Tigermed

2023
年度報告
ANNUAL REPORT

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

(A joint stock company incorporated in the People's Republic of China with limited liability)
(於中華人民共和國註冊成立的股份有限公司)

Stock Code 股份代號: 3347

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dr. Ye Xiaoping (葉小平) *(Chairman)*
Ms. Cao Xiaochun (曹曉春)
Mr. Wen Zengyu (聞增玉)
(appointed on May 23, 2023)
Mr. Wu Hao (吳灝)
Ms. Yin Zhuan *(retired on May 23, 2023)*

Independent Non-executive Directors

Mr. Liu Kai Yu Kenneth (廖啟宇)
Mr. Yuan Huagang (袁華剛)
(appointed on May 23, 2023)
Ms. Liu Yuwen (劉毓文) *(appointed on March 21, 2024)*
Dr. Yang Bo (楊波) *(resigned on March 21, 2024)*
Mr. Zheng Bijun (鄭碧筠) *(retired on May 23, 2023)*

COMPANY SECRETARY

Ms. Ho Yin Kwan (何燕群)

AUTHORISED REPRESENTATIVES

Dr. Ye Xiaoping (葉小平)
Ms. Ho Yin Kwan (何燕群)

SUPERVISORS

Mr. Zhang Binghui (張炳輝) *(Chairman)*
Ms. Chen Zhimin (陳智敏)
Ms. Lou Wenqing (樓文卿)

STRATEGY DEVELOPMENT COMMITTEE

Dr. Ye Xiaoping (葉小平) *(Chairman)*
Mr. Wu Hao (吳灝)
Mr. Yuan Huagang (袁華剛)
(appointed on May 23, 2023)
Ms. Liu Yuwen (劉毓文) *(appointed on March 21, 2024)*
Mr. Zheng Bijun (鄭碧筠) *(retired on May 23, 2023)*
Dr. Yang Bo (楊波) *(resigned on March 21, 2024)*

AUDIT COMMITTEE

Mr. Liu Kai Yu Kenneth (廖啟宇) *(Chairman)*
Mr. Yuan Huagang (袁華剛)
(appointed on May 23, 2023)
Ms. Liu Yuwen (劉毓文)
(appointed on March 21, 2024)
Dr. Yang Bo (楊波) *(resigned on March 21, 2024)*
Mr. Zheng Bijun (鄭碧筠) *(retired on May 23, 2023)*

REMUNERATION AND EVALUATION COMMITTEE

Mr. Yuan Huagang (袁華剛) *(Chairman)*
(appointed on May 23, 2023)
Mr. Liu Kai Yu Kenneth (廖啟宇)
Ms. Cao Xiaochun (曹曉春)
Mr. Zheng Bijun (鄭碧筠) *(retired on May 23, 2023)*

NOMINATION COMMITTEE

Ms. Liu Yuwen (劉毓文) *(Chairman)*
(appointed on March 21, 2024)
Mr. Liu Kai Yu Kenneth (廖啟宇)
Mr. Wen Zengyu (聞增玉)
(appointed on May 23, 2023)
Dr. Yang Bo (楊波) *(resigned on March 21, 2024)*
Ms. Yin Zhuan *(retired on May 23, 2023)*

AUDITOR

BDO Limited
Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

REGISTERED OFFICE

Room 2001-2010, 20/F
Block 8, No. 19 Jugong Road
Xixing Sub-District
Binjiang District
Hangzhou, China

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Room 2001-2010, 20/F
Block 8, No. 19 Jugong Road
Xixing Sub-District
Binjiang District
Hangzhou, China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKS

Bank of China
Hangzhou Binjiang Sub-branch
3806 Jiangnan Avenue
Binjiang District
Hangzhou, Zhejiang Province
China

China Merchants Bank
Hangzhou Fengqi Sub-branch
329 Moganshan Road
Hangzhou, Zhejiang Province
China

Industrial and Commercial Bank of China
Hangzhou Kaiyuan Sub-branch
1st Floor, Gongyuan Building
Xihu District
Hangzhou, Zhejiang Province
China

COMPLIANCE ADVISER

Somerley Capital Limited
20th Floor
China Building
29 Queen's Road Central
Hong Kong

HONG KONG LEGAL ADVISER

Jia Yuan Law Office
7/F & 17/F
No. 238 Des Voeux Road Central
Sheung Wan
Hong Kong

PRC LEGAL ADVISER

Jia Yuan Law Offices
32/F, Building S1
The Bund Finance Center
No. 600, Zhongshan No. 2 Road (E)
Huangpu District
Shanghai
200001
China

A SHARE REGISTRAR AND TRANSFER OFFICE IN THE PRC

China Securities Depository & Clearing Corporation Limited (CSDCC) Shenzhen Branch
22-28/F, Shenzhen Stock Exchange Building
2012 Shennan Blvd, Futian District
Shenzhen, China

H SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F
Far East Finance Centre
16 Harcourt Road
Hong Kong

STOCK CODE

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

COMPANY'S WEBSITE

www.tigermedgrp.com

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

Dear Shareholders,

In 2023, the world situation and macro-economy witnessed complex and profound changes, with the development of major global economies facing multiple difficulties due to both structural factors and cyclical reasons. Such changes have shown far-reaching impacts on the supply and demand sides of various industries around the globe, and have also brought greater growth challenges and competitive pressures to the biopharmaceutical research and development and the clinical outsourcing industry.

We feel growing challenges from these changes and also notice that innovation has never ceased. In 2023, the biopharmaceutical industry achieved lots of high-quality development results, e.g., the continued acceleration of review and approval of domestic innovative drugs, the number of innovative drugs approved hitting a record high in history, the time for innovative drugs to be included in the medical insurance system gradually shortening, the continued increase in the number of new clinical trials for innovative drugs in China, the accelerated commercialization and internationalization of local pharmaceutical enterprises, and the steady increase in the export of domestic drugs. The number of overseas authorization of domestic innovative drugs has surpassed overseas introductions for the first time, demonstrating that China's research and development capability of innovative drugs has gained international recognition.

Facing the challenges arising from the surging waves of the industry and changes in the external environment, Tigermed has responded positively and firmly advanced the three major development strategies of globalization, integration and digitization. Our team has continued to empower biopharmaceutical research and development with excellent quality standards and delivery capabilities, and has overcome a series of difficulties to win the trust of our customers and achieve steady growth of the Company.

Our revenue increased by 4.2% YoY from RMB7,085.5 million in 2022 to RMB7,384.0 million in 2023, and adjusted net profit attributable to the parent company reached RMB1,786.0 million, representing a year-over-year growth of 7.2%. In 2023, revenue generated from Clinical Trial Services reached RMB4,168.1 million, representing a year-over-year growth of 1.0%; and revenue generated from Clinical Related and Laboratory Services reached RMB3,215.9 million, representing a year-over-year growth of 8.6%.

The solid growth of our business performance is the result of the unremitting efforts of more than 9,000 employees worldwide. It is also a testament to the Company's comprehensive strength and strong resilience, as well as to the continued trust of our customers and partners in the face of severe challenges and fierce competition in the external environment. It further reflects the huge opportunities and potential for development of the biopharmaceutical industry.

We continued to maintain our market-leading position in China's clinical CRO industry with our strong integrated service capabilities in research and development of drugs and medical devices. In 2023, the Company served the research and development of 22 Class I innovative drugs (innovative drugs that have not been marketed in China or overseas) and 6 innovative medical devices marketed in China. From its establishment in 2004 to 2023, the Company has provided services for the research and development of 61% of all Class I innovative drugs marketed in China. As of December 31, 2023, we had 752 ongoing drug clinical research projects, up from 680 as of December 31, 2022.

Overseas, we continue to improve our global layout, create an international Tigermed business card with our excellent services, and provide integrated and customized global clinical development solutions for our customers. In 2023, we established our international headquarters in Hong Kong, PRC, which has become the hub for Tigermed's overseas functional support and business development. As of December 31, 2023, our team covered 28 countries worldwide, with 1,632 overseas employees; and we had 194 ongoing single region clinical trials overseas and 59 international Multi-regional Clinical Trials (MRCT).

In the Asia Pacific region as of December 31, 2023, the South Korean team (DreamCIS) had 369 employees, representing a year-over-year increase of 28%, with more than 100 ongoing clinical projects; the clinical operations team in Southeast Asia had more than 70 members, spreading across Indonesia, the Philippines, Singapore, Thailand, Vietnam, Malaysia, and Laos. In EMEA, we completed the business and system integration of our European team, Marti Farm in Croatia and Opera in Romania, forming an integrated clinical operations and services platform. In North America, we established a comprehensive integrated platform and a complete operation team, including site initiation, project management, clinical operation, regulatory affairs, biometrics, medical monitoring, etc. In 2023, we achieved significant growth in revenue from clinical trial services and orders on hand in the United States, with service areas covering oncology, vaccines, ophthalmology, central nervous system, medical devices, etc. As of December 31, 2023, the U.S. team has, with more than 110 members, accumulated experience in over 100 clinical operation projects and collaborated with over 500 clinical centers in 45 states across the USA.

In 2023, we accelerated the application of new technologies and modes in clinical trials to further improve the efficiency of our clinical research. Tigermed's Decentralized Clinical Trial (DCT) technology and platform have been applied in various projects such as registered clinical, post-marketing and real-world research, covering a wide range of fields such as oncology, hematology, central nervous system, respiration and endocrinology. As of December 31, 2023, 13% of our ongoing clinical trials have adopted the DCT hybrid model. In addition, we have also been deeply involved in establishment of the DCT industry ecosystem, led the preparation and publication of the landmark report on the DCT Industry Best Practice（數字化／去中心化臨床研究行業實踐調研）, and independently compiled and published the Tigermed DCT Global Regulatory Handbook. We continued to develop and refine our centralized digital clinical trial platform "Tailinyan", an all-in-one platform comprising multiple systems and functions, such as Clinical Trial Management System (CTMS), Electronic Data Capture (EDC), eSource Record (ESR), Clinical Trial Remote Monitoring (CTRM), Electronic Trial Master File (eTMF), Clinical Trial Site of Excellence (E-Site) and Risk-Based Quality Management (RBQM).

In 2023, we strengthened our cooperation with external partners such as excellent clinical research sites. Our E-Site Program had 224 core collaborative sites and 74 green channel sites. We established 7 co-sites, forming a diversified and deep win-win strategic partnership model. As of December 31, 2023, the Company has officially entered into strategic partnership with 52 E-sites to jointly explore the establishment of a high-standard clinical research management system.

Laboratory services also continued to develop in 2023 with their capabilities and scale further expanded. By acquiring Nucro-Technics, Frontage USA has improved its analysis, sample storage and stability testing service capabilities in chemistry, microbiology, toxicology and biology. In Suzhou, Wuhan and other cities of China, the Company's one-stop service capabilities in clinical sample production, target screening for small-molecule innovative drugs and preclinical pharmacological research have also been continuously enhanced.

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

It is our belief that true success is not only about business performance, but more about achieving synergistic development in the economic, social and environmental aspects. In 2023, we actively fulfilled our corporate social responsibility based on the cornerstone of "compliant development", thereby constantly enhancing our ESG governance level and gaining a wide range of recognition. In 2023, we were rated AAA, the highest rating among the Shenzhen Stock Exchange's CNI ESG ratings, and our MSCI (Morgan Stanley Capital International) ESG rating was also upgraded to AA rating.

Looking ahead, we are firmly confident that the pharmaceutical industry is an eternal sunrise industry, and we always believe that innovation is the cornerstone of the pharmaceutical industry as well as the driving force for the sustainable development of an enterprise. We will continue to embrace regulatory change and technological innovation, accelerate global expansion, strengthen the synergy of our integrated service platform, expand and deepen our cooperation with global customers, and build new quality productivity, so as to create greater value for our customers and shareholders and the society.

We want to conclude with our great appreciation to all of our employees for their hard work and outstanding contributions. More importantly, we would like to express our heartfelt gratitude to all of our shareholders for their long-term support and confidence. We also look forward to continuing to forge ahead and embarking on a new journey together in the future!

Xiaoping Ye, PhD
Co-Founder and Chairman

Xiaochun Cao
Co-Founder, Executive Director
and General Manager

Hao Wu
Executive Director
and Co-President

March 28, 2024

FINANCIAL HIGHLIGHTS

	Year ended December 31, 2023 RMB million	2022 RMB million	Change[2]
Operating results			
Revenue	**7,384.0**	7,085.5	4.2%
Gross Profit	**2,820.6**	2,785.4	1.3%
Net profit attributable to the owners of the Company	**2,026.5**	2,016.1	0.5%
Adjusted net profit attributable to the owners of the Company[1]	**1,786.0**	1,665.8	7.2%
Profitability			
Gross Profit Margin	**38.2%**	39.3%	(1.1)%
Margin of net profit attributable to the owners of the Company	**27.4%**	28.5%	(1.1)%
Margin of adjusted net profit attributable to the owners of the Company[1]	**24.2%**	23.5%	0.7%
Earnings per share (RMB)			
– Basic	**2.34**	2.33	0.4%
– Diluted	**2.34**	2.33	0.4%
Adjusted earnings per share (RMB)[1]			
– Basic	**2.06**	1.93	6.7%
– Diluted	**2.06**	1.92	7.3%

	Year ended December 31, 2023 RMB million	2022 RMB million	Change[2]
Financial position			
Total assets	**29,680.7**	27,446.5	8.1%
Equity attributable to owners of the Company	**21,069.1**	19,628.4	7.3%
Total liabilities	**5,227.2**	4,765.5	9.7%
Cash and cash equivalents	**7,399.9**	7,782.7	(4.9)%
Gearing ratio	**11.5%**	9.3%	2.2%

Notes:

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

FINANCIAL SUMMARY

	For the year ended December 31,				
	2019	2020	2021	2022	**2023**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
Operating results					
Revenue	2,803,309	3,192,279	5,213,538	7,085,471	**7,384,039**
Gross profit	1,291,900	1,503,333	2,248,118	2,785,444	**2,820,661**
Profit for the year	974,933	2,030,555	3,396,638	2,281,260	**2,151,585**
Profit attributable to the owners of the Company	841,247	1,751,328	2,879,099	2,016,086	**2,026,507**
Profitability					
Gross profit margin	46.1%	47.1%	43.1%	39.3%	**38.2%**
Profit margin for the year	34.8%	63.6%	65.2%	32.2%	**29.1%**
Earnings per share (RMB)					
Earnings per share-Basic	1.13	2.20	3.32	2.33	**2.34**
Earnings per share-Diluted	1.13	2.19	3.31	2.33	**2.34**

	As at December 31,				
	2019	2020	2021	2022	**2023**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
Total assets	7,567,976	19,506,059	23,741,173	27,446,510	**29,680,743**
Total liabilities	2,046,698	1,647,582	3,135,976	4,765,482	**5,227,181**
Non-controlling interests	1,274,436	1,704,653	2,419,734	3,052,5836	**3,384,420**
Equity attributable to the owners of the Company	4,246,842	16,153,824	18,185,463	19,628,445	**21,069,142**
Gearing ratio	16.3%	–	2.4%	9.3%	**11.5%**

MANAGEMENT DISCUSSION AND ANALYSIS

The Board of Hangzhou Tigermed Consulting Co., Ltd. (杭州泰格醫藥科技股份有限公司) is pleased to announce the audited consolidated annual results of the Group for the year ended December 31, 2023 (the "**Reporting Period**"), together with the comparative figures for the year ended December 31, 2022 (the "**Corresponding Period**").

In 2023, as we get over from the pandemic and reset back to normal life, we have reasonably optimistic expectations for the "new norm" in the post epidemic era. Looking back, the new norm is accompanied by the tremendous changes in the global politics, macroeconomics and industrial development over the past few years, both structural and cyclical, which have resulted in far-reaching impacts on the growth perspectives of various industries around the world.

These effects are particularly evident in the biopharmaceutical industry. Demand for the biopharmaceutical industry is driven by the national and global desire for a healthy life, people's lifestyles, income levels, payment channels and willingness to pay which can all have an impact on the industry's demand. Innovation in the biopharmaceutical industry comes from scientific and technological breakthroughs, solutions to unmet clinical needs, and improvements to existing treatments, which means that the development of the biopharmaceutical industry will be influenced by a variety of factors. When these factors form a positive resonance, the development of the industry tends to be amplified, and vice versa, the industry tends to be compressed. At the same time, unprofitable biotech companies that rely on external financing have been important contributors to innovation in the biopharmaceutical industry, which means that the macroeconomic cycles that determine the external financing environment also have a significant impact on our industry.

In China, benefiting from the vigorous development of biopharmaceuticals and related industrial chains since 2015 and the favorable policy, regulation and regulatory environment, the biopharmaceutical industry has surged forward over the past few years with the concerted efforts of various parties and made great progress, establishing a complete biopharmaceutical research and development system. Industry participants, including the Company, have been fortunate to witness, participate and contribute to the development of the industry. Nevertheless, China's biopharmaceutical industry still has enough room for progress, the industrial chain still needs to be further improved, and is now in a critical transition period of high-quality development.

Under the overlap of the global cycle of the biopharmaceutical industry and China's specific development cycle, we observed higher volatility in 2023 than in previous years, with changes in the risk appetite of some of our customers, and some of our unprofitable customers relying on external financing facing cash flow pressure. As a result of these factors, the clinical research outsourcing and related industries are facing greater growth challenges and competitive pressures.

On the other hand, the progress of life sciences and launch of new product have not slowed down. Over the past year, several important products across the world have achieved positive clinical results in different therapeutic areas, and several revolutionary therapies based on new technological platforms have made progress in clinical studies or have been approved for marketing. China's local innovative drugs are also gradually transforming and gaining global recognition, with a large number of landmark overseas licensing transactions and biotech companies recognized by global investors. The sales volume of local marketed innovative drugs will continue to rise in 2023, with the penetration rate of innovative drugs continuing to expand and the number of new drug approvals steadily increasing; and more and more Chinese biopharmaceutical companies are focusing on the global market and conducting clinical studies overseas.

In 2023, China's innovative drugs stood out with their product features, including 40 Class I new drugs approved, which have reached a new height; 80 overseas licensing transactions involving Chinese corporations, with a potential total transaction amount of US$41.1 billion and a total initial payment of US$3.2 billion. In 2023, Gracell was acquired by a multinational pharmaceutical company AstraZeneca at a consideration of US$1.2 billion, making it the first Chinese biotech company ever wholly owned by a multinational pharmaceutical company. Junshi Biosciences PD-1 toripalimab became the first and only drug approved for nasopharyngeal carcinoma treatment in the United States, making it the first Chinese biopharmaceutical drug to be approved by the U.S. Food and Drug Administration ("**FDA**"). In terms of drug policy, all 67 The International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use ("**ICH**") technical guidelines have been translated and implemented in China, and the regulations are fully in line with international standards. Meanwhile, the government continues to attach great importance to the innovation and development of biopharmaceuticals, and is expected to continue to support the development of China's innovative drug industry in all aspects, including research and development, supervision, pipeline, payment and funding. We are confident about the future of China's biopharmaceutical industry.

On this basis, the macro environment has also improved since the second half of 2023, and the market has become more positive for the expectations of interest rates and the investment and financing environment. From the end of 2023 to the beginning of 2024, industry has recovered, with China's biopharmaceutical financing amount showing a more pronounced year-on-year rebound; and initial payments or milestone payments for external licensing transactions have also gradually become one of the major sources of R&D funding for enterprises. Looking ahead to the new year, we expect that the industry trend and environment will be further improved.

Looking ahead, Tigermed will continue to embrace regulatory changes, technological innovation and global expansion to improve and build an integrated R&D service platform, enhance its end-to-end one-stop service capabilities and achieved growth in results. At the same time, Tigermed will further increase its global market share and realize long-term growth and development by expanding global multinational pharmaceutical enterprises and large domestic pharmaceutical enterprise customers, establishing business units based on therapeutic areas or drug types, acquisitions and mergers, and upgrading its commercial and operational capabilities in the U.S. and Europe.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Company overcame multiple headwinds and the impact of the significant YoY decline in COVID-19 vaccine related revenue, and still achieved growth in its principal business, maintaining its leading position in China's clinical CRO industry. In 2023, the Company achieved a revenue of RMB7,384.0 million representing a YoY increase of 4.2%. In terms of business expansion, the Company's net new booking amount in 2023 was RMB7,852.0 million, representing a YoY decrease of 18.8%. The main reasons for the decrease were: 1) some customers cancelled previous orders or changed negatively in execution projects, with the Company in the fourth quarter of 2023; 2) in 2023, the pass-through fees in new bookings decreased significantly YoY. In 2023, despite facing many unfavorable external factors, the Company's management and business development team still managed to work together to obtain many high-quality orders, especially from multi-national pharmaceutical companies and domestic pharmaceutical companies. The vast market in China means enormous opportunities, and multi-national pharmaceutical companies and medical device companies have increased their investments in China. In 2023, the number of the Company's new orders from multi-national pharmaceutical companies continues to grow, especially in real-world studies, on-site management ("**SMO**"), and pharmacovigilance ("**PV**"). Domestic pharmaceutical companies and leading biotechnology companies have also maintained their investment in clinical research and related markets in 2023, and the new generation of biotech start-ups is also gradually becoming larger. In addition to continuing to focus on opportunities in the local market, such companies also actively conduct clinical research overseas, striving to push their products to major global markets. Benefiting from this, the Company has achieved good results in business expansion in overseas markets in 2023. In the North American market, the Company's new orders and business achieved rapid growth in 2023. As of December 31, 2023, the Company's backlog at hand was RMB14,080.0 million, representing a YoY increase of 2.1%.

With the efforts of its team and the support of all its partners, the Company continues to maintain its market-leading position in China's clinical CRO industry. Cumulatively, the Company has provided R&D services for 61% of all Class I new drugs approvals in China during the period from its establishment in 2004 to 2023. In 2023, the Company assisted in the approval for 22 Class I new drugs and 6 innovative medical devices in China. The Company has further consolidated its business cooperation with a high-quality and diversified customer base, with 8 multinational pharmaceutical companies and 11 listed companies among the Company's top 20 customers in 2023. As of December 31, 2023, the Company had 752 ongoing drug clinical research projects, compared to 680 in the Corresponding Period. With the impact of factors such as the increasingly stringent regulatory regime, the rapid spread of new technologies and analytical tools, and the accelerating trend of globalization in clinical research, clients have increased their demand for the Company's emerging services, such as regulatory affairs, early-stage pharmacology, pharmacovigilance and real-world studies and integrated and platform-based services such as Decentralized Clinical Trial ("**DCT**") platform. Therefore, the Company increased its investment in emerging businesses and technologies, as well as ecosystem building in 2023.

As of December 31, 2023, the number of employees was 9,701, covering 28 countries, including 1,632 overseas employees. Among them, there are more than 950 professional Clinical Research Associates ("**CRA**"), more than 2,700 professional Clinical Research Coordinators ("**CRC**"), more than 850 data management and statistical analysis experts, and more than 1,700 laboratory service personnels.

In 2023, the Company continued to deepen its global layout and service capabilities, continued to expand its overseas business as well as accelerated its internationalization process. During the Reporting Period, the Company opened its International Headquarters in Hong Kong, China as the main hub for overseas functional support and business development. The Company's clinical trial service revenue and backlog for our U.S. clinical business grew significantly, with service areas covering oncology, vaccines, ophthalmology, central nervous system, and medical devices; our EMEA (Europe, Middle East and Africa) team completed the integration of the business and system of Marti Farm in Croatia and Opera in Romania, forming an integrated clinical operation and service platform.

The Company's ongoing single-region clinical trials outside of China (primarily in South Korea, Australia and the United States) increased from 188 as of December 31, 2022 to 194 as of December 31, 2023, while the number of ongoing international MRCTs in the North America, Asia-Pacific region, Europe and Africa declined slightly from 62 as of December 31, 2022 to 59 as of December 31, 2023, mainly due to the closing of certain projects during the second half of 2023 in South Korea and Latin America (including certain COVID-19 related projects). The Company added 15 newly signed MRCT projects in 2023, with a cumulative experience of handling over 127 MRCT projects. As of December 31, 2023, the Company's U.S. clinical operations business run on a well-supported integrated platform covering site initiation, project management, clinical operation, regulatory affairs, biometrics and medical monitoring etc., and a growing team with over 110 project managers and CRA teams in 42 cities across North America. As of December 31, 2023, our U.S. team had accumulated know-how from over 100 clinical trials, working with over 500 clinical sites in 45 states. As of December 31, 2023, the Company has established a new medical device team and supported more than 10 medical device trials in EMEA. The South Korea team (DreamCIS) reached 369 personnels, an increase of 28% year-over-year, with more than 100 ongoing clinical trials as of December 31, 2023. The Southeast Asia team exceeded 70 personnels, with 24 ongoing clinical trial projects in Indonesia, Philippines, Singapore, Thailand, Vietnam, Malaysia and Laos. Australia has 20 new clinical trial projects and is collaborating with more local clinical organizations. In the future, the Company will continue to grow our global business through expansions, mergers and acquisitions. We aim to foster the growth of overseas businesses, create synergy in our clinical operations, establish differentiated advantages in Europe, America and other emerging markets, strengthen our local operation expertise, and enhance our global operation capabilities with an aim to go global with our customers and become a bridge and link for the internationalisation of innovative products.

The Company continues to pursue external partnership and collaboration that we believe are mutually beneficial with various stakeholders in the healthcare industry. As of December 31, 2023, the Company's Clinical Trial Sites of Excellence ("**E-Site**") had 224 core collaborative sites and 74 green channel sites in 19 regions across China. 7 co-sites have been established by the end of 2023, forming a diversified and win-win strategic cooperation model. During the Reporting Period, the Company formally entered into strategic cooperation with 52 E-Sites, including certain clinical sites of the most well-known hospitals in China to jointly explore the establishment of a high-standard clinical research management system to help new drug development and meet clinical needs of patients.

MANAGEMENT DISCUSSION AND ANALYSIS

As a global medical R&D empowerment platform, we continued to upgrade our corporate branding which paints a clearer picture of what we stand for as an organization, and what we must do to maintain our reputation. By doing this, we enhanced our vision and culture of putting innovation and people at the center of everything we do, and focusing on Diversity, Equity and Inclusion ("**DEI**") to build a workplace where all people can do their best work. We believe this is essential to sustainable and effective business outcomes and a corporate culture built-to-last. We also further enhanced our Environmental, Social, and Governance ("**ESG**") governance in 2023 with recognition from leading institutions. Since July 2022, the Company has received the highest AAA rating among the Shenzhen Stock Exchange's CNI ESG ratings, and in November 2023, the Company's MSCI ESG rating was upgraded to AA rating.

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

Revenue

During the Reporting Period, our revenue increased by 4.2% YoY from RMB7,085.5 million during the Corresponding Period to RMB7,384.0 million. Revenue generated from Clinical Trial Solutions ("**CTS**") segment was RMB4,168.1 million, as compared to RMB4,125.2 million during the Corresponding Period. Revenue generated from Clinical Related and Laboratory Services ("**CRLS**") segment increased by 8.6% YoY to RMB3,215.9 million from RMB2,960.3 million during the Corresponding Period.

Geographically, our revenue generated in the PRC increased by 17.6% YoY to RMB4,234.5 million during the Reporting Period from RMB3,601.6 million during the Corresponding Period, primarily driven by the increase in revenue generated from clinical trial operations for drug and medical device projects as we continued to benefit from our leadership position in the clinical service market in China. In addition, our site management and patient recruitment business realized rapid growth in 2023. Services including data management and statistical analysis ("**DMSA**"), scientific affairs, medical imaging, real world studies and pharmacovigilance etc. realized steady growth in revenue in 2023.

Our revenue generated from overseas during the Reporting Period decreased by 9.6% YoY to RMB3,149.5 million from RMB3,483.9 million during the Corresponding Period. The decrease was primarily driven by the decrease in revenue generated from COVID-19 vaccine related MRCTs during the Reporting Period.

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

Revenue (Continued)

(1) CTS

During the Reporting Period, our revenue generated from CTS segment increased by 1.0% to RMB4,168.1 million from RMB4,125.2 million during the Corresponding Period. During the Reporting Period, we saw a significant decrease in revenue from COVID-19 vaccine clinical trials compared with the Corresponding Period, which contributed negatively to the growth of revenue of the CTS segment. Excluding the negative impact caused by COVID-19 related revenue, the CTS segment realized stable growth, primarily driven by (i) continuing demands from our customers for clinical trials in China; and (ii) the rapid increase in our overseas clinical trial business, particularly in the United States.

As of December 31, 2023, we had 752 ongoing drug clinical research projects, up from 680 as of December 31, 2022.

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

	As of year/period end		
Stage of project	December 31, 2022	June 30, 2023	**December 31, 2023**
Phase I (including PK studies)	285	332	**330**
Phase II	134	146	**136**
Phase III	160	185	**171**
Phase IV	34	35	**31**
Others	67	74	**84**
Total	680	772	**752**

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

As of December 31, 2023, 499 ongoing drug clinical research projects were being conducted in the PRC and 253 were being conducted overseas, of which 194 were single region trials primarily in South Korea, Australia and the U.S.. The 59 ongoing MRCTs projects were being conducted across Asia Pacific, North America, Europe and Africa with various therapeutic areas including oncology, respiratory, cardiovascular, endocrine, autoimmune, infection, rare diseases and vaccines. The slight decline in the number of ongoing overseas projects as of December 31, 2023 was mainly due to the closing of a number of projects (including certain COVID-19 vaccine projects) in South Korea and Latin America in the second half of 2023.

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

Revenue (Continued)

(1) CTS (Continued)

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

Region	As of year/period end December 31, 2022	June 30, 2023	**December 31, 2023**
Single region			
PRC	430	503	**499**
Overseas	188	207	**194**
MRCTs	62	62	**59**
Total	680	772	**752**

During the Reporting Period, our in-house DCT technology has been widely used in various projects including pivotal clinical trials, post-market studies, real-world studies and investigator-initiated studies, covering therapeutic areas including oncology, haematology, central nervous system, respiratory, endocrine and other fields. 13% of our ongoing clinical trials adopted the DCT hybrid model. Tigermed DCT team involved in the Phase III trial of Pfizer's NURTEC® in both China and South Korea to collect primary efficacy data using Electronic Patient Reported Outcome ("**ePRO**") system, leading to its China approval in 2023. The Company has been deeply involved in building China's DCT ecosystem and published the landmark report on the DCT Industry Best Practice (數字化/去中心化臨床研究行業實踐調研), as well as authored Tigermed DCT Global Regulatory Handbook. Our integrated DCT solution is expected to further improve the efficiency of the clinical trial technology business.

As of December 31, 2023, we had 465 ongoing medical device and IVD projects, including medical device and IVD clinical trial operation, medical monitoring, clinical trial design and medical writings, among which, there was significant revenue growth in medical devices and IVD businesses.

During the Reporting Period, our medical device team has offered clinical trial operation services for a number of first-in-class medical device products in China, supported clinical strategies for innovative and pioneering products, and assisted 6 innovative medical device products to receive China launch approvals in 2023. The Company has realized rapid growth of multi-regional device projects in 2023 covering regions including Europe, South Korea, the United States, Southeast Asia and other regions. We also expanded medical device registrational services to the United States, Southeast Asia and Saudi Arabia. In February 2024, the Company announced the acquisition of the China business of North American Science Associates, Inc. ("**NAMSA**"), and entered into an exclusive strategic cooperation agreement with NAMSA in China, which expanded our existing team and the global reach, including general consulting, regulatory affairs, quality consulting and clinical research.

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

Revenue (Continued)

(1) CTS (Continued)

Our medical registration team saw the number of customers increase from 649 as of December 31, 2022 to 720 as of December 31, 2023, and have accumulated a total of 1,009 project experiences. In 2023, we assisted 9 products to receive approvals in China, as well as 40 MRCT Investigational New Drug ("**IND**") applications in multiple countries and regions. During the Reporting Period, we also added 29 new FDA IND projects, of which 16 have been cleared for clinical trial.

During the Reporting Period, we continued to reinforce our PV team, providing global safety monitoring solutions to both pre-New Drug Application (NDA) and post-market projects for drugs, medical devices, vaccines and aesthetics. Upon integration of Marti Farm's PV teams with our existing PV team in China, we have further enhanced our global service capabilities and has established a professional PV team comprising nearly 150 employees worldwide. Our signal management tool is in final phase as of December 31, 2023. Meanwhile, we are already in touch with potential PV customers interested in signal management projects. During the Reporting Period, our PV business added 152 new PV projects, and the number of new PV customers reached 134.

During the Reporting Period, our medical translation business added 86 new customers, including 45 pharmaceutical companies and 41 medical device companies and became the Asia Pacific regional supplier and/or global supplier for multiple global pharmaceutical companies in 2023. As of December 31, 2023, our annual translation volume reached 380 million words relying on our integrated medical translation platform covering business development, systems (TMS/EPS/TEP/TQC), project management, quality control, translation and algorithm optimization etc. In the future, we plan to develop automated models dedicated to life science translations and enhance our intelligent medical translation and document management platform leveraging industry leading large language model. According to CSA Research, our medical translation business ranked 7th globally (1st in Chinese Mainland and 3rd in Asia Pacific) in the 2023 CSA The Top Life Sciences Language Service Providers Ranking.

During the Reporting Period, our real-world study team worked with Sanofi on the submission of the NDA to NMPA of its Isatuximab (accepted by NMPA in December 2023) as one of the first three pilot drugs to conduct real world studies in Hainan Boao Hope City (海南博鰲樂城國際醫療旅遊先行區), marking the first ever NDA application acceptance of a haematological cancer drug using real world data generated in Boao Hope City. During the Reporting Period, our real-world study projects have been further expanded to multiple therapeutic areas such as oncology, rare diseases, orthopedics, diabetes, respiratory, cardiovascular, ophthalmology and aesthetics. In the future, we will further increase the adoption of DCT technology and applications in our real-world studies.

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

Revenue (Continued)

(1) CTS (Continued)

In 2023, we successfully helped the first Chinese vaccine (shingles protein vaccine) to obtain the clearance to initiate and conduct the phase I clinical trial in the United States. We helped initiating and conducting the phase III clinical trial of quadrivalent meningitis conjugate vaccine in Indonesia, with a total enrollment of over 1,400 patients. In 2023, we helped completing two large-scale vaccine clinical studies on phase III protective efficacy, with a total enrollment of over 38,000 patients. We have established strategic cooperation with a number of Centers for Disease Control and Prevention ("**CDC**") in Jiangsu, Hubei, Sichuan, Guizhou, Shandong, Shanxi and Hunan provinces, with which we continue to carry out phase I-IV vaccine clinical trial projects.

We continued to develop and refine our centralized digital clinical trial platform Tailinyan (泰臨研), an all-in-one platform comprising Clinical Trial Management System, Electronic Data Capture, eSource Record, Clinical Trial Remote Monitoring, Electronic Trial Master File, E-Site, and Risk-Based Quality Management ("**RBQM**"). Through actively exploring digital innovation models, we established a digital therapy incubator and a full-process incubation procedure, providing services to customers in need of digital therapeutics. During the Reporting Period, our RBQM has obtained a patent certificate in China. We, as a main author, participated in the preparation of the RBQM Blue Book of DIA Digital Health Community ("**DHC**").

(2) CRLS

Revenue generated from our CRLS segment during the Reporting Period increased by 8.6% YoY to RMB3,215.9 million from RMB2,960.3 million during the Corresponding Period. The increase was primarily due to the increase in revenue from our site management and patient recruitment services, data management and statistical analysis services and laboratory services. Among which, site management and patient recruitment services saw strong growth, data management and statistical analysis services delivered stable growth while laboratory services realized a small increase in revenue during the Reporting Period.

During the Reporting Period, our DMSA team continued to acquire new customers in both China and overseas markets. The number of global customers increased by 31.3% YoY to 340 as of December 31, 2023 from 259 as of December 31, 2022. During the Reporting Period, our DMSA team provided DMSA services to multiple new drugs approvals in China, including Pfizer's NURTEC® for the treatment of migraine, and Cejemly®, the first approved drug in the world for indications of relapsed or refractory extranodal NK/T-cell lymphoma, and oral-dose COVID-19 drug with global independent intellectual property rights. As of December 31, 2023, we had 306 completed projects and 826 ongoing projects, of which 499 projects were implemented by our team in China and 327 projects were performed and implemented by overseas teams. During the Reporting Period, our DMSA team had over 850 professionals based in China, South Korea, the United States and India.

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

Revenue (Continued)

(2) CRLS (Continued)

As of December 31, 2023, our on-site management team had completed 273 SMO projects, and the number of ongoing SMO projects increased to 1,952 as of December 31, 2023, up from 1,621 as of December 31, 2022. Our site management team has 25 offices and works with over 1,100 clinical sites in more than 140 cities in China. There were over 2,700 CRCs in our site management team. As of December 31, 2023, we have provided SMO services to support 50 Class I innovative drug approval in China accumulatively.

In 2023, Frontage completed the acquisition of Nucro-Technics Holdings, Inc. and its subsidiary Nucro-Technics, Inc, which expanded the laboratory space by over 5,574 square meters and enhanced our capabilities in analytical chemistry, microbiology, toxicology, bioanalysis, sample storage and stability testing services in North America. The new 8,000 square meters clinical trial manufacturing facility in Suzhou was officially put into operation, further improving our capacity in Good Manufacturing Practice ("**GMP**") clinical trial manufacturing and meeting the more diversified customer needs. Our Frontage Suzhou Safety Assessment Center obtained the GLP (Good Laboratory Practice) issued by the NMPA. The Wuhan R&D center of ACME Biopharma, a subsidiary of Frontage, was officially opened on May 15, 2023. With a total space of 18,000 square meters, the first phase of the R&D center has a capacity of 50 chemical pharmacology laboratories, 4 formulation development laboratories, and a testing and analysis center, providing one-stop R&D from target screening to preclinical pharmacology research. As of December 31, 2023, the number of ongoing laboratory service projects were 4,411.

During the Reporting Period, our imaging evaluation team provided independent imaging evaluation services for 6 newly approved drugs in China. We accepted 20 NMPA inspections in 2023 with zero findings. As of December 31, 2023, we have provided imaging services for over 280 clinical trials with 25 products approved. During the Reporting Period, we have established an integrated core business structure covering central imaging, oncology imaging, pathology, electrocardiogram, and imaging consulting etc., and expanded into new therapeutic areas including respiratory system, skin diseases, and orthopaedics in 2023.

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

(Continued)

Gross Profit

During the Reporting Period, we realized a gross profit of RMB2,820.6 million compared to RMB2,785.4 million during the Corresponding Period, a slight growth. Our gross profit margin decreased from 39.3% during the Corresponding Period to 38.2% during the Reporting Period.

Our cost of services increased from RMB4,300.0 million during the Corresponding Period to RMB4,563.4 million during the Reporting Period.

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

	Year ended December 31,	
	2023	2022
	RMB million	RMB million
Direct labour costs	**2,347.8**	2,002.9
% of revenue	***31.8%***	*28.3%*
Direct project-related costs	**1,430.7**	1,607.4
% of revenue	***19.4%***	*22.7%*
Overhead costs	**784.9**	689.7
% of revenue	***10.6%***	*9.7%*
Total cost of services	**4,563.4**	4,300.0
% of revenue	***61.8%***	*60.7%*

(1) CTS

The gross profit of the CTS segment increased by 2.4% YoY from RMB1,536.8 million during the Corresponding Period to RMB1,573.3 million during the Reporting Period. The gross profit margin of the CTS segment increased to 37.7% during the Reporting Period from 37.3% during the Corresponding Period.

The gross profit margin increased during the Reporting period, as (i) the efficiency of our CTS services have improved partly due to the ease of pandemic control measures during the second quarter of 2023; and (ii) we had less MRCTs including certain COVID-19 related trials that included a higher portion of pass-through fees than our usual clinical trial projects. These factors contributed positively to the gross profit margin of the CTS segment.

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

Gross Profit (Continued)

(1) CTS (Continued)

The pass-through fees relates to certain subcontracting components to third-party CROs in certain countries or regions where we do not have local presence, and to local hospitals in certain countries where we settled fees in relation to subject recruitments on our customers' behalf. Generally, when we make such pass-through payments on behalf of our customers, we would book revenue and the corresponding costs simultaneously, thereby lowering the gross profit margin. During the Reporting Period and Corresponding Period, certain pass-through fees were booked in relation to the final closing and settlement of some COVID-19 related clinical trials. We do not expect these COVID-19 related pass-through fees to be recurring in the future.

(2) CRLS

The gross profit of the CRLS segment realized during the Reporting Period was RMB1,247.3 million as compared to RMB1,248.6 million during the Corresponding Period.

The gross profit margin of the CRLS segment decreased by 3.4 percentage points from 42.2% during the Corresponding Period to 38.8% during the Reporting Period. The decrease of the gross profit margin is primarily due to (i) the faster growth of our site management services during the Reporting Period, which is of lower margin compared with other CRLS services; and (ii) the lower revenue growth of Frontage Holdings, especially in preclinical research, Chemistry, Manufacturing and Controls (CMC). Meanwhile, with the operations of newly made investments in China, including Suzhou preclinical animal research facility, Shanghai Lin-Gang laboratory, and Wuhan chemistry facilities, the related overhead cost increased and contributed lower profit margin, causing the significant decrease of gross profit margin of our laboratory services during the Reporting Period.

Workforce

The number of our total employees reached 9,701 as of December 31, 2023 from 9,455 as of June 30, 2023, and from 9,233 as of December 31, 2022. Below is a breakdown of our employees by function and by region as of December 31, 2023:

	Number of employees				
Function	PRC	Asia Pacific (excluding PRC)	Americas	EMEA	Total
Project operation	7,206	534	807	62	8,609
Marketing and business development	418	50	43	8	519
Management and administration	445	34	88	6	573
Total	8,069	618	938	76	9,701

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

Workforce (Continued)

The number of our employees based overseas increased to 1,632 as of December 31, 2023 from 1,426 as of December 31, 2022. As part of our strategy for business expansion, we will continue to expand our clinical operations and project management teams in key overseas markets such as North America and Europe. Since 2022, we officially released our global talent value statement "Inspire to Excel, Empower to Achieve" (激發無限潛能，探索生命旅程), and has always adhered to this concept through a systematic talent development management mechanism to identify, cultivate, and develop talents that align with the Company's strategic development, stimulate employee potential, and activate organizational vitality. Capable and stable team is essential for our Company to provide consistently high-quality service to our customers. We seek to attract top talent, especially inter-disciplinary talents, industry experts, and technical specialists with global experience to support our global expansion, while continuing to improve our employee recruiting, training and development programs, and long-term incentive schemes to nurture and retain talents.

Other Income

Our other income during the Reporting Period increased by 9.4% YoY to RMB311.7 million from RMB285.0 million during the Corresponding Period, primarily due to a RMB27.8 million increase in the dividend income from financial assets at Fair Value Through Profit or Loss ("**FVTPL**").

Other Gains and Losses, Net

During the Reporting Period, we recorded other gains and losses, net of RMB552.2 million, representing a 11.0% decrease YoY from RMB620.3 million during the Corresponding Period. The decrease was primarily due to (i) change in fair value of financial assets at FVTPL decreased by 35.8% YoY to RMB352.8 million during the Reporting Period from RMB549.7 million during the Corresponding Period; and (ii) the gain on disposal of associates decreased from RMB54.1 million during the Corresponding Period to RMB1.7 million during the Reporting Period, accounting for 76.9% of the total decline. The increase in the gain on disposal of financial asset at FVTPL partially offset the decline.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 24.9% YoY from RMB149.9 million during the Corresponding Period to RMB187.3 million during the Reporting Period. The increase was primarily due to (i) an increase of the number of employees in our sales and marketing team in both China and overseas; (ii) an increase of the compensation levels for our sales and marketing employees; and (iii) the increased cost incurred by our sales and marketing activities, as we continued to grow our business, expand our business development coverage and promote our brand awareness. The 24.9% YoY increase of selling and marketing expenses during the Reporting Period also reflected the fact that our sales and marketing activities were adversely affected by the pandemic during the Corresponding Period.

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

Administrative Expenses

Our administrative expenses increased by 3.0% YoY from RMB643.3 million during the Corresponding Period to RMB662.7 million during the Reporting Period. The increase was primarily due to an increase in staff costs to our administrative and management personnel in China and overseas. The increase was offset by the decrease of share-based payments during the Reporting Period.

R&D Expenses

Our R&D expenses increased by 11.5% YoY from RMB234.6 million during the Corresponding Period to RMB261.6 million during the Reporting Period. The increase was primarily due to (i) an increase in the total number of employees engaged in R&D activities and the increased compensation levels of these employees; and (ii) an increase in investments made into innovation and technology development by our Group.

Share of profit of associates

Our share of profit of associates increased by 164.3% from RMB39.8 million during the Corresponding Period to RMB105.2 million during the Reporting Period, primarily due to the improved performance of Teddy Clinical Research Laboratory (Shanghai) Limited (上海觀合醫藥科技股份有限公司) and Hangzhou Taikun Equity Investment Fund Partnership (Limited Partnership)* (杭州泰鯤股權投資基金合夥企業(有限合夥)) ("**Hangzhou Taikun**").

Finance Costs

Our finance costs increased by 44.1% from RMB83.2 million during the Corresponding Period to RMB119.9 million during the Reporting Period, primarily due to the increase of interest expense on bank borrowings from RMB57.8 million during the Corresponding Period to RMB92.0 million during the Reporting Period.

Income Tax Expense

Our income tax expense increased by 7.9% from RMB313.7 million during the Corresponding Period to RMB338.6 million during the Reporting Period. Our effective tax rate increased from 12.1% during the Corresponding Period to 13.6% during the Reporting Period, primarily due to the decrease in change in certain other gain items such as changes in fair value of financial assets at FVTPL during the Reporting Period, which were only partially non-taxable.

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

(Continued)

Profit for the Year

As a result of the foregoing discussions, our profit for the year decreased by 5.7% from RMB2,281.3 million during the Corresponding Period to RMB2,151.6 million during the Reporting Period. The decrease was primarily due to the increase of cost of sales and the increase of selling and marketing expenses, which offset the increase of the revenue and the profit contribution from other gain and loss, net. The profit attributable to owners of the Company increased by 0.5% from RMB2,016.1 million during the Corresponding Period to RMB2,026.5 million during the Reporting Period, and the profit attributable to non-controlling interests decreased by 52.8% from RMB265.2 million during the Corresponding Period to RMB125.1 million during the Reporting Period.

Non-IFRS Measures

To supplement our financial information which are presented in accordance with IFRS, we use adjusted net profit attributable to owners of the Company as an additional financial measure, which is not required by, or presented in accordance with IFRS. We define adjusted net profit attributable to owners of the Company as profit for the period attributable to owners of the Company before certain expenses and amortization as set out in the table below. Adjusted net profit attributable to owners of the Company is not an alternative to (i) profit before tax, profit for the period or profit for the period attributable to owners of the Company (as determined in accordance with IFRS) as a measure of our operating performance, (ii) cash flows from operating, investing and financing activities as a measure of our ability to meet our cash needs, or (iii) any other measures of performance or liquidity.

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

We define adjusted net profit attributable to owners of the Company as profit attributable to owners of the Company adjusted for (i) share-based compensation expense, (ii) net foreign exchange loss/(gain), (iii) amortization of intangible assets arising from acquisitions, (iv) impairment of goodwill, and (v) increase in fair value of financial assets at FVTPL. The following table sets out our adjusted net profit attributable to owners of the Company, and a reconciliation from profit attributable to owners of the Company to adjusted net profit attributable to owners of the Company for the periods indicated.

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

Non-IFRS Measures (Continued)

Adjusted net profit attributable to owners of the Company

	For the Year ended December 31,	
	2023	2022
	RMB million	RMB million
Profit attributable to owners of the Company	**2,026.5**	2,016.1
Adjusted for:		
Share-based compensation expense	**5.7**	37.5
Net foreign exchange loss/(gain)	**0.1**	(17.0)
Amortization of intangible assets arising from acquisitions	**13.8**	15.5
Goodwill impairment	**23.3**	–
Increase in fair value of financial assets at FVTPL	**(283.4)**	(386.3)
Adjusted net profit attributable to owners of the Company	**1,786.0**	1,665.8
Margin of adjusted net profit attributable to the owners of the Company[(1)]	**24.2%**	23.5%
Adjusted earnings per share (RMB)		
– Basic[(2)]	**2.06**	1.93
– Diluted[(3)]	**2.06**	1.92

Notes:

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

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

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

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

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

During the Reporting Period, our Non-IFRSs adjusted net profit attributable to owners of the Company was RMB1,786.0 million, representing a YoY increase of 7.2% from RMB1,665.8 million during the Corresponding Period. Our margin of adjusted net profit attributable to the owners of the Company increased from 23.5% during the Corresponding Period to 24.2% during the Reporting Period.

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

(Continued)

Cash Flows

	Year ended December 31, 2023 RMB million	2022 RMB million
Net cash generated from operating activities	**931.3**	1,133.6
Net cash used in investing activities	**(1,315.1)**	(2,565.4)
Net cash (used in)/generated from financing activities	**(7.8)**	809.2

During the Reporting Period, our net cash generated from operating activities was RMB931.3 million, representing a 17.8% decrease from RMB1,133.6 million during the Corresponding Period. The decrease was primarily due to (i) an increase by 65.2% in trade, bills and other receivables and prepayments from RMB152.4 million during the Corresponding Period to RMB251.8 million during the Reporting Period; and (ii) the Group got less prepayments received from customers in relation to service agreements or work orders with them.

During the Reporting Period, our net cash used in investing activities was RMB1,315.1 million, representing a 48.7% decrease from RMB2,565.4 million during the Corresponding Period. The decrease was primarily due to the substantial increase in the cash received from the financial instruments, especially the disposal of financial assets at FVTPL and dividends from of financial assets at FVTPL and associates, amounting to RMB810.2 million increase of the investing cash flow.

During the Reporting Period, our net cash used in financing activities was RMB7.8 million compared with RMB809.2 million generated during the Corresponding Period. The Group repaid RMB682.0 million bank borrowings during the Reporting Period more than the amount paid during the Corresponding Period. Meanwhile, the repayment of lease liabilities increased by 30.3% YoY, and the Group paid more dividends during the Reporting Period.

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

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

Liquidity and Capital Resources

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

As of December 31, 2023, the Group has not used any financial instruments for hedging, nor used any net investment amounts in foreign currencies for hedging via monetary loans and/or other foreign exchange hedging instruments.

Trade, Bills and Other Receivables and Prepayments

Our trade, bills and other receivables and prepayments increased by 20.4% from RMB1,186.3 million as of December 31, 2022 to RMB1,428.2 million as of December 31, 2023, primarily due to (i) an increase in trade receivables from third parties from RMB1,105.3 million during the Corresponding Period to RMB1,379.8 million during the Reporting Period as we continued to grow our business; and (ii) an increase in other receivables from third parties from RMB99.6 million during the Corresponding Period to RMB115.6 million during the Reporting Period primarily from an increase in interest receivables from bank deposits. The increase was partially offset by the decrease of bill receivables by 96.4%, mainly due to the acceptance of most of bank drafts during the Reporting Period.

Trade and Other Payables

Our trade and other payables increased by 17.7% from RMB718.0 million as of December 31, 2022 to RMB845.1 million as of December 31, 2023, primarily due to (i) the increase in trade payables to third parties from RMB125.6 million as of December 31, 2022 to RMB182.7 million as of December 31, 2023 and (ii) the increase of the other payables to related parties to RMB13.0 million as of December 31, 2023 from RMB0.6 million as of December 31, 2022 during the Corresponding Period due to capital commitment to the associates invested. The increase was offset by the settlement of the contingent payables bolt-on acquisitions made by Frontage in previous years.

Contract Assets and Contract Liabilities

Our contract assets increased by 18.4% from RMB1,997.3 million as of December 31, 2022 to RMB2,364.4 million as of December 31, 2023 due to the increase in total amount of contracts with our customers where revenue had been recognized but we have not yet billed our customers upon meeting the billing milestones as specified in our customer service agreements or work orders as we continued to grow our business.

Our contract liabilities decreased by 27.6% from RMB939.8 million as of December 31, 2022 to RMB680.5 million as of December 31, 2023, as less prepayments received from our customers in relation to our service agreements or work orders with them.

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

(Continued)

Property, Plant and Equipment

Our property, plant and equipment increased by 21.9% from RMB976.7 million as of December 31, 2022 to RMB1,191.0 million as of December 31, 2023, primarily due to our procurement of experiment equipment and expansion in building and leasehold improvements for our offices, laboratory facilities and research capacity. Bolt on acquisition made by Frontage during the Reporting Period also contributed to the increase of our property, plant and equipment.

Intangible Assets

Our intangible assets increased by 12.2% from RMB276.1 million as of December 31, 2022 to RMB309.9 million as of December 31, 2023, which was primarily contributed by (i) a 13.9% YoY increase of the customer relationship to RMB221.9 million as of December 31, 2023, compared to that of RMB194.9 million as of December 31, 2022 and (ii) the non competition clause contributed a rise of 53.0%, which was bolt-on acquisitions made by Frontage during the Reporting Period.

Right-of-use Assets

Our right-of-use assets decreased by 10.6% from RMB622.4 million as of December 31, 2022 to RMB556.6 million as of December 31, 2023, primarily due to several existing lease contracts expired during the Reporting Period.

Interest in Associates

Our interests in associates increased from RMB1,799.8 million as of December 31, 2022 to RMB2,977.0 million as of December 31, 2023 primarily in relation to the capital injection to Hangzhou Taikun which we owned 50.0% interest and to Clinflash Healthcare Technology (Jiaxing) Co., Ltd* (易迪希醫藥科技(嘉興)有限公司) which we owned 19.8% interest as of December 31, 2023. Besides, we have increased capital injection to Jiangsu Lanwan Management technology Ltd., Co* (江蘇瀾灣管理科技有限公司) which we owned 49.0% interest and to Taihe Pharmaceutical (Weihai) Co., Ltd* (泰和藥業(威海)有限公司), which we owned 30.0% interest.

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

Financial assets at FVTPL and FVOCI

Our financial assets at FVTPL and FVOCI include listed equity securities, unlisted equity investments, unlisted fund investments, financial products, unlisted debt instrument and life insurance policies. Our financial assets at FVTPL and FVOCI increased by 3.0% from RMB9,992.7 million as of December 31, 2022 to RMB10,288.3 million as of December 31, 2023. Such increase was primarily due to the increase in fair value of our financial assets at FVTPL and our continuing investment activities during the Reporting Period. The following table sets for a breakdown of our financial assets at FVTPL and FVOCI as of the dates indicated:

	As of December 31, 2023 RMB'000	As of December 31, 2022 RMB'000
Non-current assets		
Financial assets at FVTPL		
– Life insurance policies	**3,443**	2,680
– Listed equity securities	**265,925**	304,175
– Unlisted equity investments	**4,991,648**	4,718,449
– Unlisted fund investments	**4,906,380**	4,918,549
– Unlisted debt instruments	**64,306**	20,000
Total non-current financial assets at FVTPL	**10,231,702**	9,963,853
Financial assets at FVOCI		
– Listed equity investments	**7,754**	–
– Unlisted equity investments	**6,754**	3,864
Total non-current financial assets at FVOCI	**14,508**	3,864
Current assets		
Financial assets at FVTPL		
– Financial products	**10,000**	24,770
– Listed equity securities	**–**	62
– Unlisted equity investments	**1,103**	–
– Unlisted fund investments	**–**	114
– Unlisted debt instruments	**31,035**	–
Total current financial assets at FVTPL	**42,138**	24,946
Total financial assets at FVTPL and FVOCI	**10,288,348**	9,992,663

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

Financial assets at FVTPL and FVOCI (Continued)

Investments in companies and investment funds

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

As of December 31, 2023, we were a strategic investor in 170 innovative companies and other related companies in the healthcare industry, as well as a limited partner in 55 professional investment funds.

During the Reporting Period, we realized a gain of RMB546.1 million from exiting our investments in companies and investment funds, as measured by the exit amount against our initial investment cost, up from RMB162.8 million during the Corresponding Period.

Our investments in listed equity securities amounted to RMB273.7 million as of December 31, 2023, representing a 10.0% decrease from RMB304.2 million as of December 31, 2022. The decrease is primarily due to several unlocked stocks sold during the Reporting Period.

Our unlisted equity investments amounted to RMB4,999.5 million as of December 31, 2023, representing a 5.9% increase from RMB4,722.3 million as of December 31, 2022. The increase is primarily due to more investments we made during the Reporting Period and the increase of change in fair value of the unlisted equity portfolio we held since the Corresponding Period.

Our unlisted fund investments amounted to RMB4,906.4 million as of December 31, 2023, representing a 0.3% decrease from RMB4,918.7 million as of December 31, 2022. The decrease is primarily due to disposal of more investments during the Reporting Period.

Our life insurance policies amounted to RMB3.4 million as of December 31, 2023, representing a 25.9% increase from RMB2.7 million as of December 31, 2022. Bolt-on acquisitions made by DreamCIS during the Reporting Period contributed to the increase.

Our unlisted debt instruments amounted to RMB95.3 million as of December 31, 2023, increased from RMB20.0 million as of 31 December, 2022, because the Group has reached agreements with customers to subscribe convertible bonds, which are classified as debt instrument.

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

Financial assets at FVTPL and FVOCI (Continued)

Investments in companies and investment funds (Continued)

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

	Unlisted equity investments RMB'000	Unlisted fund investments RMB'000	Listed equity securities RMB'000	Life insurance policies RMB'000	Unlisted debt instrument RMB'000	Total RMB'000
Opening balance	4,722,313	4,918,663	304,237	2,680	20,000	9,967,893
Additions	513,110	119,374	7,845	1,373	115,899	757,601
(Transfer to listed companies)/transfer from non-listed companies	(296,284)	–	296,284	–	–	–
Fair value change during the Reporting Period	135,989	292,796	(75,889)	(619)	401	352,678
Disposals of shares	(80,903)	(440,287)	(262,011)	–	(41,516)	(824,717)
Exchange realignment	5,280	15,834	3,213	9	557	24,893
Ending Balance	4,999,505	4,906,380	273,679	3,443	95,341	10,278,348

Indebtedness

Borrowings

The Group had RMB2,800.6 million outstanding borrowings as of December 31, 2023, of which RMB2,366.4 million were short-term and RMB434.2 million were long-term. As of December 31, 2023, over 85.6% of our borrowings were denominated in RMB and 14.3% were US$ borrowings. The Group had unutilised banking facilities of RMB4,265.2 million and borrowing agreements include a mix of fixed and variable rate loans, the exposure in relation to fixed rate agreements is considered to be minimal as of December 31, 2023.

Gearing Ratio

Gearing ratio is calculated using interest-bearing borrowings from banks and other entities divided by total equity and multiplied by 100%, and it was 11.5% as of December 31, 2023.

Lease Liabilities

We had outstanding aggregated lease liabilities (for the remainder of relevant lease terms) of RMB546.0 million as of December 31, 2023, down 10.0% from RMB606.7 million as of December 31, 2022, primarily due to the expiry of some existing lease contracts and fewer new rental contracts entered into in 2023. Of the aggregated lease liabilities as of December 31, 2023, RMB122.9 million were due within one year and RMB423.1 million would be due in more than one year.

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

Indebtedness (Continued)

Pledges over Assets of the Group

The Group had no pledges over assets of the Group as of December 31, 2023.

Contingent Liabilities

As of December 31, 2023, the Group had no contingent liabilities.

Capital Commitments

As of December 31, 2023, the Group had the total capital commitments entered but outstanding and not provided for in the financial statements amounting to approximately RMB614.3 million (December 31, 2022: approximately RMB777.0 million) and mainly included that not provided for the acquisition for the investments in the funds or companies was around RMB586.7 million (December 31, 2022: approximately RMB746.8 million).

In addition, the Group entered into a subscription agreement to subscribe 50% equity interests in an associate, Hangzhou Taikun in 2021. The Group has committed to invest additional capital in Hangzhou Taikun, amounting to RMB7.5 billion as of December 31, 2023. The capital commitment by the Group shall be paid subject to the notice to be issued by the general partner of Hangzhou Taikun according to the capital needs of Hangzhou Taikun.

Significant Investments Held

As of December 31, 2023, saved for the investment as mentioned below, the Group did not hold any significant investments and none of the above-mentioned investments constituted a significant investment to our Group.

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

Hangzhou Taikun was established on August 10, 2021 and became an associate of the Group. As of December 31, 2023, our Group has paid up RMB2,500 million of the registered capital of Hangzhou Taikun.

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

Indebtedness (Continued)

Significant Investments Held (Continued)

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

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

As of December 31, 2023, the carrying amount of our investment in Hangzhou Taikun was RMB2,615.8 million, accounting for 8.8% of the total assets of the Group.

As of December 31, 2023, Hangzhou Taikun had a net asset of RMB5,231.7 million, and generated a profit of RMB185.3 million during the Reporting Period. The Group received investment income of RMB4.4 million in respect of its investment in Hangzhou Taikun during the Reporting Period.

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

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

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

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

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

Treasury Policy

Currently, the Group follows a set of funding and treasury policies to manage its capital resources and prevent risks involved. The Group expects to fund its working capital and other capital requirements from various sources, including but not limited to cash flow generated from operating activities, and internal financing and external financing at reasonable market rates. Save for Frontage and DreamCIS as they are publicly listed, the Group's treasury activities are centralized. The Group generally deals with financial institutions with good reputation.

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

(Continued)

Core Competence Analysis

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

1. **Rich experience in project execution**

   As a leading CRO in the industry, we have accumulated rich experience in innovative drug and medical device R&D services over the past 20 years since its establishment, and the number of global customers reached over 2,800, including global multi-national pharmaceutical companies and domestic large pharmaceutical companies, small to medium-sized innovative drug R&D enterprises, etc. Our products cover a wide range of chemical drugs, biologics, vaccines, medical devices, and most of the therapeutic areas, including oncology, respiratory, infectious, endocrine, hematology, neurology, cardiovascular, dermatology, immunology, digestion, metabolism, rare diseases and other disease areas. As of December 31, 2023, our cumulative experience in clinical trial operation exceeds 3,500 projects, including more than 700 clinical trials of Class I drugs in China and more than 120 international MRCTs.

2. **Global synchronized operation and management**

   In recent years, we have set up branch offices and local clinical teams in many countries on all continents, with professionals familiar with pharmaceutical regulations and clinical practices in various countries, and established synchronized operation and collaboration mechanisms, forming strong capabilities of synchronized execution of globalizing projects. Meanwhile, we have also expanded our overseas customer base and operational capacity through the acquisition of overseas CRO companies. As of December 31, 2023, our global workforce has reached 9,701, covering 28 countries globally. In 2023, we set up our International Headquarters in Hong Kong, which has become the main hub for Tigermed's overseas functional support and business development.

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

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

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

Core Competence Analysis (Continued)

4. **Excellent quality standards and delivery capabilities**

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

5. **Leading industry position and influence**

   Since our establishment in 2004, we have witnessed and involved in the whole process of China's pharmaceutical industry from me-too drugs to fast-follow drugs and then to innovative drugs. After nearly 20 years of development, we have grown from a local CRO to expansion into Asia-Pacific, and then expansion from the Asia-Pacific region to Europe and the United States. We have become China's leading CRO and one of the few international CROs that can cover all 5 continents with global synchronization of R&D service capabilities. During the period from our establishment in 2004 to 2023, we have provided services for 61% of the marketed Class I new drugs in China. According to Frost & Sullivan's report, we have the largest market share in China's clinical outsourcing market for many consecutive years, and is the only China-based clinical services provider ranked among global top 10.

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

   In China, we have a network of more than 150 offices and operations covering almost all of the country's medium and large-sized cities, and we partner with more than 1,380 Chinese clinical trial institutions. In the U.S., we partner with more than 500 clinical study sites in 45 states. We have also launched the E-site Program to continue to strengthen cooperation with top clinical trial institutions, jointly develop professional clinical trial teams and build clinical sites, improve management and efficiency, and create a win-win and sustainable clinical study network. As of December 31, 2023, we have formed strategic alliance with 52 E-Sites and have 224 core collaborative sites nationwide.

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

Core Competence Analysis (Continued)

7. Provision of full life-cycle services for enterprise

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

Other Events

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

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

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

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

Other Events (Continued)

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

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

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

Other Events (Continued)

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

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

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

Industry Outlook

The global pharmaceutical market has maintained steady growth driven by factors including the accelerating trend of the aging population, the increasing prevalence of chronic non-communicable diseases, and the accelerated development of breakthrough therapies. According to Frost & Sullivan, the global pharmaceutical market size will be about $1.6 trillion in 2023 and is expected to grow to $1.9 trillion in 2027. Due to the continuous growth of market demand for innovative therapies and in response to unmet clinical needs, pharmaceutical companies have become market-oriented with concentrated resource advantages, and they have optimized R&D costs under appropriate R&D models, controlled R&D risks, improved R&D efficiency and continued to increase investment in important pipelines in the clinical stage. The development of clinical research has also advocated an increase in R&D CRO demand. According to Frost & Sullivan, from 2018 to 2022, the global CRO market size has increased from $53.91 billion to $77.57 billion, and the market size is expected to reach $102.65 billion by 2025 as the global demand for drug R&D grows year by year. The global clinical CRO market size grew from $37.94 billion in 2018 to $54.66 billion in 2022 and is expected to grow to $69.97 billion by 2025.

Due to factors such as economic development, medical system reform, and demographic changes, the scale of China's pharmaceutical market continues to grow. At the same time, the government has vigorously promoted the reform of the regulatory review system, successively introduced a large number of policies to encourage the development of innovative drugs to advocate the rapid and high-quality development of the industry, and promoted the listings of unprofitable biopharmaceutical companies. The reform has enabled China's innovative drug industry to achieve tremendous development and driven the increase in demand for R&D outsourcing and hence making the market size of CRO continues to grow. According to Frost & Sullivan, from 2018 to 2022, the market size of China's CRO grew from RMB38.80 billion to RMB80.21 billion and is expected to reach RMB140.59 billion by 2025. The size of China's clinical CRO market grew from RMB21.05 billion in 2018 to RMB41.11 billion in 2022 and is expected to grow to RMB72.55 billion in 2025.

According to the Drug Clinical Trial Registration and Information Disclosure Platform (藥物臨床試驗登記與信息公示平台), the number of clinical trials in China increased from 3,316 in 2022 to 4,205 in 2023, a YoY increase of 26.81%. According to CDE statistics, 40 Class I new drugs were approved in China in 2023, which is a record high. In addition, some innovative drugs in the fields of anti-tumor, autoimmunity, ADC technology and other therapeutic areas have entered the commercialization stage one after another in recent years. Relevant pharmaceutical companies are expected to recover the R&D funds they have invested to support the development of subsequent research pipelines.

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

Industry Outlook (Continued)

Affected by the tightening monetary policies in major economies and other factors, the funding activities of domestic innovative drugs have declined in recent years and the innovative drug industry has entered a period of phased adjustment. Under such circumstances, pharmaceutical companies are promoted to gradually optimize costs, focus on differentiated innovative projects based on clinical value, accelerate the development of best-in-class and first-in-class products with clinical advantages, and accelerate the process of commercialization and overseas expansions to further enhance their R&D and innovation capabilities and promote high-quality development of the industry. According to incomplete statistics, in 2023, the number and value of overseas licence-out transactions for innovative medicines in China reached a record high of 80 and a total transaction amount potentially more than US$41.1 billion, of which 10 of them may have a total amount of more than US$1 billion each. Moreover, several innovative drugs and biosimilars are currently under review by the FDA and EU. Chinese pharmaceutical companies are also actively deploying in developing markets such as Southeast Asia and Latin America. The continuous achievements of Chinese innovative drugs going overseas show that China's innovative drug R&D capabilities have been internationally recognized. This helps enterprises to commercialize faster when facing the fluctuating external funding environment, meet the demand for R&D funds needed and increase R&D investment, further enhancing innovation and R&D capabilities and achieving a virtuous circle.

A number of multinational pharmaceutical companies have achieved sales growth in China, which led to the boosting of their R&D investment in China. The demand for simultaneous clinical trials of foreign innovative drugs in China is also growing steadily and the clinical trials carried out by foreign-funded pharmaceutical companies in China are increasing year by year, with a YoY increase of 18.5% in 2023. Taking advantage of the development opportunities of China's pharmaceutical market, more and more foreign-funded pharmaceutical companies are choosing China as one of the first places for their new drugs to commercialize, which will further drive China's CRO demand.

Under the wave of innovation and domestic product substitution, China's medical device industry has shown a good development trend. Benefiting from factors such as new infrastructure, increases in overseas revenue, domestic product substitution policies and alignment towards global medical device regulatory standards, medical device companies' R&D investment in China has been expanding, high-end Chinese medical device products are emerging, and domestic medical devices substituting imported medical devices has accelerated. China's innovative vaccines are also in a period of rapid development, among which, there are a number of phased breakthroughs of new varieties such as the zoster vaccine, RSV vaccine, Staphylococcus aureus vaccine, and norovirus vaccine. Many blockbuster vaccine products have also entered the harvest period and new technologies such as mRNA have also driven the vaccine market to further expand.

The increasing difficulties and complexities in the R&D of new drugs, the tightening of regulatory authorities' supervision on drug registration and marketing, and the growing demand for overseas expansion have driven the demand and willingness of innovative drug pharmaceutical companies to outsource their R&D, aiming to reduce R&D costs, improve the R&D success rate, and increase R&D efficiency. Clinical CROs with rich experience in clinical projects, strong adaptability to innovative technologies, the ability to provide diversified and one-stop CRO services, and the empowerment of new digital technologies, as well as the ability to manage large-scale global clinical trial projects, will continue to increase industry barriers and gain more competitive advantages.

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

Potential Risks

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

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

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

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

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

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

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

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

Potential Risks (Continued)

4. **Risk of increasing competition**

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

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

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

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

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

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

Potential Risks (Continued)

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

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

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

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

9. **Risk of losing key customers and contracts**

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

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

Potential Risks (Continued)

10. Risks of acquisitions and investments

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

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

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

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

Potential Risks (Continued)

12. Risk of talent loss

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

13. Risks related to financial assets at FVTPL

The fair value of our financial assets at FVTPL, including listed equity securities, unlisted equity investments, unlisted fund investments, unlisted debt instruments and financial products, are subject to changes beyond our control. During the Corresponding Period and the Reporting Period, we recorded positive changes in fair value of financial assets at FVTPL in the amount of RMB549.7 million and RMB352.8 million, respectively. There is no guarantee that the changes in fair value of our financial assets at FVTPL will continue to be positive, and our financial results may be materially affected by fluctuations in the changes in fair value of financial assets at FVTPL. During the Corresponding Period and the Reporting Period, we recorded gains on disposal of and received dividends from financial assets at FVTPL of a total of RMB3.5 million and RMB232.0 million, respectively. There is also no guarantee that we will continue to make gains on disposal of financial assets at FVTPL in the future, and our financial results may be materially affected.

14. Foreign exchange risk

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

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

Potential Risks (Continued)

15. Risk of changes in international policies and situations

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

Employees

The number of our employees increased to 9,701 as of December 31, 2023 from 9,233 as of December 31, 2022. During the Reporting Period, we continued to expand our clinical operation and project management teams in key overseas markets including the U.S. and Europe as part of our growth strategies. As of December 31, 2023, our overseas employees were based out of 28 countries and regions.

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

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

Relationship with Customers and Suppliers

We provided services to customers in 2023 as we continued to deepen our partnerships with existing customers and attract new customers. Our talents are most crucial to our ability to provide consistent high-quality services to customers and which enable us to enjoy a high level of customer loyalty and have developed long-term relationships with many of our customers. We procure a variety of consumables and equipment, mainly for our clinical trial solutions and clinical related and laboratory services. Such supplies are generally available from various suppliers in quantities adequate to meet our needs. Our suppliers are primarily located in China or the United States, including those with local offices and operations in China. We have established stable relationships with many of our key suppliers.

PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

Directors

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

Name	Position	Age	Date of Appointment as Director
Dr. Ye Xiaoping (葉小平)	Chairman of the Board Executive Director	61	September 18, 2010
Ms. Cao Xiaochun (曹曉春)	Executive Director	55	September 18, 2010
Mr. Wu Hao (吳灝)	Executive Director	57	October 15, 2021
Mr. Wen Zengyu (聞增玉)	Executive Director	44	May 23, 2023
Mr. Liu Kai Yu Kenneth (廖啟宇)	Independent non-Executive Director	55	April 22, 2020
Mr. Yuan Huagang (袁華剛)	Independent non-Executive Director	51	May 23, 2023
Ms. Liu Yuwen (劉毓文)	Independent non-Executive Director	49	March 21, 2024

Ms. Liu Yuwen, who was appointed as independent non-executive Directors on March 21, 2024 has obtained the legal advice under rule 3.09D of the Listing Rules on April 3, 2024 and has confirmed that she understood her obligations as a Director.

Supervisors

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

Name	Position	Age	Date of Appointment as Supervisor
Mr. Zhang Binghui (張炳輝)	Chairman of the Supervisory Committee	61	April 22, 2020
Ms. Chen Zhimin (陳智敏)	Supervisor	64	April 22, 2020
Ms. Lou Wenqing (樓文卿)	Employee Supervisor	32	August 25, 2022

Executive Directors

Dr. Ye Xiaoping (葉小平), aged 61, is the Chairman of the Board, an executive Director and co-founder of our Company. Dr. Ye was appointed as the chairman of the Board and a Director since the incorporation of our Company in September 2010 and designated as an executive Director in April 2020. From September 2010 to April 2019, Dr. Ye served as the general manager of our Company. From March 2005 to September 2010, Dr. Ye served successively as manager, director and general manager at Hangzhou Tigermed Limited, the predecessor of our Company. Dr. Ye is primarily responsible for the overall strategic planning of our Group and supervising and overseeing the management of our business. Dr. Ye is the chairman of the Strategy Development Committee of our Company. Dr. Ye possesses extensive experience in biopharmaceutical R&D and strategic planning. Dr. Ye received his doctorate in immunology degree from University of Oxford in April 2001.

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

Ms. Cao Xiaochun (曹曉春), aged 55, is our executive Director, co-founder and general manager. Ms. Cao was appointed as a deputy general manager in September 2010 and was later appointed as the general manager in April 2019. She was designated as an executive Director in April 2020. From September 17, 2021 to October 21, 2022, she served as the chief financial officer of the Company. From November 2010 to May 2019, Ms. Cao served as secretary to the Board of our Company. Ms. Cao served as executive director and director successively from January 2005 to September 2010 of Hangzhou Tigermed Limited, the predecessor of our Company. Ms. Cao is primarily responsible for overseeing our Group's operations and management. Ms. Cao is a member of the Remuneration and Evaluation Committee of our Company. Ms. Cao possesses extensive experience in biopharmaceutical R&D and business operations and management.

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

Mr. Wu Hao (吳灝), aged 57, joined the Group in January 2020 and is currently an executive Director and the co-president of our Company. Mr. Wu was appointed as an executive Director in October 2021. Mr. Wu is a member of the Strategy Development Committee of our Company.

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

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

Mr. Wen Zengyu (聞增玉), aged 44, joined the Company in March 2010 and is currently an executive Director, executive vice president and chief operating officer of the Company. Mr. Wen was appointed as an executive Director in May 2023. Mr. Wen has 19 years of experience in the pharmaceutical industry. Prior to joining the Group, Mr. Wen served as a statistician of APEX International Clinical Research Co., Ltd. from March 2004 to November 2004 and a senior statistician of Schering Plough Pharmaceutical Co., Ltd.* (先靈葆雅製藥有限公司) from December 2004 to February 2010.

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

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

Independent non-executive Directors

Mr. Liu Kai Yu Kenneth (廖啟宇), aged 55, is our independent non-executive Director. Mr. Liu joined our Company and was appointed as an independent non-executive Director in April 2020. Mr. Liu is primarily responsible for providing independent opinion and judgment to the Board, thereby protecting the overall interest of our Company. Mr. Liu is the chairman of the Audit Committee, member of the Remuneration and Evaluation Committee and member of the Nomination Committee of our Company. Mr. Liu served at Hong Kong Exchanges and Clearing Limited (Stock Exchange stock code: 388) from June 2004 to October 2016, with his last position as assistant vice president in IPO Transactions, Listing & Regulatory Affairs Division. Prior to that, he served at VC CEF Capital Limited (now known as VC Capital Limited) from September 2000 to May 2003, with his last position as an assistant manager in the corporate finance department. He also worked as an audit officer in the internal audit department of Kowloon-Canton Railway Corporation from January 2000 to September 2000, an assistant manager of the audit and control division of the Hong Kong branch of Banque Nationale de Paris from August 1996 to September 1997, an accountant at Ernst & Young from August 1994 to May 1996, and a junior accountant in the audit department of Kwan Wong Tan & Fong (merged with Deloitte Touche Tohmatsu in 1997) from May 1994 to August 1994. Mr. Liu has also been serving as an independent non-executive director of Sisram Medical Ltd (a company listed on the Stock Exchange with stock code: 1696) since August 2017; an independent non-executive director of Tianli Education International Holdings Limited (a company listed on the Stock Exchange with stock code: 1773) since June 2018, and an independent non-executive director of Fourace Industries Group Holdings Limited (a company listed on the Stock Exchange with stock code: 1455) since August 2020.

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

Mr. Yuan Huagang (袁華剛), aged 51, is our independent non-executive Director. Mr. Yuan was appointed as an independent non-executive Director in May 2023. Mr Yuan is well versed in the relevant laws, rules and regulations of the capital market in China, and has long been engaged in M&A and restructuring and various innovative businesses and has engaged in and led many investment and investment banking projects with impact.

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

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

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

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

Ms. Liu Yuwen (劉毓文), aged 49, is our independent non-executive Director. Ms. Liu was appointed as an independent non-executive Director in March 2024. Ms. Liu has been the legal representative and founding partner of Suzhou Industrial Park Bohe Venture Investment Management Co., Ltd.* (蘇州工業園區薄荷創業投資管理有限公司) since August 2015, served as the executive deputy general manager, chairperson and general manager and executive director of Suzhou Industrial Park Biotech Development Co., Ltd.* (蘇州工業園區生物產業發展有限公司) (BioBAY) from December 2005 to July 2015, served as the chief representative of the Shanghai representative office of Perrigo International Inc. (美國百利高國際公司) from May 2003 to November 2005 (now known as Perrigo Trading (Shanghai) Co., Ltd. (百利高貿易(上海)有限公司))*. Ms. Liu also worked as the new business development manager of Suzhou Capsugel Co., Ltd.* (蘇州膠囊有限公司) ("**Suzhou Capsugel**"), a Sino-US joint venture, from April 2000 to April 2003, a quality control and assurance manager of Suzhou Capsugel from May 1998 to April 2000, and a quality engineer of Suzhou Capsugel from July 1997 to April 1998.

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

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

Supervisors

Mr. Zhang Binghui (張炳輝), aged 61, is currently the Chairman of our Supervisory Committee. Mr. Zhang was appointed as a non-employee representative Supervisor in April 2020. Mr. Zhang served as an independent director at Hangzhou Tigermed Limited (the predecessor of our Company) and our Company from September 2010 to June 2017. Mr. Zhang is primarily responsible for supervision of the finances of our Group and supervision over the directors and senior management.

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

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

Ms. Chen Zhimin (陳智敏), aged 64, is currently the Supervisor. Ms. Chen was appointed as a shareholder Supervisor in April 2020. Ms. Chen joined our Company and was appointed as an independent non-executive Director in December 2015, and resigned as an independent non-executive Director in April 2020. Ms. Chen is primarily responsible for supervision of the finances of our Group and supervision over the Directors and senior management.

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

Ms. Chen was the Chief Officer of Zhejiang Zhejing Asset Appraisal Institution from May 1996 to January 2000, the chairman and general manager of Zhejiang Zhejing Asset Assessment Co., Ltd (浙江浙經資產評估有限公司) from January 2000 to February 2009, the general manager of Zhejiang Tianjin Engineering Investment and Consulting Co., Ltd. from February 2009 to April 2015, an independent director of Zhejiang Jolly Pharmaceutical Co., Ltd. (浙江佐力藥業股份有限公司) from May 2015 to March 2020, a senior consultant of Zhejiang Tianjin Engineering Investment and Consulting Co., Ltd. from May 2015 to May 2018; and an independent director of Zhejiang Weixing Industrial Development Co., Ltd. (浙江偉星實業發展股份有限公司) (a company listed on the Shenzhen Stock Exchange with stock code: 002003) from June 2016 to July 1, 2022. She currently is external director of Zhejiang Finance and Capital Investment Co., Ltd. (浙江財通資本投資有限公司), supervisor of Hangzhou Tigermed Consulting Co., Ltd., independent director of Zhejiang Canaan Technology Limited (浙江迦南科技股份有限公司) (a company listed on the Shenzhen Stock Exchange with stock code: 300412), Hangzhou Honghua Digital Technology Stock Co., Ltd. (杭州宏華數碼科技股份有限公司) (a company listed on the Shanghai Stock Exchange with stock code: 688789), Tongkun Group Co., Ltd. (桐昆集團股份有限公司) (a company listed on the Shanghai Stock Exchange with stock code: 601233) and Hang Zhou Great Star Industrial Co., Ltd. (杭州巨星科技股份有限公司) (a company listed on the Shenzhen Stock Exchange with stock code: 002444). She was a member of the 9th, 10th and 11th CPPCC of Zhejiang Province, the 11th and 12th Citizen Building Committee of Hangzhou Province (杭州市民建委員).

Ms. Lou Wenqing (樓文卿), aged 32, is an employee representative Supervisor. Ms. Lou was appointed as an employee representative Supervisor in August 2022. Ms. Lou joined the Internal Control and Internal Audit Department of the Company in February 2022 and engaged in internal audit work, and she currently serves as the audit executive of the Company. Ms. Lou is mainly responsible for supervising the finances of our Group and exercising supervision over the directors and senior management. Ms. Lou worked in China Merchants Group* (中財招商集團) from October 2015 to December 2016 as a risk control specialist. From December 2016 to November 2021, she served as the general manager of Hangzhou Junqing Investment Co., Ltd.* (杭州市軍卿投資有限公司), and she served as the alliance officer of the Federation of Seaport, Land, and Airport Information Port Operators in Zhejiang Province* (浙江省海港陸港空港信息港運營商聯合會) from December 2021 to February 2022. Ms. Lou obtained a bachelor's degree in business administration from the School of Modern Science and Technology of China Jiliang University in June 2014 and a master's degree in entrepreneurial management from Royal Holloway, the University of London in October 2015.

Senior Management

Ms. Cao Xiaochun (曹曉春), aged 55, is our executive Director, co-founder and general manager. For the biography of Ms. Cao, please refer to "Executive Directors" of this section.

Mr. Wu Hao (吳灝), aged 57, is our executive Director and co-president. For the biography of Mr. Wu, please refer to "Executive Directors" of this section.

Mr. Wen Zengyu (聞增玉), aged 44, is our executive Director, executive vice president and chief operating officer. For the biography of Mr. Wen, please refer to "Executive Directors" of this section.

Ms. Yang Chengcheng (楊成成), aged 50, joined the Company in September 2022 and is currently the chief financial officer of the Company. Prior to joining the Company, she had worked in management positions such as senior auditor of PricewaterhouseCoopers, assistant financial controller of Otis Electric Elevator Co., Ltd. (奧的斯機電電梯有限公司) (formerly known as Hangzhou Xizi Otis Co., Ltd. (杭州西子奧的斯股份有限公司)), financial controller of Xizi Elevator Group Co., Ltd. (西子電梯集團有限公司), director, financial controller and investment officer of Baida Group Co., Ltd. (百大集團股份有限公司) (its shares are listed on the Shanghai Stock Exchange, stock code: 600865), financial controller of Pacific Shuanglin Biopharmacy Co., Ltd. (派斯雙林生物製藥股份有限公司) and managing director, financial controller and person-in-charge of risk control and post investment of Zhejiang United Investment Group Co., Ltd. (浙江民營企業聯合投資股份有限公司). Ms. Yang is familiar with domestic and overseas accounting and taxation standards and specializes in finance, taxation, risk control and operation management. She has over 20 years of experience in financial management as well as investment and financing and capital operation of listed companies. Ms. Yang holds a master's degree of business administration from Zhejiang University.

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

VISION, MISSIONS AND VALUES

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

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

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

CORPORATE GOVERNANCE PRACTICES

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

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

DIRECTORS' SECURITIES TRANSACTIONS

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

On January 29, 2024 and February 1, 2024 (which were both within the period of 60 days immediately preceding the publication date of the 2023 annual results announcement of the Company), Ms. Cao Xiaochun, an executive Director and the general manager of the Company, pledged a total of 5,000,000 listed A Shares (the "**Pledges**") as additional collaterals in favour of Essence Securities Asset Management Co., Ltd. (安信證券資產管理有限公司) ("**Essence Securities**") for a loan provided by Essence Securities to her to facilitate her personal financial arrangements as demanded by Essence Securities as a result of a significant drop of share price of the Company at the relevant times. Ms. Cao Xiaochun was in a passive position in relation to the Pledges. The Directors (except Ms. Cao Xiaochun who is affected by the Pledges) were satisfied that the Pledges occurred under exceptional circumstances within the meaning of Rule C.14 of the Model Code and should be allowed.

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

BOARD OF DIRECTORS

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

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

Board Composition

For the year ended December 31, 2023 and up to the date of this annual report, the Board comprised seven Directors, consisting of four executive Directors and three independent non-executive Directors as follows:

Executive Directors

Dr. Ye Xiaoping *(Chairman)*
Ms. Cao Xiaochun
Mr. Wu Hao
Mr. Wen Zengyu *(appointed on May 23, 2023)*
Ms. Yin Zhuan *(retired on May 23, 2023)*

Independent Non-executive Directors

Mr. Liu Kai Yu Kenneth
Mr. Yuan Huagang *(appointed on May 23, 2023)*
Ms. Liu Yuwen *(appointed on March 21, 2024)*
Mr. Zheng Bijun *(retired on May 23, 2023)*
Dr. Yang Bo *(resigned on March 21, 2024)*

Ms. Liu Yuwen, who was appointed as independent non-executive Directors on March 21, 2024, has obtained the legal advice under rule 3.09D of the Listing Rules on April 3, 2024 and has confirmed that she understood her obligations as a Director of the Company.

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

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

Chairman and Chief Executive Officer

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

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

Independent Non-executive Directors

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

BOARD OF DIRECTORS (Continued)

Independent Non-executive Directors (Continued)

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

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

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

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

Appointment and Re-election of Directors

The non-executive Directors (including independent non-executive Directors) of the Company are appointed for a specific term of three years and are eligible for re-election upon expiry of their term of office in accordance with the Articles of Association.

A Director's term of service commences from the date he/she takes office, until the current term of service of the Board ends. Without violation of relevant laws and regulations and the regulatory rules of the place where the shares of the Company are listed, any Director appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the next annual general meeting of the Company and shall be eligible for re-election at the meeting. Any Director appointed to fill a casual vacancy shall accept Shareholders' election at the first general meeting after acceptance of the appointment.

BOARD OF DIRECTORS (Continued)

Responsibilities of the Directors

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

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

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

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

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

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

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

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

Continuous Professional Development of Directors

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

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

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

BOARD OF DIRECTORS (Continued)

Continuous Professional Development of Directors (Continued)

For the year ended December 31, 2023, all Directors attended training sessions on the respective obligations of the Directors and senior management. In addition, relevant reading materials including legal and regulatory update have been provided to the Directors for their reference and studying.

The record of continuous professional development relating to director's duties and regulatory and business development that have been received by the Directors for the year ended December 31, 2023 is summarized as follows:

Directors	Type of Training [Note]
Executive Directors	
Dr. Ye Xiaoping	A/B
Ms. Cao Xiaochun	A/B
Mr. Wu Hao	A/B
Mr. Wen Zengyu *(appointed on May 23, 2023)*	A/B
Ms. Yin Zhuan *(retired on May 23, 2023)*	A/B
Independent Non-Executive Directors	
Dr. Yang Bo	A/B
Mr. Liu Kai Yu Kenneth	A/B
Mr. Yuan Huagang *(appointed on May 23, 2023)*	A/B
Mr. Zheng Bijun *(retired on May 23, 2023)*	A/B

Note:

Types of Training

A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops
B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

Board Diversity Policy

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

BOARD OF DIRECTORS (Continued)

Board Diversity Policy (Continued)

The Group has also taken, and continues to take, steps to promote diversity at all levels of its workforce. Opportunities for employment, training and career development are equally opened to all eligible employees without discrimination. As of 31 December 2023, approximately 81.0% of the Group's employees are female and approximately 82.95% of new joiners in 2023 were female employees. Further details on the gender ratio of the Group and objectives for achieving gender diversity with respective rights and benefit, together with relevant data, can be found in the 2023 Tigermed Sustainability Report & Environmental, Social and Governance Report of the Company.

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

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

Nomination Policy

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

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

During the Reporting Period, Ms. Yin Zhuan retired as our executive Director on May 23, 2023; Mr. Wen Zengyu was appointed as our executive Director on May 23, 2023; Mr. Zheng Bijun retired as our independent non-executive Director on May 23, 2023; Mr. Yuan Huagang was appointed as our independent non-executive Director on May 23, 2023.

BOARD COMMITTEES

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

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

BOARD COMMITTEES (Continued)

Audit Committee

As at December 31, 2023, the Audit Committee consisted of three independent non-executive Directors, namely Mr. Liu Kai Yu Kenneth, Dr. Yang Bo and Mr. Yuan Huagang. Dr. Yang Bo resigned as a committee member of Audit Committee on March 21, 2024 and Ms. Liu Yuwen was appointed as a committee member of the Audit Committee on March 21, 2024. Mr. Liu Kai Yu Kenneth is the chairman of the Audit Committee.

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

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

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

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

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

Remuneration and Evaluation Committee

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

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

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

- establishment of remuneration plans or proposals according to the primary scopes, responsibilities, importance and remuneration level of relevant positions of other relevant enterprises of management positions of Directors and members of senior management; making recommendations to the Board on overall performance evaluation and remuneration management system and structure for the Directors and members of senior management of the Company and establishment of formal and transparent procedures for the formulation of the remuneration policies;

BOARD COMMITTEES (Continued)

Remuneration and Evaluation Committee (Continued)

- reviewing and approving the management's proposal on remuneration based on the corporate goals and objectives set by the Board;
- proposing remuneration plans or proposals include but not limited to performance evaluation criteria, procedures and key evaluation system, and major incentive and penalty plans and systems;
- determining, with delegated responsibility from the Board, the remuneration packages of individual executive Directors and members of senior management, or making recommendations to the Board on the remuneration packages of individual executive Directors and members of senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- making recommendations to the Board on the remuneration of non-executive Directors;
- considering salaries paid by peer companies, time commitment and responsibilities and the employment conditions of other positions within the Group;
- reviewing and approving compensation payable related to executive Directors and members of senior management for his/her loss or termination of office or appointment to ensure that the compensation shall be consistent with contractual terms or, in case the compensation is not consistent with contractual terms, is fair and reasonable and not excessive;
- reviewing and approving the compensation arrangements in connection with any dismissal or removal for misconduct to directors, to ensure the arrangements shall be consistent with contractual terms or, in case the compensation is not consistent with contractual terms, is fair and reasonable;
- ensuring that no Director or any of his/her associate is involved in deciding his/her own remuneration;
- examining the performance of the Directors (non-independent Directors) and members of senior management of the Company, and making annual performance evaluation;
- supervising the implementation of the Company's remuneration system;
- reviewing and/or approving matters relating to share schemes under chapter 17 of the Listing Rules; and
- any other matters authorized by the Board.

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

BOARD COMMITTEES (Continued)

Remuneration and Evaluation Committee (Continued)

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

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

Details of the remuneration of the senior management by band for the year ended December 31, 2023 are set out below:

Remuneration bank (RMB)	Number of person(s)
Nil to 1,000,000	2
1,000,001 to 3,000,000	4
3,000,001 to 5,000,000	0

Nomination Committee

As at December 31, 2023, the Nomination Committee consisted of two independent non-executive Directors, namely Dr. Yang Bo and Mr. Liu Kai Yu Kenneth, and one executive Director, namely Mr. Wen Zengyu. Dr. Yang Bo resigned as the Chairman of the Nomination Committee on March 21, 2024 and Ms. Liu Yuwen was appointed as the Chairman of the Nomination Committee on March 21, 2024.

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

BOARD COMMITTEES (Continued)

Nomination Committee (Continued)

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

- reviewing the structure, number and composition (including skills, knowledge and experience) of the Board annually and providing recommendations to the Board on the scale and composition of the Board on the basis of the Company's operations, scale of assets and shareholding structure; in considering the composition of the board of directors, the Nomination Committee should ensure a balanced composition of executive and non-executive Directors (including independent Directors) of the Board and consider diversity of the Board from a number of aspects, including but not limited to gender, age, cultural and educational background and professional experience of the directors; develop and review the policy concerning diversity of the Board;

- reviewing and making recommendations to the Board for selection criteria and procedures for Directors and management personnel;

- conducting extensive searches to locate qualified candidates for Directors and management personnel;

- examining the candidates of Directors (including independent directors) and management personnel and making recommendations;

- examining the candidates for other senior management members that are required to be recommended to the Board for appointment and make recommendations;

- making recommendations to the Board on the appointment or re-appointment of Directors and the succession plan for Directors (especially the Chairman) and General Manager;

- reviewing the independence of independent Directors; and

- other matters authorized by the Board.

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

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

BOARD COMMITTEES (Continued)

Nomination Committee (Continued)

Selection procedures for Directors and management personnel are as follows:

(1) the Nomination Committee shall actively communicate with relative departments of the Company to study the demand of the Company for new Directors and management personnel and to produce written materials;

(2) the Nomination Committee shall seek for the right candidates for the position of Directors and manager in the Company itself, controlling (investee) enterprises of the Company and the talent market;

(3) the Committee shall obtain information of the occupation, education background, job title, detailed work experience and all the part-time positions of the preliminary candidates for preparing written reports;

(4) seek for the consent from the nominated candidates on the nomination; otherwise, such nominated candidates shall not be considered as candidates for directors and managers;

(5) convene Nomination Committee meetings to review the qualifications of the preliminary candidates according to the job descriptions of directors and managers;

(6) submit proposals and relevant materials to the board of directors in respect of candidates for directors and managers within one or two months prior to the election of new directors and managers;

(7) carry out other follow-up work according to the decision(s) and feedback of the board of directors.

For the year ended December 31, 2023, the Nomination Committee held two meetings to 1. consider the Resolution on the Session Election of the Company's Board and the Nomination of Candidates for the Fifth Session of the Board; 2. consider the Resolution on the Appointment of the Company's Senior Management; 3. consider the Resolution on the Appointment of Securities Affairs Representatives.

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

Strategy Development Committee

As at December 31, 2023, the Strategy Development Committee consisted of two executive Directors, namely Dr. Ye Xiaoping and Mr. Wu Hao, and two independent non-executive Directors, namely Dr. Yang Bo and Mr. Yuan Huagang. Dr. Yang Bo resigned as a committee member of the Strategy Development Committee on March 21, 2024 and Ms. Liu Yuwen was appointed as a committee member of the Strategy Development Committee on March 21, 2024. Dr. Ye Xiaoping is the chairman of the Strategy Development Committee.

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

BOARD COMMITTEES (Continued)

Strategy Development Committee (Continued)

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

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

For the year ended December 31, 2023, the Strategy Development Committee did not hold any meeting.

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

Compliance, Environmental, Social and Corporate Governance Management Committee

The Compliance, Environmental, Social and Corporate Governance Management Committee shall consists of at least three members, of which one shall be a Director. Members of the Compliance, Environmental, Social and Corporate Governance Management Committee who are not Directors are management personnel of the Company who are involved in compliance, environmental, social and corporate governance matters. The Compliance, Environmental, Social and Corporate Governance Management Committee consists of ten members, of which there is one executive Director, namely Ms. Cao Xiaochun, and nine management personnel of the Company, namely Ms. Shi Xiaoli, Ms. Chen Ruibo, Ms.Gong Yunjie, Ms. Su Jing, Mr. Wu Qiang, Mr. Yu Guoyun, Mr. Duan Peijun, Mr. Cui Jie and Mr. Liu Luyang. Ms. Cao Xiaochun is the chairman of the Compliance, Environmental, Social and Corporate Governance Management Committee.

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

BOARD COMMITTEES (Continued)

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

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

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

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

The Compliance, Environmental, Social and Corporate Governance Management Committee held three meetings during the Reporting Period to 1. to consider and approve the "2022 Tigermed Sustainability Report & Environmental, Social and Corporate Governance Report"; 2. to decide on the members of the new session of the committee in accordance with the Terms of Reference of the Compliance, Environment, Social and Governance Management Committee of Hangzhou Tigermed Consulting Co., Ltd.; 3. to decide on the establishment of new Working Group on Intellectual Property Compliance; 4. to consider and approve the authorisation of some members to act as committee representatives to work together on specific labour compliance issues; 5. to receive a briefing on the Business Ethics Compliance Policy and update of the Code of Conduct for Employees V1.0 for 2023; 6. to receive presentations on the Science Based Targets initiative (SBTi) overall plan, resolutions on the SBTi and ESG MSCI Improvement; 7. to receive presentations on ESG MSCI's short-term and long-term improvement goals; 8. to explore and agree on the overall principles of participation and support for the committee's work by each business unit/division; 9. to receive and communicate the overall SBTi plan, to consider and approve the resolution of the SBTi project.

BOARD COMMITTEES (Continued)

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

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

Corporate Governance Functions

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

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

ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

The attendance record of each Director during their tenure of office at the Board and Board committee meetings and the general meetings of the Company held for the year ended December 31, 2023 is set out in the table below:

Name of Director	Board	Audit Committee	Remuneration and Evaluation Committee	Nomination Committee	Strategy Development Committee	Compliance, Environmental, Social and Corporate Governance Management Committee	Annual General Meeting	A Share Class Meeting and H Share Class meeting
Dr. Ye Xiaoping	5/5	N/A	N/A	N/A	0/0	N/A	1/1	1/1
Ms. Cao Xiaochun	5/5	N/A	1/1	N/A	N/A	3/3	1/1	1/1
Mr. Wu Hao	5/5	N/A	N/A	N/A	0/0	N/A	1/1	1/1
Mr. Wen Zengyu *(appointed on May 23, 2023)*	3/3	N/A	N/A	1/1	N/A	N/A	N/A	N/A
Ms. Yin Zhuan *(retired on May 23, 2023)*	2/2	N/A	N/A	1/1	N/A	N/A	1/1	1/1
Dr. Yang Bo *(resigned on March 21, 2024)*	5/5	4/4	N/A	2/2	0/0	N/A	1/1	1/1
Mr. Liu Kai Yu Kenneth	5/5	4/4	1/1	2/2	N/A	N/A	1/1	1/1
Mr. Yuan Huagang *(appointed on May 23, 2023)*	3/3	3/3	N/A	N/A	0/0	N/A	N/A	N/A
Mr. Zheng Bijun *(retired on May 23, 2023)*	2/2	1/1	1/1	N/A	N/A	N/A	1/1	1/1

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

RISK MANAGEMENT AND INTERNAL CONTROLS

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

Information Technology and Data Security Risk Management

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

Financial Reporting Risk Management

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

Human Resource Risk Management

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

RISK MANAGEMENT AND INTERNAL CONTROLS (Continued)

Internal Control

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

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

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

- We have established the Audit Committee which shall (i) make recommendations to our Directors on the appointment and removal of external auditors; (ii) review our financial statements and oversee our financial reporting and internal audit; and (iii) oversee our risk management and internal control procedures.

- We have engaged Somerley Capital Limited as our compliance advisor to provide advice to our Directors and management team regarding matters relating to the Listing Rules.

- We maintain strict anti-corruption policies among our sales personnel and distributors in our sales and marketing activities. We also monitor to ensure that our marketing personnel comply with applicable promotion and advertising requirements, which include restrictions on promoting our products for unapproved uses or patient populations, also known as off-label use, and limitations on industry-sponsored scientific and educational activities.

- We will continue to seek advice from law firms in the United States, Korea and other jurisdictions where we currently operate or may operate in the future to keep us abreast of applicable local laws and regulations. We will continue to arrange various trainings to be provided by external legal advisors from time to time when necessary and/or any appropriate accredited institution to update our Directors, senior management, and relevant employees on the latest laws and regulations in the jurisdictions in which we currently operate or may operate in the future.

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

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

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

RISK MANAGEMENT AND INTERNAL CONTROLS (Continued)

Internal Control (Continued)

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

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

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

During the Reporting Period, the Board, through a review covering all material controls, including financial, operational and compliance controls for the year ended December 31, 2023, considered that the risk management and internal control system of the Group was effective and adequate and the Company's internal audit function was effective. The Board has also considered the Company's processes for financial reporting and Listing Rules compliance effective. The Board will conduct annual review on the risks management and internal control system of the Company.

Whistleblowing Policy

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

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

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

RISK MANAGEMENT AND INTERNAL CONTROLS (Continued)

Policy on Anti-corruption

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

All members of the Board and the Supervisory Committee, senior managers and employees above the director level are required to sign the Tigermed Conflict of Interest Statement, making an explicit commitment to eliminating the prohibited actions including accepting or requesting gifts and rewards in any form beyond ordinary business etiquette from any entity that has a business relationship with Tigermed. In 2023, we conducted anti-corruption and business ethics training for all employees (including regular employees, contract workers and interns).

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

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

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended December 31, 2023.

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

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

AUDITORS' REMUNERATION

The remuneration paid or payable to the external auditors of the Group (BDO Limited and BDO China Shu Lun Pan Certified Public Accountants LLP ("**BDO China**")) for the year ended December 31, 2023 is set out as follows:

Services rendered	Fees paid/payable RMB
Audit services – BDO China	3,260,000
Audit services – BDO Limited	1,080,000
Total	4,340,000

COMPANY SECRETARY

For the year ended December 31, 2023, Ms. Ho Yin Kwan ("**Ms. Ho**"), a vice president of SWCS Corporate Services Group (Hong Kong) Limited, was the company secretary of the Company. The primary corporate contact person of our Company is Ms. Li Xiaori, who is our secretary to the Board.

Ms. Ho has complied with Rule 3.29 of the Listing Rules by taking no less than 15 hours of the relevant professional training for the year ended December 31, 2023.

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

SHAREHOLDERS' RIGHTS

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

Convening Shareholders' General Meetings

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

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

SHAREHOLDERS' RIGHTS (Continued)

Convening Shareholders' General Meetings (Continued)

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

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

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

Putting Forward Proposals at General Meetings

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

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

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

Putting Forward Enquiries to the Board

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

Contact Details

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

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/ INVESTOR RELATIONS

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

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

The market capitalization of the Company as at December 29, 2023, the last trading day in 2023, was HK$49,803,521,353.59 (issued share capital: 749,293,420 A Shares at closing market price: RMB54.97 per Share and 123,124,800 H Shares at closing market price: HK$35.35 per Share). The public float is around 73.76%.

The 2023 annual general meeting of the Company will be held at Meeting Room, 1/F, Shengda Science Park Tower A, No. 19 Jugong Road, Binjiang District, Hangzhou, the PRC on Friday, May 24, 2024 at 10:00 a.m.

Changes to the Articles of Association

No significant change has been made in the Company's Articles of Association for the year ended December 31, 2023.

An up-to-date version of the Company's Articles of Association is also available on the Company's website and the Stock Exchange's website.

Policies relating to the Shareholders

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

Dividend Policy

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

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

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

The activities and particulars of the Company's principal subsidiaries are shown under note 18 to the consolidated financial statements. An analysis of the Group's revenue and operating profit for the year ended December 31, 2023 by principal activities is set out in the section headed "Management Discussion and Analysis" in this annual report.

BUSINESS REVIEW

A review of the Group's business during the year ended December 31, 2023, which includes a discussion of the principal risks and uncertainties faced by the Group, an analysis of the Group's performance using financial key performance indicators, particulars of important events affecting the Group during the year ended December 31, 2023, and an indication of likely future developments in the Group's business, could be found in the sections headed "Chairman's Statement", "Statement from the General Manager and Co-president", "Management Discussion and Analysis" and "Corporate Governance Report" in this annual report. The review and discussion form part of this Directors' Report.

RESULTS AND DIVIDEND

The consolidated results of the Group for the Reporting Period are set out on pages 117 to 263 of this annual report.

The Board proposed to declare a final dividend of RMB5.68 (inclusive of tax) per 10 Shares (representing an aggregate amount of RMB491.3 million (inclusive of tax) based on the total issued Shares of the Company as at the date of this annual report) for the year ended December 31, 2023.

The aforesaid proposed is subject to the consideration and approval at the forthcoming annual general meeting of the Company ("**AGM**"). If the distribution proposal is approved at the AGM, it is expected that the final dividend for the year ended December 31, 2023 will be paid in 60 days after the AGM to the Shareholders (i.e. on or before July 31, 2024). Details regarding the closure of the register of members of the Company and declaration and payment of dividends will be announced in due course.

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

FINANCIAL SUMMARY

A summary of the published results, assets and liabilities of the Group for the last five financial years is set out on page 8 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property and equipment of the Group during the Reporting Period are set out in note 20 to the consolidated financial statements on pages 182 to 183 of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

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

The Group has established detailed internal rules regarding environmental protection, in particular, the discharge of air, water and solid waste and noise control. During the year ended December 31, 2023, we did not incur any additional costs specifically attributable to environmental compliance.

The Company has complied with the "comply or explain" provisions set out in the ESG Reporting Guide for the Reporting Period.

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

The Company's 2023 environmental, social and governance report, which is prepared in both Chinese and English, has been uploaded to the Company's website (https://tigermedgrp.com/en/investors/announcements) and the website of HKEXnews (www.hkexnews.hk) and is available for inspection. Stakeholders may contact the Company in cases where hard copy is needed.

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

Company's Email: ir@tigermedgrp.com

SHARE CAPITAL

Details of the movements in share capital of the Company during the Reporting Period are set out in note 38 to the consolidated financial statements on page 203 of this annual report.

RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 120 to 121 of this annual report. Details of the movement in the reserves of the Company during the Reporting Period is set out in note 40 to the consolidated financial statements on pages 205 to 206 of this annual report.

DISTRIBUTABLE RESERVES

As at December 31, 2023, the Company's distributable reserves, calculated in accordance with PRC rules and regulation, were RMB2,338.32 million.

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

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

PRE-EMPTIVE RIGHTS

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

USE OF NET PROCEEDS FROM OUR HONG KONG INITIAL PUBLIC OFFERING

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

On March 28, 2022, the Board considered and approved the Proposed Change in Use of Proceeds. The Proposed Change in Use of Proceeds would enable the Company to better allocate its financial resources to opportunities that could drive sustainable growth for the Group and deliver returns to Shareholders in the near future. The Board considers that the changes would help the Company better seize domestic market opportunities, which is in line with the future growth strategies of the Company. The Proposed Change in Use of Proceeds was approved at the 2021 AGM held on May 20, 2022. Please refer to the announcements of the Company dated March 28, 2022 and May 20, 2022 and the circular of the Company dated April 28, 2022 for details. For the unutilized net proceeds of approximately HK$5,142.4 million as at the end of the Reporting Period, the Company intends to use them in the same manner and proportions as described in the announcement of the Company dated March 28, 2022 and the circular of the Company dated April 28, 2022 and proposes to use the unutilized net proceeds in accordance with the expected timetable disclosed in the table below.

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

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

	Revised use of proceeds as stated in the announcement of the Company dated March 28, 2022 and the circular of the Company dated April 28, 2022 (HK$ million)	Net proceeds unutilized as at the beginning of the Reporting Period (HK$ million)	Actual use of proceeds during the Reporting Period (HK$ million)	Accumulated actual use of proceeds up to the end of the Reporting Period (HK$ million)	Net proceeds unutilized as at the end of the Reporting Period (HK$ million)	Expected timeframe for utilizing the remaining unutilized net proceeds
approximately 15% to organically expand and enhance our service offerings and capabilities across clinical trial solutions services and clinical-related services to meet the rising demands for our services in both domestic and overseas markets	1,594.4	1,189.5	864.4	1,269.3	325.1	36 to 48 months from the Listing
approximately 40% to fund potential acquisitions of attractive domestic and overseas clinical CROs that are complementary to our existing businesses as part of our global expansion plan to 1) further strengthen and diversify our service offerings and 2) expand globally and increase capabilities in key markets	4,727.0	4,384.0	-	343.0	4,384.0	36 to 60 months from the Listing
approximately 20% to foster our biopharmaceutical R&D ecosystem by making minority investments in domestic and overseas companies with innovative business models and growth potential, such as biotech companies, healthcare IT companies, hospitals, medical device and diagnostic research companies	296.7	74.1	74.1	296.7	-	-

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

	Revised use of proceeds as stated in the announcement of the Company dated March 28, 2022 and the circular of the Company dated April 28, 2022 (HK$ million)	Net proceeds unutilized as at the beginning of the Reporting Period (HK$ million)	Actual use of proceeds during the Reporting Period (HK$ million)	Accumulated actual use of proceeds up to the end of the Reporting Period (HK$ million)	Net proceeds unutilized as at the end of the Reporting Period (HK$ million)	Expected timeframe for utilizing the remaining unutilized net proceeds
approximately 10% to repay certain of our outstanding borrowings as of May 31, 2020	1,181.7	-	-	1,181.7	-	-
approximately 5% to develop advanced technologies to enhance the quality and efficiency of our comprehensive service offerings, such as cloud-based virtual clinical trial platforms and laboratory automation, medical data platforms and site management capabilities, through recruiting qualified technical and scientific professionals and undertaking specific R&D projects	590.9	21.3	21.3	590.9	-	-
approximately 10% to working capital and general corporate purposes	1,181.7	433.3	–	748.4	433.3	36 to 48 months from the Listing
Total	9,572.4	6,102.2	959.8	4,430.0	5,142.4	

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

Note:

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

DIRECTORS

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

Executive Directors

Dr. Ye Xiaoping *(Chairman)*
Ms. Cao Xiaochun *(General Manager)*
Mr. Wu Hao *(Co-president)*
Mr. Wen Zengyu *(appointed on May 23, 2023)*
Ms. Yin Zhuan *(retired on May 23, 2023)*

Independent Non-executive Directors

Mr. Liu Kai Yu Kenneth
Mr. Yuan Huagang *(appointed on May 23, 2023)*
Ms. Liu Yuwen *(appointed on March 21, 2024)*
Dr. Yang Bo *(resigned on March 21, 2024)*
Mr. Zheng Bijun *(retired on May 23, 2023)*

SUPERVISORS

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

Mr. Zhang Binghui *(Chairman)*
Ms. Chen Zhimin
Ms. Lou Wenqing *(Employee Supervisor)*

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

Biographical details of the Directors, the Supervisors and the senior management of the Group as at the date of this annual report are set out on pages 46 to 52 in the section headed "Profiles of Directors, Supervisors and Senior Management" of this annual report.

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

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

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

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

NON-COMPETITION ARRANGEMENT

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

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

CONTRACT WITH CONTROLLING SHAREHOLDERS

No contract of significance was entered into between the Company or any of its subsidiaries and the controlling shareholders or any of their respective subsidiaries during the Reporting Period or subsisted at December 31, 2023 and no contract of significance for the provision of services to the Company or any of its subsidiaries by the controlling shareholders or any of their respective subsidiaries was entered into during the Reporting Period or subsisted as at December 31, 2023.

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

No transaction, arrangement and contract of significance to the business of the Group which the Company or any of its subsidiaries was a party, and in which a Director or Supervisor or any entity connected with such a Director or Supervisor had a material interest, whether directly or indirectly, subsisted as at December 31, 2023 or at any time during the Reporting Period.

COMPENSATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

Details of the Directors' and Supervisors' emoluments and emoluments of the five highest paid individuals in the Group are set out in notes 14 and 15 to the consolidated financial statements on pages 167 to 169 of this annual report.

For the Reporting Period, no emoluments were paid by the Group to any Director, Supervisors or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors or Supervisors has waived any emoluments for the year ended December 31, 2023.

Except as disclosed above, no other payments have been made or are payable, for the year ended December 31, 2023, by our Group to or on behalf of any of the Directors or Supervisors.

DIRECTORS' AND SUPERVISORS' INTERESTS IN COMPETING BUSINESS

For the year ended December 31, 2023, none of the Directors and Supervisors or their respective close associates (as defined in the Listing Rules) had any interest in a business that competed or was likely to compete, either directly or indirectly, with the business of the Group, other than being a Director or Supervisor of the Company and/or its subsidiaries.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

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

MANAGEMENT CONTRACTS

Other than the Directors' and Supervisors' service contracts and appointment letters, no contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or in existence as at December 31, 2023 or at any time during the Reporting Period.

EQUITY-LINKED AGREEMENTS

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

MATERIAL LEGAL PROCEEDINGS

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

LOAN AND GUARANTEE

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

SHARE INCENTIVE SCHEMES

The number of A Shares that may be granted under all schemes of the Company during the Reporting Period divided by the weighted average number of Shares of the A Shares in issue for the Reporting Period was nil.

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

1. 2020 A Share Employee Share Ownership Plan

In order to establish and improve the benefit sharing mechanism between the Company and the employees, improve the corporate governance level, increase the employees’ cohesion and the competitiveness of the Company, and promote the long term, sustainable and stable development of the Company, the Board formulated the “2020 A Share Employee Share Ownership Plan of Hangzhou Tigermed Consulting Co., Ltd. (Draft)” (《杭州泰格醫藥科技股份有限公司2020年A股員工持股計劃(草案)》) and its summary in accordance with relevant laws and regulations and taking into account the actual status of the Company. On November 30, 2020, the Company convened the ninth meeting of the fourth session of the Board, the congress of workers and staff and the seventh meeting of the fourth session of the supervisory committee to consider and approve the “Resolution on 2020 A Share Employee Share Ownership Plan of Hangzhou Tigermed Consulting Co., Ltd. (Draft) and its summary” (《關於<杭州泰格醫藥科技股份有限公司2020年A股員工持股計劃(草案)>及其摘要的議案》), the “Resolution on Administration of 2020 A Share Employee Share Ownership Plan of Hangzhou Tigermed Consulting Co., Ltd.” (《關於<杭州泰格醫藥科技股份有限公司2020年A股員工持股計劃管理辦法>的議案》), the “Resolution on Requesting the General Meeting of Shareholders to Authorize the Board to Handle Matters Regarding the 2020 A Share Employee Share Ownership Plan” (《關於提請股東大會授權董事會辦理公司2020年A股員工持股計劃有關事項的議案》), and relevant proposals. On January 8, 2021, the Shareholders’ meeting of the Company passed a resolution to adopt the 2020 A Share employee share ownership plan (the “**2020 A Share Employee Share Ownership Plan**”). The participants of the 2020 A Share Employee Share Ownership Plan are core technical (business) personnel of the Company and its wholly-owned subsidiaries (excluding Directors, Supervisors and senior management personnel of the Company). The total number of participants shall not exceed 50. Under the 2020 A Share Employee Share Ownership Plan, a trust entity has been set up for the 2020 A Share Employee Share Ownership Plan and a third party agent with asset management qualifications was engaged by the participants of the 2020 A Share Employee Share Ownership Plan.

SHARE INCENTIVE SCHEMES (Continued)

1. 2020 A Share Employee Share Ownership Plan (Continued)

The source of funds of the 2020 A Share Employee Share Ownership Plan shall be the legitimate remuneration of its participants, self-raised funds and other methods permitted by laws and regulations. The Company is not involved in any provision of financial assistance or provision of loan guarantee to the participants. The eligible employees may subscribe for unit(s) in the 2020 A Share Employee Share Ownership Plan. The subscription price per unit is RMB1.00. The total funds raised under the 2020 A Share Employee Share Ownership Plan shall be no less than RMB10 million and no more than RMB15 million and therefore the maximum number of the units is 15 million units. The total subscription price and the period within which the subscription price shall be paid will be set out in the individual award letter. If the subscription funds of the participants are not paid in full on time, the corresponding subscription rights shall lapse automatically. Other eligible participants may apply for the units to be subscribed. In the event that a participant terminates employment with the Company due to expiration of his/her service contract, the units he/she has subscribed for and paid subscription monies shall be subject to mandatory transfer to other participants, at a consideration equal to the subscription costs.

The source of the underlying shares involved in the 2020 A Share Employee Share Ownership Plan are the repurchased A shares previously repurchased and held by the Company as treasury shares (refer to Note 39 to the condensed consolidated financial statements). The 2020 A Share Employee Share Ownership Plan does not involve any grant of share options which will require the Company to issue any new Shares or other new securities. The average repurchase price was RMB44.25 per share. On February 1, 2021, 286,372 shares previously repurchased by the Company was transferred to the trust unit for Employee Share Ownership Plan by way of non-trade transfer at RMB44.25 per share. As a result, a consideration of RMB12.7 million has been received by the Group upon the transfer of treasury shares.

The shares held by the Employee Share Ownership Plan in respect of a participant has been unlocked on February 1, 2022. The agent of the Employee Share Ownership Plan will then sell the relevant unlocked shares on the market in accordance with "2020 A Share Employee Share Ownership Plan of Hangzhou Tigermed Consulting Co., Ltd. (Draft)".

The shares held by the 2020 A Share Employee Share Ownership Plan in respect of a holder will be unlocked upon the expiry of the lock-up periods. The agent of the 2020 A Share Employee Share Ownership Plan will then sell the relevant unlocked shares on the market at such timing and in such appropriate manner as it determines. The sale proceeds, after deducting the relevant tax and fees, will be distributed to the relevant holders according to the allocations stipulated under the 2020 A Share Employee Share Ownership Plan.

The initial term of the 2020 A Share Employee Share Ownership Plan spans over 36 months, from January 8, 2021 to January 8, 2024, subject to extension or early termination in accordance with the scheme rules. During the Reporting Period, all unlocked shares under the 2020 A Share Employee Share Ownership Plan were sold and sale proceeds have been distributed to all relevant holders. The 2020 A Share Employee Share Ownership Plan was completed, terminated, cleared and distributed according to the number of units held by the relevant holders. During the Reporting Period, the 2020 A Share Employee Share Ownership Plan had ended and no further Shares are available for grant under the 2020 A Share Employee Share Ownership Plan at the beginning and as at the date of the annual report.

No individual holder shall subscribe for units under such scheme corresponding to more than 1% of the total issued share capital of the Company.

SHARE INCENTIVE SCHEMES (Continued)

1. 2020 A Share Employee Share Ownership Plan (Continued)

Set out below are details of the movements of outstanding units granted under the 2020 A Share Employee Share Ownership Plan throughout the Reporting Period:

Date of grant	Category of participants	Outstanding as of January 1, 2023	Granted during the Reporting Period	Vested and unlocked during the Reporting Period	Forfeited during the Reporting Period	Lapsed during the Reporting Period	Outstanding as of December 31, 2023	Vesting period
February 1, 2021	Core technical (business) personnel	104,772	–	104,772	–	–	–	The lock-up period of the Shares held under the 2020 A Share Employee Share Ownership Plan is 12 months commencing from February 1, 2021, being the date of announcement of the completion of transfer of the last batch of shares to the relevant collective fund trust plan, and ended on February 1, 2022. The Shares in respect of a holder of the interest in the 2020 A Share Employee Share Ownership Plan will be unlocked upon the expiry of the lock-up period.

The weighted average closing price of the Shares immediately before the date on which the above shares were vested during the Reporting Period was RMB119.19.

For the year ended December 31, 2023, the Group recognised total expense of RMB0.16 million (for the year ended December 31, 2022: RMB8.98 million) in relation to 2020 A Share Employee Share Ownership Plan.

2. 2022 Restricted Share Incentive Scheme

On the premise of fully protecting the interests of the Shareholders, the Company has established the 2022 Restricted Share Incentive Scheme on a compensation-matches-contribution basis for the purpose of further establishing and improving the long-term incentive and restraint mechanism, attracting and retaining talented individuals, fully mobilising the enthusiasm of the core technical (business) personnel of the Company, implementing the loyalty plan of the Company, and effectively aligning the interests of the Shareholders, the Company, and core teams and individuals so that all parties can focus on the long-term development of the Company.

The validity period of the 2022 Restricted Share Incentive Scheme shall commence on the date of the first grant of the 2022 Restricted Shares and end on the date on which all the 2022 Restricted Shares granted to the participants have been vested or lapsed, which shall not exceed 60 months.

The form of incentive adopted under the 2022 Restricted Share Incentive Scheme is 2022 Restricted Shares and the source of the underlying shares of the 2022 Restricted Share Incentive Scheme shall be ordinary A Shares of the Company to be repurchased by the Company from the secondary market.

SHARE INCENTIVE SCHEMES (Continued)

2. 2022 Restricted Share Incentive Scheme (Continued)

The participants of the 2022 Restricted Share Incentive Scheme are core technical (business) personnel of the Group. The participants under the first grant of the Restricted Share Incentive Scheme exclude any independent non-executive Directors, Supervisors, the Shareholders or the de facto controllers individually or collectively holding 5% or more of the Shares of the Company and their spouses, parents or children. All the participants shall have employment or labour service relationships with the Company or its subsidiaries at the time of granting the 2022 Restricted Shares by the Company and within the appraisal period under the 2022 Restricted Share Incentive Scheme. Participants of the 2022 Restricted Share Incentive Scheme include some foreign employees. The participants under the reserved grant will be determined within 12 months after the 2022 Restricted Share Incentive Scheme is considered and approved by the general meeting. If the participants are not determined for more than 12 months, the reserved interests will lapse. The basis for determining the participants under the reserved grant shall be made by reference to the basis for the first grant.

On October 25, 2022, the Company convened the thirtieth meeting of the fourth session of the Board and the nineteenth meeting of the fourth session of the Supervisory Committee to consider and approve the "Resolution on 2022 Restricted A Share Incentive Scheme (Draft) of the Company and its summary" (《關於公司<2022年A股限制性股票激勵計劃(草案)>及其摘要的議案》), "Resolution on the Management Measures for Assessment Relating to the Implementation of the 2022 Restricted A Share Incentive Scheme of Hangzhou Tigermed Consulting Co., Ltd." (《關於<杭州泰格醫藥科技股份有限公司2022年A股限制性股票激勵計劃實施考核管理辦法>的議案》), "Resolution on Requesting the General Meeting of Shareholders of the Company to Authorize the Board to Handle Matters Regarding the 2022 Restricted A Share Incentive Scheme" (《關於提請股東大會授權董事會辦理公司2022年A股限制性股票激勵計劃有關事項的議案》). The aforesaid resolutions were approved by the Shareholders at the 2022 first extraordinary general meeting of the Company on November 23, 2022.

On November 25, 2022, the Company convened the thirty-first meeting of the fourth session of the Board and the twentieth meeting of the fourth session of the Supervisory Committee to consider and approve the "Resolution on Adjustment to the List of Participants and the Number of Restricted Shares Granted under the First Grant of the 2022 Restricted A Share Incentive Scheme of the Company" (《關於調整公司2022年A股限制性股票激勵計劃首次授予激勵對象名單和授予數量的議案》) and "Resolution on the First Grant of Restricted Shares to Participants under the 2022 Restricted A Share Incentive Scheme" (《關於向2022年A股限制性股票激勵計劃激勵對象首次授予限制性股票的議案》), pursuant to which the Board agreed to cancel the qualifications of the 11 employees (among which seven resigned participants were no longer within the scope of the participants and four participants have waived their subscription for all the 2022 Restricted Shares to be granted to them by the Company due to personal reasons) to be granted the 2022 Restricted Shares. After the above adjustments, the total number of 2022 Restricted Shares to be granted under the 2022 Restricted Share Incentive Scheme was adjusted from 7,105,590 to 6,829,784; the number of 2022 Restricted Shares to be granted under the first grant was adjusted from 6,355,590 to 6,079,784; the number of participants of the first grant of 2022 Restricted Shares was adjusted from 828 to 817; and the reserved portion of the 2022 Restricted Shares remained as 750,000 Shares. A total of 6,079,784 of 2022 Restricted Shares (being ordinary A Shares repurchased by the Company in the secondary market) were granted to 817 participants with a grant price of RMB69 per Share under first grant of 2022 Restricted Shares on November 25, 2022.

SHARE INCENTIVE SCHEMES (Continued)

2. 2022 Restricted Share Incentive Scheme (Continued)

The Shares underlying the 2022 Restricted Share Incentive Scheme shall be A Shares repurchased by the Company from the secondary market. The 2022 Restricted Share Incentive Scheme does not involve any grant of share options which will require the Company to issue any new Shares or other new securities. The total number of outstanding restricted shares under the 2022 Restricted Share Incentive Scheme is 4,175,534, being 0.48% of the total issued Shares as at the date of this annual report. No further restricted shares will be granted under the 2022 Restrictive Share Incentive Scheme. The maximum number of Shares granted to a participant under the 2022 Restricted Share Incentive Scheme shall not exceed 1% of the total issued share capital of the Company.

The validity period of the 2022 Restricted Share Incentive Scheme shall commence on the date of the first grant of the restricted Shares, being November 25, 2022, and end on the date on which all the 2022 Restricted Shares under the 2022 Restricted Share Incentive Scheme granted to the participants have been vested or lapsed, which shall not exceed 60 months. As of the date of this report, the remaining life of the 2022 Restricted Share Incentive Scheme is approximately three years and six months.

Subject to fulfillment of the conditions as set out in the rules of the 2022 Restricted Share Incentive Scheme, the vesting periods and arrangements of each tranche of the reserved restricted shares granted under the 2022 Restricted Share Incentive Scheme are as follows:

Vesting Period		Proportion of Vesting
First vesting period	From the first trading day after the expiry of 12 months following the date of the reserved grant until the last trading day within the 24 months following the date of the reserved grant	50%
Second vesting period	From the first trading day after the expiry of 24 months following the date of the reserved grant until the last trading day within the 36 months following the date of the reserved grant	50%

The participants shall pay the grant price as decided by the Company upon satisfaction of granting conditions and vesting conditions, and the period within which the grant price shall be paid will be set out in the individual award letter. The source of funds for Directors and employees participating in the 2022 Restricted Share Incentive Scheme consists of funds raised from their compensation, self-raised funds and other methods as permitted by laws and regulations. The grant price of the restricted Shares under the first grant of the 2022 Restricted Share Incentive Scheme shall be RMB69 per Share, and shall not be lower than the par value of the Shares, and shall not be lower than the higher of the following:

(1) 70% of the average trading price of the A Shares for the last trading day preceding the date of the announcement of the draft of the 2022 Restricted Share Incentive Scheme (total trading amount for the preceding trading day/total trading volume traded on the preceding trading day), i.e., RMB57.95 per Share;

(2) 70% of the average trading price of the A Shares for last 20 trading days preceding the date of the announcement of the draft of the 2022 Restricted Share Incentive Scheme (total trading amount for the last 20 trading days/total trading volume traded on the last 20 trading days), i.e. RMB60.35 per Share;

SHARE INCENTIVE SCHEMES (Continued)

2. 2022 Restricted Share Incentive Scheme (Continued)

(3) 70% of the average trading price of the A Shares for last 60 trading days preceding the date of the announcement of the draft of the 2022 Restricted Share Incentive Scheme (total trading amount for the last 60 trading days/total trading volume traded on the last 60 trading days), i.e. RMB67.67 per Share; or

(4) 70% of the average trading price of the A Shares for last 120 trading days preceding the date of the announcement of the draft of the 2022 Restricted Share Incentive Scheme (total trading amount for the last 120 trading days/total trading volume traded on the last 120 trading days), i.e. RMB68.30 per Share.

The grant price of the reserved restricted shares under the 2022 Restricted Share Incentive Scheme shall also be RMB69 per Share, which is the same as grant price of the restricted shares under the first grant of the 2022 Restricted Share Incentive Scheme.

Set out below are details of the movements of the outstanding 2022 Restricted Shares granted under the 2022 Restricted Share Incentive Scheme during the Reporting Period:

Date of grant	Name/Category of participants	Grant price per Share (RMB)	Outstanding as at January 1, 2023	Granted during the Reporting Period	Vested during the Reporting Period	Forfeited during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at December 31, 2023	Vesting period
November 25, 2022	YANG JIANSONG	69	66,940	–	–	–	26,776	40,164	40% from the first trading day after the expiry of 12 months following November 25, 2022 until the last trading day within the 24 months following November 25, 2022, 30% from the first trading day after the expiry of 24 months following November 25, 2022 until the last trading day within the 36 months following November 25, 2022, and 30% from the first trading day after the expiry of 36 months following November 25, 2022 until the last trading day within the 48 months following November 25, 2022
	Other core technical (business) personnel (816 persons)	69	6,012,844	–	–	370,560	2,256,914	3,385,370	
	Reserved Shares	69	750,000	–	–	–	–	750,000	
	Total		**6,829,784**	**–**	**–**	**370,560**	**2,283,690**	**4,175,534**	

SHARE INCENTIVE SCHEMES (Continued)

2. 2022 Restricted Share Incentive Scheme (Continued)

The number of restricted shares available for grant under the 2022 Restricted Share Incentive Scheme at the beginning and the end of the financial period is nil and nil, respectively. During the Reporting Period, none of the relevant restricted share granted under the 2022 Restricted Share Incentive Scheme has been vested to any participant. The number of unvested restricted shares as of December 31, 2023 was 4,175,534.

The estimated fair value of the 2022 Restricted Shares at the date of grant was approximately RMB551,858,000. The fair value is calculated by reference to the closing price of A Share at the date of grant, which is RMB90.88. Please refer to Note 45(c)(iv) to the condensed consolidated financial statements in this report for details.

During the year ended December 31, 2023, a reversal of share-based payment expense of RMB8,754,000 has been credited to profit or loss for year ended December 31, 2023 in relation to restricted A shares granted by the Company under 2022 Restricted Share Scheme as certain restricted A shares were lapsed due to the failure to meet certain performance conditions. During the year ended December 31, 2022, the Group recognised total expenses of approximately RMB8,754,000 in relation to restricted A-shares granted by the Company under 2022 Restricted Share Scheme.

3. Frontage Labs 2008 and 2015 Share Incentive Plans

Frontage Labs, a subsidiary of the Company, adopted 2 Pre-IPO share incentive plans respectively in 2008 and 2015 (collectively referred as the "**Frontage Labs Schemes**") for the primary purpose of attracting, retaining and motivating the directors and employees of the Frontage Labs and its subsidiaries. Under the Frontage Labs Schemes, the directors of Frontage Labs may grant up to 9,434,434 share options under the 2008 share incentive plan and 12,000,000 share options under the 2015 share incentive plan to eligible employees, including the directors and employees of Frontage Labs and its subsidiaries, to subscribe for shares in Frontage Labs. No more options may be granted under the Frontage Labs Schemes upon the listing of Frontage. Each option granted has a contractual term of 5 to 10 years and vesting on the anniversary one year after grant date. As of the date of this report, the remaining life of the Frontage Labs Schemes is approximately six months.

On April 17, 2018, Frontage, Frontage Labs and corresponding employees entered into an agreement pursuant to which Frontage Labs has assigned, and Frontage has assumed, the rights and obligations of Frontage Labs under the Frontage Labs Schemes. The total outstanding share options under Frontage Labs Schemes as at December 31, 2018 were 4,035,000 shares. The maximum number of Shares to be granted to a participant under the Frontage Labs Schemes shall not exceed 1% of the total issued share capital of Frontage Labs.

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

Pursuant to the capitalisation issue completed on May 11, 2019 (the "**Frontage Capitalisation Issue**"), the number of options granted to an eligible employee under the Frontage Labs Schemes were adjusted to ten times of the original number of options held by that grantee. Accordingly, the exercise price was adjusted to 10% of the original exercise price.

SHARE INCENTIVE SCHEMES (Continued)

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

Set out below are details of the movements of the outstanding options granted during the Reporting Period, after taking Frontage Capitalisation Issue into account:

Category of participants	Date of grant	Exercise price per share (US$)	Outstanding as at January 1, 2023	Granted during the Reporting Period	Exercised during the Reporting Period	Forfeited during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at December 31, 2023	Vesting period
Directors									
Dr. Song Li	February 28, 2019	0.200	4,700,000	–	–	–	–	4,700,000	exercisable at any time[1]
Dr. Zhihe Li	February 28, 2019	0.200	4,500,000	–	–	–	–	4,500,000	exercisable at any time[1]
Senior management	February 21, 2014	0.016	130,000	–	–	–	–	130,000	exercisable at any time[2]
and other	June 16, 2016	0.049	6,650,000	–	–	–	–	6,650,000	exercisable at any time[2]
employees	September 14, 2017	0.057	9,950,000	–	100,000	–	–	9,850,000	exercisable at any time[2]
	February 28, 2019	0.200	34,340,500	–	6,810,500	–	–	27,530,000	exercisable at any time[1]
Total			**60,270,500**	**–**	**6,910,500**	**–**	**–**	**53,360,000**	

Notes:

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

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

(3) The weighted average closing price of the shares immediately before the dates on which the options were exercised was HK$2.21.

The exercise price of options outstanding ranges from US$0.016 to US$0.2 (equivalent to RMB0.11 to RMB1.38).

The estimated fair value of the share options granted under the 2015 Pre-IPO Share Incentive Plan in 2021 was approximately US$5,001,000. The fair value was calculated using the Black-Scholes model. There were no share options issued during the year ended December 31, 2023.

SHARE INCENTIVE SCHEMES (Continued)

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

The major inputs into the model are as follows:

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

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

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

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

The Group recognised total expense of nil for the year ended December 31, 2023 (for the year ended December 31, 2022: nil) in relation to share options granted under the Frontage Labs Schemes.

4. Frontage 2018 Share Incentive Plans ("2018 Share Incentive Plan")

On May 11, 2019, for the primary purpose of attracting, retaining and motivating the personnel of the Frontage Holdings Group, the board of directors of Frontage approved an incentive plan to grant options, restricted share units and any other types of award to eligible employees, including the directors, employees, consultants and advisors of the Frontage Holdings Group or any other person as determined by the Frontage board who the Frontage Board considers, in its absolute discretion, have contributed or will contribute to the Frontage Holdings Group. Each person who receives an Award under the 2018 Share Incentive Plan is a grantee (the "**Grantee**"). The total number of shares in respect of which the awards may be granted pursuant to the 2018 Share Incentive Plan and any other equity-based incentive plans of Frontage is 200,764,091, being 9.86% of the shares of Frontage in issue as at the date of this report.

SHARE INCENTIVE SCHEMES (Continued)

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

The total number of shares available for issue under the 2018 Share Incentive Plan is 118,973,591, being 5.67% of the issued shares as at the date of this report.

In accordance with the Listing Rules, the maximum number of shares issued and to be issued and/or transferred and to be transferred upon the vesting or exercise of the awards granted to any eligible participant (including all vested, exercised and outstanding awards) in the 2018 Share Incentive Plan in any 12-month period shall not (when aggregated with any shares underlying the awards granted during such period pursuant to any other share award schemes of Frontage) exceed 1% of the shares of Frontage in issue from time to time. Any further grant of share awards in excess of this limit is subject to shareholders' approval in a general meeting. Share options granted to a director, chief executive or substantial shareholder of the Frontage, or to any of their close associates, are subject to approval in advance by the independent non-executive directors (excluding the independent non-executive directors who or whose close associates are the grantees of a share option). In addition, any grant of share options to a substantial shareholder or an independent non-executive director of Frontage, or to any of their respective associates, would result in the shares issued and to be issued in respect of all share options (excluding any options lapsed in accordance with the terms of the scheme) to such person in the 12-month period up to and including the date of such grant: a) representing in aggregate over 0.1% of the relevant class of shares in issue; and b) having an aggregate value, based on the closing price of the securities at the date of each grant, in excess of HK$5 million, such further grant of share options must be approved by shareholders of Frontage (voting by way of a poll). The remaining life of the 2018 Share Incentive Plan is approximately 5 years until May 29, 2029. The offer of a grant of share options may be accepted a period to be determined by the board of Frontage upon payment of a consideration of US$1.00 by the grantee. Subject to such terms and conditions as the board of Frontage may determine, there is no minimum period for which any share option granted under the 2018 Share Incentive Plan must be held before it can be exercised. The exercise price of share options granted under the 2018 Share Incentive Plan will be determined by the board of Frontage, but in any event shall not be less than the highest of (i) the Stock Exchange closing price of the Frontage's shares on the date of offer of the share options; (ii) the average Stock Exchange closing price of the Frontage's shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of a share of Frontage provided that for the purpose of determining the exercise price where the shares of Frontage have been listed on the Stock Exchange for less than five trading days, the issue price of the shares of Frontage in the global offering shall be used as the closing price of the shares of Frontage for any trading day falling within the period before the listing of the shares of Frontage on the Stock Exchange.

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

On October 7, 2022, the board of directors of Frontage has resolved to grant a total of 32,555,000 share options.

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

SHARE INCENTIVE SCHEMES (Continued)

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

Set out below are details of the movements of the outstanding share options granted under the 2018 Share Incentive Plan during the Reporting Period:

Category of participants	Date of grant	Exercise price per share (HK$)	Outstanding as at January 1, 2023	Granted during the Reporting Period	Exercised during the Reporting Period	Forfeited during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at December 31, 2023	Vesting period
Director									
Dr. Song Li	October 7, 2022(1)	2.092	1,500,000	–	–	–	–	1,500,000	30% on September 1, 2023; 30% on September 1, 2024; and 40% on September 1, 2025
	December 20, 2023(2)	2.130	–	1,600,000	–	–	–	1,600,000	30% on December 20, 2024; 30% on December 20, 2025; and 40% on December 20, 2026
Employees	October 7, 2022	2.092	29,945,000	–	24,000	3,321,000	–	26,600,000	30% on September 1, 2023; 30% on September 1, 2024; and 40% on September 1, 2025
	December 20, 2023	2.130(2)	–	24,685,000	–	135,000	–	24,550,000	30% on December 20, 2024; 30% on December 20, 2025; and 40% on December 20, 2026
Total			31,445,000	26,285,000	24,000	3,456,000	–	54,250,000	

Note:

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

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

(3) The weighted average closing price of the shares immediately before the dates on which the options were exercised during the Reporting Period was HK$2.18.

The option exercise period commences from the respective vesting date of the relevant tranche of share options and ends on the date before the 5th anniversary of the date of grant (i.e. 6 October 2027 and 20 December 2028 respectively) (both dates inclusive). Except for the share options granted shown as above, no restricted share units or any other type of share incentive award was granted under the 2018 Share Incentive Plan for the year ended December 31, 2023. The number of Awards available for grant under the 2018 Share Incentive Plan at the beginning and the end of the financial year is 145,258,591 and 118,973,591, respectively.

The fair value of the share options granted under the 2018 Share Incentive Plan in 2023 and 2022 is approximately US$2,988,000 (equivalent to approximately RMB21,083,000) and US$3,255,000 (equivalent to approximately RMB21,995,000), respectively, which was calculated in accordance with IFRSs. The fair value was calculated using the Black-Scholes-Merton model. Please refer to Note 45(a) to the condensed consolidated financial statements for details.

The Group recognised total expenses of approximately US$1,368,000 (equivalent to approximately RMB9,652,000) for the year ended December 31, 2023 (for the year ended December 31, 2022: US$415,000 (equivalent to approximately RMB2,801,000)) in relation to share options granted under the 2018 Share Incentive Plan.

SHARE INCENTIVE SCHEMES (Continued)

5. 2021 Frontage Share Award Scheme

On January 22, 2021 (the "**Adoption Date**"), the board of directors of Frontage, a non wholly-owned subsidiary of the Company, approved the adoption of the share award scheme ("**2021 Frontage Share Award Scheme**") to recognise the contributions by certain employees of the Frontage Holdings Group, to give incentives thereto in order to retain them for the continual operation and development of the Frontage Holdings Group and to attract suitable personnel for further development of the Frontage Holdings Group. Each award granted has a contractual terms of 10 years and The respective awarded shares held by the trustee on behalf of selected employee(s) as specified in the 2021 Frontage Share Award Scheme and the grant notice shall vest in such selected employee(s) in accordance with the vesting schedule (if any) as set out in the grant notice.

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

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

The total number of shares available for issue under the 2021 Frontage Share Award Scheme is 181,654,591, being 8.66% of the issued shares as at the date of this report.

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

No payment is required on acceptance of award under the 2021 Frontage Share Award Scheme.

There is no basis in determining the purchase price under the 2021 Frontage Share Award Scheme.

The 2021 Frontage Share Award Scheme will remain in force for a period of 10 years commencing on its adoption date (i.e. January 22, 2021) unless otherwise terminated by the board of directors of Frontage at an earlier date. As of the date of this report, the remaining life of the 2021 Frontage Share Award Scheme is approximately six years and eight months.

SHARE INCENTIVE SCHEMES (Continued)

5. 2021 Frontage Share Award Scheme (Continued)

On January 25, 2021, the board of directors of Frontage has resolved to grant a total of 22,950,500 awarded shares to 184 award participants pursuant to the terms of the 2021 Frontage Share Award Scheme. Of the 22,950,500 awarded shares, (i) 19,850,500 awarded shares were granted to 182 non-connected award participants, all being employees of the Group who are not connected persons of the Company; and (ii) 3,100,000 awarded shares were granted to two connected award participants (being award participants who are connected with Frontage or connected persons of Frontage), namely Dr. Zhihe Li and Dr. Song Li and were approved by the independent shareholders of Frontage at the annual general meeting of Frontage held on May 27, 2021.

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

Set out below are details of the movements of the awarded shares granted under the 2021 Frontage Share Award Scheme during the Reporting Period:

			Number of awarded shares						
Category of participants	Date of grant	Purchase Price	Outstanding as at January 1, 2023	Granted during the Reporting Period	Vested during the Reporting Period	Forfeited during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at December 31, 2023	Vesting period
Directors									
Dr. Song Li	January 25, 2021	–	1,387,500	–	462,500	–	–	925,000	25% on January 24, 2022, 25% on January 24, 2023, 25% on January 24, 2024, and 25% on January 24, 2025
Dr. Zhihe Li	January 25, 2021	–	937,500	–	312,500	–	–	625,000	25% on January 24, 2022, 25% on January 24, 2023, 25% on January 24, 2024, and 25% on January 24, 2025
Other grantees									
Five highest paid individual other than directors	January 25, 2021	–	3,375,000	–	1,125,000	–	–	2,250,000	25% on January 24, 2022, 25% on January 24, 2023, 25% on January 24, 2024, and 25% on January 24, 2025
178 employees	January 25, 2021	–	8,710,501	–	2,795,062	1,125,313	–	4,790,126	25% on January 24, 2022, 25% on January 24, 2023, 25% on January 24, 2024, and 25% on January 24, 2025
Total		**–**	**14,410,501**	**–**	**4,695,062**	**1,125,313**	**–**	**8,590,126**	

The weighted average closing price of the shares immediately before the dates on which the awards were vested during the financial period was HK$2.98.

SHARE INCENTIVE SCHEMES (Continued)

5. 2021 Frontage Share Award Scheme (Continued)

The number of awarded shares available for grant under the 2021 Frontage Share Award Scheme at the beginning and the end of the financial period is 181,654,591 and 181,654,591, respectively.

The estimated fair value was approximately US$16.1 million (equivalent to RMB104.3 million) for the awarded shares. The fair value was calculated by reference to the closing share price of Frontage at the date of grant, which was HK$6.02 (equivalent to RMB5.02) per share.

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

The Group recognised total expense of approximately US$1.68 million (equivalent to approximately RMB11.83 million) for the year ended December 31, 2023 (for the year ended December 31, 2022: approximately US$4.29 million (equivalent to RMB28.97 million)) in relation to share award granted under the 2021 Frontage Share Award Scheme.

The number of shares that may be issued in respect of options and awards granted under all schemes of Frontage during the financial period divided by the weighted average number of shares in issue for the financial period is nil.

6. 2018 DreamCIS Scheme

DreamCIS, a subsidiary of the Company, adopted a share incentive plan in 2018 (the "**2018 DreamCIS Scheme**") for the primary purpose of attracting, retaining and motivating the directors and employees of DreamCIS. Under the 2018 DreamCIS Scheme, the directors of DreamCIS may grant up to 402,372 share options under the share incentive plan to eligible employees, including the directors and employees of DreamCIS, to subscribe for shares in DreamCIS. A total of 747,840 shares were issued, representing 3.15% of the total issued share capital of DreamCIS up to the date of this report.

The maximum number of Shares to be granted to a participant under the 2018 DreamCIS Scheme shall not exceed 1% of the total issued share capital of DreamCIS.

Each option granted has a contractual term of 5 years.

The exercise price of options shall be a price determined by the board of Frontage, but may not be less than the highest of (i) the Stock Exchange closing price of the Frontage's shares on the date of offer of the share options; (ii) the average Stock Exchange closing price of the Frontage's shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of a share of the Frontage.

Upon adoption of the 2021 DreamCIS Scheme (as defined below), the provisions under the 2018 DreamCIS Scheme pursuant to which share options are granted shall cease to have effect and no further share option shall be granted pursuant to the 2018 DreamCIS Scheme, provided that share options previously granted under the 2018 DreamCIS Scheme shall remain valid and exercisable in accordance with the terms of the 2018 DreamCIS Scheme and their respective terms of grant. As of the date of this report, the remaining life of the 2021 DreamCIS Scheme is approximately one year and nine months.

Pursuant to the capitalisation issue completed during the year ended December 31, 2023 (the "**DreamCIS 2023 Capitalisation Issue**"), all the then outstanding share options granted and the exercise price are adjusted on a one-to-four basis.

SHARE INCENTIVE SCHEMES (Continued)

6. 2018 DreamCIS Scheme (Continued)

Set out below are details of the movements of the outstanding options granted under the 2018 DreamCIS Scheme during the Reporting Period, retroactively reflecting the DreamCIS 2023 Capitalisation Issue:

Category of participants	Date of grant	Exercise price per share KRW	Outstanding as at January 1, 2023	Granted during the Reporting Period	Exercised during the Reporting Period	Forfeited during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at December 31, 2023	Vesting period
Other employees	March 16, 2018	1,250	6,400	–	6,400	–	–	–	May 22, 2020
	May 20, 2019	2,670	170,272	–	–	–	–	170,272	May 19, 2021
	March 26, 2021	4,075	527,916	–	–	15,748	–	512,168	March 25, 2023
Total			**704,588**	**–**	**6,400**	**15,748**	**–**	**682,440**	

Notes:

(1) The option exercise period is three years from two years of employment after the date of grant.

(2) The weighted average closing price of the shares of DreamCIS immediately before the dates on which the option were exercised was KRW13,600.

The exercise price of options outstanding ranges from KRW2,670 to KRW4,075 (equivalent to RMB16.0 to RMB23.3).

The Group recognised total expense of approximately RMB0.28 million for the year ended December 31, 2023 (for the year ended December 31, 2022: RMB1.29 million) in relation to share options granted under the 2018 DreamCIS Scheme.

7. 2021 DreamCIS Scheme

DreamCIS adopted a share option scheme in 2021 (the "**2021 DreamCIS Scheme**") for the primary purpose of providing incentive or reward to directors or employees of DreamCIS for their contribution to, and continuing efforts to promote the interests of, DreamCIS and its subsidiaries and for such other purposes as the DreamCIS Board may approve from time to time.

Eligible participants mainly include directors or employees of DreamCIS who have contributed or will contribute to the incorporation, management, technological innovation, etc. of DreamCIS.

The number of options available for grant under 2021 DreamCIS Scheme at the beginning of the Reporting Period is 559,597 and remained the same at the end of the Reporting Period. As at the date of this report, 559,597 shares are available for issue under the 2021 DreamCIS Scheme, representing 10% of shares in issue of DreamCIS as at the date of this report.

SHARE INCENTIVE SCHEMES (Continued)

7. 2021 DreamCIS Scheme (Continued)

No option shall be granted to any participant if, at the relevant time of grant, the number of DreamCIS shares issued and to be issued upon exercise of all options (granted and proposed to be granted, whether exercised, cancelled or outstanding) to the participant in the 12-month period up to and including the date of such grant would exceed 1% of the total number of DreamCIS shares in issue at such time, unless: a) such grant has been duly approved, in the manner prescribed by the relevant provisions of Chapter 17 of the Listing Rules in force from time to time, by ordinary resolution of the Shareholders in general meeting, at which the participant and his associates abstained from voting; b) a circular regarding the grant has been despatched to the Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 17 of the Listing Rules in force from time to time. In accordance with the current Listing Rules, the circular must disclose the identity of the participant, the number and terms of the options to be granted (and options previously granted to such participant), the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4); and c) the number and terms (including the exercise price) of such options are fixed before the general meeting of the Shareholders at which the same are approved.

Each offer shall be in writing made to a participant by letter in such form as may be determined by a special resolution of the general meeting of DreamCIS shareholders or the DreamCIS board may from time to time determine at its discretion (the "**Offer Letter**"). The Offer Letter shall state, among others, the option period during which the option may be exercised, which period shall be determined in the Offer Letter to grant the option and shall not exceed five years from the date a grantee has served in office for at least two years from the date of the resolution of a general meeting of DreamCIS shareholders or the DreamCIS board granting the option (subject to the provisions for early termination contained in the 2021 DreamCIS Scheme). The DreamCIS shareholders or the DreamCIS board, as the case may be, may specify any other conditions which must be satisfied before the option may be exercised, including without limitation such performance targets (if any) and minimum periods for which an option must be held before it can be exercised, and any other terms in relation to the exercise of the option, including without limitation such percentages of the options that can be exercised during a certain period of time, as the DreamCIS board or the DreamCIS shareholders, as the case may be, may determine from time to time. The DreamCIS shareholders or the DreamCIS board, as the case may be, shall specify in the Offer Letter a date by which the Grantee must accept the Offer, being a date no later than 28 days after the date on which the Option is offered (the "**Offer Date**") or the date on which the conditions for the Offer are satisfied, whichever is earlier.

The 2021 DreamCIS Scheme shall be valid and effective for a period of 10 years commencing on March 26, 2021, after which period no further options shall be granted (i.e. March 25, 2031). Subject to the above, in all other respects, in particular, in respect of options remaining outstanding on the expiry of the 10-year period referred to in this paragraph, the provisions of the 2021 DreamCIS Scheme shall remain in full force and effect. The remaining life of the 2021 DreamCIS Scheme is approximately 7 years.

SHARE INCENTIVE SCHEMES (Continued)

7. 2021 DreamCIS Scheme (Continued)

Subject to the effect of alterations to share capital of DreamCIS, and as required by the Commercial Act of Korea, the exercise price shall be a price determined by the special resolution of the DreamCIS shareholders and notified to a participant and shall be at least the higher amount between substantial price (as defined below) as of the date of granting the stock option and their face value or nominal value. For the purpose of the 2021 DreamCIS Scheme, "substantial price" means: (x) average of final quotations of the stocks traded on the securities market and disclosed on a daily basis for two months (if any adjustment to a trading reference price is made due to ex-dividends or ex-rights during the same period, and the day immediately preceding the date of granting the stock option comes after at least seven days from the date the ex-dividends or ex-rights occur, it shall be such period) before the day immediately preceding the date the resolution of the Board is made, weighted by trading volume by real transactions; (y) average of final quotations of the stocks traded on the securities market and disclosed on a daily basis for one month (if any adjustment is made to a trading reference price due to ex-dividends or ex-rights during the same period, and the day immediately preceding the date of granting of the stock option comes after at least seven days from the date the ex-dividends or ex-rights occur, it shall be such period) before the day immediately preceding the date of granting stock option, weighted by trading volume by real transactions; and (z) average of final quotations of the stocks traded on the securities market and disclosed on a daily basis for one week before the day immediately preceding the date the stock option is granted, weighted by trading volume by real transactions.

No grant has been made since the adoption of the 2021 DreamCIS Scheme and up to December 31, 2023. Accordingly, there were no exercise, cancel and lapse of options under the 2021 DreamCIS Scheme since the adoption of such scheme and up to December 31, 2023.

8. DreamCIS 2023 Share Option Scheme

On March 28, 2023, DreamCIS proposed to adopt a share option scheme (the "**DreamCIS 2023 Share Option Scheme**") to provide incentive or reward to directors or employees of DreamCIS for their contribution to, and continuing efforts to promote the interests of DreamCIS and its subsidiaries and for such other purposes as the DreamCIS Board may approve from time to time.

Eligible participants include directors or employees of DreamCIS who have contributed or will contribute to the incorporation, management, technological innovation, etc. of DreamCIS as well as directors or employees of a Related Company (as defined below, in case of granting the Option by resolution of the DreamCIS board, excluding directors of DreamCIS) with supervisor title and above before March 3, 2023; provided that, such person shall not be a Largest Shareholder (as defined below), a Major Shareholder (as defined below), or their Specially Related Person (as defined below, except for persons who have become Specially Related Persons by virtue of becoming an officer of DreamCIS or the Related Company).

SHARE INCENTIVE SCHEMES (Continued)

8. DreamCIS 2023 Share Option Scheme (Continued)

The qualifications of a person to be granted the option shall be provided for in the articles of incorporation of DreamCIS, through a special resolution of the general meeting of DreamCIS shareholders.

For the purpose of the DreamCIS 2023 Share Option Scheme, a "Related Company" means any of the following, provided that the shares held less than that of (a) or (b) below, but the business scope of the corporations shall be limited to those engaging in manufacturing or sales which affect the results of export of DreamCIS, or those engaging in research and development projects for technical innovation of DreamCIS: (a) a foreign corporation in which investments made by the related company as the largest investor are at least 30% of the corporation's total equity capital; (b) a foreign corporation in which investments made by the foreign corporation mentioned in above (a) as the largest investor are at least 30% of the former foreign corporation's equity capital, or a foreign corporation in which investments made by such foreign corporation as the largest investor are at least 30% of the former foreign corporation's equity capital; or (c) if the related company is a financial holding company as defined in the Financial Holding Companies Act of Korea, an unlisted corporation among subsidiaries and sub-subsidiaries of such financial holding company.

A "**Largest Shareholder**" has its meaning under the Commercial Act of Korea (the "**Commercial Act**"), and means a shareholder who owns the largest number of DreamCIS shares, based on the total number of issued and outstanding DreamCIS shares other than non-voting DreamCIS shares.

A "**Major Shareholder**" has its meaning under the Commercial Act, and means a shareholder who owns more than 10% of the total number of issued and outstanding DreamCIS shares other than non-voting DreamCIS shares on his or her own account regardless of in whose name the DreamCIS shares are held, or exerts de facto influence on important matters related to the management of DreamCIS, including the appointment and dismissal of directors, executive directors or auditors, and his or her spouse, lineal ascendants and lineal descendants.

A "**Specially Related Person**" has its meaning under the Commercial Act, and means any of the following persons of a Largest Shareholder or a Major Shareholder: (a) directors, executive officers, and auditors; (b) affiliated companies and directors, executive officers and auditors thereof; (c) an individual or an organization that has invested at least 30% of the equity capital of the shareholder or has de facto control over important matters in the management of the shareholder, including appointment and dismissal of directors, executive officers and auditors of the shareholder (excluding their affiliated companies) and directors, executive officers and auditors of such individuals or organizations; or (d) an organization, where the shareholder, alone or jointly with the persons specified under (a) through (c) above, has invested at least 30% of the equity capital of such organization or has de facto control over important matters in the management of the organization, including appointment and dismissal of directors, executive officers, and auditors (excluding their affiliated companies) and directors, executive officers and auditors of such organizations.

As the DreamCIS 2023 Share Option Scheme was adopted on July 14, 2023, the number of options available for grant under DreamCIS 2023 Share Option Scheme at the beginning and the end of the Reporting Period is nil and nil, respectively. As at the date of this report, not more than 1,080,000 shares are available for issue under the DreamCIS 2023 Share Option Scheme, representing 4.56% of the total shares in issue of DreamCIS as at the date of this report.

SHARE INCENTIVE SCHEMES (Continued)

8. DreamCIS 2023 Share Option Scheme (Continued)

No option shall be granted to any participant if, at the relevant time of grant, the number of DreamCIS shares issued and to be issued upon the exercise of all options (excluding options which have lapsed in accordance with the terms of the scheme) to the participant in the 12-month period up to and including the date of such grant would exceed 1% of the total number of DreamCIS shares in issue at such time, unless: (a) such grant has been duly approved, in the manner prescribed by the relevant provisions of the Listing Rules in force from time to time, by ordinary resolution of the Shareholders at the general meeting, at which the participant and his close associates (or associates if the participant is a connected person) abstained from voting; (b) a circular regarding the grant has been despatched to the Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of the Listing Rules in force from time to time. In accordance with the current Listing Rules, the circular must disclose the identity of the participant, the number and terms of the options to be granted (and options to be granted to such participants in the 12-month period aforementioned), the purpose of granting options to participants with an explanation as to how the terms of the options serve such purpose; and (c) the number and terms of such options must be fixed before the general meeting of the Shareholders at which the same are approved.

Each offer shall be in writing made to a participant by letter in such form as may be determined by a special resolution of the general meeting of DreamCIS shareholders or the DreamCIS board may from time to time determine at its discretion (the "**2023 Offer Letter**"). The 2023 Offer Letter shall state, among others, the option period during which the option may be exercised, which period shall be determined in the 2023 Offer Letter to grant the option and shall not exceed five years from the date a grantee has served in office for at least two years from the date of the resolution of a general meeting of DreamCIS shareholders or the DreamCIS board granting the option (subject to the provisions for early termination contained in the DreamCIS 2023 Share Option Scheme). The DreamCIS shareholders or the DreamCIS board, as the case may be, may specify any other conditions which must be satisfied before the option may be exercised, including without limitation minimum periods for which an option must be held before it can be exercised, and any other terms in relation to the exercise of the option, including without limitation such percentages of the options that can be exercised during a certain period of time, as the DreamCIS board or the DreamCIS shareholders, as the case may be, may determine from time to time. Options to be granted under the DreamCIS 2023 Share Option Scheme have no performance target.

The DreamCIS shareholders or the DreamCIS board, as the case may be, shall specify in the 2023 Offer Letter a date by which the grantee must accept the offer, being a date no later than 28 days after the date on which the option is offered or the date on which the conditions for the offer are satisfied, whichever is earlier. No amount is payable on application or acceptance of the option.

The DreamCIS 2023 Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date on which it is adopted by ordinary resolution of the Shareholders at the general meeting or on the date on which it is approved by the DreamCIS board, whichever is later, after which period no further options shall be granted. Subject to the above, in all other respects, in particular, in respect of options remaining outstanding on the expiry of the 10-year period referred to in this paragraph, the provisions of the DreamCIS 2023 Share Option Scheme shall remain in full force and effect. The DreamCIS 2023 Share Option Scheme was approved by the Shareholders at the 2022 AGM. On July 14, 2023, the board of directors of DreamCIS approved the proposed DreamCIS 2023 Share Option Scheme. The remaining life of the DreamCIS 2023 Share Option Scheme is four years and eight months.

SHARE INCENTIVE SCHEMES (Continued)

8. DreamCIS 2023 Share Option Scheme (Continued)

Subject to the effect of alterations to share capital of DreamCIS, and as required by the Commercial Act, the price at which each DreamCIS share subject to an option may be subscribed for on the exercise of that option, shall be a price determined by the special resolution of the DreamCIS Shareholders and notified to a participant and shall be at least the higher amount between substantial price (as defined below) as at the date of granting the stock option and their face value or nominal value.

For the purpose of the DreamCIS 2023 Share Option Scheme, "substantial price" means: (x) average of final quotations of the stocks traded on the securities market and disclosed on a daily basis for two months (if any adjustment to a trading reference price is made due to ex-dividends or ex-rights during the same period, and the day immediately preceding the date of granting the stock option comes after at least seven days from the date the ex-dividends or ex-rights occur, it shall be such period) before the day immediately preceding the date the resolution of the Board is made, weighted by trading volume by real transactions; (y) average of final quotations of the stocks traded on the securities market and disclosed on a daily basis for one month (if any adjustment is made to a trading reference price due to ex-dividends or ex-rights during the same period, and the day immediately preceding the date of granting of the stock option comes after at least seven days from the date the ex-dividends or ex-rights occur, it shall be such period) before the day immediately preceding the date of granting stock option, weighted by trading volume by real transactions; and (z) average of final quotations of the stocks traded on the securities market and disclosed on a daily basis for one week before the day immediately preceding the date the stock option is granted, weighted by trading volume by real transactions.

During the year ended December 31, 2023, the board of directors of DreamCIS has resolved to grant a total of 1,071,200 share options. Set out below are details of the movements of the outstanding options granted under the 2023 DreamCIS Share Option Scheme during the current year:

Category of participants	Date of grant	Exercise price per share KRW	Outstanding as at January 1, 2023	Granted during the Reporting Period	Exercised during the Reporting Period	Forfeited during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at December 31, 2023	Vesting period
Other employees	August 31, 2023	3,520	–	1,071,200	–	54,400	–	1,016,800	August 30, 2025

The number of shares that may be issued in respect of options and awards granted under all schemes of DreamCIS during the financial period divided by the weighted average number of shares in issue for the financial period is 14.33%.

The Group recognised total expense of approximately RMB0.88 million for the year ended December 31, 2023 in relation to share options granted under the DreamCIS 2023 Share Option Scheme.

9. Fantastic Bioimaging Scheme

Fantastic Bioimaging, a subsidiary of the Company, adopted a share incentive plan in 2019 (the "**Fantastic Bioimaging Scheme**") for the primary purpose of attracting, retaining and motivating the employees of the Fantastic Bioimaging. Under the Fantastic Bioimaging Scheme, employees are entitled to subscribe the restricted shares of Fantastic Bioimaging at the net asset value of Fantastic Bioimaging.

Upon the acceptance of the restricted shares granted, employees are required to have corresponding capital injection to Fantastic Bioimaging.

In the event that a participant terminates employment with Fantastic Bioimaging due to expiration of his/her service contract, the restricted shares he/she has subscribed for shall be returned to Fantastic Bioimaging, and Fantastic Bioimaging shall return the paid subscription monies to the employees.

SHARE INCENTIVE SCHEMES (Continued)

9. Fantastic Bioimaging Scheme (Continued)

Each restricted share granted has a contractual term of 3 years. As of the date of this report, the Fantastic Bioimaging Scheme has ended and no further restricted shares are available for grant under the Fantastic Bioimaging Scheme at the beginning and end of the financial year.

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

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

Set out below are details of the movements of the outstanding restricted shares granted under the Fantastic Bioimaging Scheme during the Reporting Period:

Category of participants	Date of grant	Exercise price per restricted share (RMB)	Outstanding as at January 1, 2023	Granted during the Reporting Period	Vested during the Reporting Period	Forfeited during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at December 31, 2023	Vesting period
Employees	September 1, 2019	1.5	-	-	-	-	-	-	September 1, 2022

The Group recognised total expense of nil for the year ended December 31, 2023 (for the year ended December 31, 2022: nil) in relation to restricted shares granted under the Fantastic Bioimaging Scheme.

10. Meditip Scheme

Meditip Co., Ltd ("**Meditip**"), a subsidiary of the Company, adopted a share incentive plan in 2021 (the "**Meditip Scheme**") for the primary purpose of attracting, retaining and motivating the directors, employees and outside consultants of Meditip. Under the Meditip Scheme, the directors of Meditip may grant up to 26,500 share options under the Meditip Scheme to eligible employees, including the directors, employees and outside consultants of Meditip, to subscribe for shares in Meditip.

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

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

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

Category of participants	Date of grant	Exercise price per restricted share (RMB)	Outstanding as at January 1, 2023	Granted during the Reporting Period	Exercised during the Reporting Period	Forfeited during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at December 31, 2023	Vesting period
Other employees	September 8, 2021	281	24,800	-	-	1,400	-	23,400	September 7, 2024

The Group recognised total expense of approximately RMB2.26 million for the year ended December 31, 2023 (for the year ended December 31, 2022: RMB1.23 million) in relation to restricted shares granted under the Meditip Scheme.

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

As at December 31, 2023, interests or short positions of Directors, Supervisors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which are registered in the register that the Company must keep in accordance with section 352 of the SFO; or which shall be separately notified to the Company and the Stock Exchange pursuant to the Model Code, are as follows:

Interests of our Directors in the Shares or Underlying Shares of the Company

Name of Director	Nature of Interest	Number and class of Shares interested in	Approximate percentage of shareholding in the relevant class of Shares**	Approximate percentage of shareholding in the total Shares in issue of the Company***
Dr. Ye Xiaoping(1)	Beneficial owner; Interest of person acting in concert	228,901,315 Shares A Shares(L)*	30.55%(L)*	26.24%(L)*
Ms. Cao Xiaochun(1)	Beneficial owner; Interest of person acting in concert	228,901,315 Shares A Shares(L)*	30.55%(L)*	26.24%(L)*

Notes:

* "L" means holding a long position in Shares.

** Refers to the percentage of the number of relevant class of Shares involved divided by the number of Shares in issue of the relevant class of Shares of the Company as at December 31, 2023.

*** Refers to the percentage of the number of relevant class of Shares involved divided by the number of all Shares in issue of the Company (Total: 872,418,220 Shares including 749,293,420 A Shares and 123,124,800 H Shares) as at December 31, 2023.

(1) Dr. Ye Xiaoping and Ms. Cao Xiaochun entered into the Concert Agreement on June 9, 2010 and each of them is deemed to be interested in the A Shares that the other person is interested in under section 317 of the SFO. Dr. Ye Xiaoping holds 177,239,541 of our A Shares, representing 20.32% of our total issued share capital of our Company. Ms. Cao Xiaochun holds 51,661,774 of our A Shares, representing 5.92% of our total issued share capital of our Company. Therefore, Dr. Ye Xiaoping and Ms. Cao Xiaochun are deemed to be interested in a total of 228,901,315 of our A Shares, representing 30.55% of the total number of A Shares of our Company and 26.24% of our total issued share capital.

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

Interests of our Directors in the Shares or Underlying Shares of our Associated Corporations

Name of Director	Nature of Interest	Member of our Group	Number and class of shares	Approximate percentage of shareholding
Dr. Ye Xiaoping	Beneficial owner	Tigermed Malaysia Sdn. Bhd.	1 share	1.00%

Save as disclosed above, so far as the Directors are aware, as at December 31, 2023, none of our Directors, Supervisors or chief executive has any interest and/or short position in the Shares, underlying Shares and debentures of the Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

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

As at December 31, 2023, so far as it was known to the Directors or chief executive of the Company, the following persons (other than the Directors, Supervisors and chief executive of the Company) had interests and/or short positions in the Shares or underlying Shares which are required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO, or had interests or short positions in 5% or more of the respective type of Shares which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Nature of Interest	Number and class of Shares*	Approximate percentage of shareholding in relevant class of Shares**	Approximate percentage of the Company's issued share capital***
2017 Eagle Holdings LLC[1]	Interest in controlled corporation	15,943,067 H Shares (L)	12.95%	1.83%
F-J Sands Family I, LLC[1]	Interest in controlled corporation	15,943,067 H Shares (L)	12.95%	1.83%
Sands Capital Management, LLC[1]	Beneficial owner	15,943,067 H Shares (L)	12.95%	1.83%
Sands Capital Management, LP[1]	Interest in controlled corporation	15,943,067 H Shares (L)	12.95%	1.83%
Sands Family Trust, LLC[1]	Interest in controlled corporation	15,943,067 H Shares (L)	12.95%	1.83%
Sands Frank Melville Jr.[1]	Interest in controlled corporation	15,943,067 H Shares (L)	12.95%	1.83%
Brown Brothers Harriman & Co.	Approved lending agent	7,506,322 H Shares (L) 7,506,322 H Shares (P)	6.10% 6.10%	0.86% 0.86%
Ninety One UK Limited	Investment manager	7,560,500 H Shares (L)	6.14%	0.87%
Canada Pension Plan Investment Board	Beneficial owner	7,395,500 H Shares (L)	6.01%	0.85%
易方達基金管理有限公司	Investment manager	7,486,443 H Shares (L)	6.08%	0.86%

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

Notes:

* (L)-Long position; (P)-Lending pool.

** Refers to the percentage of the number of relevant class of Shares involved divided by the number of Shares in issue of the relevant class of Shares of the Company as at December 31, 2023.

*** Refers to the percentage of the number of relevant class of Shares involved divided by the number of all Shares in issue of the Company (Total: 872,418,220 Shares including 749,293,420 A Shares and 123,124,800 H Shares) as at December 31, 2023.

(1) Sands Frank Melville Jr. through groups of companies that he has interest in, directly and indirectly held 15,943,067 H Shares.

Save as disclosed above, to the best knowledge of the Directors or chief executive of the Company, as at December 31, 2023, no person (other than the Directors, Supervisors and the chief executive) had informed the Company that he/she had interests or short positions in the Shares or underlying Shares of equity derivatives of the Company which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO, or held any interests or short position in 5% or more of the respective types of capital in issue of the Company.

ARRANGEMENTS FOR PURCHASE OF SHARES OR DEBENTURES

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

MAJOR SUPPLIERS AND CUSTOMERS

During the Reporting Period, the Group's largest customers accounted for 2.28% of the Group's total revenue. The Group's five largest customers accounted for 9.70% of the Group's total revenue.

During the Reporting Period, the Group's largest suppliers accounted for 1.21% of the Group's total purchase. The Group's five largest suppliers accounted for 4.48% of the Group's total purchase.

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

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

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

HUMAN RESOURCES

The Group had 9,701 employees as at December 31, 2023 (as at December 31, 2022: 9,233). The Group enters into employment contracts with its employees to cover matters such as wages, benefits, and grounds for termination.

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

RETIREMENT BENEFITS SCHEME

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

Details of the pension obligations of the Company are set out in note 49 to the consolidated financial statements in this annual report.

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

During the year of 2023, no forfeited contributions made by the Group on behalf of employees who leave the scheme prior to vesting fully in such contributions may be used by the Group, as the employer, to reduce existing level of contributions. As at December 31, 2023, the Group had no significant obligation apart from the contributions as stated in note 49 to the consolidated financial statements in this annual report.

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group for the Reporting Period are set out in note 51 to the consolidated financial statements contained herein.

The related party transactions disclosed in note 51 were not regarded as connected transactions or were exempt from reporting, announcement and Shareholders' approval requirements under the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

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

INDEMNITY OF DIRECTORS

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

CORPORATE GOVERNANCE

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

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

Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 54 to 73 of this annual report.

DONATIONS

During the Reporting Period, the Company made donations of RMB7.22 million.

AUDITOR

The H Shares were listed on the Stock Exchange since August 7, 2020, and there has been no change in auditors since the date of Listing, being August 7, 2020. The consolidated financial statements for the Reporting Period have been audited by BDO Limited, Certified Public Accountants, who are proposed for re-appointment at the forthcoming 2023 AGM.

COMPLIANCE WITH LAWS AND REGULATIONS

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

EVENTS AFTER THE REPORTING PERIOD

Subsequent to December 31, 2023, the following significant events took place:

1. On February 6, 2024, the Company convened the fourth meeting of the fifth session of the Board to consider and approve the Resolution on the Share Repurchase Plan of the Company (《關於回購公司股份方案的議案》), pursuant to which, the Company intended to repurchase part of A shares of the Company by self-owned funds or self-raised funds through centralized price bidding (the "**Share Repurchase**"), which will be subsequently used to implement the A share equity incentive scheme or A share employee stock ownership plan. The total amount of funds for Share Repurchase shall not be less than RMB500,000,000 and not more than RMB1,000,000,000, and the price for share repurchase shall not more than RMB60.00 per share (inclusive). The term of the share repurchase within 12 months from the date on which the general meeting of the Company considers and approves the Share Repurchase plan. For details, please refer to the announcement of the Company on February 6, 2024.

2. In February 2024, Dr. Yang Bo tendered her resignation as an independent non-executive Director of the fifth session of the Board due to personal work reasons. At the same time, Dr. Yang Bo has resigned from her positions as the convenor (chairperson) and member of the nomination committee, member of the audit committee and member of the strategy development committee of the fifth session of the Board.

   On February 27, 2024, the Company convened the fifth meeting of the fifth session of the Board to consider and approve the nomination of Ms. Liu Yuwen (劉毓文) ("**Ms. Liu**") for proposed appointment as an independent non-executive Director.

   The appointment of Ms. Liu was approved by the Shareholders at the extraordinary general meeting of the Company held on March 21, 2024, and has taken effect on the even date until the conclusion of the fifth session of the Board. She also serves as the convener (chairperson) and a member of the nomination committee, a member of the audit committee and a member of the strategy development committee of the fifth session of the Board after the appointment. For details, please refer to the announcements dated February 27, 2024 and March 21, 2024 and the circular dated March 1, 2024 of the Company.

3. On March 28, 2024, the Company convened the sixth meeting of the fifth session of the Board and the fourth meeting of the fifth session of supervisory committee of the Company, the Board resolved and approved, among others: (i) considered and approved the Resolution on Terminating the implementation of the 2022 Restricted A Share Incentive Scheme (the "**Proposed Terminating the implementation of the 2022 Restricted A Share Incentive Scheme**"); (ii) lapse of all restricted shares that have been granted but not yet vested (the "**Proposed Cancellation of Repurchased Shares**"); (iii) proposed change of the registered capital of the Company as a results of the Proposed Cancellation of Repurchased Shares (the "**Proposed Change of Registered Capital**"); and (iv) proposed amendments to the articles of association of the Company as a results of the Proposed Change of Registered Capital (the "**Proposed Amendments to the Articles**"). The Proposed Terminating the implementation of the 2022 Restricted A Share Incentive Scheme, Proposed Cancellation of Repurchased Shares, the Proposed Change of Registered Capital and the Proposed Amendments to the Articles are subject to the approval of the special resolutions by the Shareholders at the 2024 second extraordinary general meeting of the Company, the 2024 first A share class meeting and the 2024 first H share class meeting of the Company. For details, please refer to the announcement of the Company dated March 28, 2024.

EVENTS AFTER THE REPORTING PERIOD (Continued)

4. On March 28, 2024, the Company convened the sixth meeting of the fifth session of the Board, the Board resolved and approved, amongst others, the proposed amendments to the articles of association of the Company and the rules of procedure for meetings of shareholders and the rules of procedures for the Board (the "**Proposed Amendments to the Articles and Related Rules of Procedures**") to reflect the relevant laws, administrative regulations and regulatory documents, and taking into account the needs of the Company's business development. The Proposed Amendments to the Articles and Related Rules of Procedures are subject to the approval of the special resolutions by the Shareholders at the AGM, the 2024 second A share class meeting and the 2024 second H share class meeting of the Company. For details, please refer to the announcement of the Company dated March 28, 2024.

5. On March 28, 2024, the Company convened the sixth meeting of the fifth session of the Board, the Board resolved and approved, amongst others, (i) the change of the Company's overseas financial statements preparation standards from International Financial Reporting Standards to China Accounting Standards for Business Enterprises, subject to the approval of the relevant articles in the Proposed Amendments to the Articles and Related Rules of Procedures as mentioned in item 4 above; and (ii) proposed the non-renewal of BDO Limited as the overseas financial reporting audit firm of the Company (the "**Proposed Non-renewal of Overseas Financial Reporting Audit Firm**"). The Proposed Non-renewal of Overseas Financial Reporting Audit Firm is subject to the approval of the ordinary resolution by the Shareholders at the forthcoming annual general meeting of the Company. For details, please refer to the announcement of the Company dated March 28, 2024.

Save as disclosed in this annual report and note 52 to the consolidated financial statement, no events after the Reporting Period need to be brought to the attention of the Shareholders.

On behalf of the Board
Dr. Ye Xiaoping
Chairman

Hong Kong, March 28, 2024

Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話：+852 2218 8288
傳真：+852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

TO THE SHAREHOLDERS OF HANGZHOU TIGERMED CONSULTING CO., LTD.
(incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Hangzhou Tigermed Consulting Co., Ltd. (the "Company") and its subsidiaries (together the "Group") set out on pages 117 to 263, which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

Revenue recognition

We identified revenue recognition of contracts with customers as a key audit matter due to its significance to the consolidated financial statements and the key judgements exercised by the directors in determining whether the performance obligations have been satisfied and the relevant amounts of revenue to be recognised accordingly.

As disclosed in Note 5 to the consolidated financial statements, recognition of service revenue requires key judgements in determining the performance obligations and timing of satisfaction of such performance obligations.

KEY AUDIT MATTERS (Continued)

Revenue recognition (Continued)

The Group earns service revenue over time by providing clinical trial solutions and clinical-related and laboratory services. Also, the selection of the method to measure progress towards completion requires judgement and is based on the nature of the products or services to be provided. Depending on which better depicts the transfer of value to the customer, the Group generally measures its progress using either cost-to-cost (input method) or units produced/services transferred to the customers to date (output method). During the year ended December 31, 2023, service revenue recognised over time by the Group is approximately RMB7,384,039,000.

Our response:

Our procedures in relation to the revenue recognition included:

- Understanding the policies, procedures, methods and related controls for the determination of budgeted revenue and budgeted costs;

- Inquiring of management and inspecting terms of contract research organisation services contracts to evaluate whether accounting policy of the Group complies with IFRS 15 "Revenue from Contracts with Customers"; and

- Checking the accuracy and appropriateness of revenue recorded, on a sample basis, by tracing to the relevant services contracts for the key terms of the contracts and obtaining the supporting evidence that prove the performance obligations are satisfied.

Fair value measurements for equity investments and fund investments at fair value through profit or loss

We identified fair value measurements for equity investments and fund investments at fair value through profit or loss as a key audit matter due to its significance to the consolidated financial statements and the key judgements exercised by the directors in determining the fair value.

As disclosed in Note 5 to the consolidated financial statements, the Group has investments in a wide variety of companies and accounts for these financial instruments as financial assets at fair value through profit or loss. For those investments with no quoted market price in an active market, their fair values are estimated by using valuation techniques with significant unobservable inputs, assumptions and judgements. The Group has also engaged an independent professional valuer to assist in assessing the fair value of these financial instruments. As at December 31, 2023, the Group's equity investments and fund investments at fair value through profit or loss were approximately RMB10,165,056,000.

KEY AUDIT MATTERS (Continued)

Our response:

Our procedures in relation to the fair value measurements for financial assets at fair value through profit or loss included:

- Evaluating the competence, capabilities and objectivity of the independent professional valuer;
- Obtaining an understanding from management and the independent professional valuer about the valuation methodology, significant unobservable inputs and critical judgement on key inputs and data used in the valuations; and
- Assessing the reasonableness of significant unobservable inputs used by management with the assistance from our internal valuation experts, on a sample basis.

Impairment assessment of goodwill

We identified impairment assessment of goodwill as a key audit matter due to the involvement of significant management judgement and assumptions in this assessment.

As disclosed in Note 22 to the consolidated financial statements, the carrying amount of goodwill amounted to approximately RMB2,764,189,000 as at December 31, 2023. For the purpose of assessing impairment, the recoverable amount of certain cash-generating units to which goodwill has been allocated is determined by management based on value-in-use calculations using financial budgets based on past performance and expectation for market development, where the key inputs parameters include growth rates and discount rates. The recoverable amount of certain cash-generating units to which goodwill has been allocated is determined by management based on fair value less costs of disposal based on the share prices of the cash-generating units.

Based on the management's assessment, there is no impairment of goodwill allocated to any of the cash-generating units based on the calculations of value in use and fair value less costs of disposal.

Our response:

Our procedures in relation to the impairment assessment of goodwill included:

- Assessing the appropriateness of basis of calculation of the value in use and fair value less costs of disposal prepared by management;
- Evaluating the reasonableness of the management's estimate of growth rates and discount rates in determining the value in use with reference to the historical performance and the latest budgets of the Group and market data; and
- Checking the mathematical accuracy of the management's estimates of the recoverable amount.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are also responsible for overseeing the Group's financial reporting process. The audit committee of the Company (the "Audit Committee") assists the directors in discharging their responsibility in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

BDO Limited
Certified Public Accountants
Chau Ka Kin
Practising Certificate no. P07445

Hong Kong, March 28, 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2023

	Notes	2023 RMB'000	2022 RMB'000
Revenue	6	**7,384,039**	7,085,471
Cost of services		**(4,563,378)**	(4,300,027)
Gross profit		**2,820,661**	2,785,444
Other income	8	**311,707**	284,961
Other gains and losses, net	9	**552,201**	620,322
Provision of impairment losses, net	10	**(68,098)**	(24,575)
Selling and marketing expenses		**(187,315)**	(149,890)
Administrative expenses		**(662,696)**	(643,315)
Research and development expenses		**(261,555)**	(234,619)
Share of profits of associates	19	**105,183**	39,763
Finance costs	11	**(119,897)**	(83,179)
Profit before tax	12	**2,490,191**	2,594,912
Income tax expense	13	**(338,606)**	(313,652)
Profit for the year		**2,151,585**	2,281,260
Other comprehensive income for the year			
Items that will not be reclassified subsequently to profit or loss:			
Change in fair value of financial assets at fair value through other comprehensive income ("FVOCI"), net of tax		**(74)**	14,624
Remeasurement of net defined benefit obligations		**(145)**	(112)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation of foreign operations		**60,962**	288,788
Total comprehensive income for the year		**2,212,328**	2,584,560
Profit for the year attributable to:			
Owners of the Company		**2,026,507**	2,016,086
Non-controlling interests		**125,078**	265,174
		2,151,585	2,281,260
Total comprehensive income for the year attributable to:			
Owners of the Company		**2,064,491**	2,237,630
Non-controlling interests		**147,837**	346,930
		2,212,328	2,584,560
Earnings per share	16		
– Basic (RMB)		**2.34**	2.33
– Diluted (RMB)		**2.34**	2.33

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of December 31, 2023

	Notes	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	20	**1,190,992**	976,679
Intangible assets	21	**309,852**	276,147
Goodwill	22	**2,764,189**	2,485,018
Right-of-use assets	23	**556,645**	622,354
Interests in associates	19	**2,977,028**	1,799,825
Deferred tax assets	24	**134,791**	121,353
Financial assets at fair value through profit or loss ("FVTPL")	25	**10,231,702**	9,963,853
Financial assets at FVOCI	25	**14,508**	3,864
Other financial assets at amortised cost	26	**–**	27,607
Restricted bank deposits	30	**2,137**	2,089
Other non-current assets	31	**156,896**	62,564
		18,338,740	16,341,353
CURRENT ASSETS			
Inventories	27	**23,398**	22,204
Trade, bills and other receivables and prepayments	28	**1,428,206**	1,186,273
Contract assets	29	**2,364,435**	1,997,311
Other financial assets at amortised cost	26	**40,995**	–
Financial assets at FVTPL	25	**42,138**	24,946
Prepaid income tax		**24,977**	15,136
Restricted bank deposits	30	**6,885**	19,115
Time deposits with original maturity over three months	30	**11,028**	54,194
Cash and cash equivalents	30	**7,399,941**	7,782,741
		11,342,003	11,101,920
Assets classified as held for sale	32	**–**	3,237
		11,342,003	11,105,157
CURRENT LIABILITIES			
Trade and other payables	33	**845,110**	717,950
Contract liabilities	34	**680,489**	939,765
Borrowings	35	**2,366,380**	1,868,215
Income tax payables		**123,877**	85,875
Lease liabilities	36	**122,881**	117,764
		4,138,737	3,729,569

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of December 31, 2023

	Notes	2023 RMB'000	2022 RMB'000
NET CURRENT ASSETS		**7,203,266**	7,375,588
TOTAL ASSETS LESS CURRENT LIABILITIES		**25,542,006**	23,716,941
NON-CURRENT LIABILITIES			
Borrowings	35	**434,223**	244,641
Deferred government grant		**14,594**	14,786
Pension obligations		**719**	425
Lease liabilities	36	**423,109**	488,976
Other long-term liabilities	37	**1,820**	72,692
Deferred tax liabilities	24	**213,979**	214,393
		1,088,444	1,035,913
NET ASSETS		**24,453,562**	22,681,028
CAPITAL AND RESERVES			
Share capital	38	**872,419**	872,419
Treasury shares	39	**(869,340)**	(869,340)
Reserves		**21,066,063**	19,625,366
Equity attributable to owners of the Company		**21,069,142**	19,628,445
Non-controlling interests		**3,384,420**	3,052,583
TOTAL EQUITY		**24,453,562**	22,681,028

On behalf of the directors

Dr. Ye Xiaoping | **Ms. Cao Xiaochun**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2023

	Attributable to owners of the Company										
	Share capital RMB'000 Note 38	Share premium RMB'000 Note 40(a)	Treasury shares RMB'000 Note 39	Employee share-based compensation reserve RMB'000 Note 40(b)	Statutory reserve RMB'000 Note 40(c)	Exchange reserve RMB'000 Note 40(d)	Fair value through other comprehensive income reserve RMB'000 Note 40(e)	Retained earnings RMB'000 Note 40(f)	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance at January 1, 2023	872,419	11,509,648	(869,340)	193,987	474,751	56,748	8,879	7,381,353	19,628,445	3,052,583	22,681,028
Profit for the year	–	–	–	–	–	–	–	2,026,507	2,026,507	125,078	2,151,585
Change in fair value of financial assets at FVOCI	–	–	–	–	–	–	(49)	–	(49)	(25)	(74)
Remeasurement of net defined benefit obligations	–	–	–	–	–	–	–	(97)	(97)	(48)	(145)
Exchange differences arising from translation of foreign operations	–	–	–	–	–	38,130	–	–	38,130	22,832	60,962
Total comprehensive income for the year	–	–	–	–	–	38,130	(49)	2,026,410	2,064,491	147,837	2,212,328
Transferred to statutory reserve	–	–	–	–	65,298	–	–	(65,298)	–	–	–
Acquisition of subsidiaries (Note 44(a))	–	–	–	–	–	–	–	–	–	6,755	6,755
Reversal of deferred tax assets related to share-based payments	–	–	–	(14,220)	–	–	–	–	(14,220)	–	(14,220)
Recognition of share-based payments (Note 45)	–	–	–	16,310	–	–	–	–	16,310	–	16,310
Exercise of share options	–	–	–	(38,220)	–	–	–	38,876	656	8,855	9,511
Disposal of treasury shares by a subsidiary	–	–	–	–	–	–	–	11,409	11,409	–	11,409
Capital withdrawal from non-controlling shareholders	–	–	–	–	–	–	–	–	–	(5,053)	(5,053)
Change in equity interests in subsidiaries without change of control	–	–	–	–	–	–	–	(132,377)	(132,377)	274,927	142,550
Share repurchased by a subsidiary	–	–	–	–	–	–	–	(29,850)	(29,850)	–	(29,850)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(101,484)	(101,484)
Dividends declared (Note 17)	–	–	–	–	–	–	–	(475,722)	(475,722)	–	(475,722)
Balance at December 31, 2023	872,419	11,509,648	(869,340)	157,857	540,049	94,878	8,830	8,754,801	21,069,142	3,384,420	24,453,562

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2023

	Attributable to owners of the Company										
	Share capital RMB'000 Note 38	Share premium RMB'000 Note 40(a)	Treasury shares RMB'000 Note 39	Employee share-based compensation reserve RMB'000 Note 40(b)	Statutory reserve RMB'000 Note 40(c)	Exchange reserve RMB'000 Note 40(d)	Fair value through other comprehensive income reserve RMB'000 Note 40(e)	Retained earnings RMB'000 Note 40(f)	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance at January 1, 2022	872,439	11,495,982	(579,186)	207,587	387,062	(156,149)	165	5,957,563	18,185,463	2,419,734	20,605,197
Profit for the year	–	–	–	–	–	–	–	2,016,086	2,016,086	265,174	2,281,260
Change in fair value of financial assets at FVOCI	–	–	–	–	–	–	8,714	–	8,714	5,910	14,624
Remeasurement of net defined benefit obligations	–	–	–	–	–	–	–	(67)	(67)	(45)	(112)
Exchange differences arising from translation of foreign operations	–	–	–	–	–	212,897	–	–	212,897	75,891	288,788
Total comprehensive income for the year	–	–	–	–	–	212,897	8,714	2,016,019	2,237,630	346,930	2,584,560
Transferred to statutory reserve	–	–	–	–	87,689	–	–	(87,689)	–	–	–
Acquisition of subsidiaries (Note 44(a))	–	–	–	–	–	–	–	–	–	5,817	5,817
Reversal/recognition of deferred tax assets related to share-based payments	–	–	–	4,024	–	–	–	(12,850)	(8,826)	–	(8,826)
Repurchase of shares	–	–	(369,391)	–	–	–	–	–	(369,391)	–	(369,391)
Recognition of share-based payments (Note 45)	–	–	–	54,513	–	–	–	–	54,513	–	54,513
Exercise of share options	–	14,290	78,593	(72,137)	–	–	–	34,586	55,332	19,705	75,037
Utilisation of treasury shares by a subsidiary for business combination	–	–	–	–	–	–	–	2,586	2,586	–	2,586
Cancellation of shares	(20)	(624)	644	–	–	–	–	–	–	–	–
Contribution from non-controlling shareholders of a subsidiary	–	–	–	–	–	–	–	–	–	315,400	315,400
Change in equity interests in subsidiaries without change of control	–	–	–	–	–	–	–	(39,785)	(39,785)	(45,654)	(85,439)
Share repurchased by a subsidiary	–	–	–	–	–	–	–	(56,614)	(56,614)	–	(56,614)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(9,349)	(9,349)
Dividends declared (Note 17)	–	–	–	–	–	–	–	(432,463)	(432,463)	–	(432,463)
Balance at December 31, 2022	872,419	11,509,648	(869,340)	193,987	474,751	56,748	8,879	7,381,353	19,628,445	3,052,583	22,681,028

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2023

	2023 RMB'000	2022 RMB'000
OPERATING ACTIVITIES		
Profit before tax	**2,490,191**	2,594,912
Adjustments for:		
Depreciation of property, plant and equipment	**144,019**	113,932
Amortisation of intangible assets	**73,251**	64,314
Depreciation of right-of-use assets	**121,754**	106,598
Impairment losses under expected credit loss ("ECL") model, net of reversal	**35,769**	24,575
Impairment loss of goodwill	**29,157**	–
Impairment loss of inventories	**3,172**	–
Share of profits of associates	**(105,183)**	(39,763)
Gain on disposal of associates	**(1,657)**	(54,135)
Loss on disposal/written off of property, plant and equipment and intangible assets	**188**	87
Change in fair value of financial assets at FVTPL	**(352,771)**	(549,690)
Interest income from bank deposits	**(229,849)**	(227,338)
Interest income from financial products	**(633)**	(1,090)
Finance costs	**119,897**	83,179
Share-based payment expenses	**16,310**	54,513
(Gain)/loss on disposal of financial assets at FVTPL	**(198,954)**	1,799
Fair value change of contingent consideration payables	**3,603**	1,304
Loss on property, plant and equipment upon reclassification to assets held for sale	**–**	445
Dividend received from financial assets at FVTPL	**(33,063)**	(5,263)
Operating cash flows before movements in working capital	**2,115,201**	2,168,379
Decrease/(increase) in inventories	**636**	(15,963)
Increase in trade, bills and other receivables and prepayments	**(251,777)**	(152,385)
Increase in contract assets	**(362,833)**	(686,502)
Increase in trade and other payables	**96,741**	78,151
(Decrease)/increase in other long term liabilities	**(29,604)**	31,378
Decrease/(increase) in restricted bank deposits	**4,208**	(4,000)
(Decrease)/increase in contract liabilities	**(258,211)**	116,949
Decrease in deferred government grant	**(437)**	(412)
Cash generated from operations	**1,313,924**	1,535,595
Income tax paid	**(382,634)**	(402,044)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**931,290**	1,133,551

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2023

	2023 RMB'000	2022 RMB'000
INVESTING ACTIVITIES		
Acquisition of subsidiaries, net of cash acquired	**(351,292)**	(663,084)
Proceeds from disposal of an associate	**3,076**	74,438
Acquisition of associates	**(1,096,192)**	(1,024,868)
Proceeds from disposal of property, plant and equipment	**2,076**	2,019
Proceeds from disposal of assets classified as held for sales	**3,237**	–
Purchase of property, plant and equipment	**(304,892)**	(461,096)
Purchase of intangible assets	**(10,591)**	(12,411)
Proceeds from disposal of financial assets at FVTPL	**1,117,980**	349,494
Purchase of financial assets at FVTPL and FVOCI	**(850,108)**	(884,088)
Decrease in prepayment for acquisition of property, plant and equipment	**1,726**	68,623
Increase in prepayment for acquisition of interest in a subsidiary	**(51,910)**	(42,997)
Purchase of right-of-use assets	**–**	(43,720)
Purchase of financial assets at amortised cost, net	**(12,660)**	(25,392)
Increase in rental deposits	**–**	(1,323)
Acquisition of subsidiaries in prior year	**(82,808)**	(225,981)
Dividend received	**46,948**	5,263
Advance to third parties	**–**	(52)
Repayment from third parties	**–**	105
Withdrawal/(placement) of restricted bank deposits, net	**7,816**	(6,092)
Withdrawal of time deposits over three months, net	**42,392**	100,708
Interest received	**220,126**	225,044
NET CASH USED IN INVESTING ACTIVITIES	**(1,315,076)**	(2,565,410)
FINANCING ACTIVITIES		
Proceeds from bank borrowings	**3,200,523**	3,441,414
Repayment of bank borrowings	**(2,516,749)**	(1,834,697)
Interest paid on borrowings	**(97,004)**	(49,130)
Repayment of lease liabilities	**(120,959)**	(92,806)
Interest paid on lease liabilities	**(27,921)**	(25,333)
Proceeds from grant of restricted share under Restricted Share Scheme (as defined in Note 44(c)(i)), net	**–**	(597)
Capital (withdrawal)/injection from non-controlling interests	**(5,053)**	315,400
Change in equity interest in subsidiaries without change of control	**144,715**	(99,634)
Proceeds from exercise of share options granted by subsidiaries	**9,501**	8,027
Proceeds from issue of shares by a subsidiary	**–**	15,695
Payment for repurchase of shares	**–**	(369,391)
Dividends paid to non-controlling interests	**(92,947)**	(9,183)
Dividends paid to owners of the Company	**(475,722)**	(433,684)
Payment for repurchase of shares by a subsidiary	**(29,850)**	(56,614)
Proceeds from disposal of shares by a subsidiary	**3,534**	–
Decrease/(increase) in restricted bank deposits	**125**	(218)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	**(7,807)**	809,249
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(391,593)**	(622,610)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**7,782,741**	8,378,417
Effects of exchange rate changes	**8,793**	26,934
CASH AND CASH EQUIVALENTS AT END OF YEAR, REPRESENTED BY BANK BALANCES AND CASH	**7,399,941**	7,782,741

1. GENERAL INFORMATION

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

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

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

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

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared based on the accounting policies set out in Note 4 which conform with IFRS Accounting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB"). In addition, the consolidated financial statements include the applicable disclosures requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange.

3. ADOPTION OF IFRSS

(a) Adoption of new/revised IFRSs – effective January 1, 2023

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board (the "IASB") for the first time, which are mandatorily effective for the annual period beginning on or after January 1, 2023 for the preparation of the consolidated financial statements:

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

3. ADOPTION OF IFRSS (Continued)

(a) Adoption of new/revised IFRSs – effective January 1, 2023 (Continued)

IFRS 17 "Insurance Contracts"

IFRS 17, which replaces IFRS 4, sets out the recognition, measurement, presentation and disclosure requirements applicable to issuers of insurance contracts. The standard does not have a material impact on these financial statements as the Group does not have contracts within the scope of IFRS 17.

Amendment to IAS 1 and IFRS Practice Statement 2 "Disclosure of Accounting Policies"

The amendments seek to promote improved accounting policy disclosures that provide more useful information to investors and other primary users of the financial statements.

Apart from clarifying that entities are required to disclose their "material" rather than "significant" accounting policy, the amendments provide guidance on applying the concept of materiality to accounting policy disclosures.

Amendments to IAS 8 "Definition of Accounting Estimates"

The amendments clarify the distinction between changes in accounting policies and changes in accounting estimates. Among other things, the amendments now define accounting estimates as monetary amounts in financial statements that are subject to measurement uncertainty, and clarify that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates unless they result from the correction of prior period errors.

Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it does not apply to such transactions as leases and decommissioning provisions that, on initial recognition, give rise to equal taxable and deductible temporary differences. Consequently, entities will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on these transactions.

3. ADOPTION OF IFRSS (Continued)

(b) New/revised IFRSs that have been issued but are not yet effective

The following new or amended IFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendment to IAS 1	Classification of Liabilities as Current or Non-current[1]
Amendment to IAS 1	Non-current Liabilities with Covenants[1]
Amendment to IFRS 16	Lease Liability in a Sale and Leaseback[1]
Amendments to IFRS 10 and IAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 21	Lack of Exchangeability[1]

1 Effective for annual periods beginning on or after January 1, 2024.

2 Effective for annual periods beginning on or after January 1, 2025.

3 The amendments shall be applied prospectively to sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"

The IASB issued amendments to IAS 1 "Classification of Liabilities as Current or Non-current" in January 2020, which have been further amended partially by amendments Non-current Liabilities with Covenants issued in October 2022.

The amendments require that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement for at least twelve months after the reporting period.

As a result of the COVID-19 pandemic, the IASB deferred the effective date of the amendments by one year to annual reporting periods beginning on or after January 1, 2024.

The directors do not anticipate that the application of the amendments and revision in the future will have an impact on the Group's consolidated financial statements.

Amendments to IAS 1 "Non-current Liabilities with Covenants"

Subsequent to the release of amendments to IAS 1 "Classification of Liabilities as Current or Non-Current", the IASB amended IAS 1 further in October 2022.

If an entity's right to defer is subject to the entity complying with specified conditions, such conditions affect whether that right exists at the end of the reporting period, if the entity is required to comply with the condition on or before the end of the reporting period and not if the entity is required to comply with the conditions after the reporting period. The amendments also provide clarification on the meaning of "settlement" for the purpose of classifying a liability as current or non-current.

3. ADOPTION OF IFRSS (Continued)

(b) New/revised IFRSs that have been issued but are not yet effective (Continued)

Amendments to IAS 1 "Non-current Liabilities with Covenants" (Continued)

The directors do not anticipate that the application of the amendments and revision in the future will have an impact on the Group's consolidated financial statements.

Amendment to IFRS 16 "Lease Liability in a Sale and Leaseback"

The IFRS Interpretations Committee issued an agenda decision in June 2020 – Sale and leaseback with Variable Payments. This matter was referred to the IASB for standard setting for some aspects. The IASB issued the final amendments in September 2022.

The amendments provide a requirement for the seller-lessee to determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

The directors are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendments clarify with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. When the transaction with an associate or joint venture that is accounted for using the equity method, any gains or losses resulting from the loss of control of a subsidiary that does not contain a business are recognized in the profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, any gains or losses resulting from the remeasurement of retained interest in any former subsidiary (that has become an associate or a joint venture) to fair value are recognized in the profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The directors anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transaction arise.

Amendments to IAS 21 "Lack of Exchangeability"

The amendments add requirements to help entities to determine whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not.

The directors are currently assessing the impact that the application of the amendments will have on the Group's consideration financial statements.

4. MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 "Share-based Payment", leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 "Inventories" or value in use in IAS 36 "Impairment of Assets".

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(b) Basis of consolidation (Continued)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 "Financial Instruments" or, when applicable, the cost on initial recognition of an interest in an associate or a joint venture.

Investments in subsidiaries are stated at cost less any identified impairment loss on the statement of financial position of the Company.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(c) Business combinations

Acquisitions of businesses, other than business combination under common control, are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 "Income Taxes" and IAS 19 "Employee Benefits", respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 "Share-based Payment" at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net of the acquisition date amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(c) Business combinations (Continued)

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition date fair value (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised other comprehensive income and measured under IFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), and additional assets or liabilities are recognised to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

(d) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGUs") (or group of CGUs) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(d) Goodwill (Continued)

A CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount (see definition in Note 4(r)) is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro rata basis based on the carrying amount of each asset in the CGU (or group of CGUs). Any impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal (or any of the CGU within group of CGUs in which the Group monitors goodwill).

The Group's policy for goodwill arising on the acquisition of an associate is described below. An impairment loss recognised for goodwill is not reversed in a subsequent period.

(e) Interests in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not to control or to have joint control over those policies.

The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under equity method, an interest in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associates other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An interest in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the interest in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(e) Interests in associates (Continued)

When there is objective evidence that the investment in an associate is impaired, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value-in-use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

The Company's interests in associates are accounted for in the financial statements using the equity method.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(f) Revenue from contracts with customers

Revenue is recognised to depict the transfer of promised services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services.

Specifically, the Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Revenue is recognised when, or as, obligations under the terms of a contract are satisfied, which occurs when control of the promised products or services is transferred to customers. Revenue is measured as the amount of consideration the Group expects to receive in exchange for transferring products or services to a customer ("transaction price").

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

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

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(f) Revenue from contracts with customers (Continued)

A contract liability represents the Group's obligation to transfer goods or services to a customer for which Group has received consideration (or an amount of consideration is due) from the customer.

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 recognised in excess of billings are recognised as contract assets and disclosed in the consolidated statement of financial position as contract assets. Amounts billed in accordance with contracted payment schedules but in excess of revenues earned are recognised as contract liabilities and disclosed in the consolidated statement of financial position as contract liabilities.

Contracts are terminable by the customers upon proper notice specified within the contracts, generally 30 to 90 days. A termination fee is generally assessed in addition to the Group being entitled to compensation equivalent to the efforts and costs incurred to satisfy any performance obligations.

To the extent the transaction price includes variable consideration, the Group estimates the amount of variable consideration that should be included in the transaction price utilising the most likely amount to which the Group expects to be entitled. Variable consideration is included in the transaction price if, in the Group's judgement, it is probable that a significant future reversal of cumulative revenue under the contract will not occur. Estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of the Group's anticipated performance and all information (historical, current and forecasted) that is reasonably available. Sales, value added, and other taxes collected on behalf of third parties are excluded from revenue.

The transaction price also includes reimbursable expenses (i.e. out-of-pocket expenses, outside consultants and other reimbursable expenses). Reimbursable expenses which do not represent a transfer of goods or services to the customer are not distinct. Such reimbursable expenses are included in total transaction price for the contract and allocated to individual performance obligations which are satisfied over time.

Contracts with customers may contain multiple performance obligations. For such arrangements, the transaction price is allocated to each performance obligation based on the estimated relative standalone selling prices of the promised products or services underlying each performance obligation, inclusive of reimbursable expenses.

When the sum of the stand-alone transaction prices of those products or services exceeds the promised consideration in a contract, the Group recognises a discount on that particular contract. If the entity does not have observable evidence that the entire discount relates to one or more, but not all performance obligations under the specific contract, the discount is proportionately applied to all performance obligations under a contract.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(f) Revenue from contracts with customers (Continued)

The selection of the method to measure progress towards completion requires judgement and is based on the nature of the products or services to be provided. Depending on which better depicts the transfer of value to the customer, the Group generally measures its progress using either cost-to-cost (input method) or units produced/services transferred to the customer to date (output method). The Group uses the known cost measure of progress when it best depicts the transfer of value to the customer which occurs as the Group incurs costs on its contract, generally related to fixed fee service contracts. Under the cost-to-cost measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Revenue is recorded proportionally as costs are incurred. The units produced/services transferred to the customer to date measure of progress is generally related to rate per unit contracts or contracts for the delivery of services, as the extent of progress towards completion is measured based on discrete service or time-based increments, such as samples tested or services transferred.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued for each period by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(g) Leasing

The Group as lessee

All leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for leases for which at the commencement date have a lease term less than 12 months and leases of low-value assets. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

The Group presents right-of-use assets and lease liabilities separately in the consolidated statement of financial position.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(g) Leasing (Continued)

The Group as lessee (Continued)

Right-of-use asset

The right-of-use asset is recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

The Group accounts for leasehold land and buildings which are held for own use under IAS 16 as right-of-use assets and are carried at depreciated cost. Other than the above right-of-use assets, the Group also has leased a number of properties and experiment equipment under tenancy agreements which the Group exercises its judgement and determines that it is a separate class of asset apart from the leasehold land and buildings which are held for own use. As a result, the right-of-use asset arising from the properties under tenancy agreements are carried at depreciated cost.

The right-of-use asset is subsequently depreciated using the straight-line method from the date of initial application over the shorter of the remaining lease term or the useful life of the underlying asset. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(g) Leasing (Continued)

The Group as lessee (Continued)

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

(h) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non- controlling interests as appropriate).

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(h) Foreign currencies (Continued)

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

(i) Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred. There were no borrowing costs eligible to be capitalised into property, plant and equipment during the reporting period.

(j) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expense the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire property, plant and equipment are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(k) Retirement benefit costs

(i) Defined contribution plans

The Group participates in the following defined contribution schemes:

(a) A state-managed retirement benefit scheme in the PRC pursuant to which the Group pays a fixed percentage of its qualifying staff's wages as contributions to the scheme.

(b) A defined contribution plan in the United States of America (the "USA") pursuant to which the Group matches 50 cents for every dollar contributed by each qualifying member of staff up to 4% of their salary. The maximum match is 2% of the qualifying member of staff's gross pay.

(c) The Group's subsidiary in South Korea entered into a defined contribution plan with Kookmin Bank, Woori Bank and Sinhan Bank. The defined contribution is recognised as retirement benefits regardless of the results of the pension plan.

(d) For the mandatory provident fund scheme in Hong Kong, the Group's contributions are set at 5% of the employees' relevant income as defined in the Hong Kong Mandatory Provident Fund Schemes Ordinance and are expensed as incurred.

Payments to such retirement benefit schemes are charged as an expense when employees have rendered service entitling them to the contributions.

(ii) Defined benefit pension plans

Defined benefit pension plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the consolidated statement of financial position in respect of defined pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflow using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past service costs are recognised immediately in profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(l) Share-based payment transactions

Equity-settled share-based payments to employees (including directors) are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based transaction (without taking into consideration all non-market vesting condition) is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (employee share-based compensation reserve). At the end of each reporting period, the Group reviews its estimates of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimates, with a corresponding adjustment to the employee share-based compensation reserve.

When the share options are exercised, the amount previously recognised in the employee share-based compensation reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in the employee share-based compensation reserve will be transferred to retained earnings.

(m) Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

(n) Taxation

Income tax expense represents the sum of the current tax and deferred tax.

Current tax

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(n) Taxation (Continued)

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profits nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries or associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(o) Property, plant and equipment

Property, plant and equipment other than freehold land and construction in progress ("CIP") are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost or valuation net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Buildings	10-40 years
Leasehold improvements	5-10 years
Experiment equipment	5-10 years
Furniture, fixtures and equipment	3-7 years
Transportation equipment	5 years

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

Construction in progress includes property, plant and equipment in the course of construction for production, supply or administrative purposes and are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Construction in progress is classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(p) Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

(q) Intangible assets (other than goodwill)

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is provided on a straight-line basis over their useful lives as follows. Intangible assets with indefinite useful lives are carried at cost less any accumulated impairment losses. The amortisation expense is recognised in profit or loss and included in administrative expenses.

Software	5-10 years
Trademark	2 years
Customer relationship	4-7 years
Customer backlog	1-5 years
Non-competition clause	3-5 years
Others	5 years

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

(r) Impairment losses on tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified

Recoverable amount is the higher of value in use and fair value less costs of disposal. In assessing value in use, the estimated future cash flows of the asset (or the CGU) are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or the CGU) for which the estimates of future cash flows have not been adjusted.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(r) Impairment losses on tangible and intangible assets other than goodwill (Continued)

If the recoverable amount of an asset (or the CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or the CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the CGU) in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss.

(s) Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale when:

- they are available for immediate sale;
- management is committed to a plan to sell;
- it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;
- an active program to locate a buyer has been initiated;
- the asset or disposal group is being marketed at a reasonable price in relation to its fair value; and
- a sale is highly probable and expected to complete within 12 months from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of:

- their carrying amount immediately prior to being classified as held for sale in accordance with the Group's accounting policy; and
- fair value less costs to sell.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(s) Non-current assets held for sale and disposal groups (Continued)

Following their classification as held for sale, non-current assets (including those in a disposal group) are not depreciated.

If the Group has classified an asset or disposal group as held for sale, but the criteria for classified as held for sale are no longer met, the Group shall cease to classify the asset or disposal group as held for sale and measure them at the lower of:

(a) its carrying amount before the asset or disposal group was classified as held for sale, adjusted for any depreciation, amortization or revaluations that would have been recognized had the asset or disposal group not been classified as held for sale; and

(b) its recoverable amount at the date of the subsequent decision not to sell.

If the Group ceases to classify a component of the Group as held for sale, the results of operations of the component previously presented in discontinued operations shall be reclassified and included in income from continuing operations for all periods presented. The amounts for prior periods shall be described as having been re-presented.

(t) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the reporting period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(t) Financial instruments (Continued)

(i) Financial assets (Continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

FVTPL: Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model, whereby changes in fair value, interest income calculated using the effective interest rate method and foreign exchange gains and losses are recognised in profit or loss. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at FVOCI are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(t) Financial instruments (Continued)

(i) Financial assets (Continued)

Impairment loss on financial assets

The Group recognises a loss allowance for ECL (as defined on the face of the consolidated statement of cash flows) on financial assets which are subject to impairment under IFRS 9 "Financial Instruments". The amount of ECL is updated at the end of each reporting period to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group has elected to measure loss allowances for trade receivables using IFRS 9 simplified approach and always recognises lifetime ECL for trade receivables and contract assets. The ECL on these financial assets are assessed collectively using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For other financial instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in the credit risk since initial recognition or evidence that a financial asset is credit-impaired, then the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate obtained from economic expert reports, financial analysts and governmental bodies, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(t) Financial instruments (Continued)

(i) Financial assets (Continued)

Significant increase in credit risk (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, or the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default; (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(t) Financial instruments (Continued)

(i) Financial assets (Continued)

Definition of default

For internal credit risk management, the Group considers an event of default to have occurred when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occur sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries made are recognised in profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(t) Financial instruments (Continued)

(i) Financial assets (Continued)

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the relevant weighting.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis to cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade receivables, other receivables are each assessed as a separate group. Note receivables are assessed for ECL on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount through a loss allowance account.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(t) Financial instruments (Continued)

(i) Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

(ii) Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at FVTPL except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial liabilities may be designated upon initial recognition as at FVTPL if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis; (ii) the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(t) Financial instruments (Continued)

(ii) Financial liabilities and equity instruments (Continued)

Financial liabilities at FVTPL (Continued)

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise, except for the gains and losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the consolidated statement of profit or loss and other comprehensive income.

Financial liabilities at amortised cost

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss. Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the revenue recognition policies.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(u) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the contracted selling price less all estimated costs of completion and costs necessary to make the sale.

(v) Treasury shares

Own equity instruments which held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the consolidated statement of profit or loss and other comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments.

(w) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reliably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(x) Related parties

(i) A person or a close member of that person's family is related to the Group if that person:

- (a) has control or joint control over the Group;
- (b) has significant influence over the Group; or
- (c) is a member of key management personnel of the Group or the Company's parent.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(x) Related parties (Continued)

(ii) An entity is related to the Group if any of the following conditions apply:

(a) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(c) Both entities are joint ventures of the same third party.

(d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(e) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(f) The entity is controlled or jointly controlled by a person identified in (i)(a).

(g) A person identified in (i)(a) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

(h) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates, judgements and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

(a) Judgements in determining performance obligations and timing of satisfaction of performance obligations

(i) Performance obligation determination

In making their judgements, the directors considered the detailed criteria for recognition of revenue set out in IFRS 15. In determining performance obligations, the directors consider whether the customer benefits from each service on its own and whether it is distinct in the context of the contract. Specifically, when concluding a contract has multiple performance obligations, the directors consider that the individual performance obligation is regularly sold separately and the service is separately identifiable from other promises within the contract.

(ii) Timing of satisfaction of performance obligations

The directors have determined that certain performance obligations are satisfied over time. The key judgement is that the Group's performance does not create an asset with alternative future use since the Group cannot redirect the asset for use on another customer, and the contract terms specify the Group has enforceable right to payments for performance completed up to date.

Depends on which better depicts the transfer of value to the customer, the directors make judgement to measure the progress of the projects using either cost-to-cost (input method) or units services transferred to the customer to date (output method).

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Critical judgements in applying accounting policies (Continued)

(b) Judgements in determining if entities are accounted for as subsidiaries

Certain group entities are general partners of the underlying funds, in which the general partners hold less than 50% of their equity interests in these funds, and these funds are nevertheless accounted for as subsidiaries. General partner is primarily the fund manager of the underlying funds. In assessing whether the Group has control over these funds, the following considerations are taken into account:

- The scope of the Group's decision-making authority over the funds;
- The Group's exposure to variability of returns from other interests that it holds in the funds;
- The rights held by third parties; and
- The remuneration to which the Group as the fund manager is entitled in accordance with remuneration agreement(s).

Based on the above relevant facts and circumstances, the directors consider that the Group has a wide ranging discretion regarding the scope of decision making rights on the underlying funds, significant exposure to variable returns of the underlying funds and there was no substantive removal rights held by third parties throughout the reporting period. Accordingly, the directors consider that the Group has control over these funds and these funds are accounted for as subsidiaries of the Company.

(c) Judgements in determining if entities are accounted for as associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not to control or to have joint control. If the entity holds, directly or indirectly less than 20% of the voting power of the investee, it is presumed that the entity does not have significant influence, unless such influence can be clearly demonstrated. To determinate whether the Group has significant influence over the investee involve significant judgements.

(d) Judgements in determining if entities are accounted for as financial assets at FVTPL

The Group has certain investments, in which it holds more than 20% of their equity interests or voting right. The directors consider that the Group has no significant influence, joint control nor control over the entities based on the fact that the Group does not participate in any operating and financial policies of the entities and exercise its influence on the operating and financial policies in the board of directors of the entities. The Group therefore accounted for these entities as financial assets at FVTPL.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty

(a) Fair value measurements for financial assets at fair value

The Group has investments in a wide variety of companies as set out in Note 25. The Group accounts for these financial instruments as financial assets at FVTPL or FVOCI. For those investments with no quoted market prices in an active market, their fair values are estimated by using valuation techniques. These techniques include those further described in Note 43 under the heading "Fair value management". Valuation techniques are certified by independent and recognised business valuer before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. Valuation models established by the valuer make the maximum use of market inputs and rely as little as possible on the Group's specific data. However, some inputs, such as probability of redemption of preference shares, require management estimates and assumptions, which are reviewed periodically and adjusted if necessary. Should any of the estimates and assumptions be changed, it may lead to a change in the fair value of the financial assets.

(b) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the CGUs to which goodwill has been allocated, which is the higher of value in use or fair value less costs of disposal. The value-in-use calculation requires the directors to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

(c) Provision of ECL for trade receivables and contract assets

The Group uses provision matrix to calculate ECL for the trade receivables and contract assets. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables and contract assets are disclosed in Note 43.

6. REVENUE

The Group's revenue streams are categorised as follows:

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

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

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

	2023 **RMB'000**	2022 RMB'000
Over time		
Clinical trial solutions	**4,168,128**	4,125,199
Clinical-related and laboratory services	**3,215,911**	2,960,272
Recognised over time	**7,384,039**	7,085,471

6. REVENUE (Continued)

Transaction price allocated to future performance obligations

The aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) was RMB14,079,987,000 (2022: RMB13,785,925,000) as at December 31, 2023. Management of the Group expects the majority of the transaction price allocated to the unsatisfied contracts as of the end of each reporting period will be recognised within 3 years from the end of each reporting period.

The following table provides information about trade and bills receivables, contract assets and contract liabilities from contracts with customers.

	2023	2022
	RMB'000	RMB'000
Trade and bills receivables (Note 28)	**1,260,915**	1,033,820
Contract assets (Note 29)	**2,364,435**	1,997,311
Contract liabilities (Note 34)	**(680,489)**	(939,765)

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed because the rights are conditioned on the Group's future performance in archiving specified milestones of the contract at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group provides the invoice to the customers.

The contract liabilities mainly relate to the advance consideration received from customers.

7. 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 organised and managed.

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

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

– Clinical trial solutions

– Clinical-related and laboratory services

7. SEGMENT INFORMATION (Continued)

Segment revenues and results

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

For the year ended December 31, 2023

	Clinical trial solutions RMB'000	Clinical-related and laboratory services RMB'000	Total RMB'000
Revenue	4,168,128	3,215,911	7,384,039
Gross profit	1,573,319	1,247,342	2,820,661
Unallocated amounts:			
Other income			311,707
Other gains and losses, net			552,201
Provision of impairment losses, net			(68,098)
Selling and marketing expenses			(187,315)
Administrative expenses			(662,696)
Research and development expenses			(261,555)
Share of profits of associates			105,183
Finance costs			(119,897)
Profit before tax			2,490,191

7. SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

For the year ended December 31, 2022

	Clinical trial solutions RMB'000	Clinical-related and laboratory services RMB'000	Total RMB'000
Revenue	4,125,199	2,960,272	7,085,471
Gross profit	1,536,811	1,248,633	2,785,444
Unallocated amounts:			
Other income			284,961
Other gains and losses, net			620,322
Provision of impairment losses, net			(24,575)
Selling and marketing expenses			(149,890)
Administrative expenses			(643,315)
Research and development expenses			(234,619)
Share of profits of associates			39,763
Finance costs			(83,179)
Profit before tax			2,594,912

The accounting policies of reportable segments are the same as the Group's accounting policies described in Note 4.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about performance assessment and resources allocation. No analysis of segment assets and liabilities is presented as management does not regularly review such information for the purposes of performance assessment and resource allocation. Therefore, only segment revenue and gross profit are presented.

Geographical information

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

	2023 RMB'000	2022 RMB'000
Revenue from external customers		
– PRC	**4,234,516**	3,601,587
– Other overseas countries and regions	**3,149,523**	3,483,884
	7,384,039	7,085,471

7. SEGMENT INFORMATION (Continued)

Geographical information (Continued)

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

	2023 RMB'000	2022 RMB'000
Non-current assets excluding financial assets and deferred tax assets		
– PRC	**1,742,956**	3,695,750
– Other overseas countries and regions	**6,140,831**	2,522,755
	7,883,787	6,218,505

Information about major customers

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

8. OTHER INCOME

	2023 RMB'000	2022 RMB'000
Interest income from bank deposits	**229,849**	227,338
Interest income from financial products	**633**	1,090
Interest income from unlisted debt instrument	**342**	–
Government grants	**44,652**	50,181
Dividend income from financial assets at FVTPL	**33,063**	5,263
Others	**3,168**	1,089
	311,707	284,961

9. OTHER GAINS AND LOSSES, NET

	2023 RMB'000	2022 RMB'000
Net foreign exchange gain	**2,610**	20,132
Loss on disposal/written off of property, plant and equipment and intangible assets	**(188)**	(87)
Change in fair value of financial assets at FVTPL	**352,771**	549,690
Fair value change of contingent consideration payables	**(3,603)**	(1,304)
Gain on disposal of associates	**1,657**	54,135
Gain/(loss) on disposal of financial assets at FVTPL	**198,954**	(1,799)
Loss on property, plant and equipment upon reclassification to assets classified as held for sale	**–**	(445)
	552,201	620,322

10. IMPAIRMENT LOSSES

	2023 RMB'000	2022 RMB'000
Impairment losses under ECL model, net of reversal		
Trade receivables	39,288	21,891
Contract assets	(2,604)	1,971
Other receivables	(915)	713
	35,769	24,575
Inventories	3,172	–
Goodwill	29,157	–
Provision of impairment losses, net	68,098	24,575

11. FINANCE COSTS

	2023 RMB'000	2022 RMB'000
Interest expense on bank borrowings	91,976	57,846
Interest on lease liabilities	27,921	25,333
	119,897	83,179

12. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	2023 RMB'000	2022 RMB'000
Depreciation of property, plant and equipment	144,019	113,932
Amortisation of intangible assets	73,251	64,314
Depreciation of right-of-use assets	121,754	106,598
Staff costs (including directors' emoluments):		
– Salaries and other benefits	2,606,237	2,296,879
– Retirement benefits scheme contributions	200,291	276,638
– Share-based payment expenses	16,310	54,513
	2,822,838	2,628,030
Auditors' remuneration	4,340	4,340
Short-term leases with application of recognition exemption	2,637	21,527
Leases of low-value assets with application of recognition exemption	8,450	8,220

13. INCOME TAX EXPENSE

	2023 RMB'000	2022 RMB'000
Current tax:		
– PRC Enterprise Income Tax ("EIT")	**288,249**	252,007
– U.S. income tax	**57,600**	66,033
– Korean income tax	**3,604**	3,185
– Others	**14,402**	14,840
Under/(over) provision of current tax in prior year	**30,192**	(4,347)
	394,047	331,718
Deferred tax:		
– Current year (Note 24)	**(55,441)**	(18,066)
Total income tax expense	**338,606**	313,652

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the standard EIT rate of the PRC subsidiaries is 25%. For the PRC subsidiaries approved as High and New Technology Enterprise or Advance Technology Enterprise by the relevant government authorities, they are subject to a preferential rate of 15%. Funds established as partnerships in the PRC are not taxable entities and EIT will apply at the partner's level. For non-resident enterprises without any establishment in the PRC, they are subject to withholding income tax rate of 10% for their income from the PRC.

The group entities incorporated in USA is subject to Federal Corporate Tax and State Income Tax. The tax rate for Federal Income Tax is 21% for both years. The income subject to tax in a specific state (i.e. state taxable income) is calculated based on the federal taxable income with state tax adjustments, which is then allocated or apportioned to the respective states (i.e. percentage of taxable income that should be apportioned or specially allocated to the respective states in which the Group operates).

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 both years. 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 March 28, 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.

The group entities established in the British Virgin Islands ("BVI") are not subject to income tax or capital gains tax under the law of the BVI.

Taxation arising from other jurisdictions is calculated at the rate prevailing in the relevant jurisdictions.

13. INCOME TAX EXPENSE (Continued)

The income tax expense for the year can be reconciled to the profit before tax in the consolidated statement of profit or loss and other comprehensive income as follows:

	2023 RMB'000	2022 RMB'000
Profit before tax	**2,490,191**	2,594,912
Tax at the applicable tax rate of 25%	**622,548**	648,728
Tax effect of share of profits of associates	**(26,296)**	(9,941)
Tax effect of income not taxable for tax purpose	**(80,774)**	(142,742)
Tax effect of expenses not deductible for tax purpose	**25,455**	15,403
Under provision of current tax in prior year	**30,192**	(4,347)
Effect of research and development expenses that are additionally deducted	**(56,150)**	(49,000)
Utilisation of deductible temporary differences and tax losses not recognised	**(1,644)**	(6,532)
Tax at concessionary rate	**(171,982)**	(134,522)
Effect on deferred tax assets or liabilities resulting from change in applicable tax rate	**(3,971)**	1,544
Effect of different tax rate of subsidiaries operating in other jurisdictions	**1,228**	(4,939)
Income tax expense	**338,606**	313,652

14. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Details of the emoluments paid or payable to the directors and supervisors of the Company for the services provided to the Group during the current and prior year are as follows:

Year ended December 31, 2023

	Directors' fee RMB'000	Salaries and other benefits RMB'000	Performance-based bonus RMB'000	Retirement benefit scheme contributions RMB'000	Share-based compensation RMB'000	Total RMB'000
Executive directors:						
Dr. Ye Xiaoping	2,589	164	149	18	–	2,920
Ms. Cao Xiaochun	767	132	144	114	–	1,157
Ms. Yin Zhuan (note (c))	311	–	–	112	–	423
Mr. Wu Hao	1,519	13	960	117	–	2,609
Mr. Wen Zengyu (note (d))	1,107	53	–	39	–	1,199
Independent non-executive directors:						
Dr. Yang Bo (note (g))	200	–	–	–	–	200
Mr. Liu Kai Yu Kenneth	220	–	–	–	–	220
Mr. Zheng Bijun (note (e))	79	–	–	–	–	79
Mr. Yuan Huagang (note (f))	122	–	–	–	–	122
Supervisors:						
Ms. Chen Zhimin	–	80	–	–	–	80
Mr. Zhang Binghui	–	80	–	–	–	80
Ms. Lou Wenqing (note(b))	–	102	11	27	–	140
	6,914	624	1,264	427	–	9,229

14. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (Continued)

Year ended December 31, 2022

	Directors' fee RMB'000	Salaries and other benefits RMB'000	Performance-based bonus RMB'000	Retirement benefit scheme contributions RMB'000	Share-based compensation RMB'000	Total RMB'000
Executive directors:						
Dr. Ye Xiaoping	1,021	133	126	1	–	1,281
Ms. Cao Xiaochun	753	133	271	68	–	1,225
Ms. Yin Zhuan (note(c))	730	–	–	243	–	973
Mr. Wu Hao	1,497	–	2,140	135	–	3,772
Independent non-executive directors:						
Dr. Yang Bo	200	–	–	–	–	200
Mr. Liu Kai Yu Kenneth	220	–	–	–	–	220
Mr. Zheng Bijun (note(e))	200	–	–	–	–	200
Supervisors:						
Ms. Chen Zhimin	–	80	–	–	–	80
Mr. Wu Baolin (note(a))	–	570	260	88	–	918
Mr. Zhang Binghui	–	80	–	–	–	80
Ms. Lou Wenqing (note(b))	–	87	–	21	–	108
	4,621	1,083	2,797	556	–	9,057

Notes:

(a) Mr. Wu Baolin resigned as supervisor on August 25, 2022.

(b) Ms. Lou Wenqing was appointed as supervisor on August 25, 2022.

(c) Ms. Yin Zhuan resigned as executive director on May 23, 2023.

(d) Mr. Wen Zengyu was appointed as executive director on May 23, 2023.

(e) Mr. Zheng Bijun resigned as independent non-executive director on May 23, 2023.

(f) Mr. Yuan Huagang was appointed as independent non-executive director on May 23, 2023.

(g) Dr. Yang Bo resigned as independent non-executive director and Ms. Lin Yuwen has been appointed as independent non-executive director on February 27, 2024.

14. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (Continued)

As advised and confirmed by the Company, the above resignations have no material adverse impact on the Group's operations and financial performance. Furthermore, as advised and confirmed by the Company, there have not been any disagreements or disputes between each of the former directors or supervisors and the Group.

15. FIVE HIGHEST PAID INDIVIDUALS

The five individuals with the highest emoluments in the Group during the year ended December 31, 2023 include none (2022: none) director of the Company, details of whose remuneration are set out in Note 14 above. The emoluments of the five highest paid individuals during the year ended December 31, 2023 were as follows:

	2023 RMB'000	2022 RMB'000
Salaries and other benefits	**17,870**	13,398
Performance-based bonus	**5,814**	6,655
Retirement benefits scheme contributions	**215**	537
Share-based compensation	**6,495**	10,334
	30,394	30,924

The emoluments of the five highest paid individuals were within the following bands:

	Number of individuals 2023	2022
HK$3,500,001 to HK$4,000,000	**–**	1
HK$4,000,001 to HK$4,500,001	**1**	–
HK$5,000,001 to HK$5,500,000	**1**	–
HK$5,500,001 to HK$6,000,000	**–**	1
HK$6,500,001 to HK$7,000,000	**–**	1
HK$7,000,001 to HK$7,500,000	**1**	–
HK$7,500,001 to HK$8,000,000	**–**	1
HK$8,000,001 to HK$8,500,000	**1**	–
HK$8,500,001 to HK$9,000,000	**1**	–
HK$10,000,001 to HK$10,500,000	**–**	1
	5	5

During the current and prior year, no emoluments were paid by the Group to the directors, supervisors or the five highest paid individuals (including directors, supervisors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors have waived any emoluments during the current and prior year.

16. EARNINGS PER SHARE

(a) Basic earnings per share

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

	2023 RMB'000	2022 RMB'000
Earnings for the purpose of calculating basic earnings per share	**2,026,507**	2,016,086

Number of shares:

	2023	2022
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**864,948,570**	864,681,059

(b) Diluted earnings per share

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

	2023 RMB'000	2022 RMB'000
Profit for the year attributed to owners of the Company	**2,026,507**	2,016,086
Effect of share options issued by subsidiaries (note (ii))	**(871)**	(1,569)
Earnings for the purpose of calculating diluted earnings per share	**2,025,636**	2,014,517

Number of shares:

	2023	2022
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**864,948,570**	864,681,059
Effect of dilutive potential ordinary shares in respect of outstanding restricted share under Restricted Share Scheme (as defined in (Note 45(c)(i)) (note (i))	**419,517**	806,269
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**865,368,087**	865,487,328

16. EARNINGS PER SHARE (Continued)

(b) Diluted earnings per share (Continued)

Notes:

(i) The effect of dilutive potential ordinary shares is related to the Restricted Share Scheme launched by the Company that disclosed in Note 45(c)(i).

(ii) During the year ended December 31, 2023 and 2022, the effect of share options issued by subsidiary is related to the share option and share awards issued by Frontage Holdings (as defined in Note 18), DreamCIS (as defined in Note 18) and Meditip (as defined in Note 22).

(iii) The weighted average number of ordinary shares shown above has been adjusted for the treasury shares as set out in Note 39.

17. DIVIDENDS

During the year ended December 31, 2023, the Company proposed cash dividends to its shareholders as follows:

	2023 **RMB'000**	2022 RMB'000
Final dividend proposed after the end of the reporting period of RMB0.568 and RMB0.55 in respect of the years ended December 31, 2023 and 2022, respectively	**491,291**	475,722

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

18. INVESTMENTS IN SUBSIDIARIES

The Company had direct and indirect equity interests in the following principal subsidiaries:

Name of subsidiaries	Place of incorporation/ establishment and business and nature of legal entity	Authorised share capital/registered capital	Equity interests attributable to the Group as at				Principal activities
			December 31, 2023		December 31, 2022		
			Direct %	Indirect %	Direct %	Indirect %	
上海泰格醫藥科技有限公司 Shanghai Tigermed Consulting Co Ltd (note (a))	PRC, limited liability company	RMB5,000,000	**100.00**	**–**	100.00	–	Clinical development service
美斯達（上海）醫藥開發有限公司 MacroStat (China) Clinical Research Co., Ltd ("MacroStat") (note (a))	PRC, limited liability company	RMB1,440,585	**100.00**	**–**	100.00	–	Data management and statistical analysis
杭州思默醫藥科技有限公司 Hangzhou Simo Co., Ltd. (note (a))	PRC, limited liability company	RMB17,627,000	**100.00**	**–**	100.00	–	Site management organisation and patient recruitment services
嘉興泰格數據管理有限公司 Jiaxing Tigermed Data Management Co., Ltd. (note (a))	PRC, limited liability company	RMB176,083,600	**100.00**	**–**	100.00	–	Data management and statistical analysis
香港泰格醫藥科技有限公司 Hongkong Tigermed Co., Limited ("Tigermed HK")	Hong Kong, limited company	HKD640,755,481	**100.00**	**–**	100.00	–	Investment holding and clinical trial operation
杭州泰格股權投資合夥企業（有限合夥） Hangzhou Tigermed Equity Investment Partnership (Limited Partnership) (note (a))	PRC, limited partnership	RMB3,600,000,000	**99.98**	**0.02**	99.98	0.02	Investment management
杭州泰譽三期創業投資合夥企業（有限合夥） Hangzhou Taiyu Phase III Venture Investment Partnership (Limited Partnership) (note (a), (d))	PRC, limited partnership	RMB592,850,000	**–**	**40.92**	–	40.92	Equity holding
杭州泰譽二期股權投資基金合夥企業（有限合夥） Hangzhou Taiyu Phase II Equity Investment Fund Partnership (Limited Partnership) (note (a), (d))	PRC, limited partnership	RMB203,100,000	**–**	**28.84**	–	28.84	Equity holding
泰州泰格捷通醫藥科技有限公司 Taizhou Tigermed-Jyton Medical Tech. Co., Ltd. ("Jietong Tigermed") (previously known as 泰州捷通泰瑞醫藥科技有限公司) (note (a))	PRC, limited liability company	RMB4,000,000	**100.00**	**–**	100.00	–	Clinical development service
TG SKY Investment Ltd.	BVI, limited liability company	United State dollar ("US$")50,000	**–**	**100.00**	–	100.00	Investment holding
Blue Sky Resources Investment Ltd.	BVI, limited liability company	US$50,000	**–**	**100.00**	–	100.00	Equity holding
北醫仁智（北京）醫學科技發展有限公司 Beijing Medical Development Co., Ltd. ("Beiyi") (note(a))	PRC, limited liability company	RMB6,500,000	**100.00**	**–**	100.00	–	Clinical trial operation and regulatory and registration services

18. INVESTMENTS IN SUBSIDIARIES (Continued)

Name of subsidiaries	Place of incorporation/ establishment and business and nature of legal entity	Authorised share capital/registered capital	Equity interests attributable to the Group as at December 31, 2023 Direct %	December 31, 2023 Indirect %	December 31, 2022 Direct %	December 31, 2022 Indirect %	Principal activities
漯河煜康投資中心(有限合夥) Luohe Yukang Investment Center Partnership (Limited Partnership) ("Luohe Yukang") (note (a), (d))	PRC, limited partnership	RMB124,000,000	**24.19**	**0.21**	24.19	0.58	Equity holding
石河子市泰譽股權投資合夥企業(有限合夥) Shihezi Taiyu Equity Investment Partnership (Limited Partnership) ("Shihezi Taiyu") (note (a), (e))	PRC, limited partnership	RMB150,000,000	**13.33**	**0.46**	13.33	0.46	Equity holding
Frontage Holdings Corporation ("Frontage Holdings") (note (b))	Cayman Islands, limited company	US$50,000	**5.87**	**50.08**	–	51.71	Investment holding
Frontage Laboratories, Inc. ("Frontage Labs")	USA, limited company	US$20,000	**–**	**55.95**	–	51.71	Bioanalytical, CMC and DMPK services
Tigermed-BDM Inc. ("Tigermed BDM")	USA, limited company	US$30	**–**	**100.00**	–	100.00	Data management, statistics, SAS project management
北京康利華諮詢服務有限公司 Beijing Canny Consulting Inc. (note (a))	PRC, limited liability company	RMB1,000,000	**49.00**	**51.00**	49.00	51.00	GMP consulting, medical registration and regulatory affairs, with a focus on regulatory compliance of drugs, health foods and cosmetics
DreamCIS Inc. ("DreamCIS") (note (c))	Korea limited company	KRW50,000,000,000	**–**	**66.76**	–	59.59	CRO
Bright Sky Resources Investment Ltd	BVI, limited liability company	US$50,000	**–**	**100.00**	–	100.00	Investment holding
北京捷通康諾醫藥科技有限公司 Beijing Jyton and Kannel Medical Tech. Co., Ltd. (note (a))	PRC, limited liability company	RMB1,000,000	**–**	**100.00**	–	100.00	Medical device consulting, pharmaceuticals and regulations consulting, clinical trials and recruiting services
Croley Martell Holdings, Inc.	USA, limited company	US$2,000	**–**	**55.95**	–	51.71	Investment holding
Concord Biosciences, LLC ("Concord")	USA, limited liability company	–	**–**	**55.95**	–	51.71	Safety and toxicology services
仁智(蘇州)醫學研究有限公司 Beijing Medical Development (Suzhou) Co., Ltd (note (a))	PRC, limited liability company	RMB10,000,000	**–**	**100.00**	–	100.00	Clinical development service

18. INVESTMENTS IN SUBSIDIARIES (Continued)

Name of subsidiaries	Place of incorporation/ establishment and business and nature of legal entity	Authorised share capital/registered capital	Equity interests attributable to the Group as at December 31, 2023 Direct %	December 31, 2023 Indirect %	December 31, 2022 Direct %	December 31, 2022 Indirect %	Principal activities
方達醫藥技術(上海)有限公司 Frontage Laboratories (Shanghai) Co., Ltd. ("Frontage Shanghai") (note (a))	PRC, limited liability company	US$4,355,050	–	55.95	–	51.71	Bioequivalence and laboratory services
北京雅信誠醫學信息科技有限公司 Beijing Yaxincheng Medical InfoTech Co. Ltd. ("Beijing Yaxincheng) (note (a))	PRC, limited liability company	RMB2,000,000	100.00	–	100.00	–	DMPK services
方達醫藥技術(蘇州)有限公司 Frontage Laboratories (Suzhou) Co., Ltd. ("Frontage Suzhou") (note (a), (g))	PRC, limited liability company	RMB10,000,000	–	41.96	–	38.78	CMC operations in the PRC
RMI Laboratories, LLC ("RMI")	USA, limited liability company	–	–	55.95	–	51.71	DMPK services
BRI Biopharmaceutical Research Inc. ("BRI")	Canada, limited company	–	–	55.95	–	51.71	DMPK services
上海謀思醫藥科技有限公司 Shanghai Mosim Medical Technology Co., Ltd. ("Mosim") (note (a), Note 42(b)(i))	PRC limited liability company	RMB1,000,000	100.00	–	100.00	–	CRO services
Acme Bioscience, Inc. ("ACME") (Note 42(b)(iii))	USA, limited company	US$10,000	–	55.95	–	51.71	Chemistry services
合亞醫藥科技(上海)有限公司 Acme Biopharma Co., (Shanghai) Ltd. (note (a), Note 42(b)(iii))	PRC, limited liability company	US$2,000,000	–	55.95	–	51.71	Chemistry services
Quintara Discovery, Inc. ("Quintara") (Note 42(a)(ii))	USA, limited company	US$10,000	–	55.95	–	51.71	Preclinical research
杭州英放生物科技有限公司 Hangzhou Fantastic Bioimaging Co., Ltd. (note (a))	PRC, limited liability company	RMB4,666,667	67.50	–	67.50	–	Medical imaging services
杭州泰蘭醫藥科技有限公司 Hangzhou Talent MedConsultant Co., Ltd. (note (a))	PRC, limited liability company	RMB50,000,000	100.00	–	100.00	–	Third party training services
杭州泰格益坦醫藥科技有限公司 Tigermed-IntelliPV Co., Ltd. (note (a))	PRC, limited liability company	RMB3,000,000	100.00	–	100.00	–	Pharmacovigilance and drug safety services
海南博鰲樂城泰格醫藥科技有限公司 Hainan Boao Lecheng Tigermed Consulting Co., Ltd. (note (a))	PRC, limited liability company	RMB10,000,000	90.00	–	90.00	–	CRO services
Tigermed S.R.L. (previously known as Opera Contract Research Organisation SRL)	Romania, limited liability company	Romanian Leu ("RON") 2,560	–	100.00	–	51.71	CRO services
香港泰格健康科技有限公司 Hong Kong Tigermed Healthcare Technology Co., Limited	Hong Kong, limited company	HKD130,000,000	100.00	–	100.00	–	Investment holding

18. INVESTMENTS IN SUBSIDIARIES (Continued)

Name of subsidiaries	Place of incorporation/ establishment and business and nature of legal entity	Authorised share capital/registered capital	Equity interests attributable to the Group as at				Principal activities
			December 31, 2023		December 31, 2022		
			Direct %	Indirect %	Direct %	Indirect %	
無錫泰格醫藥科技有限公司 Wuxi Tigermed Medical Consulting Co., Ltd. (note(a))	PRC, limited liability company	RMB10,000,000	**100.00**	**–**	100.00	–	CRO services
永修煜康二期創業投資中心(有限合夥) Yongxiu Yukang Phase II Venture Investment Center (Limited Partnership) (note (a), (d))	PRC, limited partnership	RMB232,500,000	**–**	**47.56**	–	43.57	Equity holding
Tigermed Asia Pacific Private Limited	Singapore, limited company	Singapore dollar ("SGD") 100	**51.00**	**–**	51.00	–	Drug R&D, medical device technology development and services

Notes:

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

(b) Frontage Holdings has listed on the Main Board of the Stock Exchange since May 30, 2019. Upon the listing of Frontage Holdings on the Stock Exchange, the shareholding held by the Group diluted to 51.45%.

(c) DreamCIS completed its listing on the Korean Securities Dealers Automated Quotations of the Korea Exchange on May 22, 2020. Upon listing of DreamCIS, the shareholding held by the Group diluted to 65.16%.

(d) The Group entered into an investment agreement with a number of independent third parties to establish certain investment funds under limited partnership, which is principally engaged in equity holding of investments. Pursuant to relevant investment agreement, the Group, through its subsidiary, is acting as a general partner and fund manager, and those independent third parties are acting as limited partners. The Group, as a general partner and fund manager, has the power to direct the relevant activities of the fund through the appointment and involvement of investment committee and is functioning as a principal, and limited partners have no substantive power to remove the Group as the general partner. The Group is also significantly exposed to variable returns through its involvement in investment committee. Therefore, the directors consider that the Group has control over these investment funds throughout the reporting period and accounted for as subsidiaries of the Company.

(e) Frontage Suzhou was 75% owned by Frontage Shanghai, which was in turn a 41.96% (2022: 38.78%) owned subsidiary of the Company. Accordingly, the directors consider that the Company has control over Frontage Suzhou.

18. INVESTMENTS IN SUBSIDIARIES (Continued)

Summarised financial information in relation to the subsidiaries with material non-controlling interests (the "NCIs") before intra-group elimination is presented below:

Frontage Holdings and its subsidiaries ("Frontage Holdings Group")

	2023 RMB'000	2022 RMB'000
Revenue	**1,833,487**	1,691,757
Profit for the year	**75,697**	175,010
Total comprehensive income for the year	**114,635**	311,373
Profit allocated to NCI	**35,138**	83,398
Dividends paid to NCI	**–**	–
Cash flows from operating activities	**279,551**	421,939
Cash flows used in investing activities	**(620,219)**	(999,472)
Cash flows from/(used in) financing activities	**91,090**	207,172
Net cash outflows	**(249,578)**	(370,361)

	2023 RMB'000	2022 RMB'000
Current assets	**1,002,658**	1,196,798
Non-current assets	**3,047,721**	2,637,864
Current liabilities	**(705,295)**	(678,860)
Non-current liabilities	**(900,508)**	(816,767)
Net assets	**2,444,576**	2,339,035
Accumulated NCI	**1,076,877**	1,129,520

18. INVESTMENTS IN SUBSIDIARIES (Continued)

DreamCIS and its subsidiaries ("DreamCIS Group")

	2023 RMB'000	2022 RMB'000
Revenue	**259,075**	203,581
Profit for the year	**20,889**	23,682
Total comprehensive income for the year	**20,464**	47,861
Profit allocated to NCI	**6,753**	8,960
Dividends paid to NCI	**–**	–
Cash flows from operating activities	**39,710**	47,567
Cash flows used in investing activities	**(52,220)**	(28,800)
Cash flows (used in)/from financing activities	**(4,325)**	10,504
Net cash (outflows)/inflows	**(16,835)**	29,271

	2023 RMB'000	2022 RMB'000
Current assets	**232,186**	233,889
Non-current assets	**256,506**	196,715
Current liabilities	**(155,388)**	(131,780)
Non-current liabilities	**(19,386)**	(20,232)
Net assets	**313,918**	278,592
Accumulated NCI	**104,342**	112,579

19. INTERESTS IN ASSOCIATES

	2023 RMB'000	2022 RMB'000
At the beginning of the year	**1,799,825**	738,799
Additions (notes (b), (m) and (n))	**1,097,516**	1,051,011
Disposal and transfer (note (i))	**(11,618)**	(29,837)
Share of post-acquisition profits	**105,183**	39,763
Dividend received	**(13,885)**	–
Exchange realignment	**7**	89
At the end of the year	**2,977,028**	1,799,825

The Group had interests in the following principal associates during the year:

Name of associates	Place of incorporation/ establishment	Authorised capital/ registered capital	Proportion of ownership interest held by the Group as at December 31, 2023	December 31, 2022	Principal activities
上海觀合醫藥科技有限公司 Teddy Clinical Research Laboratory (Shanghai) Limited ("Shanghai Guanhe") (note (a),(b))	PRC	RMB60,623,376	**31.34%**	32.53%	Central laboratory service
益新泰格(南通)醫藥科技有限公司 EPS Tigermed (Nantong) Co., Ltd. ("Nantong Yixin") (note (a),(c))	PRC	US$16,666,700	**40.00%**	40.00%	Medical devices and related products sales service
蘇州益新泰格醫藥科技有限公司 EPS Tigermed (Suzhou) Co., Ltd. ("Suzhou Yixin") (note (a),(d))	PRC	RMB9,803,900	**49.00%**	49.00%	Clinical data management and analysis service
Tigerise Inc. ("Tigerise") (note (e))	Japan	Japanese Yen ("JPY") 20,000,000	**50.00%**	50.00%	CRO services
Tigermed Co., Ltd. (Thailand) ("Tigermed Thailand") (note f)	Thailand	Thai Baht ("Baht") 1,000,000	**48.99%**	48.99%	CRO services
PT Tigermed Medical Indonesia (note (g))	Indonesia	Indonesian Rupiah ("RP") 10,000	**49.00%**	49.00%	CRO services
杭州泰鯤股權投資基金合夥企業 Hangzhou Taikun Equity Investment Fund Partnership (Limited Partnership) ("Hangzhou Taikun") (note (a), (h))	PRC	RMB20,000,000,000	**50.00%**	50.00%	Equity holding
易迪希醫藥科技(嘉興)有限公司 (previously known as 嘉興易迪希計算機技術有限公司) Clinflash Healthcare Technology (Jiaxing) Co.,Ltd. (previous known as Jiaxing Clinflash Computer Technology Co., Ltd.) ("Jiaxing EDC") (note (a), (i))	PRC	RMB11,000,000	**19.76%**	19.05%	Information technology services for clinical research
誠弘製藥(威海)有限責任公司 Chenghong Pharmaceutical (Weihai) Co., Ltd. ("Chenghong Pharmaceutical") (note (a), (j))	PRC	RMB23,333,334	**43.71%**	48.57%	Chemistry services
Tigermed Vietnam Co., Limited (note (k))	Vietnam	US$200,000	**49.00%**	49.00%	CRO services
杭州格鑫企業管理諮詢合夥企業(有限合夥) Hangzhou Gexin Enterprise Management Consulting Partnership (Limited Partnership) ("Hangzhou Gexin") (note (a), (l))	PRC	RMB70,000,000	**50.00%**	50.00%	Equity holding
上海佰誠醫藥供應鏈管理有限公司 Shanghai Bioquick Pharmaceutical Supply Chain Management Co., Ltd. ("Shanghai Bioquick") (note (a), (m))	PRC	RMB7,840,060	**19.90%**	19.90%	Logistics
北京經緯傳奇醫藥科技有限公司 Beijing Jingwei Legend Pharmaceutical Technology Co., Ltd. ("Beijing Jingwei") (note (a), (n))	PRC	RMB7,195,802	**33.11%**	33.11%	CRO services

19. INTERESTS IN ASSOCIATES (Continued)

Notes:

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

(b) The directors considered that the Group has significant influence over this entity based on the following factors: (1) the Group has appointed 2 directors of Shanghai Guanhe (including the chairman who did not have special voting right) to the board of directors (total 5 directors), with the other 3 directors appointed by the other shareholder, who owned another 50% equity interests in Shanghai Guanhe; and (2) the appointed directors actively participate in the policy-making process of the entity and the decision making of relevant activities are based on simple majority voting. The directors concluded that the Company only had significant influence and no control over Shanghai Guanhe.

(c) Nantong Yixin was established in the PRC on August 1, 2013 and is 40% owned by the Group and the remaining 60% owned by an independent third party.

(d) Suzhou Yixin was established in the PRC on October 26, 2011 and is 49% owned by the Group and the remaining 51% owned by an independent third party.

(e) Tigerise was established in Japan during the year ended December 31, 2020 and is 50% owned by the Group and the remaining 50% is owned by an independent third party. The Group appointed 2 out of 6 board members in the board of the directors of Tigerise, which enables the Group to significantly influence the relevant activities of Tigerise. The directors consider the Group has significant influence over Tigerise and the investment has therefore been classified as an interest in an associate.

(f) Tigermed Thailand was established in Thailand on April 29, 2020.

(g) PT Tigermed Medical Indonesia was established in Indonesia on April 7, 2021.

(h) Hangzhou Taikun was registered in the PRC on August 10, 2021. The directors considered that the Group has significant influence over this entity based on the following factors: (1) the Group has appointed 2 committee members to the investment committee (total 7 committee members); and (2) the appointed committee members actively participate in the policy-making of the entity and the decision making of relevant activities should pass through 5/7 voting rights. The directors concluded that the Group only had significant influence and no control over Hangzhou Taikun. During the year ended December 31, 2023, the Group has further injected RMB1,000,000,000 (2022: RMB1,000,000,000) to the associate.

(i) During the year ended December 31, 2022, the Group entered into agreements to dispose in aggregate of 10% of the equity interests of Jiaxing EDC, a then subsidiary of the Group, to independent third parties for a total cash consideration of RMB65,000,000, resulting a gain on disposal of approximately RMB35,353,000. The Group appointed 1 out of 3 board members in the board of the directors of Jiaxing EDC, which enables the Group to significantly influence the relevant activities of Jiaxing EDC. The directors consider the Group has significant influence over Jiaxing EDC and the investment has therefore been classified as an interest in an associate. Please refer to Note 45 for details.

(j) On November 8, 2021, Frontage Shanghai, a 51.71% owned subsidiary of the Company, entered into a subscription agreement to subscribe 48.57% of the enlarged equity interests in Chenghong Pharmaceutical for a cash consideration of RMB34,000,000. The directors considered that the Group has significant influence over this entity based on the following factors: (1) the Group has appointed 1 director to the board of directors of Chenghong Pharmaceutical (total 5 directors), with the other 4 directors appointed by the other shareholders; and (2) the appointed director actively participates in the policy-making process of the entity and the decision making of relevant activities are based on simple majority voting.

(k) Tigermed Vietnam Co., Limited was established in Vietnam on August 21, 2021.

(l) Hangzhou Gexin was registered in the PRC during the year ended December 31, 2021 and the remaining 50% are owned by an independent third party. The directors considered that the Group has significant influence over this entity as the decision making of relevant activities should pass through 2 out of 3 voting rights, based on the percentage of capital injection made by each shareholder of the entity. The directors concluded that the Group only had significant influence over Hangzhou Gexin and the investment has therefore been classified as an interest in an associate.

19. INTERESTS IN ASSOCIATES (Continued)

Notes: (Continued)

(m) The Group appointed 1 out of 3 board members in the board of the directors of Shanghai Bioquick, which enables the Group to significantly influence the relevant activities of Shanghai Bioquick. The directors consider the Group has significant influence over Shanghai Bioquick and the investment has therefore been classified as an interest in an associate.

(n) The Group appointed 2 out of 5 board members in the board of the directors of Beijing Jingwei, which enables the Group to significantly influence the relevant activities of Beijing Jingwei. The directors consider the Group has significant influence over Beijing Jingwei and the investment has therefore been classified as an interest in an associate.

All of these associates are accounted for using the equity method in the consolidated financial statements.

Summarised financial information of material associate is set out below.

Hangzhou Taikun

	2023 RMB'000	2022 RMB'000
Current assets	**1,224,775**	484,289
Non-current assets	**4,006,910**	2,577,224
Current liabilities	**–**	(42)
Net assets	**5,231,685**	3,061,471
Income and gain	**235,901**	77,618
Expenses	**(50,568)**	(28,676)
Profit and total comprehensive income	**185,333**	48,942
Dividends received from associate	**4,483**	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in material associate:

	2023 RMB'000	2022 RMB'000
Net asset of the associate	**5,231,685**	3,061,471
Proportion of the Group's ownership interest	**50.00%**	50.00%
Carrying amount of the Group's interest in the associate	**2,615,843**	1,530,736

19. INTERESTS IN ASSOCIATES (Continued)

Aggregate information of associates that are not individually material

	2023 RMB'000	2022 RMB'000
Aggregate carrying amount of the Group's associates in the consolidated financial statements	**361,185**	269,089

	2023 RMB'000	2022 RMB'000
Share of profits and total comprehensive income of associates	**12,517**	15,292

20. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RMB'000	Buildings RMB'000	Leasehold improvements RMB'000	Experiment equipment RMB'000	Furniture, fixture and equipment RMB'000	Transportation equipment RMB'000	Construction in progress RMB'000	Total RMB'000
COST								
As at January 1, 2022	11,667	145,990	53,835	510,928	95,982	12,934	217,142	1,048,478
Additions	355	2,803	22,619	31,972	32,600	133	233,355	323,837
Acquired through business combination (Note 44(b))	4,533	27,187	371	4	4,912	12	–	37,019
Transfer from capitalised leases (Note 23)	–	–	–	8,619	–	–	–	8,619
Transfer	(3,515)	–	–	–	–	–	–	(3,515)
Derecognised on disposal of subsidiaries (Note 45)	–	47,275	172,251	21,276	27,698	–	(268,500)	–
Disposals	–	–	–	(6,753)	(1,626)	(337)	–	(8,716)
Exchange realignment	1,268	7,725	57	32,908	5,207	30	4,281	51,476
As at December 31, 2022 and January 1, 2023	**14,308**	**230,980**	**249,133**	**598,954**	**164,773**	**12,772**	**186,278**	**1,457,198**
Additions	**–**	**1,168**	**4,772**	**30,377**	**19,976**	**13,509**	**238,161**	**307,963**
Acquired through business combination (Note 44(a))	**–**	**21,802**	**–**	**–**	**25,040**	**–**	**–**	**46,842**
Transfer from capitalised leases (Note 23)	**–**	**–**	**–**	**2,045**	**–**	**–**	**–**	**2,045**
Transfer	**–**	**19,183**	**31,277**	**49,479**	**895**	**–**	**(100,834)**	**–**
Disposals	**–**	**–**	**–**	**(6,482)**	**(1,799)**	**(78)**	**–**	**(8,359)**
Exchange realignment	**233**	**2,293**	**2**	**7,473**	**842**	**19**	**675**	**11,537**
As at December 31, 2023	**14,541**	**275,426**	**285,184**	**681,846**	**209,727**	**26,222**	**324,280**	**1,817,226**

20. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Freehold land RMB'000	Buildings RMB'000	Leasehold improvements RMB'000	Experiment equipment RMB'000	Furniture, fixture and equipment RMB'000	Transportation equipment RMB'000	Construction in progress RMB'000	Total RMB'000
DEPRECIATION AND IMPAIRMENT								
As at January 1, 2022	–	32,151	18,780	253,598	37,379	4,713	–	346,621
Provided for the year	–	11,115	19,845	59,250	21,876	1,846	–	113,932
Transfer from capitalised leases (Note 23)	–	–	–	5,514	–	–	–	5,514
Eliminated on disposals	–	–	–	(4,612)	(1,334)	(96)	–	(6,042)
Exchange realignment	–	1,487	–	17,086	1,891	30	–	20,494
As at December 31, 2022 and January 1, 2023	–	44,753	38,625	330,836	59,812	6,493	–	480,519
Provided for the year	–	15,571	33,137	61,265	31,974	2,072	–	144,019
Transfer from capitalised leases (Note 23)	–	–	–	852	–	–	–	852
Eliminated on disposals	–	–	–	(3,974)	(619)	(61)	–	(4,654)
Exchange realignment	–	617	–	4,623	246	12	–	5,498
As at December 31, 2023	–	60,941	71,762	393,602	91,413	8,516	–	626,234
NET CARRYING AMOUNT								
As at December 31, 2023	14,541	214,485	213,422	288,244	118,314	17,706	324,280	1,190,992
As at December 31, 2022	14,308	186,227	210,508	268,118	104,961	6,279	186,278	976,679

21. INTANGIBLE ASSETS

	Software RMB'000	Trademark RMB'000	Customer relationship RMB'000	Customer backlog RMB'000	Non-competition clause RMB'000	Total RMB'000
COST						
As at January 1, 2022	87,476	–	178,124	10,537	50,306	326,443
Additions	12,411	–	–	–	–	12,411
Acquired through business combination (Note 44(b))	82	3,819	51,350	15,913	1,273	72,437
Written off	(991)	–	–	–	–	(991)
Exchange realignment	1,992	360	18,092	2,028	4,691	27,163
As at December 31, 2022 and January 1, 2023	**100,970**	**4,179**	**247,566**	**28,478**	**56,270**	**437,463**
Additions	**10,591**	**–**	**–**	**–**	**–**	**10,591**
Acquired through business combination (Note 44(a))	**–**	**–**	**71,285**	**1,627**	**18,945**	**91,857**
Written off	**(254)**	**–**	**–**	**–**	**–**	**(254)**
Exchange realignment	**649**	**71**	**5,962**	**290**	**(50)**	**6,922**
As at December 31, 2023	**111,956**	**4,250**	**324,813**	**30,395**	**75,165**	**546,579**
AMORTISATION						
As at January 1, 2022	52,582	–	19,526	9,023	11,222	92,353
Charge for the year	13,809	1,314	30,931	6,993	11,267	64,314
Eliminated on written off	(991)	–	–	–	–	(991)
Exchange realignment	1,314	40	2,230	698	1,358	5,640
As at December 31, 2022 and January 1, 2023	**66,714**	**1,354**	**52,687**	**16,714**	**23,847**	**161,316**
Charge for the year	**15,060**	**1,411**	**48,640**	**6,474**	**1,666**	**73,251**
Eliminated on written off	**(99)**	**–**	**–**	**–**	**–**	**(99)**
Exchange realignment	**458**	**28**	**1,603**	**132**	**38**	**2,259**
As at December 31, 2023	**82,133**	**2,793**	**102,930**	**23,320**	**25,551**	**236,727**
NET CARRYING AMOUNT						
As at December 31, 2023	**29,823**	**1,457**	**221,883**	**7,075**	**49,614**	**309,852**
As at December 31, 2022	34,256	2,825	194,879	11,764	32,423	276,147

22. GOODWILL

	2023 RMB'000	2022 RMB'000
COST		
At the beginning of year	**2,525,138**	1,819,068
Acquisition of subsidiaries (Note 44)	**290,774**	618,463
Exchange realignment	**17,578**	87,607
At the end of the year	**2,833,490**	2,525,138
IMPAIRMENT		
At the beginning of year	**40,120**	40,120
Impairment loss recognised	**29,157**	–
Exchange realignment	**24**	–
At the end of the year	**69,301**	40,120
CARRYING AMOUNT		
At the end of the year	**2,764,189**	2,485,018

Goodwill acquired through business combinations is allocated to the following CGUs for impairment testing:

- Jietong Tigermed CGU;
- Experimur LLC ("Experimur") CGU;
- Quintara CGU;
- Frontage Holdings Group CGU;
- Mosim CGU;
- DreamCIS CGU;
- ACME CGU;
- Meditip Co., Ltd ("Meditip") CGU;
- Beiyi CGU;
- Beijing Yaxincheng CGU;
- Frontage Clinical Services, Inc. ("Frontage Clinical") CGU;
- Frontage Suzhou CGU;
- Beijing Health Tech Medical Group ("HT-Med") CGU;
- 泰州康利華醫藥科技有限公司 Taizhou Kanglihua Pharmaceutical Technology Co., Ltd ("Taizhou Kanglihua") CGU;
- Wuhan Heyan Biomedical Technology Co., Ltd ("Heyan Biotech") CGU;
- Tigermed BDM CGU;
- Frontage Labs CGU;
- MacroStat CGU;
- Biotranex, LLC ("Biotranex") CGU;
- BRI CGU;
- Opera Contract Research Organisation S.R.L. ("Opera") CGU;
- LCS Co., Ltd ("LCS") CGU;
- 台灣泰格國際醫藥股份有限公司 Taiwan International Pharmaceutical Co., Ltd ("Taiwan Tigermed") CGU;
- Marti Farm D.O.O ("Marti Farm") CGU; and
- Nucro Group CGU.

22. GOODWILL (Continued)

The carrying amounts of goodwill allocated to each of the CGUs is as follows:

	2023 RMB'000	2022 RMB'000
Jietong Tigermed CGU	**456,866**	456,866
Experimur CGU	**458,484**	450,840
Quintara CGU	**306,589**	301,477
Frontage Holdings Group CGU	**268,001**	268,001
Mosim CGU	**173,152**	185,952
DreamCIS CGU	**128,700**	128,700
ACME CGU	**112,996**	117,234
Meditip CGU	**116,820**	117,010
Beiyi CGU	**112,620**	112,620
Beijing Yaxincheng CGU (note (b))	**101,923**	101,923
Frontage Clinical CGU	**96,744**	95,132
Frontage Suzhou CGU	**27,646**	27,646
HT-Med CGU	**23,110**	23,110
Taizhou Kanglihua CGU	**15,407**	18,407
Heyan Biotech CGU	**8,389**	15,544
Tigermed BDM CGU	**15,091**	15,091
Frontage Labs CGU	**25,019**	13,889
MacroStat CGU	**11,512**	11,512
Biotranex CGU (note (a))	**N/A**	10,713
BRI CGU	**7,021**	6,722
Opera CGU	**2,900**	2,900
LCS CGU	**2,852**	2,856
Taiwan Tigermed CGU	**873**	873
Marti Farm CGU	**31,723**	–
Nucro Group CGU	**259,751**	–
	2,764,189	2,485,018

Note:

(a) During the year ended December 31, 2023, there has been a change in the identified CGUs resulting from the integration of Biotranex to Frontage Labs's business in order to improve operation efficiency. Management expected that the benefit of expected synergies of Biotranex shall be achieved from integrating into the Group's existing business under Frontage Labs. Such integration resulted in the reallocation of goodwill to the new CGU named Frontage Labs CGU as there has been a change to the way in which goodwill is monitored internally.

(b) During the year ended December 31, 2022, the Group entered into a share purchase agreement with the shareholders of Beijing Bilingual (as defined in Note 44(b)), pursuant to which Beijing Bilingual Sellers agreed to sell and the Group agreed to purchase 100% of the equity interest in Beijing Bilingual.

Upon the completion of the acquisition of Beijing Bilingual, the operation of Beijing Bilingual has integrated to Beijing Yaxincheng in order to improve operation efficiency. Management expected that the benefit of expected synergies of Beijing Bilingual shall be achieved from integrating it into the Group's existing business under Beijing Yaxincheng. Such integration resulted in the reallocation of goodwill to Beijing Yaxincheng as there has been a change to the way in which goodwill is monitored internally.

For the purpose of impairment testing, goodwill is allocated to the CGUs which represents the lowest level within the Group at which goodwill is monitored for internal management purpose.

Apart from the recoverable amounts mentioned below which have been determined by their respective fair value less costs of disposal, the recoverable amounts of other CGUs have been determined based on value-in-use calculations using pre-tax cash flow projections, which is based on financial budgets approved by management.

22. GOODWILL (Continued)

At December 31, 2023 and December 31, 2022, the recoverable amount of Frontage Holdings Group CGU was determined by its fair value less costs of disposal with reference to the market price of the shares of Frontage Holdings listed on the Stock Exchange (see Note 18(b)).

At December 31, 2023, the recoverable amount of DreamCIS CGU was determined by the fair value less costs of disposal with reference to the market price of the shares of DreamCIS listed on the Korea Securities Dealers Automated Quotation of Korea Exchange (see Note 18(c)).

Assumptions were used in the value-in-use calculations of other CGUs as at December 31, 2023 and 2022. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill.

The cash flow projections were based on financial budgets covering a period approved by management as follows:

	2023	2022
Jietong Tigermed CGU	5 years	5 years
Experimur CGU	5 years	5 years
Quintara CGU	5 years	5 years
Mosim CGU	5 years	5 years
DreamCIS CGU	N/A	5 years
ACME CGU	N/A	5 years
Meditip CGU	5 years	5 years
Beiyi CGU	5 years	5 years
Beijing Yaxincheng CGU	5 years	5 years
Frontage Clinical CGU	5 years	5 years
Frontage Suzhou CGU	5 years	5 years
HT-Med CGU	5 years	5 years
Taizhou Kanglihua CGU	5 years	5 years
Heyan Biotech CGU	N/A	5 years
Tigermed BDM CGU	5 years	5 years
Frontage Labs CGU	5 years	5 years
MacroStat CGU	5 years	5 years
Biotranex CGU	N/A	5 years
BRI CGU	5 years	5 years
Opera CGU	5 years	5 years
LCS CGU	5 years	5 years
Taiwan Tigermed CGU	5 years	5 years
Marti Farm CGU	5 years	N/A
Nucro Group CGU	5 years	N/A

22. GOODWILL (Continued)

The cash flow projections beyond the 5-year period are extrapolated using expected growth rates of revenue as follows:

	2023 %	2022 %
Jietong Tigermed CGU	**0.0**	5.0
Experimur CGU	**3.0**	3.0
Quintara CGU	**3.0**	3.0
Mosim CGU	**0.0**	0.0
DreamCIS CGU	**N/A**	0.0
ACME CGU	**N/A**	3.0
Meditip CGU	**1.0**	1.0
Beiyi CGU	**0.0**	0.0
Beijing Yaxincheng CGU	**0.0**	0.0
Frontage Clinical CGU	**3.0**	3.0
Frontage Suzhou CGU	**3.0**	3.0
HT-Med CGU	**0.0**	5.0
Taizhou Kanglihua CGU	**0.0**	5.0
Heyan Biotech CGU	**N/A**	3.0
Tigermed BDM CGU	**0.0**	5.0
Frontage Labs CGU	**3.0**	3.0
MacroStat CGU	**0.0**	0.0
Biotranex CGU	**N/A**	3.0
BRI CGU	**3.0**	3.0
Opera CGU	**0.0**	5.0
LCS CGU	**1.0**	1.0
Taiwan Tigermed CGU	**0.0**	4.0
Marti Farm CGU	**0.0**	N/A
Nucro Group CGU	**3.0**	N/A

These growth rates are based on the relevant industry growth forecast and do not exceed the average long-term growth rate for the relevant industry.

22. GOODWILL (Continued)

The discount rates applied to the cash flow projections are as follows:

	2023 %	2022 %
Jietong Tigermed CGU	**14.4**	16.4
Experimur CGU	**20.0**	20.0
Quintara CGU	**20.0**	20.0
Mosim CGU	**14.0**	13.7
DreamCIS CGU	**N/A**	21.1
ACME CGU	**N/A**	20.0
Meditip CGU	**13.4**	15.6
Beiyi CGU	**14.5**	16.7
Beijing Yaxincheng CGU	**14.1**	16.1
Frontage Clinical CGU	**20.0**	20.0
Frontage Suzhou CGU	**20.0**	20.0
HT-Med CGU	**16.0**	16.6
Taizhou Kanglihua CGU	**16.0**	18.7
Heyan Biotech CGU	**N/A**	20.0
Tigermed BDM CGU	**14.6**	25.9
Frontage Labs CGU	**20.0**	20.0
MacroStat CGU	**13.9**	16.8
Biotranex CGU	**N/A**	20.0
BRI CGU	**20.0**	20.0
Opera CGU	**16.8**	16.4
LCS CGU	**16.5**	17.5
Taiwan Tigermed CGU	**12.8**	17.4
Marti Farm CGU	**14.7**	N/A
Nucro Group CGU	**20.0**	N/A

The discount rates used are pre-tax and reflect specific risk relating to the relevant units.

The discount rate is the expected return of the Group's assets that reflects current market assessments of the time value of money and the specific risk associated with the CGU, after taking into account the weighted average cost of equity and debt.

Other key assumptions for the value-in-use calculations related to the estimation of cash inflows/outflows include budgeted sales and gross margins, such estimation is based on the CGU's past performance and management's expectations for the market development.

ACME CGU and Heyan Biotech CGU:

For the year ended December 31, 2023, management identified impairment indicator of ACME CGU and Heyan Biotech CGU due to unfavourable performance of the Group resulting from the deteriorated economic environment. The recoverable amounts of the ACME CGU and Heyan Biotech CGU were determined based on fair value less costs of disposal as at 31 December 2023. Fair value arrived from the market approach reflected the market expectations over corresponding industry as the price-to-earnings ratios ("PE ratio") of the comparable companies were arrived from market consensus. The key parameters used for ACME CGU and Heyan Biotech CGU as at 31 December 2023 including average Market Value of Invested Capital ("MVIC")/Sales of the comparable companies of 3.0 and 2.6, the lack of marketability discount ("LoMD") of 20.6% and 23%, the control premium of 20% and 20% and cost of disposal of 5% and 5%. The fair value less costs of disposal of the CGU are classified as a level 3 measurement.

Based on the management's assessment, the carrying amount of ACME CGU and Heyan Biotech CGU, including goodwill, intangible assets, property, plant and equipment and deferred tax liabilities attributed these CGUs, were written down to its recoverable amount of US$33,941,000 (equivalent to approximately RMB240,394,000) and RMB25,717,000 respectively. An impairment loss of US$1,893,000 (equivalent to approximately RMB13,357,000) on goodwill was charged to profit or loss under "Impairment losses recognized on goodwill" during the year ended 31 December 2023.

22. GOODWILL (Continued)

Taizhou Kanglihua CGU and Mosim CGU

For the year ended December 31, 2023, management identified impairment indicator of Taizhou Kanglihua CGU and Mosim CGU due to their unfavourable performance resulting from the deteriorated economic environment. The recoverable amounts of Taizhou Kanglihua CGU Mosim CGU were both determined based on their respective value-in-use calculation using cash flow projections based on financial budgets approved by the management covering five-year period, zero growth rate is applied to extrapolate the cash flows beyond five year period during the year ended December 31, 2023. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long term growth rate for the relevant industry. The discount rate applied to the cash flow projections of Taizhou Kanglihua and Mosim is 16.0% and 14.0%, respectively.

Other key assumptions for the value-in-use calculation related to the estimation of cash inflows and outflows which include budgeted sales and budgeted net profit margin. This estimation is determined based on the unit's past performance and management's expectation for the market development.

Based on the management's assessment, the carrying amount of Taizhou Kanglihua CGU and Mosim CGU, including goodwill, intangible assets, property, plant and equipment and right-of-use assets attributed these CGUs, were written down to its recoverable amount of RMB15,961,000 and RMB175,460,000 respectively. An impairment loss of RMB15,800,000 on goodwill was charged to profit or loss under "Impairment losses" during the year ended December 31, 2023.

23. RIGHT-OF-USE ASSETS

	Leasehold land RMB'000	Buildings RMB'000	Experiment equipment RMB'000	Others RMB'000	Total RMB'000
As at January 1, 2022					
Carrying amount	5,018	365,695	101,940	609	473,262
As at December 31, 2022 and January 1, 2023					
Carrying amount	48,192	459,671	114,174	317	622,354
As at December 31, 2023					
Carrying amount	**47,067**	**414,828**	**94,500**	**250**	**556,645**
For the year ended December 31, 2022					
Depreciation charge	545	86,851	18,897	305	106,598
For the year ended December 31, 2023					
Depreciation charge	**1,125**	**97,823**	**22,708**	**98**	**121,754**

23. RIGHT-OF-USE ASSETS (Continued)

The consolidated statement of profit or loss and other comprehensive income contain the following amounts relating to leases:

	2023 RMB'000	2022 RMB'000
Depreciation of right-of-use assets	**121,754**	106,598
Expenses relating to short-term leases and other lease with lease terms ended within 12 months from the date of initial application of IFRS 16	**2,637**	21,527
Expense relating to leases of low-value assets, excluding short-term leases of low-value asset	**8,450**	8,220
Total cash outflow for leases	**159,967**	147,886
Additions to right-of-assets	**35,054**	221,875
Acquired through business combination (Note 44)	**21,921**	16,567
Transferred from capitalised lease to property, plant and equipment (Note 20)	**(1,193)**	(3,105)
Disposals	**(4,579)**	(2,478)
Exchange realignment	**4,840**	22,831

For both years, the Group leases various offices and experiment equipment for its operations. Lease contracts are entered into for fixed term of 2 years to 25 years (2022: 2 years to 25 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Restrictions or covenants on lease

Lease liabilities of RMB545,990,000 (2022: RMB606,740,000) are recognised with related right-of-use assets of RMB509,578,000 (2022: RMB574,162,000) as at December 31, 2023. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases committed

As at December 31, 2023, the Group entered into new leases for leased properties and machinery that have not yet commenced, with non-cancellable period of 4.0 (2022: 15.8) years, excluding period under extension options. The total future undiscounted cash flows over the non-cancellable period amounted to RMB2,452,000 (2022: RMB71,601,000).

24. DEFERRED TAXATION

The following is a summary of the deferred tax balances of the Group for financial reporting purposes:

	2023 RMB'000	2022 RMB'000
Deferred tax assets	**134,791**	121,353
Deferred tax liabilities	**(213,979)**	(214,393)
	(79,188)	(93,040)

The followings are the major deferred tax assets and liabilities recognised and movements thereon before offsetting during the current and prior year:

	Change in fair value of financial assets at fair value RMB'000	Impairment allowance RMB'000	Depreciation difference RMB'000	Stock compensation RMB'000	Others RMB'000	Total RMB'000
As at January 1, 2022	(97,418)	17,678	(101,560)	54,211	26,485	(100,604)
Credit/(charged) to profit or loss (Note 13)	14,931	3,122	(18,033)	(4,612)	22,658	18,066
Credit to reserves	65	–	–	(8,826)	30	(8,731)
Acquisition of subsidiaries (Note 44(b))	–	486	(3,114)	–	3,322	694
Exchange realignment	–	901	(9,264)	4,071	1,827	(2,465)
As at December 31, 2022 and January 1, 2023	**(82,422)**	**22,187**	**(131,971)**	**44,844**	**54,322**	**(93,040)**
Credit/(charged) to profit or loss (Note 13)	**15,116**	**4,054**	**16,400**	**(2,314)**	**22,185**	**55,441**
Charged to reserves	**21**	**–**	**–**	**(14,220)**	**38**	**(14,161)**
Acquisition of subsidiaries (Note 44(a))	**–**	**–**	**(29,181)**	**–**	**–**	**(29,181)**
Exchange realignment	**(9)**	**373**	**(1,924)**	**617**	**2,696**	**1,753**
As at December 31, 2023	**(67,294)**	**26,614**	**(146,676)**	**28,927**	**79,241**	**(79,188)**

As at December 31, 2023, the Group had unused tax losses of RMB176,283,000 (2022: RMB73,174,000), available to offset against future profits. As at December 31, 2023, unused tax losses of RMB176,283,000 (2022: RMB73,174,000) had been recognised in deferred tax assets.

Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to retained profits of the PRC subsidiaries amounting to RMB5,712,873,000 (2022: RMB4,551,251,000) as at December 31, 2023 as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

25. FINANCIAL ASSETS AT FAIR VALUE/FINANCIAL PRODUCTS

	2023 RMB'000	2022 RMB'000
Financial assets		
Non-current assets		
Financial assets at FVTPL		
– Life insurance policies (note (a))	**3,443**	2,680
– Listed equity securities	**265,925**	304,175
– Unlisted debt instrument	**64,306**	20,000
– Unlisted equity investments	**4,991,648**	4,718,449
– Unlisted fund investments	**4,906,380**	4,918,549
	10,231,702	9,963,853
Financial assets at FVOCI		
– Listed equity investments	**7,754**	–
– Unlisted equity investments	**6,754**	3,864
	14,508	3,864
Current assets		
Financial assets at FVTPL		
– Financial products (note (b))	**10,000**	24,770
– Listed equity securities	**–**	62
– Unlisted fund investments	**–**	114
– Unlisted equity investments	**1,103**	–
– Unlisted debt investments	**31,035**	–
	42,138	24,946

Notes:

(a) In prior years, Meditip, a subsidiary of the Group, entered into certain insurance policies with insurance companies to insure the directors of Meditip.

Under these policies, the policy holder and beneficiary is Meditip. The Group is required to pay an upfront payment for each policy. The Group can terminate the policy at any time and can receive cash back at the date of termination based on the account value of the policies, which is determined by the gross premium paid plus accumulated guaranteed interest earned and minus any charges made in accordance with the terms and conditions of the policies. If termination is made between the first policy year to the end of surrender period stated in the policies, there is a specified amount of surrender charge deducted from account value. The insurance companies will pay the Group guaranteed interest plus a premium determined by the insurance companies during the tenures of these policies.

(b) The Group entered into series of financial products contracts with banks and other financial institutions in the PRC. The investments are yield enhancement deposits with expected but not guaranteed rates of return. The expected rates of return was 3.00% (2022: 3.25%) per annum for the year ended December 31, 2023, which were determined by reference to the returns of the underlying investments. The directors considered the financial products shall be classified as financial assets at FVTPL and the amount paid for the financial products approximates its fair value at the end of each reporting period.

26. OTHER FINANCIAL ASSETS AT AMORTISED COST

As at December 31, 2023, the other financial assets at amortised cost comprised of corporate bonds held by the Group, amounted to approximately RMB40,995,000 (2022: RMB27,607,000) are unsecured, interest bearing, non-trading related in nature and issued by private entities.

27. INVENTORIES

	2023 RMB'000	2022 RMB'000
Raw materials and consumables	23,398	22,204

28. TRADE, BILLS AND OTHER RECEIVABLES AND PREPAYMENTS

	2023 RMB'000	2022 RMB'000
Trade receivables		
– Third parties	1,379,757	1,105,316
– Related parties (note (a))	77	–
Less: loss allowance for trade receivables	(119,134)	(77,527)
	1,260,700	1,027,789
Bills receivable		
– Third parties	215	6,031
Other receivables		
– Third parties	115,589	99,619
– Related parties (note (a))	1,553	1,010
Less: loss allowance for other receivables	(6,397)	(7,302)
	110,745	93,327
Prepayments		
– Third parties	55,557	59,103
– Related parties (note (a))	989	23
	56,546	59,126
	1,428,206	1,186,273

Notes:

(a) Details of the trade and other receivables due from related parties are set out in Note 51(2).

28. TRADE, BILLS 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 aging analysis of trade receivables (net of allowance for impairment losses), presented based on the invoice dates, at the end of each reporting period:

	2023 **RMB'000**	2022 RMB'000
Within 90 days	**963,830**	854,554
91 to 180 days	**153,731**	107,104
181 days to 1 year	**114,369**	41,734
Over 1 year	**28,770**	24,397
	1,260,700	1,027,789

Movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9 for current and prior years:

	2023 **RMB'000**	2022 RMB'000
At the beginning of year	**77,527**	52,462
Provided	**39,288**	21,891
Exchange realignment	**2,319**	3,174
At the end of year	**119,134**	77,527

29. CONTRACT ASSETS

	2023 RMB'000	2022 RMB'000
Contract assets		
– Third parties	**2,405,891**	2,043,093
– Related parties	**3,317**	1,550
Less: loss allowance for contract assets	**(44,773)**	(47,332)
	2,364,435	1,997,311

Changes in contract assets primarily relate to timing invoicing.

Details of the contract assets due from related parties are set out in Note 51(2).

Movement in lifetime ECL that has been recognised for contract assets in accordance with the simplified approach set out in IFRS 9 for current and prior years:

	2023 RMB'000	2022 RMB'000
At the beginning of year	**47,332**	45,361
Provided	**(2,604)**	1,971
Written off	**45**	–
At the end of year	**44,773**	47,332

30. CASH AND CASH EQUIVALENTS/TIME DEPOSITS WITH ORIGINAL MATURITY OVER THREE MONTHS/RESTRICTED BANK DEPOSITS

	2023 RMB'000	2022 RMB'000
Cash and cash equivalents (note (a))	**7,399,941**	7,782,741
Time deposits with original maturity over three months (note (d))	**11,028**	54,194
Restricted bank deposits		
Portion classified as current assets (notes (b) and (e))	**6,885**	19,115
Non-current portion (note (c))	**2,137**	2,089
	9,022	21,204

Notes:

(a) At the end of each reporting period, cash and cash equivalents of the Group comprised of bank balances and cash held. Bank balances carried interest at prevailing market interest rates which ranged from 0.02% to 4.2% (2022: 0.02% to 4.2%) per annum as at December 31, 2023.

(b) As at December 31, 2023, a cash deposit of US$369,000 (equivalent to approximately RMB2,614,000) (2022: US$357,000 (equivalent to approximately RMB2,486,000)) was required by Pennsylvania Department of Environmental Protection, Bureau of Radiation Protection in the USA for radiology license in USA, and the amount is restricted. As at December 31, 2023, the remaining amount in the collateral account was US$369,000 (equivalent to approximately RMB2,614,000) (2022: US$357,000 (equivalent to approximately RMB2,486,000)), which has been included in restricted bank deposits.

(c) 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 until the end of the lease term in 2027.

(d) Time deposits with original maturity over three months represent fixed deposits with maturity more than three months from the date of acquisition which carried interest at prevailing market rates ranging from 2.90% to 3.45% (2022: 2.35% to 5.20%) per annum as at December 31, 2023.

(e) As at December 31, 2023, certain bank deposits with balance of RMB208,000, was required by Shanghai Customs District for import value-added tax in China.

31. OTHER NON-CURRENT ASSETS

	2023 RMB'000	2022 RMB'000
Prepayments for acquisition of a subsidiary	**52,109**	44,517
Prepayments for acquisition of associate	**20,000**	–
Prepayments for acquisition of financial assets at FVTPL	**67,140**	–
Prepayments for acquisition of property, plant and equipment	**12,972**	13,965
Rental deposits	**4,675**	4,082
	156,896	62,564

32. ASSETS CLASSIFIED AS HELD FOR SALE

During the year ended December 31, 2022, the Group has the intention to sell one of its owned land which are ready for sale and have been quoted at prices that are reasonable in relation to their current fair values. At the end of the reporting date, such land was reclassified to "Assets classified as held for sale" under "Current assets" with recoverable amount of RMB3,237,000, which were measured at the lower of the carrying amount of RMB3,682,000 and estimated fair value less costs to sell of RMB3,237,000. As a result, impairment losses of RMB445,000 for the land was recognised for the year ended December 31, 2022.

The disposal of the land has been completed during the year ended December 31, 2023.

33. TRADE AND OTHER PAYABLES

	2023 RMB'000	2022 RMB'000
Trade payables		
– Third parties	**183,712**	125,563
– Related parties (note (a))	**65,596**	32,395
	249,308	157,958
Other payables		
– Third parties	**62,178**	70,678
– Related parties (note (a))	**13,026**	597
– Consideration payables	**–**	2,298
– Contingent consideration payables	**44,028**	79,421
– Dividend payable	**3,470**	2,266
– Salary and bonus payables	**357,979**	292,868
– Other taxes payable	**115,121**	111,864
	595,802	559,992
	845,110	717,950

33. TRADE AND OTHER PAYABLES (Continued)

Notes:

(a) Details of the trade and other payables due to related parties are set out in Note 51(2).

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

	2023 **RMB'000**	2022 RMB'000
Within 90 days	**228,964**	138,716
91 days to 1 year	**9,355**	16,284
Over 1 year	**10,989**	2,958
	249,308	157,958

34. CONTRACT LIABILITIES

	2023 RMB'000	2022 RMB'000
Contract liabilities		
– Third parties	**678,897**	936,540
– Related parties	**1,592**	3,225
	680,489	939,765

Details of contract liabilities which are related parties are set out in Note 51(2).

Changes in contract liabilities primarily relate to the Group's performance of services under the contracts. Revenue of RMB632,818,000 (2022: RMB460,361,000) of the Group were recognised for the year ended December 31, 2023 that were included in the contract liabilities at the beginning of the year.

35. BORROWINGS

	2023 RMB'000	2022 RMB'000
Secured and unguaranteed bank loans (note (a))	**571,792**	340,232
Unsecured and guaranteed bank loans (note (b))	**4,411**	2,706
Unsecured and unguaranteed bank loans (note (c))	**2,224,400**	1,769,918
	2,800,603	2,112,856
Loan interest at rate per annum in the range of	**3.55%-7.50%**	1.50%-9.50%

35. BORROWINGS (Continued)

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

	2023 RMB'000	2022 RMB'000
On demand or within one year	**2,366,380**	1,868,215
More than one year, but not exceeding two years	**82,235**	28,778
More than two year, but not exceeding five years	**351,988**	165,329
Over five years	**–**	50,534
	2,800,603	2,112,856

The carrying amounts of the Group's interest-bearing bank borrowing approximate to their fair values.

Notes:

(a) The Group has used certain restricted bank deposits in Note 30, to aggregate banking facilities of RMB512,000,000 (2022: RMB360,000,000) of which RMB176,220,000 (2022: RMB149,136,000) were utilised as borrowing as at December 31, 2023.

On May 31, 2022, Frontage Labs entered into a three-year committed senior secured revolving credit agreement with a bank under which the bank has agreed to extend to Frontage Labs a revolving line of credit in the maximum principal amount of US$45,000,000. As at December 31, 2023, US$9,000,000 (equivalent to RMB63,744,000) (2022: US$3,000,000 (equivalent to RMB20,894,000) of the facility were utilised. Frontage Labs is obligated to grant to the bank security interest in and to the collateral of some of its designated subsidiaries in the USA.

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 December 31, 2023, US$47,400,000 (equivalent to RMB335,720,000) (2022: US$15,000,000 (equivalent to RMB104,469,000) of the facility were utilized. Frontage Holdings Corporation, as the guarantor, is obligated to guarantee for the liabilities, obligations and the full satisfaction of Frontage Labs under this facility. This facility is collateralized by Frontage Labs' assets in some of its designated subsidiaries in the U.S.

On September 16, 2022, Quintara entered into a loan agreement with a bank under which the bank has agreed to provide Quintara with a loan in an aggregate principal amount of up to US$20,000,000 with multiple loan advances. As at December 31, 2023, the loan in the amount US$ nil (equivalent to RMB nil) (2022: US$10,000,000 (equivalent to RMB69,646,000) were utilized. Frontage Labs and the Company, as the guarantors, are obligated to guarantee for the full satisfaction of this loan. This loan is also collateralized by Frontage Labs' entire interest in Quintara.

(b) As at December 31, 2023, bank borrowings amounting to RMB4,441,000 (2022: RMB2,706,000) were guaranteed by personal guarantees provided by one of the director of a subsidiary.

(c) At December 31, 2023, the Group had banking facilities to the extent of RMB5,887,500,000 (2022: RMB8,950,000,000). The aforesaid bank loans outstanding as at December 31, 2023 were RMB2,224,400,000 (2022: RMB1,769,918,000).

(d) The Group had aggregated banking facilities of RMB4,265,190,000 (2022: RMB7,855,027,000) which were unutilised as at December 31, 2023.

36. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the reporting period:

	2023 **RMB'000**	2022 RMB'000
Within one year	**122,881**	117,764
Within a period of more than one year but within two years	**100,173**	106,164
Within a period of more than two years but within five years	**164,035**	176,803
More than five years	**158,901**	206,009
	545,990	606,740
Less: Amounts due for settlement with 12 months shown under current liabilities	**(122,881)**	(117,764)
Amount due for settlement after 12 months shown under non-current liabilities	**423,109**	488,976

37. OTHER LONG-TERM LIABILITIES

	2023 **RMB'000**	2022 RMB'000
Salaries and bonus accrual	**1,820**	31,424
Contingent consideration payables related to:		
– Acquisition of Quintara	**–**	40,736
– Acquisition of Beijing Bilingual	**–**	532
	1,820	72,692

38. SHARE CAPITAL

	Number of ordinary shares	Authorised shares RMB'000	Issued and paid shares RMB'000
As at January 1, 2022	872,438,364	872,439	872,439
Cancellation of shares (note (a))	(20,144)	(20)	(20)
As at December 31, 2022, January 1, 2023 and December 31, 2023	**872,418,220**	**872,419**	**872,419**

Note:

(a) During the year ended December 31, 2022, some of the Company's original incentive recipients resigned and lost their right to receive incentive. Therefore, the Company repurchased and cancelled 20,144 restricted shares previously held by these incentive recipients with a deduction from the treasury shares of RMB644,000 including a reduction of RMB20,000, in share capital, and RMB624,000, in share premium.

39. TREASURY SHARES

	As at December 31,			
	2023		2022	
	Number of ordinary shares	Cost of acquisition	Number of ordinary shares	Cost of acquisition
		RMB'000		RMB'000
Balance brought forward	**7,469,650**	**869,340**	6,037,121	579,186
Repurchase of shares (note (a))	–	–	3,909,800	369,391
Cancellation of shares (Note 38(a))	–	–	(20,144)	(644)
Vesting of restricted share units under Restricted Share Scheme (as defined in Note 45(c)(i))	–	–	(2,457,127)	(78,593)
Balance carried forward	**7,469,650**	**869,340**	7,469,650	869,340

Notes

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

40. RESERVES MOVEMENT OF THE COMPANY

	Share premium RMB'000	Employee share-based compensation reserve RMB'000	Statutory reserve RMB'000	Retained earnings RMB'000	Total RMB'000
As at January 1, 2022	11,495,982	56,030	317,065	1,881,206	13,760,283
Profit for the year	–	–	–	744,758	744,758
Transfer to statutory reserve	–	–	74,476	(74,476)	–
Recognition of share-based payments (Note 45(c))	–	20,224	–	–	20,224
Recognition of deferred tax assets related to share-based payment	–	4,028	–	–	4,028
Vesting of restricted shares	14,290	(25,872)	–	–	(11,582)
Cancellation of shares (Note 38(a))	(624)	–	–	–	(624)
Dividends declared (Note 17)	–	–	–	(432,463)	(432,463)
As at December 31, 2022 and January 1, 2023	**11,509,648**	**54,410**	**391,541**	**2,119,025**	**14,074,624**
Profit for the year	**–**	**–**	**–**	**743,266**	**743,266**
Transfer to statutory reserve	**–**	**–**	**44,668**	**(44,668)**	**–**
Recognition of share-based payment (Note 45(c))	**–**	**(8,586)**	**–**	**–**	**(8,586)**
Recognition of deferred tax assets related to share-based payments	**–**	**(4,029)**	**–**	**–**	**(4,029)**
Dividend declared (Note 17)	**–**	**–**	**–**	**(475,722)**	**(475,722)**
As at December 31, 2023	**11,509,648**	**41,795**	**436,209**	**2,341,901**	**14,329,553**

40. RESERVES MOVEMENT OF THE COMPANY (Continued)

Notes:

(a) Share premium:

The amount represents capital contribution in excess of nominal value of share capital.

(b) Employee share-based compensation reserve:

The amount represents the fair value of the actual or estimated number of unexercised share options granted by the group entities and recognised in accordance with the accounting policy adopted for share-based payments.

(c) Statutory reserve:

In accordance with the articles of association of subsidiaries established in the PRC, these 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 shall 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.

The Commercial Code of the Republic of Korea requires DreamCIS to appropriate, as a legal reserve, an amount equal to a minimum of 10% of cash dividends paid, until such reserve equals 50% of its issued capital. The reserve is not available for the payment of cash dividends, but may be transferred to issued capital, or used to reduce accumulated deficit, if any.

(d) Exchange reserve:

The amount represents gains/losses arising on retranslating the net assets of foreign operations into presentation currency of the Group.

(e) FVOCI reserve:

The amount represents the cumulative net change in the fair value of equity investments designated at FVOCI under IFRS 9 that are held at the end of the reporting period.

(f) Retained earnings:

Cumulative net gains and losses recognised in profit or loss.

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**117,711**	34,160
Intangible assets		**7,965**	10,710
Right-of-use assets		**69,159**	90,484
Investments in subsidiaries	18	**9,618,324**	8,082,554
Interests in associates		**17,150**	18,515
Deferred tax assets		**28,034**	18,667
Financial assets at FVTPL		**940,558**	1,093,034
Other non-current assets		**4,873**	2,684
		10,803,774	9,350,808
CURRENT ASSETS			
Trade and other receivables and prepayments		**1,210,808**	1,036,933
Contract assets		**1,605,838**	1,370,766
Cash and cash equivalents		**5,864,404**	6,343,550
		8,681,050	8,751,249
CURRENT LIABILITIES			
Trade and other payables		**2,660,207**	1,790,536
Contract liabilities		**86,373**	268,974
Borrowings		**2,219,400**	1,765,500
Income tax payables		**69,943**	47,652
Lease liabilities		**20,545**	27,147
		5,056,468	3,899,809
NET CURRENT ASSETS		**3,624,582**	4,851,440
TOTAL ASSETS LESS CURRENT LIABILITIES		**14,428,356**	14,202,248

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

(Continued)

	Notes	2023 RMB'000	2022 RMB'000
NON-CURRENT LIABILITIES			
Lease liabilities		**28,427**	42,122
Deferred tax liabilities		**67,297**	82,423
		95,724	124,545
NET ASSETS		**14,332,632**	14,077,703
CAPITAL AND RESERVES			
Share capital	38	**872,419**	872,419
Treasury shares	39	**(869,340)**	(869,340)
Reserves	40	**14,329,553**	14,074,624
TOTAL EQUITY		**14,332,632**	14,077,703

On behalf of the directors

Dr. Ye Xiaoping

Ms. Cao Xiaochun

42. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities comprising the Group will be able to continue as going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the reporting period.

The capital structure of the Group consists of lease liabilities, borrowings (net of cash and cash equivalents) and equity attributable to owners of the Company (comprising capital and reserves).

Management of the Group regularly reviews the capital structure on a continuous basis taking into account the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debts.

43. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2023 RMB'000	2022 RMB'000
Financial assets		
Financial assets at amortised cost	**8,837,321**	9,016,975
Financial assets at FVTPL	**10,273,840**	9,988,799
Financial assets at FVOCI	**14,508**	3,864
	19,125,669	19,009,638
Financial liabilities		
Financial liabilities at amortised cost	**4,034,374**	3,246,261
Financial liabilities at FVTPL	**44,028**	152,113
	4,078,402	3,398,374

Financial risk management objectives and policies

The Group's major financial assets and liabilities include other financial assets at amortised cost, financial assets at FVTPL, financial assets at FVOCI, restricted bank deposits, trade, bills and other receivables, time deposits with original maturity over three months, cash and cash equivalents, trade and other payables, borrowings, other long-term liabilities and lease liabilities. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group's activities expose it primarily to currency risk, interest rate risk and price risk. There has been no change in the Group's exposure to these risks or the manner in which it managed and measured the risks during each of the reporting period.

Currency risk

Several subsidiaries of the Company have foreign currency sales, capital expenditure, cash and cash equivalents and borrowings, which expose the Group to foreign currency risk.

The subsidiaries are mainly exposed to foreign currency of US$.

The Group enters into a derivative financial instruments to manage its exposure to currency risk, including forward foreign exchange contracts.

43. FINANCIAL INSTRUMENTS (Continued)

Market risk (Continued)

Currency risk (Continued)

The carrying amounts of the Group's foreign currency denominated monetary assets (financial assets at FVTPL, trade, bills and other receivables, cash and cash equivalents) and liabilities (trade and other payables) at the end of each reporting period are summarised as follows:

	2023 RMB'000	2022 RMB'000
Assets		
US$	**710,264**	673,469
Liabilities		
US$	**–**	6

Sensitivity analysis
The following table details the Group's sensitivity to a 5% increase and decrease in RMB against foreign currencies, the foreign currencies with which the Group may have a material exposure. 5% represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis uses outstanding foreign currency denominated monetary items as a base and adjusts their translation at the end of each reporting period for a 5% change in foreign currency rate. A positive number below indicates an increase in profit before tax where foreign currencies strengthens 5% against RMB. For a 5% weakening of foreign currencies against RMB, there would be an equal and opposite impact on profit before tax.

	2023 RMB'000	2022 RMB'000
Impact on profit before tax		
US$	**35,513**	33,673

In the opinion of the directors, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to its restricted bank deposits, note receivables, financial products, cash and cash equivalents, lease liabilities and borrowings. The exposure in relation to fixed rate agreements is considered to be minimal.

43. FINANCIAL INSTRUMENTS (Continued)

Market risk (Continued)

Interest rate risk (Continued)

The Group is also exposed to cash flow interest rate risk in relation to variable rate bank borrowings. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the Prime Rate, Secured Overnight Financing Rate and The Korea Interbank Offered Rates benchmark rates. For the variable rate bank borrowings, the Group currently does not have an interest rate hedging policy to mitigate interest rate risk; nevertheless, management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

The Group analyses the interest rate exposure on a yearly basis. A sensitivity analysis is performed by applying a simulation technique to the liabilities that represent major interest – bearing positions. Various scenarios are run taking into consideration refinancing, renewal of the existing positions, alternative financing and hedging. Based on the simulations performed, the impact on profit or loss and net assets of a 100 basis-point shift (being the maximum reasonable expectation of changes in interest rates basis point: 1/100th of a percentage point) would be an increase of RMB5,790,000 (2022: RMB3,406,000) or a decrease of RMB5,790,000 (2022: RMB3,406,000). The gain or loss potential is then compared to the limits determined by management.

Price risk

The Group is exposed to equity price risk through its investment in equity securities and fund investments measured at FVTPL and FVOCI (see Note 25).

The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

If the prices of the respective instruments at FVTPL had been 5% higher/lower, profit before tax for the year ended December 31, 2023 would increase/decrease by RMB508,253,000 (2022: RMB497,059,000) as a result of the changes in fair value of financial assets at FVTPL.

If the prices of the respective instruments at FVOCI had been 5% higher/lower, other comprehensive income for the year ended December 31, 2023 would increase/decrease by RMB725,000 (2022: RMB193,000) as a result of the changes in fair value of financial assets at FVOCI.

Credit risk and impairment assessment

As at the end of each reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

43. FINANCIAL INSTRUMENTS (Continued)

Market risk (Continued)

Credit risk and impairment assessment (Continued)

Credit terms are granted to customers who are in good credit reputation. In order to minimise the credit risk, management has designated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up actions are taken to recover overdue debts. In addition, the directors review the recoverability of each significant trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors consider that the Group's credit risk is significantly reduced.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of each reporting period, the Group's maximum exposure to credit risk which cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise credit risk, the Group has tasked its finance team to develop and maintain the Group's credit risk grading to categorise exposures according to their degree of risk of default. Management uses publicly available financial information and the Group's own historical repayment records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate exposure is spread amongst approved counterparties.

For trade receivables and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items by using a provision matrix as at December 31, 2022 and 2021 within lifetime ECL (not credit impaired) estimated based on the financial quality of debtors and historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. The Group's current credit risk grading framework comprises the following categories:

Category	Description
Current	The counterparty has an invoice that is current at reporting date
Within 90 days	The counterparty has an invoice that is past due within 90 days of the reporting date
91 to 180 days	The counterparty has an invoice that is past due within 91 to 180 days of the reporting date
181 days to 1 year	The counterparty has an invoice that is past due within 181 days to 1 year at reporting date
Over 1 year	The counterparty has an invoice that is past due over 1 year at reporting date

43. FINANCIAL INSTRUMENTS (Continued)

Market risk (Continued)

Credit risk and impairment assessment (Continued)

The following table details the risk profile of the Group's trade receivables and contract assets:

As at December 31, 2023	Current	Within 90 days	91 to 180 days	181 days to 1 year	Over 1 year	Total
	Not credit impaired				Credit impaired	
Expected credit loss rate	1.98%	5.95%	16.17%	21.22%	43.94%	
Gross carrying amount (RMB'000)	3,078,485	329,962	184,231	144,626	51,738	3,789,042
Loss allowance (RMB'000)	(61,053)	(19,648)	(29,789)	(30,685)	(22,732)	(163,907)
	3,017,432	310,314	154,442	113,941	29,006	3,625,135

As at December 31, 2022	Current	Within 90 days	91 to 180 days	181 days to 1 year	Over 1 year	Total
	Not credit impaired				Credit impaired	
Expected credit loss rate	2.21%	6.36%	9.73%	21.35%	53.36%	
Gross carrying amount (RMB'000)	2,708,062	256,701	53,042	84,267	47,887	3,149,959
Loss allowance (RMB'000)	(59,830)	(16,322)	(5,161)	(17,994)	(25,552)	(124,859)
	2,648,232	240,379	47,881	66,273	22,335	3,025,100

For other receivables, management of the Group makes periodic individual assessment on the recoverability based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The Group measures the loss allowance equal to 12m ECL, unless when there are indicators that the financial asset is credit-impaired, the Group recognises lifetime ECL.

The Group recognises lifetime ECL for other receivables when there is evidence indicating (i) there has been significant increase in credit risk since initial recognition; (ii) the asset is credit-impaired but the Group has realistic prospect of recovery; or (iii) the debtor is in severe financial difficulty.

43. FINANCIAL INSTRUMENTS (Continued)

Market risk (Continued)

Credit risk and impairment assessment (Continued)

The table below details the credit risk exposures of the Group's other receivables which are subject to ECL assessment:

As at December 31, 2023	Expected credit loss rate	Gross amounts RMB'000	Loss allowance RMB'000
not credit-impaired	1.3%	91,480	1,193
credit impaired	27.0%	19,265	5,204
		110,745	6,397

As at December 31, 2022	Expected credit loss rate	Gross amounts RMB'000	Loss allowance RMB'000
not credit-impaired	0.9%	80,624	762
credit-impaired	32.7%	20,005	6,540
		100,629	7,302

For the purposes of impairment assessment, other financial assets at amortised cost, bills receivables and other financial assets that are subject to impairment and financial guarantee contracts are considered to have low credit risk as the counterparties to these items have no historical default record. Accordingly, for the purpose of impairment assessment for these items assets, the loss allowance is measured at an amount equal to 12m ECL. In determining the ECL for other financial assets at amortised cost, bills receivables and other financial assets that are subject to impairment and financial guarantee contracts, the directors have taken into account the historical default experience and the future prospects of the industries and/or considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of the other financial assets at amortised cost, bills receivables and other financial assets that are subject to impairment and financial guarantee contracts occurring within their respective loss assessment time horizon, as well as the loss upon default in each case. The directors considered that the ECL allowance is insignificant as at December 31, 2023 and 2022.

The Group expects that there is no significant credit risk associated with cash deposits and financial products since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

The Group has no significant concentration of credit risk associated with trade receivables, with exposure spread over a large number of counterparties and customers.

The Group also expects that there is no significant credit risk associated with amounts due from related parties since counterparties are mainly related parties with good reputation.

43. FINANCIAL INSTRUMENTS (Continued)

Market risk (Continued)

Liquidity risk

In the management of the liquidity risk, the Group monitor and maintain a level of cash and cash equivalents and unused banking facilities deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Liquidity and interest risk table

	Weighted average interest rate	On demand or less than one year RMB'000	One to five years RMB'000	Over five years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
As at December 31, 2023						
Trade and other payables	N/A	729,989	–	–	729,989	729,989
Borrowings	4.26%	2,411,224	508,737	–	2,919,961	2,800,603
Lease liabilities	5.33%	129,106	278,652	167,329	575,087	545,990
Other long-term liabilities	N/A	–	1,820	–	1,820	1,820
Total		3,270,319	789,209	167,329	4,226,857	4,078,402
As at December 31, 2022						
Trade and other payables	N/A	606,086	–	–	606,086	606,086
Borrowings	3.45%	1,896,805	236,292	52,234	2,185,331	2,112,856
Lease liabilities	5.75%	126,238	297,659	217,737	641,634	606,740
Other long-term liabilities	N/A	–	72,692	–	72,692	72,692
Total		2,629,129	606,643	269,971	3,505,743	3,398,374

43. FINANCIAL INSTRUMENTS (Continued)

Fair value measurement

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

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

Financial assets/(liabilities)	Fair value at December 31, 2023 RMB'000	Fair value at December 31, 2022 RMB'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Listed equity securities at fair value	**62,149**	43,040	Level 1	Quoted market transaction prices	N/A	N/A
Listed equity securities at fair value	**211,530**	261,197	Level 2	Quoted market transaction prices, with an adjustment of discount for lack of marketability	N/A	N/A
Unlisted equity investments at fair value	**4,999,505**	4,722,313	Level 3	Market multiples with an adjustment of discount for lack of marketability	Discount for lack of marketability	The higher the discount for lack of marketability, the lower the valuation
				Equity value allocation model	Seniority	The higher the seniority, the higher the valuation
					IPO probability	The higher the IPO probability, the higher the valuation
				Discounted cash flows – Future cash flows are estimated based on expected return, discounted at a rate that reflects risk of underlying assets	Expected growth rate	The higher the expected growth rate, the higher the valuation
					Discount rate	The higher the discount rate, the lower the valuation
				Latest transaction prices/ consideration for shares transfer in similar equity interest	Consideration due to timing, condition of sale and terms of agreement, size and nature of similar business to derive estimated value	The higher the value of similar transactions, the higher the valuation

43. FINANCIAL INSTRUMENTS (Continued)

Fair value measurement (Continued)

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

Financial assets/(liabilities)	Fair value at December 31, 2023 RMB'000	Fair value at December 31, 2022 RMB'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Unlisted fund investments at fair value	**4,906,380**	4,918,549	Level 3	Net asset value of underlying investments	Net assets	The higher the net asset value, the higher the valuation
	–	114	Level 2	Quoted bid prices for identical assets in market that are not active	N/A	N/A
Life insurance policies	**3,443**	2,680	Level 2	Quoted price as provided by the insurance companies	N/A	N/A
Unlisted debt instrument	**64,306**	20,000	Level 3	Binomial model	Discount rate	The higher the discount rate, the lower the valuation
	31,035	–	Level 2	Quoted price as provided by the asset management companies	N/A	N/A
Financial products	**10,000**	24,770	Level 2	Discounted cash flows – Future cash flows are estimated based on expected return, discounted at a rate that reflects risk of underlying assets	N/A	N/A
Contingent consideration payables	**(44,028)**	(120,689)	Level 3	Discounted cash flows – Future cash flows are estimated based on expected return, discounted at a rate that reflects risk of underlying assets	Expected growth rate Discount rate	The higher the expected growth rate, the higher the valuation The higher the discount rate, the lower the valuation

There were no transfers between level 1 and level 2 during the prior year.

Notes:

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

(a) Discount for lack of marketability

A 5% increase/decrease in the discount for lack of marketability while holding all other variables constant would decrease/increase the fair value of the unlisted equities by RMB153,942,000 (2022: RMB152,030,000) as at December 31, 2023.

(b) IPO probability

A 5% increase/decrease in the IPO probability while holding all other variables constant would increase/decrease the fair value of the unlisted equities by RMB79,456,000 (2022: RMB66,247,000) as at December 31, 2023.

(c) Net asset value

A 5% increase/decrease in the net asset value while holding all other variables constant would increase/decrease the fair value of the unlisted funds by RMB245,319,000 (2022: RMB245,927,000) as at December 31, 2023.

43. FINANCIAL INSTRUMENTS (Continued)

Fair value measurement (Continued)

(ii) Reconciliation of level 3 fair value measurements

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

	Contingent consideration payables RMB'000	Unlisted equity investments at FVTPL RMB'000	Unlisted debt instrument at FVTPL RMB'000	Unlisted equity investments at FVOCI RMB'000	Unlisted fund investments at FVTPL RMB'000
As at January 1, 2022	(176,203)	4,071,784	–	13,531	4,569,041
Acquisitions	–	412,744	20,000	3,664	271,491
Disposals	–	(20,804)	–	–	(135,654)
Acquisition through business combination (Note 44(b))	(532)	5,580	–	–	–
Payments	71,334	–	–	–	–
Changes in fair value	(1,304)	508,612	–	14,559	133,613
Transfer to Level 2 (note (a))	–	(279,330)	–	–	–
Transfer due to business combination	–	(13,833)	–	(27,510)	–
Transfer to consideration payables	–	–	–	–	–
Exchange realignment	(13,984)	33,696	–	(380)	80,058
As at December 31, 2022 and January 1, 2023	(120,689)	4,718,449	20,000	3,864	4,918,549
Acquisitions	–	510,403	85,822	2,707	119,374
Disposals	–	(80,903)	(41,516)	–	(440,175)
Payments	82,000	–	–	–	–
Changes in fair value	(3,603)	135,852	–	137	292,796
Transfer to Level 1	–	(31,500)	–	–	–
Transfer to Level 2 (note (a))	–	(264,784)	–	–	–
Exchange realignment	(1,736)	5,234	–	46	15,836
As at December 31, 2023	(44,028)	4,992,751	64,306	6,754	4,906,380

Note:

(a) The unlisted equity investments were transferred from Level 3 to Level 2 as the equity investments have been listed during the years ended December 31, 2023 and 2022, and the shares held by the Group are restricted for sales upon listing as at December 31, 2023 and 2022.

Of the total gains or losses for the year ended December 31, 2023, included in profit or loss RMB425,045,000 (2022: RMB640,921,000) were unrealised fair value gains related to financial instruments at FVTPL on Level 3 fair value measurement held as at December 31, 2023. Fair value gains or losses on contingent consideration payables and on financial assets at FVTPL are presented in Note 9.

43. FINANCIAL INSTRUMENTS (Continued)

Fair value measurement (Continued)

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

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

44. ACQUISITION OF BUSINESSES

During the current and prior year, the Group continued to actively seek for investment opportunities through acquisitions and has completed several acquisitions of businesses.

(a) For the year ended December 31, 2023

Name of businesses acquired	Vendor	Percentage of equity interests acquired	Principal activities	Date of completion
Marti Farm D.O.O ("Marti Farm")	Independent third parties	70%	Clinical trials and pharmacovigilance	January 20, 2023
Nucro Group (as defined in Note 44(a)(ii))	Independent third parties	100%	Bioanalytical and DMPK services	August 15, 2023

(i) Acquisition of Marti Farm

On January 20, 2023, the Group entered into a share purchase agreement with the shareholders of Marti Farm (the "Marti Farm Sellers"), pursuant to which Marti Farm Sellers agreed to sell and the Group agreed to purchase 70% of the equity interest in Marti Farm for a cash consideration of approximately EUR€6,202,000 (equivalent to RMB45,768,000) (the "Marti Farm Acquisition"). In completing the Marti Farm Acquisition, the Group will expand its capabilities in clinical trials and pharmacovigilance. The consideration has been settled in prior year and included in other non-current asset as at December 31, 2022. The said balance has been utilised during the year ended December 31, 2023.

This acquisition has been accounted for as acquisition of business using the acquisition method. During the year ended December 31, 2023, all of the conditions precedent under the sales and purchase agreement were fulfilled, and Marti Farm became an indirect subsidiary of the Group.

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

44. ACQUISITION OF BUSINESSES (Continued)

(a) For the year ended December 31, 2023 (Continued)

(i) Acquisition of Marti Farm D.O.O (Continued)

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

	Fair value RMB'000
Property, plant and equipment	127
Intangible assets	11,830
Trade and other receivables	13,473
Other current assets	19
Cash and cash equivalents	5,639
Trade and other payables	(5,078)
Income tax payables	(1,365)
Deferred tax liabilities	(2,129)
Non-controlling interests	(6,755)
Net assets acquired	15,761

	RMB'000
Cash consideration paid in 2022	45,768
Less: Fair value of net assets acquired	(15,761)
Goodwill	30,007
Net cash inflow arising on acquisition of a subsidiary:	
Cash consideration paid	45,768
Less: Cash and cash equivalents acquired	(5,639)
	40,129

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

The fair value of trade and other receivables at the date of acquisition amounted to RMB13,473,000. The gross contractual amounts of those trade and other receivables acquired amounted to RMB13,473,000 at the date of acquisition. The best estimate at acquisition date of the contractual cash flows not expected to be collected was nil.

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

44. ACQUISITION OF BUSINESSES (Continued)

(a) For the year ended December 31, 2023 (Continued)

(i) Acquisition of Marti Farm D.O.O (Continued)

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

Since the acquisition date, Marti Farm has contributed RMB32,269,000 to the Group's revenue and a net loss of RMB914,000 to the overall result of the Group for the year ended December 31, 2023. No pro-forma information for the acquisition of Marti Farm is prepared as the acquisition was completed in January 2024 and the directors are of the opinion that there is no significant changed to the Group's revenue or profit for the current year had the transaction been completed on January 1, 2024.

The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2023, nor is it intended to be a projection of future results.

(ii) Acquisition of Nucro Group

On August 15, 2023, Frontage Labs entered into a share purchase agreement (the "Agreement") with (i) shareholders of Nucro Technics Inc. ("Nucro Technics") and Nucro-Technics Holdings, Inc. ("Nucro Holdings") (collectively as the "Nucro Sellers"), (ii) Nucro Sellers' Representative, (iii) Nucro Technics and Nucro Holdings (collectively as the "Nucro Group"), pursuant to which the Nucro Sellers agreed to sell and Frontage Labs agreed to purchase 100% of the equity interests of the Nucro Group for a cash consideration of CAD$70,000,000 (equivalent to RMB359,403,000) payable and subject to an upward or downward adjustments in respect of the Nucro net working capital as of the closing date in accordance with the terms and conditions of the Agreement (the "Nucro Acquisition"). The Nucro Acquisition was completed on August 15, 2023.

The Nucro Group are principally engaged in providing Bioanalytical and DMPK services. The acquisition has been accounted for as acquisition of business using the acquisition method.

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

44. ACQUISITION OF BUSINESSES (Continued)

(a) For the year ended December 31, 2023 (Continued)

(ii) Acquisition of Nucro Group (Continued)

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

	Fair value RMB'000
Property, plant and equipment	46,715
Intangible assets	80,027
Right-of-use assets	21,921
Trade and other receivables	20,517
Inventories	5,003
Cash and cash equivalents	1,276
Lease Liabilities	(21,921)
Trade and other payables	(12,926)
Income tax payables	(16,121)
Deferred tax liabilities	(27,052)
Net assets acquired	97,439

	RMB'000
Cash consideration paid	358,206
Less: Fair value of net assets acquired	(97,439)
Goodwill	260,767
Net cash outflow arising on acquisition of subsidiaries:	
Cash consideration paid	358,206
Less: Cash and cash equivalents acquired	(1,276)
	356,930

Acquisition-related costs amounting to US$15,000 (equivalent to approximately RMB106,000) are excluded from the consideration transferred and have been recognised as an expense in the current year, within the administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

44. ACQUISITION OF BUSINESSES (Continued)

(a) For the year ended December 31, 2023 (Continued)

(ii) Acquisition of Nucro Group (Continued)

The fair value of trade and other receivables at the date of acquisition amounted to RMB20,517,000. The gross contractual amounts of those trade and other receivables acquired amounted to RMB20,517,000 at the date of acquisition. The best estimate at acquisition date of the contractual cash flows not expected to be collected was nil.

Goodwill arose in the acquisition of the Nucro Group 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.

Since the acquisition date, Nucro Group has contributed RMB43,217,000 to the Group's revenue and a net profit of RMB1,716,000 to the overall result of the Group for the year ended December 31, 2023. If the acquisition had occurred on January 1, 2023, the Group's revenue would have been RMB7,463,871,000 and the profit of the Group would have been RMB2,153,878,000 for the year ended December 31, 2023.

The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2023, nor is it intended to be a projection of future results.

44. ACQUISITION OF BUSINESSES (Continued)

(b) For the year ended December 31, 2022

Name of businesses acquired	Vendor	Percentage of equity interests acquired	Principal activity	Date of completion
Experimur	Independent third parties	100%	Provision of toxicology testing, research, and laboratory services for biopharmaceutical companies specialising in drug discovery and development.	January 10, 2022
Beijing Bilingual Translation Co., Ltd. ("Beijing Bilingual")	Independent third parties	100%	Medical translation	March 4, 2022
Meditip	Independent third parties	70.25%	Provision of bio products and medical devices through licensing, insurance, clinical work, follow-up management, discovery of distributors, and market preliminary research of domestic and world leading bio companies of successful development and commercialisation.	March 15, 2022
Frontage Clinical	Independent third parties	88.1%	Clinical research services	July 27, 2022
LCS	An independent third party	100%	Clinical research services	August 1, 2022

44. ACQUISITION OF BUSINESSES (Continued)

(b) For the year ended December 31, 2022 (Continued)

(i) Acquisition of Experimur

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

The Experimur Group are principally engaged in providing toxicology testing, research, and laboratory services for biopharmaceutical companies specializing in drug discovery and development. In completing the Experimur Acquisition, the Group will expand the Group's capabilities in pharmacological safety assessment, toxicology services, and other ancillary drug discovery and development services and will increase the Group's capacity to provide such services through additional scientists, equipment and facilities. The acquisition has been accounted for as acquisition of business using the acquisition method. During the year ended December 31, 2022, all of the conditions precedent under the sales and purchase agreement, has been fulfilled, and Experimur became an indirect subsidiary of the Company thereafter.

44. ACQUISITION OF BUSINESSES (Continued)

(b) For the year ended December 31, 2022 (Continued)

(i) Acquisition of Experimur (Continued)

Acquisition-related costs amounting to US$458,000 (equivalent to RMB3,095,000) are excluded from the consideration transferred and have been recognized as an expense in the current year, within the administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

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

	Fair value RMB'000
Property, plant and equipment	28,155
Intangible assets – trade name	3,819
Intangible assets – customer relationship	29,280
Intangible assets – customer backing	15,913
Intangible assets – non-competition clause	1,273
Trade and other receivables	7,651
Contract assets	6,968
Deferred tax assets	675
Cash and cash equivalents	15,930
Trade and other payables	(1,568)
Contract liabilities	(7,859)
Deferred government grant	(13,900)
Net assets acquired	86,337

	RMB'000
Cash consideration paid	498,382
Less: Fair value of net assets acquired	(86,337)
Goodwill	412,045
Net cash outflow arising on acquisition of subsidiaries:	
Cash consideration paid	498,382
Less: Cash and cash equivalents acquired	(15,930)
	482,452

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

Goodwill arose in the acquisition of the Experimur Group 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.

44. ACQUISITION OF BUSINESSES (Continued)

(b) For the year ended December 31, 2022 (Continued)

(i) Acquisition of Experimur (Continued)

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

Included in the profit for the year ended December 31, 2022 is RMB39,024,000 attributable to the additional business generated by the Experimur Group. Revenue for the year ended December 31, 2022 includes RMB127,480,000 generated from the Experimur Group.

Had the acquisition been completed on January 1, 2022, revenue for the current year of the Group would have been RMB1,692,697,000, and profit for the current year of the Group would have been RMB174,387,000. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2022, nor is it intended to be a projection of future results.

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

(ii) Acquisition of Beijing Bilingual

On March 2, 2022, the Group entered into a share purchase agreement with the shareholders of Beijing Bilingual (the "Beijing Bilingual Sellers"), pursuant to which Beijing Bilingual Sellers agreed to sell and the Group agreed to purchase 100% of the equity interest in Beijing Bilingual for a cash consideration of approximately RMB2,660,000 (the "Beijing Bilingual Acquisition"). In completing the Beijing Bilingual Acquisition, the Group will expand its capabilities in medical translation services.

The total consideration of the Beijing Bilingual is subject to downward adjustment in respect of the guarantee to a maximum of RMB532,000 in accordance with the terms and conditions of the agreement.

This acquisition has been accounted for using the acquisition method. During the year ended December 31, 2022, all of the conditions precedent under the sales and purchase agreement were fulfilled, and Beijing Bilingual became an indirect subsidiary of the Company thereafter.

44. ACQUISITION OF BUSINESSES (Continued)

(b) For the year ended December 31, 2022 (Continued)

(ii) Acquisition of Beijing Bilingual (Continued)

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

	Fair value RMB'000
Trade, other receivables and prepayments	286
Cash and cash equivalents	195
Trade and other payables	(390)
Income tax payables	(4)
Net assets acquired	87

	RMB'000
Cash consideration paid	1,330
Consideration payable	798
Contingent consideration payable	532
Less: Fair value of net assets acquired	(87)
Goodwill	2,573
Net cash outflow arising on acquisition of a subsidiary:	
Cash consideration paid	1,330
Less: Cash and cash equivalents acquired	(195)
	1,135

Acquisition-related costs, which were immaterial, have been excluded from the consideration transferred and have been recognised as an expense in the current year, within the administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

44. ACQUISITION OF BUSINESSES (Continued)

(b) For the year ended December 31, 2022 (Continued)

(ii) Acquisition of Beijing Bilingual (Continued)

The fair value of trade and other receivables at the date of acquisition amounted to RMB286,000. The gross contractual amounts of those trade and other receivables acquired amounted to RMB286,000 at the date of acquisition. The best estimate at acquisition date of the contractual cash flows not expected to be collected was nil.

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

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

Since the acquisition date, Beijing Bilingual has contributed RMB498,000 to the Group's revenue and a profit of RMB501,000 to the overall result of the Group for the year ended December 31, 2022. If the acquisition had occurred on January 1, 2022, the Group's revenue would have been RMB7,085,798,000 and the profit of the Group would have been RMB2,281,045,000 for the year ended December 31, 2022.

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

(iii) Acquisition of Meditip

On March 15, 2022, the Group acquired additional 70.25% equity interests of Meditip for consideration of KRW25,454,071,000 (equivalent to RMB130,580,000) (the "Meditip Acquisition"). Meditip is principally engaged in providing bio products and medical devices through licensing, insurance, clinical work, follow-up management, discovery of distributors, and market preliminary research of domestic and world leading bio companies of successful development and commercialization.

Prior to the completion of Meditip Acquisition, the Group owns 18.75% equity interest in Meditip. The Group accounted for its interest in Meditip as financial assets at FVOCI.

This acquisition has been accounted for as acquisition of business using the acquisition method. During the year ended December 31, 2022, all of the conditions precedent under the sales and purchase agreement were fulfilled, and Meditip became an indirect subsidiary of the Group.

This transaction was accounted for as a business combination achieved in stages. The Group remeasured its previously held interest in Meditip on the acquisition date and recognised a gain of RMB14,928,000 on the fair value change of previously held interests, which is included in change in fair value of financial assets at FVOCI under "FVOCI reserve".

44. ACQUISITION OF BUSINESSES (Continued)

(b) For the year ended December 31, 2022 (Continued)

(iii) Acquisition of Meditip (Continued)

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

	Fair value RMB'000
Property, plant and equipment	4,509
Intangible assets – customer relationship	14,441
Right-of-use assets	1,352
Financial assets at FVTPL	7,864
Other non-current asset	264
Inventories	146
Trade, other receivables and prepayments	3,443
Contract assets	2,495
Time deposits with original maturity over three months	446
Cash and cash equivalents	12,440
Trade and other payables	(3,663)
Contract liabilities	(6,567)
Income tax payables	(260)
Borrowings	(7,644)
Other long term liabilities	(46)
Lease liabilities	(675)
Deferred tax liabilities	(833)
Non-controlling interests	(5,817)
Net assets acquired	21,895

	RMB'000
Cash consideration paid	103,070
Fair value of previously held interests in Meditip	27,510
Total transferred consideration	130,580
Less: Fair value of net assets acquired	(21,895)
Goodwill	108,685
Net cash outflow arising on acquisition of a subsidiary:	
Cash consideration paid	103,070
Less: Cash and cash equivalents acquired	(12,440)
	90,630

Acquisition-related costs amounting to RMB435,000 are excluded from the consideration transferred and have been recognised as an expense current year, within the administrative expense in the consolidated statement of profit or loss and other comprehensive income.

44. ACQUISITION OF BUSINESSES (Continued)

(b) For the year ended December 31, 2022 (Continued)

(iii) Acquisition of Meditip (Continued)

The fair value of trade and other receivables and prepayments at the date of acquisition amounted to RMB3,443,000. The gross contractual amounts of those trade and other receivables acquired amounted to RMB3,443,000 at the date of acquisition. The best estimate at acquisition date of the contractual cash flows not expected to be collected was nil.

The non-controlling interests recognised at the acquisition was measured at net asset value. In prior year, Meditip has granted certain shares options to its employees (see Note 45(e)). The fair value of the share options granted by Meditip was estimated using binominal method. The following were the key model inputs used in determining the fair value of share options:

- volatility : 61.36%-63.24%
- dividend yield: 0%
- expected maturity: 2.9-4.9 years
- risk free rate: 2.64%-2.85%

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

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

Since the acquisition date, Meditip has contributed RMB36,537,000 to the Group's revenue and a profit of RMB5,558,000 to the overall result of the Group for the year ended December 31, 2022. If the acquisition had occurred on January 1, 2022, the Group's revenue would have been RMB7,095,257,000 and the profit of the Group would have been RMB2,282,071,000 for the year ended December 31, 2022.

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

44. ACQUISITION OF BUSINESSES (Continued)

(b) For the year ended December 31, 2022 (Continued)

(iv) Acquisition of Frontage Clinical

On July 27, 2022, the Group entered into a share purchase agreement with the shareholders of Frontage Clinical (the "Frontage Clinical Sellers") and Frontage Clinical Services, Inc. ("Frontage Clinical"), pursuant to which the Frontage Clinical Sellers agreed to sell and the Group agreed to purchase 88.09% of the equity interest in Frontage Clinical for a cash consideration of approximately US$13,215,000 (equivalent to RMB89,507,000) and subject to an upward or downward adjustments in respects of Frontage Clinical's net working capital in accordance with the terms and conditions of the agreement (the "Frontage Clinical Acquisition"). In completing the Frontage Clinical Acquisition, the Group will expand the its capabilities in clinical research services for Phase I clinical trials, tabaco studies, and human Absorption, Metabolism, and Excretion studies and will increase the Group's capacity to provide such services through additional scientists, personnel equipment and facilities.

Prior to the completion of Frontage Clinical Acquisition, the Group owns 11.91% equity interests in Frontage Clinical. The Group accounted for its interest in Frontage Clinical as financial assets at FVTPL.

This acquisition has been accounted for using the acquisition method. During the year ended December 31, 2022, all of the conditions precedent under the sales and purchase agreement has been fulfilled, and Frontage Clinical became an indirect subsidiary of the Company thereafter.

This transaction was accounted for as a business combination achieved in stages. The Group remeasured its previously held equity interests in Frontage Clinical on the acquisition date and recognised a gain of RMB13,865,000 on the fair value change of previously held interests, which is included in change in fair value of financial assets at FVTPL in Note 9.

44. ACQUISITION OF BUSINESSES (Continued)

(b) For the year ended December 31, 2022 (Continued)

(iv) Acquisition of Frontage Clinical (Continued)

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

	Fair value RMB'000
Property, plant and equipment	4,352
Right-of-use assets	15,035
Intangible assets – software	82
Intangible assets – customer relationship	7,132
Trade and other receivables	19,204
Contract assets	7,962
Deferred tax assets	2,767
Cash and cash equivalents	14,289
Trade and other payables	(4,133)
Lease liabilities	(18,147)
Contract liabilities	(22,786)
Deferred tax liabilities	(1,854)
Net assets acquired	23,903

	RMB'000
Cash consideration paid	102,553
Fair value of the 11.81% owned equity investment	13,833
Total transferred consideration	116,386
Less: Fair value of net assets acquired	(23,903)
Goodwill	92,483
Net cash outflow arising on acquisition of a subsidiary:	
Cash consideration paid	102,553
Less: Cash and cash equivalents acquired	(14,289)
	88,264

Acquisition-related costs amounting to US$15,000 (equivalent to RMB101,000) are excluded from the consideration transferred and have been recognised as an expense in the current year, within the administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

The fair value of trade and other receivables at the date of acquisition amounted to RMB19,204,000. The gross contractual amounts of those trade and other receivables acquired amounted to RMB19,204,000 at the date of acquisition. The best estimate at acquisition date of the contractual cash flows not expected to be collected was nil.

44. ACQUISITION OF BUSINESSES (Continued)

(b) For the year ended December 31, 2022 (Continued)

(iv) Acquisition of Frontage Clinical (Continued)

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

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

Since the acquisition date, Frontage Clinical has contributed RMB39,572,000 to the Group's revenue and a profit of RMB6,199,000 to the overall result of the Group for the year ended December 31, 2022. If the acquisition had occurred on January 1, 2022, the Group's revenue would have been RMB1,743,643,000 and the profit of the Group would have been RMB182,959,000 for the year ended December 31, 2022.

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

(v) Acquisition of LCS

During the year ended December 31, 2022, the Group entered into a share purchase agreement with the shareholder of LCS (the "LCS Seller"), pursuant to which LCS Seller agreed to sell and the Group agreed to purchase 100% of the equity interest in LCS for a consideration of approximately KRW1,000,000,000 (equivalent to RMB5,173,000). In completing the Frontage Clinical Acquisition, the Group will expand its capabilities in clinical research services in Korea.

Part of the consideration for the acquisition was satisfied by the allotment of an aggregate of 36,231 ordinary shares of DreamCIS at issue price of KRW13,800 per share. The fair value of consideration shares at the date of acquisition amount to KRW499,988,000 was made reference to the closing market price of DreamCIS at the date of acquisition.

This acquisition has been accounted for as acquisition of business using the acquisition method. During the year ended December 31, 2022, all of the conditions precedent under the sales and purchase agreement were fulfilled, and LCS became an indirect subsidiary of the Group.

44. ACQUISITION OF BUSINESSES (Continued)

(b) For the year ended December 31, 2022 (Continued)

(v) Acquisition of LCS (Continued)

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

	Fair value RMB'000
Property, plant and equipment	3
Intangible assets – customer relationship	497
Right-of-use assets	180
Financial assets at FVTPL	362
Other non-current asset	87
Trade, other receivables and prepayments	508
Contract assets	7
Cash and cash equivalents	1,983
Trade and other payables	(386)
Contract liabilities	(90)
Income tax payables	(26)
Pension obligations	(384)
Lease liabilities	(184)
Deferred tax liabilities	(61)
Net assets acquired	2,496

	RMB'000
Cash consideration paid	2,587
Fair value of consideration shares	2,586
Total transferred consideration	5,173
Less: Fair value of net assets acquired	(2,496)
Goodwill	2,677
Net cash outflow arising on acquisition of a subsidiary:	
Cash consideration paid	2,587
Less: Cash and cash equivalents acquired	(1,983)
	604

44. ACQUISITION OF BUSINESSES (Continued)

(b) For the year ended December 31, 2022 (Continued)

(v) Acquisition of LCS (Continued)

Acquisition-related costs, which is immaterial, are excluded from the consideration transferred and have been recognised as an expense in the current year, within the administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

The fair value of trade and other receivables at the date of acquisition amounted to RMB508,000. The gross contractual amounts of those trade and other receivables acquired amounted to RMB508,000 at the date of acquisition. The best estimate at acquisition date of the contractual cash flows not expected to be collected was nil.

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

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

Since the acquisition date, LCS has contributed RMB1,431,000 to the Group's revenue and a profit of RMB560,000 to the overall result of the Group for the year ended December 31, 2022. If the acquisition had occurred on January 1, 2022, the Group's revenue would have been RMB7,086,606,000 and the profit of the Group would have been RMB2,281,565,000 for the year ended December 31, 2022.

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

45. SHARE-BASED PAYMENTS

During the current and prior year, the Company and its subsidiaries launched and adopted as few share option schemes to its employees. Details of the schemes are as follow:

(a) Frontage Holdings:

(i) 2021 Frontage Share Awards Scheme

On January 22, 2021, the board of directors of Frontage Holdings, a non wholly-owned subsidiary of the Company, approved the adoption of the share award scheme ("2021 Frontage Share Award Scheme") to recognise the contributions by certain employees of the Frontage Holdings Group, to give incentives thereto in order to retain them for the continual operation and development of the Frontage Holdings Group and to attract suitable personnel for further development of the Frontage Holdings Group. Under the 2021 Frontage Share Award Scheme, the directors of Frontage Holdings may grant up to 1% of the issued share capital of Frontage Holdings 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 anniversary 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 Frontage Holdings 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 of Frontage Holdings 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 Scheme during the current year:

	2023 Number	2022 Number
Outstanding at beginning of year	**14,410,501**	21,489,500
Vested during the year	**(4,695,062)**	(5,362,374)
Forfeited during the year	**(1,125,313)**	(1,716,625)
Outstanding at end of year	**8,590,126**	14,410,501

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

The estimated fair value was approximately US$16,120,000 (equivalent to RMB104,311,000) for the awarded shares. The fair value was calculated by reference to the closing share price of Frontage Holdings at the date of grant, which was HK$6.02 (equivalent to RMB5.02) per share.

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

On January 25, 2021, 22,950,500 shares of Frontage Holdings were issued for the 2021 Frontage Share Award Scheme.

The Group recognised total expense of approximately US$1,676,000 (equivalent to approximately RMB11,826,000) (2022: US$4,287,000 (equivalent to RMB28,969,000)) for the year ended December 31, 2023 in relation to share award granted by Frontage Holdings under the 2021 Frontage Share Award Scheme.

45. SHARE-BASED PAYMENTS (Continued)

(a) Frontage Holdings: (Continued)

(ii) Frontage Labs Scheme

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

On April 17, 2018, Frontage Holdings, Frontage Labs and corresponding employees entered into an agreement pursuant to which Frontage Labs has assigned, and Frontage Holdings has assumed, the rights and obligations of Frontage Labs under the Frontage Labs Schemes.

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

Pursuant to the capitalisation issue completed on May 11, 2019 (the "Frontage Capitalisation Issue"), the number of options granted to an eligible employee under the Frontage Labs Schemes were adjusted to ten times of the original number of options held by that grantee. Accordingly, the exercise price was adjusted to 10% of the original exercise price.

45. SHARE-BASED PAYMENTS (Continued)

(a) Frontage Holdings: (Continued)

(ii) Frontage Labs Scheme (Continued)

Set out below are details of the movements of the outstanding options granted under the Frontage Labs Schemes during the current and prior year, retroactively reflecting the Frontage Capitalisation Issue:

	2023		2022	
	Weighted average exercise price (RMB)	**Number**	Weighted average exercise price (RMB)	Number
Outstanding at beginning of year	**1.08**	**60,270,500**	1.04	66,998,000
Forfeited during the year	**–**	**–**	1.35	(500,000)
Exercised during the year	**1.41**	**(6,910,500)**	1.28	(6,227,500)
Outstanding at end of year	**1.06**	**53,360,000**	1.08	60,270,500
Options exercisable		**53,360,000**		60,270,550
Weighted average contractual life (years)		**0.49**		1.45

The exercise price of options outstanding ranges from US$0.016 to US$0.2 (equivalent to RMB0.11 to RMB1.38).

The weighted average closing price of the shares of Frontage Holdings immediately before the dates on which the option were exercised was HK$2.21 (equivalent to RMB1.99) (2022: HK$3.04 (equivalent to RMB2.62)).

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

45. SHARE-BASED PAYMENTS (Continued)

(a) Frontage Holdings: (Continued)

(ii) Frontage Labs Scheme (Continued)

The Group recognised total expense of approximately US$nil (equivalent to RMB nil) for the year ended December 31, 2023 (2022: US$nil (equivalent to RMB nil)) in relation to share options granted under the Frontage Labs Schemes.

(iii) 2018 Frontage Share Incentive Scheme

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

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

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

Set out below are details of the movements of the outstanding options granted during the year ended December 31, 2023:

	2023		2022	
	Weighted average exercise price (RMB)	Number	Weighted average exercise price (RMB)	Number
Outstanding as at beginning of the year	**1.82**	**31,445,000**	–	–
Granted during the year	**1.91**	**26,285,000**	1.82	32,555,000
Forfeited during the year	**1.91**	**(3,456,000)**	1.82	(1,110,000)
Exercised during the year	**1.91**	**(24,000)**	–	–
Outstanding as at end of year	**1.91**	**54,250,000**	1.82	31,445,000
Options exercisable		**8,610,000**		–
Weighted average contractual life (years)		**3.8**		4.80

45. SHARE-BASED PAYMENTS (Continued)

(a) Frontage Holdings: (Continued)

(iii) 2018 Frontage Share Incentive Scheme (Continued)

The exercise price of options outstanding is HK$2.09 (equivalent to RMB1.80).

Each option granted generally vests over a three-year period with an agreed award vesting on the anniversary one year after grant date.

The estimated fair value of the share options granted under the 2018 Frontage Share Incentive Scheme in 2023 and 2022 is approximately US$2,988,000 (equivalent to approximately RMB21,083,000) and US$3,255,000 (equivalent to approximately RMB21,995,000), respectively. The fair value is calculated using the Black-Scholes-Merton model. The major inputs into the model are as follows:

Grant date	December 20, 2023	October 7, 2022
Share price (HK$)	**2.12**	1.94
Exercise price (HK$)	**2.13**	2.09
Expected volatility	**51.0%**	52.0%
Expected life (years)	**5**	5
Risk–free interest rate	**3.03%**	3.7%
Expected dividend yield	**–**	–

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

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

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

The Group recognised total expenses of approximately US$1,368,000 (equivalent to approximately RMB9,652,000) (2022: US$415,000 (equivalent to approximately RMB2,801,000)) for the year ended December 31, 2023 in relation to share options granted by the Company under 2018 Frontage Share Incentive Scheme.

45. SHARE-BASED PAYMENTS (Continued)

(b) DreamCIS:

(i) 2018 DreamCIS Scheme

DreamCIS, a subsidiary of the Company, adopted a share incentive plan in 2018 (the "2018 DreamCIS Scheme") for the primary purpose of attracting, retaining and motivating the directors and employees of DreamCIS. Under the DreamCIS Scheme, the directors of DreamCIS may grant up to 1,609,488 share options under the share incentive plan to eligible employees, including the directors and employees of DreamCIS, to subscribe for shares in DreamCIS. Each option granted has a contractual term of 5 years.

Pursuant to the capitalisation issue completed during the year ended December 31, and 2023 (the "DreamCIS Capitalisation Issue"), all the then outstanding share options granted and the exercise price are adjusted on a one-to-four basis.

During the year ended December 31, 2021, the board of directors of DreamCIS has resolved to grant a total of 892,488 share options.

45. SHARE-BASED PAYMENTS (Continued)

(b) DreamCIS: (Continued)

(i) 2018 DreamCIS Scheme (Continued)

Set out below are details of the movements of the outstanding options granted under the 2018 DreamCIS Scheme during the current and prior year, retroactively reflecting the DreamCIS Capitalisation Issue:

	2023 Weighted average exercise price (RMB)	2023 Number	2022 Weighted average exercise price (RMB)	2022 Number
Outstanding at beginning of year	19.43	704,588	20.2	829,472
Exercised during the year	6.77	(6,400)	–	–
Forfeited during the year	21.39	(15,478)	21.4	(124,884)
Outstanding at end of year	19.25	682,440	19.43	704,588
Options exercisable		682,440		176,672
Weighted average contractual life (years)		1.77		2.77

The exercise price of options outstanding ranges from KRW1,250 to KRW4,075 (equivalent to RMB7.63 to RMB23.3).

The estimated fair value was approximately RMB5,811,000 for the share options granted in 2021. The fair value was calculated based on binomial model. The major inputs into the model are as follows:

Grant date	2021
Share price	KRW15,800 (equivalent to RMB90)
Expected volatility	47.75%
Expected life (years)	2.5
Risk–free rate	1.03%
Expected dividend yield	–

The risk-free interest rate was based on the yield of South Korea Treasury Bonds with a maturity life with the term corresponding to the contractual life of the options. Expected volatility was determined by using the historical volatility of the comparable companies.

Change in variables and assumptions may result in change in fair values of the share options.

The Group recognised total expense of approximately RMB278,000 (2022: RMB1,288,000) for the year ended December 31, 2023 in relation to share options granted under the 2018 DreamCIS Scheme.

45. SHARE-BASED PAYMENTS (Continued)

(b) DreamCIS: (Continued)

(ii) 2021 DreamCIS Share Option Scheme

On March 26, 2021, the board of directors of DreamCIS approved the adoption of the share option scheme ("2021 DreamCIS Share Option Scheme") to provide incentive or reward to directors or employees of DreamCIS for their contribution to, and continuing efforts to promote the interests of DreamCIS and its subsidiaries. Under the 2021 DreamCIS Share Option Scheme, the directors of DreamCIS may grant up to 559,597 share options. No awards have been granted under the 2021 DreamCIS Share Option Scheme by December 31, 2021.

(iii) 2023 DreamCIS Share Option Scheme

On March 28, 2023, the board of directors of DreamCIS approved the adoption of the share option scheme of DreamCIS ("2023 DreamCIS Share Option Scheme") to provide incentive or reward to directors or employees of DreamCIS for their contribution to, and continuing efforts to promote the interests of DreamCIS and its subsidiaries.

During the year ended December 31, 2023, the board of directors of DreamCIS has resolved to grant a total of 1,071,200 share options.

Set out below are details of the movements of the outstanding options granted under the 2023 DreamCIS Share Option Scheme during the current year:

	2023 Weighted average exercise price (RMB)	2023 Number
Outstanding at beginning of year	–	–
Granted during the year	20.31	1,071,200
Forfeited during the year	20.31	(54,400)
Outstanding at the end of the year	20.31	1,016,800
Options exercisable		–
Weighted average contractual life (years)		4.67

45. SHARE-BASED PAYMENTS (Continued)

(b) DreamCIS: (Continued)

(iii) 2023 DreamCIS Share Option Scheme (Continued)

The estimated fair value was approximately RMB7,308,700 for the share options granted in 2023. The fair value was calculated based on binomial model. The major inputs into the model are as follow:

Grant date	2023
Share price	KRW1,260 (approximately RMB6.82)
Expected volatility	42.80%
Expected life (years)	2.75
Risk-free rate	3.71%
Expected dividend yield	

The risk-free interest rate was based on the yield of South Korea Treasury Bonds with a maturity life with the term corresponding to the contractual life of the options. Expected volatility was determined by using the historical volatility of the comparable companies.

Change in variables and assumptions may result in change in fair values of the share options.

The Group recognised total expense of approximately RMB875,000 for the year ended December 31, 2023 in relation to share options granted under the 2023 DreamCIS Share Option Scheme.

(c) The Company

(i) Restricted Share Scheme

The Company adopted a restricted share scheme in 2019 (the "Restricted Share Scheme") for the primary purpose of attracting, retaining and motivating the directors and employees of the Group. Under the Restricted Share Scheme, the directors may grant up to 4,859,311 restricted shares under the scheme to eligible employees, including the directors and employees of the Group, to obtain ordinary shares of the Company upon vesting.

The Restricted Share Scheme will be valid and effective for a period of 4 years.

Pursuant to the bonus issue completed on July 1, 2019, all the then outstanding restricted share granted and the repurchase price are adjusted accordingly.

45. SHARE-BASED PAYMENTS (Continued)

(c) The Company (Continued)

(i) Restricted Share Scheme (Continued)

Set out below are details of the movements of the outstanding restricted shares granted under the Restricted Share Scheme during the current and prior year, retroactively reflecting the bonus issue:

	2023		2022	
	Weighted average exercise price (RMB)	Number	Weighted average exercise price (RMB)	Number
Outstanding at beginning of year	–	–	27.28	2,477,270
Vested during the year	–	–	27.27	(2,457,126)
Forfeited during the year	–	–	29.64	(20,144)
Outstanding at end of year	–	–	–	–
Restricted shares exercisable		–		–
Weighted average contractual life (years)		–		–

During the year ended December 31, 2020, upon acceptance of the restricted shares by the employees, a repurchasing obligation, amounting to RMB24,252,000, is recognised as other payable. In 2022, some of the Group's original incentive recipients resigned and lost their right to receive incentives. Therefore, the Group repurchased and cancelled the restricted shares previously held by these incentive recipients. As a result, a total of RMB596,000 has been refunded to the original incentive recipients during the year ended December 31, 2022.

During the year ended December 31, 2022, a total of 2,457,126 restricted shares were unlocked and vested. Upon the unlock of the restricted shares, a repurchasing obligation, amounting to RMB67,011,000 is derecognised as other payable. The weighted average closing price of the shares of the Company immediately before the dates on which the option were exercised was RMB100.18.

Under the Restricted Share Scheme, the holders of the restricted shares are entitled to dividend declared by the Company and the dividend will be settled upon the end of lockup period. As at December 31, 2022, no dividend payable has been recognised.

The Group recognised total expense of approximately RMB2,060,000 for the year ended December 31, 2022 in relation to restricted shares granted under the Restricted Share Scheme.

45. SHARE-BASED PAYMENTS (Continued)

(c) The Company (Continued)

(ii) 2019 Share Purchase Scheme

The Company adopted the share purchase scheme in 2019 (the "2019 Share Purchase Scheme") for the primary purpose of attracting, retaining and motivating the directors and employees of the Group. Under the 2019 Share Purchase Scheme, a trust entity has been set up for the scheme and a third party agent with asset management qualifications was engaged by the participants of the scheme.

The minimum and maximum amount of funds to be raised is RMB200,000,000 and RMB500,000,000, respectively, which shall be divided into respective units to be subscribed at RMB1.00 each. The participants of the 2019 Share Purchase Scheme are required to pay the subscription funds in one lump sum according to the number of units subscribed.

In the event that a participant terminates employment with the Company due to expiration of his/her service contract, the units he/she has subscribed for and paid subscription monies shall be subject to mandatory transfer to other participants, at a consideration equal to the subscription costs.

The underlying shares of the 2019 Share Purchase Scheme are the repurchased shares previously repurchased and held by the Company as treasury shares (Note 37). The average repurchase price was RMB44.25 per share. On June 20, 2019, 2,120,803 shares previously repurchased by the Company was transferred to the trust unit for 2019 Share Purchase Scheme by way of non-trade transfer at RMB44.25 per share. As a result, a consideration of RMB93,845,000 has been received by the Group upon the transfer of treasury shares.

Pursuant to the bonus issue completed on July 1, 2019, all the then shares held in the 2019 Share Purchase Scheme are adjusted accordingly.

Set out below are details of the movements of the outstanding units granted under the Share Purchase Scheme during the current and prior year, retroactively reflecting the bonus issue:

	2023		2022	
	Weighted average exercise price (RMB)	**Number**	Weighted average exercise price (RMB)	Number
Outstanding at beginning of year	–	–	44.25	848,321
Vested during the year	–	–	44.25	(848,321)
Outstanding at end of year	–	–	–	–
Units exercisable		–	–	–

45. SHARE-BASED PAYMENTS (Continued)

(c) The Company (Continued)

(ii) 2019 Share Purchase Scheme (Continued)

The shares held by the 2019 Share Purchase Scheme in respect of a holder will be unlocked upon the expiry of the lock-up periods. The agent of the Share Purchase Scheme will then sell the relevant unlocked shares on the market at such timing and in such appropriate manner as it determines. The sale proceeds, after deducting the relevant tax and fees, will be distributed to the relevant holders according to the allocations stipulated under the 2019 Share Purchase Scheme.

The Group recognised total expense of approximately RMB429,000 for the year ended December 31, 2022 in relation to 2019 Share Purchase Scheme.

(iii) 2021 Share Purchase Scheme

The Company adopted the share purchase scheme in 2021 (the "2021 Share Purchase Scheme") for the primary purpose of attracting, retaining and motivating the directors and employees of the Group. Under the 2021 Share Purchase Scheme, a trust entity has been set up for the scheme and a third party agent with asset management qualifications was engaged by the participants of the scheme.

The minimum and maximum amount of funds to be raised is RMB10,000,000 and RMB15,000,000, respectively, which shall be divided into respective units to be subscribed at RMB1.00 each. The participants of the 2021 Share Purchase Scheme are required to pay the subscription funds in one lump sum according to the number of units subscribed.

In the event that a participant terminates employment with the Company due to expiration of his/her service contract, the units he/she has subscribed for and paid subscription monies shall be subject to mandatory transfer to other participants, at a consideration equal to the subscription costs.

The underlying shares of the 2021 Share Purchase Scheme are the repurchased shares previously repurchased and held by the Company as treasury shares (Note 37). The average repurchase price was RMB44.25 per share. On February 1, 2021, 286,372 shares previously repurchased by the Company was transferred to the trust unit for 2021 Share Purchase Scheme by way of non-trade transfer at RMB44.25 per share. As a result, a consideration of RMB12,672,000 has been received by the Group upon the transfer of treasury shares.

45. SHARE-BASED PAYMENTS (Continued)

(c) The Company (Continued)

(iii) 2021 Share Purchase Scheme (Continued)

Set out below are details of the movements of the outstanding units granted under the 2021 Share Purchase Scheme during the current and prior year:

	2023		2022	
	Weighted average exercise price (RMB)	**Number**	Weighted average exercise price (RMB)	Number
Outstanding at beginning of year	**44.25**	**104,772**	44.25	286,372
Vested during the year	**44.25**	**(104,772)**	44.25	(181,600)
Outstanding at end of year	**–**	**–**	44.25	104,772

The shares held by the 2021 Share Purchase Scheme in respect of a holder will be unlocked upon the expiry of the lock-up periods. The agent of the 2021 Share Purchase Scheme will then sell the relevant unlocked shares on the market at such timing and in such appropriate manner as it determines. The sale proceeds, after deducting the relevant tax and fees, will be distributed to the relevant holders according to the allocations stipulated under the 2021 Share Purchase Scheme.

The Group recognised total expense of approximately RMB168,000 (2022: RMB8,981,000) for the year ended December 31, 2023 in relation to 2021 Share Purchase Scheme.

(iv) 2022 Restricted Share Scheme

The Company adopted the restricted share scheme in 2022 (the "2022 Restricted Share Scheme") for the primary purpose of attracting, retaining and motivating the directors and employees of the Group. Under the 2022 Restricted Share Scheme, the directors may grant up to 7,105,590 restricted A-shares under the scheme to eligible employees, including the directors and employees of the Group, to obtain ordinary shares of the Company upon vesting.

The 2022 Restricted Share Scheme will be valid and effective for a period of 5 years.

45. SHARE-BASED PAYMENTS (Continued)

(c) The Company (Continued)

(iv) 2022 Restricted Share Scheme (Continued)

On November 25, 2022, the Company granted a total 6,079,784 restricted A-shares under the 2022 Restricted Share Scheme to the eligible employees at an exercise price of RMB69.

Set out below are details of the movements of the outstanding restricted A-shares granted during the current and prior years:

	2023		2022	
	Weighted average exercise price (RMB)	Number	Weighted average exercise price (RMB)	Number
Outstanding at beginning of year	69.00	6,072,384	–	–
Granted during the year	N/A	–	69.00	6,079,784
Forfeited during the year	69.00	(363,160)	N/A	N/A
Lasped during the year	69.00	(2,283,690)	69.00	(7,400)
Outstanding at end of year	**69.00**	**3,425,534**	**69.00**	**6,072,384**

45. SHARE-BASED PAYMENTS (Continued)

(c) The Company (Continued)

(iv) 2022 Restricted Share Scheme (Continued)

The lock-up periods for the restricted shares granted in November 2022 are presented in the table below:

Lock–up period	Timing	Proportion of share exercisable
1st lock–up period	From the first trading day after 12 months since the listing date of the restricted A–shares to the last trading day within 24 months after the listing date of the restricted A–shares.	40%
2nd lock–up period	From the first trading day after 24 months since the listing date of the restricted A–shares to the last trading day within 36 months after the listing date of the restricted A–shares.	30%
3rd lock–up period	From the first trading day after 36 months since the listing date of the restricted A–shares to the last trading day within 48 months after the listing date of the restricted A–shares.	30%

The estimated fair value of the restricted A-shares granted under the 2022 Restricted Share Scheme in 2022 is approximately RMB551,858,000. The fair value is calculated by reference to the closing A-share price of the Company at the date of grant, which is RMB90.88.

Changes in variables and assumptions may result in changes in the fair values of the restricted A-shares.

During the year ended December 31, 2023, a reversal of share-based payment expense of RMB8,754,000 has been credited to profit or loss for year ended December 31, 2023 in relation to restricted A shares granted by the Company under 2022 Restricted Share Scheme as certain restricted A shares were lapsed due to certain performance conditions not met. During the year ended December 31, 2022, the Group recognised total expenses of approximately RMB8,754,000 in relation to restricted A-shares granted by the Company under 2022 Restricted Share Scheme.

45. SHARE-BASED PAYMENTS (Continued)

(d) 杭州英放生物科技有限公司 Fantastic Bioimaging Co., Ltd. ("Fantastic Bioimaging")

Fantastic Bioimaging, a subsidiary of the Company, adopted a share incentive plan in 2019 (the "Fantastic Bioimaging Scheme") for the primary purpose of attracting, retaining and motivating the employees of the Fantastic Bioimaging. Under the Fantastic Bioimaging Scheme, employees are entitled to subscribe the restricted shares of Fantastic Bioimaging at the net asset value of Fantastic Bioimaging.

Upon the acceptance of the restricted shares granted, employees are required to have corresponding capital injection to Fantastic Bioimaging.

In the event that a participant terminates employment with Fantastic Bioimaging due to expiration of his/her service contract, the restricted shares he/she has subscribed for shall be returned to Fantastic Bioimaging, and Fantastic Bioimaging shall return the paid subscription monies to the employees.

Each restricted share granted has a contractual term of 3 years.

On September 1, 2019, Fantastic Bioimaging granted 466,667 restricted shares to its employees at a price of RMB1.5 per share.

Set out below are details of the movements of the outstanding restricted shares granted under the Fantastic Bioimaging Scheme during the current and prior year:

	2023		2022	
	Weighted average exercise price (RMB)	Number	Weighted average exercise price (RMB)	Number
Outstanding at beginning of year	–	–	1.5	466,667
Vested during the year	–	–	1.5	(466,667)
Outstanding at end of year	–	–	–	–
Restricted shares exercisable		–		–
Weighted average contractual life (years)		–		–

The Group recognised total expense of approximately RMBnil (2022: RMB nil) for the year ended December 31, 2023 in relation to restricted shares granted under the Fantastic Bioimaging Scheme.

45. SHARE-BASED PAYMENTS (Continued)

(e) Meditip

Meditip, a subsidiary of the Company, adopted a share incentive plan in 2021 (the "Meditip Scheme") for the primary purpose of attracting, retaining and motivating the directors, employees and outside consultants of Meditip. Under the Meditip Scheme, the directors of Meditip may grant up to 26,500 share options under the share incentive plan to eligible employees, including the directors, employees and outside consultants of Meditip, to subscribe for shares in Meditip. Each option granted has a contractual term of 6 years.

The estimated fair value was approximately RMB7,307,000 for the share options granted in 2021. The fair value was calculated based on binomial model. The major inputs into the model are as follows:

Grant date	2021
Share price	KRW77,800 to KRW85,201 (equivalent to RMB407 to 446)
Expected volatility	61.36% – 63.24%
Expected life *(years)*	2.9 years – 4.9 years
Risk-free rate	2.64% – 2.85%
Expected dividend yield	–

Share price is determined as the total fair value of Meditip's equity divided by the total number of shares. To determine the fair value of Meditip's equity value as of grant dates, the 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 15.5% for the options granted during the year ended December 31, 2021. Management assessment is that Meditip will arrive at a stable growth stage after 5 years period. Cash flow beyond that five-year period has been extrapolated using a steady 1% growth rate. This growth rate does not exceed the long-term average growth rate for the market in which Meditip operates. The result from the income approach was cross checked with the market approach, which incorporates certain assumptions, including the market performance of comparable listed companies, as well as the financial results and growth trends of the Group, to derive the total equity of Meditip.

The risk-free interest rate was based on the yield of South Korea Treasury Bonds with a maturity life with the term corresponding to the contractual life of the options. Expected volatility was determined by using the historical volatility of the comparable companies.

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

45. SHARE-BASED PAYMENTS (Continued)

(e) Meditip (Continued)

Set out below are details of the movements of the outstanding options granted under the Meditip Scheme during the current and prior period, retroactively reflecting the Meditip Capitalisation Issue:

	2023		2022	
	Weighted average exercise price (RMB)	Number	Weighted average exercise price (RMB)	Number
Outstanding at beginning of year/ acquisition date	281.0	24,800	281.0	26,300
Forfeited during the period	281.0	(1,400)	281.0	(1,500)
Outstanding at end of period	281.0	23,400	281.0	24,800
Options exercisable		–		–
Weighted average contractual life *(years)*		0.7		1.7

The exercise price of options outstanding is KRW54,167 (equivalent to RMB281).

The Group recognised total expense of approximately RMB2,265,000 (2022: RMB1,230,000) for the year ended December 31, 2023 in relation to share options granted under the Meditip Scheme.

46. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Borrowings RMB'000	Lease liabilities RMB'000	(Prepaid interest)/ interest payables RMB'000	Total RMB'000
At January 1, 2022	492,320	481,354	(186)	973,488
Financing cash flows				
– Proceeds from bank borrowings	3,441,414	–	–	3,441,414
– Repayment of bank borrowings	(1,834,697)	–	–	(1,834,697)
– Interest paid on borrowings	–	–	(49,130)	(49,130)
– Repayment of lease liabilities	–	(92,806)	–	(92,806)
– Interest paid on lease liabilities	–	(25,333)	–	(25,333)
Non–cash changes				
– Acquisition of subsidiaries	7,644	19,006	–	26,650
– Recognition of lease liabilities	–	178,156	–	178,156
– Disposal of right–of–use assets	–	(2,478)	–	(2,478)
– Interest expense recognised	–	25,333	57,846	83,179
– Exchange realignment	6,175	23,508	–	29,683
At December 31, 2022 and January 1, 2023	**2,112,856**	**606,740**	**8,530**	**2,728,126**
Financing cash flows				
– Proceeds from bank borrowings	**3,200,523**	**–**	**–**	**3,200,523**
– Repayment of bank borrowings	**(2,516,749)**	**–**	**–**	**(2,516,749)**
– Interest paid on borrowings	**–**	**–**	**(97,004)**	**(97,004)**
– Repayment of lease liabilities	**–**	**(27,921)**	**–**	**(27,921)**
– Interest paid on lease liabilities	**–**	**(120,959)**	**–**	**(120,959)**
Non–cash changes				
– Acquisition of subsidiaries	**–**	**21,921**	**–**	**21,921**
– Disposal of right–of–use assets	**–**	**(4,579)**	**–**	**(4,579)**
– Recognition of lease liabilities	**–**	**35,054**	**–**	**35,054**
– Interest expense recognised	**–**	**27,921**	**91,976**	**119,897**
– Exchange realignment	**3,973**	**7,813**	**–**	**11,786**
As December 31, 2023	**2,800,603**	**545,990**	**3,502**	**3,350,095**

47. MAJOR NON-CASH TRANSACTIONS

(a) The Group entered into lease arrangements in respect of offices and experiment equipment with additions of right-of-use assets and lease liabilities at the inception of the lease of RMB35,054,000 (2022: RMB178,156,000) for the year ended December 31, 2023.

(b) During the year ended December 31, 2023, the Group has reached an agreement with a customer to subscribe a convertible receivable, at in the principal amount of RMB40,807,000. The subscription cost has been settled through offsetting the trade receivable due from the customer.

48. CAPITAL COMMITMENTS

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

	2023 RMB'000	2022 RMB'000
Commitments for the investments in the funds or companies	**586,720**	746,770
Commitments for the acquisition of associates	**15,570**	2,570
Acquisition of property, plant and equipment	**12,048**	27,705

In addition, during the year ended December 31, 2021, the Group entered a subscription agreement to subscribe 50% equity interest in an associate, Hangzhou Taikun. As at December 31, 2023, the Group has committed to invest additional capital in Hangzhou Taikun, amounting to RMB7,500,000,000 (2022: RMB8,500,000,000). The capital commitment by the Group shall be paid subject to the notice to be issued by the general partner of Hangzhou Taikun according to the capital needs of Hangzhou Taikun.

49. RETIREMENT BENEFIT PLANS

Defined contribution plans

The employees of the Group's subsidiaries in the PRC are members of the state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of payroll costs to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the specified contributions.

A defined contribution plan in the USA pursuant to which the Group matches 50 cents for every dollar contributed by each qualifying member of staff up to 4% of their salary. The maximum match is 2% of the qualifying member of staff's gross pay.

A defined contribution plan in Korea pursuant to which the Group pays a fixed amount of contributions to a separate fund and the contributions are recognised as an expense when the employees provide services.

A defined contribution plan in the Hong Kong pursuant to which the employer and its employee are both required to contribute 5% of the employee's monthly relevant income as mandatory contribution for and in respect of the employee, subject to the minimum and maximum relevant income levels for contribution purposes. The maximum level of relevant income for contribution purposes is currently HK$30,000 per month or HK$360,000 per year.

The total cost charged to profit or loss in respect of the above-mentioned schemes amounted to approximately RMB200,291,000 (2022: RMB276,638,000) for the year ended December 31, 2023.

Defined benefit plan

One of the subsidiary in Korea has post-employment defined benefit plan. The present value of the defined benefit obligations were estimated by the directors with reference to the actuarial valuation carried out at December 31, 2023 by an independent qualified professional actuary. The present value of the defined benefit obligations and the related current service cost were measured using the projected unit credit method.

50. CONTINGENT LIABILITIES

As of December 31, 2023, the Group had no contingent liabilities.

51. RELATED PARTY TRANSACTIONS AND BALANCES

In addition to the transactions and balances disclosed in Notes 28, 29, 33 and 34, the Group had the following significant transactions and balances with related parties during the current and prior year:

(1) Related party transactions:

(a) Fee paid to related parties for services

	Relationship	2023 RMB'000	2022 RMB'000
Jiaxing EDC	Associate	**56,308**	50,892
Shanghai Guanhe	Associate	**26,701**	31,495
Tigerise	Associate	**14,769**	980
Shanghai Bioquick	Associate	**23,152**	7,185
Chenghong Pharmaceutical	Associate	**1,708**	–
		122,638	90,552

(b) Revenue from related parties

	Relationship	2023 RMB'000	2022 RMB'000
Jiaxing EDC	Associate	**8,099**	14,981
Shanghai Guanhe	Associate	**147**	176
Suzhou Yixin	Associate	**59**	619
Hangzhou Taikun	Associate	**47,283**	26,795
Chenghong Pharmaceutical	Associate	**49**	–
Shanghai Bioquick	Associate	**102**	–
		55,739	42,571

(c) Dividend income from related parties

	Relationship	2023 RMB'000	2022 RMB'000
Hangzhou Taikun	Associate	**4,483**	–
Shanghai Guanhe	Associate	**9,402**	–
		13,885	–

51. 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	2023 RMB'000	2022 RMB'000
Trade receivables and contract assets (note (b))			
Shanghai Guanhe	Associate	**25**	4
Chenghong Pharmaceutical	Associate	**55**	–
Jiaxing EDC	Associate	**2,733**	1,027
Suzhou Yixin	Associate	**581**	519
		3,394	1,550
Other receivables (note (c))			
Tigermed Thailand	Associate	**182**	772
Tigermed Vietnam Co., Limited	Associate	**156**	63
PT Tigermed Medical Indonesia	Associate	**1,215**	175
		1,553	1,010
Prepayment (note (b))			
Tigerise	Associate	**682**	–
Jiaxing EDC	Associate	**307**	23
		989	23
Trade payables (note (b))			
Shanghai Guanhe	Associate	**23,741**	3,407
Jiaxing EDC	Associate	**41,187**	28,987
Shanghai Bioquick	Associate	**370**	1
Chenghong Pharmaceutical	Associate	**298**	–
		65,596	32,395
Contract liabilities (note (b))			
Shanghai Guanhe	Associate	**5**	5
Jiaxing EDC	Associate	**1,587**	3,220
		1,592	3,225
Other payable (note (c))			
Jiaxing EDC	Associate	**26**	–
Taihe Pharmaceutial (Weihai) Co., Ltd.	Associate	**3,000**	–
Jiangsu Lanwan Management Technology Co., Ltd.	Associate	**10,000**	–
PT Tigermed Medical Indonesia	Associate	**–**	597
		13,026	597

51. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(2) Related party balances: (Continued)

Notes:

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

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

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

(3) Compensation of key management personnel:

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

The remuneration of the directors and other members of key management of the Group during the current and prior year was as follows:

	2023 RMB'000	2022 RMB'000
Directors' fee, salaries and other benefits	**9,268**	6,540
Performance–based bonus	**1,389**	2,717
Retirement benefit scheme contributions	**649**	622
	11,306	9,879

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

52. SUBSEQUENT EVENTS

Subsequent to December 31, 2023, the following significant events took place:

1. On February 6, 2024, the Company convened the fourth meeting of the fifth session of the Board to consider and approve the Resolution on the Share Repurchase Plan of the Company《關於回購公司股份方案的議案》, pursuant to which, the Company intended to repurchase part of A shares of the Company by self-owned funds or self-raised funds through centralized price bidding (the "Share Repurchase"), which will be subsequently used to implement the A share equity incentive scheme or A share employee stock ownership plan. The total amount of funds for Share Repurchase shall not be less than RMB500,000,000 and not more than RMB1,000,000,000, and the price for share repurchase shall not more than RMB60.00 per share (inclusive). The term of the share repurchase within 12 months from the date on which the general meeting of the Company considers and approves the Share Repurchase plan. For details, please refer to the announcement of the Company on February 6, 2024.

2. In February 2024, Dr. Yang Bo tendered her resignation as an independent non-executive Director of the fifth session of the Board due to personal work reasons. At the same time, Dr. Yang Bo has resigned from her positions as the convenor (chairperson) and member of the nomination committee, member of the audit committee and member of the strategy development committee of the fifth session of the Board.

   On February 27, 2024, the Company convened the fifth meeting of the fifth session of the Board to consider and approve the nomination of Ms. Liu Yuwen (劉毓文) ("Ms. Liu") for proposed appointment as an independent non-executive Director.

   The appointment of Ms. Liu was approved by the Shareholders at the extraordinary general meeting of the Company held on March 21, 2024, and has taken effect on the even date until the conclusion of the fifth session of the Board. She also serves as the convener (chairperson) and a member of the nomination committee, a member of the audit committee and a member of the strategy development committee of the fifth session of the Board after the appointment.

   For details, please refer to the announcements dated February 27, 2024 and March 21, 2024 and the circular dated March 1, 2024 of the Company.

52. SUBSEQUENT EVENTS (Continued)

3. On March 28, 2024, the Company convened the sixth meeting of the fifth session of the Board and the fourth meeting of the fifth session of supervisory committee of the Company, the Board resolved and approved, among others: (i) considered and approved the Resolution on Terminating the implementation of the 2022 Restricted A Share Incentive Scheme (the "Proposed Terminating the implementation of the 2022 Restricted A Share Incentive Scheme"); (ii) lapse of all restricted shares that have been granted but not yet vested (the "Proposed Cancellation of Repurchased Shares"); (iii) proposed change of the registered capital of the Company as a results of the Proposed Cancellation of Repurchased Shares (the "Proposed Change of Registered Capital"); and (iv) proposed amendments to the articles of association of the Company as a results of the Proposed Change of Registered Capital (the "Proposed Amendments to the Articles"). The Proposed Terminating the implementation of the 2022 Restricted A Share Incentive Scheme, Proposed Cancellation of Repurchased Shares, the Proposed Change of Registered Capital and the Proposed Amendments to the Articles are subject to the approval of the special resolutions by the Shareholders at the 2024 second extraordinary general meeting of the Company, the 2024 first A share class meeting and the 2024 first H share class meeting of the Company. For details, please refer to the announcement of the Company dated March 28, 2024.

4. On March 28, 2024, the Company convened the sixth meeting of the fifth session of the Board, the Board resolved and approved, amongst others, the proposed amendments to the articles of association of the Company and the rules of procedure for meetings of shareholders and the rules of procedures for the Board (the "Proposed Amendments to the Articles and Related Rules of Procedures") to reflect the relevant laws, administrative regulations and regulatory documents, and taking into account the needs of the Company's business development. The Proposed Amendments to the Articles and Related Rules of Procedures are subject to the approval of the special resolutions by the Shareholders at the AGM, the 2024 second A share class meeting and the 2024 second H share class meeting of the Company.

   For details, please refer to the announcement of the Company dated March 28, 2024.

5. On March 28, 2024, the Company convened the sixth meeting of the fifth session of the Board, the Board resolved and approved, amongst others, (i) the change of the Company's overseas financial statements preparation standards from International Financial Reporting Standards to China Accounting Standards for Business Enterprises, subject to the approval of the relevant articles in the Proposed Amendments to the Articles and Related Rules of Procedures as mentioned in item 4 above; and (ii) proposed the non-renewal of BDO Limited as the overseas financial reporting audit firm of the Company (the "Proposed Non-renewal of Overseas Financial Reporting Audit Firm"). The Proposed Non-renewal of Overseas Financial Reporting Audit Firm is subject to the approval of the ordinary resolution by the Shareholders at the forthcoming annual general meeting of the Company. For details, please refer to the announcement of the Company dated March 28, 2024.

53. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the directors on March 28, 2024.

DEFINITIONS

"2022 Restricted Share(s)"	the shares of the Company to be obtained in tranches and registered by the Participants who meet the conditions for grant under the 2022 Restricted Share Incentive Scheme after meeting the corresponding vesting conditions
"2022 Restricted Share Incentive Scheme"	2022 Restricted A Share Incentive Scheme of Hangzhou Tigermed Consulting Co., Ltd.
"A Share(s)"	ordinary shares issued by the Company, with a nominal value of RMB1.00 each, which are subscribed for or credited as paid in Renminbi and are listed for trading on the Shenzhen Stock Exchange
"Articles of Association"	the articles of association of the Company, as amended from time to time
"Audit Committee"	the audit committee of the Board
"Board"	our board of Directors
"CG Code"	the "Corporate Governance Code" as contained in Appendix C1 to the Listing Rules
"China" or "PRC"	the People's Republic of China, which for the purpose of this annual report and for geographical reference only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Company", "our Company" or "Tigermed"	Hangzhou Tigermed Consulting Co., Ltd. (杭州泰格醫藥科技股份有限公司), the A Shares of which are listed on the Shenzhen Stock Exchange (stock code: 300347) and the H Shares of which are listed on the Stock Exchange (stock code: 03347)
"COVID-19"	Novel Coronavirus
"CRLS"	Clinical-related and Laboratory Services
"CRO"	Contract research Organization
"CTS"	Clinical Trial Solutions
"Director(s)"	the director(s) of the Company or any one of them
"DreamCIS"	DreamCIS Inc., a joint stock company incorporated under the laws of Korea on April 27, 2000, which is listed on the Korean Securities Dealers Automated Quotations of the Korea Exchange (stock code: A223250) and a subsidiary of the Company
"EMEA"	Europe, Middle East and Africa

"Fantastic Bioimaging"	Fantastic Bioimaging Co., Ltd. (杭州英放生物科技有限公司), a limited liability company established under the laws of the PRC on January 4, 2013, and a subsidiary of the Company, in which we held 67.5% equity interest as of the date of this report
"Frontage"	Frontage Holdings Corporation, a company incorporated under the laws of the Cayman Islands with limited liability on April 16, 2018, which is listed on the Stock Exchange (stock code: 1521) and a subsidiary of the Company
"Frontage Holdings Group"	Frontage and its subsidiaries
"Frontage Labs"	Frontage Laboratories, Inc., a company incorporated under the laws of Pennsylvania, United States on April 21, 2004 and a subsidiary of the Company
"FVOCI"	fair value through other comprehensive income
"FVTPL"	Fair Value Through Profit or Loss
"Group" or "we"	the Company and its subsidiaries
"H Share(s)"	ordinary share(s) in the share capital of our Company with nominal value of RMB1.00 each, which are listed on the Stock Exchange
"HK$"	Hong Kong dollars and cents, both are the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IFRS"	International Financial Reporting Standards
"KRW"	South Korean Won, the lawful currency of the South Korea
"Listing" or "IPO"	the listing of the H Shares on the Main Board of the Stock Exchange on August 7, 2020
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
"Model Code"	the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix C3 to the Listing Rules
"MRCTs"	Multi-regional Clinical Trials
"NMPA"	China National Medical Products Administration
"Prospectus"	the prospectus issued by the Company dated July 28, 2020

DEFINITIONS

"R&D"	research and development
"Reporting Period"	the twelve months ended December 31, 2023
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Share(s)"	comprising A Shares and H Shares
"Shareholder(s)"	holder(s) of Shares
"sq. ft."	square feet
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	the supervisor(s) of the Company or any one of them
"Supervisory Committee"	our board of Supervisors
"U.S."	United States
"US$"	United States dollars, the lawful currency of the United States
"YoY"	year-over-year
"%"	percentage

This report was originally prepared in English. In the event of discrepancies between the Chinese and English version, the English version shall prevail. All numbers in this report are approximate rounded values for particular items.

杭州泰格醫藥科技股份有限公司
www.tigermedgrp.com