# Frontage Holdings Corporation

方達控股公司 *

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1521

# 2026
## INTERIM REPORT

* For identification purpose only

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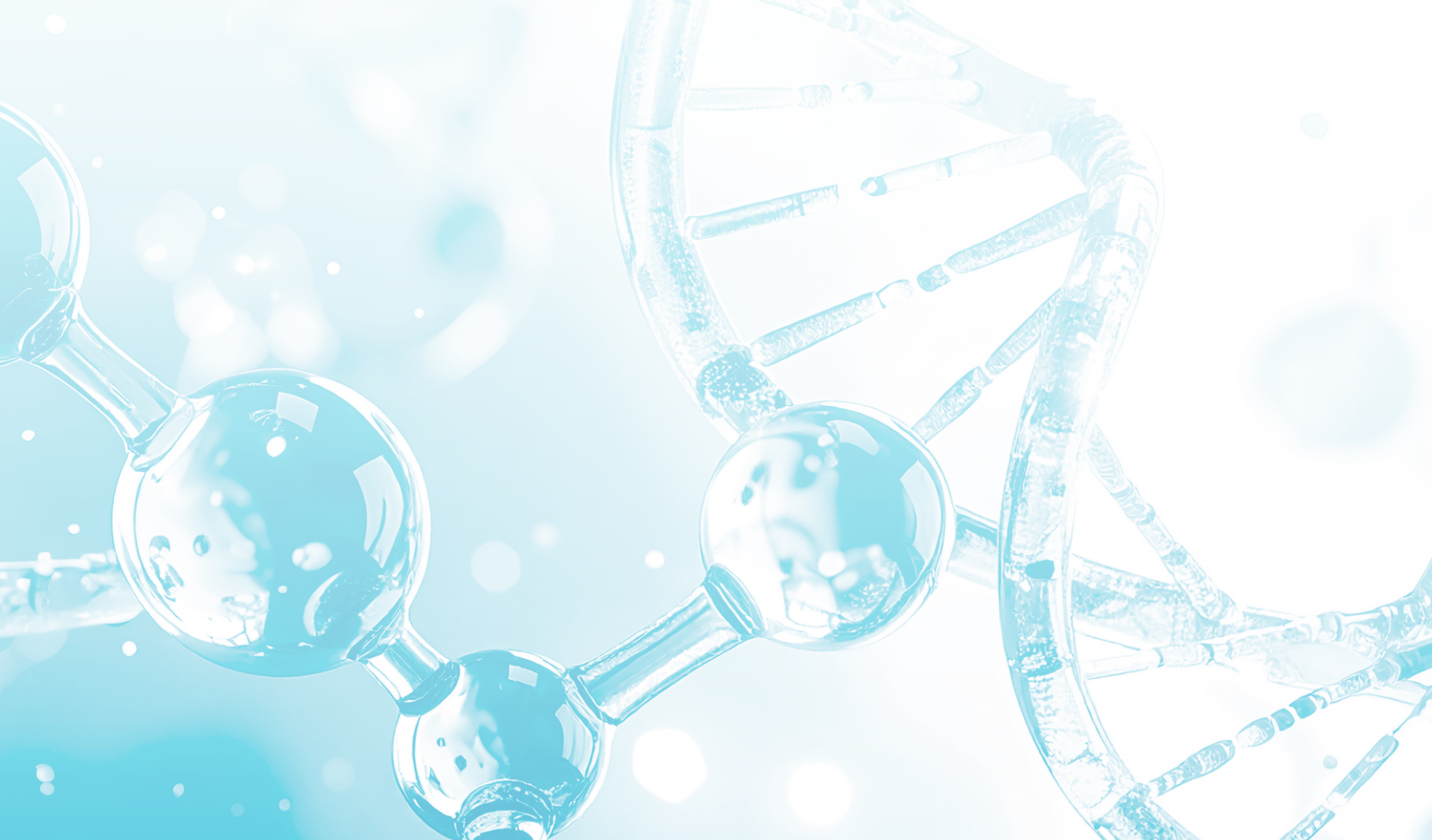

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Executive Directors**
Dr. Song Li *(Chairman)*
Dr. Wentao Zhang *(Co-CEO)*
Dr. Zhongping Lin *(Co-CEO)*

**Non-executive Directors**
Ms. Zhuan Yin
Mr. Hao Wu

**Independent Non-executive Directors**
Mr. Yifan Li
Mr. Erh Fei Liu
Dr. Jingsong Wang

## MEMBERS OF AUDIT AND RISK MANAGEMENT COMMITTEE
Mr. Yifan Li *(Chairman)*
Mr. Erh Fei Liu
Mr. Hao Wu

## MEMBERS OF REMUNERATION COMMITTEE
Dr. Jingsong Wang *(Chairman)*
Mr. Yifan Li
Dr. Song Li

## MEMBERS OF NOMINATION COMMITTEE
Dr. Jingsong Wang *(Chairman)*
Mr. Erh Fei Liu
Mr. Yifan Li
Dr. Song Li
Ms. Zhuan Yin

## COMPANY SECRETARY
Ms. Karen Ying Lung Chang
*(Hong Kong Solicitor)*

## AUTHORISED REPRESENTATIVES
Dr. Song Li
Ms. Karen Ying Lung Chang

## PRINCIPAL BANKER
Wells Fargo Bank, N.A.

## LEGAL ADVISERS
*As to Hong Kong laws:*
Morgan, Lewis & Bockius

*As to Cayman Islands laws:*
Conyers Dill & Pearman

## REGISTERED OFFICE
Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

## HEAD OFFICE
700 Pennsylvania Drive
Exton, PA 19341, USA

## PRINCIPAL PLACE OF BUSINESS IN USA
700 Pennsylvania Drive
Exton, PA 19341, USA

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG
Room 1920, 19/F, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

## STOCK CODE
1521

## COMPANY WEBSITE
www.frontagelab.com

# FINANCIAL HIGHLIGHTS

| | Six months ended June 30, | |
|---|---|---|
| | **2026** | 2025 |
| | ***US$'000*** | *US$'000* |
| | **(Unaudited)** | (Unaudited) |
| **Operating results** | | |
| Revenue | **148,190** | 126,578 |
| Gross profit | **37,895** | 35,311 |
| Profit before tax | **9,460** | 5,107 |
| Net profit | **6,788** | 2,923 |
| Adjusted net profit(1) | **13,436** | 7,738 |
| **Profitability** | | |
| Gross profit margin (%) | **25.6%** | 27.9% |
| Net profit margin (%) | **4.6%** | 2.3% |
| Adjusted net profit margin (%)(1) | **9.1%** | 6.1% |

| | **As at June 30, 2026** | As at December 31, 2025 |
|---|---|---|
| | ***US$'000*** | *US$'000* |
| | **(Unaudited)** | (Audited) |
| **Financial position** | | |
| Total assets | **580,474** | 541,024 |
| Total equity | **356,226** | 348,046 |
| Total liabilities | **224,248** | 192,978 |
| Cash and cash equivalents | **34,555** | 36,299 |

The Board has resolved not to declare an interim dividend for the six months ended June 30, 2026.

(1) Calculation of adjusted net profit is modified and calculated as net profit for the Reporting Period, excluding the share-based compensation expenses, amortization of acquired intangible assets from mergers and acquisitions, gain or loss arising from financial assets measured as fair value through profit or loss, losses from restructuring and resource integration initiatives and expenses in relation to mergers and acquisitions to better reflect the Company's current business and operations.

## NON-IFRS MEASURES

To supplement the Group's consolidated financial statements which are presented in accordance with the IFRSs, the Company has provided adjusted net profit, adjusted net profit margin and adjusted basic and diluted earnings per share (excluding the share-based compensation expenses, amortization of acquired intangible assets from mergers and acquisitions, gain or loss arising from financial assets measured as fair value through profit or loss, losses from restructuring and resource integration initiatives and expenses in relation to mergers and acquisitions to better reflect the Company's current business and operations) as additional financial measures, which are not required by, or presented in accordance with, the IFRSs. The Company believes that the adjusted financial measures are useful for understanding and assessing underlying business performance and operating trends, and that the Company's management and investors may benefit from referring to these adjusted financial measures in assessing the Group's financial performance by eliminating the impact of certain unusual, non-recurring, non-cash and/or non-operating items that the Group does not consider indicative of the performance of the Group's business. However, the presentation of these non-IFRSs financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with the IFRSs. The adjusted results should not be viewed on a stand-alone basis or as a substitute for results under IFRSs.

## BUSINESS REVIEW

### Overview

Frontage is a globally integrated, science-driven CRO delivering high-quality research and development services to the pharmaceutical, biotechnology, chemical, and life sciences industries. With a commitment to scientific excellence and customer-centric solutions, Frontage offers comprehensive services from drug discovery to clinical trials. Our services are designed to help biopharmaceutical companies accelerate their product development and achieve their goals with efficiency and precision. Additionally, we support academic institutions and start-up companies in discovering and developing new therapeutics for human health.

In March 2026, the Group completed the acquisition of Teddy Lab, a leading central laboratory in China, further strengthening its laboratory capabilities across pathology, flow cytometry, and molecular biology, while expanding its service experience in next-generation modalities such as cell and gene therapy, vaccines, and radiopharmaceuticals.

With the addition of Teddy Lab, Frontage now operates 25 sites worldwide. Headquartered in Exton, Pennsylvania, Frontage operates across key global markets, including North America (U.S. and Canada), China, and Europe (Italy), positioning the Group to capitalize on growth opportunities globally. The Group is committed to expanding its expertise and capabilities to become a leading global CRO offering exceptional service to clients and fulfilling career opportunities for its employees. The Group's diverse client base includes small, mid-sized, and large biopharmaceutical companies, biotechnology companies, CROs, agricultural and industrial chemical companies, life science companies, contract manufacturing companies, and diagnostic and other commercial entities, as well as hospitals, academic institutions, and government agencies. The Group's customer base is geographically diverse with well-established relationships in North America, China, Europe, India, Japan, South Korea, and Australia.

The Group also continued to invest in Artificial Intelligence ("**AI**")-assisted workflows and laboratory automation across its global platform, implementing AI-assisted report generation for in vitro ADME studies and deploying advanced laboratory automation infrastructure to improve efficiency, consistency, and turnaround time.

Overall, the Group's revenue increased by 17.1% from approximately US$126.6 million for the six months ended June 30, 2025 to approximately US$148.2 million for the six months ended June 30, 2026. The Group's contract future revenue, which represents future service revenues from work not yet completed or performed under all signed contracts or customer's purchase orders in effect at that time, achieved approximately US$543.2 million as at June 30, 2026, representing an increase of 34.2% compared to approximately US$404.7 million as at June 30, 2025.

## ENHANCED CAPABILITIES AND EXPERTISE

### North America and Europe

During the first half of 2026, Frontage's two core business divisions, Global Drug Discovery & Development Services and Global Laboratory Services, continued to advance their technical capabilities and service capacity across North America and Europe. Advancements in AI-assisted workflows, laboratory automation, expanded manufacturing platforms, and new analytical technologies enhanced operational efficiency and strengthened the Group's readiness for an increasingly AI-enabled future.

- Global Drug Discovery & Development Services

  During the Reporting Period, the Global Drug Discovery & Development Services division continued to expand and innovate across the full research and development spectrum from preclinical to clinical development.

  The Safety and Toxicology group enhanced its biomarker and bioanalysis capabilities with the addition of the Meso Scale Discovery ("**MSD**") platform, broadening the scope of integrated safety assessment services. The CMC-Product Development & Manufacturing team added technical capabilities to support aseptic filling of IV bags for infusion, roller compaction for processing poor-flow and water-sensitive active pharmaceutical ingredients, and bilayer tablet manufacturing. These advancements expand the formulation and manufacturing options available to clients and reinforce the Group's commitment to addressing increasingly complex development requirements.

  The Global Drug Discovery & Development Services continued its digital transformation through the implementation of AI-assisted workflows, enhancing operational efficiency, consistency, quality, and turnaround times while upholding rigorous scientific standards.

  During the Reporting Period, we expanded the sterile manufacturing platform, increasing sterile bulk solution compounding capabilities to 400 liters per batch and expanding the sterile vial filling operation to accommodate batch sizes of up to 10,000 vials, increasing fill-finish throughput for larger clinical studies and multi-site patient supply requirements.

  We further strengthened laboratory capabilities by adding advanced analytical technologies and upgrading laboratory infrastructure. These upgrades increased analytical capacity and throughput, expanded scientific capabilities, and improved the Group's ability to support a broad range of regulated and discovery programs with high-quality analytical services.

## ENHANCED CAPABILITIES AND EXPERTISE *(Continued)*

### North America and Europe *(Continued)*

- Global Laboratory Services

  During the Reporting Period, the Global Laboratory Services division continued to enhance its technical capabilities and service capacity across bioanalysis, biomarker services, biologics, central lab, and genomics.

  The Bioanalytical Services team expanded its support for complex therapeutic modalities and regulatory bioanalytical programs, successfully supporting a wide range of studies including pharmacokinetic, toxicokinetic, bioequivalence, drug-drug interaction, and biomarker programs across small molecules, peptides, oligonucleotides, antibody-drug conjugate (ADC)-related analytes, and targeted protein degrader compounds.

  A strategic initiative during the Reporting Period was the launch of CLIA-based Laboratory Developed Test (LDT) capability development, broadening Frontage's service offerings beyond traditional PK/TK bioanalysis into clinical biomarker testing and precision medicine applications. By integrating LC-MS/MS technologies with CLIA laboratory operations, the Group is positioned to provide comprehensive solutions spanning drug development and clinical biomarker testing.

  The Biomarker Services team launched the NULISA proteomics platform, including ultra-sensitive discovery assays such as the CNS 120-panel and Inflammation 250-panel, achieving certified service provider status. The team also expanded its cytokine testing portfolio to support full-spectrum testing from discovery through clinical application with multiplex and ultra-sensitive assays, and established a comprehensive biomarker organizational model integrating soluble, IVD, LC-MS, tissue, and genomic biomarker offerings.

  The Biologics team completed a major laboratory automation expansion, including the buildout of Hamilton infrastructure with multiple Hamilton STAR systems and STARlet deployment. Automated workflows for ADC, PK, and ADA sample preparation, quality control, normalization, and buffer additions were implemented, with dedicated laboratory automation leadership established to drive operational efficiency improvements.

  The Central Laboratory team expanded with the opening of a new kitting and biobanking laboratory at 75 East Uwchlan Avenue in Exton, Pennsylvania, enhancing specimen management and storage operations. The team expanded its global partner network, launched a client portal providing real-time sample information access, and formalized rapid protocol-amendment workflows.

## ENHANCED CAPABILITIES AND EXPERTISE *(Continued)*

### North America and Europe *(Continued)*

- Global Laboratory Services *(Continued)*

  In Europe, the Central Laboratory expanded its activities with the implementation of a PBMC processing laboratory and the addition of ultralow freezer sample storage capabilities.

In addition to the service expansions and enhancements, the first half of 2026 demonstrated continued strong performance in quality and regulatory compliance across operations in North America and Europe. The Exton facility successfully completed a Pennsylvania Department of Environmental Protection radiation inspection with no observations and achieved AAALAC reaccreditation.

### China

During the first half of 2026, the Group's operations in China continued to advance across multiple service lines while actively pursuing strategic acquisitions and capability expansions. The Group completed the acquisition of Teddy Lab, a leading central laboratory in China, further enlarging Frontage's market presence in Asia and strengthening laboratory capabilities across analytical platforms including pathology, flow cytometry, and molecular biology, while enabling the accumulation of extensive laboratory service experience in next-generation modalities such as cell and gene therapy, vaccines, and radiopharmaceuticals.

## ENHANCED CAPABILITIES AND EXPERTISE *(Continued)*

### China *(Continued)*

- Global Drug Discovery & Development Services

  During the Reporting Period, new services were developed at the Preclinical Services facility in Suzhou, China, including tests for developmental and reproductive toxicity (DART), juvenile toxicology, genotoxicity (comet assay), and tissue cross-reactivity. The Preclinical Services team supported multiple projects with cynomolgus monkey animal models for in vivo CAR-T studies, with these capabilities meeting the needs of global pharmaceutical clients.

  The Chemistry team further advanced two key technology platforms, High-Throughput Experimentation (HTE) and Continuous Flow, with hundreds of challenging reactions optimized during the period. The Group offers robust continuous-flow process development, scale-up, heat and mass transfer optimization, and safe handling of hazardous reactions including nitration, diazotization, hydrogenation, and oxidation, with standardized workflows from process design to technology transfer delivering safer, more efficient, and greener solutions.

  During the Reporting Period, Global Drug Discovery & Development Services implemented a range of operational and laboratory enhancements to improve efficiency, optimize facility utilization, and strengthen scientific capabilities. These initiatives increased operational capacity, enhanced laboratory productivity, and expanded bioanalytical capabilities, where facility and laboratory enhancements increased animal housing capacity by approximately 11% and bioanalytical capacity by approximately 30%.

  The pharmaceutical intermediate R&D and technical service operations achieved ISO 9001:2015 certification, demonstrating the Group's commitment to maintaining a robust quality management system aligned with international standards. During the Reporting Period, the Group also obtained several recognized certifications, including National High-Tech Enterprise, China Advanced Service Enterprise, and Technology-Based SME certifications.

## ENHANCED CAPABILITIES AND EXPERTISE *(Continued)*

### China *(Continued)*

- Global Laboratory Services

  During the Reporting Period, the Global Laboratory Services in China was strengthened through the completion of the Teddy Lab acquisition. The integration of Teddy Lab's established client relationships, experienced scientific team, and diversified testing platforms complements Frontage's existing bioanalytical and biomarker service offerings in China, creating a more comprehensive laboratory services platform capable of supporting the full spectrum of clinical development programs.

  During the Reporting Period, the Global Laboratory Services in China continued to build on the integrated bioanalytical platform established in 2025, which combines small molecule and large molecule analysis within a unified workflow. The platform was further refined to support an expanding range of therapeutic modalities, with optimized workflows deployed for emerging drug formats, accelerating timelines for pharmacokinetic, immunogenicity, and biomarker studies and enabling more efficient cross-modality project execution.

  The real-time quality control dashboard introduced in 2025 to track assay performance metrics and turnaround times was further enhanced during the Reporting Period with expanded data visualization. The dashboard has been integrated into routine laboratory operations, supporting proactive identification of performance deviations, and continuous process improvement.

  These continued advancements in platform integration, quality systems, and biomarker technologies position the Global Laboratory Services division in China to deliver increasingly comprehensive and efficient analytical solutions to pharmaceutical and biotechnology clients across domestic and international markets.

## THE GROUP'S FACILITIES

As of June 30, 2026, the Group had 13 facilities in North America and Europe, consisting of:

- four (4) facilities in Exton, PA, USA;
- two (2) facilities in Hayward, CA, USA;
- one (1) facility in Secaucus, NJ, USA;
- one (1) facility in Concord, OH, USA;
- one (1) facility in Deerfield, FL, USA;
- one (1) facility in Chicago, IL, USA;
- one (1) facility in Vancouver, Canada;
- one (1) facility in Toronto, Canada; and
- one (1) facility in Milan, Italy.

In addition, as of June 30, 2026, the Group had 12 facilities in China, consisting of:

- four (4) facilities in Shanghai;
- three (3) facilities in Suzhou, Jiangsu Province;
- one (1) facility in Wuxi, Jiangsu Province;
- one (1) facility in Hangzhou, Zhejiang Province;
- one (1) facility in Zhengzhou, Henan Province; and
- two (2) facilities in Wuhan, Hubei Province.

## THE GROUP'S FACILITIES *(Continued)*

### Prospects

The global CRO services market is estimated at approximately US$99.87 billion in 2026 and is projected to reach US$199.28 billion by 2034, growing at a CAGR of 9.0%.[1] As the industry evolves, clients increasingly seek comprehensive CROs which can navigate complex regulatory pathways across multiple jurisdictions, deliver specialized laboratory and bioanalytical services, support advanced therapeutic modalities, and manage manufacturing processes with precision and quality. Frontage is well-positioned to meet this demand through its comprehensive, integrated "one-stop-shop" solutions across North America, Europe, and China, supported by decades of experience in biopharmaceutical development.

The Group is focused on expanding its capabilities in high-growth service areas and advancing its integrated drug development platform. Across the broader organization, the Group is accelerating its adoption of AI and automation technologies to improve operational efficiency, data quality, and turnaround times.

Frontage will continue to pursue growth through ongoing capability development, strategic acquisitions, expanded collaborations with industrial groups, scientific organizations, and the strengthening of global partnerships.

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1 https://www.fortunebusinessinsights.com/industry-reports/contract-research-organization-cro-services-market-100864

## FINANCIAL REVIEW

### Revenue

The revenue of the Group increased by 17.1% from approximately US$126.6 million for the six months ended June 30, 2025 to approximately US$148.2 million for the six months ended June 30, 2026.

Revenue from operations in North America and Europe increased by 7.8% from approximately US$98.6 million for the six months ended June 30, 2025 to approximately US$106.3 million for the six months ended June 30, 2026. Excluding the impact of currency translation, the revenue from operations in China increased by 43.6% from approximately RMB200.9 million (equivalent to approximately US$28.0 million) for the six months ended June 30, 2025 to approximately RMB288.4 million (equivalent to approximately US$41.9 million) for the six months ended June 30, 2026.

The increase in revenue from operations in North America and Europe was mainly attributable to the strong demand for laboratory testing services and improvement of capacity utilization and marketing efforts made by the Group.

The growth of revenue from operations in China was mainly attributable to the acquisition of Teddy Lab and improvement of capacity utilization and marketing efforts made by the Group.

## FINANCIAL REVIEW *(Continued)*

### Revenue *(Continued)*

The following table sets forth a breakdown of our revenue by type of service during the Reporting Period:

| | For the six months ended | |
|---|---|---|
| | **6/30/2026** | 6/30/2025 |
| | ***US$'000*** | *US$'000* |
| Drug discovery | **12,027** | 13,180 |
| Drug development | **46,756** | 41,732 |
| Pharmaceutical product development | **4,551** | 4,790 |
| Laboratory testing | **84,856** | 66,876 |
| | **148,190** | 126,578 |

An analysis of the Group's revenue from external customers, analyzed by the customer's respective country/region of operation, is presented below:

| | For the six months ended June 30, | | | |
|---|---|---|---|---|
| | **2026** | | 2025 | |
| **Revenue** | ***US$'000*** | ***%*** | *US$'000* | *%* |
| – USA and Canada | **101,592** | **68.6** | 99,649 | 78.7 |
| – China | **35,627** | **24.0** | 21,485 | 17.0 |
| – Rest of the world *(Note)* | **10,971** | **7.4** | 5,444 | 4.3 |
| Total | **148,190** | **100.0** | 126,578 | 100.0 |

*Note:* Rest of the world primarily includes Europe, India, Japan, South Korea and Australia.

## FINANCIAL REVIEW *(Continued)*

### Revenue *(Continued)*

Top 5 customers' revenue increased by 32.4% from approximately US$18.8 million for the six months ended June 30, 2025 to approximately US$24.9 million for the six months ended June 30, 2026, accounting for 16.8% of total revenue for the six months ended June 30, 2026 as compared to 14.8% for the six months ended June 30, 2025.

Top 10 customers' revenue increased by 22.9% from approximately US$27.5 million for the six months ended June 30, 2025 to approximately US$33.8 million for the six months ended June 30, 2026, accounting for 22.8% of total revenue for the six months ended June 30, 2026, as compared to 21.7% for the six months ended June 30, 2025.

### Cost of Services

The cost of services of the Group increased by 20.8% from approximately US$91.3 million for the six months ended June 30, 2025 to approximately US$110.3 million for the six months ended June 30, 2026. The increase in the cost of services was in line with the increased revenue, plus the impact of the acquisition of Teddy Lab.

The cost of services of the Group consists of direct labor costs, cost of raw materials and overhead. Direct labor costs primarily consist of salaries, bonuses and social security costs for the employees in the Group's business units. Cost of raw materials primarily consists of costs incurred for the purchase of raw materials used in rendering of our services. Overheads primarily consist of depreciation charges of the facilities and equipment used in rendering the Group's services, utilities and maintenance.

## FINANCIAL REVIEW *(Continued)*

### Gross Profit and Gross Profit Margin

The gross profit of the Group increased by 7.4% from approximately US$35.3 million for the six months ended June 30, 2025 to approximately US$37.9 million for the six months ended June 30, 2026. The Group's gross profit margin decreased from approximately 27.9% for the six months ended June 30, 2025 to approximately 25.6% for the six months ended June 30, 2026.

In particular, gross profit margin in North America and Europe decreased from approximately 30.4% for the six months ended June 30, 2025 to approximately 27.3% for the six months ended June 30, 2026, which was primarily due to a shift in revenue mix toward lower-margin programs and higher input costs, partially offset by operational efficiencies. Gross profit margin in China increased from approximately 19.2% for the six months ended June 30, 2025, to approximately 21.3% for the six months ended June 30, 2026, which was mainly contributed by the acquisition of Teddy Lab which has a higher gross profit.

### Other Gains and Losses, Net

The Group's net other gains and losses changed from approximately US$0.7 million of gains for the six months ended June 30, 2025 to approximately US$2.1 million of losses for the six months ended June 30, 2026, primarily due to the losses from restructuring and resource integration initiatives, the Group closed a facility in China as part of its efforts to improve operational efficiency.

### Selling and Marketing Expenses

Selling and marketing expenses of the Group decreased by 7.0% from approximately US$4.3 million for the six months ended June 30, 2025 to approximately US$4.0 million for the six months ended June 30, 2026, as a result of cost driven by the improvement in efficiency.

### Administrative Expenses

The Group's administrative expenses decreased by 9.1% from approximately US$20.8 million for the six months ended June 30, 2025 to approximately US$18.9 million for the six months ended June 30, 2026. Excluding share-based compensation expense and amortization of intangible assets acquired from mergers and acquisitions and expenses in relation to mergers and acquisitions, the Group's administrative expenses decreased by 10.0% from approximately US$16.0 million for the six months ended June 30, 2025 to approximately US$14.4 million for the six months ended June 30, 2026, primarily due to the decrease of labor cost and improvement of efficiency.

## FINANCIAL REVIEW *(Continued)*

### Research and Development Expenses

Our research and development activities mainly focused on (i) developing technologies and methodologies to continue to enhance our services; and (ii) improving the quality and efficiency of our services.

The Group's research and development expenses increased by 36.4% from approximately US$2.2 million for the six months ended June 30, 2025 to approximately US$3.0 million for the six months ended June 30, 2026, primarily due to the acquisition of Teddy Lab.

### Finance Costs

The Group's finance costs decreased by 16.7% from approximately US$4.2 million for the six months ended June 30, 2025 to approximately US$3.5 million for the six months ended June 30, 2026, primarily due to the repayment of bank borrowings with higher interest rate in North America.

### Income Tax Expense

The income tax expense of the Group increased from approximately US$2.2 million for the six months ended June 30, 2025 to approximately US$2.7 million for the six months ended June 30, 2026, primarily due to an increase in pretax income.

### Net Profit and Net Profit Margin

The Group's net profit increased from approximately US$2.9 million for the six months ended June 30, 2025 to approximately US$6.8 million for the six months ended June 30, 2026. The Group's net profit margin increased from approximately 2.3% for the six months ended June 30, 2025 to approximately 4.6% for the six months ended June 30, 2026. The higher net profit and net profit margin compared to the six months ended June 30, 2025 was mainly attributable to the operational efficiency improvements.

## FINANCIAL REVIEW *(Continued)*

### Adjusted Net Profit

The following table presents a reconciliation of adjusted net profit to the net profit for the periods, the most directly comparable IFRS measure, for each of the periods indicated:

| | For the six months ended June 30, | |
|---|---|---|
| | **2026** | 2025 |
| | ***US$'000*** | *US$'000* |
| Net Profit | **6,788** | 2,923 |
| Add: Share-based compensation expense | **290** | 1,112 |
| Amortization of acquired intangible assets from mergers and acquisitions | **3,858** | 3,703 |
| Gain arising from financial assets measured as fair value through profit or loss | **(555)** | – |
| Losses from restructuring and resource integration initiatives | **2,691** | – |
| Expenses in relation to mergers and acquisitions | **364** | – |
| **Adjusted Net Profit** | **13,436** | 7,738 |
| **Adjusted Net Profit Margin** | **9.1%** | 6.1% |

The adjusted net profit of the Group increased by 74.0% from approximately US$7.7 million for the six months ended June 30, 2025 to approximately US$13.4 million for the six months ended June 30, 2026. The adjusted net profit margin of the Group for the six months ended June 30, 2026 was 9.1%, compared to 6.1% for the six months ended June 30, 2025. The higher adjusted net profit and adjusted net profit margin of the Group for the six months ended June 30, 2026 was primarily due to a higher net profit and net profit margin as discussed above.

## FINANCIAL REVIEW *(Continued)*

### EBITDA

The EBITDA[2] of the Group increased by 17.4% from approximately US$27.0 million for the six months ended June 30, 2025 to approximately US$31.7 million for the six months ended June 30, 2026. The EBITDA margin of the Group for the six months ended June 30, 2026 was 21.4%, compared to 21.4% for the six months ended June 30, 2025. The increase of EBITDA is in line with the net profit which had been discussed above.

### Adjusted EBITDA

The adjusted EBITDA[3] of the Group increased by 22.8% from approximately US$28.1 million for the six months ended June 30, 2025 to approximately US$34.5 million for the six months ended June 30, 2026. The adjusted EBITDA margin of the Group increased from 22.2% for the six months ended June 30, 2025 to 23.3% for the six months ended June 30, 2026. The increase of adjusted EBITDA is in line with the EBITDA which had been discussed above.

### Basic and Diluted Earnings Per Share

The basic earnings per share for the six months ended June 30, 2026 amounted to US$0.0033, representing an increase of 135.7% as compared with that of US$0.0014 for the six months ended June 30, 2025. The Group recorded diluted earnings per share of US$0.0033 for the six months ended June 30, 2026, as compared to diluted earnings per share of US$0.0014 for the six months ended June 30, 2025.

The adjusted basic earnings per share for the six months ended June 30, 2026 amounted to US$0.0066, representing an increase of 73.7% as compared with that of US$0.0038 for the six months ended June 30, 2025. The adjusted diluted earnings per share of the Group for the six months ended June 30, 2026 amounted to US$0.0066 when compared with that of US$0.0038 for the six months ended June 30, 2025. The increase in both the adjusted basic and the adjusted diluted earnings per share was primarily due to the increase in the adjusted net profit as discussed in the above.

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2 EBITDA represents net profit before (i) interest expenses; (ii) income tax expenses; and (iii) amortization and depreciation.

3 Calculation of adjusted EBITDA is modified and calculated as EBITDA for the Reporting Period, excluding the share-based compensation expenses, gain or loss arising from financial assets measured as fair value through profit or loss, losses from restructuring and resource integration initiatives and expenses in relation to mergers and acquisitions to better reflect the Company's current business and operations.

## FINANCIAL REVIEW *(Continued)*

### Non-IFRS Measures

To supplement the Group's consolidated financial statements which are presented in accordance with the IFRS, the Company has provided adjusted net profit, adjusted net profit margin, and adjusted basic and diluted earnings per share (excluding the share-based compensation expenses, amortization of acquired intangible assets from mergers and acquisitions, gain or loss arising from financial assets measured as fair value through profit or loss, losses from restructuring and resource integration initiatives and expenses in relation to mergers and acquisitions) as additional financial measures, which are not required by, or presented in accordance with, the IFRS. The Company believes that the adjusted financial measures are useful for understanding and assessing underlying business performance and operating trends, and that the Company's management and investors may benefit from referring to these adjusted financial measures in assessing the Group's financial performance by eliminating the impact of certain unusual, non-recurring, non-cash and/or non-operating items that the Group does not consider indicative of the performance of the Group's business. However, the presentation of these non-IFRS financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with the IFRS. The adjusted results should not be viewed on a stand-alone basis or as a substitute for results under IFRS.

### Right-of-Use Assets

The Group recorded approximately US$39.6 million right-of-use assets as at June 30, 2026, which decreased by 12.6% from approximately US$45.3 million as at December 31, 2025. The decrease was mainly due to the depreciation charges of existing leases.

### Intangible Assets

The Group recorded approximately US$29.9 million intangible assets as at June 30, 2026, which increased by 28.9% from approximately US$23.2 million as at December 31, 2025. The increase was mainly due to the acquisition of Teddy Lab.

## FINANCIAL REVIEW *(Continued)*

### Trade and Other Receivables and Prepayment

The trade and other receivables and prepayment of the Group increased by 17.9% from approximately US$72.2 million as at December 31, 2025 to approximately US$85.1 million as at June 30, 2026. The increase was mainly due to the Group's business development and the acquisition of Teddy Lab.

### Unbilled Revenue

The Group's unbilled revenue increased by 65.2% from approximately US$20.1 million as at December 31, 2025 to approximately US$33.2 million as at June 30, 2026. The increase was mainly due to the Group's business development and the acquisition of Teddy Lab.

### Trade and Other Payables

The trade and other payables of the Group increased by 37.1% from approximately US$18.6 million as at December 31, 2025 to approximately US$25.5 million as at June 30, 2026, primarily due to the Group's business development and the acquisition of Teddy Lab.

### Advances from Customers

The advances from customers of the Group increased by 35.6% from approximately US$27.8 million as at December 31, 2025 to approximately US$37.7 million as at June 30, 2026. The increase was mainly due to the Group's business development and the acquisition of Teddy Lab.

## FINANCIAL REVIEW *(Continued)*

### Liquidity and Capital Resources

The Group's bank balances and cash amounted to approximately US$34.6 million in total as at June 30, 2026, as compared to approximately US$36.3 million as at December 31, 2025, as a result of payments for purchase of property, plant and equipment and repayment of bank borrowings and the acquisition of Teddy Lab, plus cash inflow from operating activities. The cash and cash equivalents held by the Company are composed of RMB, HK$, CAD, EUR and US$. Currently, the Group follows a set of funding and treasury policies to manage its capital resources and prevent risks involved.

The following table sets forth a condensed summary of the Group's consolidated statements of cash flows for the periods indicated and analysis of balances of cash and cash equivalents for the periods indicated:

| | For the six months ended June 30, | |
|---|---|---|
| | **2026** | 2025 |
| | ***US$'000*** | *US$'000* |
| Net cash generated from operating activities | **25,660** | 18,764 |
| Net cash used in investing activities | **(39,972)** | (3,551) |
| Net cash generated from/(used in) financing activities | **11,766** | (25,200) |
| Net decrease in cash and cash equivalents | **(2,546)** | (9,987) |
| Cash and cash equivalents at the beginning of the period | **36,299** | 44,091 |
| Effect of exchange rate changes | **802** | (442) |
| Cash and cash equivalents at the end of the period | **34,555** | 33,662 |

### Capital Expenditures

Our principal capital expenditures relate primarily to purchases of property, plant and equipment, and intangible assets relation to the expansion and enhancement of our facilities and purchases of equipment and intangible assets used in providing our services. Approximately US$6.2 million of capital expenditures were incurred for the six months ended June 30, 2026, which was increased by 67.6% when compared to approximately US$3.7 million for the six months ended June 30, 2025, primarily due to the increased expenditures for enhancement of facilities.

## FINANCIAL REVIEW *(Continued)*

### Indebtedness

*Borrowings*

The Group had total bank borrowings of US$96.0 million as at June 30, 2026 compared to US$75.7 million as at December 31, 2025. On June 30, 2026, the effective interest rate of the Group's bank borrowings ranged from 2.30% to 5.82%. US$ borrowings amounted to US$34.4 million and RMB borrowings amounted to RMB419.8 million (equivalent to US$61.6 million).

*Lease Liabilities*

The Group leased some of our equipment and facilities under lease agreements with lease terms of three to twenty-five years and right-of-use assets agreements. The Group recorded approximately US$44.9 million lease liabilities as at June 30, 2026, compared to approximately US$51.9 million as at December 31, 2025 due to the payments for existing leases.

*Contingent Liabilities and Guarantees*

As at June 30, 2026, the Group did not have any material contingent liabilities or guarantees.

*Currency Risk*

The functional currency of the Company and the operating subsidiaries incorporated in the USA is US$. The functional currency of the PRC operating subsidiaries is RMB. The functional currency of the operating subsidiary incorporated in Canada is CAD. The functional currency of the operating subsidiary incorporated in Europe is EUR. Particularly, the PRC operating subsidiaries have foreign currency sales and purchases, which expose the Group to foreign currency risk.

The PRC operating subsidiaries are mainly exposed to foreign currencies of US$ and Euro. The Group does not use any derivative contracts to hedge against its exposure to currency risk. The Group seeks to limit its exposure to foreign currency risk by closely monitoring and minimizing its net foreign currency position.

*Gearing Ratio*

The gearing ratio is calculated using interest-bearing borrowings less cash and cash equivalents and structured deposits divided by total equity and multiplied by 100%. The gearing ratios were 29.2% and 25.4% as at June 30, 2026 and December 31, 2025, respectively. The increase is primarily due to the addition of bank borrowings for the acquisition of Teddy Lab.

## FINANCIAL REVIEW *(Continued)*

### Employees and Remuneration Policies

As at June 30, 2026, the Group had a total of 1,800 employees, of whom 829 were located in North America and Europe and 971 were located in China; 1,505 were scientific and technical support staff and 295 were sales, general and administrative staff. Approximately 83% of employees hold a bachelor's degree or above, and we have 608 employees that hold an advanced degree (a master's level degree or higher such as Ph.D, M.D. or other doctorate level degrees).

The staff costs, including Directors' emoluments but excluding any contributions to retirement benefit scheme contributions and share-based compensation expenses, were approximately US$64.3 million for the six months ended June 30, 2026, as compared to approximately US$52.9 million for the six months ended June 30, 2025. The remuneration packages of employees generally include salary and bonus elements. In general, the Group determines the remuneration packages based on the qualifications, position and performance of its employees. The Group also makes contributions to pension schemes, social insurance funds, including basic pension insurance, medical insurance, unemployment insurance, childbirth insurance, work-related injury insurance funds, and housing reserve fund as applicable to the countries where the Group operates.

As at the date of this report, the Group has adopted the Pre-IPO Share Incentive Plans, the 2018 Share Incentive Plan and the 2021 Share Award Scheme to provide incentives or rewards to eligible participants for their contribution or potential contribution to the Group.

In addition, the Group has training systems, including orientation and on-the-job training for all staff, to accelerate the learning progress and improve the knowledge and skill levels of its workforce. The Group also has a training program for senior management that focuses on management skills, conflict resolution and effective communication skills and sessions on how to recruit and retain talent. The orientation process covers corporate culture and policies, work ethics, introduction to the drugs development process, quality management and occupational safety. The periodic on-the-job training covers certain technical aspects of the Group's services, environmental, health and safety management systems and mandatory training required by applicable laws and regulations.

## EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant events affecting the Group, which have occurred subsequent to June 30, 2026 and up to the date of this report.

## INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended June 30, 2026 (six months ended June 30, 2025: nil).

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

In October 2025, Frontage Shanghai, a wholly-owned subsidiary of the Company, entered into a Share Transfer Agreement with Hangzhou Tigermed and Jiaxing Xinge to acquire 45,169,326 shares representing 100% of the entire issued share capital of Teddy Lab at the total consideration of RMB270 million upon completion of a repurchase and capital reduction by the Teddy Lab (the "**Acquisition**").

The Acquisition constitutes (i) a major transaction under Chapter 14 of the Listing Rules as the highest applicable percentage ratio exceeds 25% but is less than 100%; and (ii) a connected transaction under Chapter 14A of the Listing Rules as Hangzhou Tigermed is the controlling shareholder of the Company and the highest applicable percentage ratio exceeds 5%, and was subject to the reporting, disclosure and shareholder approval requirements under the Listing Rules. For details, please refer to the announcement of the Company dated October 10, 2025 and the circular of the Company dated December 15, 2025.

The acquisition was completed on March 3, 2026. Immediately following the completion of acquisition, Teddy Lab has become a wholly-owned subsidiary of Frontage Shanghai.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (whether on the Stock Exchange or otherwise) during the six months ended June 30, 2026 (including sale of treasury shares (as defined under the Listing Rule). As at June 30, 2026, the Company did not hold any treasury shares (as defined under the Listing Rules).

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct regarding securities transactions by the Directors. Having made specific enquiries with all the Directors, all the Directors confirmed that they had complied with the required standard of dealings as set out in the Model Code during the six months ended June 30, 2026.

## CORPORATE GOVERNANCE CODE

During the six months ended June 30, 2026, the Company has followed the principles and complied with all the code provisions set out in the CG Code.

## CHANGES IN DIRECTORS' AND CHIEF EXECUTIVES' BIOGRAPHICAL DETAILS

Changes in the information of Directors since the publication of the annual report of the Company for the year ended December 31, 2025 and up to the date of this report, which are required to be disclosed under Rule 13.51B(1) of the Listing Rules are set out below:

- Mr. Yifan Li ceased to act as an independent non-executive director of Xinyuan Real Estate Co., Ltd. (which is a company listed on the New York Stock Exchange with stock code XIN) and Xinyuan Property Management Service (Cayman) Ltd. (which is a company listed on the Hong Kong Stock Exchange with stock code 1895).

- Dr. Jingsong Wang ceased to act as an independent director of Xinjiang Bai Hua Cun Pharma Tech Co., Ltd. (which is a company listed on the Shanghai Stock Exchange with stock code 600721).

## AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee has adopted written terms in order to comply with Rule 3.21 of the Listing Rules. The primary duties of the Audit and Risk Management Committee are to review and supervise the Company's financial reporting process, internal controls and risk management. The Audit and Risk Management Committee comprises Mr. Yifan Li, Mr. Erh Fei Liu, both independent non-executive Directors, and Mr. Hao Wu, a non-executive Director. Mr. Yifan Li is the chairman of the Audit and Risk Management Committee.

## REVIEW BY AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee has reviewed together with the Company's management, the accounting principles and policies, internal controls, risk management and financial reporting adopted by the Group, the unaudited condensed consolidated financial statements, interim results announcement and interim report of the Group for the Reporting Period. The Audit and Risk Management Committee is satisfied that the unaudited condensed consolidated financial statements, interim results announcement and interim report of the Group for the Reporting Period were prepared in accordance with the applicable accounting standards and fairly present the Group's financial position and results for the Reporting Period and that adequate disclosures had been made in accordance with the requirements of the Listing Rules.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at June 30, 2026, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

### Long Positions in the Shares and underlying Shares

| Name of director/ chief executive | Capacity/Nature of Interest | Number of Shares and underlying shares | Approximate percentage of shareholding interest[(2)] |
|---|---|---|---|
| Dr. Song Li[(1)] | Beneficial owner/Trustee | 177,541,320 | 8.69% |
| Dr. Zhongping Lin | Beneficial owner | 10,829,156 | 0.53% |
| Dr. Wentao Zhang | Beneficial owner | 5,200,000 | 0.25% |

*Notes:*

(1) As at June 30, 2026, Dr. Song Li is the beneficial owner of 40,733,050 Shares and is the founder and a trustee of each of The Linna Li GST Exempt Trust, The Wendy Li GST Exempt Trust and The Yue Monica Li GST Exempt Trust, which, as at June 30, 2026, hold 45,600,090 Shares, 45,602,090 Shares and 45,606,090 Shares respectively.

(2) The percentage is for illustrative purpose only, subject to rounding error, and is calculated based on the number of 2,042,074,910 Shares in issue as at June 30, 2026.

Save as disclosed above and to the best knowledge of the Directors, as at June 30, 2026, none of the Directors or the chief executives of the Company had any interests and/or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at June 30, 2026, so far as the Directors are aware, the following persons (other than a Director or chief executive of the Company) and entities had interests or short positions in the Shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which recorded in the register required to be kept by the Company under section 336 of the SFO:

### Interests and Long Positions in Shares

| Name of substantial Shareholder | Capacity/Nature of interest | Number of Shares | Approximate percentage of shareholding interest[2] |
|---|---|---|---|
| Hongkong Tigermed | Beneficial owner | 1,088,484,090 | 53.47% |
| Hangzhou Tigermed[1] | Interest of controlled corporation | 1,314,504,090 | 64.57% |

*Notes:*

(1) Hangzhou Tigermed is deemed to be interested in the 1,088,484,090 Shares which Hongkong Tigermed, its wholly-owned subsidiary, is interested in as beneficial owner of Hongkong Tigermed, and the 226,020,000 Share held by itself.

(2) The percentage is for illustrative purpose only, subject to rounding error, and is calculated based on the number of 2,035,724,910 Shares in issue as at June 30, 2026.

Save as disclosed above and to the best knowledge of the Directors, as at June 30, 2026, no other persons (other than a Director or chief executive of the Company) or entities had any interests or short positions in the Shares or underlying shares of the Company, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which recorded in the register required to be kept by the Company under section 336 of the SFO.

## SHARE OPTION SCHEME

### Pre-IPO Share Incentive Plans

Frontage Labs has adopted the Pre-IPO Share Incentive Plans for the primary purpose of attracting, retaining and motivating the directors of Frontage Labs and employees of the Group. Under such plans, the directors of Frontage Labs may grant up to 9,434,434 share options under the 2008 Share Incentive Plan and 12,000,000 share options under the 2015 Share Incentive Plan to eligible employees, including the directors of Frontage Labs and employees of the Group, to subscribe for shares in Frontage Labs. Each option granted has a contractual term of 5 to 10 years and vests one calendar year after the grant date.

On April 17, 2018, Frontage Labs assigned and the Company assumed and adopted the rights and obligations of Frontage Labs under the Pre-IPO Share Incentive Plans. The total outstanding share options under Pre-IPO Share Incentive Plans as at December 31, 2018 were 4,035,000 shares.

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

On May 11, 2019, upon the completion of the Capitalization Issue, the number of options granted to an eligible employee under the Pre-IPO Share Incentive Plans were adjusted to ten times of the original number of options held by that grantee. Accordingly, the exercise price was adjusted to 10% of the original exercise price.

## SHARE OPTION SCHEME *(Continued)*

### Pre-IPO Share Incentive Plans *(Continued)*

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

| Category of participants | Date of grant | Exercise price per Share (US$) | Outstanding as at January 1, 2026 | Granted during the Reporting Period | Exercised during the Reporting Period | Cancelled and Lapsed during the Reporting Period | Outstanding as at June 30, 2026 | Vesting period |
|---|---|---|---|---|---|---|---|---|
| **Directors** | | | | | | | | |
| Dr. Zhongping Lin | September 14, 2017 | 0.057 | 2,000,000 | – | – | – | 2,000,000 | exercisable at any time(1) |
| **Senior management and other employees** | June 16, 2016 | 0.049 | 6,650,000 | – | 6,350,000 | 300,000 | – | |
| | September 14, 2017 | 0.057 | 7,850,000 | – | – | 700,000 | 7,150,000 | exercisable at any time(1) |
| **Total** | | | 16,500,000 | – | 6,350,000 | 1,000,000 | 9,150,000 | |

*Notes:*

(1) The option exercise period is ten years from the date of grant.

The exercise price of options outstanding is US$0.057.

**SHARE OPTION SCHEME** *(Continued)*

**Pre-IPO Share Incentive Plans** *(Continued)*

The estimated fair value of the share options granted under the 2015 Share Incentive Plan in 2021 was approximately US$5,001,000. The fair value was calculated using the Black-Scholes model. There were no share options issued for the six months ended June 30, 2026 and no more options may be granted under the Pre-IPO Share Incentive Plans upon the Listing of the Company.

The major inputs into the model are as follows:

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

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

## SHARE OPTION SCHEME *(Continued)*

### Pre-IPO Share Incentive Plans *(Continued)*

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

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

The Group recognized total expenses of approximately US$nil for the six months ended June 30, 2026 (six months ended June 30, 2025: US$nil) in relation to share options granted by the Company.

### 2018 Share Incentive Plan

The Company conditionally adopted the 2018 Share Incentive Plan by a written resolution of the Shareholders on May 11, 2019, which became unconditional upon the Listing Date. Summary of the principal terms of the 2018 Share Incentive Plan is as follows:

*(i)* *Purpose of the 2018 Share Incentive Plan*

The purpose of the 2018 Share Incentive Plan is to advance the interests of the Company's shareholders by enhancing the Company's ability to attract, retain and motivate skilled and experienced personnel who are expected to make important contributions to the Group. In particular, the 2018 Share Incentive Plan aims to motivate personnel to strive for the future development and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company.

*(ii)* *Participants*

Those eligible to participate in the 2018 Share Incentive Plan include the Directors (including executive Directors, non-executive Directors and independent non-executive Directors), the directors of the Company's subsidiaries and the employees, consultants and advisors of the Group or any other person as determined by the Board who the Board considers, in its absolute discretion, have contributed or will contribute to the Group ("**Participants**"). Participants may receive, at the absolute discretion of the Board, options ("**Options**"), restricted share units (a contingent right to receive Shares) ("**RSUs**") and any other type of share incentive award (each, an "**Award**") under the 2018 Share Incentive Plan. Each person who receives an Award under the 2018 Share Incentive Plan is a grantee (the "**Grantee**").

**SHARE OPTION SCHEME** *(Continued)*

**2018 Share Incentive Plan** *(Continued)*

(iii) *The total number of shares available for issue under the 2018 Share Incentive Plan and the percentage of the issued shares that it represents as at the date of the interim report*

The maximum number of shares in respect of which awards may be granted pursuant to the 2018 Share Incentive Plan and any other equity-based incentive schemes of the Company is 200,764,091, being 10% of the shares in issue on the listing date.

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

(iv) *Maximum entitlement of each participant*

The maximum number of shares issued and to be issued and/or transferred and to be transferred upon the vesting or exercise of the awards granted to each grantee (including all vested, exercised and outstanding awards) in any 12-month period shall not (when aggregated with any shares underlying the awards granted during such period pursuant to any other share award schemes of the Company) exceed 1% of the shares in issue of the Company. Any further grant of awards in excess of this limit is subject to shareholders' approval in general meeting of the Company.

(v) *Time of exercise of option*

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

(vi) *Vesting period of Awards*

Subject to and in accordance with the terms of the 2018 Share Incentive Plan and the specific terms applicable to each Award, an Award shall vest on the date specified in the notice of grant. If the vesting of an Award is subject to the satisfaction of performance or other conditions and such conditions are not satisfied, the Award shall lapse automatically in respect of such proportion of underlying Shares as have not vested.

**SHARE OPTION SCHEME** *(Continued)*

**2018 Share Incentive Plan** *(Continued)*

*(vii) Payment on acceptance of Award*

The Company may require the Grantee to pay a remittance of the sum of US$1.00 or such other amount in any other currency as may be determined by the Board as consideration for the grant of the Award. Such remittance is not refundable in any circumstances.

*(viii) Basis of determining the exercise price*

The Exercise Price shall be determined by the Board in its absolute discretion but in any event shall not be less than the higher of:

a) the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the offer date, which must be a Business Day;

b) the average closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the five Business Days immediately preceding the offer date; and

c) the nominal value of the Shares,

provided that for the purpose of determining the exercise price where the Shares have been listed on the Stock Exchange for less than five Business Days, the issue price of the Shares in the Global Offering shall be used as the closing price of the Shares for any Business Day falling within the period before the listing of the Shares on the Stock Exchange.

*(ix) The remaining life of the 2018 Share Incentive Plan*

The 2018 Share Incentive Plan shall be valid and effective for a period of 10 years commencing from May 30, 2019, after which no further Awards may be offered or granted but Awards granted during that 10-year term shall continue to be valid in accordance with their terms of grant.

## SHARE OPTION SCHEME *(Continued)*

### 2018 Share Incentive Plan *(Continued)*

*(ix) The remaining life of the 2018 Share Incentive Plan (Continued)*

The movements of share options for the six months ended June 30, 2026 were as follows:

| Category of participants | Date of grant | Exercise price per Share *(HK$)* | Outstanding as at January 1, 2026 | Granted during the Reporting Period | Exercised during the Reporting Period[4] | Cancelled and Lapsed during the Reporting Period | Outstanding as at June 30, 2026 | Vesting period[5] |
|---|---|---|---|---|---|---|---|---|
| **Directors** | | | | | | | | |
| Dr. Song Li | October 7, 2022[1] | 2.092 | 1,500,000 | – | – | – | 1,500,000 | • 30% on September 1, 2023;<br>• 30% on September 1, 2024; and<br>• 40% on September 1, 2025 |
| | December 20, 2023[2] | 2.130 | 1,600,000 | – | – | – | 1,600,000 | • 30% on December 20, 2024;<br>• 30% on December 20, 2025; and<br>• 40% on December 20, 2026 |
| | October 30, 2024[3] | 0.820 | 4,500,000 | – | – | – | 4,500,000 | • 30% on October 30, 2025;<br>• 30% on October 30, 2026; and<br>• 40% on October 30, 2027 |
| Dr. Wentao Zhang | October 7, 2022[1] | 2.092 | 600,000 | – | – | – | 600,000 | • 30% on September 1, 2023;<br>• 30% on September 1, 2024; and<br>• 40% on September 1, 2025 |
| | December 20, 2023[2] | 2.130 | 600,000 | – | – | – | 600,000 | • 30% on December 20, 2024;<br>• 30% on December 20, 2025; and<br>• 40% on December 20, 2026 |
| | October 30, 2024[3] | 0.820 | 4,000,000 | – | – | – | 4,000,000 | • 30% on October 30, 2025;<br>• 30% on October 30, 2026; and<br>• 40% on October 30, 2027 |

## SHARE OPTION SCHEME *(Continued)*

### 2018 Share Incentive Plan *(Continued)*

*(ix) The remaining life of the 2018 Share Incentive Plan (Continued)*

| Category of participants | Date of grant | Exercise price per Share (HK$) | Outstanding as at January 1, 2026 | Granted during the Reporting Period | Exercised during the Reporting Period[4] | Cancelled and Lapsed during the Reporting Period | Outstanding as at June 30, 2026 | Vesting period[5] |
|---|---|---|---|---|---|---|---|---|
| Dr. Zhongping Lin | October 7, 2022[1] | 2.092 | 1,000,000 | – | – | – | 1,000,000 | • 30% on September 1, 2023;<br>• 30% on September 1, 2024; and<br>• 40% on September 1, 2025 |
| | December 20, 2023[2] | 2.130 | 1,200,000 | – | – | – | 1,200,000 | • 30% on December 20, 2024;<br>• 30% on December 20, 2025; and<br>• 40% on December 20, 2026 |
| | October 30, 2024[3] | 0.820 | 4,500,000 | – | – | – | 4,500,000 | • 30% on October 30, 2025;<br>• 30% on October 30, 2026; and<br>• 40% on October 30, 2027 |
| **Employees** | October 7, 2022[1] | 2.092 | 20,592,000 | – | – | 1,055,000 | 19,537,000 | • 30% on September 1, 2023;<br>• 30% on September 1, 2024; and<br>• 40% on September 1, 2025 |
| | December 20, 2023[2] | 2.130 | 18,588,000 | – | – | 1,843,000 | 16,745,000 | • 30% on December 20, 2024;<br>• 30% on December 20, 2025; and<br>• 40% on December 20, 2026 |
| | October 30, 2024[3] | 0.820 | 19,150,000 | – | – | 1,050,000 | 18,100,000 | • 30% on October 30, 2025;<br>• 30% on October 30, 2026; and<br>• 40% on October 30, 2027 |
| **Total** | | | 77,830,000 | – | – | 3,948,000 | 73,882,000 | |

**SHARE OPTION SCHEME** *(Continued)*

**2018 Share Incentive Plan** *(Continued)*

*(ix) The remaining life of the 2018 Share Incentive Plan (Continued)*

*Notes:*

(1) The closing price of the shares immediately before the date on which the options were granted was HK$2.06.

(2) The closing price of the shares immediately before the date on which the options were granted was HK$2.16.

(3) The closing price of the shares immediately before the date on which the options were granted was HK$0.73.

(4) The weighted average closing price of the shares immediately before the dates on which the options were exercised during the Reporting Period was not applicable as there was no exercise of options during the Reporting Period.

(5) The option exercise period commences from the respective vesting date of the relevant tranche of share options and ends on the date before the 5th anniversary of the date of grant (i.e. October 6, 2027, December 20, 2028 and October 30, 2029 respectively) (both dates inclusive).

Except for the share options granted shown as above, no RSU or any other type of share incentive award was granted under the 2018 Share Incentive Plan for the six months ended June 30, 2026. The number of Awards available for grant under the 2018 Share Incentive Plan at the beginning and the end of the financial year is 85,823,591 and 85,823,591, respectively.

The fair value of the share options granted under the 2018 Share Incentive Plan as at October 7, 2022, as at December 20, 2023 and October 30, 2024 was approximately US$3,255,000, US$2,988,000 and US$1,839,000 respectively, which were calculated in accordance with IFRSs. The fair value was calculated using the Black-Scholes-Merton model.

## SHARE OPTION SCHEME *(Continued)*

### 2018 Share Incentive Plan *(Continued)*

*(ix) The remaining life of the 2018 Share Incentive Plan (Continued)*

The significant assumptions and inputs used in the Black-Scholes-Merton model are as follows:

| **Grant date** | **As at October 7, 2022** |
|---|---|
| Share price (US$) | 0.25 |
| Exercise price (US$) | 0.27 |
| Expected volatility | 52.0% |
| Expected life (years) | 5 |
| Risk-free interest rate | 3.7% |
| Expected dividend yield | – |

| **Grant date** | **As at December 20, 2023** |
|---|---|
| Share price (US$) | 0.27 |
| Exercise price (US$) | 0.27 |
| Expected volatility | 51.0% |
| Expected life (years) | 5 |
| Risk-free interest rate | 3.0% |
| Expected dividend yield | – |

| **Grant date** | **As at October 30, 2024** |
|---|---|
| Share price (US$) | 0.11 |
| Exercise price (US$) | 0.11 |
| Expected volatility | 64.0% |
| Expected life (years) | 5 |
| Risk-free interest rate | 3.0% |
| Expected dividend yield | – |

## SHARE OPTION SCHEME *(Continued)*

### 2018 Share Incentive Plan *(Continued)*

*(ix) The remaining life of the 2018 Share Incentive Plan* (Continued)

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

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

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

The Group recognised total expenses of approximately US$290,000 for the six months ended June 30, 2026 (six months ended June 30, 2025: approximately US$1,045,000) in relation to share options granted by the Company under 2018 Frontage Share Incentive Scheme.

### 2021 Share Award Scheme

The Company adopted the 2021 Share Award Scheme on January 22, 2021. Summary of the principal terms of the 2021 Share Award Scheme is as follows:

*(i) Purpose of the 2021 Share Award Scheme*

The purposes of the 2021 Share Award Scheme are to recognize the contributions by certain employees, to give incentives thereto in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

## SHARE OPTION SCHEME *(Continued)*

### 2021 Share Award Scheme *(Continued)*

*(ii) Participants*

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

*(iii) The total number of shares available for issue under the 2021 Share Award Scheme and the percentage of the issued shares that it represents as at the date of this report*

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

The total number of shares available for issue under the 2021 Share Award Scheme is 181,654,591, being 8.9% of the issued shares as at the date of this report.

*(iv) Maximum entitlement of each participant*

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

### SHARE OPTION SCHEME *(Continued)*

#### 2021 Share Award Scheme *(Continued)*

*(v) Vesting period of awarded shares*

The respective awarded shares held by the trustee on behalf of selected employee(s) as specified in the 2021 Share Award Scheme and the grant notice shall vest in such selected employee(s) in accordance with the vesting schedule (if any) as set out in the grant notice.

*(vi) Payment on acceptance of award*

None.

*(vii) Basis of determining the purchase price*

None.

*(viii) The remaining life of the 2021 Share Award Scheme*

The 2021 Share Award Scheme will remain in force for a period of 10 years commencing on its adoption date (i.e. January 22, 2021) unless otherwise terminated by the Board at an earlier date or expired upon the end of the transitional arrangements provided for the existing share schemes under the new Chapter 17 accordingly (effective from January 1, 2023).

On January 25, 2021, the Board resolved to grant a total of 22,950,500 Awarded Shares to 184 Award Participants pursuant to the terms of the 2021 Share Award Scheme. Of the 22,950,500 Awarded Shares, (i) 19,850,500 awarded shares were granted to 182 Non-connected Award Participants, all being employees of the Group who are not connected persons of the Company; and (ii) 3,100,000 awarded shares were granted to two Connected Award Participants, namely Dr. Zhihe Li and Dr. Song Li and were approved by the independent Shareholders at the annual general meeting of the Company held on May 27, 2021.

The estimated fair value was approximately US$16,120,000 for the awarded shares. The fair value was calculated by reference to the closing share price of the Company at the date of grant, which was HK$6.02 (equivalent to US$0.78) per share.

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended June 30, 2026

| | NOTES | Six months ended 6/30/2026 US$'000 (Unaudited) | 6/30/2025 US$'000 (Unaudited) |
|---|---|---|---|
| Revenue | 3 | **148,190** | 126,578 |
| Cost of services | | **(110,295)** | (91,267) |
| Gross profit | | **37,895** | 35,311 |
| Other income | 5 | **1,834** | 1,360 |
| Other gains and losses, net | 6 | **(2,103)** | 662 |
| Research and development expenses | | **(3,043)** | (2,173) |
| Reversal of impairment/(impairment losses) recognized on | | | |
| – trade receivables | | **1,112** | (763) |
| – unbilled revenue | | **13** | (53) |
| Selling and marketing expenses | | **(3,959)** | (4,283) |
| Administrative expenses | | **(18,912)** | (20,824) |
| Share of profit of an associate | | **111** | 85 |
| Finance costs | 7 | **(3,488)** | (4,215) |
| Profit before tax | 8 | **9,460** | 5,107 |
| Income tax expense | 9 | **(2,672)** | (2,184) |
| **Profit for the period** | | **6,788** | 2,923 |
| **Other comprehensive income** | | | |
| *Items that may be reclassified subsequently to profit or loss:* | | | |
| Exchange differences arising from translation of foreign operations | | **913** | 3,131 |
| **Total comprehensive income for the period** | | **7,701** | 6,054 |
| **Profit/(loss) for the period attributable to:** | | | |
| Owners of the Company | | **6,755** | 2,927 |
| Non-controlling interests | | **33** | (4) |
| | | **6,788** | 2,923 |
| **Total comprehensive income for the period attributable to:** | | | |
| Owners of the Company | | **7,628** | 6,054 |
| Non-controlling interests | | **73** | – |
| | | **7,701** | 6,054 |
| **Earnings per share** | 10 | | |
| – Basic (US$) | | **0.0033** | 0.0014 |
| – Diluted (US$) | | **0.0033** | 0.0014 |

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2026

| | NOTES | As at 6/30/2026 US$'000 (Unaudited) | As at 12/31/2025 US$'000 (Audited) |
|---|---|---|---|
| **Non-current Assets** | | | |
| Property, plant and equipment | 12 | 119,137 | 123,331 |
| Right-of-use assets | 12 | 39,622 | 45,253 |
| Goodwill | 13 | 196,584 | 187,658 |
| Intangible assets | | 29,857 | 23,205 |
| Interests in an associate | | 9,817 | 7,184 |
| Deferred tax assets | | 11,484 | 10,598 |
| Financial assets at fair value through profit or loss ("FVTPL") | 22 | 5,528 | 4,813 |
| Other long-term deposits | | 813 | 816 |
| | | 412,842 | 402,858 |
| **Current Assets** | | | |
| Inventories | | 8,984 | 2,979 |
| Trade and other receivables and prepayment | 14 | 85,054 | 72,206 |
| Unbilled revenue | 15 | 33,236 | 20,125 |
| Structured deposits | 22 | 2,263 | 2,845 |
| Tax recoverable | | 2,836 | 3,017 |
| Restricted bank deposits | 16 | 704 | 695 |
| Cash and cash equivalents | 16 | 34,555 | 36,299 |
| | | 167,632 | 138,166 |
| **Current Liabilities** | | | |
| Trade and other payables | 17 | 25,540 | 18,596 |
| Advances from customers | 18 | 37,732 | 27,795 |
| Bank borrowings | 19 | 48,065 | 47,497 |
| Income tax payable | | 787 | 887 |
| Amounts due to shareholders | | 210 | 210 |
| Lease liabilities | | 6,748 | 8,511 |
| | | 119,082 | 103,496 |
| **Net Current Assets** | | 48,550 | 34,670 |
| **Total Assets less Current Liabilities** | | 461,392 | 437,528 |

| | *NOTES* | **As at 6/30/2026 *US$'000* (Unaudited)** | As at 12/31/2025 *US$'000* (Audited) |
|---|---|---|---|
| **Non-current Liabilities** | | | |
| Bank borrowings | *19* | **47,924** | 28,181 |
| Deferred government grant | | **2,010** | 1,936 |
| Deferred tax liabilities | | **17,082** | 15,939 |
| Lease liabilities | | **38,150** | 43,426 |
| | | **105,166** | 89,482 |
| **Net Assets** | | **356,226** | 348,046 |
| **Capital and Reserves** | | | |
| Share capital | *20* | **20** | 20 |
| Treasury shares | *21* | **(313)** | (313) |
| Reserves | | **355,186** | 347,079 |
| Equity attributable to owners of the Company | | **354,893** | 346,786 |
| Non-controlling interests | | **1,333** | 1,260 |
| **Total Equity** | | **356,226** | 348,046 |

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2026

| | Share capital US$'000 | Treasury Shares US$'000 | Reserves: Share premium US$'000 | Statutory reserve US$'000 (Note) | Foreign currency translation reserve US$'000 | Equity-settled share based compensation reserve US$'000 | Reorganization reserve US$'000 | Capital reserve US$'000 | Accumulated profit US$'000 | Subtotal reserves US$'000 | Non-controlling interests US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| As at January 1, 2026 (unaudited) | 20 | (313) | 230,806 | 2,572 | (4,931) | 11,022 | (9,531) | 3,050 | 114,091 | 347,079 | 1,260 | 348,046 |
| Profit for the period | – | – | – | – | – | – | – | – | 6,755 | 6,755 | 33 | 6,788 |
| Other comprehensive income for the period | – | – | – | – | 873 | – | – | – | – | 873 | 40 | 913 |
| Total comprehensive income for the period | – | – | – | – | 873 | – | – | – | 6,755 | 7,628 | 73 | 7,701 |
| Exercise of share options | – | – | 568 | – | – | (257) | – | – | – | 311 | – | 311 |
| Recognition of equity-settled share-based compensation | – | – | – | – | – | 290 | – | – | – | 290 | – | 290 |
| Reversal of deferred tax assets related to equity-settled share-based compensation | – | – | – | – | – | (122) | – | – | – | (122) | – | (122) |
| **As at June 30, 2026 (Unaudited)** | **20** | **(313)** | **231,374** | **2,572** | **(4,058)** | **10,933** | **(9,531)** | **3,050** | **120,846** | **355,186** | **1,333** | **356,226** |

For the six months ended June 30, 2026

| | | | Reserves | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital US$'000 | Treasury Shares US$'000 | Share premium US$'000 | Statutory reserve US$'000 (Note) | Foreign currency translation reserve US$'000 | Equity-settled share based compensation reserve US$'000 | Reorganization reserve US$'000 | Capital reserve US$'000 | Accumulated profit US$'000 | Subtotal reserves US$'000 | Non-controlling interests US$'000 | Total US$'000 |
| As at January 1, 2025 (unaudited) | 20 | (313) | 227,649 | 2,572 | (9,856) | 12,116 | (9,531) | 3,050 | 107,298 | 333,298 | 1,264 | 334,269 |
| Profit/(loss) for the period | – | – | – | – | – | – | – | – | 2,927 | 2,927 | (4) | 2,923 |
| Other comprehensive income for the period | – | – | – | – | 3,127 | – | – | – | – | 3,127 | 4 | 3,131 |
| Total comprehensive income for the period | – | – | – | – | 3,127 | – | – | – | 2,927 | 6,054 | – | 6,054 |
| Vesting of share awards | – | – | 3,157 | – | – | (3,157) | – | – | – | – | – | – |
| Recognition of equity-settled share-based compensation | – | – | – | – | – | 1,112 | – | – | – | 1,112 | – | 1,112 |
| **As at June 30, 2025 (Unaudited)** | 20 | (313) | 230,806 | 2,572 | (6,729) | 10,071 | (9,531) | 3,050 | 110,225 | 340,464 | 1,264 | 341,435 |

*Note:* In accordance with the Articles of Association of all subsidiaries established in the People's Republic of China (the "PRC"), those subsidiaries are required to transfer 10% of the profit after taxation to the statutory reserve until the reserve reaches 50% of the registered capital. Transfer to this reserve must be made before distributing dividends to equity holders. The statutory reserve can be used to make up for previous years' losses, expand the existing operations or convert into additional capital of the subsidiaries.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2026

| | Six months ended | |
|---|---|---|
| | **6/30/2026** | 6/30/2025 |
| | ***US$'000*** | *US$'000* |
| | **(Unaudited)** | (Unaudited) |
| **NET CASH FROM OPERATING ACTIVITIES** | **25,660** | 18,764 |
| **NET CASH USED IN INVESTING ACTIVITIES** | | |
| Purchase of property, plant and equipment | **(6,225)** | (3,634) |
| Proceeds from disposal of property, plant and equipment | **47** | 266 |
| Interest received | **26** | 189 |
| Withdrawal of structured deposits | **3,196** | – |
| Capital injection of an associate | **(2,266)** | – |
| Acquisition of a subsidiary, net of cash acquired | **(34,727)** | (315) |
| Placement of restricted bank deposits | **(6)** | (23) |
| Purchase of intangible assets | **(17)** | (34) |
| | **(39,972)** | (3,551) |
| **NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES** | | |
| Repayment of bank borrowings | **(19,878)** | (24,368) |
| Proceeds from bank borrowings | **38,904** | 7,216 |
| Interest paid on bank borrowings | **(2,202)** | (2,627) |
| Repayment of lease liabilities | **(4,083)** | (3,833) |
| Interest paid on lease liabilities | **(1,286)** | (1,588) |
| Proceeds from exercise of share options | **311** | – |
| | **11,766** | (25,200) |
| **NET DECREASE IN CASH AND CASH EQUIVALENTS** | **(2,546)** | (9,987) |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD** | **36,299** | 44,091 |
| Effects of exchange rate changes | **802** | (442) |
| **CASH AND CASH EQUIVALENTS AT END OF PERIOD, REPRESENTED BY BANK BALANCES AND CASH** | **34,555** | 33,662 |

## 1. GENERAL INFORMATION

Frontage Holdings Corporation (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability on April 16, 2018 under the Company Law of the Cayman Islands, and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since May 30, 2019. The immediate holding company of the Company is Hongkong Tigermed Co., Limited ("Hongkong Tigermed"), a company incorporated under the laws of Hong Kong with limited liability. The ultimate holding company of the Company is Hangzhou Tigermed Consulting Co., Ltd. ("Hangzhou Tigermed"), a company established in Hangzhou, the PRC and whose shares have been listed on the ChiNext market of the Shenzhen Stock Exchange and the Main Board of The Stock Exchange.

The Company is a holding company. The principal activities of the Company and its subsidiaries (collectively the "Group") are to provide laboratory and related services to pharmaceutical and agrochemical companies as well as bioequivalence clinical and chemical services. The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111 Cayman Islands. The principal places of business in the United States of America (the "USA") and Hong Kong are 700 Pennsylvania Drive, Exton, PA 19341, USA and Room 1920, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong, respectively.

The functional currency of the Company and the operating subsidiaries incorporated in the USA is US dollars ("US$"). The functional currency of the PRC operating subsidiaries is Renminbi ("RMB"). The functional currency of the operating subsidiary incorporated in Canada is Canadian dollars ("CAD"). The functional currency of the operating subsidiary incorporated in Europe is Euro ("EUR"). The reporting currency used for the presentation of the condensed consolidated financial statements is US$, which is the same as the functional currency of the Company.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION

### (a) Basis of preparation of the financial statements

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board as well as with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange.

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value.

Other than additional accounting policies resulting from application of amendments to IFRS Accounting Standards ("IFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2026 are the same as those presented in the Group's annual financial statements for the year ended December 31, 2025.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

### (b) Application of amendments to IFRSs – effective for annual period beginning on or after January 1, 2026

In the current interim period, the Group has applied the following amendments to IFRSs issued by the International Accounting Standard Board, for the first time, which are mandatory effective for the annual period beginning on or after January 1, 2026 for the preparation of the Group's condensed consolidated financial statements:

| | |
|---|---|
| Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 | Annual Improvements to IFRS Accounting Standards – Volume 11 |
| Amendments to IFRS 9 and IFRS 7 | Amendments to the Classification and Measurement of Financial Instruments |
| Amendments to IFRS 9 and IFRS 7 | Contracts Referencing Nature-dependent Electricity |

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

## 3. REVENUE

The Group's revenue streams are categorized as follows:

– Drug Discovery Unit, consisting of medicinal chemistry, pharmacology, and efficacy & absorption, distribution, metabolism, and excretion ("ADME") screening;

– Drug Development Unit, comprising drug metabolism and pharmacokinetics ("DMPK"), Safety and Toxicology, early phase clinical services, as well as a suite of bioequivalence and related services such as pharmacology, medical writing and regulatory support;

– Pharmaceutical Product Development Unit, encompassing intermediate and active pharmaceutical ingredient ("API") synthesis, process and formulation development, and clinical trial material manufacturing;

– Laboratory Testing Unit is to offer extensive laboratory testing support to clients worldwide involved in drug development. Their services encompass regulated and non-regulated bioanalysis (both small and large molecules), biomarkers, genomics, chemistry, manufacturing and controls ("CMC") Analytical Testing, and Central Laboratory services.

## 3. REVENUE *(Continued)*

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

| | Six months ended | |
|---|---|---|
| | **6/30/2026** | 6/30/2025 |
| | ***US$'000*** | US$'000 |
| | **(Unaudited)** | (Unaudited) |
| Drug discovery | **12,027** | 13,180 |
| Drug development | **46,756** | 41,732 |
| Pharmaceutical product development | **4,551** | 4,790 |
| Laboratory testing | **84,856** | 66,876 |
| | **148,190** | 126,578 |

All revenue of the Group listed above are recognized over time as the Group's performance does not create an asset with an alternative future use since the Group cannot redirect the asset for use on another customer, and the contract terms specify the Group has an enforceable right to payment for performance completed to date.

## 4. SEGMENT INFORMATION

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

The Group's consolidated revenue and results are primarily attributable to the markets in the USA, Canada and Europe (together as "North America and Europe") and the PRC and all of the Group's consolidated assets and liabilities are either located in North America and Europe or the PRC.

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

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

– North America and Europe segment, including drug discovery, drug development, pharmaceutical product development and laboratory testing in the USA, Canada and Europe;

– PRC segment, including drug discovery, drug development, pharmaceutical product development and laboratory testing in the PRC.

## 4. SEGMENT INFORMATION *(Continued)*

### Segment revenues and results

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

*For the six months ended June 30, 2026 (Unaudited)*

| | North America and Europe *US$'000* | PRC *US$'000* | Total *US$'000* |
|---|---|---|---|
| Revenue | | | |
| – Drug discovery | 5,088 | 6,939 | 12,027 |
| – Drug development | 36,080 | 10,676 | 46,756 |
| – Pharmaceutical product development | 3,153 | 1,398 | 4,551 |
| – Laboratory testing | 61,976 | 22,880 | 84,856 |
| | 106,297 | 41,893 | 148,190 |
| Cost of services | (77,325) | (32,970) | (110,295) |
| Other income | 80 | 1,754 | 1,834 |
| Other gains and losses, net | 389 | (2,492) | (2,103) |
| Research and development expenses | – | (3,043) | (3,043) |
| Reversal of impairment recognized on trade and other receivables and unbilled revenue | 994 | 131 | 1,125 |
| Selling and marketing expenses | (2,812) | (1,147) | (3,959) |
| Administrative expenses | (14,398) | (4,514) | (18,912) |
| Share of profit of an associate | – | 111 | 111 |
| Finance costs | (2,550) | (938) | (3,488) |
| Segment profit/(loss) | 10,675 | (1,215) | |
| Profit before tax | | | 9,460 |

## 4. SEGMENT INFORMATION *(Continued)*

### Segment revenues and results *(Continued)*

*For the six months ended June 30, 2025 (Unaudited)*

| | North America and Europe *US$'000* | PRC *US$'000* | Total *US$'000* |
|---|---|---|---|
| Revenue | | | |
| – Drug discovery | 6,760 | 6,420 | 13,180 |
| – Drug development | 33,139 | 8,593 | 41,732 |
| – Pharmaceutical product development | 2,949 | 1,841 | 4,790 |
| – Laboratory testing | 55,737 | 11,139 | 66,876 |
| | 98,585 | 27,993 | 126,578 |
| Cost of services | (68,653) | (22,614) | (91,267) |
| Other income | 424 | 936 | 1,360 |
| Other gains and losses, net | 568 | 94 | 662 |
| Research and development expenses | – | (2,173) | (2,173) |
| Impairment losses recognized on trade and other receivables and unbilled revenue | (701) | (115) | (816) |
| Selling and marketing expenses | (3,105) | (1,178) | (4,283) |
| Administrative expenses | (16,938) | (3,886) | (20,824) |
| Share of profit of an associate | – | 85 | 85 |
| Finance costs | (3,407) | (808) | (4,215) |
| Segment profit/(loss) | 6,773 | (1,666) | |
| Profit before tax | | | 5,107 |

The material accounting policies of reportable segments are the same as the Group's accounting policies.

## 4. SEGMENT INFORMATION *(Continued)*

**Geographical information**

The Group's operations and non-current assets are located in North America and Europe and the PRC.

An analysis of the Group's revenue from external customers, analyzed by the customer's respective country/region of operation, is presented below:

| | Six months ended | |
|---|---|---|
| | **6/30/2026** | 6/30/2025 |
| | ***US$'000*** | *US$'000* |
| | **(Unaudited)** | (Unaudited) |
| Revenue from external customers | | |
| – USA and Canada | **101,592** | 99,649 |
| – PRC | **35,627** | 21,485 |
| – Rest of the world | **10,971** | 5,444 |
| | **148,190** | 126,578 |

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

| | **6/30/2026** | 12/31/2025 |
|---|---|---|
| | ***US$'000*** | *US$'000* |
| | **(Unaudited)** | (Audited) |
| Non-current assets excluding financial assets and deferred tax assets | | |
| – North America and Europe | **303,324** | 313,015 |
| – PRC | **91,693** | 73,616 |
| | **395,017** | 386,631 |

## 5. OTHER INCOME

| | Six months ended 6/30/2026 US$'000 (Unaudited) | 6/30/2025 US$'000 (Unaudited) |
|---|---|---|
| Interest income | 26 | 189 |
| Government grants related to income | 1,173 | 757 |
| Income from rendering technical support service | 635 | 414 |
| | 1,834 | 1,360 |

## 6. OTHER GAINS AND LOSSES, NET

| | Six months ended 6/30/2026 US$'000 (Unaudited) | 6/30/2025 US$'000 (Unaudited) |
|---|---|---|
| (Losses)/gains on disposal of property, plant and equipment | (3,576) | 3 |
| Gains on Lease termination | 918 | – |
| Fair value change on financial assets measured at FVTPL | 555 | – |
| Net foreign exchange gain | 74 | 693 |
| Others | (74) | (34) |
| | (2,103) | 662 |

## 7. FINANCE COSTS

| | Six months ended 6/30/2026 US$'000 (Unaudited) | 6/30/2025 US$'000 (Unaudited) |
|---|---|---|
| Interest expense on lease liabilities | 1,286 | 1,588 |
| Interest expense on bank borrowings | 2,202 | 2,627 |
| | 3,488 | 4,215 |

## 8. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

| | Six months ended | |
|---|---|---|
| | **6/30/2026** | 6/30/2025 |
| | ***US$'000*** | *US$'000* |
| | **(Unaudited)** | (Unaudited) |
| Staff costs (including directors' emoluments): | | |
| – Salaries and other benefits | **59,371** | 52,857 |
| – Retirement benefit scheme contributions | **4,613** | 3,985 |
| – Share-based payment expense | **290** | 1,112 |
| | **64,274** | 57,954 |
| Depreciation of property, plant and equipment | **10,743** | 9,063 |
| Depreciation of right-of-use assets | **3,921** | 4,804 |
| Amortization of intangible assets | **4,075** | 3,847 |

## 9. INCOME TAX EXPENSE

| | Six months ended | |
|---|---|---|
| | **6/30/2026** | 6/30/2025 |
| | ***US$'000*** | *US$'000* |
| | **(Unaudited)** | (Unaudited) |
| Current tax: | | |
| – PRC Enterprise Income Tax ("EIT") | **287** | 303 |
| – U.S. Federal Tax | **2,360** | 2,814 |
| – U.S. State Tax | **645** | 795 |
| – Canada Corporate Tax | **371** | 417 |
| | **3,663** | 4,329 |
| Deferred tax: | | |
| – Current period | **(991)** | (2,145) |
| Total income tax expense | **2,672** | 2,184 |

**9. INCOME TAX EXPENSE** *(Continued)*

The Company and U.S. subsidiaries are subject to U.S. Federal and State Income taxes, with the combined income tax rate being 26.27% for the six months ended June 30, 2026 (the six months ended June 30, 2025: 27.05%).

BRI Biopharmaceutical Research, Inc. ("BRI"), a wholly owned subsidiary of the Group and as a non-Canadian-controlled private corporation ("CCPC") and engaged in active business in British Columbia, Canada, has been subject a flat tax rate of 27%.

Nucro-Technics, Inc. ("Nucro"), a wholly owned subsidiary of the Group, as a non-CCPC and engaged in active business in Ontario, Canada, has been subject an effective corporate tax rate of 26.5%.

Under the law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the EIT rate of the PRC subsidiaries is 25% unless subject to tax exemption set out below.

Frontage Laboratories (Shanghai) Co., Ltd. ("Frontage Shanghai"), a wholly owned subsidiary of the Group in the PRC, was accredited as a "High and New Technology Enterprise" in November 2023 and therefore is entitled to a preferential tax rate of 15% for a three-year period commencing from the beginning of 2023 to the end of 2025 and in the process of renew the High and New Technology Enterprise status in 2026.

Acme Biopharma Co. (Shanghai) Ltd. ("Acme Shanghai"), a wholly owned subsidiary of the Group in the PRC, was accredited as an "Advanced Technology Enterprise" in December 2025, and therefore is entitled to a preferential tax rate of 15% for a three-year period commencing from the beginning of 2025 to the end of 2027.

Wuhan Heyan Biomedical Technology Co., Ltd. ("Heyan Biotech"), a 70% owned subsidiary of the Group in the PRC, was accredited as a "High and New Technology Enterprise" in October 2023 and therefore is entitled to a preferential tax rate of 15% for a three-year period commencing from the beginning of 2023 to the end of 2025 and in the process of renew the High and New Technology Enterprise status in 2026.

Suzhou Frontage New Drug Development Co., Ltd., a wholly owned subsidiary of the Group in the PRC, was accredited as a "High and New Technology Enterprise" in December 2023 and therefore is entitled to a preferential tax rate of 15% for a three-year period commencing from the beginning of 2023 to the end of 2025 and in the process of renew the High and New Technology Enterprise status in 2026.

Acme Biopharma (Wuhan) Co., Ltd., a wholly owned subsidiary of the Group in the PRC, was accredited as a "High and New Technology Enterprise" in December 2025 and therefore is entitled to a preferential tax rate of 15% for a three-year period commencing from the beginning of 2025 to the end of 2027.

## 9. INCOME TAX EXPENSE *(Continued)*

Teddy Clinical Research Laboratory (Shanghai) Ltd., a wholly owned subsidiary of the Group in the PRC, was accredited as a "High and New Technology Enterprise" in December 2024 and therefore is entitled to a preferential tax rate of 15% for a three-year period commencing from the beginning of 2024 to the end of 2026.

Teddy Clinical Research Laboratory (Wuxi) Ltd., a wholly owned subsidiary of the Group in the PRC, was accredited as a "High and New Technology Enterprise" in November 2025 and therefore is entitled to a preferential tax rate of 15% for a three-year period commencing from the beginning of 2025 to the end of 2027.

The group entities incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% on the estimated assessable profits for the six months ended June 30, 2026 and 2025. On March 21, 2018, the Hong Kong Legislative Council passed the Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazette on the following day. Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of qualifying corporations will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%. The two-tiered profits tax rates regime is applicable to the Group's Hong Kong subsidiaries with estimated assessable profits for its annual reporting periods ending on or after April 1, 2018.

The group entities incorporated in the Cayman Islands are not subject to income or capital gains tax under the law of the Cayman Islands.

No provision for Italy income tax has been made as the Group did not generate any assessable profits in Italy during the six months ended June 30, 2026 and 2025.

## 10. EARNINGS PER SHARE

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

| | Six months ended | |
|---|---|---|
| | **6/30/2026** | 6/30/2025 |
| | ***US$'000*** | *US$'000* |
| | **(Unaudited)** | (Unaudited) |
| **Earnings:** | | |
| Earnings for the purpose of calculating basic and diluted earnings per share | **6,755** | 2,927 |

## 10. EARNINGS PER SHARE *(Continued)*

**Number of Shares:**

| | Six months ended | |
|---|---|---|
| | **6/30/2026** | 6/30/2025 |
| | **(Unaudited)** | (Unaudited) |
| Weighted average number of ordinary shares for the purpose of calculating basic earnings per share | **2,029,748,194** | 2,026,369,855 |
| Effect of dilutive potential ordinary shares: | | |
| Share options | **3,387,312** | 101,510 |
| Share awards | **–** | 1,361,117 |
| Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share | **2,033,135,506** | 2,027,832,482 |

*Note:*

(i) The weighted average number of ordinary shares shown above has been adjusted for issue of new shares as set out in Note 20 and treasury shares as set out in Note 21.

## 11. DIVIDENDS

No dividends were paid, declared or proposed during the current interim period. The directors of the Company have determined that no dividend will be paid in respect of the current interim period (six months ended June 30, 2025: nil).

## 12. PROPERTY, PLANT AND EQUIPMENT, AND RIGHT-OF-USE ASSETS

During the current interim period, the Group acquired approximately US$4,247,000 (six months ended June 30, 2025: US$3,008,000) for furniture, fixtures and equipment, US$1,063,000 (six months ended June 30, 2025: US$1,784,000) for constructions in progress, and US$574,000 (six months ended June 30, 2025: US$74,000) for leasehold improvements.

During the current interim period, the Group recognized additional right-of-use assets and lease liabilities amounting to US$412,000 (six months ended June 30, 2025: US$4,484,000) upon the commencement of the leases.

## 13. GOODWILL

| | *US$'000* |
|---|---:|
| **Cost** | |
| At January 1, 2025 | 188,875 |
| Arising on acquisition of subsidiaries | 120 |
| Exchange adjustments | 2,100 |
| At December 31, 2025 (Audited) and January 1, 2026 (Unaudited) | 191,095 |
| Arising on acquisition of subsidiaries | 9,978 |
| Exchange adjustments | (1,060) |
| At June 30, 2026 (Unaudited) | **200,013** |
| **Accumulated impairment** | |
| At January 1, 2025 | 1,861 |
| Impairment | 1,491 |
| Exchange adjustments | 85 |
| At December 31, 2025 (Audited) and January 1, 2026 (Unaudited) | 3,437 |
| Exchange adjustments | (8) |
| At June 30, 2026 (Unaudited) | **3,429** |
| **Net carrying amount** | |
| At June 30, 2026 (Unaudited) | **196,584** |
| At December 31, 2025 (Audited) | 187,658 |

## 14. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

| | 6/30/2026<br>US$'000<br>(Unaudited) | 12/31/2025<br>US$'000<br>(Audited) |
|---|---|---|
| Trade receivables | | |
| – third parties | 71,992 | 65,882 |
| – related parties | 4,395 | 2,053 |
| Less: loss allowance for trade receivables | (4,551) | (5,402) |
| | 71,836 | 62,533 |
| Other receivables | | |
| – third parties | 2,291 | 1,996 |
| – related parties | 1 | – |
| Less: loss allowance for other receivables | (50) | (37) |
| | 2,242 | 1,959 |
| Notes receivables | | |
| – third parties | 566 | 102 |
| Prepayments | | |
| – third parties | 8,545 | 6,018 |
| – related parties | 48 | 287 |
| | 8,593 | 6,305 |
| Value-added tax recoverable | 1,817 | 1,307 |
| | 85,054 | 72,206 |

Details of the trade and other receivables due from related parties are set out in Note 25.

## 14. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS *(Continued)*

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

| | 6/30/2026<br>*US$'000*<br>(Unaudited) | 12/31/2025<br>*US$'000*<br>(Audited) |
|---|---|---|
| Within 90 days | 62,804 | 53,727 |
| 91 to 180 days | 3,052 | 3,436 |
| 181 days to 1 year | 2,690 | 2,975 |
| Over 1 year | 3,290 | 2,395 |
| | 71,836 | 62,533 |

## 15. UNBILLED REVENUE

| | 6/30/2026<br>*US$'000*<br>(Unaudited) | 12/31/2025<br>*US$'000*<br>(Audited) |
|---|---|---|
| Unbilled revenue | | |
| – third parties | 29,707 | 17,286 |
| – related parties | 4,606 | 3,662 |
| Less: loss allowance for unbilled revenue | (1,077) | (823) |
| | 33,236 | 20,125 |

Generally, significant payment terms are disclosed within the contents of a given contract and are in the form of either milestone payment terms representing a percentage of the total budgeted contract price or corresponding directly with the value to the customer of the Group's performance. Revenues recognized in excess of billings are recognized as contract assets and disclosed in the condensed consolidated statement of financial position as unbilled revenue.

Details of the unbilled revenue due from related parties are set out in Note 25.

## 16. RESTRICTED BANK DEPOSITS/CASH AND CASH EQUIVALENTS

At the end of each reporting period, cash and cash equivalents of the Group comprised of bank balances and cash held. The bank deposits carry interest at market rates which ranged from 0.02% to 2.8% per annum as at June 30, 2026 (December 31, 2025: from 0.02% to 3.5% per annum).

According to the lease agreement for the property at Secaucus, NJ, a cash deposit of US$300,000 was required as a guarantee over the property.

As at June 30, 2026, the cash deposits of US$399,000 (December 31, 2025: US$392,000) were required by Pennsylvania department of environmental protection, Bureau of radiation protection and the state of Ohio Bureau of radiation protection in the USA for radiology license in the USA, and the amount were restricted. As at June 30, 2026, the remaining amount in the collateral account were US$399,000 (December 31 2025: US$392,000), which had been included in restricted bank deposits.

As at June 30, 2026, certain bank deposits with balances of approximately RMB40,000 (equivalent to approximately US$6,000) (December 31, 2025: RMB24,000 (equivalent to approximately US$3,000)) were pledged to secure bank facilities granted to the Group.

## 17. TRADE AND OTHER PAYABLES

| | 6/30/2026<br>*US$'000*<br>(Unaudited) | 12/31/2025<br>*US$'000*<br>(Audited) |
|---|---|---|
| Trade payables | | |
| – third parties | 13,214 | 8,389 |
| – related parties | 927 | 971 |
| | 14,141 | 9,360 |
| Notes payables | | |
| – third parties | 467 | 838 |
| Other payables | | |
| – third parties | 2,909 | 1,997 |
| Salary and bonus payables | 6,615 | 5,813 |
| Other taxes payable | 1,408 | 588 |
| | 25,540 | 18,596 |

Details of the trade and other payable due to related parties are set out in Note 25.

## 17. TRADE AND OTHER PAYABLES *(Continued)*

Payment terms with suppliers are mainly on credit ranging from 30 to 90 days from the invoice date. The following is an age analysis of trade payables, presented based on invoice date, at the end of each reporting period:

| | 6/30/2026<br>*US$'000*<br>(Unaudited) | 12/31/2025<br>*US$'000*<br>(Audited) |
|---|---|---|
| Within 90 days | 13,031 | 9,360 |
| 91 days to 1 year | 1,110 | – |
| | 14,141 | 9,360 |

## 18. ADVANCES FROM CUSTOMERS

| | 6/30/2026<br>*US$'000*<br>(Unaudited) | 12/31/2025<br>*US$'000*<br>(Audited) |
|---|---|---|
| Advances from customers | | |
| – third parties | 36,001 | 26,371 |
| – related parties | 1,731 | 1,424 |
| | 37,732 | 27,795 |

Amounts received in accordance with contracted payment schedules but in excess of revenues earned are recognized as contract liabilities and disclosed in the condensed consolidated statement of financial position as advances from customers. Changes in advances from customers primarily relate to the Group's performance of services under the related contracts.

Details of the advances from customers which are related parties are set out in Note 25.

## 19. BANK BORROWINGS

**Bank Loans**

| | 6/30/2026 US$'000 (Unaudited) | 12/31/2025 US$'000 (Audited) |
|---|---|---|
| Secured and unguaranteed bank loans | 95,989 | 75,678 |

| | 6/30/2026 US$'000 (Unaudited) | 12/31/2025 US$'000 (Audited) |
|---|---|---|
| Within one year | 48,065 | 47,497 |
| More than one year, but not exceeding two years | 8,705 | 19,522 |
| More than two years, but not exceeding five years | 8,239 | 8,659 |
| More than five years | 30,980 | – |
| | 95,989 | 75,678 |
| Less: Amount shown under current liabilities | (48,065) | (47,497) |
| Amount shown under non-current liabilities | 47,924 | 28,181 |
| Loan interest of rate per annum in the range of | 2.30%-5.82% | 2.65% – 6.09% |

**Bank Facilities**

The Group has aggregated banking facilities of RMB648,679,000 (equivalent to approximately US$95,241,000) (December 31, 2025: RMB622,174,000 (equivalent to US$88,518,000)), of which RMB419,813,000 (equivalent to approximately US$61,639,000) (December 31, 2025: RMB211,061,000 (equivalent to approximately US$30,028,000)) were utilized as borrowings, respectively, as at June 30, 2026.

On May 31, 2022, Frontage Labs, one of the subsidiaries of the Company, entered into a four-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. On May 29, 2026, the company has extended the Maturity Date from May 31, 2026 to May 31, 2029. As at June 30, 2026, US$20,500,000 (December 31, 2025: US$20,500,000) of the facility were utilized as borrowings. Frontage Labs is obligated to grant to the bank security interest in and to the collateral of some of its designated subsidiaries in the U.S.

## 19. BANK BORROWINGS *(Continued)*

**Bank Facilities** *(Continued)*

On July 22, 2022, Frontage Labs entered into a credit agreement with a bank under which the bank has agreed to provide Frontage Labs a term loan facility in an aggregate principal amount of US$49,000,000. As at June 30, 2026, US$13,850,000 (December 31, 2025: US$25,150,000) of the facility were utilized as borrowings. The Company, as the guarantor, is obligated to guarantee for the liabilities, obligations and the full satisfaction of Frontage Labs under this facility. This facility is collateralized by Frontage Labs' assets in some of its designated subsidiaries in the U.S.

The Group had aggregated revolving banking facilities of RMB157,023,000 (equivalent to approximately US$23,055,000) (December 31, 2025: RMB362,275,000 (equivalent to approximately US$51,541,000)) and US$33,500,000 (December 31, 2025: US$33,500,000) which were unutilized as at June 30, 2026.

## 20. SHARE CAPITAL

| | Number of shares | Amount |
|---|---|---|
| | | *US$* |
| Ordinary shares of US$0.00001 each | | |
| Authorized: | | |
| As at January 1, 2025, December 31, 2025, January 1, 2026 and June 30, 2026 | 5,000,000,000 | 50,000 |

| | Number of shares | Amount | Show in the financial statements as |
|---|---|---|---|
| | | *US$* | *US$'000* |
| Issued and fully paid: | | | |
| As at January 1, 2025 (Unaudited), December 31, 2025 (Audited) and January 1, 2026 (Unaudited) | 2,035,724,910 | 20,359 | 20 |
| Exercise of share options | 6,350,000 | 64 | – |
| As at June 30, 2026 (Unaudited) | **2,042,074,910** | **20,423** | **20** |

## 21. TREASURY SHARES

| | As at June 30, 2026 | | As at December 31, 2025 | |
|---|---|---|---|---|
| | Number of shares | Cost of acquisition US$'000 | Number of shares | Cost of acquisition US$'000 |
| | (Unaudited) | (Unaudited) | (Audited) | (Audited) |
| Balance brought forward | 7,996,438 | 313 | 12,084,002 | 313 |
| Vesting of share awards | – | – | (4,087,564) | – |
| Balance carried forward | 7,996,438 | 313 | 7,996,438 | 313 |

*Note:* The Company acquired its own shares in the open market which are held as treasury shares.

## 22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. In estimating the fair value, the Group uses market-observable data to the extent it is available.

**Fair value of the Group's financial assets that are measured at fair value on a recurring basis**

Some of the Group's financial assets are measured at fair value at the end of each reporting period.

## 22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(Continued)*

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

*Financial assets at fair value*

| Financial assets | Fair Value at June 30, 2026 US$'000 | Fair Value at December 31, 2025 US$'000 | Fair value hierarchy | Valuation technique(s) and key input(s) | Significant unobservable input(s) | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|---|---|
| Unlisted equity investments at fair value | 5,528 | 4,813 | Level 3 | Market multiples with an adjustment of discount of lack of marketability | Discount for lack of marketability | The higher the discount rate, the lower the valuation |
| Structured deposits | 2,263 | 2,845 | Level 2 | Discounted cash flows – Future cash flows are estimated based on expected return, discounted at a rate that reflects risk of underlying assets | N/A | N/A |

The following is the sensitivity analysis of level 3 fair value measurement to change in key unobservable inputs:

(a) Discount rate

A 5% increase/decrease in the discount rate while holding all other variables constant would decrease/increase the fair value of the unlisted equities approximately RMB1,010,000 (equivalent to approximately US$150,000) (December 31, 2025: RMB911,000 (equivalent to approximately US$130,000)) as at June 30, 2026.

## 22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(Continued)*

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

*Financial liability at fair value*

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

| | **Unlisted equity investment** |
|---|---|
| | *US$'000* |
| As at January 1, 2025 | 2,995 |
| Changes in fair value | 1,725 |
| Exchange adjustments | 93 |
| As at December 31, 2025 (Audited) and January 1, 2026 (Unaudited) | 4,813 |
| Changes in fair value | 555 |
| Exchange adjustment | 160 |
| As at June 30, 2026 (Unaudited) | 5,528 |

**Financial instruments not measured at fair value on a recurring basis**

Financial instruments not measured at fair value on a recurring basis includes cash and cash equivalents, trade and other receivables, restricted bank deposits, trade and other payables, lease liabilities and amounts due to shareholders.

The fair value of these financial assets and financial liabilities measured at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the condensed consolidated financial statements approximate their fair values.

## 23. SHARE-BASED PAYMENTS

### 2021 Frontage Share Award Scheme

On January 22, 2021 (the "Adoption Date"), the board of directors approved the adoption of the share award scheme ("2021 Frontage Share Award Scheme") to recognize the contributions by certain employees of the Group, to give incentives thereto in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group. Under the 2021 Frontage Share Award Scheme, the directors may grant up to 1% of the issued share capital of the Company on the Adoption Date of the 2021 Frontage Share Award Scheme. Each award granted has a contractual terms of 10 years and vesting on the one calendar year after grant date. Under 2021 Frontage Share Award Scheme, a trust has set up for the scheme and a third party trustee was engaged by the Company to administrate the scheme. The trustee will hold the award shares in trust for the awardees until such shares are rested with the awardees. The trustee shall not exercise the voting rights in respect of any share held under the trust.

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

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

| | Six months ended 6/30/2026 Number (Unaudited) | 6/30/2025 Number (Unaudited) |
|---|---|---|
| Outstanding at beginning of period | – | 4,090,064 |
| Vested during the period | – | (4,087,564) |
| Cancelled during the period | – | (2,500) |
| Outstanding at end of period | – | – |

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

The estimated fair value was approximately US$16,120,000 for the awarded shares. The fair value was calculated by reference to the closing share price of the Company at the date of grant, which was HK$6.02 (equivalent to US$0.78) per share.

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

## 23. SHARE-BASED PAYMENTS *(Continued)*

### 2021 Frontage Share Award Scheme *(Continued)*

On January 25, 2021, 22,950,500 shares of the Company was issued for the 2021 Frontage Share Award Scheme. As at June 30, 2026, there are 4,460,438 shares (six months ended June 30, 2025: 4,460,438 shares) held for such scheme with carrying amount of US$nil (six months ended June 30, 2025: US$nil) accumulated in equity under the heading of "Treasury Shares".

The scheme expired in 2025 and the Group did not recognize expense for the six months ended June 30, 2026 (six months ended June 30, 2025: US$67,000) in relation to share award granted under the 2021 Frontage Share Award Scheme.

### Pre-IPO share incentive plans

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

On April 17, 2018, the Company, Frontage Labs and corresponding employees have entered into an agreement pursuant to which Frontage Labs has assigned, and the Company has assumed, the rights and obligations of Frontage Labs under the Pre-IPO share incentive plans.

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

On May 11, 2019, upon the completion of the capitalization issue, the number of options granted to an eligible employee under the Pre-IPO share incentive plans were adjusted to ten times of the original number of options held by that grantee. Accordingly, the exercise price was adjusted to 10% of the original exercise price.

## 23. SHARE-BASED PAYMENTS *(Continued)*

### Pre-IPO share incentive plans *(Continued)*

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

| | Six months ended | | | |
|---|---|---|---|---|
| | 6/30/2026 | | 6/30/2025 | |
| | Weighted average exercise price *(US$)* (Unaudited) | Number (Unaudited) | Weighted average exercise price *(US$)* (Unaudited) | Number (Unaudited) |
| Outstanding as at beginning of period | 0.05 | 16,500,000 | 0.05 | 16,500,000 |
| Forfeited during the period | 0.05 | (1,000,000) | – | – |
| Exercised during the period | 0.05 | (6,350,000) | – | – |
| Outstanding as at end of period | 0.06 | 9,150,000 | 0.05 | 16,500,000 |
| Options exercisable | | 9,150,000 | | 16,500,000 |
| Weighted average contractual life (years) | | 1.2 | | 1.7 |

The exercise price of options outstanding was approximately US$0.057.

The weighted average closing price of the share of the Company immediately before the dates on which the option were exercised was HK$1.01 (equivalent to US$0.13) during the six months ended June 30, 2026.

The Group recognized total expenses of approximately US$nil for the six months ended June 30, 2026 (six months ended June 30, 2025: US$ nil) in relation to share options granted by the Company.

## 23. SHARE-BASED PAYMENTS *(Continued)*

### 2018 Frontage share incentive plan

On May 11, 2019, the board of directors approved an incentive plan to grant share options, restricted share units and any other types of award to eligible employees, including the directors and employees of the Group ("2018 Frontage Share Incentive Scheme"). The total number of shares in respect of which the awards may be granted pursuant to the 2018 share incentive plan and any other equity-based incentive plans of the Company, being 10% of the shares of the Company.

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

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

On October 30, 2024, the Group granted a total 33,150,000 share options under 2018 Frontage Share Incentive Scheme.

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

| | Six months ended | | | |
|---|---|---|---|---|
| | 6/30/2026 | | 6/30/2025 | |
| | Weighted average exercise price *(US$)* (Unaudited) | Number (Unaudited) | Weighted average exercise price *(US$)* (Unaudited) | Number (Unaudited) |
| Outstanding as at beginning of period | 0.20 | 77,830,000 | 0.20 | 80,878,000 |
| Forfeited during the period | 0.20 | (3,948,000) | 0.20 | (2,528,500) |
| Outstanding as at end of period | 0.20 | 73,882,000 | 0.20 | 78,349,500 |
| Options exercisable | | 44,402,800 | | 21,950,400 |
| Weighted average contractual life (years) | | 2.5 | | 3.5 |

## 23. SHARE-BASED PAYMENTS *(Continued)*

### 2018 Frontage share incentive plan *(Continued)*

The exercise price of options outstanding ranges from HK$0.82 to HK$2.13 (equivalent to US$0.11 to US$0.27).

The Group recognised total expenses of approximately US$290,000 for the six months ended June 30, 2026 (six months ended June 30, 2025: US$1,045,000) in relation to share options granted by the Company under 2018 Frontage Share Incentive Scheme.

## 24. CAPITAL COMMITMENTS

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

| | 6/30/2026<br>*US$'000*<br>(Unaudited) | 12/31/2025<br>*US$'000*<br>(Audited) |
|---|---|---|
| Purchase of property, plant and equipment | 634 | 429 |
| Acquisition of subsidiaries | – | 38,413 |
| | 634 | 38,842 |

## 25. RELATED PARTY TRANSACTIONS AND BALANCES

The Group had the following significant transactions and balances with related parties during the interim periods:

### (1) Related party transactions:

*(a) Laboratory and Bioequivalence service income from related parties*

| | | Six months ended | |
|---|---|---|---|
| | | **6/30/2026** | 6/30/2025 |
| | | ***US$'000*** | *US$'000* |
| | **Relationship** | **(Unaudited)** | (Unaudited) |
| Hangzhou Tigermed | Ultimate holding company | **3,863** | 2,495 |
| DreamCIS Inc. | Fellow subsidiary | **266** | 222 |
| Beijing Canny Consulting, Inc. | Fellow subsidiary | **168** | 109 |
| Beijing Tigermed-Jyton Co., Ltd. | Fellow subsidiary | **6** | 24 |
| Hainan Tigermed Consulting Co., Ltd | Fellow subsidiary | | |
| Chenghong Pharma (Weihai) | Associate | **–** | 8 |
| Co., Ltd. | | **13** | – |
| | | **4,316** | 2,858 |

## 25. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

### (1) Related party transactions: *(Continued)*

*(b) Fees paid to related parties for Biometrics service, Electronic Data Capture Software service and Clinical Site Management Organization service*

| | Relationship | Six months ended 6/30/2026 US$'000 (Unaudited) | 6/30/2025 US$'000 (Unaudited) |
|---|---|---|---|
| Jiaxing Tigermed Data Management Co., Ltd. | Fellow subsidiary | 2 | – |
| Beijing Taya Ltd | Fellow subsidiary | 6 | 3 |
| Luohe Tigermed Pharmaceutical Technology Co., Ltd. | Fellow subsidiary | 64 | 112 |
| MacroStat (China) Clinical Research Co., Ltd. | Fellow subsidiary | 50 | 40 |
| Beijing Canny Consulting, Inc. | Fellow subsidiary | 41 | 57 |
| Tigermed America LLC | Fellow subsidiary | – | 10 |
| Shandong Lubai Health Management Co., Ltd. | Fellow subsidiary | 111 | 282 |
| Zibo Taibai Health Management Co., Ltd. | Fellow subsidiary | (2) | 95 |
| Hangzhou Yibai Health Management Co., Ltd. | Fellow subsidiary | 343 | 39 |
| Chengdu Kefu Guosheng Jinbai Health Management Co., Ltd. | Fellow subsidiary | – | 24 |
| Hangzhou Ruibai Health Management Co., Ltd. | Fellow subsidiary | 128 | 3 |
| Hangzhou Fantastic Bioimaging Co., Ltd. | Fellow subsidiary | 37 | – |
| Hangzhou Simo Co., Ltd | Fellow subsidiary | 6 | – |
| Wuxi Tequick Pharmaceutical Supply Chain Co., Ltd. | Fellow subsidiary | 2 | – |
| Mosim Co., Ltd. | Fellow subsidiary | 50 | – |
| Shanghai Bioquick Pharmaceutical Supply Chain Management Co., Ltd | Fellow subsidiary | 25 | – |
| Beijing Medical Development (Suzhou) Co., Ltd. | Fellow subsidiary | 58 | – |
| Chenghong Pharma (Weihai) Co., Ltd. | Associate | 145 | 118 |
| | | 1,066 | 783 |

## 25. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

### (1) Related party transactions: *(Continued)*

*(c) Administrative services provided to related parties*

| | Relationship | Six months ended 6/30/2026 US$'000 (Unaudited) | Six months ended 6/30/2025 US$'000 (Unaudited) |
|---|---|---|---|
| Hangzhou Tigermed | Ultimate holding company | 26 | 14 |
| Beijing Canny Consulting, Inc. | Fellow subsidiary | 1 | – |
| | | 27 | 14 |

*(d) Selling services provided by related parties*

| | Relationship | Six months ended 6/30/2026 US$'000 (Unaudited) | Six months ended 6/30/2025 US$'000 (Unaudited) |
|---|---|---|---|
| Hangzhou Tigermed | Ultimate holding company | 48 | 13 |
| | | 48 | 13 |

## 25. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

### (2) Related party balances:

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

| | Relationship | 6/30/2026 US$'000 (Unaudited) | 12/31/2025 US$'000 (Audited) |
|---|---|---|---|
| **Trade receivables** | | | |
| Mosim Co., Ltd. | Fellow subsidiary | – | 1 |
| Hangzhou Tigermed | Ultimate holding company | 3,142 | 1,078 |
| Hongkong Tigermed | Immediate holding company | 21 | – |
| DreamCIS Inc. | Fellow subsidiary | 986 | 785 |
| Shanghai Tigermed Medical Consulting Co., Ltd. | Fellow subsidiary | 102 | 99 |
| Beijing Canny Consulting, Inc. | Fellow subsidiary | 129 | 7 |
| Teddy Clinical Research Laboratory (Shanghai) Limited *(note i)* | Subsidiary | – | 71 |
| Chenghong Pharma (Weihai) Co., Ltd | Associate | 15 | 12 |
| | | 4,395 | 2,053 |
| **Prepayments** | | | |
| Jiaxing Tigermed Data Management Co., Ltd. | Fellow subsidiary | 1 | – |
| Hangzhou Ruibai Health Management Co., Ltd. | Fellow subsidiary | – | 3 |
| Zibo Taibai Health Management Co., Ltd. | Fellow subsidiary | – | 10 |
| Chenghong Pharma (Weihai) Co., Ltd. | Associate | 47 | 274 |
| | | 48 | 287 |
| **Other receivables** | | | |
| Beijing Canny Consulting, Inc. | Fellow subsidiary | 1 | – |

## 25. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

### (2) Related party balances: *(Continued)*

| | Relationship | 6/30/2026 US$'000 (Unaudited) | 12/31/2025 US$'000 (Audited) |
|---|---|---|---|
| **Unbilled revenue** | | | |
| Hangzhou Tigermed | Ultimate holding company | 4,372 | 3,090 |
| Beijing Canny Consulting, Inc. | Fellow subsidiary | 195 | 223 |
| Beijing Tigermed-Jyton Co., Ltd. | Fellow subsidiary | 35 | 28 |
| Hainan Tigermed Consulting Co., Ltd | Fellow subsidiary | 4 | 4 |
| DreamCIS Inc. | Fellow subsidiary | – | 317 |
| | | 4,606 | 3,662 |
| **Trade payables** | | | |
| Luohe Tigermed Pharmaceutical Technology Co., Ltd. | Fellow subsidiary | 85 | 123 |
| Beijing Taya Ltd | Fellow subsidiary | 2 | 1 |
| Hangzhou Tigermed InfelliPV Co., Ltd. | Fellow subsidiary | 29 | 28 |
| Hangzhou Tigermed | Ultimate holding company | 196 | 125 |
| MacroStat (China) Clinical Research Co., Ltd. | Fellow subsidiary | 162 | 180 |
| Beijing Canny Consulting, Inc. | Fellow subsidiary | 69 | 25 |
| Tigermed America LLC | Fellow subsidiary | – | 10 |
| Shandong Lubai Health Management Co., Ltd. | Fellow subsidiary | 104 | 75 |
| Hangzhou Yibai Health Management Co., Ltd. | Fellow subsidiary | 44 | 226 |
| Zibo Taibai Health Management Co., Ltd. | Fellow subsidiary | 11 | – |
| Hangzhou Ruibai Health Management Co., Ltd. | Fellow subsidiary | 26 | – |
| Hangzhou Simo Co., Ltd | Fellow subsidiary | 34 | – |
| Mosim Co., Ltd. | Fellow subsidiary | 72 | – |
| Shanghai Bioquick Pharmaceutical Supply Chain Management Co., Ltd | Fellow subsidiary | 29 | – |
| Beijing Medical Development (Suzhou) Co., Ltd. | Fellow subsidiary | 31 | – |
| Chenghong Pharma (Weihai) Co., Ltd. | Associate | 33 | 178 |
| | | 927 | 971 |

## 25. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

### (2) Related party balances: *(Continued)*

| | Relationship | 6/30/2026<br>*US$'000*<br>(Unaudited) | 12/31/2025<br>*US$'000*<br>(Audited) |
|---|---|---|---|
| **Advances from customers** | | | |
| Hangzhou Tigermed | Ultimate holding company | 699 | 542 |
| DreamCIS Inc. | Fellow subsidiary | 514 | 369 |
| Shanghai Tigermed Medical Consulting Co., Ltd. | Fellow subsidiary | 518 | 502 |
| Beijing Canny Consulting, Inc. | Fellow subsidiary | – | 11 |
| | | 1,731 | 1,424 |

*Notes:*

(i) On March 3, 2026, the Group acquired 100% of the equity interests of Teddy Clinical Research Laboratory (Shanghai) Limited, details of which are set out in Note 26.

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

(iii) All the above balances with related parties are unsecured, interest fee and repayable on demand.

## 25. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

### (3) Compensation of key management personnel

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

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

| | Six months ended | |
|---|---|---|
| | **6/30/2026** | 6/30/2025 |
| | ***US$'000*** | *US$'000* |
| | **(Unaudited)** | (Unaudited) |
| Salaries and other benefits | **1,164** | 1,324 |
| Share-based compensation | **152** | 410 |
| Performance-based bonus | **2** | 195 |
| Retirement benefits scheme contributions | **46** | 79 |
| | **1,364** | 2,008 |

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

## 26. ACQUISITION OF BUSINESSES

### (a) Acquisition of Teddy Clinical Research Laboratory (Shanghai), Ltd. ("Teddy Lab") in 2026

On October 10, 2025, Frontage Laboratories (Shanghai) Co., Ltd. ("Frontage Shanghai"), a wholly-owned subsidiary of the Company (as purchaser), Hangzhou Tigermed (as vendor in respect of Sale Shares I) and Jiaxing Xinge Medical Consulting Co., Ltd. ("Jiaxing Xinge"), a wholly-owned subsidiary of Hangzhou Tigermed (as vendor in respect of Sale Shares II), entered into the Share Transfer Agreement, pursuant to which Frontage Shanghai has conditionally agreed to acquire, and each of Hangzhou Tigermed and Jiaxing Xinge has conditionally agreed to sell the sale Shares, representing the entire issued share capital of Teddy Lab upon completion of the repurchase and capital reduction, at the total cash consideration of RMB270,000,000 (equivalent to US$39,002,000). The acquisition was completed on March 3, 2026.

Teddy Lab with its subsidiaries is principally engaged in providing a clinical research laboratory service in the PRC. This acquisition has been accounted for using the acquisition method.

## 26. ACQUISITION OF BUSINESSES *(Continued)*

### (a) Acquisition of Teddy Clinical Research Laboratory (Shanghai), Ltd. ("Teddy Lab") in 2026 *(Continued)*

The purchase price has been preliminarily allocated based on the estimated fair value of net assets acquired and liabilities assumed at the date of the acquisition. The preliminary purchase price allocation is subject to further refinement and may require adjustments to arrive at the final purchase price allocation. These adjustments will primarily relate to intangible assets and income tax-related items. Management expects the purchase price allocation to be completed in the fourth quarter of 2026.

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

| | **Fair value** |
|---|---|
| | *US$'000* |
| Property, plant and equipment | 2,958 |
| Intangible assets | 10,753 |
| Right-of-use assets | 144 |
| Deferred tax assets | 130 |
| Inventories | 2,610 |
| Trade and other receivables | 7,102 |
| Unbilled revenue | 10,362 |
| Cash and cash equivalents | 4,275 |
| Structured deposits | 2,505 |
| Trade and other payables | (5,446) |
| Advance from customers | (4,144) |
| Income tax payables | (199) |
| Lease liabilities | (301) |
| Deferred government grant | (162) |
| Deferred tax liabilities | (1,563) |
| Net assets acquired | 29,024 |

| | *US$'000* |
|---|---|
| Cash consideration paid | 39,002 |
| Total transferred consideration | 39,002 |
| Less: Fair value of net assets acquired | (29,024) |
| Goodwill | 9,978 |
| Net cash outflow arising on acquisition of a subsidiary: | |
| Cash consideration paid | 39,002 |
| Less: Cash and cash equivalent acquired | (4,275) |
| | 34,727 |

## 26. ACQUISITION OF BUSINESSES *(Continued)*

### (a) Acquisition of Teddy Clinical Research Laboratory (Shanghai), Ltd. ("Teddy Lab") in 2026 *(Continued)*

Acquisition-related costs amounting to US$364,000 have been excluded from the consideration transferred and have been recognized directly as an expense in the current interim period within the administrative expenses in the condensed consolidated statement of profit or loss and other comprehensive income.

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

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

Included in the profit for the six months ended June 30, 2026 is profit of US$1,471,000 attributable to the additional business generated by Teddy Lab. Revenue for the six months ended June 30, 2026 includes US$11,050,000 generated from Teddy Lab.

Had the acquisition been completed on January 1, 2026, revenue of the Group for the six months ended June 30, 2026 would have been US$152,845,000, and profit of the Group for the six months ended June 30, 2026 would have been US$7,671,000. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2026, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had Teddy Lab been acquired at the beginning of the six months ended June, 30, 2026, the directors calculated amortization of intangible assets acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognized in the pre-acquisition financial statements.

## 26. ACQUISITION OF BUSINESSES *(Continued)*

### (b) Acquisition of Suzhou Frontage Biotech Co., Ltd ("Suzhou Biotech") in 2025

In February 2025, Frontage Laboratories (Shanghai) Co., Ltd. ("Frontage Shanghai"), a wholly owned subsidiary, entered into sale and purchase agreements (the "Agreement A") with owners, independent third parties, of Suzhou Biotech, pursuant to which Frontage Shanghai agreed to purchase, 100% equity interests of Suzhou Biotech for a cash consideration of RMB3,931,000 subject to the terms and conditions of the Agreement A. The acquisition was completed on February 28, 2025 (PRC time).

Suzhou Biotech is principally engaged in providing bioanalytical services in the PRC. The Group will expand the Group's capabilities in such services through additional scientists, equipment and facilities. This acquisition has been accounted for using the acquisition method.

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

| | **Fair value** |
|---|---|
| | *US$'000* |
| Intangible assets | 47 |
| Right-of-use assets | 113 |
| Deferred tax assets | 14 |
| Inventories | 16 |
| Trade and other receivables | 709 |
| Unbilled revenue | 363 |
| Cash and cash equivalents | 233 |
| Trade and other payables | (292) |
| Advance from customers | (675) |
| Income tax payables | 25 |
| Lease liabilities | (113) |
| Deferred tax liabilities | (12) |
| Net assets acquired | 428 |

## 26. ACQUISITION OF BUSINESSES *(Continued)*

### (b) Acquisition of Suzhou Frontage Biotech Co., Ltd ("Suzhou Biotech") in 2025 *(Continued)*

| | *US$'000* |
|---|---|
| Cash consideration paid | 548 |
| Total transferred consideration | 548 |
| Less: Fair value of net assets acquired | (428) |
| Goodwill | 120 |
| Net cash outflow arising on acquisition of a subsidiary: | |
| Cash consideration paid | 548 |
| Less: Cash and cash equivalent acquired | (233) |
| | 315 |

Acquisition-related costs amounting to US$3,000 have been excluded from the consideration transferred and have been recognized directly as an expense in the current interim period within the administrative expenses in the condensed consolidated statement of profit or loss and other comprehensive income.

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

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

## 26. ACQUISITION OF BUSINESSES *(Continued)*

### (b) Acquisition of Suzhou Frontage Biotech Co., Ltd ("Suzhou Biotech") in 2025 *(Continued)*

Included in the profit for the six months ended June 30, 2025 is loss of US$10,000 attributable to the additional business generated by Suzhou Biotech. Revenue for the six months ended June 30, 2025 includes US$330,000 generated from Suzhou Biotech.

Had the acquisition been completed on January 1, 2025, revenue of the Group for the six months ended June 30, 2025 would have been US$126,788,000, and profit of the Group for the six months ended June 30, 2025 would have been US$2,979,000. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2025, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had Suzhou Biotech been acquired at the beginning of the six months ended June, 30, 2025, the directors calculated amortization of intangible assets acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognized in the pre-acquisition financial statements.

# DEFINITIONS

| | |
|---|---|
| "2008 Share Incentive Plan" | the pre-IPO share incentive plan approved by Frontage Labs in 2008 and assumed by the Company on April 17, 2018 |
| "2015 Share Incentive Plan" | the pre-IPO share incentive plan approved by Frontage Labs in 2015 and assumed by the Company on April 17, 2018 |
| "2017 Tax Act" or "Transition Tax" | The Tax Cuts and Jobs Act was signed into law on December 22, 2017, which resulted in significant changes to the U.S. corporate income tax system. These changes reduce tax rates and modify policies, credits and deductions for businesses. The 2017 Tax Act also transitions the U.S. international taxation from a worldwide system to a modified territorial system and includes base erosion prevention measures on non-U.S. earnings, which could result in subjecting certain earnings of Frontage Shanghai to U.S. taxation. These changes are effective beginning in 2018. The 2017 Tax Act also includes a tax on the mandatory deemed repatriation of accumulated previously untaxed foreign earnings of Frontage Shanghai (the "**Transition Tax**") |
| "2018 Share Incentive Plan" | the post-IPO share incentive plan adopted by the Company on May 11, 2019 |
| "2021 Share Award Scheme" | the "2021 Share Award Scheme" constituted by the rules adopted by the Company on January 22, 2021, in its present form or as amended from time to time in accordance with the provisions therein |
| "AAALAC" | Association for Assessment and Accreditation of Laboratory Animal Care |
| "Audit and Risk Management Committee" | the audit and risk management committee of the Board |
| "Award Participants" | the selected participants who were awarded the Awarded Shares under the 2021 Share Award Scheme |
| "Awarded Shares" | the 22,950,500 Shares granted by the Company to the Award Participants pursuant to the terms of the 2021 Share Award Scheme |
| "Board of Directors" or "Board" | the board of directors of the Company from time to time |

| | |
|---|---|
| "BRI" | BRI Biopharmaceutical Research, Inc., a company incorporated under the laws of Canada on February 18, 2003, and a subsidiary of the Company |
| "Capitalization Issue" | the issue of 1,355,157,819 Shares to the Shareholders to be made upon capitalization of certain sums standing to the credit of the share premium account of the Company |
| "CG Code" | the Corporate Governance Code as set out in Appendix C1 to the Listing Rules |
| "CLIA" | Clinical Laboratory Improvement Amendments |
| "CMC" | stands for Chemistry, Manufacturing and Controls. The Group's portfolio of CMC services spans from drug discovery to the post-approval phase, including lead compound quantification and analytical testing for the discovery phase, formulation development, Good Laboratory Practice toxicology batch studies, release and product testing, stability testing, Clinical Trial Materials and Good Manufacturing Practice manufacturing, extractability and leachability studies and commercial product release following approval of an application |
| "CODM" | the chief operating decision maker of the Group |
| "Company" | Frontage Holdings Corporation (方達控股公司), a company incorporated under the laws of the Cayman Islands with limited liability on April 16, 2018 |
| "Connected Award Participants" | the Award Participants who are connected with the Company or connected persons of the Company |
| "Controlling Shareholder(s)" | has the meaning given to it under the Listing Rules and unless the context requires otherwise, refers to Hangzhou Tigermed and Hongkong Tigermed |
| "CRO" | Contract research organization |
| "Director(s)" | the director(s) of the Company from time to time |
| "DMPK" | Drug Metabolism and Pharmacokinetics, refers to studies designed to determine the absorption and distribution of an administered drug, the rate at which a drug takes effect, the duration a drug maintains its effects and what happens to the drug after being metabolized by the body |

| | |
|---|---|
| "EIT" | PRC Enterprise Income Tax |
| "EIT Law" | Enterprise Income Tax Law of the PRC |
| "EUR" | Euro, the lawful currency of the member states of the European Union that adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on March 25, 1957), as amended by the Treaty on European Union (signed in Maastricht on February 7, 1992) |
| "Frontage Labs" | Frontage Laboratories, Inc., a company incorporated under the laws of Pennsylvania, United States on April 21, 2004 and the wholly-owned subsidiary of the Company |
| "Frontage Shanghai" | Frontage Laboratories (Shanghai) Co., Ltd. (方達醫藥技術(上海)有限公司), a company established in the PRC on August 2, 2005 and a subsidiary of the Company |
| "Frontage Suzhou" | Frontage Laboratories (Suzhou) Co, Ltd., a company established in the PRC on January 7, 2014, and an associate of the Company |
| "Global Offering" | the Hong Kong Public Offering (as defined in the Prospectus) and the International Offering (as defined in the Prospectus) |
| "Group", "We", "Our" or "Us" | the Company and its subsidiaries |
| "Hangzhou Tigermed" | Hangzhou Tigermed Consulting Co., Ltd. (杭州泰格醫藥科技股份有限公司), a company established in the PRC on December 15, 2004 with its shares being listed on ChiNext market of the Shenzhen Stock Exchange with stock code 300347 and on the Main Board of the Hong Kong Stock Exchange with stock code 3347, which is one of the controlling shareholders of the Company |
| "HK$" | Hong Kong dollars, the lawful currency of Hong Kong |
| "Hong Kong" | the Hong Kong Special Administrative Region of the PRC |

| | |
|---|---|
| "Hongkong Tigermed" | Hongkong Tigermed Co., Limited (香港泰格醫藥科技有限公司), a company incorporated under the laws of Hong Kong with limited liability on September 14, 2011 and which is a wholly-owned subsidiary of Hangzhou Tigermed and one of the Controlling Shareholders of the Company |
| "IFRSs" | International Financial Reporting Standards |
| "Independent Shareholders" | independent Shareholders other than the Connected Award Participants and their respective associates |
| "IPO" | initial public offering |
| "IVD" | In Vitro Diagnostics |
| "Jiaxing Xinge" | Jiaxing Xinge Medical Consulting Co., Ltd. (嘉興欣格醫藥科技有限公司), a company established in the PRC with limited liability and a wholly owned subsidiary of Hangzhou Tigermed |
| "LC-MS/MS" | Liquid Chromatography-Tandem Mass Spectrometry |
| "Listing" | the listing of the Shares on the Main Board of the Stock Exchange |
| "Listing Date" | May 30, 2019, being the date of Listing |
| "Listing Rules" | the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time |
| "Model Code" | the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules |
| "Non-connected Award Participants" | the Award Participants who are not connected with the Company or connected persons of the Company |
| "NULISA" | Nucleic acid Linked Immuno-Sandwich Assay |
| "PBMC" | Peripheral Blood Mononuclear Cell |

| | |
|---|---|
| "PRC" or "China" | the People's Republic of China, but for the purposes of this report only, except where the context requires, references to the PRC or China exclude Hong Kong, Macau and Taiwan |
| "Pre-IPO Share Incentive Plans" | the 2008 Share Incentive Plan and the 2015 Share Incentive Plan |
| "Prospectus" | the prospectus of the Company dated May 17, 2019 |
| "Reporting Period" | the six months ended June 30, 2026 |
| "RMB" | Renminbi, the lawful currency of the PRC |
| "SFO" | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time |
| "Share(s)" | ordinary share(s) with nominal value USD0.00001 each in the issued share capital of the Company |
| "Shareholder(s)" | holder(s) of Share(s) |
| "STAR" | Sequential Transfer and Aliquoting Robot |
| "Stock Exchange" or "Hong Kong Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "Teddy Lab" | Teddy Clinical Research Laboratory (Shanghai) Ltd. (上海觀合醫藥科技股份有限公司), a joint stock company established in the PRC with limited liability |
| "US$" or "USD" | United States Dollars, the lawful currency of the U.S. |
| "USA", the "United States" or the "U.S." | the United States of America |
| "%" | per cent |

In this report, the terms "associate", "connected person", "controlling shareholder" and "subsidiary" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.