HANGZHOU TIGERMED CONSULTING CO., LTD.
杭州泰格醫藥科技股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 3347)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2022

FINANCIAL HIGHLIGHTS

	For the six months ended June 30,		
	2022	2021	Change
	RMB million	*RMB million*	
	(Unaudited)	(Unaudited)	
Operating results			
Revenue	**3,594.2**	2,056.4	74.8%
Gross Profit	**1,418.3**	966.9	46.7%
Net profit attributable to the owners of the Company	**1,192.0**	1,259.9	(5.4)%
Adjusted net profit attributable to the owners of the Company[(1)]	**876.5**	692.1	26.6%
Profitability			
Gross Profit Margin	**39.5%**	47.0%	(7.5)%
Margin of net profit attributable to the owners of the Company	**33.2%**	61.3%	(28.1)%
Margin of adjusted net profit attributable to the owners of the Company[(1)]	**24.4%**	33.7%	(9.3)%
Earnings per share (RMB)			
– Basic	**1.38**	1.45	(4.8)%
– Diluted	**1.38**	1.44	(4.2)%
Adjusted earnings per share (RMB)[(1)]			
– Basic	**1.01**	0.80	26.3%
– Diluted	**1.01**	0.79	27.8%

Note:

(1) Non-IFRS measures. Please refer to "Non-International Financial Reporting Standards ("**IFRS**") Measures" for details.

The Board resolved not to declare any interim dividend for the six months ended June 30, 2022 (June 30, 2021: nil).

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 unaudited consolidated interim results of the Company and its subsidiaries for the six months ended June 30, 2022, together with comparative figures for the six months ended June 30, 2021 (the "**Corresponding Period**").

MANAGEMENT DISCUSSION AND ANALYSIS

We opened the year of 2022 with a strong start in the first quarter, but the unexpected large-scale COVID-19 outbreak across China since mid-March 2022, particularly in Shanghai and Jilin, had post challenges to our business in China. Our team had been working around the clock to mitigate the negative impacts caused by the pandemic leveraging the experience and know-how we have accumulated over two years since the first COVID-19 outbreak in early 2020.

As we reflect, it is important to work hard to help achieve breakthroughs in life science by providing full-spectrum research and development ("**R&D**") solutions and addressing growing customer demands. It is even more important to address the needs from our patients and ensure their access to treatments would not be denied by this extraordinary circumstance.

Despite the significantly larger than expected impact from COVID-19 in the second quarter of 2022, we still managed to grow our business during the first half of 2022. Our revenue increased by 74.8% year-over-year ("**YoY**") from RMB2,056.4 million during the Corresponding Period to RMB3,594.2 million during the Reporting Period. Revenue generated from clinical trial solutions reached RMB2,172.1 million and that from clinical-related and laboratory services reached RMB1,422.1 million, representing a YoY growth of 110.1% and 39.0%, respectively.

During the Reporting Period, we strengthened our relationships with existing customers comprising leading domestic and multinational pharmaceutical, biotech and medical device companies. We also further expanded our high-quality and diversified customer base. We see strong demands from our customers driven by continuing R&D spending on innovation therapies by pharmaceutical, biotech and medical device companies and increased attractiveness of China for clinical development programs. In addition, we continued to see strong demands for our emerging services including scientific affairs, pharmacovigilance, real-world study, medical translation, medical imaging and Good Manufacturing Practice ("**GMP**") consulting as a result of more stringent regulatory regime, rapid adoption of new technology and analytical tools, and increasing globalization trend.

With the effort of our team and the help of all our stakeholders, we retained our leadership position in China's clinical service market with the largest market share of 12.5% in China's clinical outsourcing market in 2021, up by 4.1% from 2019[1]. We are also the only China-based clinical service provider ranked among global top 10 with a 1.3% market share in 2021, up by 0.5% from 2019[2]. We served the largest amount of HGRAC (Human Genetic Resource Administration of China) clinical research filling projects as contract research organization (CRO) from 2021 to the end of the Reporting Period, accounted for 12.5% of total HGRAC clinical research filing projects during this period[3]. We also enabled successful approvals of 4 Class I innovative drugs during the Reporting Period and have provided services to 56.6% of all Class I innovative drug approvals in China from 2016 to the end of the Reporting Period.

We had newly set up subsidiaries in the United Kingdom, Netherland and Vietnam during the Reporting Period, and had 26 overseas subsidiaries as of June 30, 2022 with over 1,100 overseas employees in 53 countries across five continents. During the Reporting Period, we continued to build our differentiated capabilities and local operation expertise in major overseas markets including both developed and key emerging countries with an aim to go global with our customers and serve as the gateway to China as well.

As of June 30, 2022, we had 149 ongoing single region clinical trials overseas, primarily in South Korea, Australia and the United States, up from 132 ongoing single regional clinical trials overseas as of December 31, 2021. We also had 58 ongoing Multi-regional Clinical Trials ("**MRCT(s)**") as of June 30, 2022, compared with 50 as of December 31, 2021. Our ongoing MRCTs were being conducted in Asia Pacific, Europe, North America and Latin America covering various therapeutic areas including oncology, central nervous system, cardiovascular, rare diseases and vaccines etc. During the Reporting Period, we acquired more than 50 new bookings for overseas clinical trial and regulatory affair projects. 152 of our global project managers from 19 countries successfully completed tailor-made project management trainings.

During the Reporting Period, we continued to invest in our centralized service center in China to better support our global business. While a clinical trial is conducted in one or several overseas countries, our centralized service center in China are able to support many other peripheral services in a timely and seamless manner, including medical writing, medical monitoring, registration, data management and statistical analysis, pharmacovigilance, central laboratory and imaging, under our uniformed standard operating procedures ("**SOPs**") and budgeting management system across all countries and regions where we operate.

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1 Frost & Sullivan; revenue used for calculation of market share in China includes clinical-related revenue from China subsidiaries for multinational contract research organization ("**CRO(s)**") and total clinical-related revenue for China-based CROs; clinical-related revenue for the Company excludes revenue generated from laboratory services; USD1 = RMB6.4517

2 Frost & Sullivan; revenue used for calculation of market share in China includes clinical-related revenue from China subsidiaries for multinational CROs and total clinical-related revenue for China-based CROs; clinical-related revenue for the Company excludes revenue generated from laboratory services; USD1 = RMB6.4517

3 HGRAC website, might not be exhaustive; a total of 4,040 filings between January 1, 2021 and June 30, 2022, of which 2,040 filings with clinical CRO involvement; filings refer to international collaboration filings including both filings for approvals (審批) and filings for records (備案); includes all controlled subsidiaries of the Company and there maybe be one or more than one projects of the Company that could not be captured from the HGRAC website

During the Reporting Period, our team continued to manage through highly complicated and challenging pandemic situations and coordinated seamlessly across continents to provide services with industry-leading quality and efficiency to support several ongoing clinical trials for COVID-19 vaccines and therapies. These COVID-19 related clinical trials gave us the opportunity to further strengthen our MRCT execution capability, improve our know-how on global project management and regulatory affairs in new geographies, and enhance our internal standard operating procedures and quality assurance standard.

During the Reporting Period, we continued to pursue external partnership and collaboration that are mutually beneficial with various stakeholders in the healthcare industry. As of June 30, 2022, our Excellence for Clinical Trial Sites ("**E-Site**") Program had 19 regions, 164 E-Site centers and 67 core centers across China. As of June 30, 2022, we have established strategic collaboration relationship with 21 E-Site centers to jointly explore and establish industry leading clinical research management platform and clinical lifecycle management capability. We also invited 31 experts and assisted to organize 14 regional conferences within our E-Site network during the Reporting Period. In addition, our real-world study business formed collaboration with Shanghai Ruijin Hainan Hospital (上海瑞金醫院海南醫院), a research-oriented hospital in Boao Lecheng Clinical Center (博鰲樂城臨床研究中心) during the Reporting Period.

Despite the COVID-19 pandemic, we had invited key opinion leaders and industry experts to share their know-how and experiences in clinical research through various online program including Tigermed Cloud Classroom (泰格雲課堂), so as to help industry participants to learn and understand the recent breakthroughs in the industry and important updates of the regulatory regime anywhere and anytime. These classes cover drug and medical device clinical operations, regulatory affairs, statistical analysis, medical imaging, bioanalytics etc. During the Reporting Period, our team organized 15 cloud classes where 25 industry leaders were invited to share their thoughts with more than 6,500 clinical investigators.

Since 2020, there were intermittent and sporadic upticks of new local COVID-19 cases in some regions of China, which caused certain adverse impacts on our businesses conducted in those regions. These impacts were generally confined at regional level, as under the State Council's Joint Prevention and Control Mechanism (國務院聯防聯控機制), when new local COVID-19 cases were found, the local government would take swift and necessary measures including massive polymerase chain reaction (PCR) testing and lockdown at district or city level to prevent further spread of the pandemic. Other regions with no local COVID-19 cases would generally not be impacted.

However, during the Reporting Period, there were unexpected large-scale outbreaks of the COVID-19 pandemic across China, particularly in Shanghai and Jilin. This has adversely affected the business development and performance of our multiple business lines in China, including clinical trial operation, site management, patient recruitment and laboratory services. We had implemented business continuation plans where needed and formulated different strategies and contingency plans to mitigate the disruption, uncertainty and difficulties caused by the pandemic.

For further analysis of the impact of the COVID-19 pandemic on the operation, financial condition and cash flows of our Group, please refer to other relevant subsections under "*Management Discussion and Analysis*".

The number of our total employees remained relatively stable at 8,299 as of June 30, 2022 compared with 8,326 as of December 31, 2021. Given the unexpected large-scale COVID-19 outbreak since mid-March 2022, we had suspended some of our original expansion plans in China, which did not resume until June 2022 when the pandemic situation subsidized. Below is a breakdown of our employees by function and by region as of June 30, 2022:

	Number of employees				
Function	**PRC**	**Asia Pacific (excluding PRC)**	**America**	**EMEA**	**Total**
Project operation	6,445	323	659	42	7,469
Marketing and business development	322	17	25	3	367
Management and administration	381	22	54	6	463
Total	**7,148**	**362**	**738**	**51**	**8,299**

The number of our employees based overseas increased to 1,151 as of June 30, 2022 from 1,026 as of December 31, 2021. During the Reporting Period, we continued to expand our clinical operation and project management teams in key overseas markets including Europe and America as part of our growth strategies. As of June 30, 2022, our overseas employees were based out of 53 countries across five continents.

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

Revenue

During the Reporting Period, our revenue increased by 74.8% YoY from RMB2,056.4 million to RMB3,594.2 million. Revenue generated from clinical trial solutions reached RMB2,172.1 million, representing a YoY growth of 110.1%. Revenue generated from clinical-related and laboratory services reached RMB1,422.1 million, representing a YoY growth of 39.0%. The significant growth of our revenue during the Reporting Period was primarily due to the increase of customer demands and the revenue recognition of COVID-19 vaccine MRCTs.

Geographically, our revenue generated in the PRC during the Reporting Period increased by 51.3% YoY to RMB1,680.8 million, primarily driven by the increase in revenue generated from clinical trial operations for drug, vaccine and medical device projects, emerging services including medical registration, scientific affairs, medical translation, real world studies and pharmacovigilance services etc., and Data Management and Statistical Analysis ("**DMSA**"), as we continued to benefit from our leadership position in the clinical service market in China.

Our revenue generated from overseas during the Reporting Period increased by 102.3% YoY to RMB1,913.4 million. The strong growth was primarily driven by the revenue generated from COVID-19 related MRCTs during the Reporting Period. Increased demand of other overseas clinical trials, MRCTs and laboratory services from our customers during the Reporting Period also contributed to the growth of our overseas revenue.

*(1) Clinical Trial Solutions ("**CTS**")*

During the Reporting Period, our revenue generated from CTS segment increased by 110.1% YoY to RMB2,172.1 million from RMB1,033.6 million during the Corresponding Period. The significant growth of CTS revenue is primarily due to (i) revenue generated from COVID-19 related MRCTs during the Reporting Period; and (ii) the increased revenue from our clinical trial operation and other services under the CTS segment including medical registration, scientific affairs, medical translation, real world studies and pharmacovigilance services etc.

The growth of the revenue generated from our clinical trial operation service is mainly contributed by (i) continuing demands from our customers for clinical trials in China; and (ii) the increased overseas clinical trial and MRCTs projects including clinical trials for COVID-19 vaccines and therapies, which is partially offset by the negative impact caused by the COVID-19 pandemic in the second quarter of 2022.

However, COVID-19 pandemic occurred in Shanghai and Jilin since March 2022 has a certain influence on business operation of Tigermed. In particular, between March to June 2022, some clinical trials which were mainly at the stage of preparation for initiation and subject enrollment were delayed, in most cases for a period of less than two months.

As study drugs to be used in some trials were warehoused in Shanghai and were unlikely to be delivered smoothly in the midst of COVID-19, measures against drug undersupply were taken, including establishment of second drug depot in other cities and coordination between sites for drug reallocation. Furthermore, some patients were unable to return to the original hospital for scheduled visits in the midst of COVID-19. In this condition, attending visits at other hospitals was allowed if the safety/benefit was considered outweighing the risk at the discretion of the investigator, provided that it was approved by EC and consented by patients. In a few affected projects undergoing subject dropout due to COVID-19 pandemic, the dropout was strictly monitored, and timely and concrete measures were taken to prevent such problem.

Comprehensive company guidelines for operation against COVID-19 had been established since the outbreak of COVID-19 in early 2020. All affected project teams had been communicating closely with the sponsors and clinical sites at the first moment on the emergency plan in response to COVID-19, so as to ensure that the impact from COVID-19 pandemic on the project was under control. In addition, the project teams leverage their full project execution capabilities after easing of epidemic with an aim to minimize the impact of COVID-19 on the progress of clinical trials.

As of June 30, 2022, we had 607 ongoing drug clinical research projects, up from 567 as of December 31, 2021, and 491 as of June 30, 2021.

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

	As of year/period end		
	June 30, 2021	December 31, 2021	**June 30, 2022**
Phase I (including PK studies)	193	231	**252**
Phase II	85	106	**117**
Phase III	137	148	**149**
Phase IV	39	37	**37**
Others[4]	37	45	**52**
Total	491	567	**607**

As of June 30, 2022, 400 ongoing drug clinical research projects were being conducted in the PRC and 207 being conducted overseas, of which 149 were single region trials and 58 were MRCTs. The 149 ongoing single region overseas clinical trials were primarily being conducted in South Korea, Australia and the U.S.. The 58 ongoing MRCTs projects were being conducted in more than 20 countries across Asia Pacific, North America, Europe, Africa and Latin America with various therapeutical areas including oncology, central nervous system, cardiovascular, rare diseases and vaccines etc.

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

	As of year/period end		
	June 30, 2021	December 31, 2021	**June 30, 2022**
Single region			
PRC	351	385	**400**
Overseas	111	132	**149**
MRCTs	29	50	**58**
Total	491	567	**607**

We also had 403 ongoing medical device projects as of June 30, 2022, including medical device and IVD clinical trial operation, medical monitoring, clinical trial design and medical writings.

[4] Others primarily consist of investigator-initiated studies and real-world studies

In 2021, our medical device business ranked the second in China's medical device outsourcing market with a 7.1% market share, and ranked the first in China's medical device clinical research and registration market[5]. During the Reporting Period, our medical device team expanded medical device data management and statistical analysis talent pool as one of the largest such teams dedicated for medical device clinical trials and have continued collaborations with the School of Health Management of China Medical University to offer professional data management trainings. During the Reporting Period, our medical device team also invested in building lifecycle management capability for digital therapeutics on the back of burgeoning R&D activities in this area and led the drafting work of two group standards for medical device quality system.

Our medical registration team saw number of customers of our regulatory affairs services increased to 582 as of June 30, 2022 from 550 as of December 31, 2021, and have a total of 1,124 accumulated project experience as of June 30, 2022. During the Reporting Period, the number of new U.S. FDA-related regulatory affair projects increased by 67% YoY. We have also assisted regulatory filings of multiple MRCTs in over 20 countries including various emerging markets with multiple successful IND approvals obtained.

During the Reporting Period, we added 177 new pharmacovigilance projects and the size of our pharmacovigilance team reached 128 as of June 30, 2022. We also continued to gain new real-world studies during the Reporting Period from both local and multinational pharmaceutical and medical device customers. In addition, we formally launched our in-house developed e-Clinical trial Patient Management ("**eCPM**") system during the Reporting Period, a patient-centric real world study management platform that is able to support multiple real-world projects simultaneously. Our eCPM system focuses on functionality and encompasses patient consent or tele-consent, patient management, follow-ups, real world project management and other scenarios that are key for the project management and execution of real world studies. Our in-house eCPM system is also designed modularly and can be tailored for different real world studies.

During the Reporting Period, our medical translation business added 28 new customers, including 12 pharmaceutical companies and 16 medical device companies. As of June 30, 2022, our medical translation services covered 33 languages in Europe and America and 14 languages in Southeast Asia, and top medical translation customers for our medical translation services included top multinational pharmaceutical and medical device companies. During the Reporting Period, our medical translation team continued to upgrade our centralized medical translation platform by integrating in-house developed translation production portal with project management platform to further improve the efficiency and the business unit obtained ISO14001 certificate. According to CSA Research, our medical translation business ranked 57th globally (5th in mainland China and 15th in Asia Pacific) in the 2022 CSA Research Largest Language Service Providers Ranking.

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[5] Expert interview and analysis of the Company; medical device outsourcing market includes preclinical, lab testing, clinical and registration services, excluding medical device CDMO service; revenue used for calculation of market share in China includes medical device related revenue from China subsidiaries for multinational CROs and total medical device related revenue for China-based CROs; USD1 = RMB6.4517

During the Reporting Period, we continued to enhance our decentralized trial management and risk-based monitoring capabilities relying on our digital clinical trial platform *Tailinyan* (泰臨研) and Risk-Based Quality Management ("**RBQM**") system with an aim to increase the monitoring coverage per clinical research associate, improve project management efficiency and optimize cost and budget control. As of June 30, 2022, over 800 pharmaceutical and biotech companies have used our *Tailinyan* platform for more than 3,000 clinical trials and related projects, of which over 80 are large-scale Phase III pivotal trials. During the Reporting Period, our team also optimized the RBQM platform and operating procedures with the introduction of multiple SOPs and core tools, including in-house Risk Assessment and Categorization Tool ("**RACT**") and were finalizing the Phase II Project for RBQM platform development with enhanced risk monitoring capability based on key risk indicators.

*(2) Clinical-related and Laboratory Services ("**CRLS**")*

Revenue generated from our CRLS segment during the Reporting Period increased by 39.0% YoY to RMB1,422.1 million from RMB1,022.8 million during the Corresponding Period. The increase was primarily due to the increase in revenue from our laboratory services and DMSA services. Our CRLS business was adversely impacted by the COVID-19 outbreak in China during the Reporting Period, particularly to our site management business and Shanghai sites of our laboratory services.

We had 2,664 ongoing projects for our laboratory services as of June 30, 2022, up from 2,516 as of December 31, 2021.

Our controlled subsidiary Frontage acquired U.S.-based Experimur LLC and its affiliate Experimur Properties LLC in January 2022 to expand GLP-compliant toxicology and related non-clinical development services. Frontage's toxicology facility in Suzhou, China was granted "Experimental Animal Use License" in January 2022 following authorities' inspection of its first animal laboratory in China. Frontage also started the construction work in February 2022 for a 200,000 sq. ft new lab in Wuhan, China focusing on drug discovery, target selection, and preclinical pharmacology services. During the Reporting Period, the 7,000 sq. ft. new chemistry, manufacturing and controls (CMC) center in Shanghai was also opened for business, offering manufacturing services for clinical trials and bioequivalence studies.

During the Reporting Period, Frontage's Shanghai site was adversely impacted by the COVID-19 outbreak since mid-March 2022. Frontage implemented business continuity plan and leveraged its other sites in China to prioritize resources for the delivery of key projects. Starting from mid-April 2022, Frontage's Shanghai site gradually resumed operations and the project delivery efficiency and capacity utilization have returned to the normal level since June 2022. Frontage's site in other cities in China and its North America business operated normally during the Reporting Period.

Our site management team had 1,469 ongoing site management projects as of June 30, 2022, up from 1,432 as of December 31, 2021. As of June 30, 2022, the size of our site management team was 2,503 with 2,108 full time Clinical Research Coordinators ("**CRC**"). The COVID-19 outbreak starting from mid-March 2022 had an adverse impact on our site management and patient recruitment business, particularly in Shanghai and Jilin, as many hospitals had imposed restrictions on on-site visits and many patients were not able to commute or travel due to COVID-19 restrictions. The situation started to gradually improve from mid-May 2022. Our site management team adopted contingency plan in light of this severe COVID-19 outbreak with priority given to ensure dosing continuation and minimize protocol deviations for patients enrolled, aiming to reduce the impact on the trial quality caused by the pandemic to the extent possible. Between March 2022 and May 2022, our CRC team contributed to avoid over 700 missed visits. Our site management team also dynamically adjusted recruitment plans to control budget and avoid redundancy and unnecessary costs.

We continued to mobilize internal resources and leverage our project execution capabilities with an aim to accelerate certain projects that were previously delayed due to the pandemic and address the increasing new demands from our customers. As of June 30, 2022, some hospitals were still unable to operate at their full capacity and efficiency due to the reduction of some medical resources, and certain candidates for clinical trial subjects were still subject to travel restriction or still showed a lack of willingness to participate in clinical trials out of concerns on potential infection of COVID-19 at hospitals.

During the Reporting Period, our DMSA team continued to receive orders from existing customers and acquire new customers in both China and overseas markets. We received more inquiries from overseas customers in 2022 as we believe our DMSA services have efficiency and cost advantages over many of our global competitors. The total number of DMSA customers increased to 208 as of June 30, 2022 from 163 as of December 31, 2021. As of June 30, 2022, our DMSA team had 786 ongoing DMSA projects, of which 526 projects were being conducted by our team based in China and 260 projects by the teams based overseas. In 2021, our DMSA services were ranked as the leader in China.

During the Reporting Period, we initiated a new DMSA site at Luohe, Henan, China as part of our continuing effort to increase operating efficiency and have been expanding both data management and statistical analysis teams in the new DMSA site. We also launched DMSA digital solutions in February 2022, including four modules for data management and five modules for statistical analysis. As of June 30, 2022, our DMSA team had more than 840 professionals based in China, South Korea, the United States and India.

Gross Profit

During the Reporting Period, we realized a gross profit of RMB1,418.3 million compared to RMB966.9 million during the Corresponding Period, representing a 46.7% YoY growth. Our gross profit margin decreased from 47.0% during the Corresponding Period to 39.5% during the Reporting Period.

Our cost of services increased by 99.7% from RMB1,089.5 million during the Corresponding period to RMB2,175.9 million during the Reporting Period, primarily driven by the increase of direct project-related costs in relation to COVID-19 related MRCTs. Below is a breakdown of our cost of services by nature and their percentage of our revenue during the periods indicated:

	For the six months ended June 30,	
	2022	2021
	RMB million	*RMB million*
Direct labor costs	**948.9**	607.3
% of revenue	***26.4%***	*29.5%*
Direct project-related costs	**1,038.7**	324.8
% of revenue	***28.9%***	*15.8%*
Overhead costs	**188.3**	157.4
% of revenue	***5.2%***	*7.7%*
Total cost of services	**2,175.9**	1,089.5
% of revenue	***60.5%***	*53.0%*

(1) CTS

The gross profit of the CTS segment increased by 53.0% YoY from RMB523.5 million during the Corresponding Period to RMB800.7 million during the Reporting Period, primarily due to the increase of the revenue generated from our CTS segment.

The gross profit margin of our clinical trial operation business under the CTS segment decreased YoY during the Reporting Period as we worked on more MRCTs including certain COVID-19 related trials that included a higher portion of pass-through fees than our usual clinical trial projects.

The higher portion of pass-through fees is primarily in relation to certain subcontracting components to third-party CROs in certain countries or regions where we do not have local presence, and to local hospitals in certain countries where we settled fees in relation to subject recruitments on our customers' behalf. Generally, when we make such pass-through payments on behalf of our customers, we will book revenue and the corresponding costs simultaneously, thereby lowering the gross profit margin.

The COVID-19 outbreak during the Reporting Period also had some negative impacts to the gross profit margin of the CTS segment as the utilization rate became lower, particularly in Shanghai and Jilin.

As a result, the gross profit margin of the CTS segment decreased to 36.9% during the Reporting Period from 50.6% during the Corresponding Period.

(2) CRLS

The gross profit of the CRLS segment increased by 39.3% from RMB443.4 million during the Corresponding Period to RMB617.6 million during the Reporting Period.

The gross profit margin of the CRLS segment remained stable at 43.4% during the Reporting Period. During the Reporting Period, the gross profit margin of our DMSA services improved as the RMB stopped further appreciation against the USD, which historically had lowered the gross profit margin of our DMSA services. Meanwhile, the gross profit margin of our site management services was adversely impacted by the COVID-19 outbreak in China.

Other Income

Our other income during the Reporting Period decreased by 12.6% YoY to RMB128.8 million from RMB147.4 million during the Corresponding Period, primarily due to the decrease of interest income from RMB134.4 million to RMB113.6 million. The decrease of interest income is primarily due to the decrease of bank deposits of unutilized net proceeds received from our H Share IPO in August 2020. The dividend income we received from financial assets at Fair Value Through Profit or Loss ("**FVTPL**") also decreased from RMB5.3 million during the Corresponding Period to RMB0.1 million during the Reporting Period. The increase of government grants we received from RMB7.6 million during the Corresponding Period to RMB14.2 million during the Reporting Period partially offset the decrease.

Other Gains and Losses, Net

During the Reporting Period, we recorded other gains and losses, net of RMB468.6 million, representing a 53.5% decrease YoY from RMB1,007.2 million during the Corresponding Period. The decrease is primarily due to the decrease of change in fair value of financial assets at FVTPL recorded from RMB906.1 million recorded during the Corresponding Period to RMB413.3 million during the Reporting Period. The positive change in fair value of financial assets at FVTPL held by our Group is primarily due to the increase of valuation of certain companies invested by us or by investment funds of which we are a limited partner during the Reporting Period. The decrease of other gains and losses, net was partially offset by an increase in the gain on disposal of associates from RMB4.9 million during the Corresponding Period to RMB35.2 million during the Reporting Period, which was primarily due to the partial share sale of a company we incubated to strategic and financial investors during the Reporting Period.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 19.9% YoY from RMB66.7 million during the Corresponding Period to RMB80.0 million during the Reporting Period. The increase is primarily due to (i) an increase of the number of employees in our sales and marketing team in both China and overseas; and (ii) an increase of the compensation levels for our sales and marketing employees.

Administrative Expenses

Our administrative expenses increased by 30.3% YoY from RMB246.7 million during the Corresponding Period to RMB321.4 million during the Reporting Period. The increase is primarily due to (i) an earn-out payment made in relation to an acquisition made by Frontage; (ii) an increase in staff costs to our administrative and management personnel in China and overseas; and (iii) an increase in amortization of intangible assets including business software and acquired customer relationship and backlog.

R&D Expenses

Our R&D expenses increased by 18.8% YoY from RMB93.0 million during the Corresponding Period to RMB110.5 million during the Reporting Period. The increase is primarily due to (i) an increase in the total number of employees engaged in R&D activities and the increased compensation levels of these employees; and (ii) an increase in investments made into innovation and technology development by our Group.

Share of profit of associates

Our share of profit of associates increased by 4,985.7% from RMB0.7 million during the Corresponding Period to RMB35.6 million during the Reporting Period, primarily due to the establishment of 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 and the improved performance of our associates, namely Teddy Clinical Research Laboratory (Shanghai) Limited (上海觀合醫藥科技股份有限公司, "**Shanghai Guanhe**").

Finance Costs

Our finance costs increased by 292.4% from RMB7.9 million during the Corresponding Period to RMB31.0 million during the Reporting Period primarily due to the increase of interest expense on bank borrowings from nil to RMB19.4 million.

Income Tax Expense

Our income tax expense increased by 56.7% from RMB103.5 million during the Corresponding Period to RMB162.2 million during the Reporting Period. Our effective tax rate increased from 6.1% during the Corresponding Period to 11.0% during the Reporting Period, primarily due to (i) the decrease in change in certain other gain items such as changes in fair value of financial assets at FVTPL during the Reporting Period, which are only partially taxable; and (ii) the increase of our taxable operating profit.

Profit for the Period

As a result of the foregoing discussions, our profit for the period decreased by 17.4% from RMB1,594.2 million during the Corresponding Period to RMB1,317.6 million during the Reporting Period. The profit attributable to owners of the Company slightly decreased by 5.4% from RMB1,259.9 million during the Corresponding Period to RMB1,192.0 million during the Reporting Period, and the profit attributable to non-controlling interests decreased by 62.4% from RMB334.3 million during the Corresponding Period to RMB125.6 million during the Reporting Period. The decrease is primarily due to the decrease of other gains and losses, net, which is driven by a lower change in fair value of financial assets at FVTPL.

Non-International Financial Reporting Standards Measure

To supplement our financial information which are presented in accordance with IFRS, we use adjusted net profit attributable to owners of the Company as an additional financial measure, which is not required by, or presented in accordance with IFRS. We define adjusted net profit attributable to owners of the Company as profit for the year attributable to owners of the Company before certain expenses and amortization as set out in the table below. Adjusted net profit attributable to owners of the Company is not an alternative to (i) profit before tax, profit for the year or profit for the year attributable to owners of the Company (as determined in accordance with IFRS) 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-IFRS 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-IFRS 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-IFRS 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 IFRS. The owners of the Company and potential investors should not view the non-IFRS measures on a stand-alone basis or as a substitute for results under the IFRS, or as being comparable to results or a similarly titled financial measure reported or forecasted by other companies.

We define adjusted net profit attributable to owners of the Company as profit attributable to owners of the Company adjusted for (i) share-based compensation expense; (ii) net foreign exchange loss; (iii) one-off expenses in relation to acquisitions; and (iv) increase in fair value of financial assets at FVTPL. The following table sets out our adjusted net profit attributable to owners of the Company, and a reconciliation from profit attributable to owners of the Company to adjusted net profit attributable to owners of the Company for the periods indicated.

Adjusted net profit attributable to owners of the Company

	For the six months ended June 30,	
	2022	2021
	RMB million	*RMB million*
Profit attributable to owners of the Company	**1,192.0**	1,259.9
Adjusted for:		
Share-based compensation expense	**16.6**	33.4
Net foreign exchange gain/(loss)	**(1.8)**	3.5
One-off expenses in relation to acquisitions	**17.2**	4.3
Increase in fair value of financial assets at FVTPL	**(347.5)**	(609.0)
Adjusted net profit attributable to owners of the Company	**876.5**	692.1
Margin of adjusted net profit attributable to the owners of the Company[(1)]	**24.4%**	33.7%
Adjusted earnings per share		
– Basic[(2)]	**1.01**	0.80
– Diluted[(3)]	**1.01**	0.79

Notes:

(1) The margin of adjusted net profit attributable to the owners of the Company is calculated using the adjusted net profit attributable to owners of the Company divided by revenue and multiplied by 100%.

(2) The basic adjusted earnings per share is calculated using the adjusted net profit attributable to owners of the Company divided by the weighted average number of ordinary shares for the purpose of calculated basic earnings per share.

(3) The diluted adjusted earnings per share is calculated using the adjusted net profit attributable to owners of the Company divided by the weighted average number of ordinary shares for the purpose of calculated diluted earnings per share.

(4) Numbers may not add up due to rounding.

Non-IFRSs adjusted net profit attributable to owners of the Company

During the Reporting Period, our Non-IFRSs adjusted net profit attributable to owners of the Company was RMB876.5 million, representing a YoY increase of 26.6% from RMB692.1 million during the Corresponding Period.

Cash Flows

	For the six months ended June 30,	
	2022	2021
	RMB million	*RMB million*
Net cash from operating activities	**246.0**	368.3
Net cash used in investing activities	**(1,514.6)**	(746.9)
Net cash from/(used in) financing activities	**556.7**	(153.7)

During the Reporting Period, our net cash generated from operating activities was RMB246.0 million, representing a 33.2% decrease from RMB368.3 million during the Corresponding Period. The decrease was primarily due to (i) a delay in issuing billing notice to our customers in the second quarter of 2022 due to the large-scale COVID-19 outbreak in China, which caused delay of reaching the billing milestone for certain projects and issuing payment notice to our customers; (ii) a delay in collection of receivables from our customers as COVID-19 outbreak negatively impacted some of our customers' ability to process payments in time including certain payments for COVID-19 MRCT pass-through fees; (iii) an increase of pass-through fee payments in relation to COVID-19 MRCTs; and (iv) an increase in taxes paid to authorities of RMB333.6 million during the Reporting Period from RMB154.2 million during the Corresponding Period.

During the Reporting Period, our net cash used in investing activities was RMB1,514.6 million, representing a 102.8% increase from RMB746.9 million during the Corresponding Period. The outflow was primarily due to (i) RMB570.7 million cash used in acquisition of subsidiaries (net of cash acquired); (ii) RMB538.1 million cash used in acquisition of associates; and (iii) RMB497.8 million cash used in purchase of financial assets at FVTPL. The cash outflow was partially offset by (i) RMB256.2 million cash received from disposal of financial assets at FVTPL; and (ii) RMB112.9 million cash received from bank deposit interests primarily in relation to the unutilized net proceeds received from our H Share IPO in August 2020.

During the Reporting Period, our net cash generated from financing activities was RMB556.7 million compared with RMB153.7 million net cash used in financing activities during the Corresponding Period. We incurred RMB1,749.9 million new bank borrowings during the Reporting Period. Major cash outflows in financing activities during the Reporting Period included (i) a RMB369.4 million payment for repurchase of shares; (ii) a RMB436.4 million of dividends to owners of the Company; and (iii) a RMB450.0 million repayment of bank borrowings.

The Group mainly 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 June 30, 2022, 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 and Prepayments

Our trade, bills and other receivables and prepayments increased by 10.7% from RMB952.0 million as of December 31, 2021 to RMB1,053.8 million as of June 30, 2022, primarily due to (i) an increase in trade receivables from third parties from RMB857.6 million to RMB965.5 million; (ii) an increase in other receivables from third parties from RMB74.2 million to RMB86.4 million primarily due to the increase in tax credits; and (iii) an increase in prepayment to third parties for materials and services from RMB59.2 million to RMB63.3 million. The increase was partially offset by the decrease of consideration receivables from RMB8.6 million to nil in relation to our disposal of certain investments.

Trade and Other Payables

Our trade and other payables decreased by 28.2% from RMB880.0 million as of December 31, 2021 to RMB632.1 million as of June 30, 2022, primarily due to (i) a decrease in bills payables from RMB22.1 million to RMB5.0 million as arranged with banks under secured credit facilities; (ii) a decrease in one-time consideration payables from RMB154.5 million to RMB35.1 million primarily due to the payment of acquisition consideration of additional equity interest in Beijing Yaxincheng Medical InfoTech, Co. Ltd. and Mosim Medical Technology Co., Ltd.; (iii) a decrease in restricted share repurchase payable from RMB67.6 million to nil; and (iv) a decrease in salary and bonus payables from RMB256.2 million to RMB180.5 million primarily due to the payment of year-ended bonus for 2021. The decrease was partially offset by the increase of trade payables from RMB96.1 million to RMB146.0 million.

Contract Assets and Contract Liabilities

Our contract assets increased by 37.4% from RMB1,285.5 million as of December 31, 2021 to RMB1,765.8 million as of June 30, 2022 due to the increase in total amount of contracts with our customers where revenue had been recognized 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. Particularly, the COVID-19 outbreak in China during the Reporting Period caused some delays in (i) reaching the billing milestone for certain projects; and (ii) a delay in issuing billing notice to our customers, which also contributed to the increase of our contract assets as of June 30, 2022.

Our contract liabilities slightly increased by 3.8% from RMB789.5 million as of December 31, 2021 to RMB819.6 million as of June 30, 2022, as we continued to grow our business and bookings and had received more prepayments from our customers in relation to our service agreements or work orders with them. The COVID-19 outbreak in China during the Reporting Period had delayed the prepayments for certain projects.

Property, Plant and Equipment

Our property, plant and equipment increased by 17.5% from RMB701.9 million as of December 31, 2021 to RMB824.7 million as of June 30, 2022, primarily due to our procurement of experiment equipment and expansion in buildings and leasehold improvements for our offices, laboratory facilities and research capacity.

Intangible Assets

Our intangible assets increased by 16.1% from RMB234.1 million as of December 31, 2021 to RMB271.7 million as of June 30, 2022, primarily due to the increase of customer relationship and customer backlog acquired through business combinations by our Group.

Interest in Associates

Our interests in associates increased by 66.1% from RMB738.8 million as of December 31, 2021 to RMB1,227.5 million as of June 30, 2022 primarily in relation to the capital injection to Hangzhou Taikun which we had 50.0% ownership as of June 30, 2022.

Financial assets at FVTPL and FVOCI

Our financial assets at FVTPL and FVOCI include listed equity securities, unlisted equity investments, unlisted fund investments and financial products. Our financial assets at FVTPL and FVOCI increased by 10.5% from RMB8,789.1 million as of December 31, 2021 to RMB9,713.3 million as of June 30, 2022. Such increase was primarily due to (i) our continuing investment activities during the Reporting Period; and (ii) the increase in fair value of our financial assets at FVTPL. The following table sets for a breakdown of our financial assets at FVTPL and FVOCI as of the dates indicated:

	As of June 30, 2022	As of December 31, 2021
	RMB'000	*RMB'000*
Non-current assets		
Financial assets at FVTPL		
– Listed equity securities	**165,148**	105,519
– Unlisted equity investments	**4,710,299**	4,071,784
– Unlisted fund investments	**4,802,258**	4,569,041
Financial assets at FVOCI		
– Unlisted equity investments	**–**	13,531
	9,677,705	8,759,875
Current assets		
Financial products	**35,569**	29,180
Total financial assets at FVTPL and FVOCI	**9,713,274**	8,789,055

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 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. We spent cash generated from our operating activities and a portion of the proceeds received from our Hong Kong IPO in August 2020 as part of the intended use of proceeds to fund our investment activities.

As of June 30, 2022, we were a strategic investor in 146 innovative companies and other related companies in the healthcare industry, as well as a limited partner in 57 professional investment funds.

During the Reporting Period, we realized a gain of RMB80.7 million from exiting our investments in companies and investment funds, as measured by the exit amount against our initial investment cost, compared with RMB272.2 million during the Corresponding Period.

Our investments in listed equity securities amounted to RMB165.1 million as of June 30, 2022, representing a 56.5% increase from RMB105.5 million as of December 31, 2021. The increase is primarily due to the successful listing of certain of our portfolio companies during the Reporting Period.

Our unlisted equity investments amounted to RMB4,710.3 million as of June 30, 2022, representing a 15.3% increase from RMB4,085.3 million as of December 31, 2021. The increase is primarily due to more investments we made during the Reporting Period and the increase of the fair value of the unlisted equity portfolio we held since the Corresponding Period.

Our unlisted fund investments amounted to RMB4,802.3 million as of June 30, 2022, representing a 5.1% increase from RMB4,569.0 million as of December 31, 2021. The increase is primarily due to more investments we made into healthcare-focused funds and the increase of the fair value of unlisted fund investments we held since the Corresponding Period.

The movements of our financial assets at FVTPL and FVOCI during the Reporting Period are set forth below:

	Unlisted equity investments *RMB'000*	**Unlisted fund investments** *RMB'000*	**Listed equity securities** *RMB'000*	**Total** *RMB'000*
Opening balance	4,085,315	4,569,041	105,519	8,759,875
Additions	340,831	152,057	–	492,888
(Transfer to listed companies)/ transfer from non-listed companies	(145,334)	–	145,334	–
Fair value change during the Reporting Period	443,005	73,544	(88,609)	427,940
Disposals of shares	(4,587)	(38,173)	–	(42,760)
Transfer due to business combination	(28,132)	–	–	(28,132)
Exchange realignment	19,201	45,789	2,904	67,894
Ending Balance	4,710,299	4,802,258	165,148	9,677,705

Indebtedness

Borrowings

The Group had RMB1,799.4 million outstanding borrowings as of June 30, 2022. RMB borrowings amounted to RMB1,791.7 million and KRW borrowings amounted to RMB7.7 million (equivalent to KRW1,490.0 million). Floating interest rate borrowings amounted to RMB41.1 million and fixed interest rate borrowings amounted to RMB1,758.3 million.

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 increased from 2.4% as of December 31, 2021 to 8.4% as of June 30, 2022.

Lease Liabilities

We had outstanding aggregated unpaid contractual lease payments (for the remainder of relevant lease terms) of RMB493.9 million as of June 30, 2022, up 2.6% from RMB481.4 million as of December 31, 2021, primarily due to (i) the entering into new rental contracts for office use; and (ii) the depreciation charges of existing leases. Of the aggregated lease liabilities as of June 30, 2022, RMB85.8 million are due within one year and RMB408.1 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 June 30, 2022.

Contingent Liabilities

As of June 30, 2022, the Group had no contingent liabilities.

Capital Commitments

As of June 30, 2022, the Group had total capital commitments entered but outstanding and not provided for in the financial statements amounting to approximately RMB889.0 million (December 31, 2021: approximately RMB1,619.0 million) and mainly included that not provided for the acquisition for the investments in the funds or companies was approximately RMB723.1 million (December 31, 2021: approximately RMB1,062.0 million).

In addition, the Group entered into a subscription agreement to subscribe 50% equity interests in an associate, Hangzhou Taikun in year 2021. The Group has committed to invest additional capital in Hangzhou Taikun, amounting to RMB9.0 billion. 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 June 30, 2022, the Group did not hold any significant investments and none of the above mentioned investments constituted a significant investment to our Group. Saved for the investment as mentioned below, the Group has no other proposed significant investments as at the date of this announcement.

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 at June 30, 2022, our Group has subscribed for RMB1.0 billion of the registered capital of the Hangzhou Taikun.

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.

Core Competence Analysis

1. *China's leading clinical CRO with comprehensive services and an expanding global footprint*

   We are the leading clinical CRO in China. Having worked with over 1,200 clinical trial sites with National Medical Products Administration ("**NMPA**") certification in China since our inception, we have developed one of the most extensive clinical site networks in China. We also maintain one of the largest clinical CRO professional teams in China. Our industry expertise, extensive clinical trial institution network and strong professional team enable us to capture the growth opportunities in the fast-growing clinical CRO market in China and overseas. We offer comprehensive and integrated services and are also one of the first among all China-based clinical CROs to offer certain clinical-related services such as pharmacovigilance, medical imaging, real world study and scientific affairs etc. With our comprehensive service offerings, we offer a convenient, integrated R&D service platform to improve our customers' R&D efficiency and are well positioned to capture more business opportunities along the biopharmaceutical R&D value chain. We had made continuing efforts and investments into pioneering into new services and developing industry-leading technology to strengthen the comprehensiveness of our service offerings and increase the efficiency for both CTS and CRLS segments during the Reporting Period.

Among all China-based clinical CROs, we have been a pioneer in global expansion and currently have presence across the Asia-Pacific region, North America, Europe, Latin America and Africa. As of June 30, 2022, we have a team of over 1,100 professionals based overseas out of 53 countries to provide various clinical trial, clinical trial related and laboratory services, our operations cover all major continents. Combining our China expertise with overseas presence, we have been entrusted by both Chinese and foreign customers to work on an increasing number of cross-border projects. As of June 30, 2022, we had 149 ongoing single region clinical trials overseas, primarily in South Korea, Australia and the U.S., up from 132 ongoing single region clinical trials overseas as of December 31, 2021. We also had 58 ongoing MRCTs as of June 30, 2022, compared with 50 ongoing MRCTs as of December 31, 2021. Our ongoing MRCTs were being conducted in Asia Pacific, North America, Europe, Africa and Latin America with various therapeutic areas including oncology, central nervous system, cardiovascular, rare diseases and vaccines etc.

2. *Industry-leading quality standards and project delivery capabilities*

We earn our customers' trust by expediting their R&D projects without compromising high quality standards. We have established a comprehensive project management framework with robust quality control standards. Our quality management system encompasses all stages throughout each project, from clinical design and project planning to quality control and quality assurance ensuring high-quality service and on-time delivery. We implement comprehensive SOPs which are regularly updated by our quality assurance department to ensure compliance with applicable laws and regulations. We continuously review and improve the performance of our quality management system based on customer feedback and global best practices. Our commitment to high-quality and accelerated delivery has contributed to our track record of excellence. Our track record of accelerated project delivery also differentiates our services from those offered by our competitors. With our integrated service offerings, extensive network of clinical trials and strong professional team, we are able to quickly and effectively identify clinical sites, accelerate patient recruitment, and manage and execute complex projects within minimal lead time. We have helped our customers in the clinical development of various first-to-market drugs and emerging therapies such as gene and cell therapies. Our track record has led to industry-wide recognition of the quality and speed of our services.

3. Visionary and experienced management team supported by talented and dedicated employees

The biopharmaceutical R&D process is highly customized based on the project's drug profile, selection of patients and clinical trial sites and geographic location. Such uniqueness, coupled with the importance attached to these projects and the complexity of project management and quality control, requires a well-trained and talented team with significant industry know-how that cannot be easily replicated in a short period of time. Led by a visionary and experienced management team with extensive experience in the clinical CRO and biopharmaceutical industries, we have built a culture of excellence through which we attract and retain our talent to deliver high-quality services to our customers. Our co-founders, Dr. Ye Xiaoping and Ms. Cao Xiaochun, both widely recognized as pioneers of China's clinical CRO industry, bring a wealth of industry expertise and leadership to support our long-term growth. In addition, many of our members of management have previously worked at leading global and Chinese biopharmaceutical companies, and as such have first-hand knowledge of the challenges our customers may face in today's clinical development environment.

Our talented and dedicated employees set us apart from our competitors. Their technical and therapeutic expertise, combined with extensive know-how accumulated in managing complex R&D projects, contribute to our long track record of high-quality and efficient project delivery. We focus on recruiting high-quality graduates from college and helping them grow within our organization. For example, to educate and train medical talent in China, we launched Tigermed Institute with over 20 universities to provide college students with hands-on training in clinical trial operation and site management, which has allowed us early access to a large and quality talent pool.

We offer competitive compensation to our employees, including a variety of long-term share-based incentive schemes (including the share option scheme and share award scheme adopted by our controlled subsidiaries DreamCIS and Frontage, respectively during the Reporting Period). Together with our senior management, our talented and dedicated employees underpin our competitive strengths and contribute to our market leadership, which in return enhances our ability to attract and retain talents.

4. Broad, high-quality and loyal customer base

We have a broad, high-quality and loyal customer base, including both leading multinational and Chinese biopharmaceutical companies, as well as small- and medium-sized biotechnology companies and medical device companies with projects sponsored spanning a broad range of therapeutic areas and stages of biopharmaceutical R&D. In 2021, six out of our top 20 customers by revenue are top multi-national pharmaceutical companies[6] and 16 out of our top 20 customers by revenue in 2021 are publicly listed. We also saw meaningful revenue growth from top domestic pharmaceutical companies, top multi-national pharmaceutical companies[7], and largest Chinese biotech companies[8] during the Reporting Period.

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6 Multi-national pharmaceutical companies with more than US$20 billion sales in 2021

7 Top 10 companies in 2020 Top 100 Chinese Pharma Company Ranking (2020年度中國化藥企業 TOP100排行榜)

8 By closing market capitalization as of February 11, 2022

This growing and diversified customer base enables us to continuously develop our expertise across different areas and drive synergies among our comprehensive service offerings. We have helped our customers successfully secure approvals of a variety of milestone drugs in China. We achieved a 100% YoY customer retention rate for our top ten customers by revenue during the Reporting Period. We focus on growing with our customers to develop long-term relationships. We have provided services for over five years to many of our top customers across a variety of service offerings. Our long-standing customer relationships not only provide strong stability and visibility to our future revenue, but also allow us to invest more in optimizing our offerings to meet evolving customer needs.

5. Strong track record of strategic acquisitions and investments driving long-term growth

Our strategic acquisitions and investments enable us to foster a flourishing ecosystem that contributes to our sustainable, long-term growth. Through strategic acquisitions, we have broadened and diversified our service offerings throughout the biopharmaceutical R&D process and expanded our geographical footprint. We have acquired and integrated DreamCIS, a leading Korea-based clinical CRO, which marked our first acquisition in a developed market and provided us with experience and know-how that are critical to address the needs of our customers expanding globally. We have also added capabilities in laboratory services through the acquisition of Frontage providing laboratory and bioequivalence clinical study services in both China and the United States, and medical device clinical trials through acquiring Taizhou Tigermed-Jyton Medical Tech. Co. Ltd. (泰州泰格捷通醫藥科技有限公司). As a key industry stakeholder committed to innovation, we have also made minority investments in innovative biopharmaceutical and medical device start-ups. Our industry reputation, experience and expertise have allowed us to identify attractive early-stage investment opportunities and build a diversified investment portfolio. We have provided start-ups with funding support and, in some cases, offered integrated R&D solutions to their ongoing projects. Through our strategic investments, we aim to forge long-term cooperative relationships with these companies and promote innovation in China's and the global biopharmaceutical industry. In addition to opportunities for financial returns, we believe these investments give us access to emerging technologies, acquire potential customers and capture additional business opportunities as these start-ups grow and succeed.

Other Events

1. On December 29, 2021 (New York time), Frontage Laboratories, Inc. as the purchaser entered into a membership interest purchase agreement (the "**Agreement**") with (i) shareholders of Experimur LLC ("**OpCo**") and of Experimur Properties LLC ("**PropertyCo**") (collectively as the "**Sellers**"); (ii) Nabil Hatoum (being Sellers' representative); (iii) Experimur Holdings Inc.; and (iv) OpCo, Experimur Intermediate LLC ("**Experimur Intermediate**"), and PropertyCo (collectively as the "**Targets**"), pursuant to which the Sellers agreed to sell and Frontage Laboratories, Inc. agreed to purchase 100% of the equity interests of each of the OpCo, Experimur Intermediate and PropertyCo for a total cash consideration of up to US$76,000,000 in accordance with the terms and conditions of the Agreement.

   The closing of the acquisition took place on January 10, 2022 (New York time). Immediately following the closing of the acquisition, the Targets have become indirect subsidiaries of the Company and the financial results, assets and liabilities of Targets have been consolidated into the consolidated financial statements of the Group.

   For details, please refer to the announcements of Frontage dated December 30, 2021 and January 11, 2022.

   As of the date of this announcement, it is not practicable to provide an estimate of financial effect of the above acquisition until the Group performed a detailed review.

2. On January 4, 2022, Mr. Wang Ruwei tendered his resignation as the vice general manager of the Company due to adjustment of his work arrangement. Following his resignation, Mr. Wang Ruwei will still hold other positions in the subsidiaries of the Group. For details, please refer to the announcement of the Company on January 4, 2022.

3. On February 11, 2022, the Company convened the twenty-first meeting of the fourth 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 planned to conduct share repurchase with its own funds or self-raised funds. The total amount of funds for share repurchase shall not be less than RMB250,000,000 and not more than RMB500,000,000, and the price for share repurchase shall not exceed RMB120.00 per A Share. Such portion of shares repurchased will be used for subsequent equity incentive plans or employee stock ownership plans. The term of the share repurchase shall be 12 months from the date of consideration and approval of the share repurchase plan by the Board. As of the date of this announcement, the Company repurchased a total of 3,909,800 A Shares through the special securities account for share repurchase by centralized price bidding. The cumulative number of A Shares repurchased accounted for 0.4481% of the total Share capital of the Company. The highest and lowest trading prices were RMB102.39 per A Share and RMB79.01 per A Share, respectively. The total transaction amount was approximately RMB369,387,999 (excluding transaction costs). For details, please refer to the announcement of the Company on February 13, 2022 and the next day disclosure returns of the Company on February 15, 2022, February 16, 2022, February 17, 2022, February 18, 2022, February 21, 2022, February 22, 2022, February 23, 2022, April 28, 2022, April 29, 2022, May 17, 2022, May 19, 2022 and May 26, 2022.

4. On March 15, 2022, the Group acquired entire equity interests of Meditip Co., Ltd ("**Meditip**") for cash consideration of KRW20,091,556,000 (equivalent to RMB105,400,000). Meditip is principally engaged in providing bio products and medical devices through licensing, insurance, clinical work, follow-up management, discovery of distributors, and market preliminary research of domestic and world leading bio companies of successful development and commercialization.

   As at the date of this announcement, it is not practicable to provide an estimate of financial effect of the above acquisition until the Group performed a detailed review.

5. On March 28, 2022, the Company convened the twenty-second meeting of the fourth session of the Board and the fifteenth meeting of the fourth session of the Supervisory Committee to approve the "Resolution on the Partial Repurchase and Cancellation of the 2019 Restricted Shares" (《關於回購註銷部分 2019 年限制性股票的議案》), pursuant to which the Company will repurchase the restricted Shares granted to two of the incentive participants who are the objects in the first grant of the 2019 Restricted Share Incentive Scheme (as defined in the Prospectus) but not yet unlocked at the repurchase price of RMB26.55 per Share as adjusted after the completion of the 2018 equity distribution plan, while the Company shall repurchase the restricted Shares granted to three of the incentive participants who are the objects of reserved portion under the 2019 Restricted Share Incentive Scheme but not yet unlocked at the reserved portion grant price of the 2019 Restricted Share Incentive Scheme of RMB31.46 per Share. The resolution on the aforesaid partial repurchase and cancellation of the restricted Shares was approved by Shareholders at the annual general meeting of the Company (the "**AGM**"), the A Share class meeting of the Company and the H Share class meeting of the Company on May 20, 2022. Please refer to the announcements of the Company dated March 28, 2022 and May 20, 2022 for details.

6. On March 28, 2022, the Company convened the twenty-second meeting of the fourth session of the Board to approve the proposed change of registered capital of the Company (the "**Proposed Change of Registered Capital**") and the proposed amendments to the articles of association of the Company (the "**Proposed Amendments to the Articles of Association**") as a result of the repurchase and cancellation of the Company's restricted Shares as detailed in paragraph 5 above. The resolution on the Proposed Change of Registered Capital and Proposed Amendments to the Articles of Association were approved by the Shareholders at the AGM, A Share class meeting of the Company and H Share class meeting of the Company. Please refer to the announcements of the Company dated March 28, 2022 and May 20, 2022 for details.

7. On March 28, 2022, the Company convened the twenty-second meeting of the fourth session of the Board to approve the proposed change in use of proceeds from the global offering of the Company ("**Proposed Change in Use of Proceeds**"). The resolution on the Proposed Change in Use of Proceeds was approved by the Shareholders at the AGM. Please refer to the announcements of the Company dated March 28, 2022 and May 20, 2022 for details.

8. On March 28, 2022, the Company convened the twenty-second meeting of the fourth session of the Board and the fifteenth meeting of the fourth session of the Supervisory Committee to consider and approve the "Resolution on 2022 H Share Appreciation Incentive Scheme of Hangzhou Tigermed Consulting Co., Ltd. (Draft)" (《關於<杭州泰格醫藥科技股份有限公司 2022 年 H 股股票增值權激勵計劃(草案)>的議案》) and the "Resolution on Requesting the General Meeting of Shareholders of the Company to Authorize the Board to Handle Matters Regarding the 2022 H Share Appreciation Incentive Scheme" (《關於提請公司股東大會授權董事會辦理 2022 年 H 股股票增值權激勵計劃相關事宜的議案》). On May 9, 2022, the Company convened the twenty-fifth meeting of the fourth session of the Board to terminate such scheme and withdrew all such proposed resolutions for Shareholders' approval at the AGM. Please refer to the announcements of the Company dated March 28, 2022 and May 9, 2022 for details.

9. On March 28, 2022, the Company convened the twenty-second meeting of the fourth session of the Board, the congress of workers and staff and the fifteenth meeting of the fourth session of the Supervisory Committee to consider and approve the "Resolution on 2022 A Share Employee Share Ownership Plan of Hangzhou Tigermed Consulting Co., Ltd. (Draft) and its summary" (《關於<杭州泰格醫藥科技股份有限公司2022年A股員工持股計劃(草案)>及其摘要的議案》), the "Resolution on Administration of 2022 A Share Employee Share Ownership Plan 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股員工持股計劃管理辦法>的議案》) and the "Resolution on Requesting the General Meeting of Shareholders to Authorize the Board to Handle Matters Regarding the 2022 A Share Employee Share Ownership Plan" (《關於提請股東大會授權董事會辦理公司 2022 年 A 股員工持股計劃有關事項的議案》). On April 1, 2022, the Company convened the twenty-third meeting of the fourth session of the Board to consider and approve the adjustments to mechanisms for not achieving performance appraisal requirements at company level under the 2022 A Share Employee Share Ownership Plan and related supporting documentation including the Administrative Measures for the 2022 A Share Employee Share Ownership Plan of Hangzhou Tigermed Consulting Co., Ltd. On May 9, 2022, the Company convened the twenty-fifth meeting of the fourth session of the Board to terminate such plan and withdrew all such proposed resolutions for Shareholders' approval at the AGM. Please refer to the announcements of the Company dated March 28, 2022, April 1, 2022 and May 9, 2022 for details.

10. On June 10, 2022, the Company convened the twenty-sixth meeting of the fourth session of the Board to approve the amendments to the terms of reference of the Audit Committee. Please refer to the announcement of the Company dated June 10, 2022 for details.

11. On June 27, 2022, the Company convened the twenty-seventh meeting of the fourth session of the Board to consider and approve the appointment of Ms. Ho Yin Kwan in place of Ms. Jeanie Lau as the company secretary of the Company and the process agent in Hong Kong for accepting service of process in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and for the purpose of accepting services of process and notices on the Company's behalf in Hong Kong under Rule 19A.13 of the Listing Rules, and an authorized representative of the Company for the purpose of Rule 3.05 of the Listing Rules. Please refer to the announcement of the Company dated June 27, 2022 for details.

2. The Management's Discussion and Analysis on Future Development of the Company

Industry and Business Outlook

Since its inception in 2004, the Company has established a comprehensive suite of drug and medical device R&D service offerings. Our extensive experience in R&D projects and robust quality management system, coupled with a team of experienced professionals and comprehensive knowledge in drug administration and regulatory policies, enable us to help our customers develop drugs and medical devices efficiently and expeditiously in an environment with heightened regulatory scrutiny and increasingly complex R&D processes. Benefiting from the fast-changing pharmaceutical industry and reform of the regulatory review system and relying on our good reputation and proven track record over the years, we have grown into the largest clinical CRO in China with a nationwide network of collaborating clinical trial sites and one of the largest clinical research teams in China. In 2021, we retained our leadership position in China's clinical service market with the largest market share of 12.5% in China's clinical outsourcing market in 2021, up by 4.1% from 2019, according to Frost & Sullivan. According to Frost & Sullivan, we are also the only China-based clinical service provider ranked among global top 10 with a 1.3% market share in 2021, up by 0.5% from 2019. Our team handled the most HGRAC filings from 2021 to the end of the Reporting Period and had accounted for 12.5% of total HGRAC clinical research project filings during this period.

We envisage a continued growth of the global clinical CRO industry, driven by the increasing R&D expenditures and project difficulty and complexity, higher cost control and R&D risk management requirements, and strong willingness of the emerging biotech companies for R&D outsourcing. The clinical CRO industry in China is expected to outgrow the rest of the world driven by multiple tailwinds including the sufficient clinical resources and huge unmet medical needs brought by the huge population, the further investments in innovative drugs, the increasingly mature and stringent regulatory system, the demand for diversified, one-stop clinical CRO services, and the increasing cross-border clinical trial projects.

Over recent years, policies on China's healthcare industry have been generally aligned with overall strategies at the national level. The policy trend is expected to remain focused on innovation, accessibility and affordability. From the regulatory perspective, the regulations governing the registration and clinical trials are expected to further conform with the prevailing ICH-GCP standard, in which the patient-focused drug development and the clinical value of R&D projects will be given more emphasis.

Meanwhile, the clinical CRO industry is set to remain competitive and continue to adapt, innovate and evolve. Biopharmaceutical and medical device companies have more overseas clinical projects and international multi-center clinical projects against a backdrop of globalization and hence require clinical CROs to help them manage their overseas clinical trials and multiple-region clinical trials and navigate through different drug administration and regulatory policies across countries. More advanced technologies are expected to be adopted by clinical CROs to help their customers better address complex and unprecedented R&D challenges with an aim to develop innovative and effective therapies, and the full use of more advanced technologies is expected to further increase the level of digitalization and utilization of data resources of clinical CROs.

Against the backdrop of the industry, while we believe we are poised to distinguish ourselves and maintain our strong competitiveness in the industry through, among other things, our market position in China's clinical CRO industry with diverse services, we need to prepare ourselves for the evolvement of CRO industry both in China and globally.

Our certain emerging business lines have achieved strong growth, including pharmacovigilance, real world study, early-stage R&D and scientific affairs, medical translation, medical influence services, etc. Looking ahead, we plan to further strengthen and diversify our service offerings to gain more market share and new business opportunities. We will continue to build up our team's scientific literacy and expertise, so as to better provide high-quality services to customers in their increasingly complex R&D projects. For example, we plan to strengthen our expertise in advanced drug targets and therapeutic areas such as RNA, gene and cell therapies. Meanwhile, we plan to further invest in and enhance our quality system, project management and delivery capabilities and regulatory know-how. Through organic expansion and strategic acquisitions, we also plan to explore new services and technologies such as real-world evaluation and risk-based monitoring, as well as complex data analytics. In recent years, we launched *Tailinyan* (泰臨研), an integrated digital clinical trial platform integrating modules such as CTMS, electronic data collection system, electronic source record (ESR), CTRM, electronic Trial Master File (eTMF), E-Site, and RBQM. In particular, our self-developed RBQM system is the first of its kind among domestic peers. In the future, the Company will also continue to develop new models of remote and intelligent clinical trial services based on big data and digitalization. In addition, we will further explore opportunities relating to clinical research hospitals and sites in China, including expanding our E-Site network, to provide more and better clinical development and site resources to our customers.

China is becoming an integral part of the global healthcare market, as witnessed by more Chinese biopharmaceutical companies launching global R&D projects and more foreign biopharmaceutical companies conducting projects in China. In view of this trend, we aim to leverage our overseas presence to assist our Chinese customers in their global trials while exploring business opportunities with global biopharmaceutical companies conducting projects, including MRCTs, both in China and overseas. We plan to further expand our global presence, particularly in the United States, Europe and major emerging countries, through organic growth and strategic acquisitions or investments, and invest in other geographic locations that are critical to addressing the needs of both multinational and Chinese customers. We are developing a talent management and training system dedicated to serving cross-border and multi-regional R&D projects. We also expect to upgrade our global clinical research services through improving our operating standards, global project coordination and management capabilities, overseas business development and marketing skills.

Technology plays a vital role in biopharmaceutical R&D by enhancing quality and improving efficiency with integrated and advanced solutions. We will continue to invest in emerging technologies that can improve our service efficiency and enhance our service capabilities and offerings. We will also invest in our fundamental technology and data infrastructure to better meet such future technology development and operational needs. In addition, we aim to explore potential cross-industry collaborations with business partners to generate synergy and develop more innovative solutions for our customers.

We cannot grow our business without the support from our customers. We have a high quality and diversified customer base. In 2021, six out of our top 20 customers are large multi-national pharmaceutical companies (with more than US$20 billion sales in 2021), and 16 are listed companies. Looking ahead, we will continue to deepen our relationships with existing customers by expanding our service offerings through diversified collaborations, leveraging our extensive project experience across different R&D stages and various therapeutic areas. Moreover, we will continue to invest in and incubate promising early-stage biotech and medical device companies to drive their development, which will provide us with access to potential customers and business opportunities while obtaining potential investment income. We also aim to further expand our customer base and attract new customers with innovative and differentiated product pipelines and recurring business needs for multiple R&D projects and diversified services. To achieve these goals, we will continue to invest in our business development and marketing efforts, enhance the expertise and customer reach of our business development team, and equip them with more technical and service resources to further attract and serve new customers across different fields and markets.

Our staff are most crucial to our ability to provide consistent high-quality services to customers. We seek to attract top talent, especially inter-disciplinary talents, industry experts and technical specialists with global experience to support our global expansion, while continuing to improve our employee recruitment, training and development programs and long-term incentive schemes to retain talents.

Potential Risks

1. Risk of COVID-19 pandemic, and other emergencies or force majeure events

Our business operations and financial performance have been adversely affected by the COVID-19 pandemic, and may continue to be affected by the COVID-19 pandemic in the future. Furthermore, we may in the future experience additional disruptions that could materially and adversely impact our projects, business, financial condition and results of operations. To the extent the COVID-19 pandemic adversely affects our business and operations, it 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 to which the COVID-19 pandemic may impact our business will depend on future developments, which are uncertain and unpredictable at the moment.

In addition, any future occurrence of force majeure events, natural disasters or outbreaks of other epidemics and contagious diseases may materially and adversely affect our business, financial condition and results of operations. We have formulated a business continuity 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 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*

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

4. *Risk of increasing competition*

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

5. *Risk of failure in business expansion and strategy implementation*

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

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.

7. Risk of failure in obtaining or renew certain regulatory approvals, licenses, permits and certificates required for 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 revenue 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.

10. Risk 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 failing to attract, train, motivate and retain talents

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 in 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 in such expenses, 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 historical 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.

13. Risk related to our 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 positive changes in fair value of financial assets at FVTPL in the amount of RMB906.1 million and RMB413.3 million, respectively. There is no guarantee that the changes in fair value of our financial assets at FVTPL will continue to 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 RMB105.0 million and RMB15.0 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 USD. If RMB appreciates significantly against USD, 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. Risks 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.

Employees

The number of our employees remained relatively stable at 8,299 as of June 30, 2022. During the Reporting Period, we continued to expand our clinical operation and project management teams in key overseas markets including the U.S. and Europe as part of our growth strategies. As of June 30, 2022, our overseas employees were based out of 53 countries across 5 continents.

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, A Share incentive scheme and other means to attract, motivate, retain and reward our employees. Our A Share incentive scheme covered all of our employees who had worked for us for at least three years at the time when the incentives were awarded. 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.

COMPLIANCE WITH THE CG CODE

The Company has adopted the principles and code provisions as set out in the CG Code contained in Appendix 14 to the Listing Rules and has complied with the code provisions in the CG Code during the Reporting Period.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

On March 11, 2022 (which was within the period of 60 days immediately preceding and including the date of the 2021 annual results announcement of the Company), 350,000 listed A Shares held by Ms. Cao Xiaochun, an executive Director and the general manager of the Company, were pledged as additional collaterals in favour of Huatai Securities Co., Ltd. (華泰證券股份有限公司) ("**Huatai**") for a loan provided by Huatai to her to facilitate her personal financial arrangements (the "**2022 Pledge**") as demanded by Huatai as a result of a significant drop of share price of the Company at the relevant time. Ms. Cao Xiaochun was in a passive position in relation to the 2022 Pledge. The Directors (except Ms. Cao Xiaochun who is affected by the 2022 Pledge) were satisfied that the 2022 Pledge 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

(1) Repurchase and Cancellation of Some Restricted A Shares ("2019 Restricted Shares")

On March 28, 2022, the Company convened the twenty-second meeting of the fourth session of the Board, the fifteenth meeting of the fourth session of the Supervisory Committee, and on May 20, 2022, the Company convened the annual general meeting of Shareholders in 2021, the first A shares class meeting in 2022 and the first H shares class meeting in 2022, respectively, to approve the "Partial Repurchase and Cancellation of the 2019 Restricted Shares" (《回購註銷部分2019年限制性股份》), pursuant to which, the Company was approved to repurchase and cancel a total of 20,144 restricted shares granted to two incentive participants the restricted shares of whom were not yet unlocked and three resigned incentive participants the restricted shares of whom were not yet unlocked according to the 2019 Restricted Shares Incentive Scheme. The repurchase price was RMB26.55 per Share and RMB31.46 per Share, respectively. As of the date of this announcement, the aforesaid repurchase and cancellation matters had not been completed.

(2) The Grant of the Reserved Portion under the 2019 Restricted Shares Incentive Scheme

Reference is made to the Company's announcement dated June 15, 2022 regarding the Completion of Registration of the Grant of the 3rd Reserved Portion under the 2019 Restricted Shares Incentive Scheme. The Shenzhen Stock Exchange and Shenzhen Branch of China Securities Depository and Clearing Corporation Limited confirmed that the Company had completed granting registration for the 3rd reserved portion under the 2019 restricted shares incentive scheme. The listing date of the granted shares was June 21, 2022. The reserved part containing 2,099,011 restricted shares was granted to 389 incentive participants.

(3) Repurchase of A Share of the Company

Pursuant to the Resolution on Plan for the Repurchase of the Shares of the Company approved at the twenty-first meeting of the fourth session of the Board on February 11, 2022, the Company repurchased a total of 3,909,800 A Shares on the Shenzhen Stock Exchange held by the public during the period from February 15, 2022 to May 26, 2022 for the purpose of subsequent implementation of the Company's equity incentive scheme or employee stock ownership plan. Particulars of the repurchases are as follows:

Month of repurchase	**Number of A Shares repurchased**	**Price paid per A Share**		**Aggregate consideration**
		Highest	**Lowest**	
		(RMB)	***(RMB)***	***(RMB)***
February	2,492,400	102.39	97.00	249,990,128.96
April	582,000	88.63	84.60	49,992,852.00
May	835,400	85.00	79.01	69,405,018.00

Save as disclosed above, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

USE OF NET PROCEEDS FROM OUR HONG KONG INITIAL PUBLIC OFFERING

The total net proceeds from the issue 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 will enable the Company to better allocate its financial resources to opportunities that could drive sustainable growth for the Group and deliver returns to Shareholders in the near future. The Board considers that the changes will help the Company better seize domestic market opportunities, which is in line with the future growth strategies of the Company; and assess overseas opportunities in a prudent manner while the ongoing COVID-19 pandemic continues to negatively affect cross-border travels. The Proposed Change in Use of Proceeds was approved at the annual general meeting of the Company in 2021 held on May 20, 2022. For details, 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 the unutilized net proceeds of approximately HK$6,856.9 million as at the end of the Reporting Period, the Company intends to use them in the same manner and proportions as described in the announcement of the Company dated March 28, 2022 and the circular of the Company dated April 28, 2022 and proposes to use the unutilized net proceeds in accordance with the expected timetable disclosed in the table below.

As of June 30, 2022, the Group has used the net proceeds as follows:

	Revised use of proceeds as stated in the announcement of the Company dated March 28, 2022 and the circular of the Company dated April 28, 2022 *(HK$ million)*	**Actual use of proceeds as at the end of the Reporting Period** *(HK$ million)*	**Net proceeds unutilized as at the end of the Reporting Period** *(HK$ million)*	**Expected timeframe for utilizing the remaining unutilized net proceeds**
approximately 15% to organically expand and enhance our service offerings and capabilities across clinical trial solutions services and clinical-related services to meet the rising demands for our services in both domestic and overseas markets	1,594.4	36.2	1,558.2	36 to 48 months from the Listing
approximately 40% to fund potential acquisitions of attractive domestic and overseas clinical CROs that are complementary to our existing 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	234.2	4,492.8	36 to 60 months from the Listing

	Revised use of proceeds as stated in the announcement of the Company dated March 28, 2022 and the circular of the Company dated April 28, 2022 *(HK$ million)*	Actual use of proceeds as at the end of the Reporting Period *(HK$ million)*	Net proceeds unutilized as at the end of the Reporting Period *(HK$ million)*	Expected timeframe for utilizing the remaining unutilized net proceeds
approximately 20% to foster our biopharmaceutical R&D ecosystem by making minority investments in domestic and overseas companies with innovative business models and growth potential, such as biotech companies, healthcare IT companies, hospitals, medical device and diagnostic research companies	296.7	–	296.7	36 to 48 months from the Listing
approximately 10% to repay certain of our outstanding borrowings as of May 31, 2020	1,181.7	1,181.7	0	–
approximately 5% to develop advanced technologies to enhance the quality and efficiency of our comprehensive service offerings, such as cloud-based virtual clinical trial platforms and laboratory automation, medical data platforms and site management capabilities, through recruiting qualified technical and scientific professionals and undertaking specific R&D projects	590.9	515.1	75.8	12 to 36 months from the Listing
approximately 10% to working capital and general corporate purposes	1,181.7	748.3	433.4	–
Total	**9,572.4**	**2,715.5**	**6,856.9**	

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).

EVENTS AFTER THE REPORTING PERIOD

Subsequent to June 30, 2022, the following significant events took place:

1. On July 27, 2022 (New York time), Frontage Laboratories, Inc. ("**Frontage Labs**"), a subsidiary of the Company, entered into a share purchase agreement with shareholders (the "**Frontage Clinical Sellers**") of Frontage Clinical Services, Inc. ("**Frontage Clinical**"), a FVTPL of the Group, the representative of the Frontage Clinical Sellers and Frontage Clinical, pursuant to which the Frontage Clinical Sellers agreed to sell and Frontage Labs agreed to purchase 88.1% of the equity interests in Frontage Clinical for a cash consideration of approximately USD13,215,000 in accordance with the terms and conditions of the share purchase agreement.

   Immediately following the completion of the acquisition, Frontage Clinical becomes an indirect subsidiary of the Group and the financial results, assets and liabilities of Frontage Clinical will be consolidated into the consolidated financial statements of the Group.

   For details, please refer to the announcements of Frontage dated July 28, 2022 and August 2, 2022.

   As of the date of this announcement, it is not practicable to provide an estimate of financial effect of the above acquisition until the Group performed a detailed review.

2. With effect from August 15, 2022, the address of the Hong Kong H Share Registrar and Transfer Office of the Company, Tricor Investor Services Limited, has been changed from Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong to 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong. For details, please refer to the announcement of the Company dated August 12, 2022.

3. Mr. Wu Baolin tendered his resignation as the employee supervisor of the fourth session of the Supervisory Committee due to his intention to devote more time to his own duties with effect from August 25, 2022. Following his resignation, Mr. Wu Baolin will still hold other positions in the Company. Ms. Lou Wenqing has been elected as the employee supervisor of the fourth session of the Supervisory Committee with a term commencing from August 25, 2022 until the expiry of the fourth session of the Supervisory Committee. For details, please refer to the announcement of the Company dated August 25, 2022.

REVIEW OF INTERIM RESULTS

The Audit Committee comprises three independent non-executive Directors, namely Mr. Liu Kai Yu Kenneth, Mr. Zheng Bijun and Dr. Yang Bo. The chairman of the Audit Committee is Mr. Liu Kai Yu Kenneth who holds the appropriate qualification as required under Rules 3.10(2) and 3.21 of the Listing Rules. The Audit Committee has reviewed the unaudited condensed consolidated financial information of the Group for the six months ended June 30, 2022 with the management. The Audit Committee considered that the interim results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management of the Company.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend during the Reporting Period (June 30, 2021: nil).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2022

		Six months ended June 30,	
		2022	2021
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*5*	**3,594,209**	2,056,375
Cost of services		**(2,175,881)**	(1,089,456)
Gross profit		**1,418,328**	966,919
Other income	*7*	**128,757**	147,419
Other gains and losses, net	*8*	**468,609**	1,007,221
Impairment losses under expected credit loss ("**ECL**") model, net of reversal		**(28,411)**	(10,252)
Selling and marketing expenses		**(80,040)**	(66,656)
Administrative expenses		**(321,379)**	(246,682)
Research and development expenses		**(110,520)**	(93,034)
Share of profits of associates		**35,556**	723
Finance costs	*9*	**(31,035)**	(7,942)
Profit before tax	*10*	**1,479,865**	1,697,716
Income tax expense	*11*	**(162,239)**	(103,533)
Profit for the period		**1,317,626**	1,594,183
Other comprehensive income for the period			
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of financial assets at fair value through other comprehensive income		**14,663**	–
Exchange differences arising from translation of foreign operations		**170,171**	(44,027)
Total comprehensive income for the period		**1,502,460**	1,550,156

	Notes	Six months ended June 30, 2022 **RMB'000** **(Unaudited)**	2021 *RMB'000* (Unaudited)
Profit for the period attributable to:			
Owners of the Company		**1,192,004**	1,259,914
Non-controlling interests		**125,622**	334,269
		1,317,626	1,594,183
Total comprehensive income for the period attributable to:			
Owners of the Company		**1,334,021**	1,225,793
Non-controlling interests		**168,439**	324,363
		1,502,460	1,550,156
Earnings per share	*12*		
– Basic *(RMB)*		**1.38**	1.45
– Diluted *(RMB)*		**1.38**	1.44

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2022

	Notes	As at June 30, 2022 RMB'000 (Unaudited)	As at December 31, 2021 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*14*	**824,671**	701,857
Intangible assets	*15*	**271,738**	234,090
Goodwill	*16*	**2,347,881**	1,778,948
Right-of-use assets	*14*	**477,068**	473,262
Interests in associates		**1,227,541**	738,799
Deferred tax assets		**98,011**	100,936
Financial assets at fair value through profit or loss ("**FVTPL**")	*17*	**9,677,705**	8,746,344
Financial assets at fair value through other comprehensive income ("**FVOCI**")	*17*	**–**	13,531
Restricted bank deposits		**2,013**	1,913
Other non-current assets		**66,615**	101,605
		14,993,243	12,891,285
CURRENT ASSETS			
Inventories		**16,965**	6,095
Trade, bills and other receivables and prepayments	*18*	**1,053,818**	952,017
Contract assets	*19*	**1,765,802**	1,285,475
Financial products	*17*	**35,569**	29,180
Prepaid income tax		**64,861**	34,678
Restricted bank deposits		**8,046**	8,586
Time deposit with original maturity over three months		**67,479**	155,440
Cash and cash equivalents		**7,697,397**	8,378,417
		10,709,937	10,849,888
CURRENT LIABILITIES			
Trade and other payables	*20*	**632,059**	879,962
Contract liabilities		**819,623**	789,509
Bank borrowings	*21*	**1,761,905**	492,320
Income tax payables		**135,102**	176,410
Lease liabilities		**85,784**	74,515
		3,434,473	2,412,716
NET CURRENT ASSETS		**7,275,464**	8,437,172
TOTAL ASSETS LESS CURRENT LIABILITIES		**22,268,707**	21,328,457

	Notes	**As at June 30, 2022** ***RMB'000*** **(Unaudited)**	As at December 31, 2021 *RMB'000* (Audited)
NON-CURRENT LIABILITIES			
Bank borrowings	*21*	**37,492**	–
Deferred government grant		**14,459**	–
Lease liabilities		**408,150**	406,839
Other long-term liabilities	*22*	**98,654**	114,881
Deferred tax liabilities		**213,045**	201,540
		771,800	723,260
NET ASSETS		**21,496,907**	20,605,197
CAPITAL AND RESERVES			
Share capital	*23*	**872,419**	872,439
Treasury shares	*24*	**(869,340)**	(579,186)
Reserves		**18,702,353**	17,892,210
Equity attributable to owners of the Company		**18,705,432**	18,185,463
Non-controlling interests		**2,791,475**	2,419,734
TOTAL EQUITY		**21,496,907**	20,605,197

1. GENERAL INFORMATION

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

The Company and its subsidiaries (the "Group") is principally engaged in contract research organisation ("CRO") services.

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

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

2. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"), issued by the International Accounting Standards Board (the "IASB"). In addition, the condensed consolidated financial statements include the applicable disclosures requirements of the Rules Governing the Listing of Securities on the Stock Exchange.

These condensed consolidated financial statements should be read in conjunction with the annual financial statements of the Group for the year ended December 31, 2021.

3. APPLICATION OF NEW AND REVISED IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the International Accounting Standard Board, for the first time, which are mandatory effective for the annual period beginning on or after January 1, 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IAS 16	Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IFRS 16	COVID-19-Related Rent Concessions beyond June 30, 2021
Annual Improvements to IFRSs 2018-2020	

The application of the amendments to IFRS in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Amendments to IAS 16 "Proceeds before Intended Use"

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognized in profit or loss.

Amendments to IAS 37 "Onerous Contracts – Cost of Fulfilling a Contract"

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labor and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Amendments to IFRS 3 "Reference to the Conceptual Framework"

The amendments update IFRS 3 "Business Combinations" so that it refers to the revised Conceptual Framework for Financial Reporting 2018 instead of the version issued in 2010.

The amendments add to IFRS 3 a requirement that, for obligations within the scope of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 "Levies", the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

Amendments to IFRS 16 "COVID-19-Related Rent Concessions beyond June 30, 2021"

IFRS 16 was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria:

(a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) The reduction is lease payments affects only payments originally due on or before 30 June 2021; and

(c) There are is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means the lessee does not assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in IFRS 16 in accounting for the concession.

Annual Improvements to IFRSs 2018-2020

The annual improvements amends a number of standards, including:

- IFRS 1 "First-time Adoption of International Financial Reporting Standards", which permit a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.

- IFRS 9 "Financial Instruments", which clarify the fees included in the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other's behalf are included.

- IFRS 16, which amend Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

- IAS 41 "Agriculture" which remove the requirement to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing these condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2021.

5. REVENUE

The Group's revenue streams are categorised as follows:

– Clinical trial solutions consist of clinical trial operation services and other core clinical services directly associated with clinical trial operations such as medical writing, translation and registration services, and pharmacovigilance services.

– Clinical-related and laboratory services consist of ancillary services that provide the necessary support to clinical trial operations, including analytical services (e.g., data management and statistical analysis, and medical imaging), logistical and execution support services (e.g., site management), administrative assistance (e.g., patient recruitment), consulting services (e.g., good manufacturing practice ("GMP") consulting), as well as laboratory services (e.g., drug metabolism and pharmacokinetics ("DMPK"), safety and toxicology, bioanalytical, and chemistry, manufacturing and controls ("CMC") services), as well as chemistry services.

An analysis of the Group's revenue is as follows:

	Six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Clinical trial solutions	**2,172,146**	1,033,554
Clinical-related and laboratory services	**1,422,063**	1,022,821
	3,594,209	2,056,375
Overtime		
Clinical trial solutions	**2,172,146**	1,033,554
Clinical-related and laboratory services	**1,422,063**	1,022,821
	3,594,209	2,056,375

6. SEGMENT INFORMATION

Operating segments are determined based on the Group's internal reports which are submitted to chief executives officer, being the chief operating decision maker ("CODM") of the Group, for the purpose of performance assessment and resources allocation. This is also the basis upon which the Group is organised and managed.

No segment assets and liabilities are presented as they were not regularly provided to the CODM for the purpose of performance assessment and resources allocation.

The following are the Group's reportable segments under IFRS 8 "Operating Segments":

– Clinical trial solutions

– Clinical-related and laboratory services

Segment Revenues and Results

The following is an analysis of the Group's revenue by reportable segments.

For the six months ended June 30, 2022

	Clinical trial solutions ***RMB'000*** **(Unaudited)**	**Clinical-related and laboratory services** ***RMB'000*** **(Unaudited)**	**Total** ***RMB'000*** **(Unaudited)**
Revenue	**2,172,146**	**1,422,063**	**3,594,209**
Gross profit	**800,721**	**617,607**	**1,418,328**
Unallocated amounts:			
Other income			**128,757**
Other gains and losses, net			**468,609**
Impairment losses under ECL model, net of reversal			**(28,411)**
Selling and marketing expenses			**(80,040)**
Administrative expenses			**(321,379)**
Research and development expenses			**(110,520)**
Share of profits of associates			**35,556**
Finance costs			**(31,035)**
Profit before tax			**1,479,865**

For the six months ended June 30, 2021

	Clinical trial solutions *RMB'000* (Unaudited)	Clinical-related and laboratory services *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Revenue	1,033,554	1,022,821	2,056,375
Gross profit	523,488	443,431	966,919
Unallocated amounts:			
Other income			147,419
Other gains and losses, net			1,007,221
Impairment losses under ECL model, net of reversal			(10,252)
Selling and marketing expenses			(66,656)
Administrative expenses			(246,682)
Research and development expenses			(93,034)
Share of profits of associates			723
Finance costs			(7,942)
Profit before tax			1,697,716

Geographical Information

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

	Six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from external customers		
– PRC	**1,680,838**	1,110,817
– Other overseas countries and regions	**1,913,371**	945,558
	3,594,209	2,056,375

Information about the Group's non-current assets by geographical location of the assets are presented below:

	As at June 30, 2022	As at December 31, 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Non-current assets excluding financial assets and deferred tax assets		
– PRC	**2,942,437**	2,341,230
– Other overseas countries and regions	**2,273,077**	1,621,072
	5,215,514	3,962,302

Information about major customers

Since no revenue from sale to a single customer amounted to 10% or more of the Group's revenue during the current and prior period, no major customer information is presented in accordance with IFRS 8 "Operating Segments".

7. OTHER INCOME

	Six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest income from bank deposits	**112,928**	132,742
Interest income from financial products	**690**	1,619
Government grants	**14,233**	7,637
Dividend income from financial assets at FVTPL	**121**	5,254
Others	**785**	167
	128,757	147,419

8. OTHER GAINS AND LOSSES, NET

	Six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net foreign exchange gain/(loss)	**3,781**	(3,519)
(Loss)/gain on disposal of property, plant and equipment	**(109)**	212
Change in fair value of financial assets at FVTPL	**413,276**	906,083
Fair value change of contingent consideration payables	**1,583**	(5,457)
Gain on disposal of associates	**35,200**	4,937
Gain on disposal of financial assets at FVTPL	**14,878**	104,965
	468,609	1,007,221

9. FINANCE COSTS

	Six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest expense on bank borrowings	**19,443**	–
Interest on lease liabilities	**11,592**	7,942
	31,035	7,942

10. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	Six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**48,942**	39,096
Amortisation of intangible assets	**30,053**	14,936
Depreciation of right-of-use assets	**43,779**	34,577
Staff costs (including directors' emoluments):		
– Salaries and other benefits	**1,075,109**	724,190
– Retirement benefits scheme contributions	**122,730**	85,414
– Share-based payment expenses	**25,566**	44,798
	1,223,405	854,402

11. INCOME TAX EXPENSE

	Six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax:		
– Current period	**187,051**	95,877
– Over provision of current tax in prior period	**(7,939)**	(1,910)
	179,112	93,967
Deferred tax:		
– Current period	**(16,873)**	9,566
Total income tax expense	**162,239**	103,533

12. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	Six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Company	**1,192,004**	1,259,914
Effect of cash dividend distributed to holders whose restricted shares are expected to be unlocked *(note (i))*	**–**	(1,235)
Earnings for the purpose of calculating basic earnings per share	**1,192,004**	1,258,679

Number of shares:

	Six months ended June 30,	
	2022	2021
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share *(note (iii))*	**864,407,604**	868,529,722

(b) Diluted earnings per share

The calculation of the diluted earnings per share attributable to owners of the Company is based on the following data:

	Six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Company	**1,192,004**	1,259,914
Effect of share options issued by subsidiaries *(note (ii))*	**(2,514)**	(2,189)
Earnings for the purpose of calculating diluted earnings per share	**1,189,490**	1,257,725

Number of shares:

	Six months ended June 30,	
	2022	2021
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share *(note (iii))*	**864,407,604**	868,529,722
Effect of dilutive potential ordinary shares in respect of outstanding restricted share under Restricted Share Scheme *(note (i))*	**–**	3,177,156
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**864,407,604**	871,706,878

Notes:

(i) During the six months ended June 30, 2021, the effect of cash dividend distributed to restricted shares holders and dilutive potential ordinary shares is related to the Restricted Share Scheme launched by the Company.

(ii) During the six months ended June 30, 2022, the effect of share options issued by subsidiaries is related to the share options issued by Frontage Holdings Corporation, DreamCIS Inc., Meditip (as defined in Note 26(ii)) and Fantastic Bioimaging Co., Ltd.

(iii) The weighted average number of ordinary shares shown above has been adjusted for the cancellation of shares as set out in Note 23 and the treasury shares as set out in Note 24.

13. DIVIDENDS

	Six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Final dividend of RMB0.50 and RMB0.30 per ordinary share paid in respect of the years ended December 31, 2021 and 2020	**432,463**	261,735

The directors of the Company have determined that no dividend will be paid in respect of the interim period.

14. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the current interim period, the Group acquired property, plant and equipment of approximately RMB120,603,000 (six months ended June 30, 2021 RMB168,058,000) for the expansion of production facilities and research capacity.

During the current interim period, the Group entered into several new lease agreements for the use of buildings and machinery. On lease commencement, the Group recognised right-of-use assets amounted to RMB37,081,000 (six months ended June 30, 2021 RMB91,497,000).

15. MOVEMENT IN INTANGIBLE ASSETS

During the current interim period, the Group acquired intangible assets of approximately RMB5,605,000 (six months ended June 30, 2021 RMB2,298,000) for the expansion of production facilities and research capacity.

16. GOODWILL

	As at June 30, 2022	As at December 31, 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
COST		
At the beginning of period/year	**1,819,068**	1,484,639
Acquisition of subsidiaries	**527,239**	323,621
Other changes	**–**	19,749
Exchange realignment	**41,694**	(8,941)
At the end of the period/year	**2,388,001**	1,819,068
IMPAIRMENT		
At the beginning of period/year	**40,120**	40,120
At the end of the period/year	**40,120**	40,120
CARRYING VALUE		
At the end of the period/year	**2,347,881**	1,778,948

17. FINANCIAL ASSETS AT FAIR VALUE AND FINANCIAL PRODUCTS

	As at June 30, 2022 *RMB'000* (Unaudited)	As at December 31, 2021 *RMB'000* (Audited)
Financial assets		
Non-current assets		
Financial assets at FVTPL		
– Listed equity securities	**165,148**	105,519
– Unlisted equity investments	**4,710,299**	4,071,784
– Unlisted fund investments	**4,802,258**	4,569,041
	9,677,705	8,746,344
Financial assets at FVOCI		
– Unlisted equity investments	**–**	13,531
Current assets		
Financial products	**35,569**	29,180

18. TRADE, BILLS AND OTHER RECEIVABLES AND PREPAYMENTS

	As at June 30, 2022 *RMB'000* (Unaudited)	As at December 31, 2021 *RMB'000* (Audited)
Trade receivables		
– Third parties	**965,455**	857,610
– Related parties *(note (a))*	**–**	3,979
Less: loss allowance for trade receivables	**(66,911)**	(52,462)
	898,544	809,127
Bills receivable		
– Third parties	**9,879**	6,930
Other receivables		
– Third parties	**86,405**	74,160
– Related parties *(note (a))*	**696**	505
Less: loss allowance for other receivables	**(5,723)**	(6,549)
	81,378	68,116
Consideration receivables *(note (b))*	**–**	8,550
Prepayments		
– Third parties	**63,304**	59,229
– Related parties *(note (a))*	**713**	65
	64,017	59,294
	1,053,818	952,017

Notes:

(a) Details of the trade, bills and other receivables and prepayments due from related parties are set out in Note 28.

(b) Consideration receivable for disposal of financial asset at FVTPL

The amount has also included the consideration receivable for the disposal of the interest in financial assets held by the Group, amounting to RMB8,550,000 as at December 31, 2021. The amount was settled during the six months ended June 30, 2022.

The Group allows a credit period ranging from 30 to 90 days to its customers. The following is an aging analysis of trade receivables (net of allowance for impairment losses), presented based on the invoice dates, at the end of each reporting period:

	As at June 30, 2022 ***RMB'000*** **(Unaudited)**	As at December 31, 2021 *RMB'000* (Audited)
Within 90 days	**793,108**	739,843
91 to 180 days	**58,488**	29,636
181 days to 1 year	**29,147**	31,212
Over 1 year	**17,801**	8,436
	898,544	809,127

19. CONTRACT ASSETS

	As at June 30, 2022 ***RMB'000*** **(Unaudited)**	As at December 31, 2021 *RMB'000* (Audited)
Contract assets		
– Third parties	**1,827,879**	1,322,711
– Related parties	**–**	8,125
Less: loss allowance for contract assets	**(62,077)**	(45,361)
	1,765,802	1,285,475

The contract assets primarily relate to the Group's right to the consideration for work completed but not billed. The contract assets are transferred to trade receivables when the rights become unconditional.

Details of the contract assets due from related parties are set out in Note 28.

20. TRADE AND OTHER PAYABLES

	As at June 30, 2022 *RMB'000* (Unaudited)	As at December 31, 2021 *RMB'000* (Audited)
Trade payables		
– Third parties	**145,998**	96,098
– Related parties *(note (a))*	**11,761**	29,651
	157,759	125,749
Bills payables		
– Third parties	**5,000**	22,118
Other payables		
– Third parties	**77,804**	86,879
– Consideration payables	**35,115**	154,460
– Contingent consideration payables	**78,096**	61,322
– Restricted share repurchase payable	**–**	67,607
– Dividend payables	**–**	1,221
– Salary and bonus payables	**180,459**	256,194
– Other taxes payables	**97,826**	104,412
	469,300	732,095
	632,059	879,962

Notes:

(a) Details of the trade and other payables due to related parties are set out in Note 28(2).

Payment terms with suppliers are mainly on credit ranging from 30 to 60 days from invoice date. The following is an aging analysis of trade payables presented based on invoice date at the end of each reporting period:

	As at June 30, 2022 *RMB'000* (Unaudited)	As at December 31, 2021 *RMB'000* (Audited)
Within 90 days	**146,013**	119,618
91 days to 1 year	**9,274**	2,024
Over 1 year	**2,472**	4,107
	157,759	125,749

21. BORROWINGS

	As at June 30, 2022 *RMB'000* (Unaudited)	As at December 31, 2021 *RMB'000* (Audited)
Current portion		
Secured and unguaranteed bank loans	**41,000**	70
Unsecured and unguaranteed bank loans	**1,720,905**	492,250
	1,761,905	492,320
Non-current portion		
Secured and unguaranteed bank loans	**34,966**	–
Unsecured and unguaranteed bank loans	**2,526**	–
	37,492	–
Total borrowings	**1,799,397**	492,320

Total current and non-current borrowings were scheduled to repay as follows:

	As at June 30, 2022 *RMB'000* (Unaudited)	As at December 31, 2021 *RMB'000* (Audited)
On demand or within one year	**1,761,905**	492,320
More than one year, but not exceeding two years	**1,862**	–
More than two years, but not exceeding five years	**15,375**	–
Over five years	**20,255**	–
	1,799,397	492,320
Less: Amount shown under current liabilities	**(1,761,905)**	(492,320)
Amount shown under non-current liabilities	**37,492**	–

22. OTHER LONG-TERM LIABILITIES

	As at June 30, 2022 *RMB'000* (Unaudited)	As at December 31, 2021 *RMB'000* (Audited)
Bonus accrual	**20,134**	–
Contingent consideration payables related to:		
– Acquisition of Quintara Discovery, Inc.	**78,520**	72,810
– Acquisition of Acme Bioscience, Inc.	**–**	34,798
– Acquisition of RMI Laboratories, LLC	**–**	4,622
– Acquisition of Biotranex, LLC	**–**	1,229
– Acquisition of BRI Biopharmaceutical Inc.	**–**	1,422
	98,654	114,881

23. SHARE CAPITAL

	As at June 30, 2022			As at December 31, 2021		
	Number of ordinary shares	**Authorised shares**	**Issued and paid shares**	Number of ordinary shares	Authorised shares	Issued and paid shares
		RMB'000	***RMB'000***		*RMB'000*	*RMB'000*
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	(Audited)	(Audited)	(Audited)
Balance brought forward	**872,438,364**	**872,439**	**872,439**	872,483,508	872,484	872,484
Cancellation of shares *(note (a))*	**(20,144)**	**(20)**	**(20)**	(45,144)	(45)	(45)
Balance carried forward	**872,418,220**	**872,419**	**872,419**	872,438,364	872,439	872,439

Notes:

(a) During the six months ended June 30, 2022, some of the Company's original incentive recipients under Restricted Share Scheme resigned and lost their right to receive incentive. Therefore, the Company repurchased and cancelled 20,144 restricted shares (as at December 31, 2021: 45,144 restricted shares) previously held by the incentive recipients with a deduction from the treasury shares of RMB644,000 (as at December 31, 2021: RMB1,476,000), including a reduction of RMB20,000 (as at December 31, 2021: RMB45,000) in share capital, and RMB624,000 (as at December 31, 2021: RMB1,431,000) in share premium.

24. TREASURY SHARES

	As at June 30, 2022		As at December 31, 2021	
	Number of shares	**Cost of acquisition**	Number of shares	Cost of acquisition
		RMB'000		*RMB'000*
	(Unaudited)	**(Unaudited)**	(Audited)	(Audited)
Balance brought forward	**6,037,121**	**579,186**	4,783,141	157,912
Repurchase of shares *(Note (a))*	**3,909,800**	**369,391**	3,559,850	499,949
Cancellation of shares *(Note 23(a))*	**(20,144)**	**(644)**	(45,144)	(1,476)
Share transferred under 2021 Share Transfer Scheme	**–**	**–**	(286,372)	(12,672)
Vesting of restricted shares under Restricted Share Scheme	**(2,457,127)**	**(78,593)**	(1,974,354)	(64,527)
Balance carried forward	**7,469,650**	**869,340**	6,037,121	579,186

Notes:

(a) The Company acquired its own shares in the open market which are held as treasury shares.

25. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

This note provides information about how the Group determines fair value of the following financial assets and liabilities that are measured at fair value on a recurring basis.

(a) Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis

Financial assets/ (liabilities)	Fair value at June 30, 2022 *RMB'000* (Unaudited)	Fair value at December 31, 2021 *RMB'000* (Audited)	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Listed equity securities at fair value	**62,195**	64,264	Level 1	Quoted market transaction prices	N/A	N/A
Listed equity securities at fair value	**102,953**	41,255	Level 2	Quoted market transaction prices, with an adjustment of discount for lack of marketability	N/A	N/A
Unlisted equity investment at fair value	**4,710,299**	4,085,315	Level 3	Market multiples with an adjustment of discount lack of marketability	Discount for lack of marketability	The higher the discount for lack of marketability, the lower the valuation
				Equity value allocation model	Seniority	The higher the seniority, the higher the valuation
					IPO probability	The higher the IPO probability, the higher the valuation
				Latest transaction prices/ consideration for shares transfer in similar equity interest	Consideration due to timing, condition of sale and terms of agreement, size and nature of similar business to derive estimated value	The higher the value of similar transactions, the higher the valuation

Financial assets/ (liabilities)	Fair value at June 30, 2022 *RMB'000* (Unaudited)	Fair value at December 31, 2021 *RMB'000* (Audited)	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Unlisted fund investments at fair value	**4,802,258**	4,569,041	Level 3	Net asset value of underlying investments	Net assets	The higher the net asset value, the higher the valuation
Financial products	**35,569**	29,180	Level 2	Discounted cash flows – Future cash flows are estimated based on expected return, discounted at a rate that reflects risk of underlying assets	N/A	N/A
Contingent consideration payables	**(156,616)**	(176,203)	Level 3	Discounted cash flows – Future cash flows are estimated based on expected return, discounted at a rate that reflects risk of underlying assets	Expected growth rate	The higher the expected growth rate, the higher the valuation
					Discount rate	The higher the discount rate, the lower the valuation

Notes:

(i) Discount for lack of marketability

A 5% increase/decrease in the discount for lack of marketability while holding all other variables constant would decrease/increase the fair value of the unlisted equities by RMB63,587,000 as at June 30, 2022 (as at December 31, 2021: RMB62,325,000) in the Group.

(ii) IPO probability

A 5% increase/decrease in the IPO probability while holding all other variables constant would increase/decrease the fair value of the unlisted equities by RMB42,964,000 as at June 30, 2022 (as at December 31, 2021: RMB41,702,000) in the Group.

(iii) Net asset value

A 5% increase/decrease in the net asset value while holding all other variables constant would increase/decrease the fair value of the unlisted funds by RMB240,113,000 as at June 30, 2022 (as at December 31, 2021: RMB228,452,000) in the Group.

(b) Reconciliation of level 3 fair value measurements

Details of reconciliation of financial assets and financial liabilities at FVTPL and FVOCI measured at Level 3 fair value measurement are set out as below:

	Contingent consideration payables *RMB'000*	Unlisted equity investments at FVTPL *RMB'000*	Unlisted equity investments at FVOCI *RMB'000*	Unlisted fund investments at FVTPL *RMB'000*
As at January 1, 2021	(111,980)	2,060,600	15,158	2,749,700
Acquisitions	(97,020)	1,355,140	–	761,095
Disposals	–	(47,570)	–	(84,412)
Acquisition through business combinations	(111,092)	–	–	–
Payments	17,413	–	–	–
Changes in fair value	(14,171)	768,622	(18)	1,157,089
Transfer to Level 2 *(note (a))*	–	(56,577)	–	–
Transfer to consideration payables	154,460	–	–	–
Other changes	(18,659)	–	–	–
Exchange realignment	4,846	(8,431)	(1,609)	(14,431)
As at December 31, 2021 (audited) and January 1, 2022	**(176,203)**	**4,071,784**	**13,531**	**4,569,041**
Acquisitions	**–**	**340,831**	**–**	**152,057**
Disposals	**–**	**(4,587)**	**–**	**(38,173)**
Transfer due to business combination	**–**	**–**	**(28,132)**	**–**
Acquisition through business combinations	**(2,660)**	**–**	**–**	**–**
Payments	**24,194**	**–**	**–**	**–**
Changes in fair value	**1,583**	**428,342**	**14,663**	**73,544**
Transfer to Level 2 *(note (a))*	**–**	**(145,334)**	**–**	**–**
Transfer to consideration payables	**4,949**	**–**	**–**	**–**
Exchange realignment	**(8,479)**	**19,263**	**(62)**	**45,789**
As at June 30, 2022 (Unaudited)	**(156,616)**	**4,710,299**	**–**	**4,802,258**

Notes:

(a) The unlisted equity investments were transferred from Level 3 to Level 2 as the equity investments have been listed during the years ended December 31, 2021 and six months ended June 30, 2022, and the shares held by the Group are restricted for sales upon listing as at December 31, 2021 and June 30, 2022.

Of the total gains or losses for the six months ended June 30, 2022, included in profit or loss, RMB503,469,000 (for the year ended December 31, 2021: RMB1,911,540,000) were unrealised fair value gains related to financial instruments at FVTPL on Level 3 fair value measurement held as at June 30, 2022. Fair value gains or losses on contingent consideration payables and on financial assets at FVTPL are presented in Note 8.

(c) Fair value of financial assets and financial liabilities that are not measured at fair value

The directors consider that the carrying amount of the Group's financial assets and financial liabilities recorded at amortised cost in condensed consolidated financial statements approximate to their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

26. ACQUISITION OF BUSINESSES

(i) Acquisition of Experimur

On December 29, 2021, Frontage Labs entered into a Membership Interest Purchase Agreement (the "Agreement") with (i) shareholders of Experimur LLC ("OpCo") and of Experimur Properties LLC ("PropertyCo") ("collectively as the Sellers"), (ii) Nabil Hatoum (being Sellers' Representative), (iii) Experimur Holdings, and (iv) OpCo, Experimur Intermediate LLC ("Experimur Intermediate"), and PropertyCo (collectively as the "Targets"), pursuant to which Sellers agreed to sell and Frontage Labs agreed to purchase 100% of the equity interests of Targets for a cash consideration of US$76,000,000 (equivalent to RMB483,763,000) payable and subject to an upward or downward adjustments in respect of Targets' net working capital as of the closing date in accordance with the terms and conditions of the Agreement (the "Experimur Acquisition"). The Experimur Acquisition was completed on January 10, 2022.

Targets are principally engaged in providing toxicology testing, research, and laboratory services for biopharmaceutical companies specializing in drug discovery and development. In completing the Experimur Acquisition, the Group will expand the Group's capabilities in pharmacological safety assessment, toxicology services, and other ancillary drug discovery and development services and will increase the Group's capacity to provide such services through additional scientists, equipment and facilities. The acquisition has been accounted for as acquisition of business using the acquisition method.

The purchase price has been preliminarily allocated based on the estimated fair value of net assets acquired and liabilities assumed at the date of the acquisition. The preliminary purchase price allocation is subject to further refinement and may require adjustments to arrive at the final purchase price allocation. These adjustments will primarily relate to intangible assets and income tax-related items. Management expects the purchase price allocation to be completed in the first quarter of 2023.

Acquisition-related costs amounting to US$458,000 (equivalent to RMB2,980,000) are excluded from the consideration transferred and have been recognized as an expense in the current year, within the administrative expenses in the condensed consolidated statement of profit or loss and other comprehensive income.

Details of the preliminary fair value of identifiable assets and liabilities, purchase consideration and goodwill recognized are as follows:

	Fair value *RMB'000*
Property, plant and equipment	28,192
Intangible assets	50,286
Trade and other receivables	7,651
Contract assets	6,968
Deferred tax assets	2,118
Cash and cash equivalents	15,930
Trade and other payables	(2,192)
Contract liabilities	(7,859)
Deferred tax liabilities	(1,064)
Deferred government grant	(13,900)
Net assets acquired	86,130

	RMB'000
Cash consideration paid	492,765
Less: Fair value of net assets acquired	(86,130)
Goodwill	406,635
Net cash outflow arising on acquisition of a subsidiary:	
Cash consideration paid	492,765
Less: Cash and cash equivalents acquired	(15,930)
	476,835

The fair value of trade and other receivables at the date of acquisition amounted to RMB7,651,000. The gross contractual amounts of those trade and other receivables acquired amounted to RMB7,651,000 at the date of acquisition. The best estimate at acquisition date of the contractual cash flows not expected to be collected was nil.

Goodwill arose in the acquisition of Targets because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth and future market development. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for the identifiable intangible assets.

None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

Included in the profit for the period is RMB24,154,000 attributable to the additional business generated by Targets. Revenue for the period includes RMB68,067,000 generated from Targets.

Had the acquisition been completed on January 1, 2022, revenue for the current period of the Group would have been RMB3,595,115,000, and profit for the current period of the Group would have been RMB1,317,300,000. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2022, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had Targets been acquired at the beginning of the current period, the directors calculated amortization of intangible assets acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognized in the pre-acquisition financial statements.

(ii) Acquisition of Meditip

On March 15, 2022, the Group acquired entire equity interests of Meditip Co., Ltd ("Meditip") for cash consideration of KRW20,091,556,000 (equivalent to RMB105,400,000) (the "Meditip Acquisition"). Meditip is principally engaged in providing bio products and medical devices through licensing, insurance, clinical work, follow-up management, discovery of distributors, and market preliminary research of domestic and world leading bio companies of successful development and commercialization.

This acquisition has been accounted for using the acquisition method. During the period ended June 30, 2022, all of the conditions precedent under the sales and purchase agreement were fulfilled, and Meditip became an indirect subsidiary of the Company thereafter.

The purchase price has been preliminarily allocated based on the estimated fair value of net assets acquired and liabilities assumed at the date of the acquisition. The preliminary purchase price allocation is subject to further refinement and may require adjustments to arrive at the final purchase price allocation. These adjustments will primarily relate to intangible assets and income tax-related items. Management expects the purchase price allocation to be completed in the first quarter of 2023.

Details of the preliminary fair value of identifiable assets and liabilities are as follows:

	Fair value *RMB'000*
Property, plant and equipment	4,077
Intangible assets	216
Right of use assets	1,411
Deferred tax assets	254
Financial assets at FVTPL	7,737
Other non-current asset	2,490
Inventories	149
Trade, other receivables and prepayments	3,956
Contract assets	2,551
Cash and cash equivalents	12,723
Trade and other payables	(6,940)
Contract liabilities	(3,687)
Income tax payables	(97)
Borrowings	(5,246)
Lease liabilities	(690)
Deferred tax liabilities	(47)
Non-controlling interests	(3,356)
Net assets acquired	15,501

	RMB'000
Cash consideration paid	105,400
Fair value of previously held interests in Meditip	28,132
Less: Fair value of net assets acquired	(15,501)
Goodwill	118,031
Net cash outflow arising on acquisition of a subsidiary:	
Cash consideration paid	105,400
Less: Cash and cash equivalents acquired	(12,723)
	92,677

Acquisition-related costs amounting to RMB436,000 are excluded from the consideration transferred and have been recognised as an expense current year, within the administrative expense in the condensed consolidated statement of profit or loss and other comprehensive income.

The fair value of trade and other receivables and prepayments at the date of acquisition amounted to RMB3,956,000. The gross contractual amounts of those trade and other receivables acquired amounted to RMB3,956,000 at the date of acquisition. The best estimate at acquisition date of the contractual cash flows not expected to be collected was nil.

The non-controlling interests recognised at the acquisition was measured at 11% of the net identifiable assets.

Goodwill arose in the acquisition because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth and future market development. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for the identifiable intangible assets.

None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

Since the acquisition date, Meditip has contributed RMB12,600,000 to the Group's revenue and a profit of RMB1,964,000 to the overall result of the Group for the six months ended June 30, 2022. If the acquisition had occurred on January 1, 2022, the Group's revenue would have been RMB3,603,772,000 and the profit of the Group would have been RMB1,318,043,000 for the period ended June 30, 2022.

The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2022, nor is it intended to be a projection of future results.

27. CAPITAL COMMITMENTS

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

	As at June 30, 2022 ***RMB'000*** **(Unaudited)**	As at December 31, 2021 *RMB'000* (Audited)
Commitments for the investments in the funds or companies	**723,074**	1,061,953
Commitments for the acquisition of associates	**–**	25,688
Commitments for the acquisition of a subsidiary	**88,691**	484,553
Acquisition of property, plant and equipment	**77,202**	46,810

In addition, the Group entered a subscription agreement to subscribe 50% equity interest in an associate, Hangzhou Taikun. The Group has committed to invest additional capital in Hangzhou Taikun, amounting to RMB9,000,000,000 (as at December 31, 2021: RMB9,500,000,000). 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.

28. RELATED PARTY TRANSACTIONS AND BALANCES

In addition to the transactions and balances disclosed in Notes 18, 19 and 20, the Group had the following significant transactions and balances with related parties during the current and prior period:

(1) Related party transactions:

(a) Fee paid to related parties for services

	Relationship	Six months ended June 30, 2022 ***RMB'000*** **(Unaudited)**	2021 *RMB'000* (Unaudited)
Shanghai Guanhe *(note (a))*	Associate	**15,379**	8,572
Jiaxing Clinflash Computer Technology Co., Ltd. ("Jiaxing EDC")	Associate until March 31, 2022	**30,077**	–
EPS Tigermed (Suzhou) Co., Ltd. ("Suzhou Yixin") *(note (a))*	Associate	**–**	62
		45,456	8,634

(b) Revenue from related parties

	Relationship	Six months ended June 30, 2022 ***RMB'000*** **(Unaudited)**	2021 *RMB'000* (Unaudited)
Hangzhou Taikun	Associate	**10,408**	–
Shanghai Guanhe	Associate	**158**	132
Jiaxing EDC	Associate until March 31, 2022	**11,352**	–
Suzhou Yixin	Associate	**1**	–
		11,511	132

The transactions above were carried out in accordance with the terms agreed with the counterparties.

(2) Related party balances:

As at the end of each reporting period, the Group had balances with related parties as follows:

	Relationship	**As at June 30, 2022** ***RMB'000*** **(Unaudited)**	As at December 31, 2021 *RMB'000* (Audited)
Trade receivables and contract assets *(note (b))*			
Shanghai Guanhe	Associate	**–**	51
Hangzhou Taikun	Associate	**–**	3,911
Jiaxing EDC	Associate until March 31, 2022	**–**	8,142
		–	12,104
Other receivables *(note (c))*			
Tigermed Co., Ltd. (Thailand)	Associate	**534**	315
Tigermed Vietnam Co., Limited	Associate	**47**	4
PT Tigermed Medical Indonesia	Associate	**115**	186
		696	505
Prepayment *(note (b))*			
Jiaxing EDC		**–**	65
Tigerise Inc.		**713**	–
		713	65
Trade payables *(note (b))*			
Shanghai Guanhe	Associate	**11,761**	10,213
Jiaxing EDC	Associate until March 31, 2022	**–**	19,438
		11,761	29,651
Contract liabilities *(note (b))*			
Shanghai Guanhe	Associate	**64**	70
Suzhou Yixin	Associate	**136**	137
Jiaxing EDC	Associate until March 31, 2022	**–**	110
		200	317

Notes:

(a) The English names of the associates registered in the PRC represent the best efforts made by management of the Company to translate their Chinese names as they do not have official English names.

(b) The amounts are trade-related in nature.

(c) The amounts are non-trade in nature.

(3) Compensation of key management personnel:

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group.

The remuneration of the directors of the Company and other members of key management of the Group during the current and prior period were as follows:

	Six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Directors' fee, salaries and other benefits	**3,169**	3,051
Performance-based bonus	**2,586**	1,076
Retirement benefit scheme contributions	**187**	238
Share-based compensation	**26**	250
	5,968	4,615

The remuneration of key management is determined with reference to the performance of the individuals and market trends.

29. SUBSEQUENT EVENTS

On July 27, 2022 (New York time), Frontage Labs, a subsidiary of the Group, entered into a share purchase agreement with shareholder of Frontage Clinical Services, Inc. ("Frontage Clinical"), a FVTPL of the Group pursuant to which Frontage Labs agreed to purchase and the shareholder of Frontage Clinical agreed to sell 88.1% of the equity Interests in Frontage Clinical for a cash consideration of approximately USD13,215,000 in accordance with the terms and conditions of the share purchase agreement.

Immediately following the completion of acquisition, Frontage Clinical becomes an indirect subsidiary of the Group and the financial results, assets and liabilities of Frontage Clinical will be consolidated into the consolidated financial statements of the Group.

For details, please refer to Frontage's announcements dated July 28, 2022 and August 2, 2022.

In the moment, it is not practicable to provide an estimate of financial effect of the above acquisition until the Group performed a detailed review.

PUBLICATION OF INTERIM RESULTS AND 2022 INTERIM REPORT

This results announcement is published on the website of the Stock Exchange at http://www.hkexnews.hk and on the website of the Company at www.tigermedgrp.com. The 2022 interim report containing all the information required by the Listing Rules will be dispatched to the Shareholders in due course and will be published on the websites of the Company and the Stock Exchange.

APPRECIATION

The Group would like to express its heartfelt appreciation to all our employees for their outstanding contribution towards the Group's development. The Board wishes to sincerely thank the management of the Company for their dedication and diligence, which are instrumental for the Group to continue its success in future. The Board also wishes to extend its gratitude for the continuing support from our Shareholders, customers, and business partners. The Group will endeavour to deliver sustainable business development in the future, so as to create more values for all our Shareholders.

DEFINITIONS

"A Share(s)"	ordinary shares issued by the Company, with a nominal value of RMB1.00 each, which are subscribed for or credited as paid in Renminbi and are listed for trading on the Shenzhen Stock Exchange
"Audit Committee"	the audit committee of the Board
"Board of Directors" or "Board"	our board of Directors
"CG Code"	the "Corporate Governance Code" as contained in Appendix 14 to the Listing Rules
"China" or "PRC"	the People's Republic of China, which for the purpose of this interim results announcement and for geographical reference only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Company" or "our Company"	Hangzhou Tigermed Consulting Co., Ltd. (杭州泰格醫藥科技股份有限公司), the A Shares of which are listed on the Shenzhen Stock Exchange (stock code: 300347) and the H Shares of which are listed on the Stock Exchange (stock code: 03347)
"COVID-19"	Novel Coronavirus
"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
"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
"FVOCI"	fair value through other comprehensive income
"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
"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 10 to the Listing Rules
"Prospectus"	the prospectus issued by the Company dated July 28, 2020
"RMB"	Renminbi, the lawful currency of the PRC
"Reporting Period"	the six months ended June 30, 2022

"Share(s)"	comprising A Shares and H Shares
"Shareholder(s)"	holder(s) of Shares
"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
"U.S."	United States
"USD" or "US$"	United States dollars, the lawful currency of the United States
"%"	percentage

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

Hong Kong, August 25, 2022

As at the date of this announcement, the executive Directors are Dr. Ye Xiaoping, Ms. Cao Xiaochun, Ms. Yin Zhuan and Mr. Wu Hao; the independent non-executive Directors are Mr. Zheng Bijun, Dr. Yang Bo and Mr. Liu Kai Yu Kenneth.

* *For identification purpose only*

This announcement was originally prepared in English. In the event of discrepancies between the Chinese and English version, the English version shall prevail.