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, 2023

FINANCIAL HIGHLIGHTS

	For the six months ended June 30,		
	2023	2022	Change[2]
	RMB million	*RMB million*	
	(Unaudited)	(Unaudited)	
Operating results			
Revenue	**3,710.9**	3,594.2	3.2%
Gross profit	**1,466.3**	1,418.3	3.4%
Net profit attributable to the owners of the Company	**1,388.3**	1,192.0	16.5%
Adjusted net profit attributable to the owners of the Company[1]	**895.6**	876.5	2.2%
Profitability			
Gross profit margin	**39.5%**	39.5%	0.0%
Margin of net profit attributable to the owners of the Company	**37.4%**	33.2%	4.2%
Margin of adjusted net profit attributable to the owners of the Company[1]	**24.1%**	24.4%	(0.3)%
Earnings per share (RMB)			
– Basic	**1.61**	1.38	16.7%
– Diluted	**1.60**	1.38	15.9%
Adjusted earnings per share (RMB)[1]			
– Basic	**1.04**	1.01	3.0%
– Diluted	**1.03**	1.01	2.0%

Notes:

(1) Non-IFRS measures. Please refer to "Non-IFRS Measures" for details.
(2) Changes in percentage points for ratios.

The Board resolved not to declare any interim dividend for the six months ended June 30, 2023 (June 30, 2022: 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 Group for the six months ended June 30, 2023 (the "**Reporting Period**"), together with comparative figures for the six months ended June 30, 2022 (the "**Corresponding Period**").

MANAGEMENT DISCUSSION AND ANALYSIS

We began the year of 2023 with the reopening of our home country and reconnection with the world. After efforts of sustaining and expanding our business whilst mitigating the adverse impacts caused by the pandemic for more than three years, we started to embrace a new norm as we formally ended the business continuity plan for COVID-19.

In the first half of 2023, we continued to see a complex and sometimes challenging external environment. Whilst the global demand for healthcare products continued to grow and the global R&D spending remained relatively stable, the tightening of monetary policies in major economies and macro headwind in China had caused the funding environment to be less receptive, which has negatively impacted some of our biotech customers who rely on external fundings to sustain their R&D pipeline.

Despite this, the innovation and development of life science research and clinical trial activity had shown resilience driven by lasting unmet demands, recent breakthroughs in basic science and clinical and commercial validation. The collective efforts from the academia, industry and medical community to bring more and better therapies to patients around the world had persisted.

In China, the healthcare industry has also been evolving. Particularly, policies and regulations were further improved and optimized. We think that this will lead to a more transparent regulatory regime and predictable market expectations. In the long term, this could drive local pharmaceutical and biotech companies to focus more on investing in new pipelines driven by scientific breakthrough and clinical value. This will also strengthen their competitiveness in the global market.

As a clinical solution provider and strived to become the CRO partner of choice through our commitment, differentiated solutions and performance, we made progress in building a higher moat on our core services, expanding into more emerging services, investing in technology and digital platform, and enlarging our global presence in the first half of 2023.

In the first half of 2023, we retained our leadership position in the clinical service industry in China. We handled 12.4%[1] of total Human Genetic Resource Administration of China ("**HGRAC**") clinical research filing projects as CRO during the first half of 2023. According to Frost & Sullivan, we are also the only Chinese company that is ranked as top 10 clinical CROs globally in 2022 by revenue, with a market share of 1.5%. We continued to maintain a strong and diversified customer base, 6 out of our top 20 customers by revenue in the first half of 2023 are top multi-national pharmaceutical companies[2] and 15 out of our top 20 customers by revenue in the first half of 2023 are publicly listed. As of June 30, 2023, we had 772 ongoing drug clinical research projects, up from 680 as of December 31, 2022 and 607 as of June 30, 2022.

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[1] Source: HGRAC website, might not be exhaustive; a total of 1,276 filings between January 1, 2023, and June 30, 2023, of which 669 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

[2] Multi-national pharmaceutical companies with more than US$20 billion sales in 2022

In the first half of 2023, we started the preparation work of our headquarter for international business in Hong Kong, and such headquarter was officially opened on August 16, 2023. This marks another milestone for the Group's globalization strategy, building a new platform for the Company to develop future overseas businesses. The international headquarters will enable the Company to coordinate and manage global projects more efficiently, drive business expansion, and empower customers on a global scale. Besides, it will bring new energy to the Company's service platform, global talent, supporting functions, corporate culture, and beyond.

By further extending our clinical service platform to Hong Kong, we aim to provide high-quality clinical CRO services to innovative pharmaceutical and medical device companies in Hong Kong and Asia Pacific region more conveniently and efficiently. We also hope to obtain more global innovative clinical research projects through collaboration with leading researchers, investigators and institutions in Hong Kong and Asia Pacific, and to attract more clinical professionals with global expertise and mindset.

As of June 30, 2023, we had 207 ongoing single region clinical trials overseas, primarily in South Korea, the United States and Australia, up from 188 ongoing single regional clinical trials overseas as of December 31, 2022. We also had 62 ongoing MRCTs as of June 30, 2023. During the Reporting Period, we added 8 newly signed MRCT projects, with a cumulative experience of handling over 120 MRCT projects as of June 30, 2023.

As of June 30, 2023, we have established collaborations with over 100 clinical sites in the United States, covering 33 states. As of June 30, 2023, the size of our U.S. clinical operation team has more than doubled from June 30, 2022, reaching 110 employees. As of June 30, 2023, we have over 40 ongoing clinical trials in the United States, including single region clinical trials and MRCTs. The scope of therapeutic areas covered in our ongoing trials in the United States continues to expand. Starting from oncology, we have extended to cover vaccines, ophthalmology, dermatology, rare diseases, neurology, and cardiovascular etc.

In the first half of 2023, we completed the acquisition of Marti Farm in Croatia and integrated Marti Farm's clinical operation and pharmacovigilance teams with our existing business, which further strengthened our ability to provide high quality clinical services in Europe to our global customers. In addition, during the first half of 2023, we established a local business development team in Europe and have integrated, expanded and improved the capacity and capability of our clinical operation and supporting teams in Europe. Multiple services including clinical operation, clinical trial design, project management, medical monitoring, post-market studies, pharmacovigilance and quality assurance have been integrated under a single team force so as to respond to customers' demands as an integrated service platform. As of June 30, 2023, we have 35 ongoing clinical trial projects (including medical device clinical trials and MRCTs) in the EMEA region and our employees and operational entities covering 16 countries in the EMEA region.

As of June 30, 2023, we also have 31 ongoing clinical trial projects in Southeast Asia and South America regions, including 23 MRCTs, covering multiple therapeutic areas including oncology, vaccines, cardiovascular, endocrine and infectious disease etc.

We will continue to grow our global business through organic expansions and mergers and acquisitions. We aim to foster the growth of overseas businesses, create synergy in our clinical operations, establish differentiated advantages in Europe, Americas and other emerging markets, strengthen our local operation expertise, and enhance our global operation capabilities with an aim to go global with our customers and serve as the gateway to China as well.

During the Reporting Period, to better support our global business, our investments and efforts put in our China-based centralized service center continued. While a clinical trial is conducted in one or several overseas countries, our centralized service center in China is able to support many other peripheral services in a timely and seamless manner, including medical writing, medical monitoring, medical 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.

In the first half of 2023, we continued to pursue external partnerships and collaboration that we believe are mutually beneficial with various stakeholders in the healthcare industry. As of June 30, 2023, our Excellence for Clinical Trial Sites ("**E-Site**") Program had 204 E-Site centers and 61 green channel centers across China, completed the signing of 39 strategic cooperation centers and the construction of 6 co-centers, forming a diversified and win-win strategic cooperation model. 17 full-time on-site staff were added to strategic core centers in Beijing, Shanghai, Jiangsu, Zhejiang, Hunan, Hubei, Shandong, Fujian, Chongqing and Anhui in the first half of 2023. We started to offer new services including cGCP (Good Laboratory Practice) qualification application and filing support, project bidding and import process support and project initiation process optimization to our E-Site partners.

As of June 30, 2023, the number of our total employees reached 9,455 from 9,233 as of December 31, 2022. As of June 30, 2023, our global team comprised over 1,150 clinical research associates, over 2,800 clinical research coordinators, over 800 for data management and statistical analysis and over 1,600 for laboratory services. Below is a breakdown of our employees by function and by region as of June 30, 2023:

	Number of employees				
Function	**PRC**	**Asia Pacific (excluding PRC)**	**Americas**	**EMEA**	**Total**
Project operation	7,133	508	765	70	8,476
Marketing and business development	365	23	34	7	429
Management and administration	432	32	77	9	550
Total	**7,930**	**563**	**876**	**86**	**9,455**

The number of our employees based overseas further reached to 1,525 as of June 30, 2023 from 1,426 as of December 31, 2022. During the Reporting Period, we expanded our clinical operation, project management and business development teams in key overseas markets.

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

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 3.2% YoY from RMB3,594.2 million to RMB3,710.9 million. Revenue generated from CTS segment decreased to RMB2,103.4 million, representing a YoY decrease of 3.2%. Revenue generated from CRLS segment reached RMB1,607.5 million, representing a YoY growth of 13.0%.

Geographically, our revenue generated in the PRC during the Reporting Period increased by 24.2% YoY to RMB2,087.4 million, primarily driven by the increase in revenue generated from clinical trial operations for drug, vaccine and medical device projects, emerging services including medical writing, real-world studies and pharmacovigilance services, Data Management and Statistical Analysis ("**DMSA**") and site management services, 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 decreased by 15.2% YoY to RMB1,623.5 million. The decrease was primarily due to the completion and reduction in the demand for clinical trials related to COVID-19 vaccines as multiple COVID-19 vaccines have been approved and the pandemic situations globally have changed.

(1) CTS

During the Reporting Period, our revenue generated from CTS segment decreased by 3.2% YoY from RMB2,172.1 million during the Corresponding Period to RMB2,103.4 million. During the Reporting Period, we saw a significant decrease in revenue from COVID-19 vaccine clinical trials compared with the Corresponding Period, which was the primary reason of the slight decrease in revenue of the CTS segment. Excluding COVID-19 related revenue, services under CTS segment saw over 40% increase in revenue YoY during the Reporting Period, particularly medical device clinical operations and medical writings.

As of June 30, 2023, we had 772 ongoing drug clinical research projects, up from 680 as of December 31, 2022.

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, 2022	December 31, 2022	**June 30, 2023**
Phase I (including PK studies)	252	285	**332**
Phase II	117	134	**146**
Phase III	149	160	**185**
Phase IV	37	34	**35**
Others[3]	52	67	**74**
Total	607	680	**772**

As of June 30, 2023, 503 ongoing drug clinical research projects were being conducted in the PRC and 269 were being conducted overseas, of which 207 were single region trials and 62 were MRCTs. The 207 ongoing single region overseas clinical trials were primarily being conducted in South Korea, the United States and Australia.

The following table sets forth a 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, 2022	December 31, 2022	**June 30, 2023**
Single region			
PRC	400	430	**503**
Overseas	149	188	**207**
MRCTs	58	62	**62**
Total	607	680	**772**

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

In the first half of 2023, Tigermed Decentralized Clinical Trial ("**DCT**") Solutions were put into use in multiple projects covering therapeutic areas such as oncology, Alzheimer's disease, migraine, diabetes and COVID-19 etc. We created functions such as remote follow-up, remote monitoring, remote informing, electronic patient report, wearable devices, etc. We compiled the Tigermed DCT Global Regulatory Handbook to provide a regulatory reference and guide for DCT applications in global clinical research, which will be released soon. E2E, which is Electronic Medical Record ("**EMR**") to Electronic Data Capture ("**EDC**"), was officially launched and used in Phase III registered clinical trials, achieving automatic capture, standardized processing and EDC system transmission of electronic raw data in the hospitals. As our DCT digital technologies continue to expand, our DCT service platform is becoming more comprehensive and flexible to provide customers with decentralized clinical trial solutions. We participated in multiple regulatory and industry projects and seminars on the construction of decentralized clinical trial regulations.

Our medical device team offers an integrated service that covers the full lifecycle of medical device R&D, providing services that cover product development strategy, pre-clinical trial, clinical trial, registration and post-market. We had 438 ongoing medical device projects as of June 30, 2023, including medical device and in vitro diagnostic ("**IVD**") clinical trial operation, medical monitoring, clinical trial design and medical writing.

During the Reporting Period, we have offered clinical trial operation services to many of China's first-in-class medical device products and supported clinical strategies for various innovative medical device products. As of June 30, 2023, our medical device team has served more than 1,700 global clients, accumulated experience over more than 5,700 medical device and IVD project registration projects, and more than 700 medical device and IVD clinical trials. Our medical device team has also won the "Best Medical Device Overseas Enabling Service Provider of 2023" (2023 醫療器械出海最佳賦能服務企業) by China-Go-Global Medical Device Conference.

Our medical registration team saw the number of customers increase to 700 as of June 30, 2023, from 649 as of December 31, 2022, and have a total of 940 accumulated project experience as of June 30, 2023. We assisted 7 products to be registered and approved in China, as well as assisted with 16 Investigational New Drug ("**IND**")/ MRCT clinical trial filings in multiple countries. In the first half of 2023, we also added 18 new U.S. Food and Drug Administration ("**FDA**") IND projects, of which 9 of them have successfully filed and were cleared for clinical trial.

Our pharmacovigilance continued its growth momentum. In the first half of 2023, we completed the acquisition of Marti Farm in Croatia and integrated Marti Farm's pharmacovigilance teams with our existing pharmacovigilance team in China, providing safety monitoring solutions to both pre-NDA and post-market projects for drugs, medical devices, vaccines and aesthetics etc. in both Europe and China. In the first half of 2023, we further explored the pharmacovigilance solutions for cosmetics and aesthetics medicines. The initial verification and customer trials of our self-developed signal monitoring system has been completed in the first half of 2023. During the Reporting Period, our pharmacovigilance services added 75 newly signed projects and 59 new customers.

Our medical translation services added 52 new customers in the first half of 2023, including 26 pharmaceutical companies and 26 medical device companies. During the Reporting Period, our top customers for our medical translation services included top multinational pharmaceutical and medical device companies. During the Reporting Period, our medical translation team cooperated with local Japanese language service and translation companies to expand the Japanese market. We improved the efficiency of our medical translation services by developing in-house digital platforms, bundling translation systems and services into the clinical operation system. We also continued to tailor our translation platform for academia and educational usage during the Reporting Period. We improved our industry-leading architecture of translation technology, which is a full-process production and delivery platform composed of custom-developed application-layer tools based on artificial intelligence algorithms and big data model engines. This allows us to provide customers with low-cost, high-quality and efficient medical translation services. According to CSA Research, our medical translation business ranked 51st globally (5th in mainland China and 14th in Asia Pacific) in the 2022 CSA Research Largest Language Service Providers Ranking.

In the first half of 2023, our real-world study business continued to expand the number and types of customers to which we provide service to. We also successfully reached multiple real-world study collaborations with an multi-national pharmaceutical company. Research collaborations with universities and hospitals on real world studies have also been further strengthened during the Reporting Period, including a 14th Five-Year Plan national level project cooperation with the Chinese University of Hong Kong and a multi-center investigator-initiated trial with the Chongqing Medical University. We have also introduced DCT technology and mode into our real-world study projects, using artificial intelligent follow-up tools and self-developed clinical research patient management system (eCPM), effectively improving subject compliance and the efficiency and accuracy of self-reported data, and could potentially reduce the project cost by more than 40%.

Our vaccine clinical service team provides the one-stop phase I-IV vaccine clinical research solution, offering services including vaccine clinical trial design, DMSA, clinical trial operation, electronic data capture and site management etc. As of June 30, 2023, our vaccine clinical service team has accumulated experience in 14 overseas COVID-19 vaccine projects, 8 of those are phase III pivotal clinical trials, covering 17 countries across Southeast Asia, South America, Asia, Europe and Africa, and having enrolled a total of more than 150,000 subjects. During the Reporting Period, we successfully helped the first Chinese vaccine to obtain the clearance to conduct the phase I clinical trial in the United States. In the first half of 2023, we also supported multiple innovative vaccines to carry out phase III protective efficacy research in the Chinese provincial Center for Disease Control and Prevention ("**CDC**") and hospitals including chickenpox, RSV, S. *aureus* and therapeutic BCG etc.

(2) CRLS

Revenue generated from our CRLS segment during the Reporting Period increased by 13.0% YoY to RMB1,607.5 million from RMB1,422.1 million during the Corresponding Period. The increase was primarily due to the increase in revenue generated from our site management and patient recruitment services, data management and statistical analysis services and laboratory services.

Site Management and Patient Recruitment

Our site management team has completed 105 site management projects in the first half of 2023 and had 1,776 ongoing site management projects as of June 30, 2023, up from 1,621 as of December 31, 2022. In the first half of 2023, we provided site management services to 11 Class I innovative drug approvals in China. Our site management team works with over 1,300 hospitals and clinical trial centers in more than 140 cities across China. As of June 30, 2023, there were over 2,800 Clinical Research Coordinators ("**CRCs**") in our site management team.

DMSA

During the Reporting Period, our DMSA team continued to acquire new customers in both China and overseas markets. The total number of DMSA customers increased to 296 as of June 30, 2023, up from 208 as of June 30, 2022. As of June 30, 2023, we had 859 ongoing DMSA projects, of which 553 projects were being conducted by our team based in China and 306 projects by the teams based overseas.

In the first half of 2023, a total of 5 products of the Digital Integrated Solution ("**DIS**") automation tools were released, including the Tigermed Case Report Forms ("**CRF**") template, Tables, Figures and Listings ("**TFL**") Shell automation tool, Study Data Tabulation Model Annotated Case Report Forms ("**SDTM aCRF**") automation tool, Clinical Data Interchange Standards Consortium Study Data Tabulation Model ("**CDISC SDTM**") Macros and Define Generator tool. During the Reporting Period, our DMSA team completed applications for 14 high-tech software certifications. As of June 30, 2023, our DMSA team had over 800 professionals based in China, South Korea, the United States and India.

Laboratory Services

The new 8,000 square meters clinical trial manufacturing facility in Suzhou was officially put into operation, further improving our capacity in Good Manufacturing Practice ("**GMP**") clinical trial manufacturing and meeting the more diversified customer needs.

The Wuhan R&D center of ACME Biopharma, a subsidiary of Frontage, was officially opened on May 15, 2023. With a total space of 18,000 square meters, the first phase of the R&D center has a capacity of 50 chemical pharmacology laboratories, 4 formulation development laboratories and a testing and analysis center, providing one-stop R&D from target screening to pre-clinical pharmacology research.

On June 6, 2023, our Suzhou Safety Assessment Center obtained the GLP (Good Laboratory Practice) certification issued by the NMPA, which demonstrated that Frontage Suzhou Safety Assessment Center has met the requirements of GLP regulations in terms of organizational structure and personnel training, equipment and computerized systems, laboratory materials, standard operating procedures and test operation.

Gross Profit

During the Reporting Period, we realized a gross profit of RMB1,466.3 million compared to RMB1,418.3 million during the Corresponding Period, representing a 3.4% YoY growth. Our gross profit margin remained relatively stable at 39.5% comparing to the Corresponding Period.

Our cost of services increased by 3.2% from RMB2,175.9 million during the Corresponding Period to RMB2,244.6 million during the Reporting Period.

During the Reporting Period, the direct project-related costs we incurred decreased as we worked on less COVID-19 related MRCTs. These costs, natured as pass-through fees, were also simultaneously recognized as revenue. We expect the direct project-related costs will continue to decrease as a percentage of revenue going forward. As the direct project-related costs decreased as a percentage of revenue, direct labour costs and overhead costs increased as a percentage of revenue.

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,	
	2023	2022
	RMB million	*RMB million*
Direct labour costs	**1,119.1**	948.9
% of revenue	***30.2%***	*26.4%*
Direct project-related costs	**875.6**	1,038.7
% of revenue	***23.6%***	*28.9%*
Overhead costs	**249.9**	188.3
% of revenue	***6.7%***	*5.2%*
Total cost of services	**2,244.6**	2,175.9
% of revenue	***60.5%***	*60.5%*

(1) CTS

The gross profit of the CTS segment increased by 3.1% YoY from RMB800.7 million during the Corresponding Period to RMB825.5 million during the Reporting Period.

The gross profit margin of the CTS segment increased to 39.2% during the Reporting Period from 36.9% during the Corresponding Period as (i) the efficiency of our CTS services have improved partly due to the ease of pandemic control measures during the second quarter of 2023; and (ii) we worked on less MRCTs including certain COVID-19 related trials that included a higher portion of pass-through fees than our usual clinical trial projects.

The pass-through fees relates 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 would book revenue and the corresponding costs simultaneously, thereby lowering the gross profit margin. During the Reporting Period, certain pass-through fees were booked in relation to the final closing and settlement of some COVID-19 related clinical trials. We do not expect these COVID-19 related pass-through fees to be recurring in the future.

(2) CRLS

The gross profit of the CRLS segment increased by 3.8% from RMB617.6 million during the Corresponding Period to RMB640.8 million during the Reporting Period.

The gross profit margin of the CRLS segment decreased by 3.5 percentage points from 43.4% during the Corresponding Period to 39.9% during the Reporting Period. The decrease of the gross profit margin is primarily due to (i) the faster growth of our site management services during the Reporting Period, which is of lower margin; and (ii) the revenue increase of Frontage Holdings lowered, especially in preclinical research, Chemistry, Manufacturing and Controls (CMC). Meanwhile, with the operating of newly made investments in China, including Suzhou preclinical animal research facility, Shanghai Lin-Gang laboratory, and Wuhan chemistry facilities, the overhead cost related increased and contributed lower profit margin, causing the decrease of gross profit margin of our laboratory services during the Reporting Period.

Other Income

Our other income during the Reporting Period increased by 14.2% YoY to RMB147.1 million from RMB128.8 million during the Corresponding Period, primarily contributed by (i) the dividend income from financial assets at FVTPL increased from RMB0.1 million during the Corresponding Period to RMB10.8 million during the Reporting Period; and (ii) interest income from bank deposits increased from RMB112.9 million during the Corresponding Period to RMB122.5 million during the Reporting Period. On the other hand, interest income from financial products decreased by RMB0.4 million YoY, which partially offset the increase.

Other Gains and Losses, Net

During the Reporting Period, we recorded other gains and losses, net of RMB571.8 million, representing a 22.0% increase YoY from RMB468.6 million during the Corresponding Period. The primary factor contributed to this increase was the net foreign exchange gain, which grew from RMB3.8 million during the Corresponding Period to RMB20.5 million during the Reporting Period. The reason for the boosting exchange gain was triggered by the increasing book value of contract assets and the trade, bills and other receivables and prepayments and positive fluctuation of the foreign exchange rate. Meanwhile, change in fair value of financial assets at FVTPL contributed with the amount of RMB116.5 million. In addition, the change of the gain on disposal of financial assets at FVTPL contributed with the amount of RMB9.1 million to the gains, as there were more FVTPL, including funds and equities held by our Group, reaching the withdrawal period or unlocked period.

The increase of other gains and losses, net was offset by (i) a loss of RMB2.5 million fair value change of contingent consideration payables during the Reporting Period compared with a profit of RMB1.6 million during the Corresponding Period, bolt-on acquisitions made by Frontage during the Reporting Period; and (ii) the decrease of gain on disposal of associates with the amount of RMB35.2 million during the Corresponding Period as there is no disposal of associates during the Reporting Period.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 11.3% YoY from RMB80.0 million during the Corresponding Period to RMB89.0 million during the Reporting Period. The increase was primarily due to (i) an increase of the number of employees in our sales and marketing team in both China and overseas; (ii) an increase of the compensation levels for our sales and marketing employees; and (iii) the increased cost incurred by our sales and marketing activities, as we continued to grow our business, expand our business development coverage and promote our brand name.

Administrative Expenses

Our administrative expenses increased by 9.0% YoY from RMB321.4 million during the Corresponding Period to RMB350.2 million during the Reporting Period. The increase was primarily due to (i) an increase of RMB16.2 million of the share-based payment, representing 70.2% up from the Corresponding Period to the Reporting Period; (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.

R&D Expenses

Our R&D expenses increased by 15.9% YoY from RMB110.5 million during the Corresponding Period to RMB128.1 million during the Reporting Period. The increase was 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 amortization and depreciation of assets for innovation and technology development activities carried by our Group.

Share of profit of associates

Our share of profit of associates increased by 78.9% from RMB35.6 million during the Corresponding Period to RMB63.7 million during the Reporting Period, primarily due to the improved performance of Teddy Clinical Research Laboratory (Shanghai) Limited* (上海觀合醫藥科技股份有限公司) and the increase of the share of profit from 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**").

Finance Costs

Our finance costs increased by 70.3% from RMB31.0 million during the Corresponding Period to RMB52.8 million during the Reporting Period, primarily due to the increase of interest expense on bank borrowings from RMB19.4 million during the Corresponding Period to RMB38.5 million during the Reporting Period.

Income Tax Expense

Our income tax expense increased by 17.8% from RMB162.2 million during the Corresponding Period to RMB191.1 million during the Reporting Period. Our effective tax rate increased from 11.0% during the Corresponding Period to 11.9% during the Reporting Period, primarily due to (i) the increase in profit before tax from RMB1,479.9 million during the Corresponding Period to RMB1,599.1 million of Reporting Period; and (ii) the increase of our taxable operating profit, which was taxed at an average rate that is higher than our effective tax rate.

Profit for the Period

As a result of the foregoing discussions, our profit for the period increased by 6.9% from RMB1,317.6 million during the Corresponding Period to RMB1,408.1 million during the Reporting Period. The profit attributable to owners of the Company increased by 16.5% from RMB1,192.0 million during the Corresponding Period to RMB1,388.3 million during the Reporting Period, and the profit attributable to non-controlling interests decreased by 84.2% from RMB125.6 million during the Corresponding Period to RMB19.8 million during the Reporting Period. The increase is primarily due to the increase of operating profits from main business of CTS and CRLS, other gain and loss (net) and share of profit of associate, which have been discussed above in corresponding part.

Non-IFRS Measures

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 period 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 period or profit for the period 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 gain; (iii) amortization of intangible assets arising from 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,	
	2023	2022
	RMB million	*RMB million*
Profit attributable to owners of the Company	**1,388.3**	1,192.0
Adjusted for:		
Share-based compensation expense	**48.6**	16.6
Net foreign exchange gain	**(17.7)**	(1.8)
Amortization of intangible assets arising from acquisitions	**5.4**	17.2
Increase in fair value of financial assets at FVTPL	**(529.0)**	(347.5)
Adjusted net profit attributable to owners of the Company	**895.6**	876.5
Margin of adjusted net profit attributable to the owners of the Company[(1)]	**24.1%**	24.4%
Adjusted earnings per share (RMB)		
– Basic[(2)]	**1.04**	1.01
– Diluted[(3)]	**1.03**	1.01

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 RMB895.6 million, representing a YoY increase of 2.2% from RMB876.5 million during the Corresponding Period. Our margin of adjusted net profit attributable to the owners of the Company decreased from 24.4% during the Corresponding Period to 24.1% during the Reporting Period.

Cash Flows

	For the six months ended June 30,	
	2023	2022
	RMB million	*RMB million*
Net cash generated from operating activities	**252.5**	246.0
Net cash used in investing activities	**(586.3)**	(1,514.6)
Net cash generated from financing activities	**621.3**	556.7

During the Reporting Period, our net cash generated from operating activities was RMB252.5 million, representing a 2.6% increase from RMB246.0 million during the Corresponding Period. The increase was primarily due to (i) an increase of RMB92.1 million of the cash received from sale of products and service, representing 2.9% increase from the Corresponding Period to the Reporting Period; and (ii) the decrease of RMB190.5 million from cash paid for goods and services, representing a 15.1% decrease from the Corresponding Period to the Reporting Period. The increase was offset by an increase of RMB258.2 million from the cash paid to and on behalf of employees, representing 20.3% increase from the Corresponding Period to the Reporting Period.

During the Reporting Period, our net cash used in investing activities was RMB586.3 million, representing a 61.3% decrease from RMB1,514.6 million during the Corresponding Period. The decrease was primarily due to (i) an increase in dividend income from financial assets at FVTPL from RMB0.1 million to RMB10.9 million during the Reporting Period, and an increase in proceeds from disposal of financial assets at FVTPL from RMB256.2 million to RMB383.4 million during the Reporting Period; (ii) a decrease in purchase of financial assets at FVTPL from RMB497.8 million to RMB418.7 million during the Reporting Period; as well as (iii) an increase of RMB576.3 million of the acquisition of subsidiaries (net of cash acquired) from the Corresponding Period to the Reporting Period, which was brought by our subsidiary, Marti Farm.

During the Reporting Period, our net cash generated from financing activities was RMB621.3 million compared with RMB556.7 million net cash generated from financing activities during the Corresponding Period. We obtained RMB1,455.9 million of bank borrowings and repaid RMB896.8 million of bank borrowings during the Reporting Period. Major cash outflows in financing activities during the Reporting Period included (i) a RMB57.5 million repayment of the principal portion and the interests paid on the lease liabilities; and (ii) a RMB51.8 million of interest paid on borrowings.

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

Liquidity and Capital Resources

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

As of June 30, 2023, 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 17.9% from RMB1,186.3 million as of December 31, 2022 to RMB1,398.5 million as of June 30, 2023, primarily due to (i) an increase in trade receivables from third parties from RMB1,105.3 million to RMB1,298.4 million as we continued to grow our business; (ii) an increase in other receivables from third parties from RMB99.6 million to RMB118.0 million primarily from an increase in interest receivables from bank deposits; and (iii) an increase in prepayments to third parties from RMB59.1 million to RMB72.6 million.

Trade and Other Payables

Our trade and other payables increased by 60.0% from RMB718.0 million as of December 31, 2022 to RMB1,149.1 million as of June 30, 2023, primarily due to (i) an increase in consideration payables from RMB2.3 million as of December 31, 2022 to RMB16.2 million as of June 30, 2023, which was due to the consideration payables for the additional acquisition of interests in our existing subsidiary DreamCIS during the Reporting Period, which has been subsequently settled in July 2023; (ii) an increase of dividend payables from RMB2.3 million to RMB477.6 million, which has been subsequently settled in July 2023; (iii) an increase of trade payables from RMB158.0 million to RMB174.4 million; and (iv) an increase in other payables to third parties from RMB70.7 million to RMB101.2 million.

The increase was partially offset by (i) a decrease of RMB110.0 million in the salary and bonus payable, representing 37.9% decrease from RMB292.9 million during the Corresponding Period to RMB181.9 million during the Reporting Period. The main reasons for this change were (i) the settlement of annual bonus payable during the Reporting Period; and (ii) a decrease in contingent consideration payables from RMB79.4 million as of December 31, 2022 to RMB46.0 million as of June 30, 2023. Included in contingent consideration payables as of December 2022 mainly represented the contingent consideration payables for the acquisition made by Frontage, which has been settled during the Reporting Period.

Contract Assets and Contract Liabilities

Our contract assets increased by 18.4% from RMB1,997.3 million as of December 31, 2022 to RMB2,364.1 million as of June 30, 2023 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 adverse impact caused by uncontrollable factors during the Reporting Period caused some delays in (i) reaching the billing milestone for certain projects; and (ii) issuing billing notice to our customers, which also contributed to the increase of our contract assets as of June 30, 2023.

Our contract liabilities decreased by 7.2% from RMB939.8 million as of December 31, 2022 to RMB876.4 million as of June 30, 2023, as more projects reached the service milestones.

Property, Plant and Equipment

Our property, plant and equipment increased by 7.5% from RMB976.7 million as of December 31, 2022 to RMB1,049.8 million as of June 30, 2023, primarily due to our procurement of experiment equipment and expansion in buildings and leasehold improvements for our offices, laboratory facilities and research capacity. Bolt-on acquisitions made by Frontage during the Reporting Period also contributed to the increase of our property, plant and equipment.

Intangible Assets

Our intangible assets decreased by 2.1% from RMB276.1 million as of December 31, 2022 to RMB270.4 million as of June 30, 2023, primarily due to the amortisation of intangible assets during the Reporting Period higher than the newly acquired intangible assets.

Right-of-use Assets

Our right-of-use assets decreased by 6.2% from RMB622.4 million as of December 31, 2022 to RMB584.1 million as of June 30, 2023, primarily due to the reason that fewer new rental contracts and the existing lease contracts expired.

Interest in Associates

Our interests in associates increased from RMB1,799.8 million as of December 31, 2022 to RMB2,413.6 million as of June 30, 2023, primarily in relation to the capital injection to Hangzhou Taikun which we had 50.0% ownership and the newly capital injection to Jiangsu Lanwan Management technology Ltd., Co* (江蘇瀾灣管理科技有限公司) which we had 49.0% ownership, respectively, as of June 30, 2023.

Financial assets at FVTPL and FVOCI

Our financial assets at FVTPL and FVOCI include listed equity securities, unlisted equity investments, unlisted fund investments, financial products, unlisted debt instrument and life insurance policies. Our financial assets at FVTPL and FVOCI increased by 6.4% from RMB9,992.7 million as of December 31, 2022 to RMB10,633.3 million as of June 30, 2023. Such increase was primarily due to the increase in fair value of our financial assets at FVTPL and our continuing investment activities during the Reporting Period. The following table sets for a breakdown of our financial assets at FVTPL and FVOCI as of the dates indicated:

	As of June 30, 2023	As of December 31, 2022
	RMB'000	*RMB'000*
Non-current assets		
Financial assets at FVTPL		
– Life insurance policies	**2,974**	2,680
– Listed equity securities	**529,821**	304,175
– Unlisted equity investments	**4,967,258**	4,718,449
– Unlisted fund investments	**5,095,923**	4,918,549
– Unlisted debt instrument	**13,498**	20,000
Total financial assets at FVTPL	**10,609,474**	9,963,853
Financial assets at FVOCI		
– Unlisted equity investments	**3,844**	3,864
Current assets		
Financial assets at FVTPL		
– Financial products	**20,000**	24,770
– Listed equity securities	**–**	62
– Unlisted fund investments	**–**	114
Total financial assets at FVTPL and FVOCI	**10,633,318**	9,992,663

Investments in companies and investment funds

During the Reporting Period, we continued to build and manage our investment portfolio through selective minority investments in the healthcare industry, funding innovative R&D efforts of emerging companies with a goal to forge long-term cooperative relationships and gain access to emerging business and innovative technologies. In addition to direct strategic investments in innovative start-ups, we also cooperate with investment funds, including Hangzhou Taikun, to incubate promising biotech and medical device companies as a limited partner of these investment funds. We holistically manage our diversified investment portfolio with a view to drive mid to long-term values rather than focusing on the performances of any individual investment asset for short-term financial returns. We continued to make investments in the healthcare industry in accordance with our industry strategy during the Reporting Period. We spent cash generated from our operating activities and a portion of the proceeds received from our H Share IPO in August 2020 as part of the intended use of proceeds to fund our investment activities.

As of June 30, 2023, we were a strategic investor in 158 innovative companies and other related companies in the healthcare industry, as well as a limited partner in 59 professional investment funds.

During the Reporting Period, we realized a gain of RMB152.3 million from exiting our investments in companies and investment funds, as measured by the exit amount against our initial investment cost, compared with RMB80.7 million during the Corresponding Period.

Our investments in listed equity securities amounted to RMB529.8 million as of June 30, 2023, representing a 74.2% increase from RMB304.2 million as of December 31, 2022. The increase is primarily due to the increase of investment in listed companies during the Reporting Period.

Our unlisted equity investments amounted to RMB4,971.1 million as of June 30, 2023, representing a 5.3% increase from RMB4,722.3 million as of December 31, 2022. 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 RMB5,096.0 million as of June 30, 2023, representing a 3.6% increase from RMB4,918.7 million as of December 31, 2022. 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.

In addition, our life insurance policies amounted to RMB3.0 million as of June 30, 2023, representing a 11.1% increase from RMB2.7 million as of December 31, 2022. Bolt-on acquisitions made by DreamCIS during the Reporting Period contributed to the increase.

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*	**Life insurance policies** *RMB'000*	**Unlisted debt instrument** *RMB'000*	**Total** *RMB'000*
Opening balance	4,722,313	4,918,663	304,237	2,680	20,000	9,967,893
Additions	239,265	22,916	9	550	13,498	276,238
Fair value change during the Reporting Period	20,073	277,894	232,042	(251)	–	529,758
Disposals of shares	(24,863)	(162,186)	(20,474)	–	(20,000)	(227,523)
Exchange realignment	14,314	38,636	14,007	(5)	–	66,952
Ending Balance	4,971,102	5,095,923	529,821	2,974	13,498	10,613,318

Indebtedness

Borrowings

The Group had RMB2,678.7 million outstanding borrowings as of June 30, 2023, of which RMB2,390.1 million were short-term and RMB288.6 million were long-term. As of June 30, 2023, approximately 86% of our borrowings were denominated in RMB and 14% were US$ borrowings.

Gearing Ratio

Gearing ratio is calculated using interest-bearing borrowings from banks and other entities divided by total equity and multiplied by 100%, and it was 11.2% as of June 30, 2023, as compared with 9.3% as of December 31, 2022.

Lease Liabilities

We had outstanding aggregated lease liabilities (for the remainder of relevant lease terms) of RMB572.5 million as of June 30, 2023, falling 5.6% from RMB606.7 million as of December 31, 2022, primarily due to the fewer new rental contracts and the existing lease contracts expiring. Of the aggregated lease liabilities as of June 30, 2023, RMB119.4 million were due within one year and RMB453.1 million would be due in more than one year.

Contingent Liabilities

As of June 30, 2023, the Group had no contingent liabilities.

Capital Commitments

As of June 30, 2023, the Group had total capital commitments entered but outstanding and not provided for in the financial statements amounting to approximately RMB1,136.6 million (December 31, 2022: approximately RMB777.0 million) and mainly included that not provided for the acquisition for the investments in the funds or companies was around RMB720.7 million (December 31, 2022: approximately RMB746.8 million).

In addition, the Group entered into a subscription agreement to subscribe 50% equity interests in an associate, Hangzhou Taikun in 2021. The Group has committed to invest additional capital in Hangzhou Taikun, amounting to RMB8.0 billion as of June 30, 2023. 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, 2023, saved for the investment as mentioned below, the Group did not hold any other significant investments.

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

Hangzhou Taikun was established on August 10, 2021 and became an associate of the Group. As of June 30, 2023, our Group has paid up RMB2,000.0 million of the registered capital of Hangzhou Taikun.

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

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

As of June 30, 2023, the carrying amount of our investment in Hangzhou Taikun was RMB2,085.5 million, accounting for 7.0% of the total assets of the Group.

As of June 30, 2023, Hangzhou Taikun had a net asset of RMB4,171.0 million, and generated a profit of RMB109.5 million during the Reporting Period. The Group did not receive any dividend in respect of its investment in Hangzhou Taikun during the Reporting Period.

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

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

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

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

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

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 1,350 clinical trial sites with NMPA certification in China since our inception, we have developed one of the most extensive clinical site networks in China. Our industry expertise and enriched experiences, 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 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 a presence across the Asia-Pacific region, North America, Europe, Latin America and Africa. As of June 30, 2023, we have a team of over 1,500 professionals based overseas to provide various clinical trials, clinical trial related and laboratory services, our operations cover all major continents. Combining our China expertise with our 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, 2023, we had 207 ongoing single region clinical trials overseas, primarily in South Korea, Australia and the U.S., up from 188 ongoing single region clinical trials overseas as of December 31, 2022. We also had 62 ongoing MRCTs as of June 30, 2023.

2. Industry-leading quality standards and project delivery capabilities

Excellent quality management is the solid foundation for clinical research. We adhere to a scientific, rigorous and professional attitude, follow the highest global standards, and constantly improve our quality management system. During the Reporting Period, we further strengthened our quality governance structure, refined the specific responsibilities of the Quality Management Committee (質量管理委員會), and mobilized sufficient resources to achieve the Company's quality management goals. The Company's president serves as the first person in charge of the Quality Management Committee.

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 have realized the online management of the whole life cycle of quality standard documents ("**QSD**") files, improved work efficiency and SOP accessibility, and provided more objective quality indicators and data measurements for quality assessment and identification. 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. We cooperated with more than 23 colleges and universities, including Shenyang Pharmaceutical University (瀋陽藥科大學), Nanjing Medical University (南京醫科大學), Beijing University of Chinese Medicine (北京中醫藥大學) and Zhejiang Chinese Medical University (浙江中醫藥大學). Beijing Yaxincheng Medical InfoTech Co. Ltd. (北京雅信誠醫學信息科技有限公司) collaborated with Tsinghua University to open the "Entity Recognition in Biomedicine" (生物醫藥方向的實體識別) course. We collaborated with Xi'an Polytechnic University (西安工程大學) and Xi'an International Studies University (西安外國語學院) to establish practice bases. To obtain a large pool of excellent potential talents, we have also jointly conducted training with other parties. We worked with Wenzhou Medical University (溫州醫科大學) to establish the Wenzhou Medical University Tigermed Research Institute (溫州醫科大學泰格研究院). We have also cooperated with Shenyang Pharmaceutical University (瀋陽藥科大學) to carry out scientific research projects to jointly train pharmaceutical professionals. We provided lecturers to Hangzhou Medical College (杭州醫學院) and Shanghai Sipo Polytechnic College (上海思博職業技術學院). At the same time, we also provide comprehensive training programs and clear career development paths to all employees.

We offer competitive compensation to our employees, including a variety of long-term share incentive schemes. 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. During the Reporting Period, 6 out of our top 20 customers by revenue in the first half of 2023 are top multi-national pharmaceutical companies and 15 out of our top 20 customers by revenue in the first half of 2023 are publicly listed. We also saw meaningful revenue growth from top domestic pharmaceutical companies, top multi-national pharmaceutical companies, and leading Chinese biotech companies by market capitalization during the Reporting Period.

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 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 revenues, 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 addressing 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). The acquisition of Marti Farm further enhanced our local expertise in Europe to expand our safety monitoring capabilities at a global level. 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 March 28, 2023, DreamCIS, the subsidiary of the Company, proposed to adopt a share option scheme (the "**DreamCIS 2023 Share Option Scheme**") to provide incentive or reward to directors or employees of DreamCIS for their contribution to, and continuing efforts to promote the interests of DreamCIS and its subsidiaries. The DreamCIS 2023 Share Option Scheme was approved by the Shareholders at the annual general meeting of the Company on May 23, 2023 (the "**2022 AGM**"), under which, the total number of DreamCIS share which may be issued upon exercise of options to be granted pursuant to the DreamCIS 2023 Share Option Scheme will not exceed 270,000 shares, representing not more than 10% of the total DreamCIS shares in issue at the date of approval of the DreamCIS 2023 Share Option Scheme.

   Please refer to the announcements of the Company dated March 28, 2023 and May 23, 2023 and the circular of the Company dated April 28, 2023 for details.

   On July 14, 2023, the board of directors of DreamCIS approved the proposed DreamCIS 2023 Share Option Scheme.

2. On March 28, 2023, the Company convened the thirty-second meeting of the fourth session of the Board to approve the proposed re-election of Dr. Ye Xiaoping, Ms. Cao Xiaochun and Mr. Wu Hao as executive Directors of the fifth session of the Board, appointment of Mr. Wen Zengyu as an executive Director of the fifth session of the Board, the re-election of Dr. Yang Bo and Mr. Liu Kai Yu Kenneth as independent non-executive Directors of the fifth session of the Board and appointment of Mr. Zhang Wensheng as an independent non-executive Director of the fifth session of the Board. As Mr. Zhang Wensheng had withdrawn from the election as a candidate for independent non-executive Directors of the fifth session of the Board due to personal reasons, on April 25, 2023, the Company convened the thirty-third meeting of the fourth session of the Board to approve the proposed appointment of Mr. Yuan Huagang as an independent non-executive Director of the fifth session of the Board (the "**Proposed Election of the Fifth Session of the Board**"). The resolutions on the Proposed Election of the Fifth Session of the Board was approved by the Shareholders at the 2022 AGM. Please refer to the announcements of the Company dated March 28, 2023, April 25, 2023 and May 23, 2023 and the circular of the Company dated April 28, 2023 for details.

3. On March 28, 2023, the twenty-first meeting of the fourth session of the Supervisory Committee was convened to approve the proposed re-election of Ms. Chen Zhimin and Mr. Zhang Binghui as the non-employee representative Supervisors of the fifth session of the Supervisory Committee (the "**Proposed Election of the non-employee representative Supervisors of the Fifth Session of the Supervisory Committee**"). The resolution on the Proposed Election of the non-employee representative Supervisors of the Fifth Session of the Supervisory Committee was approved by the Shareholders at the 2022 AGM. Please refer to the announcements of the Company dated March 28, 2023 and May 23, 2023 and the circular of the Company dated April 28, 2023 for details.

4. On March 28, 2023, Ms. Lou Wenqing has been elected as the employee representative supervisor of the fifth session of the Supervisory Committee with a term commencing from the commencement of the fifth session of the Supervisory Committee until the expiry of the fifth session of the Supervisory Committee. Please refer to the announcement of the Company dated March 28, 2023 for details.

5. On May 23, 2023, the Company convened the first meeting of the fifth session of the Board to approve the appointment of Dr. Ye Xiaoping as the chairman of the fifth session of the Board, the appointment of Ms. Cao Xiaochun as the general manager of the Company, Mr. Wu Hao as the co-president of the Company, Mr. Wen Zengyu as the deputy general manager of the Company, Ms. Yang Chengcheng as the chief financial officer of the Company, Ms. Li Xiaori as the secretary to the Board and Ms. Ruan Xinhui as the representative of securities affairs (證券事務代表) of the Company, each with a term commencing from May 23, 2023 until the conclusion of the fifth session of the Board. Mr. Zhang Binghui was appointed as the chairman of the fifth session of the Supervisory Committee with a term commencing from May 23, 2023 until the conclusion of the fifth session of the Supervisory Committee. The composition of the Board committees of the fifth session of the Board are as follows: (1) the Audit Committee comprises Mr. Liu Kai Yu Kenneth, Dr. Yang Bo and Mr. Yuan Huagang, and chaired by Mr. Liu Kai Yu Kenneth; (2) the Nomination Committee comprises Dr. Yang Bo, Mr. Wen Zengyu and Mr. Liu Kai Yu Kenneth, and chaired by Dr. Yang Bo; (3) the Remuneration and Evaluation Committee comprises Mr. Yuan Huagang, Mr. Liu Kai Yu Kenneth and Ms. Cao Xiaochun, and chaired by Mr. Yuan Huagang; and (4) the Strategic Development Committee comprises Dr. Ye Xiaoping, Mr. Wu Hao, Dr. Yang Bo and Mr. Yuan Huagang, and chaired by Dr. Ye Xiaoping, each with a term commencing from May 23, 2023 until the conclusion of the fifth session of the Board. Please refer to the announcement of the Company dated May 23, 2023 for details.

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

Industry and Business Outlook

I. Situation of the industry in which the Company operates during the Reporting Period

Under the background of the declining birth rate and the increase in the proportion of China's population aged 65 and above to the total population, the continuous increase in the average life expectancy of Chinese people and the aging population have been boosting the demand for healthcare in China. Meanwhile, China, as a country with a large population, continues to drive market demand for innovative drug research and development in light of its large patient population, intense competition generated by product homogeneity, continuous improvement in medical technology and living quality, ongoing reforms in national policies, continuous enhancement in the drug approval system and other factors. The number of new clinical trials initiated in China increases progressively year after year since 2016. According to the Drug Clinical Trial Registration and Information Disclosure Platform (藥物臨床試驗登記與資訊公示平台), the number of new drug clinical trials in China increased from 809 in 2016 to 3,320 in 2022, with an average annual growth rate of 29%. As of July 31, 2023, the total number of registered clinical trials in 2023 has reached 2,276.

Regulatory authorities continued to optimize the clinical trial approval process, improve the drug approval system and gradually align the system with global standards, and accelerate the review and approval of urgently needed clinical drugs and medical devices. In the first half of the year, regulatory authorities newly issued the "Measures for the Administration of Drug Standards (Draft for Comments)" (《藥品標準管理辦法(徵求意見稿)》), the "Procedures for Safety Information Assessment and Risk Management during Drug Clinical Trials of CDE (Trial) (Revised Draft for Comments)" (《藥品審評中心藥物臨床試驗期間安全信息評估與風險管理工作程序(試行)修訂稿(徵求意見稿)》), the "Technical Guiding Principles for Benefit-Risk Assessment of New Drugs" (《新藥獲益－風險評估技術指導原則》), the "Specifications for Accelerating the Review of Marketing Authorization Applications of Innovative Drugs by CDE (Trial)" (《藥審中心加快創新藥上市許可申請審評工作規範(試行)》), the "Technical Guiding Principles for the Applicability of Single Arm Clinical Trials to Support the Marketing Application of Antineoplastic Drugs" (《單臂臨床試驗用於支持抗腫瘤藥上市申請的適用性技術指導原則》), the "Guiding Principles for the Design and Solutions Framework of Real-World Drug Research (Trial)" (《藥物真實世界研究設計與方案框架指導原則(試行)》) and other Relevant regulatory policies, and continued to improve the ICH-related systems, such as "E19: Selective Collection of Safety Data in Specific Later Pre-marketing or Post-marketing Clinical Trials" (《E19: 在特定的上市前後期或上市後臨床試驗中選擇性收集安全性數據》). The government and regulatory authorities have also further optimized and improved the ethical review. The "Measures for Ethical Review of Biomedical Life Science and Medical Research Involving Human Subjects" (《涉及人的生物醫學生命科學和醫學研究倫理審查辦法》) was jointly issued by the National Health Commission, the Ministry of Education, the Ministry of Science and Technology and the National Administration of Traditional Chinese Medicine and came into effect on February 27, 2023, which emphasizes full respect for research participants, comprehensively strengthens the protection of research participants, increases the requirements for the contents of informed consent, and increases the major contents of the initial ethical review of the application. The "Implementing Rules of the Regulations on the Management of Human Genetic Resources" (《人類遺傳資源管理條例實施細則》) was issued on June 1, 2023, which optimizes the relevant administrative rules and further accelerates the development of new drugs.

Furthermore, regulatory authorities continuously refined and improved R&D in drugs for rare diseases, drugs for children, and R&D in a number of therapeutic areas, such as rheumatic and immune diseases, type 2 diabetes in adults, respiratory syncytial virus and tumor. They also issued relevant technical guidance for pharmaceuticals and therapies, including antibody-drug conjugates, therapeutic human stem cells and their derivatives, chemically-synthesized polypeptide drugs, chemical and compound medicine, radiopharmaceuticals, gene therapy for hemophilia, drugs of photodynamic antitumor therapy, and new post-operation nonopioid analgesics. The "Suggestions for Further Improving the Medical Health Service System" (《關於進一步完善醫療衛生服務體系的意見》) issued by the General Office of the CPC Central Committee and the General Office of the State Council explicitly calls for strengthening the R&D system and capacity building of clinical medicine, public health and medical devices, and speeding up the overcoming of the disadvantages to high-end medical equipment.

China's regulatory framework continued to improve the domestic synchronized R&D system for overseas new drugs, promoting overseas innovative drugs to conduct synchronized R&D in China. A number of multinational pharmaceutical companies continuously aim at China's sizeable pharmaceutical market and choose China as one of the first places for the marketization of their new drugs. The strive for the simultaneous launch of innovative drugs in the Chinese market has increased the demand for more domestic clinical CROs. At the same time, the competition of innovative drugs is intensifying and the innovation abilities of many domestic pharmaceutical companies are improving, which not only accelerate these innovative drugs' rate of domestic marketization but also increase some pharmaceutical companies' demands to expand to international markets with their innovative drugs year by year. In recent years, in-licensing & out-licensing of biotech companies are popular and the trend continues to grow. Through in-licensing & out-licensing, biomedicine companies accelerate product R&D, reinforce their competitive advantages, and form a virtuous cycle of innovative development, which is conducive to facilitating global healthcare innovations. Driven by the demands of domestic and overseas pharmaceutical companies, there is also sustainable growth for cooperation between pharmaceutical companies and clinical CROs that have the resources and experience to conduct international multi-regional clinical trials and provide clinical trial protocols that meet international standards and high-quality clinical data.

The innovative drugs' clinical development is well-known for its high investment, high risk, long R&D cycle, as well as great difficulty and complexity. At the same time, factors such as the tightening of regulatory authorities' supervision on drug registration and marketing, a more competitive market, and the growing demand for overseas expansion continue to drive the demand and willingness of innovative drug pharmaceutical companies to outsource their R&D, aiming to reduce R&D costs, improve the R&D success rate, and increase R&D efficiency. Pharmaceutical companies' demand for CROs that can provide reliable new drug R&D plans, mature process management, strict compliance operation system, optimized clinical trial protocols and well-controlled personnel costs continues to increase. Clinical CROs with rich experience in clinical projects, strong adaptability to innovative technologies, the ability to provide diversified and one-stop CRO services, and the empowerment of new digital technologies, as well as the ability to manage large-scale global clinical trial projects, will continue to increase industry barriers and gain more competitive advantages.

II. Business outlook in 2023

There is no significant change on the future developments in the business of the Group, including the Company's prospects for year 2023 as compared with the information disclosed in the 2022 annual report.

Potential Risks

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

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

   We have formulated a business continuity 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 competitors 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 revenues could be materially and adversely affected.

9. Risk of losing key customers and contracts

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

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, our business, financial condition and results of operations may be adversely affected. In addition, we may not always be successful in training our professionals to quickly adapt to technological advances, evolving standards and changing customer needs, and the quality of our services may therefore be severely affected. If there is any failure to attract, train or retain skilled personnel, our reputation, business, financial condition, results of operations and prospects could be materially and adversely affected.

12. Risk of talent loss

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

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 RMB413.3 million and RMB529.8 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 RMB15 million and RMB35 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 increased to 9,455 as of June 30, 2023. 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.

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

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

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 BY DIRECTORS AND SUPERVISORS

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.

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

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

On March 28, 2022, the Board considered and approved the proposal change in use of proceeds from the global offering of the Company (the "**Proposed Change in Use of Proceeds**"). The Proposed Change in Use of Proceeds would enable the Company to better allocate its financial resources to opportunities that could drive sustainable growth for the Group and deliver returns to Shareholders in the near future. The Board considers that the changes will help the Company better seize domestic market opportunities, which is in line with the future growth strategies of the Company. The Proposed Change in Use of Proceeds was approved at the annual general meeting of the Company in 2021 held on May 20, 2022. Please refer to the announcements of the Company dated March 28, 2022 and May 20, 2022 and the circular of the Company dated April 28, 2022 for details. For the unutilized net proceeds of approximately HK$5,658.2 million as at the end of the Reporting Period, the Company intends to use them in the same manner and proportions as described in the announcement of the Company dated March 28, 2022 and the circular of the Company dated April 28, 2022 and proposes to use the unutilized net proceeds in accordance with the expected timetable disclosed in the table below.

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

	Revised use of proceeds as stated in the announcement of the Company dated March 28, 2022 and the circular of the Company dated April 28, 2022 *(HK$ million)*	**Net proceeds unutilized as of December 31, 2022** *(HK$ million)*	**Actual use of proceeds during the Reporting Period** *(HK$ million)*	**Accumulated actual use of proceeds up to the end of the Reporting Period** *(HK$ million)*	**Net proceeds unutilized as at the end of the Reporting Period** *(HK$ million)*	**Expected timeframe for utilizing the remaining unutilized net proceeds**
approximately 15% to organically expand and enhance our service offerings and capabilities across clinical trial solutions services and clinical-related services to meet the rising demands for our services in both domestic and overseas markets	1,594.4	1,189.5	351.5	756.4	838.0	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	4,384.0	–	343.0	4,384.0	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)*	Net proceeds unutilized as of December 31, 2022 *(HK$ million)*	Actual use of proceeds during the Reporting Period *(HK$ million)*	Accumulated actual use of proceeds up to the end of the Reporting Period *(HK$ million)*	Net proceeds unutilized as at the end of the Reporting Period *(HK$ million)*	Expected timeframe for utilizing the remaining unutilized net proceeds
approximately 20% to foster our biopharmaceutical R&D ecosystem by making minority investments in domestic and overseas companies with innovative business models and growth potential, such as biotech companies, healthcare IT companies, hospitals, medical device and diagnostic research companies	296.7	74.1	71.2	293.8	2.9	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	–	–
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	21.3	21.3	590.9	–	–
approximately 10% to working capital and general corporate purposes	1,181.7	433.3	–	748.4	433.3	–
Total	**9,572.4**	**6,102.2**	**444.0**	**3,914.2**	**5,658.2**	

Note:

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

EVENT AFTER THE REPORTING PERIOD

Subsequent to June 30, 2023, the following significant event took place:

1. On August 15, 2023 (New York time), Frontage Canada, Inc. ("**Frontage Canada**"), an indirect wholly owned subsidiary of Frontage, and Frontage Laboratories, Inc., a wholly owned subsidiary of Frontage and Frontage Canada's parent company, entered into a share purchase agreement (the "**Share Purchase Agreement**") with the shareholders of Nucro Technics Inc. ("**Nucro**") and Nucro-Technics Holdings Inc. ("**Nucro Holdings**") as of the date of the Share Purchase Agreement (the "**Sellers**"), Sellers' representative, Nucro, and Nucro Holdings in respect of an acquisition, pursuant to which Sellers agreed to sell and Frontage Canada agreed to purchase 100% of the equity interest in Nucro in aggregate for cash consideration of CAD70,000,000 (equivalent to approximately HK$410,431,000), subject to the adjustments sets forth therein, in accordance with the terms and conditions of the Share Purchase Agreement. The obligations of the Frontage Canada under the Share Purchase Agreement are guaranteed by the Frontage Laboratories, Inc. in favour of the Sellers.

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

   For details, please refer to the announcement of Frontage dated August 15, 2023.

   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.

REVIEW OF INTERIM RESULTS

The Audit Committee comprises three independent non-executive Directors, namely Mr. Liu Kai Yu Kenneth, Dr. Yang Bo and Mr. Yuan Huagang. 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, 2023 with the management of the Company. The Audit Committee considered that the interim results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management of the Company.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend during the Reporting Period (June 30, 2022: nil).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2023

		Six months ended June 30,	
		2023	2022
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*5*	**3,710,850**	3,594,209
Cost of services		**(2,244,568)**	(2,175,881)
Gross profit		**1,466,282**	1,418,328
Other income	*7*	**147,146**	128,757
Other gains and losses, net	*8*	**571,836**	468,609
Impairment losses under expected credit loss ("**ECL**") model, net of reversal		**(29,777)**	(28,411)
Selling and marketing expenses		**(88,998)**	(80,040)
Administrative expenses		**(350,171)**	(321,379)
Research and development expenses		**(128,082)**	(110,520)
Share of profits of associates		**63,724**	35,556
Finance costs	*9*	**(52,815)**	(31,035)
Profit before tax	*10*	**1,599,145**	1,479,865
Income tax expense	*11*	**(191,055)**	(162,239)
Profit for the period		**1,408,090**	1,317,626
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		**103,154**	170,171
Total comprehensive income for the period		**1,511,244**	1,502,460
Profit for the period attributable to:			
Owners of the Company		**1,388,337**	1,192,004
Non-controlling interests		**19,753**	125,622
		1,408,090	1,317,626

	Notes	Six months ended June 30, 2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Total comprehensive income for the period attributable to:			
Owners of the Company		**1,458,198**	1,334,021
Non-controlling interests		**53,046**	168,439
		1,511,244	1,502,460
Earnings per share	*12*		
– Basic *(RMB)*		**1.61**	1.38
– Diluted *(RMB)*		**1.60**	1.38

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2023

	Notes	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*14*	**1,049,760**	976,679
Intangible assets	*15*	**270,413**	276,147
Goodwill	*16*	**2,549,178**	2,485,018
Right-of-use assets	*14*	**584,058**	622,354
Interests in associates		**2,413,561**	1,799,825
Deferred tax assets		**141,532**	121,353
Financial assets at fair value through profit or loss ("**FVTPL**")	*17*	**10,609,474**	9,963,853
Financial assets at fair value through other comprehensive income ("**FVOCI**")	*17*	**3,844**	3,864
Other financial assets at amortised cost		**39,087**	27,607
Restricted bank deposits		**2,168**	2,089
Other non-current assets		**29,351**	62,564
		17,692,426	16,341,353
CURRENT ASSETS			
Inventories		**26,532**	22,204
Trade, bills and other receivables and prepayments	*18*	**1,398,473**	1,186,273
Contract assets	*19*	**2,364,142**	1,997,311
Financial assets at FVTPL	*17*	**20,000**	24,946
Prepaid income tax		**29,358**	15,136
Restricted bank deposits		**6,884**	19,115
Time deposit with original maturity over three months		**32,688**	54,194
Cash and cash equivalents		**8,096,172**	7,782,741
		11,974,249	11,101,920
Assets classified as held for sale		**–**	3,237
CURRENT LIABILITIES		**11,974,249**	11,105,157
Trade and other payables	*20*	**1,149,121**	717,950
Contract liabilities		**876,381**	939,765
Bank borrowings	*21*	**2,390,088**	1,868,215
Income tax payables		**98,295**	85,875
Lease liabilities		**119,365**	117,764
		4,633,250	3,729,569
NET CURRENT ASSETS		**7,340,999**	7,375,588
TOTAL ASSETS LESS CURRENT LIABILITIES		**25,033,425**	23,716,941

	Notes	As at June 30, 2023 *RMB'000* (Unaudited)	As at December 31, 2022 *RMB'000* (Audited)
NON-CURRENT LIABILITIES			
Bank borrowings	*21*	**288,571**	244,641
Deferred government grant		**15,115**	14,786
Pension obligations		**461**	425
Lease liabilities		**453,103**	488,976
Other long-term liabilities	*22*	**86,937**	72,692
Deferred tax liabilities		**231,389**	214,393
		1,075,576	1,035,913
NET ASSETS		**23,957,849**	22,681,028
CAPITAL AND RESERVES			
Share capital	*23*	**872,419**	872,419
Treasury shares	*24*	**(869,340)**	(869,340)
Reserves		**20,635,416**	19,625,366
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**20,638,495**	19,628,445
Non-controlling interests		**3,319,354**	3,052,583
TOTAL EQUITY		**23,957,849**	22,681,028

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, 2022.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("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, 2023 for the preparation of the Group's condensed consolidated financial statements:

IFRS 17	Insurance Contracts
Amendment to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendment to IAS 12	Deferred Tax Reform – Pillar Two Model Rules

The application of the new IFRS and amendments to IFRSs 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.

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, 2022.

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,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Clinical trial solutions	**2,103,350**	2,172,146
Clinical-related and laboratory services	**1,607,500**	1,422,063
	3,710,850	3,594,209
Overtime		
Clinical trial solutions	**2,103,350**	2,172,146
Clinical-related and laboratory services	**1,607,500**	1,422,063
	3,710,850	3,594,209

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, 2023

	Clinical trial solutions ***RMB'000*** **(Unaudited)**	**Clinical-related and laboratory services** ***RMB'000*** **(Unaudited)**	**Total** ***RMB'000*** **(Unaudited)**
Revenue	**2,103,350**	**1,607,500**	**3,710,850**
Gross profit	**825,480**	**640,802**	**1,466,282**
Unallocated amounts:			
Other income			**147,146**
Other gains and losses, net			**571,836**
Impairment losses under ECL model, net of reversal			**(29,777)**
Selling and marketing expenses			**(88,998)**
Administrative expenses			**(350,171)**
Research and development expenses			**(128,082)**
Share of profits of associates			**63,724**
Finance costs			**(52,815)**
Profit before tax			**1,599,145**

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

Geographical Information

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

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from external customers		
– PRC	**2,087,365**	1,680,838
– Other overseas countries and regions	**1,623,485**	1,913,371
	3,710,850	3,594,209

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

	As at June 30, 2023	As at December 31, 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Non-current assets excluding financial assets and deferred tax assets		
– PRC	**4,348,894**	3,695,750
– Other overseas countries and regions	**2,547,427**	2,522,755
	6,896,321	6,218,505

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,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest income from bank deposits	**122,538**	112,928
Interest income from financial products	**326**	690
Government grants	**12,735**	14,233
Dividend income from financial assets at FVTPL	**10,835**	121
Others	**712**	785
	147,146	128,757

8. OTHER GAINS AND LOSSES, NET

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net foreign exchange gain	**20,534**	3,781
Loss on disposal of property, plant and equipment	**(6)**	(109)
Change in fair value of financial assets at FVTPL	**529,758**	413,276
Fair value change of contingent consideration payables	**(2,467)**	1,583
Gain on disposal of associates	**–**	35,200
Gain on disposal of financial assets at FVTPL	**24,017**	14,878
	571,836	468,609

9. FINANCE COSTS

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest expense on bank borrowings	**38,543**	19,443
Interest on lease liabilities	**14,272**	11,592
	52,815	31,035

10. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**68,430**	48,942
Amortisation of intangible assets	**33,600**	30,053
Depreciation of right-of-use assets	**60,069**	43,779
Staff costs (including directors' emoluments):		
– Salaries and other benefits	**1,260,373**	1,075,109
– Retirement benefits scheme contributions	**160,960**	122,730
– Share-based payment expenses	**55,397**	25,566
	1,476,730	1,223,405

11. INCOME TAX EXPENSE

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax:		
– Current period	**177,281**	187,051
– Under/(over) provision of current tax in prior period	**20,761**	(7,939)
	198,042	179,112
Deferred tax:		
– Current period	**(6,987)**	(16,873)
Total income tax expense	**191,055**	162,239

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,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings for the purpose of calculating basic earnings per share	**1,388,337**	1,192,004

Number of shares:

	Six months ended June 30,	
	2023	2022
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share *(note (ii))*	**864,948,570**	864,407,604

(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,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Company	**1,388,337**	1,192,004
Effect of share options and share awards issued by subsidiaries *(note (i))*	**(721)**	(2,514)
Earnings for the purpose of calculating diluted earnings per share	**1,387,616**	1,189,490

Number of shares:

	Six months ended June 30,	
	2023	2022
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**864,948,570**	864,407,604

Notes:

(i) During the six months ended June 30, 2023, the effect of share options and share awards issued by subsidiaries is related to the share options and share awards issued by Frontage Holdings, DreamCIS and Meditip respectively.

(ii) 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. For the restricted shares granted under 2022 Restricted Share Scheme, it is not considered for the calculation of diluted earnings per share as the exercise price is higher than the fair value of the stock price.

13. DIVIDENDS

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Final dividend of RMB0.55 and RMB0.50 per ordinary share paid in respect of the years ended December 31, 2022 and 2021	**475,721**	432,463

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 RMB135,247,000 (six months ended June 30, 2022: RMB120,603,000) 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 RMB14,025,000 (six months ended June 30, 2022: RMB37,081,000).

15. MOVEMENT IN INTANGIBLE ASSETS

During the current interim period, the Group acquired intangible assets of approximately RMB5,342,000 (six months ended June 30, 2022: RMB5,605,000) for the expansion of production facilities and research capacity.

16. GOODWILL

	As at June 30, 2023 ***RMB'000*** **(Unaudited)**	As at December 31, 2022 *RMB'000* (Audited)
COST		
At the beginning of period/year	**2,525,138**	1,819,068
Acquisition of subsidiaries	**27,231**	618,463
Exchange realignment	**36,929**	87,607
At the end of the period/year	**2,589,298**	2,525,138
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	**2,549,178**	2,485,018

17. FINANCIAL ASSETS AT FAIR VALUE AND FINANCIAL PRODUCTS

	As at June 30, 2023	As at December 31, 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Financial assets		
Non-current assets		
Financial assets at FVTPL		
– Life insurance policies	**2,974**	2,680
– Listed equity securities	**529,821**	304,175
– Unlisted debt instruments	**13,498**	20,000
– Unlisted equity investments	**4,967,258**	4,718,449
– Unlisted fund investments	**5,095,923**	4,918,549
	10,609,474	9,963,853
Financial assets at FVOCI		
– Unlisted equity investments	**3,844**	3,864
Current assets		
– Financial products	**20,000**	24,770
– Listed equity securities	**–**	62
– Unlisted fund investments	**–**	114
	20,000	24,946

18. TRADE, BILLS AND OTHER RECEIVABLES AND PREPAYMENTS

	As at June 30, 2023 ***RMB'000*** **(Unaudited)**	As at December 31, 2022 *RMB'000* (Audited)
Trade receivables		
– Third parties	**1,298,434**	1,105,316
– Related parties *(note (a))*	**2,805**	–
Less: loss allowance for trade receivables	**(99,445)**	(77,527)
	1,201,794	1,027,789
Bills receivable		
– Third parties	**8,357**	6,031
Other receivables		
– Third parties	**117,971**	99,619
– Related parties *(note (a))*	**2,491**	1,010
Less: loss allowance for other receivables	**(6,700)**	(7,302)
	113,762	93,327
Prepayments		
– Third parties	**72,553**	59,103
– Related parties *(note (a))*	**2,007**	23
	74,560	59,126
	1,398,473	1,186,273

Notes:

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

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, 2023 ***RMB'000*** **(Unaudited)**	As at December 31, 2022 *RMB'000* (Audited)
Within 90 days	**988,225**	854,554
91 to 180 days	**103,090**	107,104
181 days to 1 year	**76,041**	41,734
Over 1 year	**34,438**	24,397
	1,201,794	1,027,789

19. CONTRACT ASSETS

	As at June 30, 2023 *RMB'000* (Unaudited)	As at December 31, 2022 *RMB'000* (Audited)
Contract assets		
– Third parties	**2,417,146**	2,043,093
– Related parties	**2,547**	1,550
Less: loss allowance for contract assets	**(55,551)**	(47,332)
	2,364,142	1,997,311

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, 2023 *RMB'000* (Unaudited)	As at December 31, 2022 *RMB'000* (Audited)
Trade payables		
– Third parties	**128,896**	125,563
– Related parties *(note (a))*	**45,501**	32,395
	174,397	157,958
Other payables		
– Third parties	**101,179**	70,678
– Related parties *(note (a))*	**35**	597
– Consideration payables	**16,220**	2,298
– Contingent consideration payables	**46,000**	79,421
– Dividend payables	**477,592**	2,266
– Salary and bonus payables	**181,907**	292,868
– Other taxes payables	**151,791**	111,864
	974,724	559,992
	1,149,121	717,950

Note:

(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, 2023 ***RMB'000*** **(Unaudited)**	As at December 31, 2022 *RMB'000* (Audited)
Within 90 days	**115,340**	138,716
91 days to 1 year	**45,151**	16,284
Over 1 year	**13,906**	2,958
	174,397	157,958

21. BORROWINGS

	As at June 30, 2023 ***RMB'000*** **(Unaudited)**	As at December 31, 2022 *RMB'000* (Audited)
Secured and unguaranteed bank loans	**371,863**	340,232
Unsecured and guaranteed bank loans	**–**	2,706
Unsecured and unguaranteed bank loans	**2,306,796**	1,769,918
	2,678,659	2,112,856

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

	As at June 30, 2023 ***RMB'000*** **(Unaudited)**	As at December 31, 2022 *RMB'000* (Audited)
On demand or within one year	**2,390,088**	1,868,215
More than one year, but not exceeding two years	**53,912**	28,778
More than two years, but not exceeding five years	**193,166**	165,329
Over five years	**41,493**	50,534
	2,678,659	2,112,856
Less: Amount shown under current liabilities	**(2,390,088)**	(1,868,215)
Amount shown under non-current liabilities	**288,571**	244,641

22. OTHER LONG-TERM LIABILITIES

	As at June 30, 2023 ***RMB'000*** **(Unaudited)**	As at December 31, 2022 *RMB'000* (Audited)
Bonus accrual	**43,640**	31,424
Contingent consideration payables related to:		
– Acquisition of Quintara Discovery, Inc.	**43,297**	40,736
– Acquisition of Beijing Bilingual	**–**	532
	86,937	72,692

23. SHARE CAPITAL

	As at June 30, 2023			As at December 31, 2022		
	Number of ordinary shares **(Unaudited)**	**Authorised shares** ***RMB'000*** **(Unaudited)**	**Issued and paid shares** ***RMB'000*** **(Unaudited)**	Number of ordinary shares (Audited)	Authorised shares *RMB'000* (Audited)	Issued and paid shares *RMB'000* (Audited)
Balance brought forward	**872,418,220**	**872,419**	**872,419**	872,438,364	872,439	872,439
Cancellation of shares *(note (a))*	**–**	**–**	**–**	(20,144)	(20)	(20)
Balance carried forward	**872,418,220**	**872,419**	**872,419**	872,418,220	872,419	872,419

Note:

(a) During the year ended December 31, 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 previously held by the incentive recipients with a deduction from the treasury shares of RMB644,000, including a reduction of RMB20,000 in share capital, and RMB624,000 in share premium.

24. TREASURY SHARES

	As at June 30, 2023		As at December 31, 2022	
	Number of shares **(Unaudited)**	**Cost of acquisition** ***RMB'000*** **(Unaudited)**	Number of shares (Audited)	Cost of acquisition *RMB'000* (Audited)
Balance brought forward	**7,469,650**	**869,340**	6,037,121	579,186
Repurchase of shares *(Note (a))*	**–**	**–**	3,909,800	369,391
Cancellation of shares *(Note 23(a))*	**–**	**–**	(20,144)	(644)
Vesting of restricted shares under Restricted Share Scheme	**–**	**–**	(2,457,127)	(78,593)
Balance carried forward	**7,469,650**	**869,340**	7,469,650	869,340

Note:

(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, 2023 *RMB'000* (Unaudited)	Fair value at December 31, 2022 *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	**35,020**	43,040	Level 1	Quoted market transaction prices	N/A	N/A
Listed equity securities at fair value	**494,801**	261,197	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	**4,971,102**	4,722,313	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
Unlisted fund investments at fair value	**5,095,293**	4,918,549	Level 3	Net asset value of underlying investments	Net assets	The higher the net asset value, the higher the valuation
	–	114	Level 2	Quoted bid prices for identical assets in market that are not active	N/A	N/A
Life insurance policies	**2,974**	2,680	Level 2	Quoted price as provided by the insurance companies	N/A	N/A

Financial assets/ (liabilities)	Fair value at June 30, 2023 *RMB'000* (Unaudited)	Fair value at December 31, 2022 *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 debt instruments	**13,498**	20,000	Level 3	Binomial model	Discount rate	The higher the discount rate, the lower the valuation
Financial products	**20,000**	24,770	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	**(89,297)**	(120,689)	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 RMB10,693,000 as at June 30, 2023 (as at December 31, 2022: RMB152,030,000) 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 RMB5,851,600 as at June 30, 2023 (as at December 31, 2022: RMB66,247,000) 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 RMB254,796,000 as at June 30, 2023 (as at December 31, 2022: RMB245,927,000) 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 debt instrument at FVTPL *RMB'000*	Unlisted equity investments at FVOCI *RMB'000*	Unlisted fund investments at FVTPL *RMB'000*
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
As at December 31, 2022 (audited) and January 1, 2023	**(120,689)**	**4,718,449**	**20,000**	**3,864**	**4,918,549**
Acquisitions	**–**	**239,265**	**13,498**	**–**	**16,652**
Disposals	**–**	**(24,863)**	**(20,000)**	**–**	**(155,734)**
Payments	**37,095**	**–**	**–**	**–**	**–**
Changes in fair value	**(2,467)**	**20,073**	**–**	**–**	**277,817**
Exchange realignment	**(3,236)**	**14,334**	**–**	**(20)**	**38,639**
As at June 30, 2023 (Unaudited)	**(89,297)**	**4,967,258**	**13,498**	**3,844**	**5,095,923**

Note:

(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, 2023, included in profit or loss, RMB295,423,000 were unrealised fair value gain (for the year ended December 31, 2022: RMB640,921,000) 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 Marti Farm D.O.O ("Marti Farm")

On January 20, 2023, the Group entered into a share purchase agreement with the shareholders of Marti Farm (the "Marti Farm Sellers"), pursuant to which Marti Farm Sellers agreed to sell and the Group agreed to purchase 70% of the equity interest in Marti Farm for a cash consideration of approximately EUR€6,202,000 (equivalent to RMB42,992,000) (the "Marti Farm Acquisition"). In completing the Marti Farm Acquisition, the Group will expand its capabilities in clinical trials and pharmacovigilance. The consideration has been settled in prior year and included in other non-current asset as at December 31, 2022. The said balance has been utilised during the six months ended June 30, 2023.

This acquisition has been accounted for as acquisition of business using the acquisition method. During the six months ended June 30, 2023, all of the conditions precedent under the sales and purchase agreement were fulfilled, and Marti Farm became an indirect subsidiary of the Group.

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 fourth quarter of 2023.

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	127
Intangible assets	11,830
Trade and other receivables	13,473
Other current assets	19
Cash and cash equivalents	5,639
Trade and other payables	(5,078)
Income tax payables	(1,365)
Deferred tax liabilities	(2,129)
Non-controlling interests	(6,755)
Net assets acquired	15,761

	RMB'000
Cash consideration paid	42,992
Less: Fair value of net assets acquired	(15,761)
Goodwill	27,231
Net cash inflow arising on acquisition of a subsidiary:	
Cash and cash equivalents acquired	5,639

The fair value of trade and other receivables at the date of acquisition amounted to RMB13,473,000. The gross contractual amounts of those trade and other receivables acquired amounted to RMB13,473,000 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 Marti Farm 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, Marti Farm has contributed RMB14,438,800 to the Group's revenue and a net profit of RMB24,000 to the overall result of the Group for the six months ended 30 June 2023. If the acquisition had occurred on January 1, 2023, the Group's revenue would have been RMB3,727,847,000 and the profit of the Group would have been RMB1,406,656,000 for the six months ended 30 June 2023.

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, 2023, 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, 2023 ***RMB'000*** **(Unaudited)**	As at December 31, 2022 *RMB'000* (Audited)
Commitments for the investments in the funds or companies	**720,693**	746,770
Commitments for the acquisition of associates	**397,923**	2,570
Acquisition of property, plant and equipment	**18,028**	27,705

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 RMB8,000,000,000 (as at December 31, 2022: RMB8,500,000,000). 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, 2023 **RMB'000** **(Unaudited)**	2022 *RMB'000* (Unaudited)
Shanghai Guanhe *(note (a))*	Associate	**12,977**	15,379
Clinflash Healthcare Technology (Jiaxing) Co., Ltd. ("Jiaxing EDC") *(note (a))*	Associate	**29,390**	30,077
Tigerise Inc.	Associate	**4,214**	–
Chenghong Pharma (Weihai) Co., Ltd. *(note (a))*	Associate	**127**	–
Shanghai Bioquick Pharmaceutical Supply Chain Management Co., Ltd. ("Shanghai Bioquick") *(note (a))*	Associate	**11,468**	–
		58,176	45,456

(b) Revenue from related parties

	Relationship	Six months ended June 30, 2023 **RMB'000** **(Unaudited)**	2022 *RMB'000* (Unaudited)
Hangzhou Taikun	Associate	**18,695**	10,408
Shanghai Guanhe	Associate	**109**	158
Jiaxing EDC	Associate	**5,703**	11,352
Suzhou Yixin	Associate	**–**	1
		24,507	21,919

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, 2023** ***RMB'000*** **(Unaudited)**	As at December 31, 2022 *RMB'000* (Audited)
Trade receivables and contract assets *(note (b))*			
Shanghai Guanhe	Associate	**235**	4
Jiaxing EDC	Associate	**4,598**	1,027
EPS Tigermed (Suzhou) Co., Ltd.	Associate	**519**	519
		5,352	1,550
Other receivables *(note (c))*			
Tigermed Co., Ltd. (Thailand)	Associate	**1,048**	772
Tigermed Vietnam Co., Limited	Associate	**98**	63
PT Tigermed Medical Indonesia	Associate	**181**	175
Shanghai Bioquick	Associate	**1,164**	–
		2,491	1,010
Prepayment *(note (b))*			
Jiaxing EDC	Associate	**–**	23
Tigerise Inc.	Associate	**2,007**	–
		2,007	23
Trade payables *(note (b))*			
Shanghai Guanhe	Associate	**13,723**	3,407
Jiaxing EDC	Associate	**31,631**	28,987
Shanghai Bioquick	Associate	**20**	1
Chenghong Pharma (Weihai) Co., Ltd.	Associate	**127**	–
		45,501	32,395
Other payables *(note (c))*			
PT Tigermed Medical Indonesia	Associate	**–**	597
Jiaxing EDC	Associate	**26**	–
Shanghai Bioquick	Associate	**9**	–
		35	597
Contract liabilities *(note (b))*			
Shanghai Guanhe	Associate	**5**	5
Jiaxing EDC	Associate	**2,198**	3,220
		2,203	3,225

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,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Directors' fee, salaries and other benefits	**4,525**	3,169
Performance-based bonus	**1,245**	2,586
Retirement benefit scheme contributions	**211**	187
Share-based compensation	**–**	26
	5,981	5,968

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

29. SUBSEQUENT EVENTS

On August 15, 2023 (New York time), Frontage Canada, Inc., an indirect wholly owned subsidiary of Company, and Frontage Laboratories, Inc., a wholly owned subsidiary of Company and Purchaser's parent company, entered into a Share Purchase Agreement (the "Agreement") with Sellers, Sellers' Representative, Nucro, and Nucro Holdings in respect of the Acquisition, pursuant to which Sellers agreed to sell and Purchaser agreed to purchase 100% of the equity interest in Targets in aggregate ("Acquired Shares") for cash consideration of CAD70,000,000 (equivalent to approximately HKD410,431,000), subject to the adjustments sets forth therein, in accordance with the terms and conditions of the Agreement.

For details, please refer to the Frontage Holdings' announcement dated August 15, 2023.

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 2023 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 2023 interim report of the Company 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 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
"CRLS"	Clinical-related and Laboratory Services

"CRO"	Contract Research Organization, a company focused on providing R&D services to companies in the pharmaceutical and agrochemical markets
"CTS"	Clinical Trial Solutions
"Director(s)"	the director(s) of the Company or any one of them
"DreamCIS"	DreamCIS Inc., a joint stock company incorporated under the laws of Korea on April 27, 2000, which is listed on the Korean Securities Dealers Automated Quotations of the Korea Exchange (stock code: A223250) and a subsidiary of the Company
"EMEA"	Europe, the 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
"FVTPL"	Fair Value Through Profit or Loss
"Group" or "we"	the Company and its subsidiaries
"H Share(s)"	ordinary share(s) in the share capital of our Company with nominal value of RMB1.00 each, which are listed on the Stock Exchange
"HK$"	Hong Kong dollars and cents, both are the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IFRS"	International Financial Reporting Standards
"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)
"Marti Farm"	Marti Farm D.o.o
"Model Code"	the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix 10 to the Listing Rules
"MRCTs"	Multi-regional Clinical Trials
"NMPA"	China National Medical Products Administration

"Nomination Committee"	the nomination committee of the Board
"Remuneration and Evaluation Committee"	the remuneration and evaluation committee of the Board
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"R&D"	research and development
"Reporting Period"	the six months ended June 30, 2023
"Share(s)"	comprising A Shares and H Shares
"Shareholder(s)"	holder(s) of Shares
"Strategic Development Committee"	the strategic development committee of the Board
"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
"YoY"	year-over-year
"%"	percentage

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

Hong Kong, August 25, 2023

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

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

* *For identification purpose only*