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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2024

FINANCIAL HIGHLIGHTS

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

	Year ended December 31,		
	2024	2023	Change[(2)]
	RMB million	*RMB million*	
Earnings per share (RMB)			
– Basic	**0.47**	2.34	(79.9)%
– Diluted	**0.47**	2.34	(79.9)%
Financial position			
Total assets	**28,671.0**	29,680.7	(3.4)%
Equity attributable to owners of the Company	**20,670.7**	21,026.8	(1.7)%
Total liabilities	**4,606.5**	5,227.2	(11.9)%
Cash and cash equivalents	**2,048.5**	7,399.9	(72.3)%
Gearing ratio	**9.6%**	11.5%	(1.9)%

Notes:

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

(2) Changes in percentage points for ratios

The Board proposed to declare a final dividend of RMB3.0 (inclusive of tax) per 10 Shares for the year ended December 31, 2024.

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

The Board also wishes to notify Shareholders and potential investors of the Company that all financials of the Reporting Period and the Corresponding Period are prepared in accordance with China Accounting Standards for Business Enterprises ("**CASBE**") except for those specifically noted otherwise.

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

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

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

continued to capture significant attention from both markets and investors. At the same time, the biopharmaceutical industry is gradually shifting from "scale expansion" to "value creation," entering a phase of high-quality innovation. *Note 1*

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

Simultaneously, driven by multiple factors such as continuous breakthroughs in early-stage R&D and clinical data, the ongoing validation of demand for blockbuster products across various therapeutic areas, and expectations of accommodative global monetary policies in capital allocation, the global start-up biotechnology industry has shown high activity in developed markets overseas, represented by the United States. Due to vast market potential, advanced technological pathways, and well-received assets of innovative targets, along with the gradual rise of cross-industry AI pharmaceuticals and other fields, the U.S. biopharmaceutical financing environment has further recovered in 2024 compared to 2023. To continuously create shareholder value and address future patent expirations, multinational pharmaceutical companies have actively engaged in mergers and acquisitions (the "**M&A**") and licensing deals globally.

In recent years, as the Chinese government has placed growing emphasis on innovative drug development, local governments at all levels have provided strong support to the industry from both policies and capital. The 2024 Government Work Report (政府工作報告) from the "Two Sessions (兩會)" explicitly supported innovative drug development for the first time and identified it as one of the key emerging industries so as to actively foster new growth engines such as biomanufacturing. Throughout the first half of 2024, governments in Beijing, Guangzhou, Zhuhai, Shanghai, and other regions successively released landing policies and development opinions to support biopharmaceutical innovations. In July 2024, the State Council executive meeting (國務院常務會議) approved the "Implementation Plan for Supporting Innovative Drug Development Across the Whole Chain (全鏈條支持創新藥發展實施方案)", with supportive policies covering all stages of the development chain for innovative drugs, including R&D, review, application, payment, and financing. This is followed by local governments nationwide. NMPA launched pilot reforms for clinical trial review and approval

of innovative drugs, approving the "Pilot Work Plan for Optimizing Clinical Trial Review and Approval of Innovative Drugs (優化創新藥臨床試驗審評審批試點工作方案)", exploring the establishment of comprehensive systems and mechanisms to enhance clinical trial quality and efficiency, and aiming to complete the review and approval of innovative drug clinical trial applications within 30 working days. On August 15, 2024, Beijing and Shanghai simultaneously released the first batch of lists of clinical trial institutions participating in the pilot programs of innovative drug clinical trial review and approval. During the same period, Shanghai formally established a RMB100 billion mother fund to support the development of three major industries: biopharmaceuticals, integrated circuits, and artificial intelligence. Additionally, the National Healthcare Security Administration (NHSA) plans to launch the first Class C drug reimbursement catalog in 2025. By implementing a collaborative model of "basic medical insurance + commercial insurance," the goal is to help build a diversified payment mechanism for innovative drugs and better support the development of new productivity in the pharmaceutical industry. On January 3, 2025, the General Office of the State Council issued the "Opinions on Deepening the Reform of Drug and Medical Device Supervision and Promoting the High-Quality Development of the Pharmaceutical Industry《關於全面深化藥品醫療器械監管改革促進醫藥產業高質量發展的意見》". The document proposes increasing support for the R&D and innovation of drugs and medical devices, improving the quality and efficiency of review and approval, and promoting the pharmaceutical industry's further openness and international cooperation. The 2025 Government Work Report (政府工作報告) from the "Two Sessions (兩會)" once again mentioned the support for innovative drug development, improving drug pricing mechanisms, and formulating an innovative drug catalog. The report implements a health-first development strategy and promotes the coordinated development and governance of healthcare services, medical insurance, and the pharmaceutical industry. The report also supports the optimization of drug centralized procurement policies, the strengthening of quality assessment and supervision, and assurance that the public can use medicines with greater confidence. The strong policy support from the Chinese government has made the long-term positioning of the domestic innovative drug and clinical research industries clearer and has had a very positive impact on the medium- and long-term development of the industry.

In 2024, multiple innovative drugs developed by Chinese biopharmaceutical companies were approved in Europe and the United States. Drugs that received approval also maintained active participation and diversified transaction structures in overseas licensing deals, demonstrating a clear growth trend. Upfront payments or milestone payments from outbound licensing deals have gradually become an important source of R&D funding for Chinese biopharmaceutical companies. According to statistics, compared with 2023, the number of out-licensing transactions by Chinese biopharmaceutical companies has a 18% YoY increase. This growth not only reflects the high recognition of Chinese innovative drug products in the global biopharmaceutical market but also highlights the significant shifting of the domestic pharmaceutical industry from in-licensing to out-licensing innovations. In 2024, the potential total deal value of China's innovative drug out-licensed transactions reached approximately

US$51.5 billion, with upfront payments of about US$4 billion – significantly exceeding 2023 levels. The out-licensed drugs include multiple types of innovative products such as ADCs, bispecific antibodies, RNAi therapies, and radiopharmaceuticals. At the same time, an increasing number of Chinese biopharmaceutical companies have begun focusing on the global market and are actively conducting overseas clinical research. *Note 2*

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

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

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

cooperation with a high-quality and diversified client base, effectively improving its win rate for new business opportunities, increasing the number of new clients developed by 22% YoY.

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

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

During the Reporting Period, the Company continued to deepen its global presence and service capabilities, consistently expanding its overseas business and accelerating the pace of internationalization. It continued to invest in overseas markets, with a focus on the United States, Australia, and Europe, and has preliminarily established independent overseas business capabilities and brand recognition. On the basis of stabilizing domestic clients and their overseas partner projects, the Company has gradually begun to expand into the local projects of overseas start-up companies. In 2024, the Company's overseas clinical CRO business saw rapid growth in newly signed orders, revenue, and profit. The number of single-region clinical

trials conducted by the Company overseas (primarily in the United States, Australia, and South Korea) increased from 208 as of June 30, 2024, to 233 as of December 31, 2024. As of December 31, 2024, the Company was conducting 62 global multi-regional clinical trials (MRCTs), with cumulative experience reaching 148 MRCT projects.

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

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

During the Reporting Period, the Company continued to seek mutually beneficial external partnerships with stakeholders in the healthcare industry to promote cooperation. In China, our Excellence for Clinical Trial Sites ("**E-Site**") Program signed 20 new strategic cooperative centers on top of its existing partnerships with over 250 key centers, forming a diversified and deeply integrated strategic cooperation model. The Company carried out in-hospital training programs, institutional qualification application services, and GCP clinical research training for E-site cooperative centers, collaboratively explored the establishment of high-standard clinical research management systems to support innovative drug development and meet the

clinical needs of patients. Internationally, the Company initiated digital cooperation between China and Africa and signed a memorandum of understanding with Purpose Africa, an innovative African healthcare organization. The Company also signed cooperation agreements with international partners such as the Korea-China Economic and Trade Promotion Association, promoting collaborations in Africa, South Korea, and other regions.

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

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

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

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

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

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

Note 3: Data sources from the PharmCube database, TrialCube and Tigermed analysis. The top 20 multinational pharmaceutical companies include: Merck & Co.; Roche; Bayer; Johnson & Johnson; AstraZeneca; Novartis; Sanofi; Eli Lilly; AbbVie; Pfizer; Bristol-Myers Squibb; GSK; Novo Nordisk; Takeda Pharmaceuticals; Amgen; Gilead Sciences; Boehringer Ingelheim; CSL; Astellas Pharma; Vertex Pharmaceuticals.

Our Digitalization and Artificial Intelligence Strategy and Implementation Progress

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

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

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

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

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

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

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

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

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

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

Revenue

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

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

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

(1) CTS

During the Reporting Period, our revenue generated from CTS segment decreased by 23.8% to RMB3,178.1 million from RMB4,168.1 million during the Corresponding Period. The YoY decrease in revenue from the CTS segment was primarily due to 1) the generation of some revenue related to specific vaccine projects in our CTS segment during the Corresponding Period and the absence of such revenue in the Reporting Period; 2) the YoY decline in revenue from the domestic clinical operations business of innovative drugs during the Reporting Period. This was mainly due to the YoY decline in the amount of new bookings for

domestic clinical operations of innovative drugs signed by the Company in 2023 as affected by industry development and industry cycles, resulting in a decrease in the overall workload of domestic clinical trials of innovative drugs executed by the Company during the Reporting Period, particularly during the first half of 2024. Meanwhile, the average unit price of new bookings for domestic clinical operations has declined since the second half of 2023 due to the impact of the competitive landscape of the domestic industry, resulting in a corresponding decrease in revenue generated from the same workload when the Company executed such bookings during the Reporting Period; and 3) the cancellation of certain domestic innovative drug clinical operation bookings during the Reporting Period, primarily in the second half of 2024. Additionally, some bookings were terminated due to the significant increase in payment risks arising from the financial difficulties of certain of our customers. These bookings were mainly from domestic start-up biotech companies that rely on external financings and certain vaccine companies. These cancellations had negative impact on our CTS revenue.

In 2024, excluding the impact of some revenue related to specific vaccine projects, the Company's overseas clinical operations business continued to maintain good growth, while revenue and new bookings from the Company's clinical operations business in North America continued to grow rapidly. Benefiting from diverse business demands, including those from multinational pharmaceutical companies, the Company's business in medical devices and pharmacovigilance also achieved relatively good growth during the Reporting Period. The growth in these services has to a certain extent offset the impact of the domestic clinical operations business on our CTS segment during the Reporting Period.

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

As of December 31, 2024, we had 831 ongoing drug clinical research projects, up from 800 as of June 30, 2024 and 752 as of December 31, 2023.

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

	As of year/period end		
	December 31, 2023	June 30, 2024	**December 31, 2024**
Stage of project			
Phase I (including PK studies)	330	340	**331**
Phase II	136	147	**159**
Phase III	171	192	**203**
Phase IV	31	30	**27**
Others	84	91	**111**
Total	752	800	**831**

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

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

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

	As of year/period end		
	December 31, 2023	June 30, 2024	**December 31, 2024**
Region			
Single region			
PRC	499	537	**536**
Overseas	194	208	**233**
MRCTs	59	55	**62**
Total	752	800	**831**

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

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

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

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

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

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

(2) CRLS

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

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

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

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

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

Gross Profit

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

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

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

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

(1) CTS

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

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

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

(2) CRLS

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

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

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

During the Reporting Period, the gross profit margin of our laboratory services decreased as compared to the Corresponding Period, mainly due to the slowdown in revenue growth of Frontage Holdings. Meanwhile, with the commencement of operations of Frontage Holdings' newly built preclinical research facilities and laboratories located in the PRC and North America, there was an increase in the fixed costs associated with the new business and the new experimental facilities, which contributed to low gross profit margins, leading to a YoY decline in the gross profit of our laboratory services.

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

Workforce

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

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

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

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

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

Selling and Marketing Expenses

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

Administrative Expenses

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

R&D Expenses

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

Investment Income

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

Changes in Fair Value

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

Finance Cost

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

Income Tax Expense

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

Profit for the Year

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

Non-CASBE Measure

To supplement our financial information which are presented in accordance with CASBE, we prepared net profit attributable to shareholders of the listed company after deducting extraordinary gain or loss (歸屬於上市公司股東的扣除非經常性損益的淨利潤) under the guidance of No. 1 Explanatory Note on Information Disclosure by Companies Offering Securities to the Public – Extraordinary Gains and Losses 2023 Revision (公開發行證券的公司信息披露解釋性公告第1號－非經常性損益2023

年修訂) issued by China Securities Regulatory Commission ("**CSRC**"). Net profit attributable to shareholders of the listed company after deducting extraordinary gain or loss is provided as an additional financial measure, which is not required by, or presented in accordance with CASBE and is therefore a non-CASBE measure. It is not an alternative to (i) profit before tax, profit for the period or profit for the period attributable to owners of the Company (as determined in accordance with CASBE) as a measure of our operating performance, (ii) cash flows from operating, investing and financing activities as a measure of our ability to meet our cash needs, or (iii) any other measures of performance or liquidity.

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

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

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

	For the Year ended December 31,	
	2024	2023
	RMB million	*RMB million*
Profit attributable to owners of the Company	**405.1**	2024.8
Adjusted for:		
(Gain)/loss on disposal of non-current assets[(1)]	**(3.6)**	0.2
Government grants[(2)] included in the profit or loss for the period	**(32.9)**	(35.9)
Gain on entrusting to invest or manage assets	**(78.1)**	(0.6)
Loss/(gain) arising from changes in fair value of financial assets and financial liabilities held and loss/(gain) arising from the disposal of financial assets and financial liabilities[(3)]	**476.9**	(677.8)
Share-based payment expenses recognized at one time due to cancellation or modification of the share incentive schemes	**34.5**	–
Other items that meet the definition of non-recurring profit or loss	**(55.8)**	–
Other non-operating income and expenses apart from the above items	**3.5**	8.6
Effect of income tax	**63.1**	55.7
Effect of minority interests (after tax)	**42.2**	102.2
Net profit attributable to shareholders of the listed company after deducting extraordinary gain or loss	**854.9**	1,477.2
Margin of net profit attributable to shareholders of the listed company after deducting extraordinary gain or loss[(4)]	**12.9%**	20.0%

Notes:

(1) Disposal of non-current assets included those already written off in the provision for asset impairment.

(2) Government grants in the extraordinary gain or loss was except for government grants which are closely related to the ordinary business scope of the Company and entitled in defined standard in conformity with the provisions of policies of the State and that have a sustained impact on the Company's profit or loss.

(3) The financial assets and financial liabilities in the extraordinary gain or loss was except for those related to effective hedging business under ordinary business scope of the Company.

(4) The margin of net profit attributable to shareholders of the listed company after deducting extraordinary gain or loss is calculated using the net profit attributable to shareholders of the listed company after deducting extraordinary gain or loss divided by revenue and multiplied by 100%.

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

Cash Flows

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

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

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

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

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

Liquidity and Capital Resources

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

As of December 31, 2024, the Group has not used any financial instruments for hedging, nor used any net investment amounts in foreign currencies for hedging via monetary loans and/or other foreign exchange hedging instruments.

Trade, Bills and Other Receivables

Our trade receivables increased by 7.9% from RMB1,260.7 million as of December 31, 2023 to RMB1,359.8 millions as of December 31, 2024 as we continued to execute our backlog bookings.

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

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

Trade and Other Payables

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

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

Contract Assets and Contract Liabilities

Our contract assets increased by 5.9% from RMB2,364.4 million as of December 31, 2023 to RMB2,504.7 million as of December 31, 2024, due to the increase in the total amount of contracts with our customers but we have not yet billed our customers upon meeting the billing milestones as specified in our customer service agreements or work orders as we continued to grow our business.

Our contract liabilities increased by 16.2% from RMB680.5 million as of December 31, 2023 to RMB790.7 million as of December 31, 2024, as more prepayments received from our customers in relation to our service agreements or work orders with them during the Reporting Period.

Property, Plant and Equipment

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

Construction in Progress

Our construction projects increased from RMB324.3 million as of December 31, 2023, to RMB420.5 million as of December 31, 2024, representing a 29.7% YoY increase, which was primarily due to 1) the Group's construction of the Hangzhou office building, with construction cost of RMB179.5 million. As at December 31, 2024, the construction

of the building has been completed and was in the process of internal renovation. The Hangzhou office building will serve as the Group's headquarter; 2) the renovation cost of the laboratory and the facilities to be installed increased from RMB144.1 million as of December 31, 2023 to RMB241.1 million as of December 31, 2024, mainly in relation to Frontage's laboratory facilities; and the increase was offset by the transfer of new office building in Jiaxing, Zhejiang to property, plant and equipment.

Intangible Assets

Our intangible assets decreased by 9.2% from RMB371.1 million as of December 31, 2023 to RMB336.9 million as of December 31, 2024, primarily due to the amortisation of the customer relationship mainly related to acquisitions. Bolt-on acquisition made by Frontage during the Reporting Period partially offset the amortization.

Right-of-use Assets

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

Long-term Equity Investment

Our long-term equity investment increased from RMB2,977.0 million as of December 31, 2023 to RMB3,424.6 million as of December 31, 2024, primarily in relation to the capital injection of RMB500.0 million to Hangzhou Taikun Equity Investment Fund Partnership (Limited Partnership)* (杭州泰鯤股權投資基金合夥企業(有限合夥)) ("**Hangzhou Taikun**") which we had 50.0% ownership.

Financial Assets

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

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

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

Investments in companies and investment funds

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

As of December 31, 2024, we were a strategic investor in 187 innovative companies and other related companies in the healthcare industry, as well as a limited partner in 54 professional investment funds.

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

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

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

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

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

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

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

	Unlisted equity investments	Unlisted fund investments	Listed equity securities	Life insurance policies	Unlisted debt instrument	Financial Products	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Opening balance	4,999,505	4,906,380	273,679	3,443	95,341	10,000	10,288,348
Additions	294,308	344,439	–	1,684	83,737	274,784	998,952
Fair value change during the Reporting Period	(195,082)	(154,615)	(157,415)	(678)	906	–	(506,884)
Disposals of shares	(95,385)	(176,223)	(49,741)	–	(42,958)	(234,784)	(599,091)
Exchange realignment	(2,435)	12,685	1,000	(417)	(3,309)	–	7,524
Ending Balance	**5,000,911**	**4,932,666**	**67,523**	**4,032**	**133,717**	**50,000**	**10,188,849**

Indebtedness

Borrowings

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

Gearing Ratio

Gearing ratio is calculated using interest-bearing borrowings from banks and other entities divided by total equity and multiplied by 100%, and it was 9.6% as of December 31, 2024.

Lease Liabilities

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

Pledges over Assets of the Group

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

Contingent Liabilities

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

Capital Commitments

As of December 31, 2024, the Group had the total capital commitments entered but outstanding and not provided for in the financial statements amounting to approximately RMB240.5 million (December 31, 2023: approximately RMB614.3 million) and mainly included that not provided for the acquisition for the investments in the funds or companies was around RMB234.8 million (December 31, 2023: approximately RMB586.7 million).

In addition, the Group entered into a subscription agreement to subscribe 50.0% equity interests in an associate, Hangzhou Taikun in 2021. The Group has committed to invest additional capital in Hangzhou Taikun, amounting to RMB7 billion as of December 31, 2024. The capital commitment by the Group shall be paid subject to the notice to be issued by the general partner of Hangzhou Taikun according to the capital needs of Hangzhou Taikun.

Significant Investments Held

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

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

Hangzhou Taikun was established on August 10, 2021 and became an associate of the Group. As of December 31, 2024, our Group has paid up RMB3,000 million of the registered capital of Hangzhou Taikun.

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

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

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

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

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

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

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

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

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

Treasury Policy

Currently, the Group follows a set of funding and treasury policies to manage its capital resources and prevent risks involved. The Group expects to fund its working capital and other capital requirements from various sources, including but not limited to cash flow generated from operating activities, and internal financing and external financing

at reasonable market rates. Save for Frontage and DreamCIS as they are publicly listed, the Group's treasury activities are centralized. The Group generally deals with financial institutions with good reputation.

Core Competence Analysis

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

1. Rich experience in project execution

As a leading CRO in the industry, we have accumulated rich experience in innovative drug and medical device R&D services over the past 20 years since its establishment, and the number of global customers reached over 2,800, including global multi-national pharmaceutical companies and domestic large pharmaceutical companies, small to medium-sized innovative drug R&D enterprises, etc. Our products cover a wide range of chemical drugs, biologics, vaccines, medical devices, and most of the therapeutic areas, including oncology, respiratory, infectious, endocrine, hematology, neurology, cardiovascular, dermatology, immunology, digestion, metabolism, rare diseases and other disease areas. As of December 31, 2024, our cumulative experience in clinical trial operation exceeds 4,000 projects, including more than 910 clinical trials of Class I drugs in China and more than 140 international MRCTs.

2. Global synchronized operation and management

In recent years, we have set up branch offices and local clinical teams in many countries on all continents, with professionals familiar with pharmaceutical regulations and clinical practices in various countries, and established synchronized operation and collaboration mechanisms, forming strong capabilities of synchronized execution of globalizing projects. Meanwhile, we have also expanded our overseas customer base and operational capacity through the acquisition of overseas CRO companies. As of December 31, 2024, our global workforce has reached 10,185 employees, covering over 30 countries globally. Since the establishment of our International Headquarter in Hong Kong in 2023, it has become a central hub for Tigermed's overseas functional support and business development initiatives.

3. *Covering the whole R&D industry chain*

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

4. *Excellent quality standards and delivery capabilities*

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

5. *Leading industry position and influence*

Since our establishment in 2004, we have witnessed and involved in the whole process of China's pharmaceutical industry from me-too drugs to fast-follow drugs and then to innovative drugs. After nearly 20 years of development, we have grown from a local CRO to expansion into Asia-Pacific, and then expansion from the Asia-Pacific region to Europe and the United States. We have become China's

leading CRO and one of the few international CROs that can cover all 5 continents with global synchronization of R&D service capabilities. During the period from our establishment in 2004 to 2024, we have provided services for 60% of the marketed Class I new drugs in China. According to Frost & Sullivan's report, we have the largest market share in China's clinical outsourcing market for many consecutive years, and is the only China-based clinical services provider ranked among global top 10.

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

In China, we have a network of more than 150 offices and operations covering almost all of the country's medium and large-sized cities, and we partner with more than 1,400 Chinese clinical trial institutions. In the U.S., we partner with more than 700 clinical study sites in 45 states. We have also launched the E-site Program to continue to strengthen cooperation with top clinical trial institutions, jointly develop professional clinical trial teams and build clinical sites, improve management and efficiency, and create a win-win and sustainable clinical study network. As of December 31, 2024, we have formed strategic alliance with 74 E-Sites and have 252 core collaborative sites nationwide.

7. *Provision of full life-cycle services for enterprise*

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

Other Events

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

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

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

   On March 28, 2024, the sixth meeting of the fifth session of the Board and the fourth meeting of the fifth session of the Supervisory Committee were convened to approve the Resolution on Terminating the Implementation of the 2022 Restricted

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

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

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

2. On March 28, 2024, the Company convened its sixth meeting of the fifth session of the Board, and reviewed and approved the change of the Company's overseas financial statements preparation standards from IFRS to CASBE, which was

subsequently approved by the 2023 annual general meeting of the Company on May 24, 2024. The Board is of the view that the adoption of the CASBE will enhance efficiency and reduce disclosure costs and is in the interests of the Company and the Shareholders as a whole.

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

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

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

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

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

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

Industry Outlook

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

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

Meanwhile, cyclical fluctuations in China's investment and financing environment have spurred some pharmaceutical companies to pursue innovation-driven transformations and actively engage in national and local innovation projects to secure government funding support. Beyond organic growth, many pharmaceutical companies are expanding their businesses through establishing partnerships. The trend of global expansion continues to gain momentum, with companies actively exploring international markets. By leveraging diverse models such as out-licensing, mergers and acquisitions ("**M&A**") and NewCo, these companies are broadening their funding channels to fuel their development, seizing market opportunities and accelerating their globalization. Upfront payments or milestone payments for license-out transactions have also emerged as significant sources of R&D funding for Chinese biopharmaceutical companies. According to the incomplete

statistics, the number of out-licensing transactions of Chinese biopharmaceutical companies in 2024 increased by 18% YoY compared to 2023. The total potential value of these transactions for innovative drugs reached approximately US$51.5 billion in 2024, including upfront payments of approx. US$4 billion, both figures significantly surpassing 2023 levels. *Note 2*

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

China's policies continue to reinforce the support for innovation and high-quality development in the pharmaceutical industry. In July 2024, China's State Council executive meeting reviewed and approved the "Implementation Plan for Supporting Innovative Drug Development Across the Whole Chain《全鏈條支持創新藥發展實施方案》", which aims to strengthen policy safeguards across the whole chain, optimize the review and approval mechanisms, and increase the support for innovative drugs, so as to drive the all-around development of innovative drugs, accelerate their market entry, and boost the global competitiveness of Chinese innovative drugs. In the same month, the NMPA issued "Pilot Work Plan for Optimizing Clinical Trial Review and Approval of Innovative Drugs《優化創新藥臨床試驗審評審批試點工作方案》", aiming to optimize the review and approval mechanisms for clinical trials of innovative drugs. This Plan introduces pilot programs in selected regions, shortens the review and approval timeline for innovative drugs from 60 working days to 30 working days, and optimizes the filing mechanism for bioequivalence trials. On January 3, 2025, the General Office of the State Council of the PRC released "the Opinions on Comprehensively Deepening the Reform of Regulation of Drugs and Medical Devices and Promoting the High-Quality Development of the Pharmaceutical Industry《關於全面深化藥品醫療器械監管改革促進醫藥產業高質量發展的意見》". The Opinions propose to deepen the reform

across the entire process of regulation of drugs and medical devices, to accelerate the establishment of a unified national market in the drug and medical device sector, and to foster a globally-competitive innovation ecosystem, so as to promote China's transition from a major pharmaceutical country to a pharmaceutical powerhouse, and to better meet the people's demand for high-quality drugs and medical devices. Furthermore, "the 2025 Government Work Report《2025年國務院政府工作報告》" issued by the State Council of the PRC emphasizes the need to improve the drug pricing mechanism, establish an innovative drug catalog, and support the development of innovative drugs.

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

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

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

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

Potential Risks

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

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

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

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

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

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

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

4. *Risk of increasing competition*

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

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

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

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

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

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

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

8. *Risk of failure in meeting customers' expectations*

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

9. Risk of losing key customers and contracts

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

10. Risks of acquisitions and investments

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

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

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

professionals to quickly adapt to technological advances, evolving standards and changing customer needs, and the quality of our services may therefore be severely affected. If there is any failure to attract, train or retain skilled personnel, our reputation, business, financial condition, results of operations and prospects could be materially and adversely affected.

12. Risk of talent loss

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

13. Risks related to financial assets at FVTPL

The fair value of our financial assets at FVTPL, including listed equity securities, unlisted equity investments, unlisted fund investments, unlisted debt instruments and financial products, are subject to changes beyond our control. During the Corresponding Period and the Reporting Period, we recorded a positive change in fair value of financial assets at FVTPL in the amount of RMB352.8 million and a negative change of RMB501.7 million, respectively. There is no guarantee that the changes in fair value of our financial assets at FVTPL can be positive, and our financial results may be materially affected by fluctuations in the changes in fair value of financial assets at FVTPL. During the Corresponding Period and the Reporting Period, we recorded gains on disposal of and received dividends from financial assets at FVTPL of a total of RMB232.4 million and RMB72.7 million, respectively. There is also no guarantee that we will continue to make gains on disposal of financial assets at FVTPL in the future, and our financial results may be materially affected.

14. Foreign exchange risk

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

15. Risk of changes in international policies and situations

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

Employees

The number of our employees increased to 10,185 as of December 31, 2024 from 9,701 as of December 31, 2023.

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

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

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

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

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

COMPLIANCE WITH THE CG CODE

The Company has adopted the principles and code provisions as set out in Part 2 of the CG Code contained in Appendix C1 to the Listing Rules and has complied with the code provisions in the CG Code during the Reporting Period.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

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

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

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

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

During the Reporting Period, the Company repurchased a total of 3,655,200 A Shares through centralized price bidding, representing 0.42% of the total issued Share capital of the Company. The highest transaction price was RMB55.3 per Share and the lowest transaction price was RMB48.17 per Share, with an average repurchase price of RMB52.29 per Share and a total transaction amount of RMB191,146,104.89 (excluding transaction fees). Details of the repurchase during the Reporting Period are as follows:

Date	**Number of repurchased A Shares** *(Shares)*	**The highest repurchase price** *(RMB/Share)*	**The lowest repurchase price** *(RMB/Share)*	**Total Consideration** *(RMB)*
May 23, 2024	184,600	55.15	55.021	10,156,863.05
May 24, 2024	301,100	55.10	54.81	16,558,792.1
May 27, 2024	105,000	55.30	55.10	5,797,155.00
May 28, 2024	100,000	54.77	54.61	5,470,556.15
May 29, 2024	268,000	53.40	53.07	14,265,279.00
May 30, 2024	104,000	53.89	53.49	5,577,659.88
May 31, 2024	106,000	54.01	53.83	5,714,615.00
June 3, 2024	203,000	53.65	52.93	10,817,599.76
June 14, 2024	1,427,500	53.80	50.04	72,483,114.43
June 17, 2024	190,000	53.68	53.41	10,179,680.00
June 18, 2024	154,500	52.15	51.91	8,034,294.00
June 19, 2024	150,000	51.87	51.74	7,770,852.00
June 20, 2024	157,500	50.80	50.33	7,969,560.74
July 1, 2024	101,500	48.45	48.17	4,909,308.00
July 19, 2024	52,500	52.15	51.97	2,732,429.78
July 22, 2024	50,000	54.25	54.14	2,708,346.00

Save as disclosed above, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the Reporting Period. As of December 31, 2024, the Company held 3,655,200 A Share treasury shares.

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 H Shares Offering.

On March 28, 2022, the Board considered and approved the proposed change in use of proceeds (the "**First Change in Use of Proceeds from the H Shares Offering**"). The First Change in Use of Proceeds from the H Shares Offering would enable the Company to better allocate its financial resources to opportunities that could drive sustainable growth for the Group and deliver returns to Shareholders in the near future. The Board considers that the changes would help the Company better seize domestic market opportunities, which is in line with the future growth strategies of the Company. The First Change in Use of Proceeds from the H Shares Offering was approved at the 2021 annual general meeting of the Company held on May 20, 2022. Please refer to the announcements of the Company dated March 28, 2022 and May 20, 2022 and the circular of the Company dated April 28, 2022 for details.

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

(i) approximately HK$590.92 million or 5% of the net proceeds for organic expansion and enhancement of our service offerings and capabilities across clinical trial solutions services and clinical-related services to meet the rising demands for our services in both domestic and overseas markets;

(ii) approximately HK$1,181.70 million or 10% of the net proceeds for repaying certain of our outstanding borrowings as of June 30, 2024; and

(iii) approximately HK$590.85 million or 5% of the net proceeds for working capital and general corporate purposes (the "**Further Change in Use of Proceeds from the H Shares Offering**").

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

As of December 31, 2024, the Group has used the net proceeds as follows:

	Original use of net proceeds as stated in the Prospectus		Revised net proceeds after First Change in Use of Proceeds from the H Shares Offering		Net proceeds unutilized as at the beginning of the Reporting Period	Revised net proceeds after Further Change in Use of Proceeds from the H Shares Offering		Actual use of proceeds during the Reporting Period	Accumulated actual use of proceeds up to the end of the Reporting Period	Net proceeds unutilized as at the end of the Reporting Period	Expected timeframe for utilizing the remaining unutilized net proceeds
	(HK$ million)	*Approximate percentage*	*(HK$ million)*	*Approximate percentage*	*(HK$ million)*	*(HK$ million)*	*Approximate percentage*	*(HK$ million)*	*(HK$ million)*	*(HK$ million)*	
to organically expand and enhance our service offerings and capabilities across clinical trial solutions services and clinical-related services to meet the rising demands for our services in overseas markets	1,772.6	15%	–	–	–	–	–	–	–	–	N/A
to organically expand and enhance our service offerings and capabilities across clinical trial solutions services and clinical-related services to meet the rising demands for our services in both domestic and overseas markets	–	–	1,594.4	15%	325.1	713.8	15%	376.6	1,645.9	337.2	60 months from the date of approval by the EGM
to fund potential acquisitions of attractive overseas clinical CROs that are complementary to our existing businesses as part of our global expansion plan	4,727.0	40%		–	–	–	–	–	–	–	N/A

	Original use of net proceeds as stated in the Prospectus		Revised net proceeds after First Change in Use of Proceeds from the H Shares Offering		Net proceeds unutilized as at the beginning of the Reporting Period	Revised net proceeds after Further Change in Use of Proceeds from the H Shares Offering		Actual use of proceeds during the Reporting Period	Accumulated actual use of proceeds up to the end of the Reporting Period	Net proceeds unutilized as at the end of the Reporting Period	Expected timeframe for utilizing the remaining unutilized net proceeds
	(HK$ million)	*Approximate percentage*	*(HK$ million)*	*Approximate percentage*	*(HK$ million)*	*(HK$ million)*	*Approximate percentage*	*(HK$ million)*	*(HK$ million)*	*(HK$ million)*	
to fund potential acquisitions of attractive domestic and overseas clinical CROs that are complementary to our existing businesses as part of our global expansion plan to 1) further strengthen and diversify our service offerings and 2) expand globally and increase capabilities in key markets	–	–	4,727.0	40%	4,384.0	1,998.0	40%	522.2	865.2	1,475.8	60 months from the date of approval by the EGM

	Original use of net proceeds as stated in the Prospectus		Revised net proceeds after First Change in Use of Proceeds from the H Shares Offering		Net proceeds unutilized as at the beginning of the Reporting Period	Revised net proceeds after Further Change in Use of Proceeds from the H Shares Offering		Actual use of proceeds during the Reporting Period	Accumulated actual use of proceeds up to the end of the Reporting Period	Net proceeds unutilized as at the end of the Reporting Period	Expected timeframe for utilizing the remaining unutilized net proceeds
	(HK$ million)	*Approximate percentage*	*(HK$ million)*	*Approximate percentage*	*(HK$ million)*	*(HK$ million)*	*Approximate percentage*	*(HK$ million)*	*(HK$ million)*	*(HK$ million)*	
to foster our biopharmaceutical R&D ecosystem by making minority investments in companies with innovative business models and growth potential, such as biotech companies, healthcare IT companies, hospitals, medical device and diagnostic research companies (including (i) HK1,418.1 million (representing 60% of the net proceeds for investment purposes) in the PRC and (ii) HK$945.4 million (representing 40% of the net proceeds for investment purposes) in overseas markets)	2,363.5	20%	–	–	–	–	–	–	–	–	N/A

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

	Original use of net proceeds as stated in the Prospectus		Revised net proceeds after First Change in Use of Proceeds from the H Shares Offering		Net proceeds unutilized as at the beginning of the Reporting Period	Revised net proceeds after Further Change in Use of Proceeds from the H Shares Offering		Actual use of proceeds during the Reporting Period	Accumulated actual use of proceeds up to the end of the Reporting Period	Net proceeds unutilized as at the end of the Reporting Period	Expected timeframe for utilizing the remaining unutilized net proceeds
	(HK$ million)	*Approximate percentage*	*(HK$ million)*	*Approximate percentage*	*(HK$ million)*	*(HK$ million)*	*Approximate percentage*	*(HK$ million)*	*(HK$ million)*	*(HK$ million)*	
to develop advanced technologies to enhance the quality and efficiency of our comprehensive service offerings, such as cloud-based virtual clinical trial platforms and laboratory automation, medical data platforms and site management capabilities, through recruiting qualified technical and scientific professionals and undertaking specific R&D projects	590.9	5%	590.9	5%	–	–	–	–	590.9	–	N/A
to working capital and general corporate purposes	1,181.7	10%	1,181.7	10%	433.3	1,024.2	20%	150.0	898.4	874.2	60 months from the date of approval by the EGM
Total	**11,817.4**	**100%**	**9,572.4**	**100%**	**5,142.4**	**4,917.7**	**100%**	**2,230.5**	**6,660.5**	**2,687.2**	

Note:

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

FINAL DIVIDEND

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

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

EVENTS AFTER THE REPORTING PERIOD

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

1. On March 27, 2025, the Company convened the fourteenth meeting of the fifth session of the Board, the Board resolved and approved, amongst others, the proposed amendments to the articles of association of the Company (the "**Proposed Amendments to the Articles**") to reflect the needs of the Company's business development. The Proposed Amendments to the Articles are subject to the approval of the Shareholders at the AGM by way of special resolution. For details, please refer to the announcement of the Company dated March 27, 2025.

2. On March 27, 2025, the Company convened the fourteenth meeting of the fifth session of the Board, the Board resolved and approved, amongst others, the further change in use of proceeds from the H Shares IPO (the "**Further Change in Use of Proceeds from the H Shares Offering**") to enable the Company to better allocate its financial resources

to opportunities that could drive sustainable growth for the Group and deliver returns to shareholders in the near future. The Further Change in Use of Proceeds from the H Shares Offering is subject to the approval by the Shareholders at the AGM by way of ordinary resolution. For details, please refer to the announcement of the Company dated March 27, 2025.

AGM AND PERIOD OF CLOSURE OF REGISTER OF MEMBERS

The Company will arrange the time of convening the forthcoming AGM as soon as practicable, and the notice of the AGM will be published and despatched to the Shareholders in a timely manner in accordance with the requirements of the Listing Rules and the Articles of Association. Once the date of the AGM is finalized, the Company will publish the period of closure of register of members of H Shares of the Company in the notice of the AGM.

REVIEW OF ANNUAL RESULTS

The Audit Committee comprises three independent non-executive Directors, namely Mr. Liu Kai Yu Kenneth, Mr. Yuan Huagang and Ms. Liu Yuwen. The chairman of the Audit Committee is Mr. Liu Kai Yu Kenneth who holds the appropriate qualification as required under Rules 3.10(2) and 3.21 of the Listing Rules. The Audit Committee has reviewed the audited consolidated financial information of the Group for the year ended December 31, 2024 with the management and the auditors of the Company.

The Audit Committee considered that the annual results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof. The independent auditors of the Company, namely BDO China SHU LUN PAN Certified Public Accountants LLP, have agreed that the figures in respect of the Group's annual results for the year ended December 31, 2024 contained in this announcement are consistent with the amounts set out in the Group's audited consolidated financial statements for the year.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2024

(All amounts in RMB Yuan unless otherwise stated)

Assets	Note	**31 December 2024**	31 December 2023
Current assets:			
Cash at bank and on hand	4(1)	**2,055,344,830.04**	7,419,991,842.25
Financial assets held for trading	4(2)	**74,852,975.16**	42,138,295.67
Notes receivables	4(3)	**6,010,700.41**	214,560.00
Accounts receivables	4(4)	**1,359,758,181.20**	1,260,700,340.86
Prepayments	4(5)	**101,932,971.27**	56,545,630.65
Other receivables	4(6)	**89,030,886.84**	79,577,742.45
Inventories		**31,956,085.52**	23,397,667.40
Contract assets	4(7)	**2,504,689,617.50**	2,364,435,242.53
Other current assets		**76,108,977.92**	97,139,803.40
Total current assets		**6,299,685,225.86**	11,344,141,125.21
Non-current assets:			
Long-term equity investments	4(8)	**3,424,603,314.72**	2,977,027,510.07
Other equity instrument investments	4(2)	**8,090,146.65**	14,507,959.32
Other non-current financial assets	4(2)	**10,105,905,487.26**	10,231,701,776.67
Fixed assets		**778,498,376.24**	638,751,357.57
Construction in progress		**420,535,374.37**	324,278,367.30
Right-of-use assets		**487,230,305.93**	509,578,081.32
Intangible assets		**336,876,524.01**	371,129,876.93
Goodwill		**3,227,762,493.75**	2,764,188,189.08
Long-term prepaid expenses		**210,094,767.04**	213,751,116.95
Deferred tax assets		**126,686,732.61**	134,791,338.83
Other non-current assets	4(9)	**3,245,047,038.72**	156,895,649.92
Total non-current assets		**22,371,330,561.30**	18,336,601,223.96
TOTAL ASSETS		**28,671,015,787.16**	29,680,742,349.17

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 31 December 2024

(All amounts in RMB Yuan unless otherwise stated)

Liabilities and owners' equity	Note	**31 December 2024**	31 December 2023
Current liabilities:			
Short-term borrowings	4(10)	**1,912,017,204.22**	1,969,693,500.00
Accounts payables	4(11)	**257,287,412.33**	249,307,924.54
Contract liabilities		**790,737,308.84**	680,489,184.98
Employee benefits payable		**243,974,190.43**	357,979,354.68
Taxes payable		**159,172,131.01**	220,759,136.97
Other payables	4(12)	**76,840,278.73**	78,673,426.67
Non-current liabilities due within one year	4(13)	**198,600,777.18**	563,595,304.44
Other current liabilities	4(14)	**23,223,162.38**	18,238,459.30
Total current liabilities		**3,661,852,465.12**	4,138,736,291.58
Non-current liabilities:			
Long-term borrowings	4(10)	**323,649,635.25**	434,223,304.63
Lease liabilities		**399,316,716.16**	423,108,703.51
Long-term employee benefits payable		**2,784,565.42**	2,538,825.71
Deferred income		**17,136,295.72**	14,594,433.99
Deferred tax liabilities		**201,796,922.90**	213,978,644.49
Total non-current liabilities		**944,684,135.45**	1,088,443,912.33
Total liabilities		**4,606,536,600.57**	5,227,180,203.91

Liabilities and owners' equity	Note	**31 December 2024**	31 December 2023
Share capital	4(15)	**864,948,570.00**	872,418,220.00
Capital reserve	4(16)	**10,772,578,438.11**	11,708,834,896.63
Less: Treasury shares	4(17)	**191,146,104.89**	869,336,804.33
Other comprehensive income		**99,095,699.24**	103,534,270.25
Surplus reserve		**436,529,393.76**	436,529,393.76
Undistributed profits	4(18)	**8,688,647,453.50**	8,774,794,749.44
Total equity attributable to equity owners of the Company		**20,670,653,449.72**	21,026,774,725.75
Minority interests		**3,393,825,736.87**	3,426,787,419.51
Total owners' equity		**24,064,479,186.59**	24,453,562,145.26
TOTAL LIABILITIES AND OWNERS' EQUITY		**28,671,015,787.16**	29,680,742,349.17

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2024

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	2024	2023
I. Total operating revenue	3.5	**6,603,120,162.78**	7,384,039,460.88
Including: Operating revenue		**6,603,120,162.78**	7,384,039,460.88
II. Total operating costs		**5,610,048,004.89**	5,554,124,713.54
Including: Operating cost	3.5	**4,361,106,945.65**	4,535,510,632.92
Business tax and surcharge		**28,038,219.79**	27,866,690.14
Selling expenses		**207,607,782.45**	187,314,822.95
General and administrative expenses		**736,842,477.93**	650,201,401.07
Research and development expenses		**238,385,545.75**	261,555,130.31
Finance expenses	4(19)	**38,067,033.32**	-108,323,963.85
Including: Interest expenses		**141,235,382.04**	119,897,366.25
Interest income		**90,219,275.91**	229,848,679.61
Add: Other income	4(20)	**36,850,266.27**	34,366,177.35
Investment income ("-" for losses)	4(21)	**166,642,230.65**	338,175,307.12
Including: Share of profit of associates and joint ventures		**31,270,924.92**	105,183,014.33
Gains from changes in fair values ("-" for losses)	4(22)	**-501,688,166.32**	352,770,634.28
Credit impairment losses ("-" for losses)	4(23)	**-35,275,311.28**	-38,372,976.88
Asset impairment losses ("-" for losses)	4(24)	**1,254,555.47**	-29,725,239.12
Gain on disposal of assets ("-" for losses)	4(25)	**3,563,278.83**	-188,092.67
III. Operating profit ("-" for losses)	4(26)	**664,419,011.51**	2,486,940,557.42
Add: Non-operating income		**5,090,122.07**	13,453,970.77
Less: Non-operating expenses		**5,047,625.28**	11,861,470.03
IV. Total profits s ("-" for total losses)		**664,461,508.30**	2,488,533,058.16
Less: Income tax expenses	4(27)	**216,630,221.33**	338,606,214.59

Item	Note	2024	2023
V. Net profits ("-" for net losses)		**447,831,286.97**	2,149,926,843.57
(I) Classified by continuing operations			
1. Net profits from continuing operations ("-" for net losses))		**447,831,286.97**	2,149,926,843.57
2. Net profits from discontinued operations ("-" for net losses)			
(II) Classified by ownership of equity			
1. Net profits attributable to shareholders of the parent ("-" for net losses)		**405,143,491.82**	2,024,849,989.11
2. Non-controlling interests ("-" for net losses)		**42,687,795.15**	125,076,854.46
VI. Other comprehensive income, net of tax		**-30,367,462.62**	53,516,065.69
Other comprehensive income attributable to owners of the parent, net of tax		**-4,438,571.01**	37,983,160.73
(I) Items that will not be reclassified to profit or loss		**-2,636,848.67**	-146,493.44
1. Changes arising from re-measurement of defined benefit obligation		**96,766.31**	-97,075.54
2. Change in fair value of other equity instruments investment		**-2,733,614.98**	-49,417.90
(II) Items that may be reclassified to profit or loss		**-1,801,722.34**	38,129,654.17
1. Translation differences of foreign currency financial statements		**-1,801,722.34**	38,129,654.17
Other comprehensive income attributable to non-controlling interests, net of tax		**-25,928,891.61**	15,532,904.96
VII. Total comprehensive income		**417,463,824.35**	2,203,442,909.26
Total comprehensive income attributable to owners of the parent		**400,704,920.81**	2,062,833,149.84
Total comprehensive income attributable to non-controlling interests		**16,758,903.54**	140,609,759.42
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)	4(28)	**0.47**	2.34
(II) Diluted earnings per share (RMB/share)	4(28)	**0.47**	2.34

1. CORPORATION GENERAL INFORMATION

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 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 SubDistrict, Binjiang District, Hangzhou, the PRC.

The Group is principally engaged in the 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 RMB, which is the same as the presentation currency of the consolidated financial statements.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis of preparation

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

2.2 Going concern

The financial statements are prepared on a going concern basis.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

3.1 Statement of compliance with the Accounting Standard for Business Enterprise

The financial statements have been prepared in compliance with the Accounting Standards for Business Enterprises to truly and completely reflect the Company's financial position as at 31 December 2024, and the Company's operating results and cash flow statements for the year of 2024.

3.2 Accounting period

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

3.3 Operating cycle

The operating cycle of the Company is 12 months.

3.4 Recording currency

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

3.5 SEGMENT INFORMATION

(1). Basis for determining reportable segments and accounting policies

Operating segments are determined based on the internal reporting of the Company, which is submitted to the Chief Executive Officer (i.e.,the Company's chief operating decision-maker) for performance evaluation and resource allocation. This also forms the foundation of the Company's organization and management.

The Company does not present segment assets and liabilities, as such information is not regularly provided to the chief operating decision-maker for performance evaluation and resource allocation.

The Company's reportable segments are as follows:

1). Segment revenues and results

For the year ended December 31, 2024	Clinical trial solutions	Clinical-related and laboratory services	Total
Revenue	3,178,139,885.72	3,424,980,277.06	6,603,120,162.78
Gross profit	939,513,529.40	1,302,499,687.73	2,242,013,217.13

For the year ended December 31, 2023	Clinical trial solutions	Clinical-related and laboratory services	Total
Revenue	4,168,128,309.71	3,215,911,151.17	7,384,039,460.88
Gross profit	1,592,448,465.46	1,256,080,362.50	2,848,528,827.96

2). Geographical information

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

	For the year ended	
Revenue from external customers	**2024**	2023
– Domestic	**3,547,958,140.55**	4,234,516,020.89
– Overseas	**3,055,162,022.23**	3,149,523,439.99
Total	**6,603,120,162.78**	7,384,039,460.88

The information regarding the Company's non-current assets, categorized by the geographical location of the assets, is presented as follows:

	31 December 2024	31 December 2023
Non-current assets (excluding financial assets and deferred tax assets)		
– Domestic	**8,545,836,113.78**	6,140,831,000.00
– Overseas	**3,504,812,081.00**	1,742,956,000.00
	12,050,648,194.78	7,883,787,000.00

4. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(1) Cash at bank and on hand

Item	**31 December 2024**	31 December 2023
Cash on hand	**56,004.54**	51,615.16
Bank deposit	**1,985,510,100.51**	7,293,913,711.04
Other monetary funds	**69,778,724.99**	126,026,516.05
Total	**2,055,344,830.04**	7,419,991,842.25

Time deposits with original maturity over three months/Restricted bank deposits

	2024	2023
Time deposits with original maturity over three months *(Note (a))*	**1,185,120.00**	11,028,000.00
Restricted bank deposits *(Note (b)(c)(d))*	**5,665,857.20**	9,022,472.4
Total	**6,850,977.20**	20,050,472.40

Notes:

(a) Time deposits with original maturity over three months represent fixed deposits with maturity more than three months from the date of acquisition which carried interest at prevailing market rate of 3.48% (2023: ranging from 2.90% to 3.45%) per annum as at December 31, 2024;

(b) According to the lease agreement for the property in Secaucus, New Jersey, a cash deposit of US$300,000 (RMB2,156,520.00) (2023: US$300,000 (RMB2,137,403.30)) was required as a guarantee over the property until the end of the lease term in 2027;

(c) As at December 31, 2024, certain bank deposits with balance of RMB649,600 were pledged as collateral for project guarantees;

(d) As at December 31, 2024, a cash deposit of US$382,000 (equivalent to RMB2,744,874.08) was required by Pennsylvania department of environmental protection, Bureau of radiation protection in the USA for radiology license in the USA, and the amount is restricted. As at December 31, 2024, the remaining amount in the collateral account was US$382,000 (equivalent to RMB2,744,874.08 (2023: US$369,000 (equivalent to RMB2,612,226.47), which has been included in the restricted bank deposits.

(2) Financial Assets at Fair Value/Financial Products

	31 December 2024	31 December 2023
Current assets		
Financial assets at FVTPL		
Financial Products	**50,000,000.00**	10,000,000.00
Unlisted equity investments		1,102,800.00
Unlisted debt instruments	**24,852,975.16**	31,035,495.67
Sub-total	**74,852,975.16**	42,138,295.67
Non-current assets		
Financial assets at FVTPL		
Life insurance policies	**4,032,227.28**	3,442,919.84
Listed equity securities	**64,151,476.08**	265,925,276.60
Unlisted debt instruments	**108,864,224.15**	64,305,745.29
Unlisted equity investments	**4,996,191,847.81**	4,991,647,845.20
Unlisted fund investments	**4,932,665,711.94**	4,906,379,989.74
Sub-total	**10,105,905,487.26**	10,231,701,776.67
Financial assets at FVOCI		
Listed equity investment	**3,371,053.10**	7,754,318.35
Unlisted equity investments	**4,719,093.55**	6,753,640.97
Sub-total	**8,090,146.65**	14,507,959.32
Total	**10,188,848,609.07**	10,288,348,031.66

(3) Notes receivables

Item	**31 December 2024**	31 December 2023
Bank acceptance bills	**6,010,700.41**	214,560.00

(4) Accounts receivables

Aging	**31 December 2024**	31 December 2023
Within 90 days	**1,069,020,665.30**	994,677,581.58
90 to 180 days	**107,860,212.19**	186,435,114.15
180 days to 1 year	**149,261,790.29**	144,710,519.77
Over 1 year	**167,074,966.55**	49,772,051.06
Accounts receivables with individually insignificant amount and subject to individual bad debt provisions	**18,465,187.00**	4,239,145.53
Subtotal	**1,511,682,821.33**	1,379,834,412.09
Less: Bad debt provisions	**151,924,640.13**	119,134,071.23
Total	**1,359,758,181.20**	1,260,700,340.86

(5) Prepayments

Aging	31 December 2024		31 December 2023	
	Amount	**Ratio %**	Amount	Ratio %
Within 1 year (inclusive)	**99,382,459.68**	**97.49**	49,910,276.22	88.26
1 to 2 years	**936,705.63**	**0.92**	5,517,592.34	9.76
2 to 3 years	**1,383,825.06**	**1.36**	127,762.09	0.23
Over 3 years	**229,980.90**	**0.23**	990,000.00	1.75
Total	**101,932,971.27**	**100.00**	56,545,630.65	100.00

(6) Other receivables

Item	31 December 2024	31 December 2023
Interest receivable		19,636,120.18
Other receivables	**89,030,886.84**	59,941,622.27
Total	**89,030,886.84**	79,577,742.45

1. Other receivables

Aging	31 December 2024	31 December 2023
Within 1 year (inclusive)	**71,276,094.34**	47,073,648.84
1 to 2 years	**12,952,529.55**	8,446,209.16
2 to 3 years	**6,626,874.06**	4,945,850.02
3 to 4 years	**3,771,426.17**	1,809,623.12
4 to 5 years	**1,351,552.78**	1,439,114.05
Over 5 years	**2,445,464.57**	2,623,881.84
Subtotal	**98,423,941.47**	66,338,327.03
Less: Bad debt provisions	**9,393,054.63**	6,396,704.76
Total	**89,030,886.84**	59,941,622.27

(7) Contract assets

Item	31 December 2024			31 December 2023		
	Book value balance	**Impairment provision**	**Book value**	Book value balance	Impairment provision	Book value
Contract assets with bad debt provisions based on the general model of expected credit losses	**2,546,878,203.97**	**42,188,586.47**	**2,504,689,617.50**	2,409,208,601.01	44,773,358.48	2,364,435,242.53

(8) Long-term equity investments

	31 December2024	31 December2023
Interests in associates	**3,424,603,314.72**	2,977,027,510.07

(9) Other non-current assets

Item	31 December 2024			31 December 2023		
	Book value balance	**Impairment Provision**	**Book value**	Book value balance	Impairment Provision	Book value
Prepayment for investments	**80,000,000.00**		**80,000,000.00**	139,248,591.26		139,248,591.26
Prepayment for fixed assets and intangible asset, etc.	**10,081,946.15**		**10,081,946.15**	12,971,759.76		12,971,759.76
Certificate of deposit and interest	**3,150,169,257.40**		**3,150,169,257.40**			
Others	**4,795,835.17**		**4,795,835.17**	4,675,298.90		4,675,298.90
Total	**3,245,047,038.72**		**3,245,047,038.72**	156,895,649.92		156,895,649.92

(10) Borrowings

	31 December 2024	31 December 2023
Secured and unguaranteed bank loans *(note (a))*	**687,720,231.72**	571,791,813.07
Unsecured and guaranteed bank loans *(note (b))*	**6,679,249.20**	4,411,200.00
Unsecured and unguaranteed bank loans *(note (c))*	**1,621,447,954.20**	2,224,400,000.00
Total	**2,315,847,435.12**	2,800,603,013.07
Loan interest at rate per annum in the range of	**1.29%-6.73%**	3.55%-7.50%
Total current and non-current borrowings were scheduled to repay as follows:		
Due within one year	**1,992,197,799.87**	2,366,379,708.44
Due within 1 to 2 years	**102,026,263.77**	82,235,000.00
Due within 2 to 5 years	**218,124,784.08**	351,988,304.63
Over 5 years	**3,498,587.40**	–
Total	**2,315,847,435.12**	2,800,603,013.07

Notes:

(a) As at December 31, 2024, the Company had obtained bank credit facilities in an aggregate amount of approximately RMB510,000,000 (December 31, 2023: RMB512,000,000) through certain restricted bank deposits, of which RMB177,344,000 (December 31, 2023: RMB176,220,000) were utilized.

On May 31, 2022, Frontage Labs, one subsidiary of the Company, entered into a three-year committed senior secured revolving credit agreement with a bank, under which the bank has agreed to extend to Frontage Labs a revolving line of credit in the maximum principal amount of US$54,000,000. As at December 31, 2024, US$35,000,000 (December 31, 2023: US$9,000,000) of the facility were utilized. Frontage Labs is obligated to grant to the bank the security interest in the collateral of some of its designated subsidiaries in the U.S.

On July 22, 2022, Frontage Labs entered into a credit agreement with a bank under which the bank agreed to provide Frontage Labs a non-revolving term loan facility in an aggregate principal amount of US$49,000,000. As at December 31, 2024, US$36,000,000 (December 31, 2023: US$47,400,000) of the facility were utilized. Frontage Holdings Corporation, as the guarantor, is obligated to guarantee for the liabilities, obligations and the full satisfaction of Frontage Labs under this facility. This facility is collateralized by Frontage Labs' assets in some of its designated subsidiaries in the U.S.

(b) As of December 31, 2024, bank borrowings amounting to RMB6,679,249.20 (December 31, 2023: RMB4,411,200.00) were secured by personal guarantees provided by directors of the subsidiaries.

(c) At December 31, 2024, the Company had banking facilities to the extent of RMB7,626,447,954.20 (2023: RMB5,887,500,000.00). The aforesaid bank loans outstanding as at December 31, 2024 were RMB1,621,447,954.20 (2023: RMB2,224,400,000.00).

(d) As of December 31, 2024, the total unutilized banking facilities available to the Company was RMB6,446,015,600 (December 31, 2023: RMB4,265,190,000).

(e) Certain amount of borrowings were recorded in long-term borrowings due within one year. For more details, please refer to Note (13)(c).

(11) Accounts Payables

Item	**31 December 2024**	31 December 2023
Within 90 days	**202,233,662.03**	228,963,930.70
91 days to 1 year	**48,897,656.16**	9,354,997.17
Over 1 year	**6,156,094.14**	10,988,996.67
Total	**257,287,412.33**	249,307,924.54

(12) Other payables

Item	**31 December 2024**	31 December 2023
Interests payable	**5,310,915.46**	6,392,172.03
Dividends payable	**2,609,775.37**	3,470,035.91
Other payables	**68,919,587.90**	68,811,218.73
Total	**76,840,278.73**	78,673,426.67

(13) Non-current liabilities due within one year

Item	**31 December 2024**	31 December 2023
Lease liabilities due within one year *(Note(a))*	**118,349,661.75**	122,880,897.95
Other long-term liabilities due within one year *(Note(b))*	**70,519.78**	44,028,198.05
Long-term borrowings due within one year *(Note(c))*	**80,180,595.65**	396,686,208.44
Total	**198,600,777.18**	563,595,304.44

Notes:

(a) Lease liabilities due within one year, amounting to RMB118,349,661.75, represent the lease expenses due within one year. They have been reclassified from the lease liabilities;

(b) Other long-term liabilities due within one year with the amount of RMB70,519.78 was the contingent consideration to the Company's acquisition of LSKSMO.

(c) For the detailed information of long term borrowing due within one year, please refer to Note (10).

(14) Other current liabilities

Item	31 December 2024	31 December 2023
Penalty for the termination	**3,050,849.73**	
Deferred output VAT	**20,172,312.65**	18,238,459.30
Total	**23,223,162.38**	18,238,459.30

(15) Share capital

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

(16) Capital reserve

Item	31 December 2023	Increase in the current period	Decrease in the current period	31 December 2024
Capital premium (Share premium)	11,609,428,531.55	61,595,436.01	1,005,556,855.80	10,665,467,111.76
Other capital reserve	99,406,365.08	42,213,138.55	34,508,177.28	107,111,326.35
Total	11,708,834,896.63	103,808,574.56	1,040,065,033.08	10,772,578,438.11

(17) Treasury shares

Item	31 December 2023	Increase in the current period	Decrease in the current period	31 December 2024
Repurchased share	869,336,804.33	191,146,104.89	869,336,804.33	191,146,104.89

(18) Undistributed profits

Item	31 December 2024	31 December 2023
Undistributed profits of prior year-end before adjustment	**8,774,794,749.44**	7,270,334,547.08
Undistributed profits at the beginning of period after adjustment	**8,774,794,749.44**	7,270,334,547.08
Add: Net profits attributable to the Company's shareholders in the period	**405,143,491.82**	2,024,849,989.11
Less: Appropriation to statutory surplus reserve		44,668,073.25
Dividend distribution to shareholders	**491,290,787.76**	475,721,713.50
Undistributed profits at the end of the year	**8,688,647,453.50**	8,774,794,749.44

(19) Financial expenses

Item	2024	2023
Interest expenses	**141,235,382.04**	119,897,366.25
Including: Interest expenses on lease liabilities	**25,963,568.02**	27,920,203.50
Less: Interest income	**90,219,275.91**	229,848,679.61
Exchange gains or losses	**-18,021,491.44**	-2,609,303.53
Others	**5,072,418.63**	4,236,653.04
Total	**38,067,033.32**	-108,323,963.85

(20) Other income

Item	2024	2023
Government grants	**29,388,355.26**	25,085,535.84
Additional deduction of input VAT	**1,506,133.30**	6,163,190.70
Return of individual income tax fee	**2,084,911.53**	2,185,708.19
National service trade funds	**2,248,018.00**	367,231.00
Job stability subsidies	**1,622,848.18**	564,511.62
Total	**36,850,266.27**	34,366,177.35

(21) Investment income

Item	2024	2023
Investment incomes from long-term equity investments recognized under equity method	**31,270,924.92**	105,183,014.33
Investment incomes from disposal of financial assets held for trading	**447,803.45**	184,471.17
Interest incomes from debt investment during the holding period	**682,906.49**	341,927.28
Investment income recognized from other equity instruments		2,430,349.47
Investment incomes from other non-current financial assets during the holding period	**18,085,571.25**	33,063,100.51
Investment incomes from disposal of other non-current financial assets	**-17,806,714.50**	196,339,353.27
Gains from re-measuring the equity at fair value on the date of obtaining control	**55,826,445.29**	
Incomes from Certificate of deposit and wealth management products	**78,135,293.75**	633,091.09
Total	**166,642,230.65**	338,175,307.12

(22) Gains from changes in fair values

Source of gains from changes in fair value	2024	2023
Financial assets held for trading	**172,744.43**	401,104.23
Other non-current financial assets	**-501,860,910.75**	352,369,530.05
Total	**-501,688,166.32**	352,770,634.28

(23) Credit impairment losses

Item	2024	2023
Loss of bad debts of accounts receivable	**-33,753,411.37**	-39,288,110.32
Loss of bad debts of other receivables	**-1,941,570.45**	915,133.44
Reverse of impairment losses for prepayments	**419,670.54**	
Total	**-35,275,311.28**	-38,372,976.88

(24) Asset impairment losses

Item	2024	2023
Loss on decline in value of inventories and impairment losses on contract performance cost	**2,236,006.45**	-3,171,730.18
Impairment losses on contract assets	**4,018,549.02**	2,603,901.60
Goodwill impairment loss	**-5,000,000.00**	-29,157,410.54
Total	**1,254,555.47**	-29,725,239.12

(25) Gains on disposals of assets

Item	2024	2023	Amount included in non-recurring profit or loss in the period
Gains on disposals of non-current assets	**3,563,278.83**	-188,092.67	3,563,278.83

(26) Operating profit

Operating profit has been arrived at after charging:

Item	2024	2023
Employee benefits expenses	**3,006,779,661.49**	2,806,527,757.17
Share-based payment expenses	**61,419,041.41**	16,309,527.69
Depreciation charges on fixed assets	**116,428,764.15**	110,881,103.36
Depreciation charges on right-of-use assets	**118,919,145.39**	120,628,367.30
Amortization of intangible assets	**88,792,330.09**	74,175,980.91
Amortization of long-term prepaid expenses	**39,895,400.15**	33,337,538.65
Auditors' remuneration	**5,290,000.00**	4,340,000.00
Short-term leases expenses	**3,686,635.53**	2,637,449.26
Lease expenses for low-value assets	**10,128,416.83**	8,449,750.93
Financial expenses	**38,067,033.32**	-108,323,963.85

(27) Income tax expenses

Item	2024	2023
Current income tax expenses	**240,680,053.59**	394,046,903.59
Deferred income tax expenses	**-24,049,832.26**	-55,440,689.00
Total	**216,630,221.33**	338,606,214.59

(28) Earnings per share

1. Basic earnings per share

Basic earnings per share is calculated by dividing the consolidated net profit attributable to ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding of the Company:

Item	2024	2023
Consolidated net profit attributable to ordinary shareholders of the parent company	**405,143,491.82**	2,024,849,989.11
Weighted average number of ordinary shares outstanding of the Company	**863,040,578.33**	864,948,570.00
Basic earnings per share	**0.47**	2.34
Including: Basic earnings per share from continuing operations	**0.47**	2.34
Basic earnings per share from discontinued operations		

2. Diluted earnings per share

Diluted earnings per share is calculated by dividing the consolidated net profit (diluted) attributable to ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding (diluted) of the Company:

Item	**2024**	2023
Consolidated net profit attributable to ordinary shareholders of the parent company (diluted)	**405,143,491.82**	2,024,849,989.11
Weighted average number of ordinary shares outstanding (diluted) of the Company	**863,040,578.33**	864,948,570.00
Diluted earnings per share	**0.47**	2.34
Including: Diluted earnings per share from continuing operations	**0.47**	2.34
Diluted earnings per share from discontinued operations		

5. CAPITAL COMMITMENTS

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

	31 December 2024	31 December 2023
Commitments for the investments in the funds or companies	**234,810,993.44**	586,720,000.00
Commitments for the acquisition of associates	**3,000,000.00**	15,570,000.00
Acquisition of property, plant and equipment	**2,649,646.24**	12,048,000.00

6. OTHER SIGNIFICANT MATTERS

1. Net current assets/(liabilities)

	31 December 2024		31 December 2023	
Item	**The Company**	**The Parent**	The Company	The Parent
Current assets	**6,299,685,225.86**	**3,525,864,274.42**	11,344,141,125.21	8,681,150,095.68
Less: Current liabilities	**3,661,852,465.12**	**5,358,969,713.58**	4,138,736,291.58	5,056,469,034.64
Net current assets/(liabilities)	**2,637,832,760.74**	**-1,833,105,439.16**	7,205,404,833.63	3,624,681,061.04

2. Total assets less current liabilities

	31 December 2024		31 December 2023	
Item	**The Company**	**The Parent**	The Company	The Parent
Total assets	**28,671,015,787.16**	**19,322,035,746.26**	29,680,742,349.17	19,484,910,216.95
Less: Current liabilities	**3,661,852,465.12**	**5,358,969,713.58**	4,138,736,291.58	5,056,469,034.64
Total assets less current liabilities	**25,009,163,322.04**	**13,963,066,032.68**	25,542,006,057.59	14,428,441,182.31

3. Dividends

For the year ended December 31, 2024, the Company proposed cash dividends to its shareholders as follows:

	2024	2023
Final dividend proposed after the end of the reporting period of RMB0.3 and RMB0.568 in respect of the years ended December 31, 2024 and 2023, respectively	**256,542,681.00**	491,290,787.76

The final dividend proposed after the end of the year has not been recognised as a liability at the end of the year.

4. Lease

As lessee

Items	**2024**	2023
Interest expense on lease liabilities	**25,963,568.02**	27,920,203.50
Short-term lease expenses accounted for under the simplified approach included in the cost of related assets or current period profit or loss	**3,686,635.53**	2,637,449.26
Low-value asset lease expenses accounted for under the simplified approach included in the cost of related assets or current period profit or loss (excluding short-term lease expenses for low-value assets)	**10,128,416.83**	8,449,750.93
Total cash outflows related to leases	**166,034,418.85**	159,967,155.99

PUBLICATION OF ANNUAL RESULTS AND ANNUAL 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 2024 annual report of the Company containing all the information required by the Listing Rules will be by end of April 2025 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.

"A Share(s)"	ordinary shares issued by the Company, with a nominal value of RMB1.00 each, which are subscribed for or credited as paid in Renminbi and are listed for trading on the Shenzhen Stock Exchange
"Articles of Association"	the articles of association of the Company, as amended from time to time
"Audit Committee"	the audit committee of the Board
"Board"	our board of Directors
"CASBE"	China Accounting Standards for Business Enterprises, the financial reporting standards and interpretations for business enterprises issued by the China Accounting Standards Committee of the China Ministry of Finance
"CG Code"	the "Corporate Governance Code" as contained in Appendix C1 to the Listing Rules
"China" or "PRC"	the People's Republic of China, which for the purpose of this annual 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)
"CRO"	Contract Research Organization
"Director(s)"	the director(s) of the Company or any one of them
"DreamCIS"	DreamCIS Inc., a joint stock company incorporated under the laws of Korea on April 27, 2000, which is listed on the Korean Securities Dealers Automated Quotations of the Korea Exchange (stock code: A223250) and a subsidiary of the Company

"EMEA"	Europe, Middle East and Africa
"Frontage" or "Frontage Holdings"	Frontage Holdings Corporation, a company incorporated under the laws of the Cayman Islands with limited liability on April 16, 2018, which is listed on the Stock Exchange (stock code: 1521) and a subsidiary of the Company
"FVOCI"	fair value through other comprehensive income
"FVTPL"	Fair Value Through Profit or Loss
"Group", "Tigermed" 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" or "H Shares Offering"	the listing of the H Shares on the Main Board of the Stock Exchange on August 7, 2020
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
"Model Code"	the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix C3 to the Listing Rules
"MRCTs"	Multi-regional Clinical Trials
"NMPA"	China National Medical Products Administration
"RMB"	Renminbi, the lawful currency of the PRC

"R&D"	research and development
"Reporting Period"	the year ended December 31, 2024
"Share(s)"	comprising A Shares and H Shares
"Shareholder(s)"	holder(s) of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor"	the supervisor(s) of the Company or any one of them
"Supervisory Committee"	our board of Supervisors
"treasury share(s)"	has the meaning ascribed to it under the Listing Rules
"U.S."	the United States
"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, March 27, 2025

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 Mr. Liu Kai Yu Kenneth, Mr. Yuan Huagang and Ms. Liu Yuwen.

* *For identification purpose only*

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