANCIAL STATEMENTS

5 Notes to the items of consolidated financial statements (Continued)

5.57 Supplementary information to the statement of cash flows (Continued)

5.57.2 Net cash paid for acquisition of subsidiaries in the period

	Amount
Cash or cash equivalents paid in the period for business combination occurred in the period	511,617,050.00
Including: Nengsheng (Shanghai) Medical Device Technology Consulting Co., Ltd	
Teddy Clinical Shanghai	140,364,050.00
LSKSMO BU	16,748,800.00
Yibai Health	284,941,700.00
Jyton Detecting	65,794,500.00
Zhiyu Wuyuan	
Medical Edge	3,768,000.00
Less: cash and cash equivalents held by the subsidiaries at the acquisition date	148,965,561.25
Including: Nengsheng (Shanghai) Medical Device Technology Consulting Co., Ltd.	3,712,869.94
Teddy Clinical Shanghai	103,295,475.74
LSKSMO BU	
Yibai Health	37,222,245.96
Jyton Detecting	3,266,092.17
Zhiyu Wuyuan	989,783.50
Medical Edge	479,093.94
Add: cash and cash equivalents paid in the period for the business combination occurred in previous periods	
Net cash paid for acquisition of subsidiaries	<u>362,651,488.75</u>

5.57.3 Composition of cash and cash equivalents

Item	December 31 2024	December 31 2023
1. Cash	2,048,493,852.84	7,399,941,369.85
Including: Cash on hand	56,004.54	51,615.16
Crypto currency available for payment at any time		
Cash at bank available for payment at any time	1,985,421,293.99	7,293,891,741.44
Other cash at bank and on hand available for payment at any time	63,016,554.31	105,998,013.25
Central bank deposits available for payment		
Interbank deposits		
Interbank lending funds		
2. Cash equivalents		
Including: Bond investments due within three months		
3. Ending balance of cash and cash equivalents	2,048,493,852.84	7,399,941,369.85
Including: Cash and cash equivalents held but not available for use by the parent company or other subsidiaries within the group		

NOTES TO FINANCIAL STATEMENTS

5 Notes to the items of consolidated financial statements (Continued)

5.58 Monetary items in foreign currencies

5.58.1 Monetary items in foreign currencies

Item	Original currency	Exchange rate	RMB equivalent
Cash			690,359,775.72
Including: USD	61,953,442.24	7.1884	445,346,124.18
EUR	3,014,530.48	7.5257	22,686,452.04
GBP	127,964.16	9.0765	1,161,466.70
HKD	44,063,883.30	0.9260	40,803,155.94
TWD	19,987,995.51	0.2229	4,455,324.20
INR	98,277,320.14	0.0854	8,392,883.14
IDR	6,119,197,218.54	0.000453	2,771,996.34
CHF	801,580.32	7.9977	6,410,798.93
RON	1,826,377.37	1.5040	2,746,871.57
RSD	442,740.87	0.064552	28,579.72
HUF	9,296.17	0.0183	170.12
CZK	92,500.00	0.2969	27,463.25
TRY	2,672.97	0.2064	551.70
PLN	1,729.04	1.7599	3,042.94
PKR	23,139,072.09	0.0258	596,988.06
JPY	318,188,028.23	0.0462	14,700,286.90
SGD	1,591,611.85	5.3214	8,469,603.29
PHP	662,246.32	0.1263	83,641.71
ZAR	4,708,067.24	0.3846	1,810,722.66
LAK	29,789,969.79	0.000331	9,860.48
MXN	1,863,675.35	0.3501	652,472.74
COP	251,053,872.55	0.001632	409,719.92
BRL	877,221.25	1.1639	1,020,997.81
CAD	3,558,447.06	5.0498	17,969,445.96
DKK	0.02	1.0128	0.02
AUD	1,227,539.06	4.5070	5,532,518.55
MYR	982,569.71	1.6199	1,591,664.67
KRW	20,793,230,493.38	0.004938	102,676,972.18

NOTES TO FINANCIAL STATEMENTS

5 Notes to the items of consolidated financial statements (Continued)

5.58 Monetary items in foreign currencies (Continued)

5.58.1 Monetary items in foreign currencies (Continued)

Item	Original currency	Exchange rate	RMB equivalent
Accounts receivable			603,204,869.06
Including: SGD	66,095.36	5.3214	351,719.85
HKD	30,130,642.61	0.9260	27,900,975.06
AUD	5,088,840.20	4.5070	22,935,402.78
USD	66,266,217.65	7.1884	476,348,078.93
INR	849,463.03	0.0854	72,544.14
EUR	685,193.88	7.5257	5,156,563.58
KRW	13,623,302,153.00	0.004938	67,271,866.03
RON	1,268,511.61	1.5040	1,907,841.46
JPY	27,270,069.91	0.0462	1,259,877.23
Other receivable			51,225,512.44
Including: SGD	629,180.77	5.3214	3,348,122.55
USD	3,637,410.03	7.1884	26,147,158.26
HKD	2,594,761.12	0.9260	2,402,748.80
AUD	325,766.04	4.5070	1,468,227.54
CHF	26,609.05	7.9977	212,811.20
IDR	84,042,835.00	0.000453	38,071.40
MYR	4,496.00	1.6199	7,283.07
TWD	471,535.00	0.2229	105,105.15
PKR	500,000.00	0.0258	12,900.00
PHP	340,729.88	0.1263	43,034.18
ZAR	1,641.40	0.3846	631.28
EUR	599.69	7.5257	4,513.09
KRW	3,479,787,654.92	0.004938	17,183,191.44
RON	167,363.35	1.5040	251,714.48
Short-term borrowing			255,544,400.00
Including: USD	35,000,000.00	7.1884	251,594,000.00
KRW	800,000,000.00	0.004938	3,950,400.00
long-term borrowing			210,124,463.40
Including: USD	28,650,000.00	7.1884	205,947,660.00
JPY	90,407,000.00	0.0462	4,176,803.40

NOTES TO FINANCIAL STATEMENTS

5 Notes to the items of consolidated financial statements (Continued)

5.58 Monetary items in foreign currencies (Continued)

5.58.1 Monetary items in foreign currencies (Continued)

Item	Original currency	Exchange rate	RMB equivalent
Accounts payable			129,494,740.10
Including: SGD	120,938.82	5.3214	643,563.83
CAD	17,005.89	5.0498	85,876.34
EUR	150,692.46	7.5257	1,134,066.25
HKD	46,314,517.35	0.9260	42,887,243.07
AUD	687,435.96	4.5070	3,098,273.87
IDR	31,608,035.05	0.000453	14,318.44
MYR	31,416.00	1.6199	50,890.78
USD	8,310,694.23	7.1884	59,740,594.43
TWD	1,857,882.87	0.2229	414,122.09
PKR	2,944,336.70	0.0258	75,963.89
PHP	1,953,511.10	0.1263	246,728.45
ZAR	82,517.06	0.3846	31,736.06
LAK	184,458,228.56	0.000331	61,055.67
GBP	4,583.79	9.0765	41,604.77
KRW	2,047,995,277.00	0.004938	10,113,000.68
RON	7,083,999.72	1.5040	10,654,335.59
JPY	4,358,569.05	0.0462	201,365.89
Other payables			36,573,394.33
Including: SGD	386,163.66	5.3214	2,054,931.30
CAD	2,247.03	5.0498	11,347.05
USD	3,031,172.74	7.1884	21,789,282.10
HKD	2,391,920.25	0.9260	2,214,918.15
AUD	317,604.84	4.5070	1,431,445.01
IDR	17,291,398.00	0.000453	7,833.00
TWD	374,626.00	0.2229	83,504.14
INR	4,629,300.47	0.0854	395,342.26
EUR	6,830.23	7.5257	51,402.26
KRW	1,342,896,008.00	0.004938	6,631,220.49
RON	51,994.01	1.5040	78,198.99
JPY	39,479,861.04	0.0462	1,823,969.58
Dividends Payable			1,814,402.37
Including: USD	210,333.20	7.1884	1,511,959.17
TWD	1,356,856.00	0.2229	302,443.20
Interest payable			3,588,928.51
Including: USD	499,266.67	7.1884	3,588,928.51

NOTES TO FINANCIAL STATEMENTS

5 Notes to the items of consolidated financial statements (Continued)

5.58 Monetary items in foreign currencies (Continued)

5.58.2 Description of overseas operating entities, including significant overseas operating entities. Disclosure of their main overseas operating places, recording currency and the basis for selection. Disclosure of the reasons and accounting treatment of changes in recording currency changes

- (1) The wholly-owned subsidiary, Hong Kong Tigermed, established by the Company through investment, whose main place of business abroad is Hong Kong, and the recording currency is HKD. The selection is based on local currency.
- (2) The wholly-owned subsidiary, HK Healthcare, established by the Company through investment, whose main place of business abroad is Hong Kong, and the recording currency is HKD. The selection is based on local currency.
- (3) The holding subsidiary TG SKY INVESTMENT LTD, which was established by the wholly-owned subsidiary Hong Kong Tigermed established by the Company for investment, has its main business location overseas in the British Virgin Islands. The recording currency is USD. The selection is based on transaction environment.
- (4) The holding subsidiary Tigermed-BDM, which was acquired by Hong Kong Tigermed, a wholly-owned subsidiary established by the Company through investment, has its main overseas business location in New Jersey, the United States. The recording currency is USD. The selection is based on local currency.
- (5) The holding subsidiary Tigermed S. R. L., which was acquired by Hong Kong Tigermed, a wholly-owned subsidiary established through investment by the Company, has its main overseas business location in Romania. The recording currency is the Romanian Leu. The selection is based on local currency.
- (6) The holding subsidiary DreamCIS, which was acquired by Hong Kong Tigermed, a wholly-owned subsidiary established by the Company for investment, has its main business location overseas in South Korea. The recording currency is KRW. The selection is based on local currency.
- (7) The Frontage Holdings, in which Hong Kong Tigermed, a wholly-owned subsidiary established by the Company, holds shares, has its main overseas operation location in the United States. The recording currency is USD. The selection is based on transaction environment.

NOTES TO FINANCIAL STATEMENTS

5 Notes to the items of consolidated financial statements (Continued)

5.58 Monetary items in foreign currencies (Continued)

5.58.2 Description of overseas operating entities, including significant overseas operating entities. Disclosure of their main overseas operating places, recording currency and the basis for selection. Disclosure of the reasons and accounting treatment of changes in recording currency changes (Continued)

- (8) The TG Mountain Investment Co., whose shares are held by Hong Kong Tigermed, a wholly-owned subsidiary established by the Company for investment, has its main overseas business location in the Cayman Islands. The recording currency is USD. The selection is based on transaction environment.
- (9) The TG Sky Growth Investment Ltd., in which the wholly-owned subsidiary Hong Kong Tigermed held by the Company has an equity stake, has its main overseas business location in British Virgin Islands (BVI). The recording currency is USD. The selection is based on transaction environment.
- (10) The TF III Ltd. in which Hong Kong Tigermed, a wholly-owned subsidiary established by the Company for investment, holds shares. Its main place of business outside China is the British Virgin Islands (BVI). The recording currency USD. The selection is based on transaction environment.

5.59 Lease

5.59.1 As Lessee

Item	Year ended December 31 2024	Year ended December 31 2023
Interest expenses on lease liabilities	25,963,568.02	27,920,203.50
Lease expenses that are not included in the measurement of lease liabilities through the cost of the underlying asset or current profit or loss	3,686,635.53	2,637,449.26
Lease expenses of low-value assets through simplified treatment of the cost of the underlying asset or profit or loss for the period (except for short-term low-value asset leases)	10,128,416.83	8,449,750.93
The total cash outflows related to lease	166,034,418.85	159,967,155.99

NOTES TO FINANCIAL STATEMENTS

5 Notes to the items of consolidated financial statements (Continued)

5.59 Lease (Continued)

5.59.1 As Lessee (Continued)

The following table shows the remaining contractual maturities of the Company's lease liabilities at the end of the reporting period:

Remaining lease term	December 31 2024	December 31 2023
Within 1 year	118,349,661.75	122,880,897.95
1 to 2 years	88,006,674.65	100,172,727.75
2 to 5 years	128,767,425.07	164,035,355.30
Over 5 years	182,542,616.44	158,900,620.46
Total	517,666,377.91	545,989,601.46

6 Research and development expenditures

6.1 Research and development expenditures

Item	Year ended December 31 2024	Year ended December 31 2023
Employee benefits	212,117,719.43	237,178,754.86
Depreciation and amortization expenses	8,872,443.82	7,212,898.51
Service expenses	9,847,898.07	9,629,771.99
Cost of materials	3,904,589.85	4,144,949.18
Other expenses	3,642,894.58	3,388,755.77
Total	238,385,545.75	261,555,130.31
Including: Expensed research and development expenditures	238,385,545.75	261,555,130.31
Capitalized research and development expenditures		

NOTES TO FINANCIAL STATEMENTS

7 Changes in scope of consolidation

7.1 Business combination not under common control

7.1.1 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
Accelera S. r. l.	2024/1	52,108,591.26	Business acquired	Cash	2024/1	Payment of Cash	Business acquired	Business acquired	Business acquired
Nengsheng (Shanghai) Medical Device Technology Consulting Co., Ltd.	2024/4	7.11	100	Cash	2024/4	Payment of Cash	3,220,164.96	-1,967,805.55	-1,506,209.53
Teddy Clinical Research Laboratory (Shanghai) Limited	2024/10	253,246,050.00	72.82	Cash and equity acquisitions	2024/10	Payment of Cash	39,141,121.84	3,696,416.00	2,281,926.95
LSKSMO Co., Ltd.	2024/8	17,346,946.97	Business acquired	Cash	2024/8	Payment of Cash	Business acquired	Business acquired	Business acquired
Hangzhou Yibai Health Management Co., Ltd.	2024/12	284,941,700.00	58.29	Cash	2024/12	Payment of Cash	16,186,622.32	1,095,855.84	1,588,384.91
Hangzhou Tigermid-lyton Medical Detecting Tech. Co. Ltd.	2024/11	85,461,500.00	86.15	Cash and equity acquisitions	2024/11	Payment of Cash	2,581,080.22	-2,195,954.54	21,227,486.28
Hangzhou Zhiyu Wuyuan Information Technology Co., Ltd.	2024/7	-	100.00	equity acquisitions	2024/7	Payment of Equity	17,346,946.97	-136,932.66	-178,623.66
Medical Edge	2024/7	4,910,000.00	80.00	Cash	2024/7	Payment of Cash	2,629,398.43	-1,222,652.38	-75,054.23

Other Explanations:

- (1) On January 1, 2024, the Company's subsidiary Frontage Labs, through its subsidiary Frontage Europe, acquired the bioanalysis and drug metabolism and pharmacokinetics business of Accelera S. r. l.;
- (2) In September 2024, the Company's subsidiary DreamCIS, through its subsidiary Meditip, acquired the SMO business of LSKSMO Co., Ltd.

7 Changes in scope of consolidation (Continued)

7.1 Business combination not under common control (Continued)

7.1.2.1 Combination cost and goodwill

	Accelera S. R. L.	Nengsheng medical	Teddy clinical Shanghai	LSKSMO	Yibai Health	Jyton Detecting	Zhiyu Wuyuan	Medical Edge
Cost of combination								
– Cash paid	52,108,591.26		140,364,050.00	16,748,800.00	284,941,700.00	65,794,500.00		3,768,000.00
– Fair value of contingent consideration				74,746.97				
– Fair value of equity held prior to the acquisition date								
– Others			112,882,000.00			19,667,000.00		1,142,000.00
Total cost of combination	52,108,591.26		253,246,050.00	17,346,946.97	284,941,700.00	85,461,500.00		4,910,000.00
Less: Fair value of the identifiable net assets obtained	7,668,431.37	-410,987.98	158,425,260.37	-1,078,279.21	38,084,183.04	12,451,399.62	-2,942,643.11	-725,987.38
The amount by which the goodwill or consolidation cost is less than the fair value share of identifiable net assets obtained	44,440,159.89	410,995.09	94,820,789.63	18,425,226.18	246,857,516.96	73,010,100.38	2,942,643.11	5,635,987.38

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7 Changes in scope of consolidation (Continued)

7.1 Business combination not under common control (Continued)

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

	Accelera S. R. L.	Nengsheng medical	Teddy Clinical Shanghai	LSKMO	Yibai Health	Jiyon Detecting	Zhiyu Wuyuan	Medical Edge
	Net carrying amount at the acquisition date	Net carrying amount at the acquisition date	Net carrying amount at the acquisition date	Net carrying amount at the acquisition date	Net carrying amount at the acquisition date	Net carrying amount at the acquisition date	Net carrying amount at the acquisition date	Net carrying amount at the acquisition date
Assets:	15,102,383.59	7,227,336.55	7,227,336.55	2,455,498.65	101,443,222.04	35,692,825.51	1,071,560.83	5,303,510.03
Cash and cash equivalents		3,712,869.94	3,712,869.94		37,222,245.96	3,266,092.17	989,783.50	479,093.94
Notes receivable				505,908.77	505,908.77			
Accounts receivable		1,471,120.05	1,471,120.05	78,824.56	11,216,152.84	944,968.40		533,516.18
Prepaid expenses		1,495,674.01	1,495,674.01	3,239,342.95	3,540,258.58	396,875.70	81,777.33	697,001.95
Other receivables		341,190.77	341,190.77	1,080,262.40	8,938,859.36	545,744.29		432,044.70
Inventories			9,919,123.70		50,957.19	9,883.36		740.62
Contract assets			52,584,696.67	2,290,616.55	27,265,576.00	3,273,904.83		
Other current assets			110,029.13		479,250.48	1,025,453.39		450,034.54
Other non-current assets								
Financial assets			10,000,000.00					
Property, plant, and equipment								
Equipment (PPE)	1,446,260.83		29,235,750.00	20,458.26	3,381,704.54	14,100,880.00		1,429,391.54
Construction in progress			825,688.08		746,995.59			
Right-of-use assets		194,341.24	2,981,471.08		1,576,623.80	7,006,296.79		
Intangible assets	13,656,322.76	1,866.94	20,287,920.00	65,599.28	833,489.06	1,802,296.00		869,426.56
Long-term deferred expenses			8,803,940.00		5,238,539.62	2,321,273.02		14,767.27
Deferred tax assets		10,273.60	2,569,050.69		446,660.25	519,157.56		

7 Changes in scope of consolidation (Continued)

7.1 Business combination not under common control (Continued)

7.1.3 The identifiable assets and liabilities of the acquiree at the acquisition date (Continued)

	Accelera S. R. L.	Nengsheng medical	Terdy clinical Shanghai	LSKSMO	Yidai Health	Jiyon Detecting	Zhiyu Wuyuan	Medical Edge
	Net carrying amount at the acquisition date	Net carrying amount at the acquisition date	Net carrying amount at the acquisition date	Net carrying amount at the acquisition date	Net carrying amount at the acquisition date	Net carrying amount at the acquisition date	Net carrying amount at the acquisition date	Net carrying amount at the acquisition date
Other Non-current Assets								
Liabilities:	7,434,152.22	7,638,324.53	87,914,526.69	83,009,359.97	33,058,204.33	21,240,300.35	4,014,203.94	6,210,994.26
Short-term								
Borrowings								
Accounts Payable			26,656,467.03	369,782.24	16,288,262.44	702,222.70	298,312.75	298,312.75
Contract Liabilities		4,132,912.01	24,505,360.89	3,156,416.11	10,268,549.13	4,474,121.62	63,731.80	63,731.80
Employee Benefits								
Payable		98,270.85	8,300,209.34		1,432,350.03	1,145,799.86		
Taxes Payable		37,749.98	2,896,338.61		3,081,338.68	57,130.93	7,952.60	832,265.87
Other Payables	4,176,671.00	2,913,895.13	14,447,030.00			300,839.24	4,006,251.34	281,627.14
Non-current								
Liabilities Due within One Year		207,521.84	1,933,479.93			4,295,451.84		
Other Current Liabilities		247,974.72	1,454,617.87		542,204.38	268,447.30		
Long-term								
Borrowings								4,735,056.70
Lease Liabilities			150,983.53		1,401,791.63	3,719,388.06		
Deferred Revenue			2,664,872.77					

8 Equity in other entities

8.1 Equity in subsidiaries

8.1.1 Structure of the enterprise group

Subsidiaries	Subsidiaries Registered capital	Principal place of business	Place of registration	Business nature	Shareholding (%)		Acquisition method	Type of Legal Entity
					Direct	Indirect		
Beijing Yaxincheng Medical InfoTech Co., Ltd.	RMB10 million	Beijing	Room 192, 1st Floor, Building 3, No. 20 Yong'an Road, Shilong Economic Development Zone, Mentougou District, Beijing	Medical translations	100.00	-	Business combinations not under common control	Limited Liability Company (Wholly-Owned by a Legal Entity)
Xi'an Yaxincheng Medical InfoTech Co., Ltd.	RMB1 million	Xi'an	Rooms 1107-1113, 11th Floor, Building 1, China Railway Xi'an Center, No. 10 Zhangba First Road, High-tech Zone, Xi'an City, Shaanxi Province	Medical translations	-	100.00	Business combination not under common control	Limited Liability Company (Solely Owned by a Legal Entity Not Invested In or Controlled by Natural Persons)
Hangzhou Yaxincheng Medical InfoTech Co., Ltd.	RMB1 million	Hangzhou	Room A0101-4, Building 2, No. 452, No. 6 Street, Baiyang Street, Qiantang District, Hangzhou City, Zhejiang Province	Medical translations	-	100.00	Establishment	Limited Liability Company (Solely Owned by a Legal Entity Not Invested In or Controlled by Natural Persons)
Hangzhou Taiya Language Technology Co., Ltd.	RMB30 million	Hangzhou	9-102-24, Building 9, No. 39 Street (South), Baiyang Street, Qiantang District, Hangzhou City, Zhejiang Province	Medical translations	-	80.00	Establishment	Other Limited Liability Companies
Hangzhou Zhiyu Wuyuan Information Technology Co., Ltd.	RMB1 million	Hangzhou	Room 512, Building 21, Hexiang Technology Center, Xiasha Street, Qiantang District, Hangzhou City, Zhejiang Province	Medical translations	-	80.00	Business combination not under common control	Limited Liability Company (Solely Owned by a Legal Entity Not Invested In or Controlled by Natural Persons)

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8 Equity in other entities (Continued)

8.1 Equity in subsidiaries (Continued)

8.1.1 Structure of the enterprise group (Continued)

Subsidiaries	Subsidiaries Registered capital	Principal place of business	Place of registration	Business nature	Shareholding (%)		Acquisition method	Type of Legal Entity
					Direct	Indirect		
Beijing Taya Editorial Solutions Ltd.	RMB1 million	Beijing	Room 203D, 2nd Floor, Building 1, No. 5 Yard, Nansan Street, Huoxian Town, Tongzhou District, Beijing City	Medical translations	-	67.00	Establishment	Other Limited Liability Companies
Beijing Taya IP Information Consultancy Co., Ltd.	RMB1 million	Beijing	Room 1607, 16th Floor, Building 1, No. 2 Yard, Guanyin Street, Tongzhou District, Beijing City	Medical translations	-	67.00	Establishment	Other Limited Liability Companies
Shanghai Tigermad Medical Consulting Co., Ltd.	RMB5 million	Shanghai	Room 107, No. 1157 Hongqiao Road, Changning District, Shanghai City	Clinical Research Services	100.00	-	Business combinations under common control	Limited Liability Company (Wholly-Owned by a Legal Entity Invested in or Controlled by Natural Persons)
MacroStat (China) Clinical Research Co., Ltd.	RMB1,440,585	Shanghai	Room 801, Room 802, Room 901, Room 902, No. 232 Liangjing Road, China (Shanghai) Pilot Free Trade Zone	Data management and statistical analysis	100.00	-	Business combination not under common control	Limited Liability Company (Wholly-Owned by a Legal Entity Invested in or Controlled by Natural Persons)
Jiaxing Tigermad Data Management Co., Ltd.	RMB176,083,600	Jiaxing	No. 28 Huixin Road, Nanhu District, Jiaxing City, Zhejiang Province	Data management and statistical analysis	100.00	-	Establishment	Limited Liability Company (Wholly-Owned by a Foreign-Invested Enterprise Legal Person)
Hangzhou Simo Co., Ltd.	RMB17.627 million	Hangzhou	Rooms 1618 and 1619, 16th Floor, Building 8, No. 19 Jugong Road, Xixing Street, Binjiang District, Hangzhou City, Zhejiang Province	On-site management and recruitment services	-	100.00	Establishment	Limited Liability Company (Solely Owned by a Legal Entity Not Invested in or Controlled by Natural Persons)

8 Equity in other entities (Continued)

8.1 Equity in subsidiaries (Continued)

8.1.1 Structure of the enterprise group (Continued)

Subsidiaries	Subsidiaries Registered capital	Principal place of business	Place of registration	Business nature	Shareholding (%)		Acquisition method	Type of Legal Entity
					Direct	Indirect		
Teddy Clinical Research Laboratory (Shanghai) Limited	RMB60.62 million	Shanghai	Rooms 101-110, Suite C, 3rd Floor, Building 12, No. 128 Xiangyin Road, Yangpu District, Shanghai	Clinical Research Services	39.53	33.29	Business combination not under common control	(Non-listed, Invested in or Controlled by Natural Persons)
Teddy Clinical Research Laboratory (Wuxi) Limited	RMB30 million	Wuxi	1st Floor (1st Floor Mezzanine) and 5th Floor, Building A, Xingye Building, KGY-YF-G-11 and 12 Land Parcel, Wuxi (Taihu) International Science Park, Xinqu District, Wuxi City	Clinical Research Services	-	72.82	Business combination not under common control	Limited Liability Company (Wholly-Owned by a Legal Entity Invested in or Controlled by Natural Persons)
TEDDY CLINICAL RESEARCH LABORATORY (HONG KONG) LIMITED	HKD1 million	Hongkong	Room 2201, 22nd Floor, Central Plaza, No. 47-51 Shandong Street, Mong Kok, Kowloon, Hong Kong	Clinical Research Services	-	53.02	Business combination not under common control	-
Teddy Clinical Research (Shanghai) Limited	RMB30 million	Shanghai	Room 403, Suite C, Building 12, No. 128 Xiangyin Road, Yangpu District, Shanghai City	Inspection and Testing Services	-	72.82	Business combination not under common control	Limited Liability Company (Wholly-Owned by a Legal Entity Invested in or Controlled by Natural Persons)
Hongkong Tigermed Co., Limited	HKD640 million	Hong Kong	Hong Kong	Investment holdings and clinical research services	100.00	-	Establishment	-
Hangzhou Fantastic Biomaging Co., Ltd.	RMB4.67 million	Hangzhou	Room 1802, 18th Floor, Building 8, No. 19 Jugong Road, Xixing Street, Binjiang District, Hangzhou City, Zhejiang Province	Medical Imaging Services	67.50	-	Establishment	Limited Liability Company (Foreign-invested Joint Equity)

NOTES TO FINANCIAL STATEMENTS

8 Equity in other entities (Continued)

8.1 Equity in subsidiaries (Continued)

8.1.1 Structure of the enterprise group (Continued)

Subsidiaries	Subsidiaries Registered capital	Principal place of business	Place of registration	Business nature	Shareholding (%)		Acquisition method	Type of Legal Entity
					Direct	Indirect		
Hangzhou Talent MedConsultant Co.Ltd.	RMB50 million	Hangzhou	Room 1617, 16th Floor, Building 8, No. 19 Jugong Road, Xixing Street, Binjiang District, Hangzhou City, Zhejiang Province	Third-party training and audit services	100.00	-	Establishment	Limited Liability Company (Wholly-Owned by a Foreign-Invested Enterprise Legal Person)
Tigermend-IntelliPV Co., Ltd.	RMB3 million	Hangzhou	Room 1616, 16th Floor, Building 8, No. 19 Jugong Road, Xixing Street, Binjiang District, Hangzhou City, Zhejiang Province	Pharmacovigilance and drug safety services	100.00	-	Establishment	Limited Liability Company (Wholly-Owned by a Foreign-Invested Enterprise Legal Person)
Tigermend USA INC.	USD5,000	USA	USA	Clinical Research Services	100.00	-	Establishment	-
Tigermend America LLC	USD4 million	USA	USA	Clinical Research Services	-	100.00	Establishment	-
Taiwan Tigermend Co., Ltd.	TWD 12 million	Chinese Taiwan	Chinese Taiwan	Clinical Research Services	-	87.50	Business combination not under common control	-
Marti Farm d.o.o.	EUR 2,700	Croatia	Croatia	Clinical Research Services	-	90.00	Establishment	-
Tigermend Clinical Research Co., Ltd.	CAD 100	Canada	Canada	Clinical Research Services	-	100.00	Establishment	-
Tigermend-BDM Inc	USD10 million	USA	USA	Data management and statistical analysis	-	100.00	Business combination not under common control	-
Tigermend Australia Pty Limited	AUD 100	Australia	Australia	Clinical Research Services	-	100.00	Establishment	-

8 Equity in other entities (Continued)

8.1 Equity in subsidiaries (Continued)

8.1.1 Structure of the enterprise group (Continued)

Subsidiaries	Subsidiaries Registered capital	Principal place of business	Place of registration	Business nature	Shareholding (%)		Acquisition method	Type of Legal Entity
					Direct	Indirect		
Luohe Yukang Investment Center Partnership (Limited Partnership)	RMB124 million	Henan	Xin'an Street, Xin'an Town, Wuyang County	Equity investment	24.19	0.58	Establishment	Limited Partnership
Tigermed Malaysia SDN. BHD	MYR 400,000	Malaysia	Malaysia	Clinical Research Services	-	99.00	Establishment	-
Singapore Tigermed PTE.LTD.	SGD 50,000	Singapore	Singapore	Clinical Research Services	-	100.00	Establishment	-
Tigermed Netherlands B.V.	EUR 1,000	Netherlands	Netherlands	Clinical Research Services	-	100.00	Establishment	-
Taiyu Investment Consulting Co., Ltd.	RMB10 million	Hangzhou	Room 1603, 16th Floor, Building 8, No. 19 Jugong Road, Xixing Street, Binjiang District, Hangzhou City, Zhejiang Province	Equity investment management and consulting	51.00	-	Establishment	Limited Liability Company (Invested in or Controlled by Natural Persons)
Tigermed Xinze Medical Technology (Jiaxing) Co., Ltd.	RMB1,847,400	Jiaxing	7th Floor, Building 1, No. 28 Huixin Road, Dadiao Town, Nanhu District, Jiaxing City, Zhejiang Province	Data management and statistical analysis	100.00	-	Establishment	Limited Liability Company (Wholly-Owned by a Foreign-Invested Enterprise Legal Person)
TF III Ltd.	USD50,000	BVI	BVI	Equity investment	-	80.00	Business combination not under common control	-
Taizhou Kanglihua Pharmaceutical Technology Co., Ltd.	RMB100,000	Taizhou	C004,9th Floor, Building G26, East Side of Tai Road and North Side of Xinyang Road, China Medical City, Taizhou	Medical technology consulting	100	-	Business combinations not under the common control	Limited Liability Company (Wholly-Owned by a Legal Entity Invested in or Controlled by Natural Persons)

NOTES TO FINANCIAL STATEMENTS

8 Equity in other entities (Continued)

8.1 Equity in subsidiaries (Continued)

8.1.1 Structure of the enterprise group (Continued)

Subsidiaries	Subsidiaries Registered capital	Principal place of business	Place of registration	Business nature	Shareholding (%)		Acquisition method	Type of Legal Entity
					Direct	Indirect		
Hangzhou Tailong Venture Capital Investment Partnership (Limited Partnership)	RMB200 million	Hangzhou	Room 1710, 17th Floor, Building 8, No. 19 Jugong Road, Xixing Street, Binjiang District, Hangzhou City, Zhejiang Province	Equity investment management and consulting	-	99.00	Establishment	Limited Partnership
Beijing Canny Consulting, Inc.	RMB1,000,000	Beijing	Room 187, 1st Floor, Building 3, No. 20 Yong'an Road, Shilong Economic Development Zone, Mentougou District, Beijing City	Pharmaceutical Technology Consulting	49.00	51.00	Business combinations not under the common control	Limited Liability Company (Sino-Foreign Equity Joint Venture)
Frontage Holdings Corporation	USD50,000	Cayman Islands	Cayman Islands	Investment Holdings	11.10	53.04	Business combination not under common control	-
Frontage Laboratories, Inc.	USD20,000	USA	USA	Bioanalytical, laboratory, CMC, and drug metabolism and pharmacokinetic services	-	64.14	Business combination not under common control	-
Croley Martell Holdings, Inc.	USD2,000	USA	USA	Investment Holdings	-	64.14	Business combination not under common control	-
Concord Holdings, LLC		USA	USA	Investment Holdings	-	64.14	Business combination not under common control	-

8 Equity in other entities (Continued)

8.1 Equity in subsidiaries (Continued)

8.1.1 Structure of the enterprise group (Continued)

Subsidiaries	Subsidiaries Registered capital	Principal place of business	Place of registration	Business nature	Shareholding (%)		Acquisition method	Type of Legal Entity
					Direct	Indirect		
Concord Biosciences LLC		USA	USA	Drug metabolism and pharmacokinetic services and safety and toxicology services	-	64.14	Business combination not under common control	-
11736655 Canada, Ltd.		Canada	Canada	Investment Holdings	-	64.14	Business combination not under common control	-
RMI Laboratories, LLC		USA	USA	Drug metabolism and pharmacokinetic services	-	64.14	Business combination not under common control	-
BRI Biopharmaceutical Research, Inc.		Canada	Canada	Drug metabolism and pharmacokinetic services	-	64.14	Business combination not under common control	-
Biotranex, LLC		USA	USA	Drug metabolism and pharmacokinetic services	-	64.14	Business combination not under common control	-
Frontage Laboratories (Shanghai) Co., Ltd.	USD4.3555 million	Shanghai	No. 13, Lane 67, Libing Road, China (Shanghai) Pilot Free Trade Zone	Bioanalytical services, clinical research services	-	64.14	Business combination not under common control	Limited Liability Company (Wholly-Owned by a Foreign Legal Entity)
Frontage Laboratories (Suzhou) Co., Ltd.	RMB10 million	Suzhou	Building 2, No. 1336 Yuehu Road, Yuexi Street, Wuzhong Economic Development Zone, Suzhou	CMC Services	-	64.14	Business combination not under common control	Limited Liability Company (Wholly-Owned by a Legal Entity Invested in or Controlled by Natural Persons)

NOTES TO FINANCIAL STATEMENTS

8 Equity in other entities (Continued)

8.1 Equity in subsidiaries (Continued)

8.1.1 Structure of the enterprise group (Continued)

Subsidiaries	Subsidiaries Registered capital	Principal place of business	Place of registration	Business nature	Shareholding (%)		Acquisition method	Type of Legal Entity
					Direct	Indirect		
Acme Bioscience, Inc.	USD10,000	USA	USA	Chemical Services	-	64.14	Business combination not under common control	-
Acme Biopharma Co.(Shanghai) Ltd.	USD2 million	Shanghai	1st Floor, Building 22, No. 528 Ruiqing Road, Zhangjiang High tech Industrial East Zone, Shanghai	Chemical Services	-	64.14	Business combination not under common control	Limited Liability Company (Wholly-Owned by a Hong Kong, Macao, or Taiwan-based Legal Entity)
HOYA GLOBAL LIMITED	USD500,000	Hong Kong	Hong Kong	Investment Holdings	-	64.14	Business combination not under common control	-
Frontage International Limited	HKD10,000	Hong Kong	Hong Kong	Investment Holdings	-	64.14	Establishment	-
Suzhou Frontage New Drug Development Co., Ltd.	USD60 million	Suzhou	South Area of Building 4, Fumin Phase III Factory, No. 818 Wusong Road, Guoxiang Street, Wuzhong Economic Development Zone, Suzhou	Drug metabolism and pharmacokinetic services and safety and toxicology services	-	64.14	Establishment	Limited Liability Company (Wholly-Owned by a Hong Kong, Macao, or Taiwan-based Legal Entity)
Frontage Lingang Laboratories (Shanghai) Co., Ltd.	RMB50 million	Shanghai	Building 33, No. 356, Zhengbo Road, Lingang New Area, China (Shanghai) Pilot Free Trade Zone	Bioanalytical, laboratory, and drug metabolism and pharmacokinetic services	-	64.14	Establishment	Limited Liability Company (Wholly-Owned by a Foreign-Invested Enterprise Legal Person)

8 Equity in other entities (Continued)

8.1 Equity in subsidiaries (Continued)

8.1.1 Structure of the enterprise group (Continued)

Subsidiaries	Subsidiaries Registered capital	Principal place of business	Place of registration	Business nature	Shareholding (%)		Acquisition method	Type of Legal Entity
					Direct	Indirect		
Frontage Pharma (Suzhou) Co., Ltd.	RMB50 million	Suzhou	No. 1899 Songjia Road, Guoxiang, Wuzhong District, Suzhou City	Clinical sample development and production	-	64.14	Establishment	Limited Liability Company (Solely Owned by a Legal Entity Not Invested In or Controlled by Natural Persons)
Quintara Discovery, Inc.	USD10,000	USA	USA	Drug metabolism and pharmacokinetic services	-	64.14	Business combination not under common control	-
Wuhan Contradio Pharmaceutical Co., Ltd.	RMB1,955,600	Wuhan	10th Floor, Area A, R&D Building, No. 666, Shendun 4th Road, Baolan Street, East Lake High-tech Development Zone, Wuhan (Wuhan Free Trade Zone)	Efficacy screening and pharmacodynamic evaluation	-	44.90	Business combination not under common control	Limited Liability Company (Sino-Foreign Equity Joint Venture)
Wuhan Yanyou Pharmaceutical Co., Ltd.	RMB500,000	Wuhan	11th Floor, Area A, R&D Building, No. 666, Shendun 4th Road, Baolan Street, East Lake High-tech Development Zone, Wuhan (Wuhan Free Trade Zone)	Drug Screening Services	-	44.90	Establishment	Limited Liability Company (Wholly-Owned by a Legal Entity Invested in or Controlled by Natural Persons)
Experimur Intermediate, LLC	USD16,000	USA	USA	Investment Holdings	-	64.14	Business combination not under common control	-
Experimur, LLC	USD16,000	USA	USA	Toxicology testing, research and laboratory services	-	64.14	Business combination not under common control	-
Experimur Properties, LLC	USD16,000	USA	USA	Investment Holdings	-	64.14	Business combination not under common control	-

NOTES TO FINANCIAL STATEMENTS

8 Equity in other entities (Continued)

8.1 Equity in subsidiaries (Continued)

8.1.1 Structure of the enterprise group (Continued)

Subsidiaries	Subsidiaries Registered capital	Principal place of business	Place of registration	Business nature	Shareholding (%)		Acquisition method	Type of Legal Entity
					Direct	Indirect		
Acme Biopharma (Wuhan) Co., Ltd.	USD5 million	Wuhan	Building 6, Wuhan Biological Agriculture Industry Base, No. 8 Jiulong South Road, Donghu New Technology Development Zone, Wuhan City, Hubei Province	R&D services for small molecule innovative drugs	-	64.14	Establishment	Limited Liability Company (Wholly-Owned by a Hong Kong, Macao, or Taiwan-based Legal Entity)
Frontage Clinical Services, Inc.	USD1,500	USA	USA	Clinical Research Services	-	64.14	Business combination not under common control	-
Nucro Technics Inc	CAD 4 million	Canada	Canada	Clinical Research Services	-	64.14	Business combination not under common control	-
Frontage Europe S.r.l.	USD10,000	Italy	Italy	Clinical Research Services	-	64.14	Business combination not under common control	-
Shinezi Taiyu Equity Investment Partnership (Limited Partnership)	RMB150 million	Xinjiang	20339, No. 21, Beiba Road, Shinezi Development Zone, Xinjiang	Equity investment	13.33	0.46	Establishment	Limited Partnership
Hainan Tigermud Consulting Co., Ltd.	RMB10 million	Qionghai	A16 District, No. 32, Kangxiang Road, Boao Lecheng International Medical Tourism Pilot Zone, Qionghai City, Hainan Province	Clinical Research Services	-	100.00	Establishment	Limited Liability Company (Solely Owned by a Legal Entity Not Invested In or Controlled by Natural Persons)
Hangzhou Tigermud Equity Investment Partnership (Limited Partnership)	RMB10 billion	Hangzhou	Room 1602, 16th Floor, Building 8, No. 19 Jugong Road, Xixing Street, Binjiang District, Hangzhou City, Zhejiang Province	Equity investment	99.98	0.02	Establishment	Limited Partnership

8 Equity in other entities (Continued)

8.1 Equity in subsidiaries (Continued)

8.1.1 Structure of the enterprise group (Continued)

Subsidiaries	Subsidiaries Registered capital	Principal place of business	Place of registration	Business nature	Shareholding (%)		Acquisition method	Type of Legal Entity
					Direct	Indirect		
DreamCS Inc.	KRW 11,855 billion	Korea	Korea	Clinical Research Services	-	66.51	Business combination not under common control	-
Medtrip Co., Ltd.	KRW 120 million	Korea	Korea	Clinical Research Services	-	44.35	Business combination not under common control	-
Medtrip SMO Co.Ltd.	KRW 100 million	Korea	Korea	On-site management and recruitment services	-	44.35	Business combination not under common control	-
LCS INC.	KRW 50 million	Korea	Korea	Clinical Research Services	-	66.51	Business combination not under common control	-
Bright Sky Resources Investment Ltd.	USD50,000	BVI	BVI	Equity investment	-	100.00	Establishment	-
Hangzhou Yuding Equity Investment Management Partnership (Limited Partnership)	RMB1.5 million	Hangzhou	Room 1604, 16th Floor, Building 8, No. 19 Jugong Road, Xixing Street, Binjiang District, Hangzhou City, Zhejiang Province	Equity investment management and consulting	-	45.90	Establishment	Limited Partnership
Qingdao Luohe Taiyu Ankang Investment Management Center (Limited Partnership)	RMB2 million	Qingdao	101-220, Building 6, No. 34 Guantao Road, Shibei District, Qingdao City, Shandong Province	Equity investment management and consulting	-	35.70	Establishment	Limited Partnership

NOTES TO FINANCIAL STATEMENTS

8 Equity in other entities (Continued)

8.1 Equity in subsidiaries (Continued)

8.1.1 Structure of the enterprise group (Continued)

Subsidiaries	Subsidiaries Registered capital	Principal place of business	Place of registration	Business nature	Shareholding (%)		Acquisition method	Type of Legal Entity
					Direct	Indirect		
Beijing Medical Development Co., Ltd.	RMB6.5 million	Beijing	Room 810, 8th Floor, Building 1, No. 20 Chaoyangmen Outer Street, Chaoyang District, Beijing City	Clinical Research Services	100.00	-	Establishment	Limited Liability Company (Wholly-Owned by a Legal Entity)
Beijing Medical Development (Suzhou) Co., Ltd.	RMB10 million	Suzhou	Room 1035, 10th Floor, Building A, No. 27 Xinfu Road, Suzhou Industrial Park, Suzhou Area, China (Jiangsu) Pilot Free Trade Zone	Clinical Research Services	-	100.00	Business combination not under common control	Limited Liability Company (Wholly-Owned by a Legal Entity Invested in or Controlled by Natural Persons)
TIGERMED CLINICAL RESEARCH INDIA PRIVATE LIMITED	INR 1.145 million	India	India	Clinical Research Services	-	56.04	Establishment	-
Hangzhou Tigermed-Jyton Medical Tech. Co., Ltd.	RMB104 million	Hangzhou	Room 1912, 19th Floor, Building 8, No. 19 Jugong Road, Xixing Street, Binjiang District, Hangzhou City, Zhejiang Province	Drug Research and Development, Medical Device Technology Development and Services	100.00	-	Business combination not under common control	Limited Liability Company (Wholly-Owned by a Foreign-Invested Enterprise Legal Person)
Beijing Tigermed-Jyton Co., Ltd.	RMB1 million	Beijing	Room 309, 3rd Floor, Building 2, Yard 10, Shangyuan Road, Mentougou District, Beijing City	Drug Research and Development, Medical Device Technology Development and Services	-	100.00	Business combination not under common control	Limited Liability Company (Wholly-Owned by a Legal Entity)

8 Equity in other entities (Continued)

8.1 Equity in subsidiaries (Continued)

8.1.1 Structure of the enterprise group (Continued)

Subsidiaries	Subsidiaries Registered capital	Principal place of business	Place of registration	Business nature	Shareholding (%)		Acquisition method	Type of Legal Entity
					Direct	Indirect		
Jyton & Kangxin Medical Technology Co., Ltd.	RMB1 million	Beijing	807,8th Floor, Building 1, No. 20 Chaoyangmen Outer Street, Chaoyang District, Beijing	Drug R&D, Medical Device Technology Development and Services	-	100.00	Business combination not under common control	Limited Liability Company (Wholly-Owned by a Legal Entity)
Eijton Technology Co., Ltd.	RMB1.7 million	Beijing	809,8th Floor, Building 1, No. 20 Chaoyangmen Outer Street, Chaoyang District, Beijing	Drug R&D, Medical Device Technology Development and Services	-	100.00	Business combination not under common control	Limited Liability Company (Wholly-Owned by a Legal Entity)
Tigermid-lyton (Suzhou) Medical Tech. Co., Ltd.	RMB1 million	Suzhou	Room 1306-1, Building 1, No. 188, Fuchunjiang Road, High-tech Zone, Suzhou	Drug R&D, Medical Device Technology Development and Services	-	100	Establishment	Limited Liability Company (Solely Owned by a Legal Entity Not Invested In or Controlled by Natural Persons)
Tigermid-lyton (Luohe) Medical Tech Co., Ltd.	RMB1 million	Luohe	5th Floor, Tiger Biomedical Industry Park, 200 meters north of the intersection of Taibai Mountain Road and Songjiang Road, Yancheng District, Luohe City, Henan Province	Clinical Research Services	-	100	Establishment	Limited Liability Company (Solely Owned by a Legal Entity Not Invested In or Controlled by Natural Persons)
Nengsheng (Shanghai) Medical Device Technology Consulting Co., Ltd.	USD9.2 million	Shanghai	Building 10, No. 860, Xin Yang Road, Lingang New Area, China (Shanghai) Pilot Free Trade Zone.	Medical device technology development and services	-	100.00	Business combination not under common control	Limited Liability Company (Wholly-Owned by a Non-individual Legal Entity)
Hangzhou Tigermid-lyton Medical Detecting Tech. Co.Ltd.	RMB28,3149 million	Hangzhou	Room 401,4th Floor, Building 6, No. 688 Bin'an Road, Changhe Street, Binjiang District, Hangzhou City, Zhejiang Province	Inspection and Testing Services	10.60	89.40	Business combination not under common control	Limited Liability Company (Sino-Foreign Equity Joint Venture)

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8 Equity in other entities (Continued)

8.1 Equity in subsidiaries (Continued)

8.1.1 Structure of the enterprise group (Continued)

Subsidiaries	Subsidiaries Registered capital	Principal place of business	Place of registration	Business nature	Shareholding (%)		Acquisition method	Type of Legal Entity
					Direct	Indirect		
Suzhou Tigermud-lyton Medical Detecting Tech.Co.Ltd.	RMB1 million	Suzhou	Room 1306-1, Building 1, No. 188, Fuchunjiang Road, High-tech Zone, Suzhou	Drug R&D, Medical Device Technology Development and Services	-	100.00	Business combination not under common control	Limited Liability Company (Solely Owned by a Legal Entity Not Invested In or Controlled by Natural Persons)
PT TIGERMED CONSULTING INDONESIA	IDR 10.1 billion	Indonesia	Indonesia	Clinical Research Services	-	100.00	Establishment	-
Tigermud Swiss AG.	CHF 281,200	Switzerland	Switzerland	Clinical Research Services	-	100.00	Establishment	-
Shihezi Taier Equity Investment Partnership (Limited Partnership)	RMB90.1 million	Xinjiang	No. 21, Beiba Road, Shihezi Development Zone, Xinjiang, 20370	Equity investment management and consulting	-	0.06	Establishment	Limited Partnership
TG Sky Investment Ltd.	USD50,000	BVI	BVI	Equity investment	100.00		Establishment	-
Hangzhou Yibai Health Management Co., Ltd.	RMB99.1716 million	Hangzhou	Room 1819, 18th Floor, Building 8, No. 19 Jugong Road, Xixing Street, Binjiang District, Hangzhou City, Zhejiang Province	Health Consulting Services	41.67	16.62	Business combination not under common control	Other Limited Liability Companies
Hangzhou Ruibai Health Management Co., Ltd.	RMB10 million	Hangzhou	Room 1510, Taifu Digital Harbor, Building 13, Xingyi Garden, Beigan Street, Xiaoshan District, Hangzhou City, Zhejiang Province	Health Consulting Services	-	58.29	Business combination not under common control	Limited Liability Company (Wholly-Owned by a Legal Entity Controlled by Natural Persons)

8 Equity in other entities (Continued)

8.1 Equity in subsidiaries (Continued)

8.1.1 Structure of the enterprise group (Continued)

Subsidiaries	Subsidiaries Registered capital	Principal place of business	Place of registration	Business nature	Shareholding (%)		Acquisition method	Type of Legal Entity
					Direct	Indirect		
Zibo Taibai Health Management Co., Ltd.	RMB3 million	Zibo	1101, 11th Floor, Second Inpatient Building, West Campus of Zibo Central Hospital, No. 10 Shanghai Road, Mashang Street Office, Zhangdian District, Zibo City, Shandong Province	Health Consulting Services	-	29.14	Business combination not under common control	Limited Liability Company (Invested in or Controlled by Natural Persons)
Shandong Lubai Health Management Co., Ltd.	RMB3 million	Zibo	Room 216, 2nd Floor, Area A, Comprehensive R&D Center, Boshan Digital Economy Industrial Park, Wangxi Village, Boshan District, Zibo City, Shandong Province	Health Consulting Services	-	58.29	Business combination not under common control	Limited Liability Company (Solely Owned by a Legal Entity Not Invested In or Controlled by Natural Persons)
Fuzhou Rongbai Health Management Co., Ltd.	RMB3million	Minhou	Room 1802, Building 1, No. 10 Yaoshi Road, Nanyu Town, Minhou County, Fujian Province	Health Consulting Services	-	58.29	Business combination not under common control	Limited Liability Company (Wholly-Owned by a Legal Entity Invested in or Controlled by Natural Persons)
Shenzhen Yuebai Health Management Co., Ltd.	RMB3million	Shenzhen	13th Floor, Tower A, Building 1, Guangming Tianan Cloud Valley Industrial Park, No. 98 Zhenyuan Road, Zhenmei Community, Xinh Street, Guangming District, Shenzhen City	Health Consulting Services	-	58.29	Business combination not under common control	Limited Liability Company (Wholly-Owned by a Legal Entity)

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8 Equity in other entities (Continued)

8.1 Equity in subsidiaries (Continued)

8.1.1 Structure of the enterprise group (Continued)

Subsidiaries	Subsidiaries Registered capital	Principal place of business	Place of registration	Business nature	Shareholding (%)		Acquisition method	Type of Legal Entity
					Direct	Indirect		
Chengdu Kefu Guosheng Jinbai Health Management Co., Ltd.	RMB3million	Chengdu	Unit 2, 1st Floor, Building 2, No. 2222 Xinchuan Road, Chengdu High-tech Zone, China (Sichuan) Pilot Free Trade Zone	Health Consulting Services	-	46.63	Business combination not under common control	Other Limited Liability Companies
Chongqing Yubai Health Management Co., Ltd.	RMB3 million	Chongqing	Chongqing International Biocity Science and Technology Incubator Building, Mudong Town, Banan District, Chongqing City	Health Consulting Services	-	43.72	Business combination not under common control	Limited Liability Company (Invested in or Controlled by Natural Persons)
Hangzhou Jixi Human Resources Management Co., Ltd.	RMB2 million	Hangzhou	Room 309, Building 1, No. 25 Kangning Street, Gongshu District, Hangzhou City, Zhejiang Province	Labor Dispatch Services	-	58.29	Business combination not under common control	Limited Liability Company (Solely Owned by a Legal Entity Not Invested In or Controlled by Natural Persons)
Hangzhou Taiyu Phase II Equity Investment Fund Partnership (Limited partnership)	RMB203 million	Hangzhou	Room 226, Building 2, Xiaocheng Tiandi Commercial Center, Hangzhou Economic and Technological Development Zone, Zhejiang Province	Equity investment	-	31.73	Establishment	Limited Partnership
Tigermed S.R.L.	RON 2,560	Romania	Romania	Clinical Research Services	-	100.00	Business combination not under common control	-
Tigermed Italy SRL	EUR 10,000	Italy	Italy	Clinical Research Services	-	100.00	Establishment	-
Tigermed d.o.o Novi Sad	EUR 86	Serbia	Serbia	Clinical Research Services	-	100.00	Establishment	-

8 Equity in other entities (Continued)

8.1 Equity in subsidiaries (Continued)

8.1.1 Structure of the enterprise group (Continued)

Subsidiaries	Subsidiaries Registered capital	Principal place of business	Place of registration	Business nature	Shareholding (%)		Acquisition method	Type of Legal Entity
					Direct	Indirect		
Tigerméd Hungary Kft.	HUF 300 million	Hungary	Hungary	Clinical Research Services	-	100.00	Establishment	-
Tigerméd Spain S.L.U.	EUR 3,000	Spain	Spain	Clinical Research Services	-	100.00	Establishment	-
Tigerméd Latvia SIA	EUR 2,800	Latvia	Latvia	Clinical Research Services	-	100.00	Establishment	-
Tigerméd Poland SP Z O.O.	PLN 5,000	Poland	Poland	Clinical Research Services	-	100.00	Establishment	-
Tigerméd Turkey Medical Research and Consultancy Trade Limited Liability Company	TRY 100,000	Turkey	Turkey	Clinical Research Services	-	100.00	Establishment	-
Tigerméd Czech Republic s.r.o.	CZK 100,000	Czech Republic	Czech Republic	Clinical Research Services	-	100.00	Establishment	-
Tigerméd Deutschland GmbH	EUR 12,500	Germany	Germany	Clinical Research Services	-	100.00	Establishment	-
Tigerméd Consulting Pakistan (SMC- Private) Limited	PKR 100,000	Pakistan	Pakistan	Clinical Research Services	-	100.00	Establishment	-
Health Tech (Beijing) Technology Co., Ltd.	RMB10 million	Beijing	808,8th Floor, Building 1, No. 20, Chaoyangmenwai Street, Chaoyang District, Beijing	On-site service	100.00	-	Business combination not under common control	Limited Liability Company (Wholly-Owned by a Foreign-Invested Enterprise Legal Person)

NOTES TO FINANCIAL STATEMENTS

8 Equity in other entities (Continued)

8.1 Equity in subsidiaries (Continued)

8.1.1 Structure of the enterprise group (Continued)

Subsidiaries	Subsidiaries Registered capital	Principal place of business	Place of registration	Business nature	Shareholding (%)		Acquisition method	Type of Legal Entity
					Direct	Indirect		
Hong Kong Tigermend Healthcare Technology Co., Limited	HKD10,000	Hong Kong	Hong Kong	Investment Holdings	100.00	-	Establishment	-
TG Mountain Investment Co	USD50,000	Cayman Islands	Cayman Islands	Equity investment management and consulting	-	100.00	Establishment	-
TG Sky Growth Investment Ltd.	USD1	BVI	BVI	Equity investment	-	100.00	Establishment	-
Shanghai Mosim Medical Technology Co., Ltd.	RMB1 million	Shanghai	Rooms 10503, 10505, 5th Floor, Building 6, No. 498 Guoshoujing Road, China (Shanghai) Pilot Free Trade Zone	Clinical Research Services	100.00	-	Business combination not under common control	Limited Liability Company (Wholly-Owned by a Legal Entity Invested in or Controlled by Natural Persons)
NJ Mosim Co., Ltd.	RMB10 million	nanking	Room 1207, South Building, No. 201, Zhongyang Road, Gulou District, Nanjing	Clinical Research Services	100.00	-	Business combination not under common control	Limited Liability Company (Solely Owned by a Legal Entity Not Invested In or Controlled by Natural Persons)
Blue Sky II Resources Investment Ltd.	USD1	BVI	BVI	Equity investment	-	100.00	Establishment	-
Wuxi Tigermend Medical Consulting Co., Ltd.	RMB10 million	Wuxi	Room 806-815, Building C, Huirong Business Plaza, No. 26 Hefeng Road, Xinwu District, Wuxi City	Clinical Research Services	100.00	-	Establishment	Limited Liability Company (Solely Owned by a Legal Entity Not Invested In or Controlled by Natural Persons)

8 Equity in other entities (Continued)

8.1 Equity in subsidiaries (Continued)

8.1.1 Structure of the enterprise group (Continued)

Subsidiaries	Subsidiaries Registered capital	Principal place of business	Place of registration	Business nature	Shareholding (%)		Acquisition method	Type of Legal Entity
					Direct	Indirect		
Jiaxing Xinge Medical Consulting Co., Ltd.	RMB1 million	Jiaxing	Room 302,3rd Floor, Building 1, No. 28 Huixin Road, Daqiao Town, Nanhu District, Jiaxing City, Zhejiang Province	Clinical Research Services	-	100.00	Establishment	Limited Liability Company (Wholly-Owned by a Legal Entity Controlled by Natural Persons)
Yongxiu Yukang Phase II Venture Investment Center (Limited Partnership)	RMB232 million	Jiujiang	B25, 1-2 floor, Building A1, Leiwang Liuhe City, Yongchang Avenue, Yongxiu County, Chengnan Industrial Park, Jiujiang City, Jiangxi Province	Equity investment	-	47.56	Establishment	Limited Partnership
Yongxiu Taishan Venture Investment Center (Limited Partnership)	RMB153 million	Jiujiang	B28, 1-2 floor, Building A1, Leiwang Liuhe City, Yongchang Avenue, Yongxiu County, Chengnan Industrial Park, Jiujiang City, Jiangxi Province	Equity investment	-	0.03	Establishment	Limited Partnership
Hangzhou Taiyu Phase III Venture Investment Partnership (Limited Partnership)	RMB593 million	Hangzhou	Room 1620, 16th Floor, Building 8, No. 19, Jugong Road, Xixing Street, Binjiang District, Hangzhou City, Zhejiang Province	Equity investment	-	40.92	Establishment	Limited Partnership
Tigermed Asia Pacific Private Limited.	RMB1 million	Singapore	Singapore	Drug R&D, Medical Device Technology Development and Services	-	60.00	Establishment	-
Tigermed Services Philippines Inc.	PHP 5 million	Philippines	Philippines	Clinical Research Services	-	100.00	Establishment	-
TG Mountain Investment II Co.	USD50,000	Cayman Islands	Cayman Islands	Equity investment management and consulting	-	100.00	Establishment	-

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

8 Equity in other entities (Continued)

8.1 Equity in subsidiaries (Continued)

8.1.1 Structure of the enterprise group (Continued)

Subsidiaries	Subsidiaries Registered capital	Principal place of business	Place of registration	Business nature	Shareholding (%)		Acquisition method	Type of Legal Entity
					Direct	Indirect		
Jiaxing Taishi Venture Investment Partnership (Limited Partnership)	RMB114 million	Jiaxing	Room 175-78, Building 1, Fund Town, No. 1856, Nanjiang Road, Dongzha Street, Nanhui District, Jiaxing City, Zhejiang Province	Equity investment management and consulting	-	0.45	Establishment	Limited Partnership
Luohe Taige Pharmaceutical Technology Co., Ltd.	RMB30.05 million	Luohe	Luohe City, Henan Province, Yuncheng District, Songjiang Road and Taibaishan Road intersection 200 meters north of the west of the road	Data management and statistical analysis	100.00	-	Establishment	Limited Liability Company (Solely Owned by a Legal Entity Not Invested In or Controlled by Natural Persons)
Tigermid South Africa (PTY) Ltd	ZAR 1,000	South Africa	South Africa	Clinical Research Services	-	100.00	Establishment	-
TIGERMED HEALTHCARE TECHNOLOGY LAO SOLE CO., LTD	LAK 20 billion	Laos	Laos	Clinical Research Services	-	100.00	Establishment	-
Tigermid Mexico S.de R.L.de C.V	MXN 10,000	Mexico	Mexico	Clinical Research Services	-	100.00	Establishment	-
Hangzhou Taiyu Phase IV Venture Investment Partnership (Limited Partnership)	RMB802 million	Hangzhou	Room 1805, 18th Floor, Building 8, No.19, Jugong Road, Xixing Street, Binjiang District, Hangzhou City, Zhejiang Province	Equity investment	-	0.64	Establishment	Limited Partnership
Tigermid Colombia S.A.S	COP 1 million	Colombia	Colombia	Clinical Research Services	-	100.00	Establishment	-
Tigermid UK Ltd	GBP 1,000	United Kingdom	United Kingdom	Clinical Research Services	-	100.00	Establishment	-

8 Equity in other entities (Continued)

8.1 Equity in subsidiaries (Continued)

8.1.1 Structure of the enterprise group (Continued)

Subsidiaries	Subsidiaries Registered capital	Principal place of business	Place of registration	Business nature	Shareholding (%)		Acquisition method	Type of Legal Entity
					Direct	Indirect		
TIGERMED BRAZIL CONSULTING LTDA	BRL 156 million	Brazil	Brazil	Clinical Research Services	-	100.00	Establishment	-
Suzhou Taiyutong Venture Capital Partnership (Limited Partnership)	RMB 100 million	Suzhou	Room (112) -352, Logistics Building, No.88 Modern Avenue, Suzhou Industrial Park, Suzhou Area, China (Jiangsu) Pilot Free Trade Zone	Equity investment management and consulting	-	0.69	Establishment	Limited Partnership
Tigermid Japan Inc.	JPY 400 million	Japan	Japan	Investment holdings	-	100.00	Establishment	-
Medical Edge Co., Ltd	JPY 100 million	Japan	Japan	Data Management, Biostatistics, EDC and ePRO System Customization Services	-	80.00	Business combination not under common control	-
Hangzhou Fengqi Industrial Operation Co., Ltd.	RMB 1 million	Hangzhou	Room 1716, 17th Floor, Building 8, No. 19, Jugong Road, Xixing Street, Binjiang District, Hangzhou City, Zhejiang Province	Park management services	100.00	-	Establishment	Limited Liability Company (Wholly-Owned by a Foreign-Invested Enterprise Legal Person)
Tigermid Argentina SAS		Argentina	Argentina	Clinical Research Services	-	100.00	Establishment	-

NOTES TO FINANCIAL STATEMENTS

8 Equity in other entities (Continued)

8.2 Transaction in which the share of shareholders' equity in a subsidiary changes but the subsidiary is still under control

8.2.1 Explanation of Changes in the share of shareholders' equity in subsidiaries

- (1) The Company increased the investment in its subsidiary, Frontage Holdings (HK01521), by 151,678,000 shares;
- (2) The Company acquired the minority shareholder equity of its subsidiary Jyton Detecting, with an acquisition ratio of 13.8462% equity.
- (3) The Company acquired the minority shareholder equity of its subsidiary Marti Farm, and the acquisition ratio was 20% of the equity.

8.2.2 The effect of the transaction on minority interests and the equity attributable to the owners of the Company

	Frontage Holdings Corporation	Jyton Detecting	Marti Farm d.o.o.
Acquisition cost/Disposal consideration			
– Cash	247,042,847.91	21,387,000.00	19,772,038.80
– Fair value of non-cash assets			
Total of Acquisition cost/Disposal consideration	247,042,847.91	21,387,000.00	19,772,038.80
Less: The net asset calculated by the acquisition or disposal proportion of the subsidiaries	174,515,617.47	1,874,434.17	3,612,279.13
Difference	72,527,230.44	19,512,565.83	16,159,759.67
Including: adjustment of capital reserve	72,527,230.44	19,512,565.83	16,159,759.67
adjustment of capital reserve			
adjustment of undistributed profits			

NOTES TO FINANCIAL STATEMENTS

8 Equity in other entities (Continued)

8.3 Equity in joint venture arrangements or associates

8.3.1 Significant joint ventures and associates

Joint ventures or associates	Major business location	Place of incorporation	Nature of business	Shareholding (%)		Accounting treatments for investments in joint ventures or associates	Strategic or not for the Company's activities
				Direct	Indirect		
Hangzhou Taikun Equity Investment Fund Partnership Enterprise (Limited Partnership)	Hangzhou	Room 1712, 17th Floor, Building 8, No. 19 Jugong Road, Xixing Street, Binjiang District, Hangzhou City, Zhejiang Province	Equity investment		50.00	Equity method, Venture capital investment	

8.3.2 Summary of financial information of significant associates

	December 31 2024/Year-ended December 31 2024	December 31 2023/Year-ended December 31 2023
	Hangzhou Taikun Equity Investment Fund Partnership Enterprise (Limited Partnership)	Hangzhou Taikun Equity Investment Fund Partnership Enterprise (Limited Partnership)
Current assets	653,288,617.79	1,224,774,520.70
Non-current assets	5,584,972,387.67	4,006,910,342.25
Total assets	6,238,261,005.46	5,231,684,862.95
Current liabilities	249,483.44	
Total liabilities	249,483.44	
Equity attributable to the shareholders of the Company	6,238,011,522.02	5,231,684,862.95
Net assets based on proportion of shareholding	3,119,005,761.01	2,615,842,431.48
Net profit	51,166,918.33	185,332,915.47
Total comprehensive income	51,166,918.33	185,332,915.47
Dividends received from associates of the Company	22,420,129.62	4,483,214.17

NOTES TO FINANCIAL STATEMENTS

8 Equity in other entities (Continued)

8.3 Equity in joint venture arrangements or associates (Continued)

8.3.3 Summarized financial information for insignificant joint ventures and associates

	December 31 2024/Year-ended December 31 2024	December 31 2023/Year-ended December 31 2023
Associates:		
Total carrying amount of investments	305,597,553.71	361,185,078.60
The sum of the following items in proportion to shareholding		
– Net profit	5,687,465.76	12,516,556.60
– Other comprehensive income	-21,798,989.78	-7,737,214.49
– Total comprehensive income	-16,111,524.02	4,779,342.11

8.3.4 Excess losses recognized of joint ventures or associates

	Accumulated unrecognized accumulated losses as at December 31 2023	Unrecognized losses or attributed net profits in Year- ended December 31 2024	Accumulated unrecognized accumulated losses as at December 31 2024
Joint ventures or associates			
Shanghai Bioquick Pharmaceutical Supply Chain Management Co., Ltd.	-4,715,620.63	-2,505,387.68	-7,221,008.31
TIGERMED CO., LTD. (THAILAND)	-448,122.07	-79,106.74	-527,228.81
Tigerise, Inc.	-3,124,972.21	-1,013,754.61	-4,138,726.82

NOTES TO FINANCIAL STATEMENTS

9 Government grants

9.1 Types, amounts and disclosure of government grants

9.1.1 Government grants recognized in current profit or loss

Asset-related government grants

Balance sheet presentation items	Amount of government grants	The amount included in profit or loss for the current period or offset related costs and expenses		Items included in profit or loss for the current period or offset related costs and expenses
		Year-ended December 31 2024	Year-ended December 31 2024	
Deferred income	1,245,450.90	805,240.45	440,210.45	Other income
Total	1,245,450.90	805,240.45	440,210.45	

Income-related government grants

Items included in profit or loss for the current period or offset related costs and expenses	Amount of government grants	The amount included in profit or loss for the current period or offset related costs and expenses	
		Year-ended December 31 2024	Year-ended December 31 2024
Other income	55,415,800.00	30,205,962.99	25,209,837.01
Non-operating income	13,804,477.85	3,518,588.75	10,285,889.10
Total	69,220,277.85	33,724,551.74	35,495,726.11

9.1.2 Liabilities items related to government grants

Liabilities presentation items	December 31 2023	New granted in year ended December 31 2024	Amounts recognized to non-operating income of year ended December 31 2024	Amounts recognized to other income of year ended December 31 2024	Amounts offset related costs and expenses of year ended December 31 2024d	Other changes	December 31 2024	Asset related/ Income related
Deferred income	14,594,433.99	3,133,772.77		805,240.45		213,329.41	17,136,295.72	Asset related

NOTES TO FINANCIAL STATEMENTS

10 Risks related to financial instruments

10.1 Various risks arising from financial instruments

The Company's activities expose it to a variety of financial risks: market risk (primarily including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The financial risks and the risk management policies adopted by the Company to mitigate these risks are described as follows:

The Board of Directors of the Company is overall responsible for risk management and ultimately responsible for the risk management objectives and policies. The Board of Directors reviews the effectiveness of the implemented procedures and the rationality of the risk management objectives and policies through the monthly reports submitted by the functional departments, and report the relevant discoveries to the Audit Committee.

The overall objective of the Company's risk management is to formulate risk management policies that minimize risks without unduly affecting the Company's competitiveness and resilience.

10.1.1 Credit risk

Credit risk refers to the risk that the counterparty will fail to fulfill its contractual obligations and the Company will incur financial losses.

The Company primarily confronts the credit risk of customers arising from credit sales. Before entering into new contracts, the Company will evaluate the credit risk of new customers, encompassing external credit ratings and, in certain circumstances, bank credit certificates (where such information is accessible). The Company has established a credit sales limit for each customer, which represents the maximum amount that does not require additional approval.

The Company ensures that the overall credit risk is within a controllable range through quarterly monitoring of the credit ratings of existing customers and monthly review of the accounts receivables aging analysis. When monitoring the credit risk of customers, they are grouped according to their credit characteristics. Customers rated as "high-risk" will be placed on the restricted customer list, and the Company can offer credit sales to them in the future only with additional approval; otherwise, they must be required to make the corresponding payment in advance.

NOTES TO FINANCIAL STATEMENTS

10 Risks related to financial instruments (Continued)

10.1 Various risks arising from financial instruments (Continued)

10.1.2 Liquidity risk

Liquidity risk refers to the risk that a business will experience a shortage of funds when it fulfills its obligation to settle by way of cash or other financial assets.

The Company has policies to ensure that it has sufficient cash to repay its debts due. Liquidity risk is centrally controlled by the Company's financial department. The financial department ensures that the Company has sufficient funds to repay its debt with all reasonable forecasts by monitoring the cash balances, the marketable securities that can be realized at any time, and the cash flow forecast for the next 12 months.

Financial liabilities are presented at undiscounted contractual cash flows on the maturity date of the Company as follows:

Unit: RMB yuan in ten thousand

December 31 2024				
Item	Within 1 year	Over 1 year	Total undiscounted contractual amount	Carrying amount
Borrowings	205,159.51	36,261.45	241,420.96	231,584.74
Accounts payables	25,113.13	615.61	25,728.74	25,728.74
Other payables	6,306.61	585.35	6,891.96	6,891.96
Lease liabilities	12,474.10	41,990.01	54,464.11	51,766.64
Total	249,053.35	79,452.42	328,505.77	315,972.08

December 31 2023				
Item	Within 1 year	Over 1 year	Total undiscounted contractual amount	Carrying amount
Borrowings	241,122.40	50,873.70	291,996.10	280,060.30
Accounts payables	24,720.24	210.55	24,930.79	24,930.79
Other payables	6,571.54	309.58	6,881.12	6,881.12
Lease liabilities	12,910.60	44,598.10	57,508.70	54,598.96
Total	285,324.78	95,991.93	381,316.71	366,471.18

NOTES TO FINANCIAL STATEMENTS

10 Risks related to financial instruments (Continued)

10.1 Various risks arising from financial instruments (Continued)

10.1.3 Market risk

Market risk of financial instruments refers to the risk from the fluctuations in the fair value or future cash flows of financial instruments due to variations in market prices, including exchange rate risk, interest rate risk, etc.

(1) *Interest rate risk*

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

Interest-bearing financial instruments with fixed and floating rates expose the Company to fair value interest rate risk and cash flow interest rate risk, respectively. The Company determines the ratio of fixed rate instruments to floating rate instruments based on market conditions and maintains an appropriate portfolio of fixed and floating rate instruments through regular review and monitoring. When necessary, the Company will arrange interest rate swap instruments to hedge against interest rate risks.

As of December 31, 2024, with other variables remaining unchanged, if the borrowing interest rate on a floating basis increase or decreases by 10%, the net profits of the Company will decrease or increase by 14,123,538.20 (as of December 31, 2023: 11,989,736.63). The management considers that 10% reasonably reflects the range which the interest rate may change in the next year.

(2) *Exchange rate risk*

Exchange rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company continuously monitors the scale of foreign currency transactions, foreign currency assets and liabilities in order to minimize the foreign exchange risks it confronts. Furthermore, the Company may also enter into forward foreign exchange contracts or currency swap contracts in order to achieve the purpose of hedging against exchange rate risks. The Company has not entered into any forward foreign exchange contracts or currency swap contracts during current or prior period.

NOTES TO FINANCIAL STATEMENTS

10 Risks related to financial instruments (Continued)

10.1 Various risks arising from financial instruments (Continued)

10.1.3 Market risk (Continued)

(2) Exchange rate risk (Continued)

Exchange rate risk of the Company mainly derives from financial assets and liabilities denominated in USD and KRW, and the amounts of foreign currency financial assets and liabilities converted into RMB are presented as below:

Item	December 31 2024			December 31 2023		
	USD (equivalent in RMB)	KRW (equivalent in RMB)	Total	USD (equivalent in RMB)	KRW (equivalent in RMB)	Total
Cash at bank and on hand	445,346,124.18	102,676,972.18	548,023,096.36	421,502,695.78	31,959,528.06	453,462,223.84
Accounts receivables	476,348,078.93	67,271,866.03	543,619,944.96	302,522,378.92	33,996,339.92	336,518,718.84
Other receivables	26,147,158.26	17,183,191.44	43,330,349.70	9,939,157.94	6,428,208.66	16,367,366.60
Interests receivables				74,779.36		74,779.36
Subtotal of major financial assets at foreign currencies	947,841,361.37	187,132,029.65	1,134,973,391.02	734,039,012.00	72,384,076.64	806,423,088.64
Short-term borrowings	251,594,000.00	3,950,400.00	255,544,400.00	63,744,300.00	4,411,200.00	68,155,500.00
Accounts payables	59,740,594.43	10,113,000.68	69,853,595.11	42,697,835.77	8,732,372.80	51,430,208.57
Employee benefits payable	44,064,402.78	14,195,519.13	58,259,921.91	127,190,691.18		127,190,691.18
Other payables	21,789,282.10	6,631,220.49	28,420,502.59	13,667,124.31	7,358,119.29	21,025,243.60
Dividend Payables	1,511,959.17		1,511,959.17	1,489,726.96		1,489,726.96
Long-term borrowings	205,947,660.00		205,947,660.00	55,755,482.14		55,755,482.14
Non-current liabilities due within one year	90,924,925.45	6,058,218.08	96,983,143.53	125,173,516.15		125,173,516.15
Subtotal of major financial liabilities at foreign currencies	675,572,823.93	40,948,358.38	716,521,182.31	429,718,676.51	20,501,692.09	450,220,368.60
Total	272,268,537.44	146,183,671.27	418,452,208.71	304,320,335.49	51,882,384.55	356,202,720.04

As at December 31, 2024, with other variables remaining unchanged, if the exchange rate of RMB to USD or RMB to KRW appreciates or depreciates by 5%, the net profits of the Company will be increased or decreased by RMB20,922,610.44 (December 31, 2023: RMB17,810,136.00). The management considers that 5% reasonably reflects the range of fluctuations of the exchange rate of RMB to USD and RMB to KRW in the next year.

NOTES TO FINANCIAL STATEMENTS

10 Risks related to financial instruments (Continued)

10.1 Various risks arising from financial instruments (Continued)

10.1.3 Market risk (Continued)

(3) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices other than exchange rate risk and interest rate risk.

The other price risk arises mainly from investments in equity instruments with a risk of price changes of the equity instruments. Other on-current financial assets held by the Company is presented as below:

Item	December 31 2024	December 31 2023
Other non-current financial assets	10,105,905,487.26	10,231,701,776.67
Total	10,105,905,487.26	10,231,701,776.67

As at December 31, 2024, with other variables remaining unchanged, if the value of equity instruments increases or decreases by 5%, the net profits of the Company will decrease or increase by 505,295,274.36. The management considers that 5% reasonably reflects the range of fluctuations of the value of equity instruments in the next year.

11 Disclosure of fair value

The input value used in the fair value measurement is divided into three levels:

Level 1 input value is the unadjusted quotation in the active market for the same assets or liabilities that can be obtained on the measurement date.

Level 2 input value is the direct or indirect observable input value of related assets or liabilities except for the first level input value.

Level 3 input value is the unobservable input of related assets or liabilities.

The level of the fair value measurement shall be decided according to the minimum level of input value that is of significance to the overall fair value measurement.

NOTES TO FINANCIAL STATEMENTS

11 Disclosure of fair value (Continued)

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

Item	December 31 2024			Total
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	
Continuous fair value measurement				
Financial assets held for trading		74,852,975.16		74,852,975.16
1. Financial assets measured at fair value through current profit or loss		74,852,975.16		74,852,975.16
(1) Debt instrument investments		24,852,975.16		24,852,975.16
(2) Wealth management products		50,000,000.00		50,000,000.00
Investments in other equity instruments	3,371,053.10		4,719,093.55	8,090,146.65
Other non-current financial assets	64,151,476.08	4,032,227.28	10,037,721,783.90	10,105,905,487.26
1. Financial assets at fair value through profit or loss	64,151,476.08	4,032,227.28	10,037,721,783.90	10,105,905,487.26
(1) Debt instrument investments			108,864,224.15	108,864,224.15
(2) Equity instrument investments	64,151,476.08	4,032,227.28	9,928,857,559.75	9,997,041,263.11
Total assets continuously measured at fair value	67,522,529.18	78,885,202.44	10,042,440,877.45	10,188,848,609.07
Other non-current financial liabilities			70,519.78	70,519.78
1. Financial liabilities at fair value through profit or loss			70,519.78	70,519.78
(1) Contingent Consideration			70,519.78	70,519.78
Total liabilities continuously measured at fair value			70,519.78	70,519.78
Total liabilities not continuously measured at fair value				

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

The Company determines the fair value of the measurement items based on the quoted price of active market.

11.3 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 December 31 2024	Valuation technique	Key Parameters	
			Qualitative information	Quantitatively information
Wealth management products	50,000,000.00	Discounted Cash Flow Method	N/A	N/A
Debt investments	24,852,975.16	Quotation offered by the asset management company	N/A	N/A
Insurance	4,032,227.28	Quotation offered by the insurance company	N/A	N/A

NOTES TO FINANCIAL STATEMENTS

11 Disclosure of fair value (Continued)

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

December 31				
Item	2024	Valuation technique	Unobservable input value	Range (weighted average)
Equity investment in non-listed companies	5,000,910,941.36	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.
		Backward Price Adjustment Method based on Recent Transactions	Due to considerations of time, sales conditions and agreement terms, the scale and nature of similar businesses 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	4,932,665,711.94	Net Asset Value	Net Asset Value	The higher the net asset value, the higher the valuation.
Convertible bonds	108,864,224.15	Binomial Options Pricing Model	Discount rate	The higher the discount rate is, the lower the valuation becomes.
Contingent considerations	70,519.78	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 FINANCIAL STATEMENTS

11 Disclosure of fair value (Continued)

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

11.5.1 Adjustment information of the continuing fair value measurement items at Level 3

Item	December 31 2023	Transfer to Level 3	Transfer out of Level 3	Total amount of current gains or losses recognized in current profit/ losses	income	Purchase	change in exchange rate	Sale	Merge and Transfer Out	December 31 2024	For the assets held at the end of the reporting period, the unrealized gains or changes that are recognized in current profit or loss
Financial assets held for trading	1,102,800.00							1,046,800.00			
Financial assets at fair value through profit or loss	1,102,800.00							1,046,800.00			
- Equity instrument investments	1,102,800.00							1,046,800.00			
Other equity instrument investments	6,753,640.97				-1,408,720.63	696,313,606.30	10,688,177.27	259,540,180.74	24,518,000.00	4,719,093.55	
Other non-current financial assets	9,962,333,580.23			-347,555,399.16		696,313,606.30	10,688,177.27	259,540,180.74	24,518,000.00	10,037,721,783.90	-347,555,399.16
Financial assets at fair value through profit or loss	9,962,333,580.23			-347,555,399.16		696,313,606.30	10,688,177.27	259,540,180.74	24,518,000.00	10,037,721,783.90	-347,555,399.16
- Debt instrument investments	64,305,745.29			732,828.85		57,567,232.70	-245,182.69	13,498,400.00		108,864,224.15	732,828.85
- Equity instrument investments	9,898,027,834.94			-348,288,228.01		638,746,373.60	10,931,359.96	246,041,780.74	24,518,000.00	9,928,857,559.75	-348,288,228.01
Total	9,970,190,021.20			-347,555,399.16	-1,408,720.63	696,313,606.30	10,006,350.48	260,586,980.74	24,518,000.00	10,042,440,877.45	-347,555,399.16
Including: Profit/Loss related to financial assets				-347,555,399.16							-347,555,399.16
Other non-current financial liabilities	44,028,198.05			1,130,211.52		74,746.97	204,573.24	45,367,210.00		70,519.78	1,130,211.52
Contingent considerations	44,028,198.05			1,130,211.52		74,746.97	204,573.24	45,367,210.00		70,519.78	1,130,211.52
Total	44,028,198.05			1,130,211.52		74,746.97	204,573.24	45,367,210.00		70,519.78	1,130,211.52
Including: Profit/Loss related to financial liabilities				1,130,211.52							1,130,211.52

NOTES TO FINANCIAL STATEMENTS

11 Disclosure of fair value (Continued)

11.6 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 December 31, 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 Anhui Wanbang Pharmaceutical Technology Co., Ltd., in which the Company has invested, was listed on September 25, 2023, and its relevant quotations are available from public active markets. The shares held by the Company were subject to a lock-up period until September 24, 2024. As of December 31, 2024, there was no remaining lock-up period for the investment shares. Therefore, the Company transferred this investment from Level 2 to Level 1 of the fair value hierarchy for measurement as other non-current financial assets.
3. 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 December 31, 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.

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

As at December 31, 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 carrying amounts 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 FINANCIAL STATEMENTS

12 Related parties and related party transactions

12.1 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%.

12.2 Information about the subsidiaries of the Company

For details of the Company's subsidiaries, refer to Note "8 Interests in Other Subjects".

12.3 Information on the Company's joint ventures and associates

Details of the Company's joint ventures and associates are referring to Note "8. Equity in other entities"

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
Shanghai Yigao Investment Co., Ltd.	Associates
EPS Tigermed (Suzhou) Co., Ltd.	Associates
Hangzhou Taikun Equity Investment Fund Partnership (Limited partnership)	Associates
Tigerise, Inc.	Associates
Shanghai Bioquick Pharmaceutical Supply Chain Management Co., LTD.	Associates
Chenghong Pharmaceutical (Weihai) Co., Ltd.	Associates
Beijing Jingwei Legend Pharmaceutical Technology Co., LTD.	Associates
TIGERMED CO. LTD. (THAILAND)	Associates
PT TIGERMED MEDICAL INDONESIA	Associates
Tigermed Vietnam Co., Limited	Associates
Jiangsu Lanwan Management Technology Co., Ltd.	Associates
Taihe Pharmaceutical (Weihai) Co., Ltd.	Associates
Clinflash Healthcare Technology (Jiaxing) Co., LTD.	Associates

NOTES TO FINANCIAL STATEMENTS

12 Related parties and related party transactions (Continued)

12.4 Other Related Parties

Name of Other Related Parties	Relationship
Hangzhou Fananskai Technology Co., Ltd.	The offspring of the actual controller Ms. Cao Xiaochun, serves as a director in Hangzhou Fanansquan Technology Co., Ltd.
Fanske Technology Co., Ltd.	The offspring of the actual controller Ms. Cao Xiaochun, serves as a director in Hangzhou Fanansquan Technology Co., Ltd.
Hangzhou D. a. Gene & Engineering Co., Ltd.	The actual controller, Mr. Ye Xiaoping serves as a director of Dian Diagnostics Group CO., LTD.
Hangzhou Dian Medical Laboratory Center Co., LTD.	The actual controller, Mr. Ye Xiaoping serves as a director of Dian Diagnostics Group CO., LTD.
Hangzhou Taiyuan Pharmaceutical Innovation Research Institute Co., LTD.	The actual controller, Ms. Cao Xiaochun serves as a of Chairman.
Shanghai ClinMega Pharmaceutical Technology Co., Ltd.	The actual controller, Ms. Cao Xiaochun serves as a of Chairman.
Hangzhou Zhilan Health Co., LTD.	The actual controller, Ms. Cao Xiaochun serves as a of Chairman.
Shanghai Yinhu Hotel Co., Ltd.	The offspring of the actual controller Ms. Ye Xiaoping, serves as a director.
Hangzhou Kemi Culture & Media Co., Ltd.	The offspring of the actual controller Ms. Cao Xiaochun, serves as a supervisor (resigned in December 2022)
Hangzhou Laimai Medical Information Technology Co., LTD.	The offspring of the actual controller Ms. Cao Xiaochun, serves as a director.
Beijing Laimai Medical Information Technology Co., Ltd.	The offspring of the actual controller Ms. Cao Xiaochun, serves as a director in Hangzhou Laimai Medical Information Technology Co., LTD..

NOTES TO FINANCIAL STATEMENTS

12 Related parties and related party transactions (Continued)

12.4 Other Related Parties (Continued)

Name of Other Related Parties	Relationship
New Trials Medical Texhnology (Hangzhou) Co., Ltd.	Co-President Mr. Wu Hao, serves as a director.
Zhejiang Di'an Deep Sea Cold Chain Logistics Co., Ltd.	The actual controller, Mr. Ye Xiaoping serves as a director of Dian Diagnostics Group CO., LTD.
Zhiding Medical Technology (Hangzhou) Co., LTD.	The actual controller Ms. Cao Xiaochun, serves as a director, and her offspring holds the position of Chairman.
Zhejiang Taiyuan Youseen Pharmaceutical Technology Co., Ltd.	The actual controller, Ms. Cao Xiaochun serves as a of Chairman.
Shenzhen Robb Medical Technology Co., LTD.	The offspring of the actual controller Ms. Cao Xiaochun, serves as a director.
Hangzhou Hezheng Pharmaceutical Co., LTD.	The spouse of the actual controller Ms. Cao Xiaochun, serves as a director.
Hangzhou Patsy Medical Technology Co., LTD.	The spouse of the actual controller Ms. Cao Xiaochun, serves as an executive director.
Hangzhou Mostech Technology Co., LTD	The offspring of the actual controller Ms. Cao Xiaochun, serves as a director.
Hangzhou Dian Biotechnology Co., LTD.	The actual controller, Mr. Ye Xiaoping serves as a director of Dian Diagnostics Group CO., LTD.
Hangzhou Hekang Pharmaceutical Co., LTD.	The spouse of the actual controller Ms. Cao Xiaochun, serves as an executive director.

NOTES TO FINANCIAL STATEMENTS

12 Related parties and related party transactions (Continued)

12.5 Related Party Transactions

12.5.1 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	Year ended December 31 2024	Approved transaction limit (if applicable)	Whether the transaction amount exceeds the approved limit (if applicable)	Year ended December 31 2023
Hangzhou Taiyuan Pharmaceutical Innovation Research Institute Co., LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	44,649.05			
Shanghai ClinMega Pharmaceutical Technology Co., Ltd.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	2,332,150.44			
Hangzhou Taikun Equity Investment Fund Partnership (Limited partnership)	Fund Services	711,811.84			
Hangzhou Dian Biotechnology Co., LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	530.97			
Clinflash Healthcare Technology (Jiaxing) Co., LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	48,676,537.24			56,308,402.45
Hangzhou Dian Medical Laboratory Center Co., LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	981,708.33			
Tigerise, Inc.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	21,970,707.40			14,769,398.04
Hangzhou Zhilan Health Co., LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	152,803.69			502,607.02
Teddy Clinical Research Laboratory (Shanghai) LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	13,893,732.85			26,700,910.18
Shanghai Yinhu Hotel Co., Ltd	Accommodation and Catering Services				210,502.75

NOTES TO FINANCIAL STATEMENTS

12 Related parties and related party transactions (Continued)

12.5 Related Party Transactions (Continued)

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

Information of goods purchased/services received (Continued)

Related parties	Related party transactions	Year ended December 31 2024	Approved transaction limit (if applicable)	Whether the transaction amount exceeds the approved limit (if applicable)	Year ended December 31 2023
Shanghai Bioquick Pharmaceutical Supply Chain Management Co., LTD	Warehousing, transportation services	14,384,576.45			23,151,688.00
Hangzhou Kemi Culture & Media Co., Ltd.	Corporate Image Planning, Advertising Design, Meeting and Exhibition Services, Photography and Video Production Services				849,313.93
Hangzhou Laimai Medical Information Technology Co., LTD.	Conference and Exhibition Services	386,114.43			108,733.58
Beijing Laimai Medical Information Technology Co., Ltd.	Conference and Exhibition Services				20,000.00
New Trials Medical Texhnology (Hangzhou) Co., Ltd.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	76,840.65			20,000.00
Zhejiang Di'an Deep Sea Cold Chain Logistics Co., Ltd.	Warehousing, transportation services	72,979.27			9,045.87
Zhiding Medical Technology (Hangzhou) Co., LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	15,600.00			7,841.00
Chenghong Pharmaceutical (Weihai) Co., LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	1,770,778.96			1,707,547.15

NOTES TO FINANCIAL STATEMENTS

12 Related parties and related party transactions (Continued)

12.5 Related Party Transactions (Continued)

12.5.1 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	Year ended December 31 2024	Year ended December 31 2023
Hangzhou Fananskai Technology Co., Ltd.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	2,428,050.74	
Fanske Technology Co., Ltd.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	4,740,742.93	
Beijing Jingwei Legend Pharmaceutical Technology Co., LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	42,452.88	
Shanghai ClinMega Pharmaceutical Technology Co., Ltd.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	703,880.35	
Zhejiang Taiyuan Youseen Pharmaceutical Technology Co., Ltd.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	186,761.32	
Hangzhou Taiyuan Pharmaceutical Innovation Research Institute Co., LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	147,481.18	
Beijing Laimai Medical Information Technology Co., LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	5,886.24	
Clinflash Healthcare Technology (Jiaxing) Co., LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	6,188,746.84	8,099,365.91
Hangzhou Zhilan Health Co., LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	210,606.14	991,785.39
Zhiding Medical Technology (Hangzhou) Co., LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	431,942.41	238,706.17
Shenzhen Robb Medical Technology Co., LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	712,650.86	1,727,874.67

NOTES TO FINANCIAL STATEMENTS

12 Related parties and related party transactions (Continued)

12.5 Related Party Transactions (Continued)

12.5.1 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	Year ended December 31 2024	Year ended December 31 2023
Teddy Clinical Research Laboratory (Shanghai) LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	264,961.68	147,233.06
Teddy Clinical Research Laboratory (WuXi) Limited	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	315,840.71	
EPS Tigermed (Suzhou) Co., Ltd.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	-547,754.87	58,505.66
Chenghong Pharmaceutical (Weihai) Co., LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	2,358.49	48,701.80
Shanghai Bioquick Pharmaceutical Supply Chain Management Co., LTD	Warehousing, transportation services	241,843.77	101,888.19
Hangzhou Laimai Medical Information Technology Co., LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	376,290.73	28,301.89
Hangzhou Hezheng Pharmaceutical Co., LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	8,013,688.77	7,434,019.22
Hangzhou Patsy Medical Technology Co., LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	6,822.25	1,795,952.97
Hangzhou Mostech Technology Co., LTD	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services		6,692.00
Hangzhou Dian Biotechnology Co., LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	-70,215.09	70,215.09
Hangzhou Taikun Equity Investment Fund Partnership (Limited partnership)	Fund Services	76,855,515.13	47,282,501.42

NOTES TO FINANCIAL STATEMENTS

12 Related parties and related party transactions (Continued)

12.5 Related Party Transactions (Continued)

12.5.2 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	2023/4/26	2026/4/26	Not yet
Acme Biopharma (Wuhan) Co., Ltd	32,000,000.00	2023/4/26	2028/4/26	Not yet
Acme Biopharma (Wuhan) Co., Ltd.	10,000,000.00	2023/4/26	2024/4/26	Yes
Frontage Pharma (Suzhou) Co., Ltd	20,000,000.00	2023/7/19	2024/7/19	Yes
Frontage Lingang Laboratories (Shanghai) Co., Ltd.	20,000,000.00	2024/7/24	2025/7/24	Not yet
Acme Biopharma (Shanghai) Co., Ltd	5,000,000.00	2024/12/18	2025/12/18	Not yet

12.5.3 Compensation of key management personnel

Key management personnel are those individuals who hold the authority and responsibilities for planning, directing, and controlling the Company's operations.

For the current and prior financial years, the compensation of the Company's directors and other key management personnel is as follows:

Unit: RMB yuan in ten thousand

Item	Amount of year ended December 31 2024	Amount of year ended December 31 2023
Directors' remuneration, salaries, and other benefits	968.19	926.80
Performance based bonuses	148.81	138.90
Retirement benefit scheme contributions	59.69	64.90
Total	1,176.69	1,130.60

Executive remuneration has been aligned with both individual performance metrics and prevailing market benchmarks.

NOTES TO FINANCIAL STATEMENTS

12 Related parties and related party transactions (Continued)

12.5 Related Party Transactions (Continued)

12.5.4 Directors' and Supervisors' Emoluments

Details of the emoluments paid or payable to the directors and supervisors of the Company for the services provided to the Group during the current and prior year are as follows:

Year ended December 31 2024:

Unit: RMB yuan in ten thousand

	Directors' remuneration	Salaries and Other Benefits	Performance-Based Bonuses	Retirement benefit scheme contributions	Share-Based Compensation	Total
Executive Directors:						
Dr. Ye Xiaoping	286.57	2.56	30.56	2.43		322.12
Ms. Cao Xiaochun	76.69	1.28	15.34	13.18		106.49
Mr. Wu Hao	151.90	1.28	30.38	13.37		196.93
Mr. Wen Zengyu (Note (2))	169.31	4.34	38.19	2.27		214.11
Independent Non-Executive Directors:						-
Dr. Yang Bo (Note (5))	5.00	-	-	-		5.00
Mr. Liao Qiyu	21.62	-	-	-		21.62
Mr. Zheng Biyun (Note (3))	26.85	-	-	-		26.85
Mr. Yuan Huagang (Note (4))	26.06	-	-	-		26.06
Supervisors:						-
Ms. Chen Zhimin		9.21				9.21
Mr. Zhang Binghui		9.21				9.21
Ms. Lou Wenqing		10.63	2.14	2.90		15.67
	764.00	38.51	116.61	34.15	-	953.27

NOTES TO FINANCIAL STATEMENTS

12 Related parties and related party transactions (Continued)

12.5 Related Party Transactions (Continued)

12.5.4 Directors' and Supervisors' Emoluments (Continued)

Year ended December 31 2023:

Unit: RMB yuan in ten thousand

	Directors' remuneration	Salaries and Other Benefits	Performance-Based Bonuses	Retirement benefit scheme contributions	Share-Based Compensation	Total
Executive Directors:						
Dr. Ye Xiaoping	258.90	16.40	14.90	1.80	–	292.00
Ms. Cao Xiaochun	76.70	13.20	14.40	11.40	–	115.70
Ms. Yin Zhuan (Note (1))	31.10	–	–	11.20	–	42.30
Mr. Wu Hao	151.90	1.30	96.00	11.70	–	260.90
Mr. Wen Zengyu (Note (2))	110.70	5.30	–	3.90	–	119.90
Independent Non-Executive Directors:						
Dr. Yang Bo (Note (5))	20.00	–	–	–	–	20.00
Mr. Liao Qiyu	22.00	–	–	–	–	22.00
Mr. Zheng Biyun (Note (3))	7.90	–	–	–	–	7.90
Mr. Yuan Huagang (Note (4))	12.20	–	–	–	–	12.20
Supervisors:						
Ms. Chen Zhimin	–	8.00	–	–	–	8.00
Mr. Zhang Binghui	–	8.00	–	–	–	8.00
Ms. Lou Wenqing	–	10.20	1.10	2.70	–	14.00
	691.40	62.40	126.40	42.70	–	922.90

(1) Ms. Yin Zhuan resigned as an executive director on May 23, 2023.

(2) Mr. Wen Zengyu was appointed as an executive director on May 23, 2023.

(3) Mr. Zheng Biyun resigned as an independent non-executive director on May 23, 2023.

(4) Mr. Yuan Huagang was appointed as an independent non-executive director on May 23, 2023.

(5) On February 27, 2024, Dr. Yang Bo resigned as an independent non-executive director, and Ms. Liu Yuwen was appointed as an independent non-executive director.

According to the Company's confirmation, the above resignations did not have any material adverse impact on the Group's business and financial performance. Furthermore, the Company has confirmed that there were no disagreements or disputes between the former directors or supervisors and the Group.

NOTES TO FINANCIAL STATEMENTS

12 Related parties and related party transactions (Continued)

12.5 Related Party Transactions (Continued)

12.5.5 Five Highest-Paid Individuals

The five individuals with the highest emoluments in the Group during the year ended December 31, 2024 include none (2023: none) director of the Company, details of whose remuneration are set out in Note 12.5.4 Directors' and Supervisors' Emoluments above. The emoluments of the five highest paid individuals during the year ended December 31, 2024 were as follows:

Unit: RMB yuan in ten thousand

Item	Amount of year ended December 31 2024	Amount of year ended December 31 2023
Salaries, and other benefits	1,950.13	1,787.00
Performance based bonuses	59.43	581.40
Retirement benefit scheme contributions	117.01	21.50
Share-Based Compensation	624.93	649.50
Total	2,751.50	3,039.40

The compensation of the five highest-paid individuals falls within the following ranges:

Compensation Range	Amount of year ended December 31 2024	Amount of year ended December 31 2023
HKD4,000,001 to HKD4,500,001	1	1
HKD4,500,001 to HKD5,000,000	1	
HKD5,000,001 to HKD5,500,000		1
HKD5,500,001 to HKD6,000,000		
HKD6,000,001 to HKD6,500,000		
HKD6,500,001 to HKD7,000,000	1	
HKD7,000,001 to HKD7,500,000	2	1
HKD7,500,001 to HKD8,000,000		1
HKD8,000,001 to HKD8,500,000		1
HKD8,500,001 to HKD9,000,000		
Total	5	5

During the current and prior financial years, the Company did not pay any remuneration to directors, supervisors, or the five highest-paid individuals (including directors, supervisors, and employees) as an inducement to join the Company or following their joining, nor as severance compensation. Additionally, no director renounced any remuneration during the current and prior financial years.

NOTES TO FINANCIAL STATEMENTS

12 Related parties and related party transactions (Continued)

12.6 Unsettled receivables and payables of related parties

12.6.1 Receivables

December 31, 2024				December 31, 2023	
Item	Related Party	Book value	Bad debt provisions	Book value	Bad debt provisions
Accounts receivables					
	Zhiding Medical Technology (Hangzhou) Co., LTD.	241,832.05	21,627.92	11,691.80	210.45
	Teddy Clinical Research Laboratory (Shanghai) LTD.			4,973.83	89.53
	Chenghong Pharmaceutical (Weihai) Co., LTD.			54,500.00	–
	Clinflash Healthcare Technology (Jiaxing) Co., LTD.	649,998.62	10,139.98	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	12,928.32		
	Hangzhou Laimai Medical Information Technology Co., LTD.	20,500.00	319.80		
	Hangzhou Fananskai Technology Co., Ltd.	13,000.00	3,409.10		
Prepayments					
	Hangzhou Laimai Medical Information Technology Co., LTD.	100,000.00			
	Hangzhou D. a. Gene & Engineering Co., Ltd.	656.38			
	Tigerise Inc.			682,293.98	
	Clinflash Healthcare Technology (Jiaxing) Co., LTD.	57,199.15		307,414.26	
	Hangzhou Zhilan Health Co., LTD.	40,271.68			
	New Trials Medical Texhnology (Hangzhou) Co., Ltd.	6,000.00			
	Chenghong Pharmaceutical (Weihai) Co., LTD.	476,191.24			
	Shanghai Bioquick Pharmaceutical Supply Chain Management Co., LTD	1,821,231.48			
Other Receivables					
	TIGERMED CO., LTD. (THAILAND)	1,499,181.90	135,072.76	1,214,880.47	60,744.02
	PT TIGERMED MEDICAL INDONESIA	517,066.87	45,037.83	182,056.14	9,102.81
	Tigermed Vietnam Co., Limited	831,362.31	49,292.92	156,116.19	7,805.81

NOTES TO FINANCIAL STATEMENTS

12 Related parties and related party transactions (Continued)

12.6 Unsettled receivables and payables of related parties (Continued)

12.6.1 Receivables (Continued)

December 31, 2024				December 31, 2023	
Item	Related Party	Book value	Bad debt provisions	Book value	Bad debt provisions
Contract assets					
	Hangzhou Fananskai Technology Co., Ltd.	170,669.86	2,662.45		
	Hangzhou Laimai Medical Information Technology Co., LTD.	65,641.83	1,024.01		
	Shanghai ClinMega Pharmaceutical Technology Co., Ltd.	513,750.48	8,014.51		
	Hangzhou Taiyuan Pharmaceutical Innovation Research Institute Co., LTD.	144,438.71	2,253.24		
	Shenzhen Robb Medical Technology Co., LTD.	721,606.73	11,257.06	858,473.57	15,452.52
	Hangzhou Hekang Pharmaceutical Co., LTD.	7,736.78	120.69	7,736.78	139.26
	Hangzhou Patsy Medical Technology Co., LTD.	1,828,024.51	28,517.18	1,222,407.39	22,003.33
	EPS Tigermed (Suzhou) Co., Ltd.			580,620.16	10,451.16
	Teddy Clinical Research Laboratory (Shanghai) LTD.			19,540.45	351.73
	Hangzhou Zhilan Health Co., LTD.	278,174.33	4,339.52	191,695.50	3,450.52
	Hangzhou Hezheng Pharmaceutical Co., LTD.	4,020,284.63	62,716.44	266,926.60	4,804.68
	Clinflash Healthcare Technology (Jiaxing) Co., LTD.	2,992,882.54	46,688.97	2,716,820.08	48,902.76
	Beijing Jingwei Legend Pharmaceutical Technology Co., LTD.	45,000.06	702.00		
	Beijing Laimai Medical Information Technology Co., LTD.	6,416.00	100.09		
	Hangzhou Dian Biotechnology Co., LTD.			74,428.00	1,339.70

NOTES TO FINANCIAL STATEMENTS

12 Related parties and related party transactions (Continued)

12.6 Unsettled receivables and payables of related parties (Continued)

12.6.2 Payables

Item	Relate party	December 31, 2024	December 31, 2023
Accounts Payables			
	Hangzhou Laimai Medical Information Technology Co., LTD.	311,792.45	
	Zhejiang Di'an Deep Sea Cold Chain Logistics Co., Ltd.	74,979.14	
	Hangzhou Dian Medical Laboratory Center Co., LTD.	2,055,920.59	
	Hangzhou D. A. Medical Laboratory Co., Ltd.	600.00	
	Hangzhou Zhilan Health Co., LTD.	64,320.00	
	PT TIGERMED MEDICAL INDONESIA	613,411.08	
	Teddy Clinical Research Laboratory (Shanghai) LTD.		23,740,600.14
	Shanghai Bioquick Pharmaceutical Supply Chain Management Co., LTD.	4,194.56	370,229.90
	Clinflash Healthcare Technology (Jiaxing) Co., LTD.	56,580,217.44	41,187,631.46
	Chenghong Pharmaceutical (Weihai) Co., LTD.		297,769.90
Other Payables			
	Taihe Pharmaceutical (Weihai) Co., Ltd.	3,000,000.00	3,000,000.00
	Clinflash Healthcare Technology (Jiaxing) Co., LTD.	25,546.78	25,546.78
	Jiangsu Lanwan Management technology Ltd., Co		10,000,000.00
Contract liabilities			
	Hangzhou Fananskai Technology Co., Ltd.	12,461.32	
	Shanghai ClinMega Pharmaceutical Technology Co., Ltd.	2,575.47	
	Teddy Clinical Research Laboratory (Shanghai) LTD.		4,752.00
	Hangzhou Zhilan Health Co., LTD.	158,519.17	137,516.22
	Zhiding Medical Technology (Hangzhou) Co., LTD.	120,716.98	301,105.55
	Clinflash Healthcare Technology (Jiaxing) Co., LTD.	908,901.72	1,587,138.42
	Hangzhou Laimai Medical Information Technology Co., LTD.	6,792.45	
	Hangzhou Hezheng Pharmaceutical Co., LTD.	216,222.67	134,953.93

NOTES TO FINANCIAL STATEMENTS

13 Share-Based Payments

13.1 General Information of Share-Based Payments

Recipients	Equity instruments granted in the Year ended December 31 2024		Equity instruments vested in the Year ended December 31 2024		Equity instruments exercised in the Year ended December 31 2024		Equity instruments expired in the Year ended December 31 2024	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Employee in the Company								
Employee of DreamCIS	15,000.00	13,739,250.00			90,044.00	1,258,345.09	3,425,534.00	236,361,846.00
Employee of Frontage	33,150,000.00	25,951,046.55	4,345,062.00		36,179,000.00	51,529,391.52	188,758.00	4,297,786.65
							7,358,000.00	13,467,002.58
Total	33,165,000.00	39,690,296.55	4,345,062.00		36,269,044.00	52,787,736.61	10,972,292.00	254,126,635.23

NOTES TO FINANCIAL STATEMENTS

13 Share-Based Payments (Continued)

13.2 Equity-settled share-based payments and equity instruments

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	246,679,992.69

13.3 Share-based Payment Expenses recognized in current period

Recipients	Year ended December 31 2024			Year ended December 31 2023		
	Equity-settled share-based payment	Cash-settled share-based payment	Total	Equity-settled share-based payment	Cash-settled share-based payment	Total
Employee in the Company	35,487,235.89		35,487,235.89	-8,586,353.59		-8,586,353.59
Employee of Frontage	22,374,026.46		22,374,026.46	21,477,914.54		21,477,914.54
Employee of DreamClS	3,557,779.06		3,557,779.06	3,417,966.74		3,417,966.74
Total	61,419,041.41		61,419,041.41	16,309,527.69		16,309,527.69

NOTES TO FINANCIAL STATEMENTS

13 Share-Based Payments (Continued)

13.4 Modification and termination of share-based payment

According to the announcement by *Hangzhou Tigermed Consulting Co., Ltd. Regarding the Termination of the 2022 A-share Restricted Stock Incentive Plan and the Cancellation of Restricted Stocks* (Announcement No. (2024) 020): Given the significant changes in both internal and external environments faced by the company, as well as its business conditions compared to when this incentive plan was established, there is a discrepancy between the company's expected operating performance and the set targets of the incentive scheme. Continuing with this incentive plan would make it difficult to achieve the intended incentive objectives and effects. After comprehensive consideration of the industry environment, the company's actual operating conditions, recent market factors, and future development strategies, and after careful deliberation, the Board of Directors decided to terminate the implementation of this incentive plan to ensure the long-term sustainable and steady development of the company. Accordingly, related documents such as *the Hangzhou Tigermed Consulting Co., Ltd. 2022 A-share Restricted Stock Incentive Plan Implementation and Assessment Management Measures* will also be terminated. All 6,079,784 second-class restricted shares that have been granted but not yet vested will be cancelled, without involving any share repurchase.

In accordance with relevant accounting standards, the termination of the restricted stock incentive plan requires the remaining unrecognized share-based payment amount to be fully recognized in the current period's income statement. The related impact amount is RMB34,508,177.28.

Other Explanation:

During the twelve months ended December 31, 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 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 Group, to give incentives thereto in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group. Under the 2021 Frontage Share Award Scheme, the directors may grant up to 1% of the issued share capital of the Company 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 the Company 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.

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

NOTES TO FINANCIAL STATEMENTS

13 Share-Based Payments (Continued)

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

(a) Frontage Holdings: (Continued)

(i) 2021 share awards scheme (Continued)

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

	2024 Number	2023 Number
Outstanding at beginning of the year	8,590,126	14,410,501
Vested during the year	-4,345,062	-4,695,062
Forfeited during the year	-155,000	-1,125,313
Outstanding at end of the year	4,090,064	8,590,126

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\$16,120,000 (equivalent to RMB104,311,000) for the awarded shares. The fair value was calculated by reference to the closing share price of the Company 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 the Company were issued for the 2021 Frontage Share Award Scheme. As at December 31, 2024, there are 8,548,002 shares (year ended December 31, 2023: 12,893,064 shares) held for such scheme with carrying amount of nil (year ended December 31, 2023: US\$1,000.00 (equivalent to RMB6,969.30)) accumulated in equity under the heading of "Treasury Shares".

The weighted average closing price of the shares immediately before the dates on which the awards were vested during the year ended December 31, 2024 was HK\$2.05 (equivalent to RMB1.87) (year ended December 31, 2023: HK\$2.98 (equivalent to RMB2.65)).

NOTES TO FINANCIAL STATEMENTS

13 Share-Based Payments (Continued)

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

(a) Frontage Holdings: (Continued)

(i) 2021 share awards scheme (Continued)

The Company recognized total expense of approximately US\$1,207,274.74 (equivalent to RMB8,591,812.14) for the year ended December 31, 2024 (year ended December 31, 2023: US\$1,676,000.00 (equivalent to RMB11,826,000.00)) 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 "PreIPO share incentive plans") for the primary purpose of attracting, retaining and motivating the directors of Frontage Labs and employees of the Company. 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 FINANCIAL STATEMENTS

13 Share-Based Payments (Continued)

13.4 Modification and termination of share-based payment (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 year, retroactively reflecting the Frontage Capitalization Issue:

	Year ended December 31,			
	2024		2023	
	Weighted average exercise price (RMB)	Number	Weighted average exercise price (RMB)	Number
Outstanding at beginning of the year	1.06	53,360,000	1.08	60,270,500
Vested during the year	1.42	-750,000		
Forfeited during the year	1.42	-36,110,000	1.41	-6,910,500
Outstanding at end of the year	0.36	16,500,000	1.06	53,360,000
Options exercisable		16,500,000		53,360,000
Weighted average contractual life (years)		2.20		0.49

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) (year ended December 31, 2023: HK\$2.21 (equivalent to RMB1.99)).

Each option granted generally vested over a three-year period with an agreed award vesting on the first anniversary of the grant date.

The Company recognized total expense of nil for the year ended December 31, 2024 (year ended December 31, 2023: nil) in relation to share options granted under the Frontage Labs Schemes.

NOTES TO FINANCIAL STATEMENTS

13 Share-Based Payments (Continued)

13.4 Modification and termination of share-based payment (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 Frontage Share Incentive Scheme and any other equity-based incentive plans of Frontage Holdings, being 10% of the shares of Frontage Holdings.

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

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

On October 30, 2024, the Frontage Holdings granted a total 33,150,000 share options under 2018 Frontage Share Incentive Scheme.

Set out below are details of the movements of the outstanding options granted during the year ended December 31, 2024:

	Year ended December 31,			
	2024		2023	
	Weighted average exercise price (RMB)	Number	Weighted average exercise price (RMB)	Number
Outstanding at beginning of period	1.91	54,250,000	1.82	31,445,000
Granted during the period	0.78	33,150,000	1.91	26,285,000
Forfeited during the period	1.92	-6,453,000	1.91	-3,456,000
Exercised during the period	1.92	-69,000	1.91	-24,000
Outstanding at end of period	1.42	80,878,000	1.91	54,250,000
Options exercisable		22,026,400		8,610,000
Weighted average contractual life (years)		4.00		3.80

NOTES TO FINANCIAL STATEMENTS

13 Share-Based Payments (Continued)

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

(a) Frontage Holdings: (Continued)

(iii) 2018 Frontage Share Incentive Scheme (Continued)

The exercise price of options outstanding ranges from HK\$0.82 to HK\$2.13 (equivalent to RMB0.75 to RMB1.94).

The weighted average closing price of the shares of the company immediately before the dates on which the options were exercised was HK\$2.18 (equivalent to RMB1.99).

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

The estimated fair values of the share options granted under the 2018 Frontage Share Incentive Scheme in 2024 and 2023 is approximately US\$1,839,000.00 (equivalent to approximately RMB13,087,611.30) and US\$2,988,000.00 (equivalent to approximately RMB21,083,000.00). The fair value is calculated using the Black-Scholes-Merton model. The major inputs into the model are as follows:

Grant date	October 30, 2024	December 20, 2023	October 7, 2022
Share price (HK\$)	0.82	2.12	1.94
Exercise price (HK\$)	0.82	2.13	2.09
Expected volatility	64%	51.00%	52.00%
Expected life (years)	5	5	5
Risk-free rate	3.0%	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 the Company, 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\$1,936,601.84 (equivalent to approximately RMB13,782,214.31) for the year ended December 31, 2024 (year ended December 31, 2023: US\$1,368,000.00 (equivalent to RMB9,652,000.00)), in relation to share options granted by the Company under 2018 Frontage Share Incentive Scheme.

NOTES TO FINANCIAL STATEMENTS

13 Share-Based Payments (Continued)

13.4 Modification and termination of share-based payment (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 1,609,488 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, 2019 (the “DreamCIS Capitalization Issue”), all the then outstanding share options granted and the exercise price are adjusted on a one-to-four basis.

During the year ended December 31, 2021, the Board of Directors of DreamCIS has resolved to grant a total of 892,488 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:

	Year ended December 31,			
	2024		2023	
	Weighted average exercise price (RMB)	Number	Weighted average exercise price (RMB)	Number
Outstanding at beginning of period	19.25	682,440	19.43	704,588
Granted during the period				
Exercised during the period	13.97	-90,044	6.77	-6,400
Forfeited during the period	13.97	-80,228	21.39	-15,748
Outstanding at end of period	21.35	512,168	19.25	682,440
Options exercisable		512,168		682,440
Weighted average contractual life (years)		0.77		1.77

The exercise price of options outstanding ranges from KRW1,250 to KRW4,075 (equivalent to RMB7.63 to RMB23.3).

NOTES TO FINANCIAL STATEMENTS

13 Share-Based Payments (Continued)

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

(b) DreamCIS: (Continued)

(i) 2018 DreamCIS Scheme (Continued)

The estimated fair value was approximately RMB5,811,000.00 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
	KRW15,800 (Equivalent to RMB90)
Share price	
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 year ended December 31, 2024 (year ended December 31, 2023: RMB278,000) 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 December 31, 2024.

NOTES TO FINANCIAL STATEMENTS

13 Share-Based Payments (Continued)

13.4 Modification and termination of share-based payment (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, 2024, 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 period:

	Year ended December 31, 2024		Year ended December 31, 2023	
	Weighted average exercise price (RMB)	Number	Weighted average exercise price (RMB)	Number
Outstanding at beginning of period	20.31	1,016,800		
Granted during the period			20.31	1,071,200
Forfeited during the period	20.31	-104,800	20.31	-54,400
Outstanding at end of period	20.31	912,000	20.31	1,016,800
Options exercisable		0		0
Weighted average contractual life (years)		3.67		4.67

NOTES TO FINANCIAL STATEMENTS

13 Share-Based Payments (Continued)

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

(b) DreamCIS: (Continued)

(iii) 2023 DreamCIS Share Option Scheme (Continued)

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	Year ended 2023
	KRW1260
	(Equivalent to
Share price	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.

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

The Company recognized total expense of approximately RMB2,829,765.27 for the year ended December 31, 2024 (year ended December 31, 2023: RMB875,000.00) in relation to share options granted under the DreamCIS Scheme.

(c) The Company:

(i) 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 FINANCIAL STATEMENTS

13 Share-Based Payments (Continued)

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

(c) The Company: (Continued)

(i) 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:

	Year ended December 31,			
	2024		2023	
	Weighted average exercise price (RMB)	Number	Weighted average exercise price (RMB)	Number
Outstanding at beginning of year	69.00	3,425,534	69.00	6,072,384
Canceled during the year			69.00	-363,160
Forfeited during the period	69.00	-3,425,534	69.00	-2,283,690
Outstanding at end of period	—	—	69.00	3,425,534

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
1 st 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%
2 nd 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%
3 rd 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%

NOTES TO FINANCIAL STATEMENTS

13 Share-Based Payments (Continued)

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

(c) The Company: (Continued)

(i) 2022 Restricted Share Scheme (Continued)

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.

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 RMB34,508,177.28 for the year ended December 31, 2024 that otherwise would have been recognized for services received over the remainder of the vesting period.

(d) Meditip

(i) 2021 Meditip Plan

Meditip, a subsidiary of the Company, adopted a share incentive plan in 2021 (the "2021 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 RMB7,307,000.00 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	September 8, 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 FINANCIAL STATEMENTS

13 Share-Based Payments (Continued)

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

(d) Meditip (Continued)

(i) 2021 Meditip Plan (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 2021 Meditip Scheme during the current and prior period, retroactively reflecting the Meditip Capitalization Issue:

	Year ended December 31			
	2024		2023	
	Weighted average exercise price RMB	Number	Weighted average exercise price RMB	Number
Outstanding at beginning of period	281.0	23,400	281.0	24,800
Forfeited during the period	281.0	-3,730	281.0	-1,400
Outstanding at end of period	281.0	19,670	281.0	23,400
Options exercisable		0		0
Weighted average contractual life (years)		0		0.7

NOTES TO FINANCIAL STATEMENTS

13 Share-Based Payments (Continued)

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

(d) Meditip (Continued)

(i) 2021 Meditip Plan (Continued)

The exercise price of options outstanding is KRW54,167.00 (equivalent to RMB281.00).

The Company recognized total expense of approximately RMB711,840.44 for the year ended December 31, 2024 (year ended December 31, 2023: RMB2,265,000.00) in relation to share options granted under the 2021 Meditip Scheme.

(ii) 2024 Meditip Plan

Meditip, a subsidiary of the Company, adopted a share incentive plan in 2024 (the “2024 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 15,000 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 3 years.

The estimated fair value was approximately RMB5,749,598.20 for the share options granted in 2024. The fair value was calculated based on binomial model. The major inputs into the model are as follows:

Grant date	December 27, 2024
Share price	KRW62,025 to KRW76,958 (Equivalent to RMB324 to 402)
Expected volatility	61.84%
Expected life (years)	3 years – 5 years
Risk-free rate	2.8%
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.

NOTES TO FINANCIAL STATEMENTS

13 Share-Based Payments (Continued)

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

(d) Meditip (Continued)

(ii) 2024 Meditip Plan (Continued)

Set out below are details of the movements of the outstanding options granted under the 2024 Meditip Scheme during the current and prior period, retroactively reflecting the Meditip Capitalization Issue:

	Year ended December 31, 2024	
	Weighted average exercise price RMB	Number
Outstanding at beginning of period		
Granted during the period	915.95	15,000
Outstanding at end of period	915.95	15,000
Options exercisable		0
Weighted average contractual life (years)		3.0

The exercise price of options outstanding is KRW175,000.00 (equivalent to RMB915.95).

The Company recognized total expense of approximately RMB16,173.35 for the year ended December 31, 2024 in relation to share options granted under the 2024 Meditip Scheme.

(e) Teddy Clinical Shanghai

Teddy Clinical Shanghai, a subsidiary of the Company, adopted a share incentive plan in 2018 to 2022 (the "Teddy Clinical Shanghai Scheme") for the primary purpose of attracting, retaining and motivating the employees of Teddy Clinical Shanghai. Under the Teddy Clinical Shanghai Scheme, employees may subscribe to restricted shares of Shanghai Teddy Clinical Shanghai through an employee shareholding platform.

After accepting the granted restricted shares, employees are required to contribute corresponding funds to Teddy Clinical Shanghai's employee shareholding platform. If a participant's employment relationship with Teddy Clinical Shanghai is terminated, the subscribed restricted shares shall be returned to the platform, and the platform shall refund the subscription payments made by the employee.

Each option granted has a contractual term of 3 years.

NOTES TO FINANCIAL STATEMENTS

13 Share-Based Payments (Continued)

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

(e) Teddy Clinical Shanghai (Continued)

Set out below are details of the movements of the outstanding options granted under the Teddy Clinical Shanghai Scheme during the current period:

	Year ended December 31, 2024	
	Weighted average exercise price RMB	Number
Outstanding at beginning of period	1.50	15,454,050
Weighted average contractual life (years)	1.50	15,454,050

The Company recognized total expense of approximately RMB979,058.61 for the year ended December 31, 2024 in relation to share options granted under the Teddy Clinical Shanghai Scheme.

14 Commitments and Contingencies

14.1 Significant commitments

The Company has no significant matters existing at the balance sheet date to be disclosed.

14.2 Contingency

The Company has no significant contingencies to be disclosed.

15 Subsequent events

15.1 Profit distribution

Pursuant to the resolution adopted at the 14th meeting of the Fifth Board of Directors convened by the Company on 27 March 2025, the Company proposes to distribute cash dividends of RMB3.00 (tax inclusive) per 10 shares to all shareholders, based on the total share capital at the future record date for implementing the 2024 profit distribution plan, adjusted by deducting the Company's shares held in the share repurchase account (9,806,300 shares). No bonus shares will be issued, and the remaining undistributed profits will be carried forward to subsequent years; the Company will not utilize capital reserves to issue additional shares to shareholders. As of the date of this announcement, the total cash dividend distribution amounts to RMB256,542,681 (tax inclusive), calculated based on the adjusted share capital of 855,142,270 shares (total share capital of 864,948,570 shares as of the announcement date minus 9,806,300 repurchased shares).

15.2 Information of other subsequent review

There are no other post-balance sheet events requiring disclosure.

NOTES TO FINANCIAL STATEMENTS

16 Capital commitments

Capital commitments under irrevocable contracts are as follows:

	December 31 2024	December 31 2023
Investment commitments in funds or companies	234,810,993.44	586,720,000.00
Investment commitments in associates	3,000,000.00	15,570,000.00
Acquisition of property, plant and equipment (PPE)	2,649,646.24	12,048,000.00

17 Other significant matters

17.1 Net current assets/(liabilities)

	December 31 2024		December 31 2023	
	Group	Company	Group	Company
Current assets	6,299,685,225.86	3,525,864,274.42	11,344,141,125.21	8,681,150,095.68
Less: Current liabilities	3,661,852,465.12	5,358,969,713.58	4,138,736,291.58	5,056,469,034.64
Net current assets/(liabilities)	2,637,832,760.74	-1,833,105,439.16	7,205,404,833.63	3,624,681,061.04

17.2 Total assets less current liabilities

	December 31 2024		December 31 2023	
	Group	Company	Group	Company
Total assets	28,671,015,787.16	19,322,035,746.26	29,680,742,349.17	19,484,910,216.95
Less: Current liabilities	3,661,852,465.12	5,358,969,713.58	4,138,736,291.58	5,056,469,034.64
Total assets less current liabilities	25,009,163,322.04	13,963,066,032.68	25,542,006,057.59	14,428,441,182.31

17.3 Segment information

17.3.1 Geographic information

The geographic analysis of the Company's principal operating revenue from external customers is presented as follows:

	Year ended December 31 2024	Year ended December 31 2023
Revenue from external customers		
– Local	3,547,958,140.55	4,234,516,020.89
– Overseas	3,055,162,022.23	3,149,523,439.99
Total	6,603,120,162.78	7,384,039,460.88

NOTES TO FINANCIAL STATEMENTS

17 Other significant matters (Continued)

17.3 Segment information (Continued)

17.3.1 Geographic information (Continued)

The geographic distribution of the Company's non-current assets by location is presented as follows:

	December 31 2024	December 31 2023
Non-current assets (excluding financial assets and deferred tax assets)		
– Local	8,545,836,113.78	6,140,831,000.00
– Overseas	3,504,812,081.00	1,742,956,000.00
Total	12,050,648,194.78	7,883,787,000.00

17.4 Borrowings Information

Item	December 31 2024	December 31 2023
Secured and unguaranteed bank loans (note (1))	687,720,231.72	571,791,813.07
Unsecured and guaranteed bank loans (note (2))	6,679,249.20	4,411,200.00
Unsecured and unguaranteed bank loans (note (3))	1,621,447,954.20	2,224,400,000.00
Total	2,315,847,435.12	2,800,603,013.07

Total current and non-current borrowings were scheduled to repay as follows:

	December 31 2024	December 31 2023
Due within one year	1,992,197,799.87	2,366,379,708.44
Due within 1 to 2 years	102,026,263.77	82,235,000.00
Due within 2 to 5 years	218,124,784.08	351,988,304.63
Over 5 years	3,498,587.40	–
Total	2,315,847,435.12	2,800,603,013.07

NOTES TO FINANCIAL STATEMENTS

17 Other significant matters (Continued)

17.4 Borrowings Information (Continued)

- (1) As at December 31, 2024, the Company had obtained bank credit facilities in an aggregate amount of approximately RMB510,000,000.00 (December 31, 2023: RMB512,000,000.00) through certain restricted bank deposits, of which RMB177,344,000.00 (December 31, 2023: RMB176,220,000.00) were utilized.

On May 31, 2022, Frontage Labs, one subsidiary 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\$54,000,000.00. As at December 31, 2024, US\$35,000,000.00 (December 31, 2023: US\$9,000,000.00) of the facility were utilized. Frontage Labs is obligated to grant to the bank the security interest in the collateral of some of its designated subsidiaries in the U.S.

On July 22, 2022, Frontage Labs entered into a credit agreement with a bank under which the bank agreed to provide Frontage Labs a non-revolving term loan facility in an aggregate principal amount of US\$49,000,000.00. As at December 31, 2024, US\$36,000,000.00 (December 31, 2023: US\$47,400,000.00) of the facility were utilized. Frontage Holdings Corporation, 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.

- (2) As of December 31, 2024, bank borrowings amounting to RMB6,679,249.20 (2023: RMB4,411,200.00) were secured by personal guarantees provided by directors of the subsidiaries.
- (3) At December 31, 2024, the Company had banking facilities to the extent of RMB7,626,447,954.20 (2023: RMB5,887,500,000.00). The aforesaid bank loans outstanding as at December 31, 2024 were RMB1,621,447,954.20 (2023: RMB2,224,400,000.00)
- (4) As of December 31, 2024, the total unutilized bank financing available to the Company was RMB6,446,015,600.00 (December 31, 2023: RMB4,265,190,000.00)

18 Notes to main items of the financial statements of the Company

18.1 Accounts receivables

18.1.1 Aging analysis of accounts receivables

The Company grants its customers a credit period ranging from 30 to 90 days. The table below presents the aging analysis of accounts receivable:

Aging	December 31 2024	December 31 2023
Within 90 days	464,656,412.25	499,406,129.71
90 days-180 days	50,535,070.71	136,409,808.78
180 days – 1 year	146,215,450.07	304,679,079.79
Over 1 years	325,127,088.63	17,051,024.41
Accounts receivables with individually insignificant amount and subject to individual bad debt provisions	14,201,221.75	
Subtotal	1,000,735,243.41	957,546,042.69
Less: Bad debt provisions	165,747,767.42	113,126,030.87
Total	834,987,475.99	844,420,011.82

18 Notes to main items of the financial statements of the Company (Continued)

18.1 Accounts receivables (Continued)

18.1.2 Disclosure of accounts receivables by provision for bad accounts

Category	December 31 2024				December 31 2023			
	Gross carrying amount		Bad debt provisions		Gross carrying amount		Bad debt provisions	
	Amount	Proportion(%)	Amount	Proportion of provision(%)	Amount	Proportion(%)	Amount	Proportion of provision (%)
Accounts receivables with bad debt provisions made on an individual basis	14,201,221.75	1.42	14,201,221.75	100.00				
Including:								
Accounts receivables with individually insignificant amount and subject to individual bad debt provisions	14,201,221.75	1.42	14,201,221.75	100.00				
Accounts receivables with bad debt provisions made on a collective credit risk basis	986,534,021.66	98.58	151,546,545.67	15.36	957,546,042.69	100.00	113,126,030.87	11.81
Including:								
Accounts receivables with bad debt provisions made on a collective credit risk basis	986,534,021.66	98.58	151,546,545.67	15.36	957,546,042.69	100.00	113,126,030.87	11.81
Total	1,000,735,243.41	100.00	165,747,767.42		957,546,042.69	100.00	113,126,030.87	
					834,987,475.99		844,420,011.82	

NOTES TO FINANCIAL STATEMENTS

18 Notes to main items of the financial statements of the Company (Continued)

18.1 Accounts receivables (Continued)

18.1.2 Disclosure of accounts receivables by provision for bad accounts (Continued)

Accounts receivables with bad debt provisions on an individual basis:

Name	Gross carrying amount	December 31 2024			December 31 2023	
		Bad debt provisions	Proportion(%)	Provision basis	Gross carrying amount	Bad debt provisions
No.1	14,201,221.75	14,201,221.75	100.00	Expected irrecoverable		

Accounts receivables with bad debt provisions made on a collective credit risk basis:

Item	December 31 2024		
	Accounts Receivables	Bad debt provisions	Proportion of provision(%)
Within 90 days	464,656,412.25	15,990,244.05	3.44
90 days – 180 days	50,535,070.71	8,879,011.92	17.57
180 days – 1 year	146,215,450.07	34,243,658.41	23.42
Over 1 year	325,127,088.63	92,433,631.29	28.43
Total	986,534,021.66	151,546,545.67	

18.1.3 Provision, reversal or recovery of provision for bad debts in the current period

Category	Movement in the year ended December 31 2024					December 31 2024
	December 31 2023	Accrual	Recovery or reversal	Write-off or charge-off	Other changes	
Accounts receivables with bad debt provisions made on a collective credit risk basis	113,126,030.87	38,420,514.80				151,546,545.67
Accounts receivable for which the amount of a single item is not significant but the provision for bad debts is separately accrued		14,201,221.75				14,201,221.75
Total	113,126,030.87	52,621,736.55				165,747,767.42

NOTES TO FINANCIAL STATEMENTS

18 Notes to main items of the financial statements of the Company (Continued)

18.1 Accounts receivables (Continued)

18.1.4 Top five accounts receivables balance and contract assets by debtor

The total carrying amount of the top five largest debtor counterparties' trade receivables and contract assets as of December 31, 2024 is RMB547,214,574.33, representing 21.74% of the combined carrying amount of all trade receivables and contract assets. The cumulative impairment loss allowance recognized for expected credit losses on these trade receivables and contract assets as of the reporting date is RMB78,975,861.31.

18.2 Other receivables

Item	December 31 2024	December 31 2023
Interests receivable		19,561,340.82
Dividends receivable	194,650,602.91	
Other receivables	390,588,348.99	338,972,567.98
Total	585,238,951.90	358,533,908.80

18.2.1 Interests receivable

(1) *Interests receivable by classification*

Item	December 31 2024	December 31 2023
Interest on deposit		19,561,340.82
Less: Bad debt provisions		
Total		19,561,340.82

NOTES TO FINANCIAL STATEMENTS

18 Notes to main items of the financial statements of the Company (Continued)

18.2 Other receivables (Continued)

18.2.2 Dividends receivable

(1) Details of dividends receivable

Item (Or investee)	December 31 2024	December 31 2023
Tigermed Xinze Medical Technology (Jiaxing) Co., Ltd.	4,650,602.91	
Wuxi Tigermed Medical Consulting Co., Ltd.	20,000,000.00	
Hangzhou Tigermed-Jyton Medical Tech. Co., Ltd.	80,000,000.00	
Jiaxing Tigermed Data Management Co., Ltd.	90,000,000.00	
Subtotal	194,650,602.91	
Less: Bad debt provisions		
Total	194,650,602.91	

18.2.3 Other receivables

(1) Aging of other receivables

Aging	December 31 2024	December 31 2023
Within 1 year	398,517,665.08	10,589,565.28
1 year – 2 years	4,580,096.68	363,325,903.13
2 years – 3 years	8,662,487.13	1,400,289.84
3 years – 4 years	1,210,299.84	1,131,431.78
4 years – 5 years	1,091,552.78	600,386.00
Over 5 years	1,242,236.26	2,224,516.21
Subtotal	415,304,337.77	379,272,092.24
Less: Bad debt provisions	24,715,988.78	40,299,524.26
Total	390,588,348.99	338,972,567.98

18.2 Other receivables (Continued)

(2) *Disclosure of other receivables by method of bad debt provisions*

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

18 Notes to main items of the financial statements of the Company (Continued)

18.2 Other receivables (Continued)

18.2.3 Other receivables (Continued)

(2) Disclosure of other receivables by method of bad debt provisions (Continued)

Other receivables with bad debt provisions is made on the basis of the aging analysis method:

Category	Other receivables		
	Other receivables	Bad debt provisions	Proportion of provision(%)
Within 1 year	398,517,665.08	19,925,883.26	5.00
1 to 2 years	4,580,096.68	458,009.67	10.00
2 to 3 years	8,662,487.13	1,732,497.43	20.00
3 to 4 years	1,210,299.84	484,119.94	40.00
4 to 5 years	1,091,552.78	873,242.22	80.00
Over 5 years	1,242,236.26	1,242,236.26	100.00
Total	415,304,337.77	24,715,988.78	

(3) Bad debt provisions

Bad debt provisions	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit losses of the entire duration (no credit impairment occurred)	Expected credit loss of the entire duration (credit impairment occurred)	
December 31 2023	40,299,524.26			40,299,524.26
Prior year-end balance in the current period				
Provision made during the current period	-15,583,535.48			-15,583,535.48
December 31 2024	24,715,988.78			24,715,988.78

NOTES TO FINANCIAL STATEMENTS

18 Notes to main items of the financial statements of the Company (Continued)

18.2 Other receivables (Continued)

18.2.3 Other receivables (Continued)

(3) Bad debt provisions (Continued)

The movement of the gross carrying amount of other receivables is as follows:

	Stage 1 Expected credit losses over the next 12 months	Stage 2 Expected credit losses of the entire duration (no credit impairment occurred)	Stage 3 Expected credit loss of the entire duration (credit impairment occurred)	Total
Carrying amount				
December 31 2023	379,272,092.24			379,272,092.24
Prior year-end balance in the current period				
Increase during the period	36,032,245.53			36,032,245.53
December 31 2024	<u>415,304,337.77</u>			<u>415,304,337.77</u>

(4) Provision, reversal or recovery of provision for bad debts in the current period

	Movement in the year ended December 31 2024					December 31
Category	December 31 2023	Accrual	Recovery or reversal	Write-off or charge-off	Other changes	December 31 2024
Other receivables with bad debt provisions made on a collective credit risk basis	<u>40,299,524.26</u>	<u>-15,583,535.48</u>				<u>24,715,988.78</u>
Total	<u>40,299,524.26</u>	<u>-15,583,535.48</u>				<u>24,715,988.78</u>

(5) Classification by nature

Nature	December 31 2024	December 31 2023
Receivables arising from collection and payment	398,576,647.64	364,083,868.00
Guarantee receivables	10,235,736.89	9,839,032.69
Others	6,491,953.24	5,349,191.55
Total	<u>415,304,337.77</u>	<u>379,272,092.24</u>

NOTES TO FINANCIAL STATEMENTS

18 Notes to main items of the financial statements of the Company (Continued)

18.2 Other receivables (Continued)

18.2.3 Other receivables (Continued)

(6) Top five other receivables by the debtor at the end of the period

Company	Nature	December 31	Aging	Proportion in	Ending balance
		2024		total ending other receivables (%)	of bad debt provisions
NO.1	Receivables arising from collection and payment of related parties	359,196,835.70	Within 1 year	86.49	17,959,841.79
NO.2	Receivables arising from collection and payment of related parties	16,005,785.59	Within 2 years	3.85	900,553.56
NO.3	Receivables arising from collection and payment of related parties	11,737,135.93	Within 1 year	2.83	586,856.80
NO.4	Receivables arising from collection and payment of related parties	7,188,400.00	1-3 years	1.73	1,437,680.00
NO.5	Receivables arising from collection and payment	1,805,103.77	Within 1 year	0.43	90,255.19
Total		395,933,260.99		95.33	20,975,187.34

18.3 Long-term equity investments

Activities	December 31 2024			December 31 2023		
	Gross carrying amount	Impairment provision	Net book value	Gross carrying amount	Impairment provision	Net book value
Investment in subsidiaries	11,356,985,392.35	35,120,000.00	11,321,865,392.35	9,597,377,870.39	35,120,000.00	9,562,257,870.39
Investment in associates and joint ventures	17,163,368.97		17,163,368.97	17,150,355.01		17,150,355.01
other equity instruments	70,827,772.33		70,827,772.33	56,066,395.12		56,066,395.12
Total	11,444,976,533.65	35,120,000.00	11,409,856,533.65	9,670,594,620.52	35,120,000.00	9,635,474,620.52

18 Notes to main items of the financial statements of the Company (Continued)

18.3 Long-term equity investments (Continued)

18.3.1 Investment in subsidiaries

Investee	December 31 2023	Prior year- end balance of impairment provision	Movement in the year ended December 31, 2024			December 31 2024	Impairment provision as at December 31 2024
			Increase in Investment	Decrease in Investment	Impairment provision accrued in the current period	Others	
Shanghai Tigermed Medical Consulting Co., Ltd.	6,820,979.79						6,820,979.79
Jiaxing Tigermed Data Management Co., Ltd.	176,083,600.00						176,083,600.00
MacroStat (China) Clinical Research Co., Ltd.	26,231,806.00						26,231,806.00
Hangzhou Sino Co., Ltd.	17,627,000.00			17,627,000.00			
Hongkong Tigermed Co., Limited	526,381,265.18						526,381,265.18
Hangzhou Fantastic Bioimaging Co., Ltd.	9,693,240.00						9,693,240.00
Hangzhou Talent MedConsultant Co. Ltd.	30,587,978.86						30,587,978.86
Hainan Tigermed Consulting Co., Ltd.	10,000,001.00			10,000,001.00			
Tigermed Xinze Medical Technology (Jiaxing) Co., Ltd.	5,809,552.50						5,809,552.50
Taizhou Kanglihua Pharmaceutical Technology Co., Ltd.	25,500,000.00	6,120,000.00					25,500,000.00
Tigermed-IntelIPV Co., Ltd.	23,714,000.00						23,714,000.00
Taiyu Investment Consulting Co., Ltd.	5,100,000.00						5,100,000.00
Shihezi Taiyu Equity Investment Partnership (Limited Partnership)	15,516,903.36						15,516,903.36
Beijing Medical Development Co., Ltd.	154,000,000.00	29,000,000.00					154,000,000.00
Luohe Yukang Investment Center Partnership (Limited Partnership)	20,119,706.01			990,919.59			19,128,786.42
Hangzhou Tigermed Equity Investment Partnership (Limited Partnership)	6,785,103,474.83		1,046,971,013.08				7,832,074,487.91

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

18 Notes to main items of the financial statements of the Company (Continued)

18.3 Long-term equity investments (Continued)

18.3.1 Investment in subsidiaries (Continued)

Investee	December 31 2023	Prior year- end balance of impairment provision	Movement in the year ended December 31, 2024			December 31 2024	Impairment provision as at December 31 2024
			Increase in Investment	Decrease in Investment	Impairment provision accrued in the current period	Others	
Taizhou Tigermid-Jyton Medical Tech. Co. Ltd.	540,000,000.00		100,000,000.00				640,000,000.00
Beijing Yaxincheng Medical Info Tech Co., Ltd.	378,788,900.00						378,788,900.00
Frontage Holdings Corporation	248,650,592.18		207,085,531.67				455,736,123.85
Hong Kong Tigermid Healthcare Technology Co., Limited	168,503,664.43		73,967,347.80				242,471,012.23
Beijing Canny Consulting, Inc.	10,014,438.00						10,014,438.00
Wuxi Tigermid Medical Consulting Co., Ltd.	10,000,000.00						10,000,000.00
Shanghai Mosim Medical Technology Co., Ltd.	334,430,768.25						334,430,768.25
Health Tech (Beijing) Technology Co., Ltd.	66,700,000.00						66,700,000.00
Luohe Taige Pharmaceutical Technology Co., Ltd.	2,000,000.00						2,000,000.00
Hangzhou Fengqi Industrial Operation Co., Ltd.			1,000,000.00				1,000,000.00
Hangzhou Yibai Health Management Co., Ltd.			208,327,500.00				208,327,500.00
Teddy Clinical Research Laboratory (Shanghai) Limited			140,364,050.00				140,364,050.00
Hangzhou Tigermid-Jyton Medical Detecting Tech. Co. Ltd.						10,510,000.00	10,510,000.00
Total	9,597,377,870.39	35,120,000.00	1,777,715,442.55	28,617,920.59		10,510,000.00	11,356,985,392.35
							35,120,000.00

18 Notes to main items of the financial statements of the Company (Continued)

18.3 Long-term equity investments (Continued)

18.3.2 Investment in associates and joint ventures

Investee	Prior year-end balance	Prior year-end balance of impairment provision	Movement in the current period						Ending balance of impairment provision
			Increase in investment	Decrease in investment	Share of net profit/(loss) under equity method	Share of other comprehensive income	Share in other changes in equity	Profit distribution/ Cash dividends declared	
1. Associates									
EPS Tigemed (Suzhou) Co., Ltd.	1,991,884.75				254,381.50				2,246,266.25
EPS Tigemed (Nantong) Co., Ltd.	15,158,470.26				-241,367.54				14,917,102.72
Subtotal	17,150,355.01				13,013.96				17,163,368.97
Total	17,150,355.01				13,013.96				17,163,368.97

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

18 Notes to main items of the financial statements of the Company (Continued)

18.4 Revenue and cost of sales

Item	Year ended December 31 2024		Year ended December 31 2023	
	Revenue	Cost	Revenue	Cost
Principal business	1,905,474,138.19	1,630,009,774.19	2,980,722,533.74	2,033,641,558.68
Other business	94,487,674.26	65,786,846.63	92,402,372.37	84,520,395.25
Total	1,999,961,812.45	1,695,796,620.82	3,073,124,906.11	2,118,161,953.93

18.5 Investment income

Item	Year ended December 31 2024	Year ended December 31 2023
Investment incomes from long-term equity investments recognized under cost method	222,054,326.03	34,248,346.99
Investment incomes from long-term equity investments recognized under equity method	13,013.96	-1,365,129.19
Investment incomes from disposal of long-term equity investments	9,017,000.36	24,441,024.99
Investment incomes from Certificate of deposit and interest and wealth management products	76,850,190.33	
Investment incomes in the period of holding other non-current financial assets		1,319,304.45
Investment incomes from disposal of other non-current financial assets	-12,540,394.34	165,251,236.91
Total	295,394,136.34	223,894,784.15

NOTES TO FINANCIAL STATEMENTS

19 Supplementary information

19.1 Breakdown of current non-recurring profits and losses

Item	Amount
Gain or loss on disposal of non-current assets (including the write-off of the asset impairment provision)	3,563,278.83
Government grants included in current profit or loss, other than those that are closely related to the Company's normal operation, in line with national policies and in accordance with defined criteria, and have a sustained impact on the Company's profit or loss	32,909,076.09
Gain or loss on changes in fair value of financial assets and financial liabilities held by non-financial entities and gain or loss on disposal of financial assets and financial liabilities, except for effective hedging transactions that are related to the Company's normal operation	-476,923,537.67
Gain or loss on entrusted investments or assets under management	78,135,293.75
One-off share-based payment expenses due to cancellation and modification of share incentive plans	-34,508,177.28
Other non-operating income and expenses other than those described above	-3,476,091.96
Other items of gains and losses that meet the definition of non-recurring gains and losses	55,826,445.29
Subtotal	-344,473,712.95
Impact of income tax	63,053,788.12
Impact of minority interests (after tax)	42,224,432.33
Total	-449,751,933.40

19.2 Return on net assets and earnings per share

Profit for the reporting period	Weighted average return on equity (%)	Earnings per share (RMB)	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	1.94	0.47	0.47
Net profit attributable to ordinary shareholders of the Company after deduction of non-recurring profits and losses	4.10	0.99	0.99

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
"Articles of Association"	the articles of association of the Company, as amended from time to time
"Audit Committee"	the audit committee of the Board
"Board"	our board of Directors
"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 annual report and for geographical reference only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Company", "our Company" or "Tigermed"	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
"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"	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 Holdings Group"	Frontage and its subsidiaries
"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" or "IPO"	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
"NMPA"	China National Medical Products Administration

DEFINITIONS

"Prospectus"	the prospectus issued by the Company dated July 28, 2020
"R&D"	research and development
"Reporting Period"	the twelve months ended December 31, 2024
"RMB"	Renminbi, the lawful currency of the PRC
"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
"sq. ft."	square feet
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	the supervisor(s) of the Company or any one of them
"Supervisory Committee"	our board of Supervisors
"Teddy Clinical Shanghai"	Teddy Clinical Research Laboratory (Shanghai) Limited, a company incorporated under the laws of the PRC on March 3, 2016 and a subsidiary of the Company
"treasury share(s)"	has the meaning ascribed to it under the Listing Rules
"U.S."	United States
"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 version, the English version shall prevail. All numbers in this report are approximate rounded values for particular items.

The background features a large, light blue sphere on the left side. To its right, a grid of small blue dots is arranged in a pattern that recedes into the distance, creating a sense of depth and perspective. The dots are more densely packed in the foreground and become sparser as they move towards the right.

杭州泰格醫藥科技股份有限公司
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