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

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

(Stock Code: 3347)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2024

FINANCIAL HIGHLIGHTS

	For the six months ended June 30,		
	2024	2023	Change[2]
	RMB million	*RMB million*	
	(Unaudited)	(Unaudited)	
Operating results			
Revenue	**3,358.2**	3,710.9	(9.5)%
Gross Profit	**1,333.0**	1,481.1	(10.0)%
Net profit attributable to the owners of the Company	**492.8**	1,388.3	(64.5)%
Net profit attributable to shareholders of the listed company after deducting extraordinary gain or loss[1]	**640.3**	793.5	(19.3)%
Profitability			
Gross Profit Margin	**39.7%**	39.9%	(0.2)%
Margin of net profit attributable to the owners of the Company	**14.7%**	37.4%	(22.7)%
Margin of net profit attributable to shareholders of the listed company after deducting extraordinary gain or loss[1]	**19.1%**	21.4%	(2.3)%
Earnings per share (RMB)			
– Basic	**0.57**	1.61	(64.6)%
– Diluted	**0.57**	1.61	(64.6)%

Notes:

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

(2) Changes in percentage points for ratios.

The Board resolved not to declare any interim dividend for the six months ended June 30, 2024 (June 30, 2023: nil).

The Board of Hangzhou Tigermed Consulting Co., Ltd. (杭州泰格醫藥科技股份有限公司) is pleased to announce the unaudited consolidated interim results of the Group for the six months ended June 30, 2024 (the "**Reporting Period**"), together with comparative figures for the six months ended June 30, 2023 (the "**Corresponding Period**").

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

In recent years, the combination of global cycles of the biopharmaceutical industry and the domestic production industry in China led to high volatility in R&D demand within China's biopharmaceutical sector. Changes in client risk preferences for biopharmaceutical research and development ("**R&D**") and cash flow pressures faced by unprofitable clients reliant on external financing added to the complexity. Consequently, the clinical CRO sector and related industries experienced significant competitive pressures and growth challenges.

Since the beginning of 2024, China's biopharmaceutical industry sentiment has shown signs of recovery. Notably, industry financing has rebounded significantly compared to the previous period. The initial payments or milestone payments from out-licensing deals have increasingly become one of the key sources of R&D funding for enterprises. In the first half of 2024, the innovative drug and clinical research sectors in China exhibited a recovery trend. NMPA approved 27 Class I innovative drugs, up by 4 as compared to the first half of 2023[1]. Concurrently, 2,297 clinical trials were publicly announced by the CDE in China in the first half of 2024, up by 329 as compared to the first half of 2023[1]. The total number of newly opened clinical trials in China in the first half of 2024 continues to remain the highest in the world[2].

Simultaneously, driven by multiple factors such as continuous breakthroughs in early-stage R&D and clinical data, the ongoing validation of demand for blockbuster products across various therapeutic areas, and expectations of accommodative global monetary policies in capital allocation, the global biopharmaceutical industry cycle has also continued to recover. In overseas markets, particularly in the United States, the biopharmaceutical sector showed high activity levels in 2024. Due to vast market potential, advanced technological pathways, and well-received assets of innovative targets, along with the gradual rise of cross-industry AI pharmaceuticals and other fields, the U.S. biopharmaceutical financing environment in the first half of 2024 has surpassed the level before the Federal Reserve's interest rate hike. To continuously create shareholder value and address future patent expirations, multinational pharmaceutical companies have actively engaged in mergers and acquisitions (the "**M&A**") and licensing deals globally.

1 Source: CDE public information, including BE projects; Globaldata database

2 Source: Globaldata database

In the first half of 2024, while China's innovative drug and clinical research sectors maintained steady development, the Chinese government at all levels provided unprecedented support to the industry from both policies and capital. The 2024 Government Work Report (政府工作報告) from the "Two Sessions (兩會)" explicitly supported innovative drug development for the first time, actively fostering new growth engines such as biomanufacturing. Throughout the first half of 2024, governments in Beijing, Guangzhou, Zhuhai, Shanghai, and other regions successively released landing policies and development opinions to support biopharmaceutical innovations. In July 2024, the State Council executive meeting (國務院常務會議) approved the "Implementation Plan for Supporting Innovative Drug Development Across the Whole Chain (全鏈條支持創新藥發展實施方案)", supportive policies cover all stages of the development chain for innovative drugs, including R&D, review, application, payment, and financing. This is followed by local governments nationwide. NMPA launched pilot reforms for clinical trial review and approval of innovative drugs, approving the "Pilot Work Plan for Optimizing Clinical Trial Review and Approval of Innovative Drugs (優化創新藥臨床試驗審評審批試點工作方案)", reducing the time required to initiate drug clinical trials, with pilot programs initially to be conducted in Beijing and Shanghai. On August 15, 2024, Beijing and Shanghai simultaneously released the first batch of lists of clinical trial institutions for pilot programs aimed at optimizing the review and approval of innovative drug clinical trials. Additionally, Shanghai established a RMB100 billion fund to support the biopharmaceutical, integrated circuit, and artificial intelligence industries. The government's strong policy support has clarified the long-term positioning of the domestic innovative drug and clinical research industry, as well as a very positive impact on the industry's medium- to long-term development.

Multinational pharmaceutical companies have continued their stable investments in clinical development in China, with the proportion of clinical trials conducted in China within the global context continuing to increase. According to the incomplete statistics, the top 20 global pharmaceutical companies initiated 293 new clinical trials in China in 2023, accounting for 15.4% of global clinical trials, a significant rise from 9.8% in 2018[3]. Multinational pharmaceutical companies have an increasing demand for comprehensive evidence generation in real-world studies and pharmacovigilance, etc. In China, the demand for high-quality site management services and registration consulting services is also constantly increasing. The business needs of multinational pharmaceutical companies in China are a key focus for our Company's future business development in the Chinese market.

In the first half of 2024, Chinese biopharmaceutical companies remained active in the field of overseas licensing deals, with a potential total value reaching US$24.3 billion and a YoY growth of 110%. Out-licensing drugs included a variety of innovative products such as ADCs, RNAi therapies, and radiopharmaceuticals. By the second quarter of 2024, the number of out-licensing deals by Chinese innovative drug companies had exceeded in-licensing deals for six consecutive quarters[4]. Additionally, an increasing number of Chinese bio-pharmaceutical companies are targeting global markets and actively conducting overseas clinical trials.

3 Source: PharmaCube database and Tigermed analysis. The top 20 companies include Merck & Co., Roche, Bayer, Johnson & Johnson, AstraZeneca, Novartis, Sanofi, Eli Lilly, AbbVie, Pfizer, Bristol-Myers Squibb, GSK, Novo Nordisk, Takeda Pharmaceuticals, Amgen, Gilead Sciences, Boehringer Ingelheim, CSL, Astellas Pharma, and Vertex Pharmaceuticals

4 Source: PharmaCube database and Tigermed analysis

Under the aforementioned macro trends, we actively responded to industry cycles and structural changes in the first half of 2024, with the number and value of new orders both achieving significant growth compared to the first half of 2023. This growth was primarily driven by the multinational pharmaceutical companies' demands in China and the Chinese companies and their partners' demands overseas. In the first half of 2024, the order demands in China from Chinese pharmaceutical companies, medical device companies, and bio-tech start-ups stabilized, with a YoY growth.

With the concerted efforts of all company employees and the support of our partners, we reinforced our leading position in the clinical service market in China, with a market share of 12.8[5]% in 2023. We are the only Chinese CRO that is ranked global top 10 CROs in 2023, with a market share of 1.4[6]%. From its establishment in 2004 to 2023, the Company has provided services for the R&D of 61% of all Class I innovative drugs marketed in China. In the first half of 2024, the Company provided services for 15 approved Class 1 innovative drugs in China and assisted in the successful launch of 2 innovative medical device products. We also maintained a strong and diversified customer base. As of June 30, 2024, we had 800 ongoing drug clinical research projects, up from 772 as of June 30, 2023, and 752 as of December 31, 2023.

In the first half of 2024, the Company established the Clinical Operations Strategy Committee (臨床運營策略委員會) to consolidate relevant resources and experts, strengthen capabilities in clinical strategy, and effectively increase the success rate of RFPs to promote order conversion. Concurrently, to conduct business development activities more effectively, the Company decided to establish business units in therapeutic areas. The first batch of units formed are Cell and Gene Therapy (CGT), GLP-1, and Radiopharmaceuticals. These special business units integrate resources and business experience to provide customized R&D strategies and clinical development services to clients and projects in these three areas. During the Reporting Period, the Company also established a Solution Business Unit targeting multinational pharmaceutical companies ("**MNCs**"). This department is dedicated to customizing client development and market expansion strategies specifically for MNCs, promoting long-term strategic cooperation with MNCs in China, and providing a broad range of one-stop solutions to meet the Integrated Evidence Generation needs of multinational pharmaceutical companies in China.

At the same time, the Company continued to invest in overseas markets, represented by the United States, Australia, and Europe, and to build independent overseas business capabilities and brand presence. While continuing to strengthen our domestic clients and their overseas partnership projects, the Company has begun to gradually expand projects for overseas companies conducted in their local regions.

[5&6] Source: Frost & Sullivan

During the Reporting Period, our clinical operation business and new orders in North America continued to grow rapidly, with local medical monitoring (MM) and pharmacovigilance (PV) teams established in North America. As of June 30, 2024, the size of our U.S. clinical operation team reached nearly 100 employees covering 42 cities in 21 states. We established collaborations with over 700 clinical trial sites in the U.S. covering 45 states. As of June 30, 2024, we had over 45 ongoing clinical trials in the United States, including more than 25 international MRCTs.

As of June 30, 2024, we had 208 ongoing single region clinical trials overseas, primarily in the United States, Australia, and South Korea, up from 194 ongoing single regional clinical trials overseas as of December 31, 2023. We also had 55 ongoing MRCTs, with a cumulative experience of handling 133 MRCT projects as of June 30, 2024.

In July 2024, the Company completed the acquisition of the Japanese CRO company Medical Edge Co., Ltd. ("**Medical Edge**"), further strengthening our data management, statistical analysis, and clinical data information system services in Japan and the Asia-Pacific. As of June 30, 2024, the Southeast Asian clinical operations team had more than 60 people and 44 ongoing clinical trial projects, including support for clinical operation projects currently underway in North America. For the first half of 2024, the Company consolidated 15 subsidiaries and branches spanning from Eastern Europe to Western Europe under the unified management of the Tigermed EMEA division. The Company has conducted more than 100 Phase I-IV clinical trials in Europe, with MRCT experience covering 19 European countries.

We will continue to enhance our service capabilities and scope overseas through team expansions and potential M&A. This will support our business development and achieve growth in overseas markets while improving the coordination of global clinical operations. We aim to establish differentiated advantages in Europe, the Americas and other emerging markets, strengthen the expertise of our local operation and other related services, and enhance our global operation capabilities with an aim to go global with our customers and serve as the gateway to China as well.

In the first half of 2024, we continued to pursue external partnerships and collaborations that we believe are mutually beneficial with various stakeholders in the healthcare industry. As of June 30, 2024, our Excellence for Clinical Trial Sites ("**E-Site**") Program covers 19 major regions in China, had 273 E-Site centers and 88 green channel centers across China, completed the signing of 77 strategic cooperation centers and the construction of 7 co-centers, forming a diversified and win-win strategic cooperation model. During the Reporting Period, the Company focused on establishing in-hospital training systems, providing institutional qualification application services, and conducting clinical research GCP (Good Clinical Practice) training for the E-site centers. These efforts aim to explore the establishment of high-standard clinical research management systems, support new drug development, and meet the clinical needs of a broad range of patients.

Looking ahead, Tigermed will continue to embrace regulatory changes, technological innovation, and global expansion to improve and build an integrated clinical R&D service platform, enhancing its end-to-end one-stop service capabilities. At the same time, the Company will focus on expanding its client base among multinational pharmaceutical companies and large domestic pharmaceutical firms, establishing business units based on therapeutic areas or drug types. Through organic growth and potential acquisitions, the Company aims to enhance its commercial and operational capabilities in regions such as the United States and Europe. Additionally, the Company will strengthen mutually beneficial collaborations with industry stakeholders to further solidify its leading position in the domestic market, increase its global market share, and strive to achieve sustainable business growth and performance improvement, ultimately creating continuous returns for shareholders.

During the Reporting Period, the number of our total employees decreased to 9,348 as of June 30, 2024 from 9,701 as of December 31, 2023, covering 37 countries globally. As of June 30, 2024, our global team comprised over 1,000 clinical research associates ("**CRA**"), over 2,800 clinical research coordinators ("**CRC**"), over 800 for data management and statistical analysis and over 1,600 for laboratory services. Below is a breakdown of our employees by function and by region as of June 30, 2024:

	Number of employees				
Function	**PRC**	**Asia Pacific (excluding PRC)**	**Americas**	**EMEA**	**Total**
Project operation	6,792	524	899	75	8,290
Marketing and business development	402	37	45	10	494
Management and administration	432	31	92	9	564
Total	7,626	592	1,036	94	9,348

During the Reporting Period, the number of our employees in the PRC decreased to 7,626 as of June 30, 2024 from 8,069 as of December 31, 2023. This decline was primarily due to the Company's reduction in the scale of certain functions negatively affected by China's industry cycles, such as the laboratory services team and vaccine clinical operations team in China. Additionally, changes in China's policies and regulations led to strategic adjustments in some business sectors, resulting in a workforce reduction in these sectors.

On the other hand, the number of overseas employees increased to 1,722 as of June 30, 2024 from 1,632 as of December 31, 2023. As part of the Company's business growth strategy, the Company plans to continue expanding the scale of its clinical operation, project management, and business development teams in key overseas markets in the future.

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

Revenue

During the Reporting Period, the Company recorded revenue of RMB3,358.2 million, representing a YoY decline of 9.5% as compared with RMB3,710.9 million during the Corresponding Period of last year. Among them, revenue generated from Clinical Trial Solutions ("**CTS**") segment was RMB1,637.1 million, representing a YoY decline of 22.2% as compared with RMB2,103.4 million during the Corresponding Period of last year; revenue generated from Clinical Related and Laboratory Services ("**CRLS**") segment was RMB1,721.1 million, representing a YoY increase of 7.1% as compared with RMB1,607.5 million during the Corresponding Period of last year.

Geographically, revenue generated from the Company's domestic business was RMB1,870.4 million, representing a YoY decline of 10.4% as compared with RMB2,087.4 million during the Corresponding Period of last year. The decrease in domestic revenue was primarily due to the YoY decline in domestic revenue from the CTS segment in the first half of 2024. Specific reasons have been detailed in the analysis by segment.

Revenue generated from the Company's overseas business was RMB1,487.8 million, representing a YoY decline of 8.4% as compared with RMB1,623.5 million during the Corresponding Period of last year. The Company generated some revenue related to specific vaccine projects during the Corresponding Period of last year, and after excluding these projects, revenue from the Company's overseas business achieved a YoY increase.

(1) CTS

During the Reporting Period, revenue generated from CTS segment was RMB1,637.1 million, representing a YoY decline of 22.2% as compared with RMB2,103.4 million during the Corresponding Period of last year. The YoY decrease in revenue from the CTS segment was primarily due to 1) the generation of some revenue related to specific vaccine projects within the segment in the first half of 2023; and 2) the YoY decline in revenue from the domestic clinical operations business of innovative drugs in the first half of 2024. This was mainly due to the YoY decline in the amount of new orders for domestic clinical operations of innovative drugs signed by the Company in 2023 as affected by industry development and industry cycles, resulting in a decrease in the overall workload of domestic clinical trials of innovative drugs executed by the Company in the first half of 2024. Meanwhile, the average unit price of new orders for domestic clinical operations has declined since the second half of 2023 due to the impact of a competitive landscape of the domestic industry, resulting in a corresponding decrease in revenue generated from the same workload when the Company executed such orders in the first half of 2024. With the gradual recovery of industry sentiment and the Company's proactive response, the domestic clinical operations business of innovative drugs has improved in the second quarter of 2024 as compared with the first quarter, and the improvement trend is expected to continue.

In the first half of 2024, excluding the impact of some revenue related to specific vaccine projects, the Company's overseas clinical operations business continued to maintain favorable growth, while revenue and new orders from the Company's clinical operations business in North America continued to grow rapidly. Benefiting from diverse business demands, including those from multinational pharmaceutical companies, the Company's business in medical devices, real-world studies and pharmacovigilance also achieved relatively good growth in the first half of 2024. The growth in these business has somewhat offset the impact of the domestic clinical operations business on the segment during the Reporting Period. During the Reporting Period, the performance of medical registration, medical translation and other business within the segment was relatively stable.

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

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

	As of year/period end		
	June 30, 2023	December 31, 2023	**June 30, 2024**
Phase I (including PK studies)	332	330	**340**
Phase II	146	136	**147**
Phase III	185	171	**192**
Phase IV	35	31	**30**
Others[Note]	74	84	**91**
Total	772	752	**800**

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

As of June 30, 2024, 537 ongoing drug clinical research projects were being conducted in the PRC and 263 were being conducted overseas, of which 208 were single region trials (including Korea, Australia and the U.S.) and 55 were MRCTs.

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

	As of year/period end		
	June 30, 2023	December 31, 2023	**June 30, 2024**
Single region			
PRC	503	499	**537**
Overseas	207	194	**208**
MRCTs	62	59	**55**
Total	772	752	**800**

During the Reporting Period, the Company's Decentralized Clinical Trial ("**DCT**") team assisted an American MNC pharmaceutical company in obtaining approval in China for a new generation of CGRP receptor antagonists for the treatment of migraines. Additionally, the Company became a preferred supplier for a European MNC pharmaceutical company. The Company participated in the China Society for Drug Regulation ("**CSDR**", 中國藥品監督管理研究會) project on "DCT Practice Case Analysis and Strategy Research" (DCT 實踐案例分析及策略研究), serving as deputy leader and secretary-general of the project group. The Company completed the implementation of the ESDR (Electronic Source Data Repository) deployment and in-hospital data integration for three hospitals using the E2E (eSource to EDC) model. As of June 30, 2024, the Company completed 63 Phase I projects (including BE projects) based on the E2E model.

Our medical device team offers an integrated service that covers the full lifecycle of medical device R&D, providing services that cover product development strategy, pre-clinical trial, clinical trial, registration and post-market. As of June 30, 2024, we had 567 ongoing medical device and in vitro diagnostic ("**IVD**") projects, including medical device and IVD clinical trial operation, medical monitoring, clinical trial design and medical writing. During the Reporting Period, we offered clinical trial operation services to many of China's first-in-class medical device products and supported clinical strategies for various innovative medical device products. As of June 30, 2024, our medical device team had served more than 2,100 global clients, accumulated experience over more than 5,900 medical device and IVD project registration projects, and more than 940 medical device and IVD clinical trials.

During the first half of 2024, we acquired the China division of the renowned medical device CRO NAMSA (Nengsheng (Shanghai) Medical Device Technology Consulting Co., Ltd, 能盛(上海)醫療器械科技諮詢有限公司). Additionally, the Company signed a strategic cooperation agreement with NAMSA, establishing exclusive cooperation in the China region and global collaboration. In the first half of 2024, we assisted in the successful launch of 2 innovative device products (bronchial navigation operation control system, mitral valve clamp system). The IVD business expanded into specialty business areas such as pan-tumor early screening and blood group reagent testing.

Our medical registration team saw the number of customers increase to 779 as of June 30, 2024, from 720 as of December 31, 2023, and had a total of 1,121 accumulated project experience as of June 30, 2024. We assisted 2 products to be registered and approved in China, as well as assisted with 29 Investigational New Drug ("**IND**")/MRCT clinical trial filings in multiple countries. In the first half of 2024, we also added 21 new U.S. Food and Drug Administration IND ("**FDA IND**") projects, of which 19 of them have been successfully filed.

Our pharmacovigilance business continues to grow. As of June 30, 2024, the global pharmacovigilance team has more than 150 people, and for the first time, we established a local PV team in the U.S. During the Reporting Period, we added 106 newly signed projects and 80 new customers, expanding services in high value-added fields and building a team of high-standard PV doctors. During the Reporting Period, our PV business had more than 250 customers globally, accumulated more than 900 project experiences, and served 36 approved Class 1 innovative drugs approved in China.

Our medical translation business added 34 new customers as of June 30, 2024, including 13 pharmaceutical companies and 21 medical device companies. We launched our independently developed medical language model, the second phase of Yiya Intelligent Medical Machine Translation System/Language Service Platform 2.0 (醫雅智能醫學機翻系統／語言服務平台 2.0). The Company provides medical translation services in more than 80 languages, including pharmaceutical, medical device, IVD translation, simultaneous interpretation, and consecutive interpretation, etc. As of June 30, 2024, we served more than 630 customers and completed translations for more than 20,000 registration and filing projects.

(2) CRLS

During the Reporting Period, revenue generated from CRLS segment was RMB1,721.1 million, representing a YoY increase of 7.1% as compared with RMB1,607.5 million during the Corresponding Period. In the first half of 2024, benefiting from sufficient demand and significantly improved efficiency as compared with the same period of last year, our site management business within the segment achieved rapid YoY growth. During the same period, the Company's data management and statistical analysis business remained relatively stable, and the revenue from laboratory services was basically the same as that for the same period of last year; other business within the CRLS segments, such as medical imaging and patient recruitment, were to a certain extent affected by the development of the industry and the industry cycle in China, resulting in a decrease in the average unit price of the executed projects.

During the Reporting Period, our controlled subsidiary, Frontage, acquired a preclinical DMPK and bioanalytical laboratory in Nerviano, Italy, expanding its pharmacodynamics and analytical business in Europe. A subsidiary of Frontage, Frontage Pharmaceuticals (方達製藥), established an integrated process and services platform for drug R&D, clinical trial drug/placebo production, and clinical supply of drugs. As of June 30, 2024, Frontage had successfully passed more than 200 on-site inspections by the NMPA and the U.S. Food and Drug Administration. As of June 30, 2024, we had 5,173 ongoing laboratory projects in progress.

During the Reporting Period, our Data Management & Statistical Analysis ("**DMSA**") team continued to acquire new customers in both China and overseas markets. The total number of DMSA customers increased to more than 330 as of June 30, 2024, up from 296 as of June 30, 2023. As of June 30, 2024, we had 824 ongoing DMSA projects, of which 489 projects were being conducted by our team based in China and 335 projects by the teams based overseas. During the Reporting Period, the DMSA team helped 11 new drugs to be approved in China, the U.S., and Japan. We established a data science team consisting of 25 employees, mainly responsible for data-related tool development, quality solutions, new business scenario development, etc. The Company's independently developed RBQM (risk-based quality management system) Phase 1 platform has obtained China's patent. As of June 30, 2023, our DMSA team had over 800 professionals globally.

Our site management team had completed 165 site management projects and 2,110 ongoing site management projects as of June 30, 2024, up from 1,952 as of December 31, 2023. As of June 30, 2024, new orders signed continued to maintain a rapid YoY growth, and the proportion of international MNCs pharmaceuticals and leading biotech companies continued to increase. As of June 30, 2024, our site management team works with over 1,100 hospitals and clinical trial centers in more than 140 cities across China, with 15 branches. As of June 30, 2024, there were over 2,800 CRCs in our site management team. In the first half of 2024, we provided SMO services to 9 approved Class I innovative drugs in China.

During the Reporting Period, the Company's independent central imaging team added more than 10 new clients, covering multiple disease fields such as respiratory system, digestive system, hematological system, nervous system, ophthalmology, etc., and successfully assisted in the approval of 3 new drugs, and the submission of 4 project filings. As of June 30, 2024, the Company's independent central imaging team has successfully submitted 42 projects to the EMA/the PMDA/NMPA for filing, of which 27 projects have been approved.

Gross profit and gross profit margin

During the Reporting Period, we realized a gross profit of RMB1,333.0 million, as compared with RMB1,481.1 million during the Corresponding Period, representing a 10.0% YoY decline; our gross profit margin was 39.7%, which remained stable as compared with 39.9% during the Corresponding Period.

During the Reporting Period, our cost of services decreased by 9.2% from RMB2,229.8 million during the Corresponding Period to RMB2,025.2 million. Below is a breakdown of our cost of services by nature and their percentage of our revenue during the periods indicated:

	For the six months ended June 30,	
	2024	2023
Item	***RMB million***	*RMB million*
Direct labour costs	**1,141.7**	1,119.1
% of revenue	***34.0%***	*30.2%*
Direct project-related costs	**638.7**	875.6
% of revenue	***19.0%***	*23.6%*
Overhead costs	**244.8**	235.1
% of revenue	***7.3%***	*6.3%*
Cost of services	**2,025.2**	2,229.8
% of revenue	***60.3%***	*60.1%*

During the Reporting Period, the Company's direct labour costs as a percentage of our revenue was 34.0%, up from 30.2% during the Corresponding Period, while direct project-related costs as a percentage of our revenue was 19.0% during the Reporting Period, down from 23.6% during the Corresponding Period. The increase in direct labour costs as a percentage of the Company's revenue was mainly due to the decrease in revenue. The reasons for the decline in direct project-related costs as a percentage of the revenue of the Company in the first half of 2024, which was mainly due to the fact that the Company incurred some third-party supplier-related expenses related to the specific vaccine projects in the first half of 2023, which were direct project-related costs. During the Reporting Period, the Company's indirect costs as a percentage of our revenue was 7.3%, representing a slight YoY change.

(1) CTS

During the Reporting Period, gross profit of our CTS segment was RMB628.0 million, representing a YoY decline of 24.9% as compared with RMB835.8 million for the corresponding period of last year. The YoY decline in gross profit of the CTS segment was mainly attributable to the YoY decline in revenue of the segment during the Reporting Period. During the Reporting Period, the CTS segment's gross profit margin was 38.4%, with a slight decrease from 39.7% during the Corresponding Period, mainly due to the YoY decline in the average unit price of the orders executed by the domestic clinical operations in the first half of 2024, resulting in a decrease in the revenue from the execution of such orders corresponding to the same costs. At the same time, the Company took a series of measures such as adjustment to the labour cost, optimisation of team structure, and enhancement of team efficiency to promote its domestic clinical operations, which to a certain extent compensated for the impact of the decrease in the average unit price on the gross profit margin of the segment.

During the Reporting Period, benefiting from the improvement in efficiency and higher quality of orders being executed, the gross profit margin of the medical device and clinical business within the segment improved as compared with last year. Meanwhile, the Company incurred expenses related to third-party suppliers for certain specific vaccine projects during the Corresponding Period, and the decrease in such expenses during the Reporting Period had a positive impact on the gross profit margin of the CTS segment.

(2) CRLS

During the Reporting Period, gross profit from our clinical trial related services and laboratory services amounted to RMB705.0 million, representing a YoY increase of 9.3% from RMB645.3 million during the Corresponding Period. The gross profit margin of the CRLS segment was 41.0%, with a slight increase from 40.1% during the Corresponding Period.

In the first half of 2024, the gross profit margin of our site management business within the CRLS segment improved significantly, which was mainly due to the improvement in work efficiency, as that of our site management business during the Corresponding Period was still in the process of recovering, as well as the fact that our site management team executed more orders with better profitability during the Reporting Period. During the same period, the gross profit margin of our data management and statistical analysis business improved slightly, with the profitability of the business remaining at a high level.

During the Reporting Period, the gross profit margin of our laboratory services decreased as compared to the Corresponding Period, mainly due to the slowdown in revenue growth of Frontage Holdings. Meanwhile, with the commencement of operations of Frontage Holdings' newly built preclinical research facilities and laboratories located in the PRC and North America, there was an increase in the fixed costs associated with the new business and the new experimental facilities, which contributed to low gross profit margins, leading to a YoY decline in the gross profit of our laboratory services. Other business within the segments, such as medical imaging and patient recruitment, were to a certain extent affected by the development of the industry and the industry cycle in China, resulting in a decrease in the average unit price of the executed projects. The Company took a series of measures such as adjustment to the labour cost, optimisation of team structure, and enhancement of team efficiency to promote such business, which to a certain extent compensated for the impact of the decrease in the average unit price on the gross profit margin.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 13.9% YoY from RMB89.0 million during the Corresponding Period to RMB101.4 million during the Reporting Period. That was primarily due to i) an increase in the number of employees in our sales and marketing team in both China and overseas as the forecast expanding business; ii) an increase in the compensation levels for our sales and marketing employees; and iii) an increase of travelling expenses as more sites were starting up. The increase was offset by the decrease of business publicity expenses by 36.9% YoY, implying our brand has gained more recognition, and therefore less expenses spent on marketing activities.

Administrative Expenses

Our administrative expenses increased by 8.7% YoY from RMB346.5 million during the Corresponding Period to RMB376.6 million during the Reporting Period. The increase was primarily due to i) an increase in staff costs to our administrative and management personnel in China and overseas; and ii) an increase of RMB12.2 million in the depreciation and amortization expense during the Reporting Period compared to that during the Corresponding Period, which was caused by vacant laboratory equipment bolt on the acquisition made by Frontage during the Reporting Period.

R&D Expenses

Our R&D expenses decreased by 2.7% YoY from RMB128.1 million during the Corresponding Period to RMB124.7 million during the Reporting Period. The decrease was primarily due to i) a decrease in staff costs for our R&D employees; and ii) a decrease in the expenses on low-value consumables. The decrease was offset by the increase in depreciation and amortisation of fixed assets and intangible assets.

Investment Income

Our investment income during the Reporting Period decreased by 28.5% YoY to RMB70.7 million from RMB98.9 million during the Corresponding Period, primarily due to i) less investment income generated during the Reporting Period and from the disposal of financial assets decreased by RMB29.8 million, representing an 86% YoY decline compared to the income generated during the Corresponding Period; and ii) the share of profit of associates decreased by 30.8% from RMB63.7 million during the Corresponding Period to RMB44.1 million during the Reporting Period. The decrease was offset by the increase in income generated from negotiable certificates of deposit from RMB0.3 million during the Corresponding Period to RMB21.6 million during the Reporting Period as the Company is pursuing efficient monetary management methods.

Changes in Fair Value

The changes in fair value reversed to an amount of RMB-98.4 million during the Reporting Period from a positive amount of RMB529.8 million during the Corresponding Period, representing a decline of 118.6% YoY. This significant reversal was due to the Secondary Market experiencing a decline during the Reporting Period, which allied with the slowdown of investment and financing resulting in the negative fair value changes of pharmaceutical funds.

Finance Cost-net

Our finance costs, net decreased by 81.7% from a net finance income of RMB88.1 million during the Corresponding Period to RMB16.1 million during the Reporting Period, primarily due to i) a decrease of 41.7% YoY in the interest income from RMB122.5 million during the Corresponding Period to RMB71.4 million during the Reporting Period, as the interest from negotiable certificates of deposit was reclassified to investment income, which made it non-comparable; ii) a decrease of 28.8% YoY in the exchange gains from RMB20.5 million during the Corresponding Period to RMB14.6 million during the Reporting Period; and iii) the increase of interest expense from RMB52.8 million during the Corresponding Period to RMB67.4 million during the Reporting Period, representing 27.7% YoY increase due to the increasing interest bearing bank borrowings.

Income Tax Expense

Our income tax expense decreased by 30.7% from RMB191.1 million during the Corresponding Period to RMB132.5 million during the Reporting Period. Our effective tax rate increased from 12.0% during the Corresponding Period to 19.2% during the Reporting Period, primarily due to i) the decrease in profit before tax from RMB1,599.1 million during the Corresponding Period to RMB690.1 million of the Reporting Period; and ii) the decrease of our non-taxable income which resulted in a comparatively higher effective tax rate.

Profit for the Period

As a result of the foregoing discussions, our profit for the period decreased by 60.4% from RMB1,408.1 million during the Corresponding Period to RMB557.6 million during the Reporting Period. The profit attributable to owners of the Company decreased by 64.5% from RMB1,388.3 million during the Corresponding Period to RMB492.8 million during the Reporting Period, and the profit attributable to non-controlling interests increased by 226.8% from RMB19.8 million during the Corresponding Period to RMB64.7 million during the Reporting Period.

Non-CASBE Measure

To supplement our financial information which are presented in accordance with CASBE, we prepared net profit attributable to shareholders of the listed company after deducting extraordinary gain or loss (歸屬於上市公司股東的扣除非經常性損益的淨利潤) under the guidance of No. 1 Explanatory Note on Information Disclosure by Companies Offering Securities to the Public – Extraordinary Gains and Losses 2023 Revision (公開發行證券的公司信息披露解釋性公告第1號－非經常性損益2023年修訂) issued by China Securities Regulatory Commission ("**CSRC**"). Net profit attributable to shareholders of the listed company after deducting extraordinary gain or loss is provided as an additional financial measure, which is not required by, or presented in accordance with CASBE and is therefore a non-CASBE measure. It is not an alternative to (i) profit before tax, profit for the period or profit for the period attributable to owners of the Company (as determined in accordance with CASBE) as a measure of our operating performance, (ii) cash flows from operating, investing and financing activities as a measure of our ability to meet our cash needs, or (iii) any other measures of performance or liquidity.

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

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

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

	For the six months ended June 30,	
	2024	2023
	RMB million	*RMB million*
Profit attributable to owners of the Company	**492.8**	1,388.3
Adjusted for:		
Gain on disposal of non-current assets(1)	**(1.5)**	–
Government grants(2) included in the profit or loss for the period	**(17.5)**	(8.5)
Gain on entrusting to invest or manage assets	**(21.6)**	(0.3)
Loss/(gain) arising from changes in fair value of financial assets and financial liabilities held and loss/(gain) arising from the disposal of financial assets and financial liabilities(3)	**52.5**	(618.9)
Share-based payment expenses recognized at one time due to cancellation or modification of the share incentive schemes	**34.5**	–
Other non-operating income and expenses apart from the above items	**0.7**	3.4
Effect of income tax	**33.6**	23.5
Effect of minority interests (after tax)	**66.8**	6.0
Net profit attributable to shareholders of the listed company after deducting extraordinary gain or loss	**640.3**	793.5
Margin of net profit attributable to shareholders of the listed company after deducting extraordinary gain or loss(4)	**19.1%**	21.4%

Notes:

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

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

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

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

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

During the Reporting Period, our Non-CASBE net profit attributable to shareholders of the listed company after deducting extraordinary gain or loss was RMB640.3 million, representing a YoY decrease of 19.3% from RMB793.5 million during the Corresponding Period. Our margin of net profit attributable to shareholders of the listed company after deducting extraordinary gain or loss decreased from 21.4% during the Corresponding Period to 19.1% during the Reporting Period.

Cash Flows

	For the six months ended June 30,	
	2024	2023
	RMB million	*RMB million*
Net cash generated from operating activities	**177.3**	375.0
Net cash used in investing activities	**(4,621.8)**	(708.6)
Net cash generated from financing activities	**206.2**	621.1

During the Reporting Period, our net cash generated from operating activities was RMB177.3 million, representing a 52.7% decrease from RMB375.0 million during the Corresponding Period. The decrease was primarily due to i) a decrease of 39.7% YoY in the cash received from other operating activities from RMB182.2 million during the Corresponding Period to RMB109.9 million during the Reporting Period; ii) an increase of the amount of RMB79.1 million in the payment to the employees; and iii) an increase of 14.4% YoY in the cash paid for other operating activities from RMB182.3 million during the Corresponding Period to RMB208.5 million during the Reporting Period.

During the Reporting Period, our net cash used in investing activities was RMB4,621.8 million, representing a 552.2% increase from RMB708.6 million during the Corresponding Period. The increase was primarily due to i) the increase in the cash paid to acquire investments from RMB956.1 million during the Corresponding Period to RMB4,733.5 million during the Reporting Period. The significant increase of cash paid to acquire investments was primarily due to RMB3,670 million purchase of negotiable certificates of deposit during the Reporting Period. All negotiable certificates of deposit purchased by the Company are issued by reputable commercial large banks with capital preservation; and ii) the decrease in the cash received from disposal of investments from RMB349.6 million during the Corresponding Period to RMB286.9 million during the Reporting Period, representing a 17.9% decrease.

During the Reporting Period, our net cash generated from financing activities was RMB206.2 million, compared with RMB621.1 million net cash generated from financing activities during the Corresponding Period. The decrease was primarily due to 1) the decrease in the capital injection from non-controlling interests from RMB240.1 million during the Corresponding Period to RMB31.3 million during the Reporting Period; and 2) the increase in the cash paid for other financing activities from RMB119.1 million during the Corresponding Period to RMB568.2 million during the Reporting Period, which was primarily due to the lease liabilities and the change in equity interest in subsidiaries without change of control.

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

Liquidity and Capital Resources

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

As of June 30, 2024, the Group has not used any financial instruments for hedging, nor used any net investment amounts in foreign currencies for hedging via monetary loans and/or other foreign exchange hedging instruments.

Trade, Bills and Other Receivables

Our trade receivables increased by 5.7% from RMB1,260.7 million as of December 31, 2023 to RMB1,332.9 millions as of June 30, 2024 as we continued to grow our business.

Our bills receivables increased by RMB13.4 million from RMB0.2 million as of December 31, 2023 to RMB13.6 million as of June 30, 2024, primarily due to the increase in bank acceptance bills received by the Company during the Reporting Period.

Our other receivables increased by 33.2% from RMB79.6 million as of December 31, 2023 to RMB106.0 million as of June 30, 2024, primarily due to some proceeds from the disposal of financial assets that have not yet been received.

Trade Payables and Other Payables

Our trade payables decreased by 8.9% from RMB249.3 million as of December 31, 2023 to RMB227.1 million as of June 30, 2024, primarily due to the decrease in payables on long-term assets occurred by our subsidiary, Frontage.

Our other payables increased by RMB516.2 million from RMB78.7 million as of December 31, 2023 to RMB594.9 million as of June 30, 2024, primarily due to an increase in dividends payable, which has been subsequently settled in July 2024.

Contract Assets and Contract Liabilities

Our contract assets increased by 18.9% from RMB2,364.4 million as of December 31, 2023 to RMB2,811.8 million as of June 30, 2024, due to the increase in the total amount of contracts with our customers but we have not yet billed our customers upon meeting the billing milestones as specified in our customer service agreements or work orders as we continued to grow our business.

Our contract liabilities increased by 13.5% from RMB680.5 million as of December 31, 2023 to RMB772.2 million as of June 30, 2024, as more prepayments received from our customers in relation to our service agreements or work orders with them during the Reporting Period.

Property, Plant and Equipment

Our property, plant and equipment decreased by 4.8% from RMB638.8 million as of December 31, 2023 to RMB608.3 million as of June 30, 2024, primarily due to the increase in the depreciation in the six months ended June 30, 2024, and it was partially offset by the increase from the procurement and transfer from the right-of-use assets.

Construction in progress

Our construction projects increased from RMB324.3 million as of December 31, 2023, to RMB472.6 million as of June 30, 2024, representing a 45.7% YoY increase, which was due to i) the Group's construction of the Hangzhou office building and the Jiaxing office building, with construction costs of RMB140.2 million and RMB108.4 million respectively. Both buildings have been topped out and are in the stage of internal renovation. Moreover, the Hangzhou office building will serve as the Group's headquarter, providing guarantee and support services for our global development, and will also build a biomedical public service platform, training center, industrial incubator, and achievement transformation center. ii) the renovation cost of the laboratory increased from RMB62.0 million as of December 31, 2023 to RMB136.2 million as of June 30, 2024, mainly contributed by our subsidiary, Frontage.

Intangible Assets

Our intangible assets decreased by 7.0% from RMB371.1 million as of December 31, 2023 to RMB345.0 million as of June 30, 2024, primarily due to the amortisation of the customer relationship mainly related to acquisitions. Bolt-on acquisition made by Frontage during the Reporting Period partially offset the amortization.

Right-of-use Assets

Our right-of-use assets decreased by 10.3% from RMB509.6 million as of December 31, 2023 to RMB456.9 million as of June 30, 2024, primarily due to i) the termination of certain existing leasehold contract; and ii) the amortization of the leasehold.

Long-term Equity investment

Our long-term equity investment increased from RMB2,977.0 million as of December 31, 2023 to RMB3,518.4 million as of June 30, 2024, primarily in relation to the capital injection of RMB500.0 million to Hangzhou Taikun Equity Investment Fund Partnership (Limited Partnership)* (杭州泰鯤股權投資基金合夥企業(有限合夥)) ("**Hangzhou Taikun**") which we had 50.0% ownership.

Financial Assets

Our financial assets include listed equity securities, unlisted equity investments, unlisted fund investments, financial products, unlisted debt instruments and life insurance policies. Our financial assets increased by 2.5% from RMB10,288.3 million as of December 31, 2023 to RMB10,549.6 million as of June 30, 2024. Such increase was primarily due to our continuing investment activities during the Reporting Period.

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

	As of June 30, 2024	As of December 31, 2023
	RMB'000	*RMB'000*
Non-current Financial assets		
– Life insurance policies	**3,799**	3,443
– Listed equity securities	**113,944**	273,679
– Unlisted equity investments	**5,330,477**	4,998,402
– Unlisted fund investments	**4,996,513**	4,906,380
– Unlisted debt instrument	**62,344**	64,306
Total non-current financial assets	**10,507,077**	10,246,210
Current Financial assets		
– Financial products	**42,226**	10,000
– Unlisted equity investments	**–**	1,103
– Unlisted debt instruments	**292**	31,035
Total current financial assets	**42,518**	42,138
Total financial assets	**10,549,595**	10,288,348

Investments in companies and investment funds

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

As of June 30, 2024, we were a strategic investor in 181 innovative companies and other related companies in the healthcare industry, as well as a limited partner in 61 professional investment funds.

During the Reporting Period, we realized a gain of RMB69.3 million from exiting our investments in companies and investment funds, as measured by the exit amount against our initial investment cost, compared with RMB152.3 million during the Corresponding Period.

Our investments in listed equity securities amounted to RMB113.9 million as of June 30, 2024, representing a 58.4% decrease from RMB273.7 million as of December 31, 2023. The decrease was primarily due to the loss of RMB155.0 million in fair value change during the Reporting Period.

Our unlisted equity investments amounted to RMB5,330.5 million as of June 30, 2024, representing a 6.6% increase from RMB4,999.5 million as of December 31, 2023. The increase is primarily due to i) our continuing investment in unlisted entities, which we believed have potential for growth in the future; and ii) a gain of RMB87.7 million in the fair value change during the Reporting Period.

Our unlisted fund investments amounted to RMB4,996.5 million as of June 30, 2024, representing a 1.8% increase from RMB4,906.4 million as of December 31, 2023. The increase is primarily due to the additional investments of RMB180.1 million during the Reporting Period, which were offset by decrease in fair value and disposal of investments of RMB34.6 million and RMB60.6 million respectively.

Our life insurance policies amounted to RMB3.8 million as of June 30, 2024, representing a 11.8% increase from RMB3.4 million as of December 31, 2023, which was mainly occurred by our subsidiary, DreamCIS.

Our unlisted debt instruments amounted to RMB62.6 million as of June 30, 2024, representing a decrease from RMB95.3 million as of December 31, 2023, primarily due to several instruments sold during the Reporting Period.

The movements of our financial assets 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*	Financial products *RMB'000*	Total *RMB'000*
Opening balance	4,999,505	4,906,380	273,679	3,443	95,341	10,000	10,288,348
Additions	317,010	180,129	–	849	11,596	97,984	607,568
Fair value change during the Reporting Period	87,677	(34,611)	(155,038)	(280)	5	–	(102,247)
Disposals of shares	(71,699)	(60,606)	(4,964)	–	(42,903)	(65,757)	(245,929)
Exchange realignment	(2,016)	5,221	267	(213)	(1,403)	(1)	1,855
Ending Balance	5,330,477	4,996,513	113,944	3,799	62,636	42,226	10,549,595

Indebtedness

Borrowings

The Group had RMB3,575.7 million outstanding borrowings as of June 30, 2024, of which RMB2,767.0 million were short-term and RMB808.7 million were long-term. One of the reasons why we decided to increase our short-term borrowing, after a holistic review of our treasury management, is because we were able to secure loans at a lower average interest rate than the average interest rate we received from our deposits or certificates of deposit we held. During the Reporting Period, our average borrowing rate is 2.76% and the blended interest rate we received from our bank deposits and certificates of deposit is 2.88% on an aggregated basis.

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 14.9% as of June 30, 2024, as compared with 11.5% as of December 31, 2023.

Lease Liabilities

We had outstanding aggregated lease liabilities (for the remainder of relevant lease terms) of RMB493.8 million as of June 30, 2024, falling 9.6% from RMB546.0 million as of December 31, 2023, primarily due to the repayment of lease liabilities.

Pledges over Assets of the Group

The Group had no pledges over assets of the Group as of June 30, 2024.

Contingent Liabilities

As of June 30, 2024, the Group had no contingent liabilities.

Capital Commitments

As of June 30, 2024, the Group had total capital commitments entered but outstanding and not provided for in the financial statements amounting to approximately RMB446.5million (December 31, 2023: approximately RMB614.3 million) and mainly included that not provided for the acquisition for the investments in the funds or companies was approximately RMB429.8 million (December 31, 2023: approximately RMB586.7 million).

In addition, the Group entered into a subscription agreement to subscribe 50% equity interests in an associate, Hangzhou Taikun, in 2021. The Group had committed to invest additional capital in Hangzhou Taikun, amounting to RMB7 billion as of June 30, 2024.

The capital commitment by the Group shall be paid subject to the notice to be issued by the general partner of Hangzhou Taikun according to the capital needs of Hangzhou Taikun.

Significant Investments Held

As of June 30, 2024, saved for the investment as mentioned below, the Group did not hold any other significant investments.

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

Hangzhou Taikun was established on August 10, 2021 and became an associate of the Group. As of June 30, 2024, our Group has paid up RMB3 billion of the registered capital of Hangzhou Taikun.

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

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

As of June 30, 2024, the carrying amount of our investment in Hangzhou Taikun was RMB3,153.4 million, accounting for 10.4% of the total assets of the Group.

As of June 30, 2024, Hangzhou Taikun had a net asset of RMB4,869.4 million, and generated a profit of RMB81.7 million during the Reporting Period. The Group has received the amount of RMB1.6 million for the dividend in respect of its investment in Hangzhou Taikun during the Reporting Period.

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

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

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

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

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

Treasury Policy

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

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 3,100, including global multinational 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 June 30, 2024, our cumulative experience in clinical trial operation exceeds 3,600 projects, including more than 800 clinical trials of Class I drugs in China and 133 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 June 30, 2024, our global workforce has reached 9,348, covering 37 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.

4. Excellent quality standards and delivery capabilities

Excellent quality management is a solid foundation for clinical research and one of the core competencies that we are proud of. We have set up a Quality Management Committee as the highest quality governance body to promote the operation and improvement of our quality management system, organize regular quality review activities and comprehensive assessment on our overall quality status, review and assess our quality risks and related corrective measures, etc. The general manager of the Company serves as the first person responsible for quality management. We take the initiative to embrace changes and innovation, actively explore the use of digital, intelligent, remote and forward-looking approaches to incorporate "Quality by Design" into the design, operation and quality management of clinical trials and develop the Risk-Based Quality Monitoring System ("**RBQM**") for risk-based quality management. Our DCT solution team has been set up to utilize the latest remote and intelligent hybrid clinical trial methods such as the RBQM system, 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 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 innovative 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 1,480 Chinese clinical trial institutions. In the U.S., we partner with more than 700 clinical study sites in 45 states. We have also launched the E-site Program to continue to strengthen cooperation with top clinical trial institutions, jointly develop professional clinical trial teams and build clinical sites, improve management and efficiency, and create a win-win and sustainable clinical study network. As of June 30, 2024, we have formed strategic alliance with 77 E-Sites and have 273 core collaborative sites nationwide.

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

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

Other Events

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

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

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

2. On March 28, 2024, the sixth meeting of the fifth session of the Board and the fourth meeting of the fifth session of the Supervisory Committee were convened to approve the Resolution on Terminating the Implementation of the 2022 Restricted A Share Incentive Scheme and the Lapse of the Restricted Shares, pursuant to which the Company decided that the implementation of the 2022 Restricted A Share Incentive Scheme (Draft), together with the relevant ancillary documents such as the Management Measures for Assessment Relating to the Implementation of the 2022 Restricted A Share Incentive Scheme of the Company shall be terminated, and all Restricted Shares that have been granted but not yet vested will lapse. The termination of the Incentive Scheme by the Company complies with relevant laws, regulations, normative documents such as the Company Law of the People's Republic of China ("**Company Law**"), the Securities Law of the People's Republic of China ("**Securities Law**"), the Management Measures for Equity Incentives of Listed Companies ("**Management Measures**"), and the relevant provisions of the such incentive scheme, which will not prejudice the interests of the Company and its Shareholders as a whole, will not have a material adverse effect on the daily operation and future development of the Company, and will not affect the diligence of management and core staff of the Company. Upon termination of the incentive scheme, the Company will continuously optimize the existing salary system, improve internal performance evaluation mechanisms, and other means to ensure the motivation of the Company's core team, in order to promote the long-term sustainable and healthy development of the Company.

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

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

3. On March 28, 2024, the Company convened its sixth meeting of the fifth session of the Board, and reviewed and approved the change of the Company's overseas financial statements preparation standards from IFRS to CASBE, which was subsequently approved by the 2023 annual general meeting of the Company on May 24, 2024. The Board is of the view that the adoption of the CASBE will enhance efficiency and reduce disclosure costs and is in the interests of the Company and the Shareholders as a whole.

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

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

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

Industry and Business 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. 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 2023, the global CRO market size has increased from US$53.91 billion to US$82.11 billion, and the market size is expected to reach US$106.45 billion by 2026 as the global demand for drug R&D grows year by year. The global clinical CRO market size grew from US$37.94 billion in 2018 to US$57.75 billion in 2023 and is expected to grow to US$73.20 billion by 2026.

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 continue to grow.

According to Frost & Sullivan, from 2018 to 2023, the market size of China's CRO grew from RMB38.80 billion to RMB84.83 billion and is expected to reach RMB112.65 billion by 2026. The size of China's clinical CRO market grew from RMB21.05 billion in 2018 to RMB44.24 billion in 2023 and is expected to grow to RMB59.79 billion in 2026. According to CDE statistics, there are 2,297 clinical trials in the first half of 2024, maintaining YoY growth. 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.

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 the first half of 2024, the total transaction amount for license-out transactions potentially reach US$24.3 billion. In the second quarter of 2024, the number of overseas license-out transactions has outnumbered the number of license-in transactions for 6 consecutive quarters. 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 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. 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.

The increasing difficulties and complexities in the R&D of new drugs, the tightening of regulatory authorities' supervision of 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.

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.

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 actions taken against the Company by governmental regulators for violating the relevant laws, regulations or industry standards, even if successfully defended or settled in the end, could cause the Company to incur relevant legal expenses, divert management's attention from the operation of the Company's business and adversely affect its reputation, business, financial condition and results of operations.

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

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

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

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

9. *Risk of losing key customers and contracts*

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

10. Risks of acquisitions and investments

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

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

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

12. Risk of talent loss

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

13. Risks related to financial assets at FVTPL

The fair value of our financial assets at FVTPL, including listed equity securities, unlisted equity investments, unlisted fund investments, unlisted debt instruments and financial products, are subject to changes beyond our control. During the Reporting Period, we recorded a negative changes in the fair value of financial assets in the amount of RMB98.4 million, compared to a positive changes in the fair value of financial assets in the amount of RMB529.8 million during the Corresponding Period. There is no guarantee that the changes in fair value of our financial assets at FVTPL will 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 RMB34.9 million and RMB4.8 million, respectively. There is also no guarantee that we will make gains on disposal of financial assets at FVTPL in the future, and our financial results may be materially affected.

14. Foreign exchange risk

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

15. Risk of changes in international policies and situations

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

Employees

The number of our total employees decreased to 9,348 as of June 30, 2024 from 9,701 as of December 31, 2023. As of June 30, 2024, our global team comprised over 1,000 CRAs, over 2,800 CRCs, over 800 for data management and statistical analysis and over 1,600 for laboratory services.

During the Reporting Period, the number of our employees in the PRC decreased to 7,626 as of June 30, 2024 from 8,069 as of December 31, 2023. This decline was primarily due to the Company's reduction in the scale of certain functions negatively affected by China's industry cycles, such as the laboratory services team and vaccine clinical operations team in China. Additionally, changes in China's policies and regulations led to strategic adjustments in some business sectors, resulting in a workforce reduction in these sectors.

On the other hand, the number of overseas employees increased to 1,722 as of June 30, 2024 from 1,632 as of December 31, 2023, covering 37 countries globally. As part of the Company's business growth strategy, the Company plans to continue expanding the scale of its clinical operation, project management, and business development teams in key overseas markets in the future.

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

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

COMPLIANCE WITH THE CG CODE

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

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

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

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

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

During the Reporting Period, the Company repurchased a total of 3,451,200 A Shares through centralized price bidding, representing 0.37% of the total share capital of the Company. The highest transaction price was RMB55.3 per Share and the lowest transaction price was RMB50.04 per Share, with an average repurchase price of RMB52.39 per Share and a total transaction amount of RMB180,796,021.11 (excluding transaction fees). Details of the repurchase during the Reporting Period are as follows:

Date	**Number of repurchased A Shares** *(Shares)*	**The highest repurchase price** *(RMB/Share)*	**The lowest repurchase price** *(RMB/Share)*	**Total Consideration** *(RMB)*
May 23, 2024	184,600	55.15	55.021	10,156,863.05
May 24, 2024	301,100	55.1	54.81	16,558,792.1
May 27, 2024	105,000	55.3	55.1	5,797,155
May 28, 2024	100,000	54.77	54.61	5,470,556.15
May 29, 2024	268,000	53.4	53.07	14,265,279
May 30, 2024	104,000	53.89	53.49	5,577,659.88
May 31, 2024	106,000	54.01	53.83	5,714,615
June 3, 2024	203,000	53.65	52.93	10,817,599.76
June 14, 2024	1,427,500	53.8	50.04	72,483,114.43
June 17, 2024	190,000	53.68	53.41	10,179,680
June 18, 2024	154,500	52.15	51.91	8,034,294
June 19, 2024	150,000	51.87	51.74	7,770,852
June 20, 2024	157,500	50.8	50.33	7,969,560.74

Save as disclosed above, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the Reporting Period. As of the end of the Reporting Period, the Company held 3,451,200 A share treasury shares.

USE OF NET PROCEEDS FROM OUR HONG KONG INITIAL PUBLIC OFFERING

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

On March 28, 2022, the Board considered and approved the proposed change in the use of proceeds from the global offering of the Company (the "**Proposed Change in Use of Proceeds**"). The Proposed Change in Use of Proceeds would enable the Company to better allocate its financial resources to opportunities that could drive sustainable growth for the Group and deliver returns to Shareholders in the near future. The Board considers that the changes will help the Company better seize domestic market opportunities, which is in line with the future growth strategies of the Company. The Proposed Change in Use of Proceeds was approved at the annual general meeting of the Company 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$4,917.7 million as at the end of the Reporting Period, the Company intends to use them in the same manner and proportions as described in the announcement of the Company dated March 28, 2022 and the circular of the Company dated April 28, 2022 and proposes to use the unutilized net proceeds in accordance with the expected timetable disclosed in the table below.

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

	Revised use of proceeds as stated in the announcement of the Company dated March 28, 2022 and the circular of the Company dated April 28, 2022 *(HK$ million)*	Net proceeds unutilized as 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	325.1	202.2	1,471.5	122.9	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 business 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	22.5	365.5	4,361.5	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	–	–	296.7	–	–
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	–	–	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**	**5,142.4**	**224.7**	**4,654.7**	**4,917.7**	

Note:

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

EVENTS AFTER THE REPORTING PERIOD

Subsequent to June 30, 2024, the following significant events took place:

1. On August 28, 2024, the Company convened the tenth 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, rules of procedures for the Supervisory Committee 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 Shareholders at the 2024 third extraordinary general meeting of the Company by way of special resolution. For details, please refer to the announcement of the Company dated August 28, 2024.

2. On August 28, 2024, the Company convened the tenth meeting of the fifth session of the Board, the Board resolved and approved, amongst others, the further change in use of proceeds from the H Shares IPO (the "**Further Change in Use of Proceeds from the H Shares Offering**") to enable the Company to better allocate its financial resources to opportunities that could drive sustainable growth for the Group and deliver returns to shareholders in the near future. The Further Change in Use of Proceeds from the H Shares Offering is subject to the approval by the Shareholders at the 2024 third extraordinary general meeting of the Company by way of ordinary resolution. For details, please refer to the announcement of the Company dated August 28, 2024.

REVIEW OF INTERIM RESULTS

The Audit Committee comprises three independent non-executive Directors, namely Mr. Liu Kai Yu Kenneth, Mr. Yuan Huagang and Ms. Liu Yuwen. The chairman of the Audit Committee is Mr. Liu Kai Yu Kenneth, who holds the appropriate qualification as required under Rules 3.10(2) and 3.21 of the Listing Rules. The Audit Committee has reviewed the Group's 2024 interim results announcement, interim report and unaudited condensed consolidated financial information of the Group for the six months ended June 30, 2024 with the management of the Company. The Audit Committee considered that the interim results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management of the Company.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend during the Reporting Period (June 30, 2023: nil).

I. Audit Report

Whether the half-yearly report is audited

The half-yearly financial report of the Company is unaudited.

II. Financial Statements

The unit of the statement in the financial notes is: RMB

Hangzhou Tigermed Consulting Co., Ltd.
Consolidated Balance Sheet
as at 30 June 2024
(All amounts in RMB Yuan unless otherwise stated)

Items	Note	**30 June 2024 (Unaudited)**	31 December 2023 (Audited)
Current assets:			
Cash at bank and on hand		**3,172,620,470.07**	7,419,991,842.25
Settlement provisions			
Placements with banks and other financial institutions			
Financial assets held for trading	5(1)	**42,517,737.73**	42,138,295.67
Derivative financial assets			
Notes receivables	5(2)	**13,644,901.84**	214,560.00
Accounts receivables	5(3)	**1,332,911,879.30**	1,260,700,340.86
Receivables financing			
Advances to suppliers	5(6)	**86,532,181.89**	56,545,630.65
Insurance premiums receivable			
Reinsurance premium receivable			
Reserves for reassurance contracts receivable			
Other receivables	5(5)	**105,960,575.94**	79,577,742.45
Including: Interest receivable		**17,376,536.37**	19,636,120.18
Dividends receivable			
Financial assets held under resale agreements			
Inventories		**22,136,941.00**	23,397,667.40
Including: data resources			
Contract assets	5(4)	**2,811,792,918.88**	2,364,435,242.53
Assets held for sale			
Non-current assets due within one year			
Other current assets		**58,517,272.05**	97,139,803.40
Total current assets		**7,646,634,878.70**	11,344,141,125.21

Items	Note	**30 June 2024 (Unaudited)**	31 December 2023 (Audited)
Non-current assets:			
Loans and advances to customers			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments		**3,518,375,411.56**	2,977,027,510.07
Other equity instrument investments	5(7)	**9,872,440.95**	14,507,959.32
Other non-current financial assets	5(8)	**10,497,204,889.49**	10,231,701,776.67
Investment properties			
Fixed assets	5(9)	**608,338,138.68**	638,751,357.57
Construction in progress	5(10)	**472,627,690.59**	324,278,367.30
Bearer biological assets			
Oil and gas assets			
Right-of-use assets	5(11)	**456,868,986.13**	509,578,081.32
Intangible assets		**345,000,363.85**	371,129,876.93
Including: data resources			
Development costs			
Including: data resources			
Goodwill	5(12)	**2,799,342,027.04**	2,764,188,189.08
Long-term prepaid expenses		**197,936,926.37**	213,751,116.95
Deferred tax assets		**123,325,371.64**	134,791,338.83
Other non-current assets	5(13)	**3,741,589,284.84**	156,895,649.92
Total non-current assets		**22,770,481,531.14**	18,336,601,223.96
TOTAL ASSETS		**30,417,116,409.84**	29,680,742,349.17

Hangzhou Tigermed Consulting Co., Ltd.
Consolidated Balance Sheet (Con't)
as at 30 June 2024
(All amounts in RMB Yuan unless otherwise stated)

Items	Note	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Current liabilities:			
Short-term borrowings	5(14)	**2,767,059,200.00**	1,969,693,500.00
Borrowings from central bank			
Placements from banks and other financial institutions			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payables	5(15)	**3,399,000.00**	
Accounts payables	5(16)	**227,112,814.45**	249,307,924.54
Advances from customers			
Contract liabilities		**772,245,863.28**	680,489,184.98
Financial assets sold under repurchase agreements			
Customer deposits and deposits from banks and other financial institutions			
Security trading of agency			
Securities underwriting			
Employee benefits payable		**233,446,905.33**	357,979,354.68
Taxes payable	5(18)	**158,161,687.49**	220,759,136.97
Other payables	5(17)	**594,905,642.35**	78,673,426.67
Including: Interests payable		**6,898,997.92**	6,392,172.03
Dividends payable		**513,481,650.41**	3,470,035.91
Fee and commission payable			
Reinsured accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year	5(19)	**555,727,450.13**	563,595,304.44
Other current liabilities		**20,357,240.08**	18,238,459.30
Total current liabilities		**5,332,415,803.11**	4,138,736,291.58
Non-current liabilities:			
Insurance contract reserves			
Long-term borrowings	5(20)	**404,817,974.35**	434,223,304.63
Debentures payable			
Including: Preference shares			
Perpetual Bonds			
Lease liabilities		**386,754,553.73**	423,108,703.51
Long-term payables			
Long-term employee benefits payable		**2,476,446.05**	2,538,825.71
Provisions			
Deferred income		**14,462,985.38**	14,594,433.99
Deferred tax liabilities		**208,712,497.33**	213,978,644.49
Other non-current liabilities			
Total non-current liabilities		**1,017,224,456.84**	1,088,443,912.33
Total liabilities		**6,349,640,259.95**	5,227,180,203.91

Items	Note	**30 June 2024 (Unaudited)**	31 December 2023 (Audited)
Owners' equity:			
Share capital	5(21)	**864,948,570.00**	872,418,220.00
Other equity instruments			
Including: Preference shares			
Perpetual Bonds			
Capital reserve	5(22)	**10,776,919,164.02**	11,708,834,896.63
Less: Treasury shares	5(23)	**180,796,021.11**	869,336,804.33
Other comprehensive income	5(24)	**91,214,186.82**	103,534,270.25
Special reserve			
Surplus reserve	5(25)	**436,529,393.76**	436,529,393.76
Provision for general risks			
Undistributed profits	5(26)	**8,776,352,812.65**	8,774,794,749.44
Total equity attributable to equity owners of the Company		**20,765,168,106.14**	21,026,774,725.75
Minority interests		**3,302,308,043.75**	3,426,787,419.51
Total owners' equity		**24,067,476,149.89**	24,453,562,145.26
TOTAL LIABILITIES AND OWNERS' EQUITY		**30,417,116,409.84**	29,680,742,349.17

Hangzhou Tigermed Consulting Co., Ltd.
Company Balance Sheet
as at 30 June 2024
(All amounts in RMB Yuan unless otherwise stated)

Items	Note	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Current assets:			
Cash at bank and on hand		**2,070,719,626.14**	5,864,404,321.18
Financial assets held for trading			
Derivative financial assets			
Notes receivables		**11,321,948.00**	
Accounts receivables		**790,165,757.37**	844,420,011.82
Receivables financing			
Advances to suppliers		**12,132,667.60**	7,953,528.04
Other receivables		**392,528,274.18**	358,533,908.80
Including: Interest receivable		**17,182,916.67**	19,561,340.82
Dividends receivable			
Inventories			
Including: data resources			
Contract assets		**1,856,122,913.63**	1,605,838,325.84
Assets held for sale			
Non-current assets due within one year			
Other current assets		**895,260.27**	
Total current assets		**5,133,886,447.19**	8,681,150,095.68

Items	Note	**30 June 2024 (Unaudited)**	31 December 2023 (Audited)
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments		**10,740,173,099.00**	9,635,474,620.52
Other equity instrument investments			
Other non-current financial assets		**943,609,787.05**	940,558,478.03
Investment properties			
Fixed assets		**22,458,925.74**	25,006,415.77
Construction in progress		**140,182,315.02**	85,836,649.97
Bearer biological assets			
Oil and gas assets			
Right-of-use assets		**45,552,786.76**	45,042,163.26
Intangible assets		**31,248,773.80**	32,081,808.39
Including: data resources			
Development costs			
Including: data resources			
Goodwill			
Long-term prepaid expenses		**4,745,312.43**	6,868,273.64
Deferred tax assets		**34,052,428.39**	28,018,512.53
Other non-current assets		**3,695,172,725.24**	4,873,199.16
Total non-current assets		**15,657,196,153.43**	10,803,760,121.27
TOTAL ASSETS		**20,791,082,600.62**	19,484,910,216.95

Hangzhou Tigermed Consulting Co., Ltd.
Company Balance Sheet (Con't)
as at 30 June 2024
(All amounts in RMB Yuan unless otherwise stated)

Items	Note	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Current liabilities:			
Short-term borrowings		**2,548,600,000.00**	1,873,400,000.00
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payables			
Accounts payables		**727,458,933.42**	660,832,632.01
Advances from customers			
Contract liabilities		**90,271,085.89**	86,373,330.85
Employee benefits payable		**30,601,756.55**	64,232,912.86
Taxes payable		**59,780,379.36**	110,878,596.74
Other payables		**2,969,510,511.45**	1,889,651,884.20
Including: Interests payable		**3,919,436.55**	3,230,101.78
Dividends payable		**491,290,787.76**	
Liabilities held for sale			
Non-current liabilities due within one year		**354,767,086.66**	366,544,939.85
Other current liabilities		**4,726,360.16**	4,554,738.13
Total current liabilities		**6,785,716,113.49**	5,056,469,034.64
Non-current liabilities:			
Long-term borrowings			
Debentures payable			
Including: Preference shares			
Perpetual Bonds			
Lease liabilities		**36,851,212.86**	28,426,833.43
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income			
Deferred tax liabilities		**70,529,861.25**	67,296,751.58
Other non-current liabilities			
Total non-current liabilities		**107,381,074.11**	95,723,585.01
Total liabilities		**6,893,097,187.60**	5,152,192,619.65

Items	Note	**30 June 2024 (Unaudited)**	31 December 2023 (Audited)
Owners' equity:			
Share capital		**864,948,570.00**	872,418,220.00
Other equity instruments			
Including: Preference shares			
Perpetual Bonds			
Capital reserve		**10,727,744,006.79**	11,555,102,983.84
Less: Treasury shares		**180,796,021.11**	869,336,804.33
Other comprehensive income			
Special reserve			
Surplus reserve		**436,209,110.00**	436,209,110.00
Undistributed profits		**2,049,879,747.34**	2,338,324,087.79
Total owners' equity		**13,897,985,413.02**	14,332,717,597.30
TOTAL LIABILITIES AND OWNERS' EQUITY		**20,791,082,600.62**	19,484,910,216.95

Hangzhou Tigermed Consulting Co., Ltd.
Consolidated Income Statement
For the six months ended 30 June 2024
(All amounts in RMB Yuan unless otherwise stated)

Items		Note	For the six months ended 30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
I.	Total operating revenue		**3,358,244,223.39**	3,710,850,371.59
	Including: Operating revenue	5(27)	**3,358,244,223.39**	3,710,850,371.59
	Interest income			
	Premiums earned			
	Fee and commission income			
II.	Total operating costs		**2,626,269,846.32**	2,720,025,504.93
	Including: Operating costs	5(27)	**2,025,196,633.70**	2,229,763,452.35
	Interest expenses			
	Fee and commission expense			
	Refunded premiums			
	Net payment from indemnity			
	Net provision for insurance contracts			
	Insurance policy dividend paid			
	Reinsured expenses			
	Taxes and surcharges		**14,493,882.32**	14,804,829.17
	Selling expenses	5(29)	**101,377,890.50**	88,998,358.31
	General and administrative expenses	5(28)	**376,615,946.18**	346,470,988.24
	Research and development expenses	5(30)	**124,694,222.85**	128,082,457.82
	Financial expenses	5(31)	**-16,108,729.23**	-88,094,580.96
	Including: Interest expenses		**67,432,236.02**	52,814,698.13
	Interest income		**71,381,356.68**	122,538,479.23
	Add: Other income	5(32)	**17,348,696.48**	8,896,585.58
	Investment income ("-" for losses)	5(34)	**70,743,456.58**	98,902,116.93
	Including: Share of profit of associates and joint ventures		**44,095,071.11**	63,724,392.56
	Derecognition of financial assets at amortized cost			
	Exchange gain ("-" for losses)			
	Net gain from exposure hedging ("-" for losses)			
	Gains from changes in fair values ("-" for losses)	5(33)	**-98,403,141.06**	529,757,595.42
	Credit impairment losses ("-" for losses)		**-27,659,162.33**	-21,559,038.29
	Asset impairment losses ("-" for losses)		**-8,424,529.23**	-8,218,437.27
	Gains on disposals of assets ("-" for losses)		**1,489,722.71**	-5,900.81
III.	Operating Profit ("-" for losses)		**687,069,420.22**	1,598,597,788.22
	Add: Non-operating income	5(35)	**4,950,417.77**	4,549,742.46
	Less: Non-operating expenses	5(36)	**1,926,665.02**	4,002,437.68
IV.	Total Profit ("-" for losses)		**690,093,172.97**	1,599,145,093.00
	Less: Income tax expenses	5(37)	**132,514,479.05**	191,055,100.26

Items				Note	For the six months ended 30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
V.	Net Profit ("-" for losses)				**557,578,693.92**	1,408,089,992.74
	(I)	Classified by continuity of operations				
		1.	Net profit from continuing operations ("-" for losses)		**557,578,693.92**	1,408,089,992.74
		2.	Net profit from discontinued operations ("-" for losses)			
	(II)	Classified by ownership of the equity				
		1.	Attributable to equity owners of the Company ("-" for losses)		**492,848,850.97**	1,388,337,006.20
		2.	Minority interests ("-" for losses)		**64,729,842.95**	19,752,986.54
VI.	Other comprehensive income, net of tax				**-30,370,935.25**	103,163,104.24
	Attributable to equity owners of the Company				**-12,320,083.43**	69,870,509.83
	(I)	Other comprehensive income that will not be reclassified to profit or loss			**-2,022,158.59**	
		1.	Changes arising from remeasurement of net liability or net asset of defined benefit plan			
		2.	Shares of other comprehensive income of the investee accounted for using equity method that will not be subsequently reclassified to profit or loss			
		3.	Changes in fair value of other equity instrument investments		**-2,022,158.59**	
		4.	Changes in fair value attributable to change in the credit risk of financial liability designated at FVPL			
		5.	Others			
	(II)	Other comprehensive income that will be reclassified to profit or loss			**-10,297,924.84**	69,870,509.83
		1.	Shares of other comprehensive income of the investee accounted for using equity method that will be reclassified to profit or loss			
		2.	Changes in fair value of other debt investments			
		3.	Shares of financial assets reclassified to other comprehensive income			
		4.	Provision for credit impairment of other debt investments			
		5.	Cash flow hedges reserve			
		6.	Translation differences of foreign currency financial statements		**-10,297,924.84**	69,870,509.83
		7.	Others			
	Attributable to minority interests				**-18,050,851.82**	33,292,594.41
VII.	Total comprehensive income				**527,207,758.67**	1,511,253,096.98
	Attributable to equity owners of the Company				**480,528,767.54**	1,458,207,516.03
	Attributable to minority interests				**46,678,991.13**	53,045,580.95
VIII.	Earnings per share:					
	(I)	Basic earnings per share			**0.57**	1.61
	(II)	Diluted earnings per share			**0.57**	1.61

If a business combination under the same control occurs in the current period, the net profit achieved by the party being combined before the combination is: RMB0.00, and the net profit achieved by the party being combined in the previous period is: RMB0.00.

Hangzhou Tigermed Consulting Co., Ltd.
Company Income Statement
For the six months ended 30 June 2024
(All amounts in RMB Yuan unless otherwise stated)

Items		Note	For the six months ended 30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
I.	Operating revenue		**1,167,311,066.84**	1,598,182,646.65
	Less: Operating costs		**812,551,347.19**	1,096,068,234.12
	Taxes and surcharges		**3,413,439.80**	7,064,507.26
	Selling expenses		**36,129,857.64**	30,346,042.62
	General and administrative expenses		**87,865,847.43**	71,078,789.72
	Research and development expenses		**47,929,443.41**	52,682,362.65
	Financial expenses		**-30,655,076.96**	-102,740,031.14
	Including: Interest expenses		**35,422,172.44**	30,063,050.01
	Interest income		**60,101,822.42**	111,346,293.94
	Add: Other income		**1,872,946.19**	3,204,639.19
	Investment income (“- “ for losses)		**47,224,012.57**	34,912,251.17
	Including: Share of profit of associates and joint ventures		**32,071.97**	-810,870.73
	Derecognition of financial assets at amortized cost			
	Net gain from exposure hedging (“- “ for losses)			
	Gains from changes in fair values (“- “ for losses)		**29,947,509.96**	59,545,181.26
	Credit impairment losses (“- “ for losses)		**-35,502,501.84**	-15,905,879.89
	Asset impairment losses (“- “ for losses)		**-4,587,701.20**	-4,029,099.38
	Gains on disposals of assets (“- “ for losses)		**-12,514.33**	924.02
II.	Operating Profit (“- “ for losses)		**249,017,959.68**	521,410,757.79
	Add: Non-operating income		**0.02**	35,100.00
	Less: Non-operating expenses		**625,484.35**	957,216.15
III.	Total Profit (“- “ for losses)		**248,392,475.35**	520,488,641.64
	Less: Income tax expenses		**45,546,028.04**	84,998,943.15
IV.	Net Profit (“- “ for losses)		**202,846,447.31**	435,489,698.49
	(I) Net profit from continuing operations (“- “ for losses)		**202,846,447.31**	435,489,698.49
	(II) Net profit from discontinued operations (“- “ for losses)			

Items			Note	For the six months ended 30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
V.	Other comprehensive income, net of tax				
	(I) Other comprehensive income that will not be reclassified to profit or loss				
		1. Changes arising from remeasurement of net liability or net asset of defined benefit plan			
		2. Shares of other comprehensive income of the investee accounted for using equity method that will not be subsequently reclassified to profit or loss			
		3. Changes in fair value of other equity instrument investments			
		4. Changes in fair value attributable to change in the credit risk of financial liability designated at FVPL			
		5. Others			
	(II) Other comprehensive income that will be reclassified to profit or loss				
		1. Shares of other comprehensive income of the investee accounted for using equity method that will be reclassified to profit or loss			
		2. Changes in fair value of other debt investments			
		3. Shares of financial assets reclassified to other comprehensive income			
		4. Provision for credit impairment of other debt investments			
		5. Cash flow hedges reserve			
		6. Translation differences of foreign currency financial statements			
		7. Others			
VI.	Total comprehensive income			**202,846,447.31**	435,489,698.49
VII.	Earnings per share:				
	(I) Basic earnings per share			**0.23**	0.50
	(II) Diluted earnings per share			**0.23**	0.50

Hangzhou Tigermed Consulting Co., Ltd.
Consolidated Cash Flow Statement
For the six months ended 30 June 2024
(All amounts in RMB Yuan unless otherwise stated)

Items		Note	For the six months ended 30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
I.	**Cash flows from operating activities:**			
	Cash received from sales of goods or rendering of services		**3,056,322,442.94**	3,310,082,306.61
	Net increase in deposits and placements from financial institutions			
	Net increase in loans from central bank			
	Net increase in placements from other financial institutions			
	Cash received from premiums of original insurance contract			
	Net amount of reinsurance business			
	Net increase in deposits of the insured and investment			
	Cash received from interests, fees and commissions			
	Net increase in placements from banks and other financial institutions			
	Net increase in repurchasing			
	Net cash received from securities brokerage			
	Refund of taxes and surcharges		**1,183,047.88**	6,355,082.49
	Cash received relating to other operating activities		**109,908,791.08**	182,154,184.51
Sub-total of cash inflows from operating activities			**3,167,414,281.90**	3,498,591,573.61
	Cash paid for goods and services		**848,583,328.12**	1,072,712,094.43
	Net increase in loans and advances			
	Net increase in deposits in the central bank and other financial institutions			
	Cash paid for claim settlements on original insurance contract			
	Net increase in placements with banks and other financial institutions			
	Cash paid for interests, fees and commissions			
	Cash paid for policy dividends			
	Cash paid to and on behalf of employees		**1,609,200,179.32**	1,530,130,605.35
	Payments of taxes and surcharges		**323,762,293.83**	338,405,234.03
	Cash paid relating to other operating activities		**208,540,095.92**	182,302,384.46
Sub-total of cash outflows from operating activities			**2,990,085,897.19**	3,123,550,318.27
Net cash flows from operating activities			**177,328,384.71**	375,041,255.34

Items	Note	For the six months ended 30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
II. Cash flows from investing activities:			
Cash received from disposal of investments		**286,899,076.47**	349,639,774.18
Cash received from returns on investments		**13,078,605.87**	11,194,612.05
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		**128,657.76**	4,761,803.69
Net cash received from disposal of subsidiaries and other business units			
Cash received relating to other investing activities		**13,835,699.65**	39,388,834.63
Sub-total of cash inflows from investing activities		**313,942,039.75**	404,985,024.55
Cash paid to acquire fixed assets, intangible assets and other long-term assets		**202,262,777.11**	156,979,499.03
Cash paid to acquire investments		**4,733,489,965.34**	956,088,659.08
Net increase in pledged loans			
Net cash paid to acquire subsidiaries and other business units			
Cash paid relating to other investing activities			476,786.42
Sub-total of cash outflows from investing activities		**4,935,752,742.45**	1,113,544,944.53
Net cash flows from investing activities		**-4,621,810,702.70**	-708,559,919.98
III. Cash flows from financing activities:			
Cash received from capital contributions		**31,300,000.00**	243,589,156.00
Including: Cash received from capital contributions by minority shareholders of subsidiaries		**31,300,000.00**	240,060,000.00
Cash received from borrowings		**1,515,318,400.00**	1,455,850,834.02
Cash received relating to other financing activities		**54,500,229.06**	3,890,982.74
Sub-total of cash inflows from financing activities		**1,601,118,629.06**	1,703,330,972.76
Cash repayments of borrowings		**742,705,523.51**	896,841,185.47
Cash payments for distribution of dividends, profits or interest expenses		**83,954,901.98**	66,323,828.58
Payments for the dividends and profits distributed to minority shareholders of subsidiaries		**19,797,431.75**	14,497,540.33
Cash payments relating to other financing activities		**568,248,193.06**	119,095,755.79
Sub-total of cash outflows from financing activities		**1,394,908,618.55**	1,082,260,769.84
Net cash flows from financing activities		**206,210,010.51**	621,070,202.92
IV. Effect of foreign exchange rate changes on cash and cash equivalents		**1,473,866.18**	25,879,265.82
V. Net increase in cash and cash equivalents		**-4,236,798,441.30**	313,430,804.10
Add: Ending balance of cash and cash equivalents at beginning of period		**7,399,941,369.85**	7,782,740,887.02
VI. Ending balance of cash and cash equivalents at end of period		**3,163,142,928.55**	8,096,171,691.12

Hangzhou Tigermed Consulting Co., Ltd.
Company Cash Flow Statement
For the six months ended 30 June 2024
(All amounts in RMB Yuan unless otherwise stated)

Items	Note	For the six months ended 30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
I. Cash flows from operating activities:			
Cash received from sales of goods or rendering of services		**965,189,611.35**	1,246,722,857.41
Refund of taxes and surcharges			
Cash received relating to other operating activities		**1,883,962,980.78**	2,460,295,558.34
Sub-total of cash inflows from operating activities		**2,849,152,592.13**	3,707,018,415.75
Cash paid for goods and services		**520,598,619.61**	641,096,729.71
Cash paid to and on behalf of employees		**353,380,727.71**	351,721,847.89
Payments of taxes and surcharges		**134,844,666.92**	144,833,098.13
Cash paid relating to other operating activities		**1,305,721,726.00**	2,555,749,448.12
Sub-total of cash outflows from operating activities		**2,314,545,740.24**	3,693,401,123.85
Net cash flows from operating activities		**534,606,851.89**	13,617,291.90
II. Cash flows from investing activities:			
Cash received from disposal of investments		**26,965,430.80**	102,799,088.21
Cash received from returns on investments		**38,759,851.33**	21,611,424.45
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		**7,862.89**	2,695.15
Net cash received from disposal of subsidiaries and other business units			
Cash received relating to other investing activities			4,118,955.20
Sub-total of cash inflows from investing activities		**65,733,145.02**	128,532,163.01
Cash paid to acquire fixed assets, intangible assets and other long-term assets		**64,112,552.88**	39,052,524.17
Cash paid to acquire investments		**4,771,951,881.89**	630,420,588.30
Net cash paid to acquire subsidiaries and other business units			
Cash paid relating to other investing activities			
Sub-total of cash outflows from investing activities		**4,836,064,434.77**	669,473,112.47
Net cash flows from investing activities		**-4,770,331,289.75**	-540,940,949.46

Items	Note	For the six months ended **30 June 2024** **(Unaudited)**	30 June 2023 (Unaudited)
III. Cash flows from financing activities:			
Cash received from capital contributions			
Cash received from borrowings		**1,382,600,000.00**	1,382,400,000.00
Cash received relating to other financing activities			
Sub-total of cash inflows from financing activities		**1,382,600,000.00**	1,382,400,000.00
Cash repayments of borrowings		**711,400,000.00**	845,500,000.00
Cash payments for distribution of dividends, profits or interest expenses		**33,631,187.23**	30,151,765.25
Cash payments relating to other financing activities		**195,897,733.26**	15,490,808.52
Sub-total of cash outflows from financing activities		**940,928,920.49**	891,142,573.77
Net cash flows from financing activities		**441,671,079.51**	491,257,426.23
IV. Effect of foreign exchange rate changes on cash and cash equivalents		**368,663.31**	103,855.20
V. Net increase in cash and cash equivalents		**-3,793,684,695.04**	-35,962,376.13
Add: Ending balance of cash and cash equivalents at beginning of period		**5,860,404,321.18**	6,338,799,816.87
VI. Ending balance of cash and cash equivalents at end of period		**2,066,719,626.14**	6,302,837,440.74

Hangzhou Tigermed Consulting Co., Ltd.
Consolidated Statement of changes in owners' equity
For the six months ended 30 June 2024
(All amounts in RMB Yuan unless otherwise stated)

For the six months ended 30 June 2024 (unaudited)

Items	Attributable to equity owners of the Company													
		Other equity instruments												
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Provision for general risks	Undistributed profits	Subtotal	Minority interests	Total owners' equity
I. Balance at the end of prior year	872,418,220.00				11,708,834,896.63	869,336,804.33	103,534,270.25		436,529,393.76		8,774,794,749.44	21,026,774,725.75	3,426,787,419.51	24,453,562,145.26
Add: Changes in accounting policies														
Error correction of previous period														
Others														
II. Balance at the beginning of current year	872,418,220.00				11,708,834,896.63	869,336,804.33	103,534,270.25		436,529,393.76		8,774,794,749.44	21,026,774,725.75	3,426,787,419.51	24,453,562,145.26
III. Increase/decrease for the period (decrease expressed with "-")	-7,469,650.00				-931,915,732.61	-688,540,783.22	-12,320,083.43				1,558,063.21	-261,606,619.61	-124,479,375.76	-386,085,995.37
(I) Total comprehensive income							-12,320,083.43				492,848,850.97	480,528,767.54	46,678,991.13	527,207,758.67
(II) Capital contribution and withdrawal by owners	-7,469,650.00				36,987,306.60	-688,540,783.22						718,058,439.82	90,886,582.57	808,945,022.39
1. Ordinary shares paid by owners													85,802,800.45	85,802,800.45
2. Capital paid by holders of other equity instruments														
3. Amount of share-based payments recognized in owners' equity					36,987,306.60							36,987,306.60	5,083,782.12	42,071,088.72
4. Others	-7,469,650.00					-688,540,783.22						681,071,133.22		681,071,133.22
(III) Profit distribution											-491,290,787.76	-491,290,787.76	-50,891,826.46	-542,182,614.22
1. Appropriation to surplus reserve														
2. Appropriation to general risk reserves														
3. Profit distributed to owners (or shareholders)											-491,290,787.76	-491,290,787.76	-50,891,826.46	-542,182,614.22
4. Others														

For the six months ended 30 June 2024 (unaudited)

Items	Attributable to equity owners of the Company													
	Share capital	Other equity instruments: Preference shares	Other equity instruments: Perpetual bonds	Other equity instruments: Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Provision for general risks	Undistributed profits	Subtotal	Minority interests	Total owners' equity
(IV) Transfer within the owners' equity														
1. Transfer from capital reserve to paid-in capital														
2. Transfer from surplus reserve to paid-in capital														
3. Surplus reserve used to offset accumulated losses														
4. Transfer remeasurements of defined benefit obligation to retained earnings														
5. Reclassification from other comprehensive income to retained earnings														
6. Others														
(V) Special reserve														
1. Appropriation for the current period														
2. Application for the current period														
(VI) Others					-968,903,039.21							-968,903,039.21	-211,153,123.00	-1,180,056,162.21
IV. Balance at the end of current period	864,948,570.00				10,776,919,164.02	180,796,021.11	91,214,186.82		436,529,393.76		8,776,352,812.65	20,765,168,106.14	3,302,308,043.75	24,067,476,149.89

Hangzhou Tigermed Consulting Co., Ltd.
Consolidated Statement of changes in owners' equity
For the six months ended 30 June 2024 (Con't)
(All amounts in RMB Yuan unless otherwise stated)

	For the six months ended 30 June 2023 (unaudited)													
	Attributable to equity owners of the Company													
		Other equity instruments												
Items	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Provision for general risks	Undistributed profits	Subtotal	Minority interests	Total owners' equity
I. Balance at the end of prior year	872,418,220.00				11,852,193,939.21	869,336,804.33	65,551,109.52		391,861,320.51		7,270,334,547.08	19,583,022,331.99	3,098,008,609.50	22,681,030,941.49
Add: Changes in accounting policies														
Error correction of previous period														
Others														
II. Balance at the beginning of current year	872,418,220.00				11,852,193,939.21	869,336,804.33	65,551,109.52		391,861,320.51		7,270,334,547.08	19,583,022,331.99	3,098,008,609.50	22,681,030,941.49
III. Increase/decrease for the period (decrease expressed with "-")					20,595,802.75		69,870,509.83				912,615,292.70	1,003,081,605.28	273,737,043.42	1,276,818,648.70
(I) Total comprehensive income							69,870,509.83				1,388,337,006.20	1,458,207,516.03	53,045,580.95	1,511,253,096.98
(II) Capital contribution and withdrawal by owners					48,423,311.55							48,423,311.55	247,033,759.63	295,457,071.18
1. Ordinary shares paid by owners													240,060,000.00	240,060,000.00
2. Capital paid by holders of other equity instruments														
3. Amount recorded in owners' equity arising from share-based payment arrangements					48,423,311.55							48,423,311.55	6,973,759.63	55,397,071.18
4. Others														
(III) Profit distribution											-475,721,713.50	-475,721,713.50	-38,990,880.92	-514,712,594.42
1. Appropriation to surplus reserve														
2. Appropriation to general risk reserves														
3. Profit distributed to owners (or shareholders)											-475,721,713.50	-475,721,713.50	-38,990,880.92	-514,712,594.42
4. Others														

	For the six months ended 30 June 2023 (unaudited)													
	Attributable to equity owners of the Company													
		Other equity instruments												
Items	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Provision for general risks	Undistributed profits	Subtotal	Minority interests	Total owners' equity
(IV) Transfer within the owners' equity														
1. Transfer from capital reserve to paid-in capital														
2. Transfer from surplus reserve to paid-in capital														
3. Surplus reserve used to offset accumulated losses														
4. Transfer remeasurements of defined benefit obligation to retained earnings														
5. Reclassification from other comprehensive income to retained earnings														
6. Others														
(V) Special reserve														
1. Appropriation for the current period														
2. Application for the current period														
(VI) Others					-27,827,508.80							-27,827,508.80	12,648,583.76	-15,178,925.04
IV. Balance at the end of current period	872,418,220.00				11,872,789,741.96	869,336,804.33	135,421,619.35		391,861,320.51		8,182,949,839.78	20,586,103,937.27	3,371,745,652.92	23,957,849,590.19

Hangzhou Tigermed Consulting Co., Ltd.
Company Statement of changes in owners' equity
For the six months ended 30 June 2024
(All amounts in RMB Yuan unless otherwise stated)

	For the six months ended 30 June 2024 (unaudited)										
		Other equity instruments					Other				
Items	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total owners' equity
I. Balance at the end of prior year	872,418,220.00				11,555,102,983.84	869,336,804.33			436,209,110.00	2,338,324,087.79	14,332,717,597.30
Add: Changes in accounting policies											
Error correction of previous period											
Others											
II. Balance at the beginning of current year	872,418,220.00				11,555,102,983.84	869,336,804.33			436,209,110.00	2,338,324,087.79	14,332,717,597.30
III. Increase/decrease for the period (decrease expressed with "-")	-7,469,650.00				-827,358,977.05	-688,540,783.22				-288,444,340.45	-434,732,184.28
(I) Total comprehensive income										202,846,447.31	202,846,447.31
(II) Capital contribution and withdrawal by owners	-7,469,650.00				-827,358,977.05	-688,540,783.22					-146,287,843.83
1. Ordinary shares paid by owners											
2. Capital paid by holders of other equity instruments											
3. Amount recorded in owners' equity arising from share-based payment arrangements					34,508,177.28						34,508,177.28
4. Others	-7,469,650.00				-861,867,154.33	-688,540,783.22					-180,796,021.11
(III) Profit distribution										-491,290,787.76	-491,290,787.76
1. Appropriation to surplus reserve											
2. Profit distributed to owners (or shareholders)										-491,290,787.76	-491,290,787.76
3. Others											
(IV) Transfer within the owners' equity											
1. Transfer from capital reserve to paid-in capital											
2. Transfer from surplus reserve to paid-in capital											
3. Surplus reserve used to offset accumulated losses											
4. Transfer remeasurements of defined benefit obligation to retained earnings											
5. Reclassification from other comprehensive income to retained earnings											
6. Others											
(V) Special reserve											
1. Appropriation for the current period											
2. Application for the current period											
(VI) Others											
IV. Balance at the end of current period	864,948,570.00				10,727,744,006.79	180,796,021.11			436,209,110.00	2,049,879,747.34	13,897,985,413.02

Hangzhou Tigermed Consulting Co., Ltd.
Company Statement of changes in owners' equity
For the six months ended 30 June 2024 (Con't)
(All amounts in RMB Yuan unless otherwise stated)

	For the six months ended 30 June 2023 (unaudited)										
		Other equity instruments									
Items	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total owners' equity
I. Balance at the end of prior year	872,418,220.00				11,567,718,406.29	869,336,804.33			391,541,036.75	2,115,363,195.70	14,077,704,054.41
Add: Changes in accounting policies											
Error correction of previous period											
Others											
II. Balance at the beginning of current year	872,418,220.00				11,567,718,406.29	869,336,804.33			391,541,036.75	2,115,363,195.70	14,077,704,054.41
III. Increase/decrease for the period (decrease expressed with "-")					40,655,141.87					-40,232,015.01	423,126.86
(I) Total comprehensive income										435,489,698.49	435,489,698.49
(II) Capital contribution and withdrawal by owners					40,655,141.87						40,655,141.87
1. Ordinary shares paid by owners											
2. Capital paid by holders of other equity instruments											
3. Amount of share-based payments recognized in owners' equity					40,655,141.87						40,655,141.87
4. Others											
(III) Profit distribution										-475,721,713.50	-475,721,713.50
1. Appropriation to surplus reserve											
2. Profit distributed to owners (or shareholders)										-475,721,713.50	-475,721,713.50
3. Others											
(IV) Transfer within the owners' equity											
1. Transfer from capital reserve to paid-in capital											
2. Transfer from surplus reserve to paid-in capital											
3. Surplus reserve used to offset accumulated losses											
4. Transfer remeasurements of defined benefit obligation to retained earnings											
5. Reclassification from other comprehensive income to retained earnings											
6. Others											
(V) Special reserve											
1. Appropriation for the current period											
2. Application for the current period											
(VI) Others											
IV. Balance at the end of current period	872,418,220.00				11,608,373,548.16	869,336,804.33			391,541,036.75	2,075,131,180.69	14,078,127,181.27

1. CORPORATION GENERAL INFORMATION

Hangzhou Tigermed Consulting Co., Ltd. (the "Company"), Hangzhou Tigermed Limited (the predecessor of our Company) was established on 15 December 2004 with the approval of the High-tech district Branch of Hangzhou Administration for Industry and Commerce. It was jointly established by natural persons Ye Xiaoping, Cao Xiaochun and Shi Xiaoli, each contributing investment of RMB300,000, RMB150,000 and RMB50,000 respectively. The registered capital amounts to RMB500,000 as verified by Zhejing Tiance Accountants Office Co., Ltd. with Zhejingtiance Yan Zi (2004) No.145 capital verification report.

In accordance with the resolution of the Company's shareholders' meeting on January 6, 2008 and the amended articles of association, the Company applied to increase its registered capital to RMB5 million. The original shareholders Ye Xiaoping, Cao Xiaochun, and Shi Xiaoli have made additional investments of RMB2,652,500, RMB875,500 and RMB360,000 respectively. Additionally, new natural person shareholders Xu Jialian and Gong Yunjie contributed RMB406,500 and RMB205,500 respectively. In January 2008, the Company obtained a modified business license as an enterprise legal entity.

According the resolution of the shareholders' meeting of the Company on March 31, 2008, and in line with the capital increase and merger agreement as well as the amended articles of association, the Company seeks to raise its registered capital to RMB5,882,353. It has been resolved that the new shareholder QM8 Limited will subscribe to an increased registered capital of RMB882,353 at a premium of USD5 million (with a premium of RMB33,818,647.00 recognized in capital reserve). Additionally, it has been agreed that the nature of the Company will be changed from a domestic enterprise to a Sino-foreign joint venture. On May 5th, 2008, Zhejiang Provincial Department of Foreign Trade and Economic Cooperation issued Zhejiang Foreign Economic and Trade Information Letter (2008) No.237 *Regarding approval for Hangzhou Tigermed Consulting Co., Ltd.'s equity merger and acquisition for increasing capital and transforming into a Sino-foreign joint venture*, thereby granting approval for the Company's equity merger and acquisition to increase capital and transform into a Sino-foreign joint venture. In June 2008, the Company obtained an updated business license as an enterprise legal person.

Pursuant to the resolution of the Board of Directors of the Company on July 18, 2008 and the amended articles of association, the Company applied to increase the registered capital to RMB30 million and agrees to convert the Company's capital reserve of RMB24,117,647 into paid-in capital. After the conversion, the Shareholders Ye Xiaoping, Cao Xiaochun, Shi Xiaoli, Xu Jialian, Gong Yunjie and QM8 Limited hold RMB15.06 million, RMB5.22 million, RMB2.091 million, RMB2.073 million, RMB1.047 million and RMB4.5 million respectively. The Company obtained the modified business license of enterprise legal person on September 4, 2008.

Per the equity transfer agreement signed on November 16, 2009, shareholder Ye Xiaoping transferred the Company's equity held by him, recorded at RMB1.71 million, to Hangzhou Taimo Investment Management Co., Ltd. for RMB2.6334 million. Following this transaction, Hangzhou Taimo Investment Management Co., Ltd. held a 5.70% stake in the Company. Per the equity transfer agreement signed on November 16, 2009, the shareholders Ye Xiaoping, Cao Xiaochun and Gong Yunjie transferred the Company's equity held by them of RMB123,000, RMB636,000 and RMB81,000 to Hangzhou Taidi Investment Management Co., Ltd. for RMB189,420, RMB979,440 and RMB124,740, respectively. After the transfer, Hangzhou Taidi Investment Management Co., Ltd. holds 2.80% of the Company's equity. In December 2008, the Company obtained the modified business license of enterprise legal person. Pursuant to the Equity transfer Agreement signed on December 28, 2009, the shareholders, Xu Jialian and Gong Yunjie, transferred the Company's equity held by them of RMB252,000 and RMB48,000 to Hongqiao Zhang for RMB388,080 and RMB73,920 respectively, after which Hongqiao Zhang held 1% of the Company's equity. Shareholders Shi Xiaoli and QM8 Limited transferred the Company's equity of RMB255,000 and RMB195,000 to Wen Chen for RMB392,700 and RMB300,300 respectively, and Wen Chen held 1.5% of the Company's equity after the transfer. In April 2010, the Company obtained the modified business license of enterprise legal person.

According to the resolution of the Company's Board of Directors on December 28, 2009, the capital increase and expansion agreement, and the modified articles of association, the Company applied to increase its registered capital to RMB35,535,118. On February 22, 2010, the original shareholder QM8 Limited contributed 2,000,028.5 US dollars (equivalent to RMB13,654,394.57) to subscribe for the increased registered capital of the Company of RMB1.875 million (the premium of RMB11,779,394.57 was recognized in the capital reserve); the new shareholders Zhuan Yin, Bing Zhang, MinZhi Liu, and Shanghai Ruiqin Investment Consulting Co., Ltd. contributed 452,000 US dollars (equivalent to RMB3,085,804), 214,000 US dollars (equivalent to RMB1,460,978), 55,339 US dollars (equivalent to RMB377,815.94) and RMB711,414 respectively to subscribe for the increased registered capital of the Company of RMB2,004,181 (the premium of RMB1,081,623 was recognized in the capital reserve), RMB948,788 (the premium of RMB512,190 was recognized in the capital reserve), RMB245,192 (the premium of RMB132,623.94 was recognized in the capital reserve), and RMB461,957 (the premium of RMB249,457 was recognized in the capital reserve). The Company obtained the modified business license of enterprise legal person in April 2010.

In accordance with the resolution of the Board of Directors of the Company on August 4, 2010, the initiator agreement and the modified articles of association on August 16, 2010, the Company transformed the audited net assets as of May 31, 2010, amounting to RMB67,647,753.65, into the Company's share capital at a ratio of 1:0.5913. A total of 40 million shares were converted, with a par value of RMB1.00 per share. Simultaneously, RMB27,647,753.65 was recognized in the capital reserve, and the Company was wholly transformed into a limited liability company by shares. The Company obtained the business license of enterprise legal person on November 4, 2010.

Accounting to the resolutions of the 2010 Annual General Meeting of Shareholders and the 2012 First Extraordinary General Meeting of Shareholders of the Company, and with the approval document (CSRC License [2012] No. 896) *Reply on Approving the Initial Public Offering of Stocks and Listing on the Growth Enterprise Market of Hangzhou Tigermed Consulting Co., Ltd.* issued by the China Securities Regulatory Commission, the Company publicly issued 13,400,000.00 ordinary shares (A shares) to the public, increasing the share capital by RMB13,400,000.00. The changed share capital was RMB53,400,000.00. The net proceed from fundraising was RMB481,170,979.00, of which the share capital was RMB13.4 million and the premium of RMB467,770,979.00 was recognized in the capital reserve. The Company obtained the modified business license of enterprise legal person on November 27, 2012.

In accordance with the resolution of the 2012 annual shareholders' general meeting and the amendment to the articles of association of the Company on April 9, 2013, and approved by the *Decision on Administrative License for Alteration of Hangzhou Tigermed Consulting Co., Ltd.* of Hangzhou Foreign Trade and Economic Cooperation Bureau's Foreign Trade Service Permit (2013 No. 99), the Company increased the registered capital by RMB53,400,000.00, which was transformed from capital reserve to share capital. The revised registered capital was RMB106,800,000.00. The Company obtained the modified business license of enterprise legal person on December 6, 2013.

According to the resolution of the 2013 annual shareholders' general meeting and the amendment to the articles of association of the Company, the Company applied to increase the registered capital by RMB106,800,000.00, which was converted from capital reserve to share capital. The modified registered capital was RMB213,600,000.00. The Company obtained the modified business license of enterprise legal person on July 22, 2014.

According to the *Proposal on the Feasibility of the First Exercise Period of the First Grant of Stock Options* adopted by the resolution of the 11th meeting of the Second Board of Directors of the Company in 2014, the Company's equity incentive recipients exercised a total of 1,419,177 stock options during the first exercise period, thereby increasing the registered capital by RMB1,419,177.00. The modified registered capital was RMB215,019,177.00. The Company obtained the business license of enterprise legal person registered by the Administration for Industry and Commerce of Zhejiang Province on February 15, 2015.

Pursuant to the resolution of the Company's 2014 Annual General Meeting of Shareholders and the amendment to the articles of association, the Company increased its registered capital by 215,019,177 shares, which was converted from capital reserve to share capital. The registered capital after the modification was RMB430,038,354.00.

According to the provisions of the *Proposal on Adjusting the Exercise Price and Quantity of the Stock Option Incentive Plan* of the 16th meeting of the Second Board of Directors of the Company in 2015, the number of granted stock options was 1,120,000, the exercisable quantity was 560,000, the amount of the Company's registered capital increased by RMB560,000.00, and the registered capital after the alteration was RMB430,598,354.00.

In accordance with the provisions of the *Proposal on Increasing the Company's Registered Capital and Amending the Company's Articles of Association* of the 25th meeting of the Second Board of Directors of the Company in 2015, the Company granted a total of 2,717,556 options to 150 incentive recipients who passed the assessment in the second exercise period of the stock option, increasing the Company's registered capital by RMB2,717,556.00. The registered capital after the alteration was RMB433,315,910.00.

In accordance with the resolution of the Company's first extraordinary general meeting of shareholders in 2015 and approved by Document No. [2015] 3096 of the China Securities Regulatory Commission, the Company conducted a non-public offering of 37,425,150.00 ordinary shares (A shares). The par value of each stock was RMB1.00. It was issued at a premium, with an issue price of RMB13.36 per share, raising a total of RMB499,999,990.64. The non-publicly issued shares of the Company were subscribed by Ye Xiaoping for 13,473,053.00 shares, Cao Xiaochun for 5,239,521.00 shares, Ningbo Dingliang Ruixing Equity Investment Center (Limited Partnership) for 7,485,030.00 shares, Guojin Yonghua Value Growth Fixed Increase Collective Asset Management Plan for 3,742,515.00 shares, and Shanghai Jiguang Investment Management Center (Limited Partnership) for 7,485,030.00 shares. After the alteration, the registered capital and paid-in capital amounted to RMB470,741,059.00.

In accordance with the resolution of the thirty-second meeting of the Second Board of Directors of the Company in 2016 as stipulated in the *Proposal on the Availability of the Second Exercise Period for the Reserved Grants of Stock Options*, the Company applies for the directional issuance of shares to the incentive recipients, increasing the registered capital by RMB560,000.00. After the alteration the registered capital of the Company to RMB471,301,059.00.

In accordance with the resolution of the thirty-sixth meeting of the Second Board of Directors of the Company in 2016, as stipulated in the *Proposal on the Availability of the Third Exercise Period for the Initial Grant of Stock Options*, the available exercise quantity is 3,564,108.00 shares, the exercise price of the stock option is RMB13.3400, and the total capital contribution amount is RMB47,545,200.72. Among them, the registered capital of the Company is increased by RMB3,564,108.00, the capital reserve is increased by RMB43,981,092.72, and the registered capital after the alteration is RMB474,865,167.00.

According to the valid approval of the resolution of the first extraordinary general meeting of shareholders of the Company in 2016, and the Document No. [2017] 65 of the China Securities Regulatory Commission, *Reply on Approving the Non-public Offering of Shares by Hangzhou Tigermed Consulting Co., Ltd.*, the Company non-publicly issued 25,311,370 ordinary shares (A shares) of RMB, and the net amount of funds raised was RMB607,799,999.30. It has been verified by BDO China Shu Lun Pan Certified Public Accountants LLP and the capital verification report Xin Kuai Shi Bao Zi 2017 No. ZA14261 was issued. The registered capital after the alteration is RMB500,176,537.00.

In accordance with *the Proposal on the Plan for Repurchasing Company Shares* and *Proposal on Entrusting the Board of Directors with Full Authority to Handle Matters Related to This Share Repurchase* of the fourteenth meeting of the third Board of Directors of the Company in 2019, on March 20, 2019, the Company repurchased a total of 7,005,832 Shares of the Company through the dedicated securities account for share repurchase by means of centralized competitive trading, as the source of stocks for the implementation of the Company's employee stock ownership plan or equity incentive plan in the subsequent period. According to the *2019 Restricted Stock Incentive Plan (Draft) of Hangzhou Tigermed Consulting Co., Ltd*. and its summary reviewed and approved at the fifteenth meeting of the third Board of Directors of the Company, the Company was supposed to grant 4,859,311 restricted stocks to the incentive recipients, among which 4,088,417 stocks were granted initially and 770,894 stocks were reserved. The grant price this time was RMB39.83 per share. Among the initially granted stocks, 41 individuals gave up the restricted stocks. Therefore, as of May 28, 2019, 3,827,763 stocks were actually granted to the incentive recipients. As of May 28, 2019, the cumulative registered capital after the alteration was RMB500,176,537.00, and the paid-in capital (share capital) was RMB500,176,537.00. The alteration is verified by BDO China Shu Lun Pan Certified Public Accountants LLP, and the capital verification report Xin Kuai Shi Bao Zi 2019 No. ZA14913 was issued on May 28, 2019.

According to the resolution of the nineteenth meeting of the third Board of Directors of the Company in 2019, namely the *Proposal on the Non-trading Transfer of Stocks from the Company's Dedicated Account for Share Repurchase to the Special Account for the Company's 2018 Employee Stock Ownership Plan*, the dedicated account for share repurchases of the Company transferred a total of 2,143,403 shares to the special account of "Hangzhou Tigermed Consulting Co., Ltd. - The Second Employee Stock Ownership Plan" through non-trading transfer at the average transaction price of RMB44.25 per share for the share repurchasing. Due to some employees giving up their subscription quotas, according to the resolution of the twentieth meeting of the third Board of Directors in 2019, namely the *Proposal on the Adjustment of the Quantity of Stocks Transferred through Non-trading from the Company's Dedicated Account for Share Repurchase to the Dedicated Account for the Company's 2018 Employee Stock Ownership Plan*", the actual transferred shares for this employee stock ownership plan were adjusted to 2,120,803 shares, as RMB93,845,532.75. As of June 17, 2019, the cumulative registered capital after the alteration was RMB500,176,537.00, and the paid-in capital (share capital) was RMB500,176,537.00. Verified by BDO China Shu Lun Pan Certified Public Accountants LLP, and the capital verification report Xin Kuai Shi Bao Zi 2019 No. ZA ZA15021 was issued on June 17, 2019.

In line with the resolution of the 2018 Annual General Meeting of Shareholders and the sixteenth meeting of the third Board of Directors, the following was reviewed and approved: Based on the total share capital on the equity registration date when the 2018 annual equity distribution plan is implemented, after deducting the shares held by the Company's repurchase dedicated account, a cash dividend of RMB3.5 per 10 shares (including tax) will be distributed to all shareholders. The remaining undistributed profits will be carried forward for distribution in future years. Meanwhile, 5 shares will be converted for every 10 shares for all shareholders from the capital reserve. As of March 20, 2019, the Company has cumulatively repurchased 7,005,832 shares of the Company through the dedicated account for share repurchase securities by means of centralized competitive trading. Based on the total number of shares available for distribution of 499,119,271 after deducting 1,057,266 shares held by the repurchase dedicated account from the Company's total share capital of 500,176,537, the total amount of cash dividends is RMB174,691,744.85 (including tax), and at the same time, 249,559,635 shares will be converted from the capital reserve fund. After the conversion of the Company, the registered capital is RMB749,736,172, and the registered capital is converted based on the contribution ratio of the capital reserve fund to the original shareholders. As of July 1, 2019, the cumulative registered capital after alteration is RMB749,736,172.00, and the paid-in capital (share capital) is RMB749,736,172.00. The alteration was verified by BDO China Shu Lun Pan Certified Public Accountants LLP, and the capital verification report Xin Kuai Shi Bao Zi 2019 No. ZA15413 was issued on June 17, 2019.

According to the twenty-second meeting of the third Board of Directors and the second extraordinary general meeting of shareholders in 2019, the proposals of *Regarding the Adjustment of the Repurchase Quantity and Price of 2019 Restricted Stocks and the Repurchase and Cancellation of Some Restricted Stocks* and *Regarding the Alteration of the Company's Registered Capital and the Amendment of the Company's Articles of Association* were examined and approved. Given the resignation of 7 incentive recipients of the 2019 restricted stock incentive plan of the Company for personal reasons, in accordance with the relevant stipulations of the *Administrative Measures for Equity Incentives of Listed Companies* and the *2019 Restricted Stock Incentive Plan (Draft) of Hangzhou Tigermed Consulting Co., Ltd.*, the 110,595 restricted stocks that have been granted but not released from the restriction held by the above 7 incentive recipients will be repurchased and cancelled. After the accomplishment of this repurchase and cancellation, the total number of shares of the Company will decrease from 749,736,172 shares to 749,625,577 shares, and the registered capital will change from RMB749,736,172 to RMB749,625,577. It was verified by BDO China Shu Lun Pan Certified Public Accountants LLP and the capital verification report Xin Kuai Shi Bao Zi 2019 No. ZA15414 was issued on July 31, 2019.

The twenty-fourth meeting of the third Board of Directors and the third Extraordinary General Meeting of Shareholders in 2019 reviewed and approved the *Proposal on Repurchasing and Cancelling Part of the 2019 Restricted Stock* and the *Proposal on Altering the Company's Registered Capital and Amending the Company's Articles of Association*. Given that six incentive recipients of the Company's 2019 Restricted Stock Incentive Plan resigned from the Company for personal reasons, in accordance with the relevant provisions of the *Administrative Measures for Equity Incentives of Listed Companies* and the *2019 Restricted Stock Incentive Plan (Draft) of Hangzhou Tigermed Consulting Co., Ltd*., 68,451 restricted shares held by the above six incentive recipients that have been granted but have not been released from the restriction will be repurchased and cancelled. After the accomplishment of this repurchase and cancellation, the total number of shares of the Company would be decreased from 749,625,577 to 749,557,126 shares, and the registered capital would be decreased from RMB749,625,577 to RMB749,557,126. It was verified by BDO China Shu Lun Pan Certified Public Accountants LLP and the capital verification report with Xin Kuai Shi Bao Zi 2019 No. ZA15698 was issued on September 10, 2019.

According to the resolution of the twenty-eighth meeting of the third Board of Directors of the Company in 2019 and the *Abstract of the 2019 Restricted Stock Incentive Plan (Draft) of Hangzhou Tigermed Consulting Co., Ltd*., our company applied to grant 770,894 restricted stocks to 54 incentive recipients at a price of RMB31.46 per share. The stocks are all sourced from the A-share ordinary shares of our company that the Company repurchased from the secondary market. It was verified by BDO China Shu Lun Pan Certified Public Accountants LLP and the capital verification report Xin Kuai Shi Bao Zi 2020 No. ZA10087 was issued on January 22, 2020.

In accordance with the reviews of the twenty-seventh meeting of the third Board of Directors, the fourth extraordinary general meeting of shareholders in 2019, as well as the reviews of the twenty-eighth meeting of the third Board of Directors and the fifth extraordinary general meeting of shareholders in 2019, the *Proposal on Repurchase and Cancellation of Some Restricted Stocks in 2019*" and the *Proposal on Changing the Company's Registered Capital and Amending the Company's Articles of Association* were approved. In light of the fact that five incentive recipients of the Company's 2019 restricted stock incentive plan resigned for personal reasons, according to the relevant provisions of the *Administrative Measures for Equity Incentives of Listed Companies* and the *2019 Restricted Stock Incentive Plan (Draft) of Hangzhou Tigermed Consulting Co., Ltd.*", 49,527.00 restricted stocks that have been granted but not released from restrictions held by the above five incentive recipients were repurchased and cancelled. After the accomplishment of this repurchase and cancellation, the total number of the Company's shares will be reduced from 749,557,126 shares to 749,507,599 shares, and the registered capital will be modified from RMB749,557,126 to RMB749,507,599. This alteration was verified by BDO China Shu Lun Pan Certified Public Accountants LLP, and the capital verification report Xin Kuai Shi Bao Zi 2020 No. ZA 10110 was issued on February 26, 2020.

According to the resolutions of the thirtieth, thirty-first and thirty-third meeting of the third Board of Directors, the first, second and fourth extraordinary general meetings of shareholders in 2020 reviewed and approved the *Proposal on Repurchasing and Cancelling Part of the Restricted Shares in 2019* and the *Proposal on Altering the Registered Capital of the Company and Amending the Articles of Association of the Company*. In light of the fact that five incentive recipients of the Company's 2019 restricted stock incentive plan resigned from the Company for personal reasons, in accordance with the relevant provisions of the *Administrative Measures for Equity Incentives of Listed Companies* and the *2019 Restricted Stock Incentive Plan (Draft) of Hangzhou Tigermed Consulting Co., Ltd.*, The 52,049.00 restricted shares held by the above five incentive recipients that have been granted but not released were repurchased and cancelled. This alteration was verified by BDO China Shu Lun Pan Certified Public Accountants LLP, and the capital verification report Xin Kuai Shi Bao Zi 2020 No. ZA12331 was issued on April 23, 2020.

According to the resolutions of the third and fifth extraordinary general meetings of the Company in 2020, as well as the *Application Report of Hangzhou Tigermed Consulting Co., Ltd. on the Initial Public Offering of Foreign Issued Shares (H Shares) and Listing on the Main Board of The Stock Exchange of Hong Kong Limited* (Tigermed Bao 2020 No. 001) and with the approval of the *Reply on Approving the Issuance of Foreign Issued Shares by Hangzhou Tigermed Consulting Co., Ltd.* (CSRC License 2020 No. 1201) issued by the China Securities Regulatory Commission, the Company publicly issued 107,065,100 foreign issued shares (H shares) to the society, increasing the registered capital by RMB107,065,100.00. The modified registered capital is RMB856,520,650.00. Verified by BDO China Shu Lun Pan Certified Public Accountants LLP and the capital verification report Xin Kuai Shi Bao Zi 2020 No. ZA16044 was issued on December 14, 2020.

According to the resolutions of the Company's third and fifth extraordinary general meetings of shareholders in 2020, as well as the *Announcement on the Listing and Share Changes after the Full Exercise of the Over-allotment Option* (Tigermed Bao 2020 No. 098) approved by the Hong Kong Stock Exchange, the Company publicly issued 16,059,700 foreign listed shares (H shares) to the public, increasing the registered capital by RMB16,059,700.00. The changed registered capital is RMB872,580,350.00. The alteration was verified by BDO China Shu Lun Pan Certified Public Accountants LLP, and the capital verification report Xin Kuai Shi Bao Zi 2020 No. ZA16045 was issued on December 14, 2020.

In accordance with the fifth meeting of the fourth Board of Directors of the Company, the fifth extraordinary general meeting of shareholders in 2020, the first A-share class shareholders' meeting in 2020 and the first H-share class shareholders' meeting in 2020, the *Proposal on Repurchasing and Cancelling Part of Restricted Shares of 2019*, the *Proposal on Changing the Registered Capital of the Company* and the *Proposal on Amending the Company's Articles of Association* were reviewed and approved. In view of the fact that seven incentive recipients of the 2019 restricted share incentive plan of the Company resigned due to personal reasons and no longer met the incentive conditions, in accordance with the relevant provisions of the *Administrative Measures for Equity Incentives of Listed Companies* and the *2019 Restricted Share Incentive Plan (Draft) of Hangzhou Tigermed Consulting Co., Ltd.*, 71,260 restricted shares that have been granted but not released from restriction held by the above seven incentive recipients were repurchased and cancelled. After the accomplishment of the repurchase and cancellation, the total number of shares of the Company decreased from 872,580,350 shares to 872,509,090, and the registered capital changed from RMB872,580,350.00 to RMB872,509,090.00. The alteration was verified by BDO China Shu Lun Pan Certified Public Accountants LLP, and the capital verification report Xin Kuai Shi Bao Zi 2020 No. ZA16046 was issued on December 14, 2020.

In accordance with the eighth meeting of the fourth Board of Directors of the Company, the sixth extraordinary general meeting of shareholders in 2020, the second A-share class shareholders' meeting in 2020 and the second H-share class shareholders' meeting in 2020, the *Proposal on Repurchasing and Cancelling Part of Restricted Shares of 2019*, the *Proposal on Changing the Registered Capital* of *the Company* and the *Proposal on Amending the Company's Articles of Association* were reviewed and approved. In view of the fact that three incentive recipients of the 2019 restricted share incentive plan of the Company resigned due to personal reasons and no longer met the incentive conditions, in accordance with the relevant provisions of the *Administrative Measures for Equity Incentives of Listed Companies* and the *2019 Restricted Share Incentive Plan (Draft) of Hangzhou Tigermed Consulting Co., Ltd.*, 25,582 restricted shares that have been granted but not released from restriction held by the above three incentive recipients were repurchased and cancelled. After the accomplishment of the repurchase and cancellation, the total number of shares of the Company decreased from 872,509,090 shares to 872,483,508, and the registered capital changed from RMB872,509,090.00 to RMB872,483,508.00. The alteration was verified by BDO China Shu Lun Pan Certified Public Accountants LLP, and the capital verification report Xin Kuai Shi Bao Zi 2021 No. ZA10002 was issued on January 11, 2021.

In accordance with the twelfth meeting of the fourth Board of Directors of the Company, the annual general meeting of shareholders of 2020, the first A-share class shareholders' meeting in 2021 and the first H-share class shareholders' meeting in 2021, the *Proposal on Repurchasing and Cancelling Part of Restricted Shares of 2019*, the *Proposal on Changing the Registered Capital* of *the Company* and the *Proposal on Amending the Company's Articles of Association* were reviewed and approved. In view of the fact that two incentive recipients of the 2019 restricted share incentive plan of the Company resigned due to personal reasons and no longer met the incentive conditions, in accordance with the relevant provisions of the *Administrative Measures for Equity Incentives of Listed Companies* and the *2019 Restricted Share Incentive Plan (Draft) of Hangzhou Tigermed Consulting Co., Ltd.*, 16,554 restricted shares that have been granted but not released from restriction held by the above two incentive recipients were repurchased and cancelled. After the accomplishment of the repurchase and cancellation, the total number of shares of the Company decreased from 872,483,508 shares to 872,466,954, and the registered capital decreased from RMB872,483,508.00 to RMB872,466,954.00. The alteration was verified by BDO China Shu Lun Pan Certified Public Accountants LLP, and the capital verification report Xin Kuai Shi Bao Zi 2021 No. ZA14745 was issued on May 26, 2021.

In accordance with the eighteenth meeting of the fourth Board of Directors of the Company, the fourth extraordinary general meeting of shareholders in 2021, the second A-share class shareholders' meeting in 2021 and the second H-share class shareholders' meeting in 2021, the *Proposal on Repurchasing and Cancelling Part of Restricted Shares of 2019*, the *Proposal on Changing the Registered Capital* of *the Company* and the *Proposal on Amending the Company's Articles of Association* were reviewed and approved. In view of the fact that five incentive recipients of the 2019 restricted share incentive plan of the Company resigned due to personal reasons and no longer met the incentive conditions, in accordance with the relevant provisions of the *Administrative Measures for Equity Incentives of Listed Companies* and the *2019 Restricted Share Incentive Plan (Draft) of Hangzhou Tigermed Consulting Co., Ltd.*, 28,590 restricted shares that have been granted but not released from restriction held by the above five incentive recipients were repurchased and cancelled. After the accomplishment of the repurchase and cancellation, the total number of shares of the Company decreased from 872,466,954 shares to 872,438,364, and the registered capital decreased from RMB872,466,954.00 to RMB872,438,364.00. The alteration was verified by BDO China Shu Lun Pan Certified Public Accountants LLP, and the capital verification report Xin Kuai Shi Bao Zi 2021 No. ZA15760 was issued on November 11, 2021.

In accordance with the twenty-second meeting of the fourth Board of Directors of the Company, the annual general meeting of shareholders of 2021, the first A-share class shareholders' meeting in 2022 and the first H-share class shareholders' meeting in 2022, the *Proposal on Repurchasing and Cancelling Part of Restricted Shares of 2019*, the *Proposal on Changing the Registered Capital* of *the Company* and the *Proposal on Amending the Company's Articles of Association* were reviewed and approved. Given that among the five incentive recipients of the Company's 2019 Restricted Share Incentive Plan, one incentive recipient of the initial grant part and two incentive recipients of the reserved part resigned and no longer met the incentive qualifications, one incentive recipient of the initial grant part failed the personal performance assessment of last year; one incentive recipient of the reserved part had a modification in personal situation and no longer met the incentive conditions. In accordance with the relevant provisions of the *Administrative Measures for Equity Incentives of Listed Companies* and the *2019 Restricted Share Incentive Plan (Draft) of Hangzhou Tigermed Consulting Co., Ltd.*, 20,144 restricted shares that have been granted but not released from restriction held by the above five incentive recipients were repurchased and cancelled. After the accomplishment of the repurchase and cancellation, the total number of shares of the Company decreased from 872,438,364 shares to 872,418,220, and the registered capital decreased from RMB872,438,364.00 to RMB872,418,220.00. The alteration was verified by BDO China Shu Lun Pan Certified Public Accountants LLP, and the capital verification report Xin Kuai Shi Bao Zi 2022 No. ZA14656 was issued on July 4, 2022.

In accordance with the sixth meeting of the fifth Board of Directors of the Company, fourth meeting of the fifth Board of Supervisors, second extraordinary general meeting of shareholders of 2024, the first A-share class shareholders' meeting of 2024 and the first H-share class shareholders' meeting of 2024, the *Resolution on the Cancellation of Repurchased Shares* and *the Reduction of the Company's Registered Capital and the Resolution on the Termination of the Company's 2022 A-Share Restricted Stock Incentive Plan and the Cancellation of Restricted Shares* were reviewed and approved. It has been decided to terminate the implementation of the Company's 2022 A-share Restricted Stock Incentive Plan, and all restricted shares that have been granted but unvested will be cancelled. In accordance with the Company's share repurchase plan and the relevant provisions of the Shenzhen Stock Exchange Listed Company Self-Regulatory Guidance No. 9 – Share Repurchase, it is anticipated that the shares repurchased by the Company will not be used for the implementation of equity incentive plan or employee stock ownership plan. The Company intends to cancel the 7,469,650 treasury shares purchased for the A-share equity incentive plan or A-share employee stock ownership plan in 2021 and 2022, which are stored in the dedicated repurchase account. After the accomplishment of the cancellation of these treasury shares, the total number of the Company's shares will be reduced from 872,418,220 shares to 864,948,570 shares, and the registered capital will be decreased from RMB872,418,220.00 to RMB 864,948,570.00. The alteration was verified by BDO China Shu Lun Pan Certified Public Accountants LLP, and the capital verification report Xin Kuai Shi Bao Zi 2024 No. ZA13766 was issued on May 20, 2024.

The Company has obtained the business license registered by the Market Supervision Administration of Zhejiang Province in November 2022, the unified social credit code is 9133000076823762XE, the registered capital is RMB872,418,220, and the registered location is Room 2001-2010, 20th Floor, Building 8, No. 19 Jugong Road, Xixing Subdistrict, Binjiang District, Hangzhou, Zhejiang Province. The legal representative is Cao Xiaochun. The Company type is limited by shares (Sino-foreign joint venture, listed).

Company business scope: Technical development, technical consultation and transfer of research achievements in pharmaceutical and health related industries, management and statistical analysis of clinical trial data, translation, information technology such as data processing and business process outsourcing, non-certificate labor skills training for adults, non-cultural education and training for adults, Collect, sort out, store and publish the supply and demand information of talents, job introduction and talent information consultation.

This financial statement has been approved for submission by the Company's Board of Directors on August 28, 2024.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis of preparation

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

2.2 Going concern

The financial statements are prepared on a going concern basis.

For a period of twelve months from the end of the reporting period, the Company has not identified any events or conditions in financial, operational, or other areas that, individually or collectively with other events or conditions, may cast significant doubt on its ability to continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Reminder on specific accounting policy and accounting estimates:

1. For the relevant transactions and matters that require professional judgment based on the principle of substance over form, the Company shall fully disclose the specific circumstances, the reasons and basis of the relevant professional judgment, and the specific accounting treatment related thereto.

2. The Company shall strictly follow the relevant laws and regulations on confidentiality in its preparation and disclosure of financial reports.

3. The Company shall formulate specific accounting policies appropriate to the actual production and operation characteristics, and fully disclose the significant accounting policies and accounting estimates. The specific accounting policies and accounting estimates formulated by the Company based on the actual production and operation characteristics shall be presented at the beginning of this section. The Company should not simply copy the original relevant provisions of accounting standards, and should make disclosure in combination with the characteristics of its industry and its own situation.

3.1 Statement of compliance with the Accounting Standard for Business Enterprises

The financial statements have been prepared in compliance with the Accounting Standards for Business Enterprises to truly and completely reflect the consolidated and the Company's financial position as at 30 June 2024, and the consolidated and the Company's operating results and the consolidated and the Company's cash flow statements for the six months ended 30 June 2024.

3.2 Accounting period

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

3.3 Operating cycle

The operating cycle of the Company is 12 months

3.4 Recording currency

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

3.5 Methods for determining materiality standard and the basis for selection

Item	**Materiality criteria**
Major construction in progress	The balance of single project accounting for more than 1% of the Company's ending total assets
Principal non-wholly-owned subsidiary	The total assets of the subsidiary accounting for more than 10% of the Company's ending total assets, or have significant impact on the Company
Significant post-balance sheet events	Post-balance sheet events that have significant impact on the Company's share capital
Principal joint ventures and associates	The ending carrying amount of long-term equity investment of a single investee accounting for more than 5% of the Company's ending total assets

3.6 Accounting treatment of business combinations under common control and business combinations not under common control

Business combinations under common control: Assets and liabilities obtained by combining party in the business combination under common control (including goodwill arising from the acquisition of the merged party by the ultimate controller) are recognized on the basis of their carrying amounts at the combination date recorded on the financial statements of the ultimate controlling party. The difference between the carrying amount of the consideration paid for the combination (or aggregate face values of the shares issued) and the carrying amount of the net assets obtained is adjusted to capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess is adjusted to undistributed profits.

Business combinations not under common control: The consideration paid for business combination comprises the fair value of the assets transferred by the acquirer, the liabilities incurred or assumed by the acquirer, and the equity interests issued by the acquirer to obtain control of the acquiree at the date of acquisition. Where the cost of the combination exceeds the Company's interest in the fair value of the acquiree's identifiable net assets, the difference is recognized as goodwill. Where the cost of combination is lower than the Company's interest in the fair value of the acquiree's identifiable net assets, the difference is recognized in profit or loss for the current period. All identifiable assets, liabilities and contingent liabilities of the acquiree obtained in the combination which satisfy recognition conditions are measured at fair value at the acquisition date.

Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognized amounts of the equity or debt securities.

3.7 Identification criteria for control and preparation of consolidated financial statements

3.7.1 Identification criteria for control

The consolidation scope for consolidated financial statement is determined based on the concept of control, the consolidation scope including the Company and all subsidiaries. Control exists when the Company has power over the investee; exposure, or rights to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect the amount of its returns.

3.7.2 Consolidation procedures

The Company regards the entire enterprise group as an accounting entity, prepares consolidated financial statements in accordance with unified accounting policies, and reflects the overall financial status, operating results and cash flows of the enterprise group. All significant intra-group accounts and transactions between the parent company and its subsidiaries or between subsidiaries are eliminated on consolidation. Any losses resulting from intragroup transactions that indicate impairment losses of the related assets shall be fully recognized. If the accounting policies and accounting periods adopted by the subsidiaries are inconsistent with those of the Company, necessary adjustments shall be made in accordance with the accounting policies and accounting periods of the Company when preparing the consolidated financial statements.

The portion of owners' equity of subsidiary as at the balance sheet date, net profit/loss, and comprehensive income for the period ended, attributable to minority interests, are presented separately in the consolidated financial statements under the headings of owner's equity, net profit, and total comprehensive income, respectively. When the amount of loss for the current period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of owner's equity of the subsidiary, the excess is allocated against the balance of minority interests.

(1) Increase of subsidiary or business

During the reporting period, if a subsidiary or business is added due to a business combination under the same control, the operating results and cash flows from the beginning of the current period to the end of the reporting period shall be included in the consolidated financial statement, the opening balances of the consolidated financial statements and the relevant items in the comparative statement are adjusted at the same time, as if the consolidated reporting entity has been in existence since the time when the ultimate controlling party began to control it.

If the investee under common control can be controlled due to additional investment and other reasons, for equity investments held before the acquisition of the control of the merged party, the relevant gains and losses, other comprehensive income and changes in other net assets have been recognized from the later of the date of acquisition of the original equity and the date when the merging party and the merged party are under common control up to the date of merger, and the retained earnings at the beginning of the comparative statement period or the current gains and losses shall be offset respectively.

During the reporting period, for subsidiaries obtained through a business combination not under common control, the subsidiaries' financial statements shall be included in the consolidated financial statements based on the fair values of the identifiable assets, liabilities and contingent liabilities at the acquisition date.

If the investee not under common control can be controlled due to additional investment and other reasons, the equity of the acquiree held before the purchase date shall be re-measured according to the fair value of the equity on the purchase date, and the difference between the fair value and its book value is included in the current investment income. The equity of the acquiree held before the purchase date regarding other comprehensive income that would be reclassified to profit or loss in the future and changes in other owners' equity accounted for by the equity method are converted into investment income for the current period on the purchase date.

(2) Disposal of subsidiaries

①General treatment

When the control of the investee is lost due to the disposal of part of the equity investment or other reasons, the Company will re-measure the remaining equity investment after disposal at its fair value on the date of loss of control. The sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity, minus the difference between the share of the net assets of the original subsidiary and the sum of the goodwill calculated continuously from the purchase date or the merger date based on the original shareholding ratio, is included in the investment income in the current period of loss of control. Other comprehensive income related to the equity investment of the original subsidiary that would be reclassified to profit or loss in the future and changes in other owners' equity accounted for by the equity method, shall be converted into investment income in the current period when control is lost.

②Step-by-step disposal of subsidiaries

Where the equity investment in a subsidiary is disposed of step by step through multiple transactions until control is lost, the terms, conditions and economic effects of each transaction of the disposal of the equity investment in the subsidiary meet one or more of the following circumstances, usually indicating that multiple transactions should be treated as a package transaction accounting treatment.

i. These transactions were entered into at the same time or taking into account the influence of each other;

ii. These transactions as a whole can achieve a complete commercial outcome;

iii. The occurrence of one transaction is dependent on the occurrence of at least one other transaction;

iv. A transaction is uneconomical on its own, but economical when considered together with other transactions.

If the transactions belong to a package transaction, the Company will account for each transaction as a transaction of disposing of the subsidiary and losing control; the difference between the disposal price and the share of the net assets of the subsidiary corresponding to the disposal investment before the loss of control is recognized as other comprehensive income in the consolidated financial statements and transferred to the profit and loss for the period when the control is lost.

If the transactions not belong to a package transaction, before the loss of control, the accounting treatment shall be carried out for the partial disposal of the equity investment in the subsidiary without the loss of control; when the control is lost, the accounting treatment shall be carried out according to the general treatment method for the disposal of the subsidiary.

(3) Purchase of minority stakes in subsidiaries

The difference between the long-term equity investment newly acquired by the Company due to the purchase of minority shares and the net asset share of the subsidiary that should be calculated continuously from the date of purchase or merger date according to the newly added shareholding ratio shall be adjusted for the share capital premium in the capital reserve in the Consolidated Balance Sheets. If the share capital premium in the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

(4) Partial disposal of equity investment in subsidiary without losing control

The difference between the disposal price and the corresponding share of the net assets of the subsidiary from the purchase date or the merger date, shall be adjusted for the share premium in the capital reserve in the Consolidated Balance Sheets. If the share premium in the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

3.8 Classification of joint arrangements and accounting treatments of joint operations

A joint arrangement is classified into joint operation and joint venture.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Company recognizes the following items in relation to its interest in a joint operation:

i. its solely-held assets, and its share of any liabilities incurred jointly;

ii. its solely-assumed liabilities, and its share of any assets incurred jointly;

iii. its revenue from the sale of its share of the output arising from the joint operation;

iv. its share of the revenue from the sale of the output by the joint operation; and

v. its solely-incurred expenses, and its share of any expenses incurred jointly.

The Company accounts for investments in joint ventures using equity method. Refer to Note “5.15 Long-term equity investments” for details.

3.9 Recognition criteria of cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the Company’s short-term (usually due within three months from the purchase date), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.10 Translation of transactions and financial statements denominated in foreign currencies

3.10.1 Foreign currency transactions

Foreign currency transactions are translated into RMB using the exchange rates prevailing at the dates of the transactions.

As at the balance sheet date, monetary items denominated in foreign currency are exchanged to RMB by adopting the prevailing exchange rate on that date. Foreign exchange difference arising from the exchange included in the current profit or loss, except for the exchange differences arising from special foreign currency borrowings related to the acquisition and construction of assets eligible for capitalization, which are treated in accordance with the principle of capitalization of borrowing costs.

3.10.2 Translation of foreign currency financial statements

The asset and liability items in the balance sheets are translated at the spot exchange rates on the balance sheet date. Among the owners' equity items, the items other than "undistributed profits" are translated at the spot exchange rates of the transaction dates. The income and expense items in the income statements are translated at the spot exchange rates of the transaction dates.

When foreign operations are disposed, exchange differences of foreign currency statements related to such foreign operations that are presented under shareholder's equity item are all transferred to profit or loss for the current period.

3.11 Financial instruments

The Company shall recognize a financial asset, a financial liability or an equity instrument in its statement of financial position when, the Company becomes party to the contractual provisions of the instrument.

3.11.1 Classification of financial instruments

At initial recognition, the Company classifies its financial assets into: financial assets at amortized cost, or financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss according to the Company's business model for managing financial assets and the contract cash flow characteristics of the financial assets.

Financial assets fulfilling all of the following conditions, which are not designated as financial assets at fair value through profit or loss, are classified as financial assets at amortized cost:

– The objective of the business model is to collect the contractual cash flows.

– The contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets fulfilling all of the following conditions, which are not designated as financial assets at fair value through profit or loss, are classified as financial assets at fair value through other comprehensive income (debt instruments):

– The objective of the business model is for both collection of the contractual cash flows and selling such financial assets.

– The contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition, the Company may, based on an individual financial asset, irrevocably designate a non-tradable equity instrument investment which is non-contingent consideration and recognized in business combination not involving enterprises under common control as financial asset measured at FVTOCI. Such financial assets are presented as other equity instrument investments.

For investments in non-tradable equity instruments, the Company may irrevocably designate them as financial assets measured at fair value through other comprehensive income (equity instruments). The designation is based on an individual financial asset and meets the definition of an equity instrument from the issuer's perspective.

Other than financial assets measured at amortized cost and financial assets at fair value through other comprehensive income as aforementioned, all financial assets are classified as financial assets at fair value through current profit or loss. At initial recognition, the Company may designate a portion of financial assets that should be classified as financial assets at amortized cost or financial assets at fair value through other comprehensive income, as financial assets at fair value through profit or loss in order to eliminate or significantly reduce any accounting mismatch.

Financial liabilities are classified as financial liabilities at amortized cost and financial liabilities at fair value through profit or loss at initial recognition.

At initial recognition, a financial liability fulfilling one of the following conditions may be designated as financial liability at fair value through profit or loss:

(1) The designation is able to eliminate or significantly reduce any accounting mismatch.

(2) A group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Company is provided internally on that basis to the entity's key management personnel.

(3) The financial liability contains embedded derivatives which need to be separated.

3.11.2 Recognition basis and measurement methods of financial instruments

(1) Financial assets at amortized cost

Financial assets at amortized cost include notes receivable, accounts receivable, other receivables, long-term receivables, debt investments, etc. Financial assets at amortized cost are measured at fair value on initial recognition, and the related transaction expenses are included in the initial recognized amount. For accounts receivables excluding significant financing components or regardless consideration of financing components of contracts less than one year by the Company, accounts receivables initially recognized at contractual transaction price.

Interest income calculated by the effective interest rate method is recognized in current profit or loss during the holding period.

The difference between the carrying amount and the consideration received is recognized in current profit or loss when the financial asset is recovered or disposed.

(2) Financial assets at fair value through other comprehensive income (debt instruments)

Financial assets at fair value through other comprehensive income (debt instruments) include financing receivables, other debt investments, etc. Financial assets at fair value through other comprehensive income (debt instruments) are measured at fair value on initial recognition, and the related transaction expenses are included in the initial recognized amount. Such financial assets are measured at fair value through other comprehensive income, except for the impairment gains or losses, foreign exchange gains and losses, and interest income calculated using the effective interest method which are recognized in profit or loss for the current period.

When an investment in debt instrument measured at fair value through other comprehensive income is derecognized, the cumulative profit or loss that were previously recognized in other comprehensive income is recognized in profit or loss for the current period.

(3) Financial assets at fair value through other comprehensive income (equity instruments)

Financial assets at fair value through other comprehensive income (equity instruments) include other investments in equity instruments etc. Financial assets at fair value through other comprehensive income (equity instruments) are measured at fair value on initial recognition, and the related transaction expenses are included in the initial recognized amount. Such financial assets are measured at fair value through other comprehensive income. The relevant dividend income of such financial assets is recognized in profit or loss for the current period.

When an investment in equity instrument measured at fair value through other comprehensive income is derecognized, the cumulative profit or loss that were previously recognized in other comprehensive income is recognized in retain earnings.

(4) Financial assets at fair value through current profit or loss

Financial assets at fair value through current profit or loss include financial assets held for trading, derivative financial assets, other non-current financial assets etc. Financial assets at fair value through current profit or loss are measured at fair value on initial recognition, and the related transaction expenses are recognized in profit or loss for the current period. Such financial assets are measured at fair value through profit or loss for the current period.

(5) Financial liability at fair value through profit or loss

Financial liability at fair value through profit or loss include financial liabilities held for trading, derivative financial liabilities. Financial assets at fair value through current profit or loss are measured at fair value on initial recognition, and the related transaction expenses are recognized in profit or loss for the current period. Such financial assets are measured at fair value through profit or loss for the current period.

The difference between the carrying amount and the consideration paid is recognized in current profit or loss when the financial liability is derecognized.

(6) Financial liabilities at amortized cost

Financial liabilities at amortized cost include short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings, debentures payable, long-term payables etc. Financial liabilities at amortized cost are measured at fair value on initial recognition, and the related transaction expenses are included in the initial recognized amount.

Interest expenses calculated by the effective interest rate method is recognized in current profit or loss during the holding period.

The difference between the carrying amount and the consideration received is recognized in current profit or loss when the financial liability is derecognized.

3.11.3 Recognition basis and measurement methods of financial asset derecognition and financial asset transfer

A financial asset is derecognized when one of the following criteria is met:

– The contractual rights to receive cash flows from the financial asset have expired.

– The financial asset has been transferred and the Company transfers substantially all the risks and rewards of ownership of the financial asset to the transferee.

– The financial asset has been transferred to the transferee and the Company has not retained control of the financial asset, although the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

If the Company and the counterparty modify or renegotiate a contract, and the contract terms are substantially different, the original financial assets shall be derecognized and a new financial asset shall be recognized based on the new contract terms.

In the event of a transfer of financial assets, if the Company retains almost all the risks and rewards of ownership of a financial asset, the asset should not be derecognized.

When judging whether the transfer of financial assets meets the above-mentioned conditions for derecognition of financial assets, the principle of substance over form is adopted.

The Company divides the transfer of financial assets into overall transfer and partial transfer. If the overall transfer of financial assets meets the conditions for derecognition, the difference between the following two amounts shall be included in the current profits and losses:

(1) The book value of the transferred financial asset.

(2) Sum of consideration received from the transfer of financial assets and the amount of the accumulated number of changes in fair value that was directly recognized in other comprehensive income (the financial assets involved in the transfer are financial assets at fair value through other comprehensive income (debt instruments)).

If a part of the financial asset is transferred and the transferred part meets the conditions for derecognition, the book value of the financial asset before the transfer will be apportioned according to the fair value of the derecognized part and the continued recognized part, and the difference between the following two amounts shall be included in the current profit and loss:

(1) The book value of the derecognition part.

(2) Sum of the consideration received for the derecognition part and the corresponding amount of the accumulated fair value changes originally recognized in other comprehensive income (the financial assets involved in the transfer are financial assets at fair value through other comprehensive income (debt instruments)).

For a transfer of a financial asset that does not satisfy the derecognition criteria, the Company will continuously recognize the transferred financial asset. and the considerations received should be recognized as a financial liability.

3.11.4 Derecognition of financial liabilities

The Company derecognizes a financial liability (or part of it) when the underlying present obligation (or part of it) is discharged. An agreement between the Company and an existing lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

If the contract terms of the existing financial liabilities (or part of them) are substantially modified, the existing financial liabilities (or part of them) shall be recognized and a new financial liability shall be recognized based on the new contract terms.

When the Company derecognizes a financial liability or a part of it, it recognizes the difference between the carrying amount of the financial liability (or part of the financial liability) derecognized and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

If the Company repurchases a part of the financial liability, the book value of the financial liability shall be allocated according to the fair value of the continued recognition part and the derecognition part on the repurchase date. The difference between the book value allocated to the derecognized part and the consideration paid (including non-cash assets transferred out or liabilities assumed) shall be included in the current profit and loss.

3.11.5 Determination of fair value of financial assets and financial liabilities

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of a financial instrument that is not traded in an active market is determined by using a valuation technique. In the valuation, the Company adopts the valuation technique which is applicable to the current situation and supportable by adequate available data and other information, selects inputs with the same characteristics as those of assets or liabilities considered by market participants in relevant transactions of assets or liabilities, and gives priority to the use of relevant observable inputs. When relevant observable inputs are not available or feasible, unobservable inputs are adopted.

3.11.6 Measuring method and accounting treatment of financial instrument impairment

The Company assesses the expected credit losses ("ECL") for financial assets at amortized cost, investments in debt instruments at fair value through other comprehensive income, as well as financial guarantee contracts, etc.

Giving consideration to reasonable and supportable information about past events, current conditions and forecasts of future economic conditions, weighted by the probability of default, the Company recognizes the ECL as the probability-weighted amount of the present value of the difference between the contractual cash flows receivable and the cash flows expected to be collected.

For accounts receivables and contract assets arising from transactions adopting *Accounting Standard for Business Enterprises No. 14 – Revenue*, the Company recognizes the lifetime ECL regardless of whether a significant financing component exists.

For lease receivables arising from transactions adopting *Accounting Standard for Business Enterprises No. 21 – Leases*, the Company measures the loss provision according to the lifetime ECL.

For other financial instrument, the Company assesses changes in credit risks of the relevant financial asset since initial recognition at each balance sheet date.

The Company determine whether credit risk has increased significantly since initial recognition by confirming the change in default risk over the expected lifetime of a financial instrument through comparing 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. Generally, if the maturity exceeds 30 days, the Company considers that the credit risk of the financial instrument has increased significantly, unless there is conclusive evidence that the credit risk of the financial instrument has not increased significantly since the initial recognition.

The Company may consider that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

If the credit risks of the financial instrument have been significantly increased since initial recognition, the Company will make a loss allowance at an amount of lifetime expected credit loss; if not, the Company will make a loss allowance for the financial instrument at an amount in the future 12-month expected credit losses. Increase in or reversal of credit loss provision is included in profit or loss as loss or gain on impairment, except for financial assets classified as at fair value through other comprehensive income. The Company recognizes credit loss provision for financial assets at FVTOCI in other comprehensive income and recognizes loss or gain on impairment in profit or loss for the period, without reducing the carrying amount of the financial assets presented in the balance sheet.

The Company shall directly reduce the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

3.12 Contract assets

3.12.1 The recognition method and criteria for contract assets

The Company presents contract assets or contract liabilities on the balance sheet according to the relationship between contractual performance obligations and customer payments. The Company's right to receive consideration following the transfer of products to customers (which is dependent on factors other than the passage of time) is presented as contract assets. Contract assets and contract liabilities under the same contract are presented on a net basis after set-off. The unconditional (namely, dependent only on the passage of time) right to receive consideration from customers owned by the Company shall be presented as amounts receivable.

3.12.2 The Company's determination and accounting treatment of expected credit losses from contract assets

For details of the Company's determination and accounting treatment of expected credit losses from contract assets, please refer to Note "3.11.6 Measuring method and accounting treatment of financial instrument impairment".

3.13 Inventories

(1) Classification and cost of inventories

(2) Inventories are classified as: Raw materials.

Inventories are initially measured at cost, cost of inventories includes costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition.

(3) Valuation method of inventories upon delivery

Cost is determined using the weighted average method upon delivery.

(4) Inventory system

The inventory system is a perpetual inventory system.

(5) Amortization method of low-value consumables and packaging: 1) low-value consumables are amortized using the one-off write-off method; 2) the packaging materials are amortized using the one-off write-off method.

(6) Recognition criteria and provision method for inventory provision

At the balance sheet date, inventories shall be measured at the lower of cost and net realizable value. When the carrying amounts of the inventories is higher than its net realizable value, a provision shall be made.Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion, the estimated selling expenses and related taxes.

For finished goods, merchandise inventories, and materials held for sale that are directly intended for sale, their net realizable value is determined based on the estimated selling price in the ordinary course of business, less the estimated selling expenses and related taxes. For materials inventory that requires processing, the net realizable value is determined by the estimated selling price of the finished goods less the estimated costs of completion, the estimated selling expenses, and related taxes. Inventory held to satisfy sales contracts or service contracts is valued based on contract prices, and if the inventory quantities held exceeds the contract amount, the net realizable value of the excess is based on general selling prices.

When the circumstances that previously caused inventories to be written down below cost no longer exist, and the net realizable value of the inventories exceeds their carrying amount, the amount of the write-down is reversed, limited to the amount of the original write-down. The reversed amount is recognized in the profit and loss for the period.

3.14 Held for sale assets and discontinued operation

3.14.1 Held for sale

A non-current asset or disposal group is classified as held for sale if its carrying amount will be recovered primarily through a sale transaction (including non-monetary asset exchanges with commercial substance) rather than through continuing use.

A non-current asset or a disposal group is classified as held for sale when both of the following conditions are satisfied:

1) the non-current asset or the disposal group is available for immediate sale in its present condition (by reference to the practice in similar disposal transactions);

2) the sale is highly likely to occur, meaning the Company has made a resolution for a sale plan and obtained binding purchase commitment, and the sale is expected to be completed within one year. If regulatory approval is required by relevant authorities or regulators before the sale can proceed, such approval has been obtained.

Non-current assets (except for financial assets, deferred tax assets and assets formed by employee benefits.) or disposal groups that classified as held for sale, if the carrying amount exceeds the fair value less the cost of disposal, the carrying amount is reduced to the fair value less the cost of disposal. The amount of this write-down is recognized as an impairment loss, included in profit or loss for the period, and an impairment provision for assets held for sale is also recognized.

3.14.2 Discontinued Operation

A discontinued operation is a component of the Company that either has been disposed of or is classified as held for sale, and is separately identifiable and satisfies one of the following conditions:

(1) it represents a separate major line of business or geographical area of operations;

(2) it is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations;

(3) it is a subsidiary acquired exclusively with a view to resale.

Profit or loss from continuing operations and profit or loss from discontinued operations are presented separately in the income statement. Impairment losses and reversals, along with other operating gains and losses and disposal gains and losses related to discontinued operations, are reported as profit or loss from discontinued operations. For discontinued operations reported in the current period, the Company restates information previously reported as profit or loss from continuing operations in comparable prior periods as profit or loss from discontinued operations in the current period's financial statements.

3.15 Long-term equity investments

3.15.1 Identification criteria for joint control and significant influence

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. If the Company, together with other joint ventures, exercises joint control over an investee and has rights to the net assets of the investee, the investee is a joint venture of the Company.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. If the Company is able to exercise significant influence over an investee, the investee is an associate of the Company.

3.15.2 Determination of initial investment cost

(1) *Investment in associates and joints formed through business combination*

For long-term equity investment acquired through a business combination involving enterprises under common control, the initial investment cost is the absorbing party's share of the carrying amount of owners' equity of the party being absorbed at the acquisition date. The difference between the initial investment cost of long-term equity investment and the carrying amounts of the consideration paid is treated as an adjustment to the share premium in capital reserve; if the share premium in capital reserve is not sufficient to absorb the aforesaid difference, the remaining balance is adjusted against retained earnings. Due to additional investments or similar reasons, when control over a unit under common control is achieved, the difference between the initial investment cost of the long-term equity investment recognized in accordance with the above principles and the sum of the carrying amounts of the long-term equity investment before the acquisition plus the carrying amounts of the new consideration paid for the further acquisition of shares at the acquisition date is treated as an adjustment to the share premium, if the share premium in capital reserve is not sufficient to absorb the aforesaid difference, the remaining balance is adjusted against retained earnings.

For long-term equity investments acquired through a business combination involving enterprises not under common control, the initial investment cost of the long-term equity investment acquired shall be the cost of acquisition at the acquisition date. Due to additional investments or similar reasons, when control over a unit not under common control is achieved, the initial investment cost is recognized as the aggregate of the carrying amount of the previously held equity interest and the consideration paid for the additional investment.

(2) *Long-term equity investment acquired otherwise than through a business combination*

For long-term equity investment acquired by payment in cash, the initial investment cost shall be the purchase price actually paid.

For long-term equity investments acquired by issuing equity securities, the initial investment cost shall be the fair value of the equity securities issued.

3.15.3 Subsequent measurement and recognition of related profit and loss

(1) *Long-term equity investments accounted for using the cost method*

The Company's separate financial statements adopted cost method to account for the long-term equity investments of subsidiaries, unless the investment meets the criteria to be classified as held for sale. Except for the declared but not yet distributed cash dividends or profits included in the price actually paid or the consideration when the investment is obtained, the Company shall recognize the cash dividends or profits declared and distributed by the investee as investment income for the current period.

(2) *Long-term equity investments accounted for using the equity method*

The Company accounts for investments in associates and joint ventures using equity method. Where the initial investment cost of a long-term equity investment exceeds the investor's interest in the fair value of the investee's identifiable net assets at the acquisition date, no adjustment shall be made to the initial investment cost. Where the initial investment cost is less than the investor's interest in the fair value of the investee's identifiable net assets at the acquisition date, the difference shall be charged to profit or loss for the current period, and the cost of the long-term equity investment shall be adjusted accordingly.

The Company recognizes its share of the net profit or loss and other comprehensive income of the investee for the period as investment income and other comprehensive income for the period. Meanwhile, carrying amount of long-term equity investment is adjusted; the carrying amount of long-term equity investment is decreased in accordance with its share of the investee's declared profit or cash dividends; other changes in owners' equity of the investee other than net profit or loss, other comprehensive income and profit distribution (hereinafter "other changes in owners' equity") are correspondingly adjusted to the carrying amount of the long-term equity investment, and recognized in the capital reserve.

When the Company recognizes the share of the net profit and loss, other comprehensive income and other changes in owners' equity of the investee, it is recognized after adjusting the net profit and other comprehensive income of the investee based on the fair value of the identifiable assets of the investee and in accordance with the Company's accounting policies and accounting periods when the investment is obtained.

Unrealized gains or losses on transactions between the Company and its associates and joint ventures are eliminated to the extent of the Company's equity interests in its associates and joint ventures, based on which the investment income or losses are recognized, except for transactions involving the disposal or sale of assets that constitute a business. Any losses resulting from transactions between the Company and its investees, which are attributable to asset impairment losses are recognized in full.

The Company's share of net losses from joint ventures or associates, except to the extent that the Company has incurred obligations to assume additional losses, is limited to the reduction to zero of the carrying amount of its long-term equity investments and other long-term interests that are essentially part of its net investment in the joint ventures or associates. Where net profits are subsequently made by the joint ventures or associates, the Company resumes recognizing its share of those profits after its share of the profits exceeds the share of losses previously not recognized.

(3) Disposal of long-term equity investments

On disposal of a long-term investment, the difference between the carrying amount of the investment and the actual consideration paid is recognized in current profit or loss.

For partial disposals of long-term equity investments accounted for using the equity method, where the remaining equity interest continues to be accounted for under the equity method, the other comprehensive income originally recognized under the equity method is reclassified proportionately on the same basis as if the investee had directly disposed of the related assets or liabilities. Other changes in owners' equity are proportionately transferred to current period profit or loss.

Upon the loss of joint control or significant influence over an investee due to the disposal of equity investments or similar reasons, other comprehensive income that was originally recognized under the equity method of accounting for the equity investment is reclassified on the same basis as if the investee had directly disposed of the related assets or liabilities when the equity method of accounting is discontinued. Additionally, other changes in owners' equity are transferred to profit or loss in the current period upon discontinuation of the equity method accounting.

Upon the loss of control over an investee due to the disposal of part of the equity investment or similar reasons, when preparing separate financial statements, if the remaining equity interest enables joint control or significant influence over the investee, the equity method of accounting is applied retrospectively to the remaining equity interest as if it had been accounted for using the equity method from the acquisition date. For other comprehensive income recognized prior to obtaining control over the investee, it is reclassified proportionately on the same basis as if the investee had directly disposed of the related assets or liabilities. Other changes in owners' equity recognized due to the adoption of the equity method are proportionately transferred to profit or loss in the current period. If the remaining equity interest does not enable joint control or significant influence over the investee, it is classified as a financial asset, and the difference between its fair value and carrying amount at the date of loss of control is recognized in profit or loss for the current period. For other comprehensive income and other changes in owners' equity recognized prior to the acquisition of control of the investee, the entire amount is carried forward.

If the disposal of equity investments in subsidiaries through multiple transactions in a step-by-step manner until the loss of control is a package transaction, each transaction is accounted for as a disposal of an equity investment in a subsidiary with loss of control. The difference between the disposal price and the carrying amount of the long-term equity investment corresponding to the equity interest disposed of in each case before the loss of control is recognized as other comprehensive income in the individual financial statements and then transferred to profit or loss for the period in which the loss of control occurs. If the transaction is not a package transaction, each transaction is accounted for separately.

3.16 Fixed Assets

3.16.1 Recognition and initial measurement of fixed assets

Fixed assets refer to tangible assets held for the production of goods, provision of labor services, leasing or operation and management, and with a useful life of more than one fiscal year. Fixed assets are recognized when the following conditions are met at the same time:

(1) The economic benefits related to the fixed asset are likely to flow into the enterprise;

(2) The cost of the fixed asset can be reliably measured.

The Company's fixed assets are initially measured at cost. (Consider the impact of estimated dismantling and disposal costs)

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset when it is probable that the associated economic benefits will flow to the Company and the related cost can be reliably measured. The carrying amount of the replaced part is derecognized. All the other subsequent expenditures are recognized in profit or loss for the period in which they are incurred.

3.16.2 Depreciation method

Category	Depreciation method	Depreciation life (years)	Residual value rate (%)	Annual depreciation rate (%)
Houses and buildings	Straight-line method	10-40	5.00	2.375-9.50
Specialized equipment	Straight-line method	5-10	5.00	9.50-19.00
Transport equipment	Straight-line method	5	5.00	19.00
Machinery and other equipment	Straight-line method	5	5.00	19.00

Fixed assets are depreciated on a straight-line basis. The depreciation rate is determined based on the category of the fixed asset, its estimated useful life, and the estimated residual value rate. For the fixed assets that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives. If different components of a fixed asset have different useful lives or provide economic benefits in different ways, then different depreciation rates or methods are selected, and depreciation is calculated separately for each component.

3.16.3 Disposal of fixed assets

When a fixed asset is disposed of, or it is expected that no economic benefit can be generated through use or disposal, the recognition of the fixed asset is terminated. The disposal income from the sale, transfer, scrapping or destruction of fixed assets after deducting its book value and relevant taxes is included in the current profit and loss.

3.17 Construction in progress

Construction in progress is measured at actual cost as incurred. Actual cost comprises construction costs, installation costs, borrowing costs that are eligible for capitalization and other costs necessary to bring the fixed assets ready for their intended use. Construction in progress is transferred to fixed assets when the assets are ready for their intended use, and depreciation is charged starting from the month following the transfer.

3.18 Borrowing costs

3.18.1 Recognition principles of capitalization of borrowing costs

Borrowing costs incurred by the Company that can be directly attributable to the acquisition, construction or production of assets that meet the capitalization conditions shall be capitalized and included in the cost of the relevant assets; other borrowing costs shall be recognized as expenses based on the amount incurred when incurred and included in the current profit and loss.

Assets that meet the capitalization conditions are assets (fixed assets, investment properties, inventories, etc.) that necessarily take a substantial year of time for acquisition, construction or production to get ready for their intended utilization or sale.

3.18.2 Period of capitalization of borrowing costs

The capitalization period refers to the period from the time when the capitalization of borrowing costs begins to the time when the capitalization ceases. The period when the capitalization of borrowing costs is suspended is not included.

Borrowing costs are capitalized when the following conditions are met:

(1) Asset expenditure has been incurred, and asset expenditure includes expenditure in the form of paying cash, transferring non-cash assets or assuming interest-bearing debts for the purchase, construction or production of assets eligible for capitalization;

(2) Borrowing costs have been incurred;

(3) The acquisition, construction or production activities necessary to bring the asset to its intended usable or saleable state have begun.

Capitalization of borrowing costs ceases when the assets eligible for capitalization being acquired, constructed or produced becomes ready for its intended use or sale.

3.18.3 Suspension of capitalization period

If an asset eligible for capitalization is interrupted abnormally during the acquisition, construction or production process, and the interruption lasts for more than 3 consecutive months, the capitalization of borrowing costs shall be suspended; if the interruption is a necessary procedure for the acquired, constructed or produced assets eligible for capitalization to reach the intended usable state or saleable state, the borrowing costs shall continue to be capitalized. Borrowing costs incurred during the interruption period are recognized as current profits and losses, and the borrowing costs continue to be capitalized until the acquisition and construction of assets or the restart of production activities.

3.18.4 The calculation methods for the capitalization rate and the capitalized amount of borrowing costs.

For the specific borrowings taken out for the purpose of acquiring, constructing, or producing assets that qualify for capitalization, the amount of interest to be capitalized shall be the actual interest expense incurred during the current period less any bank interest earned from depositing the borrowed funds before being used into banks or any investment income on the temporary investment of those funds.

For general borrowings utilized for purpose of acquiring, constructing, or producing assets that qualify for capitalization, the Company shall determine the amount of interest to be capitalized on such borrowings by applying a capitalization rate to the weighted average of the excess amounts of cumulative expenditures on the asset over and above the amounts of specific-purpose borrowings. The capitalization rate shall be the weighted average of the interest rates applicable to the general-purpose borrowings.

During the capitalization period, the exchange differences on the principal and interest of foreign currency specific borrowings are capitalized and included in the cost of the asset that qualifies for capitalization. Exchange differences on the principal and interest of other foreign currency borrowings, except for specific foreign currency borrowings, are recognized in profit or loss for the current period.

3.19 Intangible assets

3.19.1 The valuation methods for intangible assets

(1) The Company initially measures intangible assets at cost when they are acquired.

The cost of outsourcing intangible assets includes the purchase price, relevant taxes and other expenses directly attributable to making the asset achieve its intended purpose.

(2) Subsequent measurement of intangible assets

When the Company acquires intangible assets, it analyzes and judges their useful life.

For intangible assets with a limited useful life, they are amortized over the period that brings economic benefits to the enterprise. If it is impossible to foresee the period for which intangible assets will bring economic benefits to the enterprise, it shall be regarded as intangible assets with uncertain useful life. Intangible assets with indefinite useful lives are not amortized.

3.19.2 The estimation of the useful life for intangible assets with limited useful life

Projects	Expected useful life	Amortization method	Basis for determining the expected useful life
Land use rights	The use period specified on the real estate certificate	Straight-line method	Term of land use right
Technology royalty	5	Straight-line method	Expected software update and upgrade period
Software	5	Straight-line method	Expected software update and upgrade period
Customer relationship	1-10	Straight-line method	
Trademark	3	Straight-line method	
Customer backlog	3	Straight-line method	
Non-competition clause	5	Straight-line method	

3.19.3 The basis for determining intangible assets with indefinite useful life and the procedures for reviewing their useful lives

As of the balance sheet date, the Company does not have any intangible assets with indefinite useful lives.

3.19.4 The scope of aggregation for research and development expenses.

Expenditures incurred during the Company's research and development process include salaries and wages of personnel engaged in R&D activities, materials consumed, depreciation and amortization expenses, and other related expenses, which are aggregated as follows:

Salaries and Wages: Salaries and wages of personnel engaged in R&D activities primarily refer to the salaries and wages of personnel directly involved in R&D activities, as well as those of managers and direct service personnel closely related to R&D activities.

Other Expenses: Primarily refer to the depreciation and amortization expenses of equipment and software used by personnel directly involved in R&D activities, as well as managers and direct service personnel closely related to R&D activities, along with other related expenses.

3.19.5 The specific criteria for distinguishing between the research phase and the development phase

The Company classifies the expenses for internal research and development as research costs and development costs.

Research phase: The phase of original planned investigation and research activities to acquire and understand new scientific or technical knowledge, etc.

Development phase: The phase where research results or other knowledge are applied to a plan or design to produce new or substantially improved materials, devices and products before commercial production or use.

3.19.6 The specific conditions for capitalizing expenditures in the development phase

Expenditure arising from the research phase is accounted for in profit or loss for the current period when incurred. Expenses incurred during the development phase that satisfy the following conditions are recognized as intangible assets, while those that do not satisfy the following conditions are accounted for in the profit or loss for the current period:

(1) It is technically feasible that the intangible asset can be used or sold upon completion;

(2) There is intention to complete the intangible asset for use or sale;

(3) The intangible asset can produce economic benefits, including there is evidence that the products produced using the intangible asset has a market or the intangible asset itself has a market; if the intangible asset is for internal use, there is evidence that there is usage for the intangible asset;

(4) There is sufficient support in terms of technology, financial resources and other resources in order to complete the development of the intangible asset, and there is capability to use or sell the intangible asset;

(5) The expenses attributable to the development phase of the intangible asset can be measured reliably.

If it is impossible to distinguish between expenditures in the research stage and expenditures in the development stage, all R&D expenditures incurred shall be included in the current profit or loss.

3.20 Impairment of long-term assets

Long-term equity investments, fixed assets, construction in progress, right-of-use assets, intangible assets with finite useful lives, oil and gas assets and other long-term assets, are tested for impairment if there is any indication that the assets may be impaired at the balance sheet date. If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, a provision for impairment and an impairment loss are recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less the cost of disposal and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognized on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows. Goodwill arising from business combinations, intangible assets with indefinite useful lives, and intangible assets not yet available for use.is tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired.

For goodwill acquired in a business combination, intangible assets with an indefinite useful life, intangible assets not yet available for use, irrespective of whether there is any indication that it may be impaired, is tested at least at the end of each year for impairment.

The Company conducts goodwill impairment tests, and the carrying amount of goodwill acquired in a business combination shall, from the acquisition date, be allocated to relevant asset group in a reasonable method; if it is difficult to apportion to the relevant asset group, it is apportioned to the relevant group of asset groups. Relevant asset group, or group of asset groups, that are expected to benefit from the synergies of the combination.

At the time of impairment testing the relevant asset group or group of asset groups containing goodwill, if there are indications of impairment for the asset group or group of asset groups related to goodwill, the asset group or group of asset groups that does not contain goodwill is first tested for impairment, the recoverable amount is calculated and compared with the relevant carrying amount, and the corresponding impairment loss is recognized. The asset group or group of asset groups containing goodwill is then tested for impairment by comparing its carrying amount with its recoverable amount, and if the recoverable amount is less than the carrying amount, the impairment loss is first deducted from the carrying amount of goodwill that is allocated to the asset group or group of asset groups, and then deducted from the carrying amounts of other assets within the asset group or group of asset groups in proportion to the carrying amounts of assets other than goodwill.

Once the above asset impairment loss is recognized, it will not be reversed for the value recovered in any subsequent periods.

3.21 Long-term prepaid expenses

Long-term prepaid expenses include the expenditure that have been incurred but should be recognized as expenses over more than one year in the current and subsequent periods.

The amortization period and method of each expenditure is as follows:

Item	Amortisation method	Amortisation period
Improvement expenditures for fixed assets rented	Straight-Line Method	5
Technology licensing fee	Straight-Line Method	3
Laboratory animals	Average amortization method	

3.22 Contract liabilities

The Company presents contract assets or contract liabilities on the balance sheet according to the relationship between contractual performance obligations and customer payments. The obligation to pass products to customers in connection with customer consideration received or receivable is presented as contract liabilities. Contract assets and contract liabilities under the same contract are presented on a net basis.

3.23 Employee benefits

3.23.1 Accounting treatment of short-term employee benefits

In the accounting period in which employees have rendered services, the Company shall recognize the short-term employee benefits that actually occurred as liability, and charged to profit or loss for the current period or cost of relevant assets.

During the accounting period which employees rendered service, social security contributions and housing provident fund paid by the Company, as well as labor union funds and employees' education expenses extracted by requirement. Based on the required accrual basis and proportions in order to determine the appropriate amount of employee benefits, such employee benefits shall be recognized.

The Company shall recognize the amount of employee welfare that actually occurred and charged to profit or loss for the current period or cost of relevant assets. Non-monetary welfares are measured at fair value.

3.23.2 Accounting treatment of post-employment benefits

(1) Defined contribution plans

Employees of the Company participated in pension insurance and unemployment insurance schemes regulated by the local government. During the accounting period which employees rendered service, based on the required accrual basis and proportions in order to determine the amount, such employee insurance shall be recognized as liabilities and charged to profit or loss for the current period or cost of relevant assets.

(2) Defined benefit plans

The Company assigns the benefit obligations generated by the defined benefit plan to the period during which employees provide services according to a formula determined by the expected cumulative benefit unit method, and includes them in the current profit and loss or the cost of related assets.

The deficit or surplus that the present value of the defined benefit obligation less the fair value of plan assets is recognized as a net defined benefit liability or asset. The Company measures a net defined benefit asset by the lower of the defined benefit surplus and the asset ceiling if there is a defined benefit surplus.

All defined benefit plan obligation including obligation expected to be settled before twelve months after the reporting period, shall be discounted which the discount rate determined by reference to active market yields at the end of the reporting period on government bonds or high-quality corporate bonds. The currency and term of the corporate bonds or government bonds shall be consistent with the currency and estimated term of the post-employment benefit obligations.

Service costs and the net interest of the net liabilities of the defined benefit plan are recognized in the current profit and loss or the cost of related assets. Re-measurement of changes in defined benefit plan net liabilities or assets is recognized in other comprehensive income, and shall not be reclassified to profit or loss in a subsequent period. The entity shall transfer those amounts recognized in other comprehensive income within undistributed profits when the original defined benefit plan terminates.

When the defined benefit plan is settled, the differences between the present value of the defined benefit plan obligation and the settlement price on the settlement date shall be recognized as the settlement gain or loss.

3.23.3 Accounting treatment of Termination benefits

Where termination benefits are provided to employees, liabilities in employee remuneration are recognized and charged to current profit and loss when: the Company is not in a position to withdraw termination benefits provided under termination plans or redundancy plans, or costs or expenses relating to the restructuring exercise which involves the payment of termination benefits are recognized, whichever earlier.

3.24 Estimated liabilities

the Company recognizes as estimated liabilities an obligation that is related to contingent matters when all of the following criteria are fulfilled:

(1) the obligation is a present obligation of the Company;

(2) the obligation would probably result in an outflow of economic benefits from the Company;

(3) the obligation could be reliably measured.

An estimated liability is initially measured at the best estimate of the expenditure required to settle the related present obligation.

Factors surrounding a contingency, such as the risks, uncertainties and the time value of money, are taken into account as a whole in determining the best estimate of an estimated liability. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows.

Where there is a continuous range of possible outcomes, and each point in that range is as likely as any other, the mid-point of the range is used as the best estimate. In other circumstances, the best estimate is separately treated:

- Where a contingency is referred to a single item, the best estimate is determined as the individual most likely outcome.

- Where a contingency being measured involves a large population of items, the best estimate is determined by weighting all possible outcomes by their associated probabilities.

Where some or all of the expenditure required to settle an estimated liability is expected to be reimbursed by a third party, the reimbursement shall be recognized when it is virtually certain that reimbursement will be received. The reimbursement shall be treated as a separate asset. The amount recognized for the reimbursement shall not exceed the amount of the estimated liability.

The Company shall review the carrying amounts of estimated liabilities on every balance sheet date. The carrying value will be adjusted to the best estimated value if there is certain evidence that the current carrying amount is not the best estimate.

3.25 Share-based payment

The Company's share-based payment is a transaction which the Company grants equity instruments or assumes liabilities based on equity instruments in return for services rendered by employees or other parties. The Company's share-based payment can be distinguished into equity-settled share-based payments and cash-settled share-based payments.

3.25.1 Equity-settled share-based payments and equity instruments

Equity-settled share-based payments made in exchange for services rendered by employees are measured at the fair value of equity instruments granted to employees. Instruments which are vested immediately upon the grant date are charged to relevant costs or expenses at the fair value on the date of grant and the capital reserve is credited accordingly. Instruments of which vesting is conditional upon completion of services or fulfillment of performance conditions are measured by recognizing services rendered during the period in relevant costs or expenses and crediting the capital reserve accordingly at the fair value on the date of grant according to the best estimates conducted by the Company at each balance sheet date during the vesting period.

Where the terms of an equity-settled share-based payment are modified, as a minimum, services obtained are recognized as if the terms had not been modified. In addition, an expense is recognized for any modification which increases the total fair value of the instrument ranted, or is otherwise beneficial to the employee as measured at the date of modification.

In the vesting period, where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. Where employees or other parties are permitted to choose to fulfill non-vesting conditions but have not fulfilled during the vesting period, equity-settled share-based payments are deemed cancelled. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the new awards are treated as if they were a modification of the original award.

3.25.2 Cash-settled share-based payments and equity instruments

Cash-settled share-based payments are measured at the fair value of the liabilities assumed by the Company, which is based on share or other equity instruments. Instruments which are vested immediately upon the grant date are charged to relevant costs or expenses at the fair value on the date of grant and the liability is credited accordingly. Instruments of which vesting is conditional upon completion of services or fulfillment of performance conditions are measured by recognizing services rendered during the period in relevant costs or expenses and crediting the liability accordingly at the fair value to the best estimates conducted by the Company at each balance sheet date during the vesting period. At each balance sheet date prior to the settlement of the relevant liability and at the settlement date, the fair value of the liability is reassessed and the difference is recognized in profit or loss for the current period.

If the terms and conditions of a cash-settled share-based payment agreement are modified with the result that it becomes an equity-settled share-based payment transaction by the Company, on the modification date (whether the modification occurs in or after the vesting period), the Company measures by reference to the fair value of the equity instruments granted at the modification date, and recognizes the received services as capital reserve. In the meanwhile, the liability for the cash-settled share-based payment transaction as at the modification date is derecognized. Any difference between the carrying amount of the liability derecognized and the amount of equity recognized on the modification date is recognized in current profit or loss. If, as a result of the modification, the vesting period is extended or shortened, the Company's accounting treatment will be in accordance with the modified vesting period.

3.26 Other financial instruments such as preferred shares and perpetual bonds

The Company classifies the financial instruments or their components as financial assets, financial liabilities or equity instruments at initial recognition based on the economic substance rather than only in legal form reflected by contractual terms of the issued preferred shares/perpetual bonds.

Preferred shares/perpetual bonds issued by the Company are wholly or partially classified as a financial liability at initial recognition if one of the following conditions is met:

(1) There are contractual obligations that the Company cannot unconditionally avert to deliver cash or other financial assets;

(2) There are contractual obligations that include delivery of a variable number of own equity instruments for settlement;

(3) There are contractual obligations that include delivery of derivative settled by own equity (such as the right of debt-equity swaps), and the derivative that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments;

(4) There are contractual terms indirectly form a contractual obligation;

(5) Perpetual bonds are in the same order of liquidation as ordinary bonds and other debts issued by the issuer when the issuer is in bankruptcy liquidation.

Financial instruments such as perpetual bonds/preferred shares that do not meet any of the above conditions are wholly or partially classified as equity instruments at initial recognition.

3.27 Revenue

Accounting policies relevant to the revenue recognition and measurement according to business type

3.27.1 *Accounting policies relevant to the revenue recognition and measurement*

The Company satisfies the performance obligation stipulated in the contract upon the transfer of control of the relevant goods or services to the customer, revenue is recognized. Obtaining control of the relevant commodity refers to the ability to direct the use of the goods or services, and obtain substantially all of the remaining benefits from the asset.

When a contract contains two or multiple performance obligations, the Company allocates the transaction price to each performance obligation on a relative stand-alone selling price basis of the goods or services promised single performance obligation as of the commencement date of the contract. The Company measures revenue based on the transaction price allocated to each single performance obligation.

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and expected refunds to customers. the Company considers the terms of the contract and its customary business practices to determine the transaction price. When determining the transaction price, the Company considers variable consideration, the existence of a significant financing component in the contract, non-cash consideration, and consideration payable to a customer. the Company determines the transaction price including variable consideration only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the relevant uncertainty eliminated. When a contract includes a significant financing component, the Company determines the transaction price at an amount that corresponds to what the customer would have paid in cash for the goods or services at the time of transfer of control, and the difference between the transaction price and the consideration is amortized using the effective interest rate over the term of the contract.

A performance obligation is satisfied over time if one of the following criteria is met. Otherwise, it is satisfied at a point in time:

- the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- the customer can control the asset created or enhanced during the Group's performance; or
- the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

For performance obligations satisfied over time, the Company recognizes revenue over time by reference to the progress towards complete satisfaction of the relevant performance obligation, except when it cannot be reasonably determined. The Company considers the nature of the goods or services and applies either the output method or the input method to determine the progress toward satisfaction of the performance obligation. When the progress toward satisfaction of the performance obligation cannot be reasonably determined, but the cost incurred are expected to be compensated, the Company recognizes revenue at the amount of costs incurred, until the progress toward satisfaction of the performance obligation can be reasonably determined.

For performance obligations satisfied at a point in time, the Company recognizes revenue when the customer obtains control of the relevant goods or services. In determining whether the customer has obtained control of the goods or services, the Company considers the following indicators:

- the Company has a present right to payment for the goods or services-the customer is presently obliged to pay for the goods or services.
- the Company has transferred the legal title of the goods to the customer-the customer has a legal title to the goods.
- the Company has physically transferred the goods to customer-the customer has a physical possession of the good.

- the Company has transferred the principal risks and rewards of ownership of the goods to the customer-the customer has received the significant risks and rewards of ownership of the goods.

- the customer has accepted the goods or services.

The Company operates primarily under two billing models: the Fee-for-Service (FFS) model and the Full-Time Equivalent (FTE) model. Under both models, we typically enter into master service agreements with our customers and collect payments according to prearranged schedules outlined in these agreements. Under the FFS model, we bill our customers in accordance with the payment schedules listed in the relevant contracts or work orders. Under the FTE model, the Company designates employees to projects and charges a fixed rate for each FTE employee for each period of time.

Revenue from clinical trial related services and laboratory services under the FFS model is recognized at a point in time. This occurs when the Company transfers control of the services/deliverables to the customer and has the right to receive payment from the customer for the services performed upon completion, or upon the delivery and acceptance of the deliverables.

Revenue from clinical trial technical services, clinical trial related services, and laboratory services under the FFS model is recognized over time. This is because the performance of services by the Company results in the creation of assets with no alternative use, and we have an enforceable right to receive payment for the services performed to date. Therefore, the revenue is recognized as the services are performed over time.

Revenue from clinical trial technical services, clinical trial related services, and laboratory services under the FTE model is recognized over time. For services recognized under the FTE model, the Company assigns dedicated staff to projects and charges a fixed rate for each FTE employee for each period of time. The customer simultaneously receives and utilizes the benefits resulting from our service performance. Therefore, we recognize revenue over time based on the amount for which we have the right to invoice for services performed to date (that is, the FTE billable amount, calculated based on the number of employees allocated to the project and the hours worked by the employees), typically in the form of monthly billing statements.

3.27.2 Disclose specific business methods of revenue recognition and measurement according to business type

The Company does not have instances where differing business model for similar operations result in variations in accounting policies for revenue recognition.

3.28 Contract costs

Contract costs include costs to fulfil a contract and costs to obtain a contract.

Costs incurred by our company in fulfilling a contract, which do not fall within the scope of another Standard (for example, Inventories, Property, Plant and Equipment or Intangible Assets), are recognized as a contract fulfillment cost asset only if those costs meet all of the following criteria:

- The costs relate directly to an existing a contract or to an anticipated contract;

- The costs generate or enhance resources of the Company that will be used in satisfying performance obligations in the future; and

- The costs are expected to be recovered.

Incremental costs incurred by our company in obtaining a contract that are expected to be recoverable are recognized as costs of obtaining a contract and recognized as an asset.

The asset related to contract costs is amortized on the same basis as the revenue of the goods or services to which the asset relates. However, for costs of obtaining a contract that have an amortization period not exceeding one year, our company expenses them as incurred in profit or loss for the current period.

For assets related to contract costs, if the carrying amount exceeds the difference between the following two amounts, our company recognizes an impairment loss and establishes an allowance for impairment:

(1) The remaining amount of consideration that the Company expects to receive in exchange for the goods or services to which the asset relates;

(2) The estimated costs that are expected to be incurred in transferring those related goods or services.

If the factors of impairment in the previous period change subsequently and result in the above difference being higher than the carrying amount of the assets, the Company shall reverse the impairment provision previously made and include it in the current profit or loss, but the carrying amount of the assets after the reversal shall not exceed the carrying amount of the assets on the reversal date should no impairment provision have been made.

3.29 Government grants

3.29.1 Types

Government grants are monetary assets of non-monetary assets obtained free of charge by the Company from the government, and they are categorized into grants related to assets and grands related to income.

Grants related to assets refer to government grants received by the Company that are utilized for the construction, or acquisition in some other manner of long-term assets. Grants related to income refer to government grants other than those related to assets.

The Company categorizes government grants as related to assets based on the specific criteria that the government documentation explicitly stipulates that the grant is intended for fixed assets or intangible assets, which are considered long-term assets.

The Company categorizes government grants as related to income based on the specific criteria that either the government documentation does not specify the object of the grant, or it explicitly states that the grant is intended for assets other than long-term ones.

3.29.2 Recognition Timing

Government grants are recognized by the Company when it is reasonably assured that the Company will comply with the conditions attached to the grants and that the grants will be received.

3.29.3 Accounting treatment

Government grants related to assets may either offset the book value of the relevant assets or be recognized as deferred income. When recognized as deferred income, it is allocated to the profit or loss over the useful life of the related asset using a systematic and rational method (if associated with the Company's daily operations, it is recorded as other income; if unrelated to the Company's daily operations, it is recorded as non-operating income).

Government grants related to income that are intended to compensate the Company for related costs, expenses, or losses in future periods are recognized as deferred income. This deferred income is recognized in profit or loss during the periods in which the related costs, expenses, or losses are recognized (if related to the Company's daily operations, it is included in other income; if unrelated to the Company's daily operations, it is included in non-operating income) or used to offset the related costs, expenses, or losses. Government grants related to income that are used to compensate the Company for related costs, expenses,or losses already incurred, they are directly recognized in profit or loss during the periods in which the related costs, expenses, or losses are recognized (if related to the Company's daily operations, it is included in other income; if unrelated to the Company's daily operations, it is included in non-operating income) or used to offset the related costs, expenses, or losses.

The accounting treatment for policy-based preferential interest subsidies obtained by our company is differentiated according to the following two scenarios:

- When the finance department allocates the interest subsidy funds to the lending bank, which then provides loans to our company at a preferential policy interest rate, our company records the actual amount received from the loan as the book value of the borrowing. We calculate the related borrowing costs based on the principal of the loan and this preferential policy interest rate.

- When the finance department directly allocates the interest subsidy funds to our company, we offset the corresponding interest subsidies against the related borrowing costs.

3.30 Deferred income tax assets/deferred income tax liabilities

The income tax expenses include current income tax and deferred income tax. The Company recognizes current and deferred income taxes in profit or loss for the current period, except for income taxes arising from business combinations and transactions or events directly attributable to owners' equity (including other comprehensive income).

Deferred income tax assets and deferred income tax liabilities are calculated and recognized based on the differences between the tax base and its carrying amount (temporary differences).

For deductible temporary differences, a deferred income tax asset shall be recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. For deductible losses and tax credits that can be carried forward to future years, deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible losses and tax credits can be utilized.

Deferred income tax liabilities are recognized for taxable temporary differences, except in special circumstances.

Special circumstances in which deferred income tax assets or deferred income tax liabilities are not recognized include:

- Initial recognition of goodwill;

- Transactions or events that are neither business combinations nor, when they occur, affect accounting profit and taxable profit (or deductible losses), and for which the initial recognition of assets and liabilities does not result in the creation of equivalent taxable temporary differences and deductible temporary differences.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, except where the Company 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. Deferred income tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

At the balance sheet date, deferred income tax assets and liabilities are measured at the tax rates, according to tax laws, that are expected to apply in the year in which the asset is realized or the liability is settled.

At the balance sheet date, the carrying amount of deferred income tax assets is reviewed and reduced if it is no longer probable that sufficient taxable profits will be available in the future to allow the benefit of deferred income tax assets to be utilized. Such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

When there is a legal right to settle on a net basis and there is an intention to settle on a net basis or to acquire assets and settle liabilities simultaneously, current income tax assets and current income tax liabilities are presented on a net basis after offsetting.

At the balance sheet date, deferred income tax assets and deferred income tax liabilities are offset and presented as a net amount if all of the following conditions are met:

- The taxable entity has the legal right to set off current income tax assets current income tax liabilities on a net basis;

- The deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, provided that the taxable entity concerned intends either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred income tax liabilities or assets are expected to be settled or recovered.

3.31 Lease

A contract is a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At the inception of a contract, the Company assesses whether the contract is, or contains, a lease. If one party to the contract conveys a right to control the use of one or more identified assets for a period of time in exchange for consideration, such contract is, or contains, a lease.

For a contract that contains multiple separate leases at the same time, the Company separates the contract and accounts for each individual lease separately. If a contract contains both lease and non-lease components, the lessee and lessor separate the lease and non-lease components.

3.31.1 The Company as lessee

(1) Right-of-use assets

Except for short-term leases and leases of low-value assets, the Company recognizes right-of-use assets at the commencement date of the lease. Right-of-use assets are initially measured at cost, which includes the following:

- the amount of the initial measurement of the lease liability;

- any lease payments made at or before the commencement date, less relevant amount of lease incentives received (if any);

- any initial direct costs incurred by the Company; and

- an estimate of costs to be incurred by the Company in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The Company subsequently depreciates right-of-use assets using the straight-line method. Right-of-use assets in which the Company is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated over the remaining useful life of the leased assets; otherwise, right-of-use assets are depreciated over the shorter of lease term and the remaining useful life of the leased assets.

the Company determines whether a right-of-use asset is impaired in accordance with the principles described in "(V). (20) Impairment of long-term assets" of this note, and account for the identified impairment loss.

(2) Lease liabilities

At the lease commencement date, the Company recognizes a lease liability for leases other than short-term leases and leases of low-value assets. Lease liabilities are initially measured at the present value of payment that are not paid. Lease payments include:

- fixed payments (including in-substance fixed payments), less relevant amount of lease incentives receivable (if any);

- variable lease payments that depend on an index or a rate;

- amounts expected to be payable under residual value guarantees provided by the Company;

- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and

- payments of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate the lease.

The Company adopts the inherent interest rate of the lease as the discount rate. Where the inherent interest rate of the lease cannot be ascertained, the incremental loan interest rate of the lessee is adopted as the discount rate.

Interest expenses on lease liabilities over the respective periods of the lease term are computed based on fixed cyclical interest rates and charged to current profit or loss, or relevant asset cost.

Variable lease payments not included in lease liabilities are charged to current profit or loss, or relevant asset cost, as and when incurred.

Subsequent to the commencement date of a lease, in case of any of the following circumstances, the Company remeasures lease liabilities and makes a corresponding adjustment to the related right-of-use assets, if the carrying amount of the right-of-use asset is reduced to zero, and there is a further reduction in the measurement of the lease liability, the Company shall recognize the difference amount of the remeasurement in current profit or loss:

- When there is a change in the valuation of an option to purchase, an option to renew or an option to terminate a lease, or when the actual exercise of the aforementioned options is inconsistent with the original valuation, the Company remeasures the lease liability based on the present value of the lease payments after the change and the revised discount rate;

- When there is a change in the substantive fixed payments, a change in the amount expected to be payable for the residual value of the guarantee, or a change in the index or rate used to determine the lease payments, the Company re-measures the lease liability at the present value calculated using the changed lease payments and the original discount rate. However, if the change in lease payments results from a change in the floating rate, the present value is calculated using the revised discount rate.

(3) Short-term lease and low-value asset lease

For short-term leases and low-value asset leases, the Company elects not to recognize right-of-use assets and lease liabilities, which are instead charged to relevant asset cost or current profit or loss over the respective periods during the lease term on a straight-line basis. A short-term lease is a lease that at the commencement date, has a lease term of 12 months or less and does not contain any purchase options. A lease of a low-value asset, is a lease that the single underlying asset, when is new, is of low value. Where the Company subleases or expects to sublease a leased asset, the original lease is not a low value asset lease.

(4) Lease modifications

The Company accounts for a lease modification as a separate lease if both:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope which is adjusted based on circumstances of such contract.

For a lease modification that is not accounted for as a separate lease, the Company reallocates the revised contract consideration, re-determines the lease term and re-measures the lease liabilities at the present value of the revised lease payments discounted using the revised discount rate.

If the scope of the lease is narrowed or the lease term is shortened as a result of the lease modification, the Company reduces the carrying amount of the right-of-use assets accordingly, and record the relevant gains or losses of partial or complete termination of the lease into the current profit and loss. In case of re-measurement of lease liabilities due to other lease modifications, the Company adjusts the carrying amount of the right-of-use assets accordingly.

3.31.2 The Company as lessor

At the commencement date of the lease, the Company classifies the lease as a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Other leases which are not finance leases are operating leases. When the Company acts as a sublessor, the sublease is classified based on the right-of-use asset arising from the original lease.

(1) Accounting for operating leases

Receipts of lease under operating leases are recognized as rental income on a straight-line basis over the term of the relevant lease. Initial direct costs related to operating leases incurred by the Company are capitalized when incurred, and are recognized in profit or loss for the current period on the same basis as recognition of rental income over the lease term. Variable lease payments that are not included in lease payments receivable are recognized in current profit or loss when actually incurred. For a modification to an operating lease, the Company accounts for it as a new lease from the effective date of the modification, treating any prepaid or accrued lease payments related to the original lease as part of the receipts of the new lease.

(2) Accounting for finance leases

At the inception of the lease term, finance lease receivables are recognized in respect of finance lease, while financing leases are derecognized. At initial measurement, the carrying amount of finance lease receivables are recognized as the net amount of lease investment, which is in turn the sum of the unsecured residual value and the lease payments yet to be received at the commencement of the lease term discounted to their present value using the implicit interest rate of the lease.

Interest income over the respective periods of the lease term is computed and recognized based on fixed cyclical interest rates and charged to current profit or loss.

Variable lease payments not included in the net amount of lease investment are charged to current profit or loss as and when incurred.

The Company accounts for a modification to a finance lease as a separate lease if both:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a modification to a finance lease that is not accounted for as a separate lease, the Company accounts for the lease modification as follows:

- if the lease would have been classified as an operating lease had the modification been in effect at the inception date, the Company accounts for the lease modification as a new lease from the effective date of the modification, and measures the carrying amount of the underlying asset as the net investment in the lease immediately before the effective date of the lease modification; and,

- If the modification takes effect on the commencement date of the lease and the lease is classified as a finance lease, the Company accounts for it in accordance with the policy on modification or renegotiation of the contract as described in "(V). (11) Financial Instruments" of this note.

3.31.3 Sale and leaseback transaction

The Company assesses whether the transfer of assets in sale and leaseback transaction constitutes a sale in accordance with the principles described in "(V). (27) Revenue" of this note.

(1) As a lessee

Where the transfer of assets in a sale and leaseback transaction is a sale, the Company, as the lessee, measures the right to use assets resulting from the sale and leaseback according to the portion of the book value of the original asset related to the right to use the leaseback, and recognizes the relevant gains or losses only in respect of the rights transferred to the lessor.

Where the transfer of assets in a sale and leaseback transaction is not a sale, the Company, as the lessee, continues to recognize the transferred assets and at the same time recognizes a financial liability equal to the transfer income.

The accounting treatment of financial liabilities is detailed in "(V). (11) Financial Instruments" of this note.

(2) As a lessor

If the transfer of assets in a sale and leaseback transaction is a sale, the Company accounts for the asset purchase as the lessor and account for the asset lease in accordance with the aforesaid policy of "(2) the Company as lessor"; If the transfer of assets in a sale and leaseback transaction is not a sale, the Company, as the lessor, does not recognize the transferred assets, but recognizes a financial asset equal to the transfer income. The accounting treatment of financial assets is detailed in "(V). (11) Financial Instruments" of this note.

3.32 Repurchase of shares of the Company

The Company grants restricted shares to the incentive recipients, which are subject to varying lock-up periods commencing from the grant date, with the interval between the grant date and the first release date not being less than 12 months. During the lock-up period, the incentive recipients are not allowed to transfer the restricted shares, use them as collateral, or repay debts.

Upon the fulfillment of the release conditions, the Company processes the release of the restricted shares for the recipients who meet the conditions in accordance with relevant regulations. The recipients who do not meet the release conditions will not have their restricted shares released or deferred to the next period; instead, the Company will repurchase and cancel these shares at the grant price.

The cash dividends received by the incentive recipients due to the granted restricted shares are held in custody by the Company and will be paid out as dividends payable upon release; if the release is not permissible according to the restricted share incentive plan, the Company will reclaim them. The shares obtained by the incentive recipients due to capital reserve conversion into share capital, stock dividends, or stock split of the restricted shares are also subject to lock-up and cannot be sold on the secondary market or transferred in any other way; the unlocking period for such shares is the same as that for the restricted shares. If the release is not permissible according to the restricted share incentive plan, the Company will repurchase and cancel them.

When the restricted share incentive plan is terminated, the Company repurchases the restricted shares that have not been released and handle them in accordance with the provisions of the "Company Law."

3.33 Significant changes in accounting policies and accounting estimates

3.33.1 Significant changes in accounting policies

The Company has no significant accounting policy changes during the current period.

3.33.2 Significant changes in accounting estimates

The Company has no significant changes in accounting estimates during the current period.

4 TAXATION

4.1 Main taxes and rates

Tax Type	Tax base	Tax Rate
Value-Added Tax (VAT)	Calculate the output tax based on the income from the sale of goods and taxable services as stipulated by tax law. After deducting the input tax credit allowable for the current period, the balance will be the VAT payable.	13%, 9%, 6%, 5%, 3%, 1%, 0%, Tax Exempt
City maintenance and construction tax	The payment amount of VAT and consumption tax	7%, 5%, 1%
Enterprise income tax (a)	Taxable income	25%
Education surcharge (including local education surcharge)	The payment amount of VAT and consumption tax	5%

Disclosure of the existence of taxable entities with different corporate income tax rates:

Taxpayer Name	Income Tax Rate
Tigermed and its domestic subsidiaries (excluding limited partnerships)	**25%**
Subsidiaries established in the Cayman Islands and BVI	**0%**

4.2 Tax concession

(1) On December 8, 2023, the Company was awarded the "High and New Technology Enterprise Certificate" with the certificate number GR202333006083, jointly issued by the Department of Science and Technology of Zhejiang Province, the Department of Finance of Zhejiang Province, and the Zhejiang Provincial Tax Service of the State Taxation Administration. The certificate is valid for three years, and the enterprise income tax for the Company will be levied at a reduced rate of 15% from 2023 to 2025.

(2) Subsidiary MacroStat (China) Clinical Research Co., Ltd., obtained the "Technical Advanced Service Enterprise Certificate" with the certificate number 20223101150046 on December 26, 2022. The certificate was jointly issued by the Shanghai Municipal Commission of Science and Technology, the Shanghai Municipal Commission of Commerce, the Shanghai Municipal Finance Bureau, the Shanghai Municipal Tax Service of the State Taxation Administration, and the Shanghai Municipal Development and Reform Commission. The certificate is valid for three years, and the enterprise income tax for the Company will be levied at a reduced rate of 15% from 2022 to 2024.

(3) Subsidiary Hangzhou Simo Co., Ltd. obtained the "High and New Technology Enterprise Certificate" with the certificate number GR202333004983, jointly issued by the Department of Science and Technology of Zhejiang Province, the Department of Finance of Zhejiang Province, and the Zhejiang Provincial Tax Service of the State Taxation Administration on December 8, 2023. The certificate is valid for three years, and the Company's enterprise income tax for the Company was reduced to 15% from 2023 to 2025.

(4) Subsidiary Jiaxing Tigermed Data Management Co., Ltd. obtained the "High and New Technology Enterprise Certificate" with the certificate number GR202133006940, jointly issued by the Department of Science and Technology of Zhejiang Province, the Department of Finance of Zhejiang Province, and the Zhejiang Provincial Tax Service of the State Taxation Administration on December 16, 2021. The certificate is valid for three years, and the enterprise income tax for the Company was reduced to 15% from 2021 to 2023. In 2024, the company remains under review for being a high-tech enterprise.

(5) Subsidiary Hangzhou Fantastic Bioimaging Co., Ltd. obtained the "High and New Technology Enterprise Certificate" with the certificate number GR202333013045, jointly issued by the Department of Science and Technology of Zhejiang Province, the Department of Finance of Zhejiang Province, and the Zhejiang Provincial Tax Service of State Taxation Administration on December 8, 2023. The certificate is valid for three years, and the enterprise income tax for the Company is reduced to 15% from 2023 to 2025.

(6) Subsidiary Beijing Medical Development (Suzhou) Co., Ltd. obtained the "High and New Technology Enterprise Certificate" with the certificate number GR202132003868, jointly issued by the Department of Science and Technology of Jiangsu Province, the Department of Finance of Jiangsu Province, and the Jiangsu Provincial Tax Service of the State Taxation Administration on November 30, 2021. The certificate is valid for three years, and the enterprise income tax for the Company was reduced to 15% from 2021 to 2023. In 2024, the company remains under review for being a high-tech enterprise.

(7) Subsidiary Beijing Tigermed-Jyton Medical Tech. Co., Ltd. obtained the "High and New Technology Enterprise Certificate" with the certificate number GR202111002885, jointly issued by the Beijing Municipal Commission of Science and Technology, the Beijing Municipal Finance Bureau, and the Beijing Municipal Tax Service of the State Taxation Administration on October 25, 2021. The certificate is valid for three years, and the enterprise income tax for the Company was reduced to 15% from 2021 to 2023. In 2024, the company remains under review for being a high-tech enterprise.

(8) Subsidiary Frontage Laboratories (Shanghai) Co., Ltd. obtained the "High and New Technology Enterprise Certificate" with the certificate number GR202331001819, issued by the Shanghai Municipal Commission of Science and Technology, the Shanghai Municipal Finance Bureau, and the Shanghai Municipal Tax Service of the State Taxation Administration on November 15, 2023. The certificate is valid for three years, and the enterprise income tax for the Company is reduced to 15% from 2023 to 2025.

(9) Subsidiary Frontage Laboratories (Suzhou) Co., Ltd. obtained the "High and New Technology Enterprise Certificate" with the certificate number GR202132002899, issued by the Department of Science and Technology of Jiangsu Province, the Department of Finance of Jiangsu Province, and the Jiangsu Provincial Tax Service of the State Taxation Administration on November 3, 2021. The certificate is valid for three years, and the enterprise income tax for the Company is reduced to 15% from 2021 to 2023. In 2024, the company remains under review for being a high-tech enterprise.

(10) Subsidiary Beijing Yaxincheng Medical InfoTech Co., Ltd. obtained the "High and New Technology Enterprise Certificate" with the certificate number GS202311000130, jointly issued by the Beijing Municipal Commission of Science and Technology, the Beijing Municipal Finance Bureau, and the Beijing Municipal Tax Service of the State Taxation Administration on October 26, 2023. The certificate is valid for three years, and the enterprise income tax for the Company is reduced to 15% from 2023 to 2025.

(11) Subsidiary Shanghai Mosim Medical Technology Co., Ltd. obtained the "High and New Technology Enterprise Certificate" with the certificate number GR202331007516, jointly issued by the Shanghai Municipal Commission of Science and Technology, the Shanghai Municipal Finance Bureau, and the Shanghai Municipal Tax Service of the State Taxation Administration on December 12, 2023. The certificate is valid for three years, and the enterprise income tax for the Company is reduced to 15% from 2023 to 2025.

(12) Subsidiary Acme Biopharma Co., (Shanghai) LTD obtained the "Technology Advanced Service Enterprise Certificate" with the certificate number 20223101150081, jointly issued by the Shanghai Municipal Commission of Science and Technology, the Shanghai Municipal Commission of Commerce, the Shanghai Municipal Finance Bureau, the Shanghai Municipal Tax Service of the State Taxation Administration, and the Shanghai Municipal Development and Reform Commission on December 28, 2022. The certificate is valid for three years, and the enterprise income tax for the Company is reduced to 15% from 2022 to 2024.

(13) Subsidiary Wuhan Heyan Biomedical Technology Co., Ltd. obtained the "High and New Technology Enterprise Certificate" with the certificate number GR202342001665, jointly issued by the Department of Science and Technology of Hubei Province, the Department of Finance of Hubei Province, and the Hubei Provincial Municipal Tax Service of the State Taxation Administration on October 6, 2023. The certificate is valid for three years, and the enterprise income tax for the Company is reduced to 15% from the fiscal year of 2023 to 2025.

(14) Subsidiary Frontage Lingang Laboratories (Shanghai) Co., Ltd. obtained the "High and New Technology Enterprise Certificate" with the certificate number GR202331002480, jointly issued by the Shanghai Municipal Commission of Science and Technology, the Shanghai Municipal Finance Bureau, and the Shanghai Municipal Tax Service of the State Taxation Administration on November 15, 2023. The certificate is valid for three years, and the enterprise income tax for the Company is reduced to 15% from 2023 to 2025.

(15) Subsidiary Suzhou Frontage New Drug Development Co., Ltd. obtained the "High and New Technology Enterprise Certificate" with the certificate number GR202332010756, jointly issued by the Department of Science and Technology of Jiangsu Province, the Department of Finance of Jiangsu Province, and the Jiangsu Provincial Tax Service of the State Taxation Administration on December 13, 2023. The certificate is valid for three years, and the enterprise income tax for the Company is reduced to 15% from 2023 to 2025.

(16) Subsidiary Luohe Tigermed Pharmaceutical Technology Co., Ltd. obtained the "Technology Advanced Service Enterprise Certificate" with the certificate number 20234111000003, jointly issued by the Science and Technology Department of Science enterprises and the Modern Service Industry, the Provincial Department of Finance, the Provincial Department of Commerce, the Provincial Tax Bureau, and the Provincial Development and Reform Commission of Henan Province on November 9, 2023. The certificate is valid for three years, and the enterprise income tax for the Company is reduced to 15% from 2023 to 2025.

4.3 Others

Hong Kong corporate income tax

Taxable Income	**Tax Payable**
Less than HKD2 million	8.25%
Exceeding part over HKD2 million	16.50%

U.S. Corporate Income Tax

Federal Income Tax

Federal Income Tax: Based on the federal taxable income, the tax rate for C-Corporations is 21%.

State Income Tax

State Income Tax is assessed based on the taxable income of each subsidiary in their respective states and states where sales occur, with tax rates ranging from 1% to 12% depending on the state.

Canadian Corporate Income Tax

Federal income tax rate: 15%

State Income Tax

Tigermed Clinical is located in British Columbia, Canada and is subject to a taxable income tax rate of 12%.

Australian Corporate Income Tax

30% of taxable income.

Malaysia Corporate Income Tax

17% on the first 600,000 Malaysian Ringgit of taxable income and 24% on the excess of 600,000 Malaysian Ringgit.

Singapore Corporate Income Tax

17% of taxable income.

Taiwan Corporate Income Tax

Profit-making enterprises with annual taxable income of less than NT$120,000 are exempted from profit-making enterprise income tax.

If the annual taxable income of a profit-making enterprise exceeds NT$120,000, 20% of the entire taxable income will be taxed.

Swiss Corporate Income Tax

The federal income tax is 8.5%, and state and community taxes are subject to the regulations set by the state and community.

Indian Corporate Income Tax

Aggregate 29.12 % of taxable income, including 25% corporate income tax and *4.12%* additional and health and education surcharge.

Romania Corporate Income Tax

16% of taxable income.

South Korean Corporate Income Tax

Taxable Income	Tax Rate
Less than 200 million KRW	9%
200 million KRW to 20 billion KRW	19%
20 billion KRW to 300 billion KRW	21%
Exceeding 300 billion KRW	24%

Philippine Corporate Income Tax

Payable at 25% of taxable income.

Colombia Corporate Income Tax

35% of taxable income.

Brazil Corporate Income Tax

34% of taxable income.

Laos Corporate Income Tax

20% of taxable income.

South Africa Corporate Income Tax

27% of taxable income.

United Kingdom Corporate Income Tax

25% of taxable income.

Mexico Corporate Income Tax

30% of taxable income.

Indonesia Corporate Income Tax

22% of taxable income.

Small and medium-sized enterprises (annual turnover not exceeding Rp 50 billion) are subject to 11% of taxable income.

Pakistan Corporate Income Tax

29% of taxable income.

1) 7.5% of taxable income for annual turnover up to Rp 100 million.

2) 15% of taxable income for annual turnover exceeding Rs. 100 million but not exceeding Rs. 250 million

Dutch Corporate Income Tax

25.8% of taxable income.

Argentina Corporate Income Tax

25% of taxable income.

Turkey Corporate Income Tax

25% of taxable income.

Hungary Corporate Income Tax

9% of taxable income.

Poland Corporate Income Tax

19% of taxable income.

Spain Corporate Income Tax

25% of taxable income.

Czech Republic Corporate Income Tax

21% of taxable income.

Croatia Corporate Income Tax

18% of taxable income.

Latvian Corporate Income Tax

25% of taxable income.

Italy Corporate Income Tax

24% of taxable income.

Serbia Corporate Income Tax

15% of taxable income.

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

5.1 Financial assets held for trading

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Financial assets at fair value through profit or loss	42,517,737.73	42,138,295.67
Including: Investments in debt instruments	291,253.73	31,035,495.67
Investments in equity instruments		1,102,800.00
Wealth management products	42,226,484.00	10,000,000.00
Total	42,517,737.73	42,138,295.67

5.2 Notes receivables

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Bank acceptance bills	13,644,901.84	214,560.00
Total	13,644,901.84	214,560.00

5.3 Accounts receivables

Aging	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Within 90 days	1,009,310,221.00	994,677,581.58
90 to 180 days	150,498,419.47	186,435,114.15
180 days to 1 year	190,239,027.60	144,710,519.77
Over 1 year	124,473,525.39	49,772,051.06
Accounts receivables with individually insignificant amount and subject to individual bad debt provisions	3,029,859.09	4,239,145.53
Subtotal	1,477,551,052.55	1,379,834,412.09
Less: Bad debt provisions	144,639,173.25	119,134,071.23
Total	1,332,911,879.30	1,260,700,340.86

5.4 Contract assets

	30 June 2024(Unaudited)			31 December 2023(Audited)		
Item	Book value balance	Bad debt provision	Book value	Book value balance	Bad debt provision	Book value
Contract assets with bad debt provisions based on the general model of expected credit losses	2,864,990,806.59	53,197,887.71	2,811,792,918.88	2,409,208,601.01	44,773,358.48	2,364,435,242.53
Total	2,864,990,806.59	53,197,887.71	2,811,792,918.88	2,409,208,601.01	44,773,358.48	2,364,435,242.53

5.5 Other receivables

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Interest receivable	17,376,536.37	19,636,120.18
Other receivables	88,584,039.57	59,941,622.27
Total	105,960,575.94	79,577,742.45

5.5.1 Other receivables

Aging	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Within 1 year (inclusive)	70,311,801.43	47,073,648.84
1 to 2 years	8,196,075.53	8,446,209.16
2 to 3 years	8,350,610.45	4,945,850.02
3 to 4 years	4,116,823.24	1,809,623.12
4 to 5 years	1,379,259.79	1,439,114.05
Over 5 years	3,282,659.96	2,623,881.84
Subtotal	95,637,230.40	66,338,327.03
Less: Bad debt provisions	7,053,190.83	6,396,704.76
Total	88,584,039.57	59,941,622.27

5.6 Advances to suppliers

Aging	30 June 2024 (Unaudited) Amount	Proportion	31 December 2023 (Audited) Amount	Proportion
Within 1 year	76,578,084.27	88.50%	49,910,276.22	88.26%
1 to 2 years	4,670,991.62	5.40%	5,517,592.34	9.76%
2 to 3 years	4,267,648.88	4.93%	127,762.09	0.23%
Over 3 years	1,015,457.12	1.17%	990,000.00	1.75%
Total	86,532,181.89		56,545,630.65	

Other explanation:

The Company's South Korean subsidiary, DreamCIS Inc., has provided for bad debts amounting to RMB416,062.36 within one year, presented at net value.

5.7 Other equity instrument investments

Item	31 December 2023 (Audited)	Gains recognized as other comprehensive income in the current period	Loss recognized as other comprehensive income in the current period	Accumulated gains recognized as other comprehensive income at the end of the period	Accumulated loss recognized as other comprehensive income at the end of the period	Dividend income recognized in the current period	30 June 2024 (Unaudited)	Reasons for being designated to be measured at fair value whose changes are recognized in other comprehensive income
Equity investments in unlisted companies	6,753,640.97		-1,450,900.00		-1,314,236.23		4,928,600.45	
Equity investments in listed companies	7,754,318.35		-2,392,889.70		-2,623,133.33		4,943,840.50	
Total	14,507,959.32		-3,843,789.70		-3,937,369.56		9,872,440.95	

5.8 Other non-current financial assets

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Financial assets at fair value through profit or loss	10,497,204,889.49	10,231,701,776.67
Including: Shares of listed companies	109,000,457.69	265,925,276.60
Pharmaceutical funds	4,996,513,452.22	4,906,379,989.74
Investments in equity of unlisted companies	5,325,548,050.77	4,991,647,845.20
Convertible company bonds	62,343,908.24	64,305,745.29
Insurance	3,799,020.57	3,442,919.84
Total	10,497,204,889.49	10,231,701,776.67

5.9 Fixed assets

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Fixed assets	608,338,138.68	638,751,357.57
Total	608,338,138.68	638,751,357.57

5.10 Construction in progress

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Construction in progress	472,627,690.59	324,278,367.30
Total	472,627,690.59	324,278,367.30

5.11 Right-of-use assets

Item	Rental buildings	Specialized equipment	Office equipment	Total
1. Cost				
(1) 31 December 2023 (Audited)	678,811,194.24	157,927,799.21	1,202,220.05	837,941,213.50
(2) Increase in the current period	16,844,838.15	858,771.88	1,519.90	17,705,129.93
(3) Decrease in the current period	11,096,523.60	11,295,445.68		22,391,969.28
(4) 30 June 2024 (Unaudited)	684,559,508.79	147,491,125.41	1,203,739.95	833,254,374.15
2. Accumulated depreciation				
(1) 31 December 2023 (Audited)	263,982,882.02	63,427,703.05	952,547.11	328,363,132.18
(2) Increase in the current period	47,117,607.60	11,480,828.30	73,604.59	58,672,040.49
(3) Decrease in the current period	2,223,083.26	8,426,701.39		10,649,784.65
(4) 30 June 2024 (Unaudited)	308,877,406.36	66,481,829.96	1,026,151.70	376,385,388.02
3. Impairment provision				
(1) 31 December 2023 (Audited)				
(2) Increase in the current period				
(3) Decrease in the current period				
(4) 30 June 2024 (Unaudited)				
4. Net book value				
(1) 30 June 2024 (Unaudited)	375,682,102.43	81,009,295.45	177,588.25	456,868,986.13
(2) 31 December 2023 (Audited)	414,828,312.22	94,500,096.16	249,672.94	509,578,081.32

5.12 Goodwill

Item	31 December 2023 (Audited)	Increase in the current period: Business combination	Decrease in the current period: Impairment	Disposal	Foreign currency translation differences	30 June 2024 (Unaudited)
Goodwill	2,833,489,244.72	44,851,154.98			9,658,553.12	2,868,681,846.58
Less: Impairments	69,301,055.64				-38,763.90	69,339,819.54
Total	2,764,188,189.08	44,851,154.98			9,697,317.02	2,799,342,027.04

5.13 Other non-current assets

	30 June 2024 (Unaudited)			31 December 2023 (Audited)		
Item	Book value balance	Impairment provision	Net book value	Book value balance	Impairment provision	Net book value
Prepayment for investments	37,888,920.00		37,888,920.00	139,248,591.26		139,248,591.26
Prepayment for fixed assets and intangible asset, etc.	9,248,673.09		9,248,673.09	12,971,759.76		12,971,759.76
Certificate of deposit and interest	3,689,698,666.62		3,689,698,666.62			
Others	4,753,025.13		4,753,025.13	4,675,298.90		4,675,298.90
Total	3,741,589,284.84		3,741,589,284.84	156,895,649.92		156,895,649.92

5.14 Short-term borrowings

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Credit borrowings	2,569,751,200.00	1,878,400,000.00
Secured and guaranteed borrowings	197,308,000.00	91,293,500.00
Total	2,767,059,200.00	1,969,693,500.00

5.15 Notes Payables

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Bank acceptance bills	3,399,000.00	
Total	3,399,000.00	

5.16 Accounts payables

Aging	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Within 90 days	89,046,660.78	228,963,930.70
91 days to 1 year	65,311,468.87	9,354,997.17
Over 1 year	72,754,684.80	10,988,996.67
Total	227,112,814.45	249,307,924.54

5.17 Other payables

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Interests payable	**6,898,997.92**	6,392,172.03
dividends payable	**513,481,650.41**	3,470,035.91
Other payables	**74,524,994.02**	68,811,218.73
Total	**594,905,642.35**	78,673,426.67

5.18 Taxes payable

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Value-Added Tax	82,518,621.71	74,169,529.17
Enterprise income tax	64,998,492.55	123,876,650.19
Individual income tax	7,876,418.39	17,965,585.99
City maintenance and construction tax	1,082,561.54	1,089,370.03
Property tax	410,010.82	1,957,850.10
Education surcharge	816,654.91	819,164.44
Land use tax	119,500.02	488,110.00
Stamp tax	339,427.55	392,877.05
Total	158,161,687.49	220,759,136.97

5.19 Non-current liabilities due within one year

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Long-term borrowings due within one year	403,832,116.80	396,686,208.44
Lease liabilities due within one year	106,996,493.33	122,880,897.95
Other long-term liabilities due within one year	44,898,840.00	44,028,198.05
Total	555,727,450.13	563,595,304.44

5.20 Long-term borrowings

Item	**30 June 2024 (Unaudited)**	31 December 2023 (Audited)
Secured and guaranteed borrowings	**404,817,974.35**	434,223,304.63
Total	**404,817,974.35**	434,223,304.63

Explanation of the types of long-term borrowings:

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Guaranteed but Unsecured Bank Loan	466,650,091.15	484,909,513.07
Secured but unguaranteed Bank Loan	–	–
Unsecured and Unguaranteed Bank Loan	342,000,000.00	346,000,000.00
Total	808,650,091.15	830,909,513.07
Less: Borrowings due within one year	403,832,116.80	396,686,208.44
Including: Guaranteed but Unsecured Bank Loan	61,832,116.80	50,686,208.44
Secured but unguaranteed Bank Loan	–	–
Unsecured and Unguaranteed Bank Loan	342,000,000.00	346,000,000.00
Long-term borrowings due beyond one year	404,817,974.35	434,223,304.63
Including: Guaranteed but Unsecured Bank Loan	404,817,974.35	434,223,304.63
Secured but unguaranteed Bank Loan	–	–
Unsecured and Unguaranteed Bank Loan	–	–

The due date analysis of the long-term borrowing due beyond one year is disclosed as follows:

After the balance sheet date	30 June 2024 (Unaudited)	31 December 2023 (Audited)
1 to 2 years	104,289,490.51	82,235,000.00
2 to 5 years	300,528,483.84	351,988,304.63
Over 5 years	–	–
Total	404,817,974.35	434,223,304.63

5.21 Share capital

		Movement in the current period (increase+/decrease-)					
	31 December 2023 (Audited)	Issuance of new shares	Share donation	Conversion of reserves into shares	Others	Subtotal	30 June 2024 (Unaudited)
Total amount of shares	872,418,220.00				-7,469,650.00	-7,469,650.00	864,948,570.00

Other explanation:

Termination of the Company's 2022 A-Share Restricted Stock Incentive Plan, with all granted but unvested restricted shares being forfeited, resulted in a reduction of capital reserve by RMB7,469,650.

5.22 Capital reserve

Item	31 December 2023 (Audited)	Increase in the current period	Decrease in the current period	30 June 2024 (Unaudited)
Capital premium (Share premium)	11,609,428,531.55	6,790,039.51	968,903,039.21	10,647,315,531.85
Other capital reserve	99,406,365.08	30,197,267.09	–	129,603,632.17
Total	11,708,834,896.63	36,987,306.60	968,903,039.21	10,776,919,164.02

5.23 Treasury shares

Item	31 December 2023 (Audited)	Increase in the current period	Decrease in the current period	30 June 2024 (Unaudited)
Repurchased share	869,336,804.33	180,796,021.11	869,336,804.33	180,796,021.11
Total	869,336,804.33	180,796,021.11	869,336,804.33	180,796,021.11

Other explanation, including increase and decrease of current period and reasons of changes:

1) Termination of the implementation of the Company's 2022 A-Share Restricted Stock Incentive Plan, with all granted but unvested restricted shares being forfeited, result in a reduction of treasury shares by RMB869,336,804.33.

2) The company has cumulatively repurchased 3,451,200 shares through centralized bidding trading this period, with a total amount paid of RMB180,796,021.11.

5.24 Other comprehensive income

Item	31 December 2023 (Audited)	Current period amount						30 June 2024 (Unaudited)
		Amount before income tax in the period	Less: amount included in other comprehensive income in prior period and converted to current profit or loss	Less: income tax expenses	Amount after tax attributable to the parent company	After-tax amount attributable to minority shareholders	Less: amount included in other comprehensive income in prior period and converted to retained earnings in the current period	
1. Other comprehensive income that will not to be not reclassified in profit or loss	8,663,792.51	-3,843,789.70		-803,352.05	-2,022,158.59	-1,018,279.06		6,641,633.92
Including: Change in remeasurement of defined benefit plans	-163,681.05							-163,681.05
Changes in fair value of investments in other equity instruments	8,827,473.56	-3,843,789.70		-803,352.05	-2,022,158.59	-1,018,279.06		6,805,314.97
2. Other comprehensive income that will be reclassified into profit or loss	94,870,477.74	-27,330,497.60			-10,297,924.84	-17,032,572.76		84,572,552.90
Translation difference of foreign currency financial statements	94,870,477.74	-27,330,497.60			-10,297,924.84	-17,032,572.76		84,572,552.90
Total of other comprehensive income	103,534,270.25	-31,174,287.30		-803,352.05	-12,320,083.43	-18,050,851.82		91,214,186.82

5.25 Surplus reserve

Item	31 December 2023 (Audited)	Increase in the current period	Decrease in the current period	30 June 2024 (Unaudited)
Statutory surplus reserve	436,529,393.76			436,529,393.76
Total	436,529,393.76			436,529,393.76

5.26 Undistributed profits

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Undistributed profits of prior year-end before adjustment	8,774,794,749.44	7,270,334,547.08
Undistributed profits at the beginning of period after adjustment	8,774,794,749.44	7,270,334,547.08
Add: Net profits attributable to the Company's shareholders in the period	492,848,850.97	2,024,849,989.11
Less: Appropriation to statutory surplus reserve		44,668,073.25
Dividend distribution to shareholders	491,290,787.76	475,721,713.50
Undistributed profits at the end of the year	8,776,352,812.65	8,774,794,749.44

5.27 Operating revenue and operating costs

	For the six months ended			
	30 June 2024 (Unaudited)		30 June 2023 (Unaudited)	
Item	Revenue	Cost	Revenue	Cost
Principal business	3,295,694,293.43	2,006,201,702.75	3,670,357,798.83	2,212,650,362.23
Other business	62,549,929.96	18,994,930.95	40,492,572.76	17,113,090.12
Total	3,358,244,223.39	2,025,196,633.70	3,710,850,371.59	2,229,763,452.35

5.28 General and administrative expenses

Item	For the six months ended 30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
Employee benefits	169,998,053.50	156,948,364.08
Office facilities and site expenses	12,555,516.44	14,959,721.54
Depreciation charges	29,468,267.53	24,932,325.10
Amortization of intangible assets	38,879,666.90	31,229,693.25
Travel expenses	5,312,678.45	4,427,585.69
Consulting expenses	22,916,611.92	20,223,605.48
System usage expenses	5,697,304.10	4,274,330.20
Business entertainment expenses	7,401,515.46	5,216,956.01
Insurance expenses	7,341,861.57	6,755,164.55
Communication expenses	1,607,276.54	2,122,038.00
Share-based payment	34,704,505.02	39,259,383.14
Other expenses	40,732,688.75	36,121,821.20
Total	376,615,946.18	346,470,988.24

5.29 Selling expenses

Item	For the six months ended 30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
Employee benefits	79,061,080.37	64,819,725.36
Advertising expenses	7,304,200.42	11,579,289.64
Travelling expenses	2,757,809.76	1,774,507.82
Business entertainment expenses	2,866,948.71	2,259,557.08
Other expenses	9,387,851.24	8,565,278.41
Total	101,377,890.50	88,998,358.31

5.30 Research and development expenses

Item	For the six months ended 30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
Employee benefits	114,714,085.48	116,717,354.33
Depreciation and amortization	4,011,430.44	3,442,960.94
Service expenses	3,556,149.36	3,195,929.91
Cost of materials	1,453,739.81	2,487,139.67
Other expenses	958,817.76	2,239,072.97
Total	124,694,222.85	128,082,457.82

5.31 Financial expenses

Item	For the six months ended 30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
Interest expenses	67,432,236.02	52,814,698.13
Including: Interest expenses on lease liabilities	13,035,104.80	14,271,938.10
Less: Interest income	71,381,356.68	122,538,479.23
Exchange gains or losses	-14,623,271.35	-20,534,769.41
Others	2,463,662.78	2,163,969.55
Total	-16,108,729.23	-88,094,580.96

5.32 Other income

Source of other income	For the six months ended 30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
Government grants	13,842,241.03	4,613,528.80
Input tax plus credit	1,505,002.19	2,099,501.66
Return of individual income tax fee	2,001,453.26	2,183,555.12
Total	17,348,696.48	8,896,585.58

5.33 Gains from changes in fair values

Source of gains from changes in fair value	For the six months ended 30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
Financial assets held for trading	5,010.60	
Non-current period financial assets	-98,408,151.66	529,757,595.42
Total	-98,403,141.06	529,757,595.42

5.34 Investment income

Item	For the six months ended 30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
Investment incomes from long-term equity investments recognized under equity method	44,095,071.11	63,724,392.56
Interest incomes from debt investment during the holding period	227,502.34	355,135.13
Investment incomes other non-current financial assets during the holding period	10,910,526.75	10,834,822.51
Investment incomes from disposal of other non-current financial assets	-6,367,651.23	23,661,414.79
Incomes from wealth management products	21,646,818.84	326,351.94
Investment incomes from disposal of financial assets held for trading	231,188.77	
Total	70,743,456.58	98,902,116.93

5.35 Non-operating income

Item	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)	Amount included in non-recurring profit or loss in the period
Government grants	3,683,926.00	3,838,267.44	3,683,926.00
Others	1,266,491.77	711,475.02	1,266,491.77
Total	4,950,417.77	4,549,742.46	4,950,417.77

5.36 Non-operating expenses

Item	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)	Amount included in non-recurring profit or loss in the period
Donations	621,582.80	1,103,624.04	621,582.80
Fair value adjustment of contingent consideration	1,128,734.58	2,466,842.27	1,128,734.58
Others	176,347.64	431,971.37	176,347.64
Total	1,926,665.02	4,002,437.68	1,926,665.02

5.37 Income tax expenses

Item	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Current income tax	148,916,761.34	198,041,891.74
Deferred income tax	-16,402,282.29	-6,986,791.48
Total	132,514,479.05	191,055,100.26

6 CHANGES IN SCOPE OF CONSOLIDATION

6.1 Business combination not under common control

6.1.1 Business combination not under common control occurred in the current period

Name of acquiree	Time of equity acquisition	Cost of equity acquisition	Proportion of equity acquisition (%)	Method of equity acquisition	Acquisition date	Basis for determination of the acquisition date	Income of the acquiree from the acquisition date to the end of the period	Net profit of the acquiree from the acquisition date to the end of the period	Cash flow of the acquiree from the acquisition date to the end of the period
Frontage Europe	2024/1/1	52,108,591.26	100	Cash	2024/1/1	Payment of Cash	1,301,018.35	-13,491,739.64	-1,251,272.75
NAMSA (Shanghai) Medical	2024/4/1	7.11	100	Cash	2024/4/1	Payment of Cash	919,203.68	-2,419,276.02	-1,475,134.87

Other Explanations:

On January 1, 2024, the Company's subsidiary, Frontage Labs, through its subsidiary Frontage Europe, acquired the bioanalytical drug metabolism and pharmacokinetics business of Accelera S.r.l..

6.1.2 Combination cost and goodwill

	Frontage Europe Business	NAMSA (Shanghai) Medical
Cost of combination		
– Cash	52,108,591.26	
– Fair value of non-cash assets		
– Fair value of liabilities issued or assumed		
– Fair value of equity securities issued		
– Fair value of contingent consideration		
– Fair value share of equity held prior to the acquisition date on the acquisition date		
– Others		7.11
Total cost of combination	52,108,591.26	7.11
Less: Fair value of the identifiable net assets obtained	7,668,431.37	-410,987.98
The amount by which the goodwill/consolidation cost is less than the fair value share of identifiable net assets obtained	44,440,159.89	410,995.09

6.1.3 The identifiable assets and liabilities of the acquiree at the acquisition date

	Frontage Europe		NAMSA (Shanghai) Medical	
	Fair value at the acquisition date	**carrying amount at the acquisition date**	**Fair value at the acquisition date**	**carrying amount at the acquisition date**
Assets:	15,102,583.59	1,529,745.19	7,227,336.55	7,227,336.55
Cash at bank and on hand			3,712,869.94	3,712,869.94
Accounts receivables			1,471,120.05	1,471,120.05
Fixed assets	1,446,260.83	1,446,260.83		
Intangible assets	13,656,322.76	83,484.36	1,866.94	1,866.94
Right-of-use assets			194,341.24	194,341.24
Deferred tax assets			10,273.60	10,273.60
Prepayments			1,495,674.01	1,495,674.01
Other receivables			341,190.77	341,190.77
Liabilities:	7,434,152.22	4,176,671.01	7,638,324.53	7,638,324.53
Borrowings				
Accounts payables				
Deferred tax liabilities	3,257,481.22			
Employee benefits payable	4,176,671.00	4,176,671.01	98,270.85	98,270.85
Tax payables			37,749.98	37,749.98
Other payables			2,913,895.13	2,913,895.13
Other current liabilities			247,974.72	247,974.72
Non-current liabilities due within one year			207,521.84	207,521.84
Contract liabilities			4,132,912.01	4,132,912.01
Net assets	7,668,431.37	-2,646,925.82	-410,987.98	-410,987.98
Less: Minority interests				
Net assets obtained	7,668,431.37	-2,646,925.82	-410,987.98	-410,987.98

6.2 Changes in the consolidation scope due to other reasons

1) In May 2024, the Company's subsidiary, Blue Sky Resources Investment Ltd., was dissolved;

2) In June 2024, the Company's subsidiary, Hong Kong Tigermed Healthcare Technology Co., Limited, established Tiger Pharmaceutical Japan Co., Ltd., with a 100% ownership.

7 DISCLOSURE OF FAIR VALUE

7.1 Ending fair value of assets and liabilities measured at fair value

Item	Ending fair value			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Continuous fair value measurement				
(I) Financial assets held for trading		42,517,737.73		42,517,737.73
1. Financial assets measured at fair value through current profit or loss		42,517,737.73		42,517,737.73
(1) Debt instrument investments		291,253.73		291,253.73
(2) Wealth management products		42,226,484.00		42,226,484.00
(II) Other non-current financial assets	78,461,707.34	34,337,770.92	10,384,405,411.23	10,497,204,889.49
1. Financial assets measured at fair value through current profit or loss	78,461,707.34	34,337,770.92	10,384,405,411.23	10,497,204,889.49
(1) Debt instrument investments			62,343,908.24	62,343,908.24
(2) Equity instrument investments	78,461,707.34	34,337,770.92	10,322,061,502.99	10,434,860,981.25
(III) Other equity instrument investments	4,943,840.50		4,928,600.45	9,872,440.95
Total assets continuously measured at fair value	83,405,547.84	76,855,508.65	10,389,334,011.68	10,549,595,068.17
(I) Other non-current financial liabilities			44,898,840.00	44,898,840.00
1. Financial liabilities designated as at fair value through current profit or loss			44,898,840.00	44,898,840.00
(1) Contingent Consideration			44,898,840.00	44,898,840.00
Total liabilities continuously measured at fair value			44,898,840.00	44,898,840.00
Discontinuous fair value measurement				

7.2 Basis for determination of market price of items measured at the first-level fair value on a continuing and discontinuing basis

Level I fair value measurements represent measurements based on quoted prices in active markets for identical assets or liabilities.

7.3 Continuing and discontinuing Level II fair value measurement items, qualitative and quantitative information on the valuation techniques and significant parameters used

Item	Fair value at end of period	Valuation technique
Wealth management products	42,226,484.00	Discounted Cash Flow Method
Restricted shares of listed companies	30,538,750.35	Public market trading quotes adjusted for lack of marketability discount
Debt investments	291,253.73	Quotation offered by the asset management company
Insurance	3,799,020.57	Quotation offered by the insurance company

7.4 Continuing and discontinuing Level III fair value measurement items, qualitative and quantitative information on the valuation techniques and significant parameters used

Item	Ending fair value	Valuation technique	Unobservable input value	Relationship between unobservable inputs and fair value changes
Equity investment in non-listed companies	5,330,476,651.22	Market multiples adjusted for lack of marketability discount	Lack of Marketability Discount	The larger the discount is, the lower the valuation will become
		Equity Value Allocation Model	Priority, the probability of initial public offering	The higher the priority is, the greater the valuation of preferred shares becomes; the higher the probability is, the greater the valuation of original shares becomes
		Backsolve from most Recent Transaction Price method	Due to considerations of time, sales conditions and agreement terms, the scale and nature of similar business can be estimated for their value.	The greater the value of similar transactions, the higher the valuation will be
		Discounted Cash Flow Method	Expected growth rate, discount rate	The greater the expected growth rate, the higher the valuation; the higher the discount rate, the lower the valuation
Non-listed fund investment	4,996,513,452.22	Net Asset Value on Relevant Transactions	Net Asset Value	The higher the net asset value, the higher the valuation
Convertible company bonds	62,343,908.24	Binomial Options Pricing Model	Discount rate	The higher the discount rate is, the lower the valuation becomes
Contingent considerations	44,898,840.00	Discounted Cash Flow Method	Expected growth rate, discount rate	The greater the expected growth rate, the higher the valuation; the higher the discount rate, the lower the valuation

7.5 Continuing fair value measurement items at Level 3, the adjustment information between the book value at the end of the previous year and the period end, as well as the sensitivity analysis of unobservable parameters

Item	31 December 2023 (Audited)	Transfer out of Level 3	Total amount of current gains or losses: recognized in fair value change profit and loss	Total amount of current gains or losses: recognized in other comprehensive income	Purchase, issuance, sale and settlement: Purchase	Purchase, issuance, sale and settlement: change in exchange rate	Purchase, issuance, sale and settlement: Sale	Other changes	30 June 2024 (Unaudited)	For the assets held at the end of the reporting period, the unrealized gains or changes that are recognized in current profit or loss
♦ Financial assets held for trading	1,102,800.00					-47,600.00	1,055,200.00			
Financial assets at fair value through current profit or loss	1,102,800.00					-47,600.00	1,055,200.00			
– Equity instrument investments	1,102,800.00					-47,600.00	1,055,200.00			
♦ Other equity instrument investments	6,753,640.97			-1,450,900.00		-374,140.52			4,928,600.45	
♦ Other non-current financial assets	9,962,333,580.23		54,517,644.07		508,735,038.12	3,567,839.88	144,748,691.07		10,384,405,411.23	54,517,644.07
Financial assets at fair value through current profit or loss	9,962,333,580.23		54,517,644.07		508,735,038.12	3,567,839.88	144,748,691.07		10,384,405,411.23	54,517,644.07
– Debt instrument investments	64,305,745.29				11,595,857.80	-59,294.85	13,498,400.00		62,343,908.24	
– Equity instrument investments	9,898,027,834.94		54,517,644.07		497,139,180.32	3,627,134.73	131,250,291.07		10,322,061,502.99	54,517,644.07
Total	9,970,190,021.20		54,517,644.07	-1,450,900.00	508,735,038.12	3,146,099.36	145,803,891.07		10,389,334,011.68	54,517,644.07
Including: profit or loss related to financial assets			54,517,644.07							54,517,644.07
♦ Other non-current financial liabilities	44,028,198.05		1,128,734.58			273,907.37	532,000.00		44,898,840.00	1,128,734.58
Contingent considerations	44,028,198.05		1,128,734.58			273,907.37	532,000.00		44,898,840.00	1,128,734.58
Total	44,028,198.05		1,128,734.58			273,907.37	532,000.00		44,898,840.00	1,128,734.58
Including: profit or loss related to financial liabilities			1,128,734.58							1,128,734.58

7.6 For the continuing fair value measurement items, if there is a conversion between different levels during the current period, the reasons for the conversion and the policy for determining the conversion time

(1) The company's investment in HIGHTIDE THERAPEUTICS INC was listed on December 22, 2023, and the relevant quotations can be obtained from the public active market. All the shares held by the Company were fully released from lock-up on June 21, 2024. As of June 30, 2024, the investment shares were no longer in the restricted period. Therefore, the Company transferred these shares from Level 2 fair value to Level 1 fair value measurement for other non-current financial assets;

(2) The Company's investment in Adlai Nortye Ltd. was listed on September 29, 2023, and the relevant quotations can be obtained from the public active market. All the shares held by the Company were fully released from lock-up on March 28, 2024. As of June 30, 2024, the investment shares were no longer in the restricted period. Therefore, the Company transferred these shares from Level 2 fair value to Level 1 fair value measurement for other non-current financial assets.

7.7 Changes in valuation techniques and the reasons for the changes during the current period

As at June 30, 2024, the management of the Company opines that the financial assets and financial liabilities measured at amortized cost in the financial statements predominantly encompass: notes receivable, accounts receivable, contract assets, other receivables, short-term borrowings, accounts payable, contract liabilities, other payables, long-term borrowings, etc.

The management of the Company opines that the book values of non-long-term financial assets and financial liabilities in the financial statements approximate closely to the fair values of such assets and liabilities.

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS

8.1 Information about the Parent company of the Company

The actual controllers of the Company are Mr. Ye Xiaoping and Ms. Cao Xiaochun: Mr. Ye Xiaoping holds 177,239,541.00 shares of the Company, with a shareholding ratio of 20.49%; Ms. Cao Xiaochun holds 51,661,774.00 shares of the Company, with a shareholding ratio of 5.97%.

8.2 Information on the Company's joint ventures and associates

Other joint ventures or associates that had related party transactions with the Company during the current period, or had balances arising from related party transactions with the Company in prior periods, are as follows:

Name of Joint ventures and associates	Relationship
Tigerise, Inc.	Associates
TIGERMED CO.LTD. (THAILAND)	Associates
Tigermed Vietnam Co., Limited	Associates
PT TIGERMED MEDICAL INDONESIA	Associates
EPS Tigermed (Suzhou) Co., Ltd.	Associates
Teddy Clinical Research Laboratory (Shanghai) Limited	Associates
Clinflash Healthcare Technology (Jiaxing) Co., LTD.	Associates
Hangzhou Taikun Equity Investment Fund Partnership (Limited partnership)	Associates
Shanghai Bioquick Pharmaceutical Supply Chain Management Co., Ltd.	Associates
Chenghong Pharmaceutical (Weihai) Co., Ltd.	Associates
Jiangsu Lanwan Management Technology Co., Ltd.	Associates
Taihe Pharmaceutical (Weihai) Co., Ltd.	Associates
Beijing Jingwei Legend Pharmaceutical Technology Co., LTD.	Associates

8.3 Related Party Transactions

8.3.1 Related party transactions for the purchase and sale of goods, provision and receipt of services

Information of goods purchased/services received

Related parties	Related party transactions	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Teddy Clinical Research Laboratory (Shanghai) Limited	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	6,926,597.01	12,976,715.50
Tigerise Inc.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	8,324,303.87	4,214,262.92
Hangzhou Zhilan Health Co., Ltd.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	97,217.42	–
Hangzhou Kemi Culture & Media Co., Ltd.	Corporate Image Planning, Advertising Design, Meeting and Exhibition Services, Photography and Video Production Services	–	384,414.09
Chenghong Pharmaceutical (Weihai) Co., LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	2,000,452.85	126,658.37
Clinflash Healthcare Technology (Jiaxing) Co., LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	18,659,534.36	29,390,329.99

Related parties	Related party transactions	For the six months ended 30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
Hangzhou Taikun Equity Investment Fund Partnership (Limited partnership)	Fund Services	711,811.84	–
Shanghai Bioquick Pharmaceutical Supply Chain Management Co., Ltd.	Warehousing, transportation services	6,420,197.35	11,467,570.01
Hangzhou Laimai Medical Information Technology Co., LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	335,500.38	–
NEW TRIALS MEDICAL TECHNOLOGY (Hangzhou) Co., LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	-582.52	–

Information of goods sales/services provided

Related parties	Related party transactions	For the six months ended 30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
Teddy Clinical Research Laboratory (Shanghai) LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	720,327.43	108,704.76
Hangzhou Zhilan Health Co., LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	189,483.46	279,879.37
Hangzhou Hezheng Pharmaceutical Co., LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	1,142,500.00	6,513,815.98
Zhiding Medical Technology (Hangzhou) Co., LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	270,375.98	41,026.86
Chenghong Pharmaceutical (Weihai) Co., LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	2,358.49	–
Clinflash Healthcare Technology (Jiaxing) Co., LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	2,964,590.27	5,703,449.14
Hangzhou Patsy Medical Technology Co., LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	6,822.25	1,609,669.42
Hangzhou Taikun Equity Investment Fund Partnership (Limited partnership)	Fund Services	35,983,282.86	18,695,269.58
Shanghai Bioquick Pharmaceutical Supply Chain Management Co., Ltd.	Warehousing, transportation services	241,843.77	–
Shenzhen Robb Medical Technology Co., LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	2,806.58	1,271,627.58

Related parties	Related party transactions	For the six months ended 30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
EPS Tigermed (Suzhou) Co., Ltd.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	106,567.34	–
Hangzhou Laimai Medical Information Technology Co., LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	267,824.88	–
Beijing Laimai Medical Information Technology Co., LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	5,886.24	–
Hangzhou Dian Medical Laboratory Center Co., LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	73,454.72	–
Beijing Jingwei Legend Pharmaceutical Technology Co., Ltd.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	42,452.88	–
Hangzhou Taiyuan Pharmaceutical Innovation Research Institute Co., LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	76,621.61	–
Hangzhou Dian Biotechnology Co., LTD.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	-70,215.09	–
Hangzhou Fananskai Technology Co., Ltd.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	1,671,454.01	–
Fanske Technology Co., Ltd.	Clinical Trial Technical Services, Clinical Trial Related Services and Laboratory Services	1,771,047.81	

8.3.2 Related party guarantees

The Company as a guarantor

Guaranteed party	Amount Guaranteed	Beginning Date of Guarantee	Maturity date of guarantee	Guarantee fulfilled
Chenghong Pharmaceutical (Weihai) Co., Ltd.	58,000,000.00	2023.5.30	2026.5.30	Not yet
Acme Biopharma (Wuhan) Co., Ltd	32,000,000.00	2023.4.27	2028.4.29	Not yet
Acme Biopharma (Wuhan) Co., Ltd	10,000,000.00	2023.4.27	2024.9.10	Not yet
Frontage Laboratories (Suzhou) Co., LTD	20,000,000.00	2023.7.18	2024.7.17	Not yet

8.4 Receivables and payables of related parties

8.4.1 Receivables

Item	Related Party	30 June 2024 (Unaudited)		31 December 2023 (Audited)	
		Book value balance	Bad debt provisions	Book value balance	Bad debt provisions
Accounts Receivables					
	Teddy Clinical Research Laboratory (Shanghai) Limited	360,121.50	17,724.54	4,973.83	89.53
	Hangzhou Zhilan Health Co., LTD.	145,250.00	2,614.50		
	Hangzhou Hezheng Pharmaceutical Co., LTD.	149,367.31	2,688.61		
	Zhiding Medical Technology (Hangzhou) Co., LTD.			11,691.80	210.45
	Chenghong Pharmaceutical (Weihai) Co., Ltd.			54,500.00	
	Clinflash Healthcare Technology (Jiaxing) Co., Ltd.	58,374.62	1,050.74	16,101.93	289.83
	Hangzhou Patsy Medical Technology Co., LTD.			77,631.50	14,152.22
	Shenzhen Robb Medical Technology Co., LTD.	73,581.76	1,324.47		
	Hangzhou Laimai Medical Information Technology Co., LTD.	136,481.37	2,456.66		
	Hangzhou Taiyuan Pharmaceutical Innovation Research Institute Co., LTD.	1,266,800.32	230,937.70		
	Hangzhou Fananskai Technology Co., Ltd.	491,183.24	8,841.30		
Prepayments					
	Tigerise Inc.	607,801.61		682,293.98	
	Clinflash Healthcare Technology (Jiaxing) Co., Ltd.	1,379,560.38		307,414.26	
	Hangzhou Zhilan Health Co., LTD.	95,857.95			
	Shanghai Bioquick Pharmaceutical Supply Chain Management Co., Ltd.	77,436.10			
Other Receivables					
	Shanghai Bioquick Pharmaceutical Supply Chain Management Co., Ltd.	1,452,530.48	72,626.52		
	TIGERMED CO., LTD. (THAILAND)	1,938,199.31	96,909.97	1,214,880.47	60,744.02
	PT TIGERMED MEDICAL INDONESIA	588,973.60	29,448.68	182,056.14	9,102.81
	Tigermed Vietnam Co., Limited	351,607.85	17,580.39	156,116.19	7,805.81

Item	Related Party	30 June 2024 (Unaudited) Book value balance	Bad debt provisions	31 December 2023 (Audited) Book value balance	Bad debt provisions
Contract assets					
	Teddy Clinical Research Laboratory (Shanghai) Limited	296,068.93	5,329.23	19,540.45	351.73
	Hangzhou Zhilan Health Co., LTD.	204,265.62	3,676.79	191,695.50	3,450.52
	Hangzhou Hekang Pharmaceutical Co., LTD.	7,736.78	139.26	7,736.78	139.26
	Hangzhou Hezheng Pharmaceutical Co., LTD.	386,414.80	6,955.46	266,926.60	4,804.68
	Zhiding Medical Technology (Hangzhou) Co., LTD.	70,571.64	1,270.29		
	Clinflash Healthcare Technology (Jiaxing) Co., Ltd.	3,834,762.16	69,025.73	2,716,820.08	48,902.76
	Hangzhou Patsy Medical Technology Co., LTD.	1,229,638.97	22,133.50	1,222,407.39	22,003.33
	Shenzhen Robb Medical Technology Co., LTD.	787,866.79	14,181.60	858,473.57	15,452.52
	EPS Tigermed (Suzhou) Co., Ltd.	693,581.54	12,484.47	580,620.16	10,451.16
	Beijing Laimai Medical Information Technology Co., LTD.	6,416.00	115.49		
	Beijing Jingwei Legend Medical Technology Co., LTD.	45,000.06	810.00		
	Hangzhou Taiyuan Pharmaceutical Innovation Research Institute Co., LTD.	83,517.55	1,503.32		
	Hangzhou Dian Biotechnology Co., LTD.			74,428.00	1,339.70

Items	Related Party	30 June, 2024 (Unaudited)	31 December, 2023 (Audited)
Other non-current assets	Tigerise Inc.	17,888,920.00	–

8.4.2 Payables

Item	Relate party	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Accounts Payables			
	Teddy Clinical Research Laboratory (Shanghai) Limited	20,620,594.71	23,740,600.14
	Chenghong Pharmaceutical (Weihai) Co., Ltd.	767,323.92	297,769.90
	Clinflash Healthcare Technology (Jiaxing) Co., Ltd.	48,439,728.14	41,187,631.46
	Shanghai Bioquick Pharmaceutical Supply Chain Management Co., LTD	2,454.22	370,229.90
Other Payables			
	Clinflash Healthcare Technology (Jiaxing) Co., Ltd.	25,546.78	25,546.78
	Jiangsu Lanwan Management Technology Co., Ltd.		10,000,000.00
	Taihe Pharmaceutical (Weihai) Co., Ltd.	3,000,000.00	3,000,000.00
Contract liabilities			
	Teddy Clinical Research Laboratory (Shanghai) Limited	267,866.24	4,752.00
	Hangzhou Zhilan Health Co., LTD.	163,885.21	137,516.22
	Hangzhou Hezheng Pharmaceutical Co., LTD.	632,033.39	134,953.93
	Zhiding Medical Technology (Hangzhou) Co., LTD.	94,339.62	301,105.55
	Clinflash Healthcare Technology (Jiaxing) Co., Ltd.	1,367,351.68	1,587,138.42
	Hangzhou Laimai Medical Information Technology Co., LTD.	7,200.00	
	Hangzhou Fananskai Technology Co., Ltd.	12,461.32	
	Fanske Technology Co., Ltd.	803,746.16	

9 CAPITAL COMMITMENTS

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

	As at June 30, 2024 (Unaudited)	**As at December 31, 2023 (Audited)**
Commitments for the investments in the funds or companies	429,777,138.91	586,720,000.00
Commitments for the acquisition of associates	3,000,000.00	15,570,000.00
Acquisition of property, plant and equipment	13,685,525.73	12,048,000.00

In addition, the Group entered a subscription agreement to subscribe 50% equity interest in an associate, Hangzhou Taikun. The Group has committed to invest additional capital in Hangzhou Taikun, amounting to RMB7,000,000,000 (as at December 31, 2023: RMB7,500,000,000). 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.

10 OTHER SIGNIFICANT MATTERS

10.1 Net current assets/(liabilities)

	30 June 2024 (Unaudited)		**31 December 2023 (Audited)**	
Item	**The Company**	**The Parent**	**The Company**	**The Parent**
Current assets	7,646,634,878.70	5,133,886,447.19	11,344,141,125.21	8,681,150,095.68
Less: Current liabilities	5,332,415,803.11	6,785,716,113.49	4,138,736,291.58	5,056,469,034.64
Net current assets/(liabilities)	2,314,219,075.59	-1,651,829,666.30	7,205,404,833.63	3,624,681,061.04

10.2 Total assets less current liabilities

	30 June 2024 (Unaudited)		**31 December 2023 (Audited)**	
Item	**The Company**	**The Parent**	**The Company**	**The Parent**
Total assets	30,417,116,409.84	20,791,082,600.62	29,680,742,349.17	19,484,910,216.95
Less: Current liabilities	5,332,415,803.11	6,785,716,113.49	4,138,736,291.58	5,056,469,034.64
Total assets less current liabilities	25,084,700,606.73	14,005,366,487.13	25,542,006,057.59	14,428,441,182.31

11 RETURN ON NET ASSETS AND EARNINGS PER SHARE

		Earnings per share	
Profit for the reporting period	**Weighted average return on equity (%)**	**Basic earnings per share (RMB per share)**	**Diluted earnings per share (RMB per share)**
Net profit attributable to ordinary shareholders of the Company	2.32	0.57	0.57
Net profit attributable to ordinary shareholders of the Company after deduction of non-recurring profits and losses	3.02	0.74	0.74

PUBLICATION OF INTERIM RESULTS AND 2024 INTERIM REPORT

This results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.tigermedgrp.com. The 2024 interim report of the Company containing all the information required by the Listing Rules will be published by end of September 2024 on the websites of the Company and the Stock Exchange.

APPRECIATION

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

DEFINITIONS

"A Share(s)"	ordinary shares issued by the Company, with a nominal value of RMB1.00 each, which are subscribed for or credited as paid in RMB and are listed for trading on the Shenzhen Stock Exchange
"Audit Committee"	the audit committee of the Board
"Board of Directors" or "Board"	our board of Directors
"CASBE"	China Accounting Standards for Business Enterprises, the financial reporting standards and interpretations for business enterprises issued by the China Accounting Standards Committee of the China Ministry of Finance
"CG Code"	the "Corporate Governance Code" as contained in Appendix C1 to the Listing Rules
"China" or "PRC"	the People's Republic of China, which for the purpose of this interim results announcement and for geographical reference only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Company" or "our Company" 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)
"CRLS"	Clinical-related and Laboratory Services

"CRO"	Contract Research Organization, a company focused on providing R&D services to companies in the pharmaceutical and agrochemical markets
"CTS"	Clinical Trial Solutions
"Director(s)"	the director(s) of the Company or any one of them
"DreamCIS"	DreamCIS Inc., a joint stock company incorporated under the laws of Korea on April 27, 2000, which is listed on the Korean Securities Dealers Automated Quotations of the Korea Exchange (stock code: A223250) and a subsidiary of the Company
"EMA"	European Medicines Agency
"EMEA"	Europe, Middle East and Africa
"Frontage" or "Frontage Holdings"	Frontage Holdings Corporation, a company incorporated under the laws of the Cayman Islands with limited liability on April 16, 2018, which is listed on the Stock Exchange (stock code: 1521) and a subsidiary of the Company
"FVOCI"	fair value through other comprehensive income
"FVTPL"	fair value through profit or loss
"Group" or "we"	the Company and its subsidiaries
"H Share(s)"	ordinary share(s) in the share capital of our Company with nominal value of RMB1.00 each, which are listed on the Stock Exchange
"HK$"	Hong Kong dollars and cents, both are the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IFRS"	International Financial Reporting Standards
"Listing" or "IPO"	the listing of the H Shares on the Main Board of the Stock Exchange on August 7, 2020
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
"Model Code"	the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix C3 to the Listing Rules
"MRCTs"	Multi-regional Clinical Trials

"NMPA"	China National Medical Products Administration
"PMDA"	Pharmaceuticals and Medical Devices Agency
"RMB"	Renminbi, the lawful currency of the PRC
"R&D"	research and development
"Reporting Period"	the six months ended June 30, 2024
"Share(s)"	comprising A Shares and H Shares
"Shareholder(s)"	holder(s) of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	the supervisor(s) of the Company or any one of them
"U.S."	United States
"USD" or "US$"	United States dollars, the lawful currency of the United States
"YoY"	year-over-year
"%"	percentage

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

Hong Kong, August 28, 2024

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

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

* *For identification purpose only*