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

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

(Stock Code: 3347)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2022

FINANCIAL HIGHLIGHTS

	Year ended December 31,		
	2022	2021	Change[2]
	RMB million	*RMB million*	
Operating results			
Revenue	**7,085.5**	5,213.5	35.9%
Gross Profit	**2,785.4**	2,248.1	23.9%
Net profit attributable to the owners of the Company	**2,016.1**	2,879.1	(30.0)%
Adjusted net profit attributable to the owners of the Company[1]	**1,665.8**	1,585.3	5.1%
Profitability			
Gross Profit Margin	**39.3%**	43.1%	(3.8)%
Margin of net profit attributable to the owners of the Company	**28.5%**	55.2%	(26.7)%
Margin of adjusted net profit attributable to the owners of the Company[1]	**23.5%**	30.4%	(6.9)%
Earnings per share (RMB)			
– Basic	**2.33**	3.32	(29.8)%
– Diluted	**2.33**	3.31	(29.6)%
Adjusted earnings per share (RMB)[1]			
– Basic	**1.93**	1.83	5.5%
– Diluted	**1.92**	1.82	5.5%
	As at December 31,		
	2022	2021	Change
	RMB million	*RMB million*	
Financial position			
Total assets	**27,446.5**	23,741.2	15.6%
Equity attributable to owners of the Company	**19,628.4**	18,185.5	7.9%
Total liabilities	**4,765.5**	3,136.0	52.0%
Cash and cash equivalents	**7,782.7**	8,378.4	(7.1)%
Gearing ratio	**9.3%**	2.4%	6.9%

Notes:

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

The Board proposed to declare a final dividend of RMB5.5 (inclusive of tax) per 10 Shares for the year ended December 31, 2022.

The Board of Hangzhou Tigermed Consulting Co., Ltd. (杭州泰格醫藥科技股份有限公司) is pleased to announce the audited consolidated annual results of the Group for the year ended December 31, 2022 (the "**Reporting Period**"), together with the comparative figures for the year ended December 31, 2021 (the "**Corresponding Period**").

MANAGEMENT DISCUSSION AND ANALYSIS

We were faced with a difficult situation in 2022, including a world with increasing uncertainties on the back of a complex and challenging macro environment for major economies and growing geopolitical tensions. Throughout the year, our team has been working around the clock to mitigate the negative impacts caused by uncontrollable factors, leveraging the experience and know-how we have accumulated over a period of more than two years. We minimized the adverse impact of uncontrollable factors on our business, addressing the needs of our patients and ensuring their access to treatments to the extent possible, avoiding losses caused by patient dropouts, and protecting our customers' rights and interests.

Despite the challenges, life science research and clinical trial activity had shown resilience driven by the recent breakthroughs in basic science and clinical validation, as well as the collective efforts from the academia, industry and medical community to bring more and better therapies to patients around the world. As the leading clinical solution provider striving to become the CRO partner of choice through our commitment, differentiated solutions and performance, we made progress in building a higher moat on our core services, expanding into more emerging services, investing in technology and digital platform, and enlarging our global presence.

With all these, we managed to further grow our business in 2022 despite multiple challenges. Our revenue increased by 35.9% YoY from RMB5,213.5 million during the Corresponding Period to RMB7,085.5 million during the Reporting Period. Revenue generated from CTS segment reached RMB4,125.2 million and revenue generated from CRLS segment reached RMB2,960.3 million during the Reporting Period, representing a YoY growth of 37.8% and 33.4%, respectively. Geographically, our revenue generated in the PRC increased by 30.7% YoY to RMB3,601.6 million and our revenue generated from overseas increased by 41.8% YoY to RMB3,483.9 million in 2022.

During the Reporting Period, our new bookings reached RMB9,673.4 million, compared with RMB9,645.5 million during the Corresponding Period. The relatively low YoY growth of our new bookings in 2022 was due to a high base in 2021 primarily contributed by multiple sizeable vaccine bookings. Continuing R&D spending on innovation therapies by pharmaceutical, biotech and medical device companies, increased attractiveness of China for clinical development programs and further expansion of R&D activities by Chinese companies to overseas market contributed to our new bookings in 2022.

In addition, we saw strong demands from our customers on emerging services including scientific affairs, early-stage pharmacology, pharmacovigilance and real-world study. These emerging services evolve from more stringent regulatory regime and rapid adoption of new technology and analytical tools. Our contracted future revenue reached RMB13,785.9 million as of December 31, 2022, representing a YoY growth of 20.9%.

The resilience of our business is demonstrated by our reinforced position as the leader of the clinical service industry in China. We provided services to the R&D process of 65% of all Class I (innovative drugs that have not been marketed in China or overseas) innovative drug approved in China from 2004 to 2022 and handled 13.6%[1] of total HGRAC (Human Genetic Resource Administration of China) clinical research filing projects as the clinical CRO in 2022. Notably, our team enabled four COVID-19 vaccine Emergency Use Authorizations in China and overseas in 2022. We also maintained a strong and diversified customer base, seven out of our top 20 customers by revenue in 2022 are top multi-national pharmaceutical companies[2] and 14 out of our top 20 customers by revenue in 2022 are publicly listed. As of December 31, 2022, we had 680 ongoing drug clinical research projects, up from 567 as of December 31, 2021.

We deepened our global reach in 2022 and newly established local subsidiaries in the United Kingdom, Netherlands and Argentina during the Reporting Period. As of December 31, 2022, we operated through 29 subsidiaries worldwide across five continents. In 2022, our team completed the initial expansion plan in the Asia Pacific and Latin America with the ability to provide one-stop clinical operation and project management services in major countries of these two regions.

In January 2023, we completed the acquisition of Marti Farm D.o.o, a European contract research organization providing services across clinical operations, pharmacovigilance, regulatory affairs, and medical affairs around the world. The strategic acquisition allowed us to enhance local regulatory expertise in Europe and expand safety monitoring capabilities at a global level.

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1 Source: HGRAC website, might not be exhaustive; a total of 2,326 filings between January 1, 2022 and December 31, 2022, of which 1,239 filings with clinical CRO involvement; filings refer to international collaboration filings including both filings for approvals (審批) and filings for records (備案); includes all controlled subsidiaries of the Company and there maybe be one or more than one projects of the Company that could not be captured from the HGRAC website

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

As of December 31, 2022, we had 188 ongoing single region clinical trials overseas, primarily in South Korea, Australia and the United States, up from 132 as of December 31, 2021. We also had 62 ongoing MRCTs as of December 31, 2022, compared with 50 as of December 31, 2021. Our ongoing MRCTs were being conducted in Asia Pacific, Europe, North America, Latin America and Africa covering 17 therapeutic areas including oncology, respiratory, cardiovascular, endocrine, autoimmune, infection, rare diseases, and vaccine etc. During the Reporting Period, we added 21 newly signed MRCT projects and initiated first European-only oncology MRCT. As of December 31, 2022, we have established collaborations with over 100 clinical sites in the United States. As of December 31, 2022, our international business unit was planning to recruit additional local employees in the United States, Poland, Bulgaria, Spain, Hungary in Europe, and Vietnam in Asia Pacific to meet clinical business needs. We will continue to grow our global business through expansions, mergers and acquisitions. We aim to foster the growth of overseas businesses, create synergy in our clinical operations, establish differentiated advantages in Europe, Americas and other emerging markets, strengthen our local operation expertise, and enhance our global operation capabilities with an aim to go global with our customers and serve as the gateway to China as well.

During the Reporting Period, we also continued to invest in our centralized service center in China to better support our global business. While a clinical trial is conducted in one or several overseas countries, our centralized service center in China are able to support many other peripheral services in a timely and seamless manner, including medical writing, medical monitoring, registration, data management and statistical analysis, pharmacovigilance, central laboratory and imaging, under our uniformed standard operating procedures ("**SOP**"s) and budgeting management system across all countries and regions where we operate.

During the Reporting Period, our team continued to manage through highly complicated and challenging global situations and coordinated seamlessly across continents to provide services with industry-leading quality and efficiency to support several ongoing clinical trials for COVID-19 vaccines and therapies. Cross-business units collaborated to implement large-scale MRCT vaccine research, dispatched elite teams overseas, and used innovative remote monitoring. Good results were achieved especially in the remote monitoring of overseas vaccines. We assisted in enabling four COVID-19 vaccine Emergency Use Authorizations in China and overseas and also cooperated with NMPA to complete the remote verification of two COVID-19 vaccine projects and successfully passed. These businesses mentioned above gave us the opportunity to further strengthen our MRCT execution capability, improve our know-how on global project management and regulatory affairs in new geographies, and enhance our internal standard operating procedures and quality assurance standard.

In 2022, we continued to pursue external partnership and collaboration that we believe are mutually beneficial with various stakeholders in the healthcare industry. As of December 31, 2022, our Excellence for Clinical Trial Sites ("**E-Site**") Program had 189 E-Site centers and 100 core centers across China. Our E-Site team further strengthened collaborations with strategic core centers during the Reporting Period by jointly incubating industry leading clinical research team, improving the efficiency of clinical operations, enhancing hospital infrastructure and Clinical Research Coordinators ("**CRC(s)**") training system, and reducing the lead time of project initiation at E-Site centers. 14 full-time on-site staff were added to strategic core centers in Beijing, Shanghai, Jiangsu, Zhejiang, Hunan, Hubei, Shandong and Fujian in 2022 as well. In addition, our real-world study business formed collaboration with Shanghai Ruijin Hainan Hospital (上海瑞金醫院海南醫院) during the Reporting Period.

In 2022, we also upgraded our corporate branding which paints a clearer picture of what we stand for as an organization, and what we must do to maintain our reputation. By doing this, we enhanced our vision and culture of putting innovation and people at the center of everything we do, and focusing on Diversity, Equity and Inclusion ("**DEI**") to build a workplace where all people can do their best work. We believe this is essential to sustainable and effective business outcomes and a corporate culture built-to-last. We also further enhanced our Environmental, Social, and Governance ("**ESG**") governance in 2022 with recognition from leading institutions. The Company was rated AAA, the highest ranking of the CNI ESG Ratings launched by Shenzhen Stock Exchange in July 2022 and rated A in 2022 ESG Rating by MSCI in November 2022.

The number of our total employees reached 9,233 as of December 31, 2022 from 8,299 as of June 30, 2022, and from 8,326 as of December 31, 2021. Below is a breakdown of our employees by function and by region as of December 31, 2022:

	Number of employees				
Function	**PRC**	**Asia Pacific (excluding PRC)**	**Americas**	**EMEA**	**Total**
Project operation	7,037	484	731	50	8,302
Marketing and business development	359	20	30	4	413
Management and administration	411	30	69	8	518
Total	**7,807**	**534**	**830**	**62**	**9,233**

The number of our employees based overseas increased to 1,426 as of December 31, 2022 from 1,151 as of June 30, 2022, and 1,026 as of December 31, 2021. As of December 31, 2022, our global team comprised over 1,100 clinical research associates, over 2,400 clinical research coordinators, over 800 for data management and statistical analysis and over 1,400 for laboratory services. During the Reporting Period, we continued to expand our clinical operation and project management teams in key overseas markets including Europe and the Americas as part of our growth strategies.

In September 2022, we officially released our talent value statement "Inspire to Excel, Empower to Achieve" (激發無限潛能, 探索生命旅程), aiming to build a talent development platform for professional innovation and rich resources that covers all our employees. Capable and stable team is essential for our Company to provide consistently high-quality service to our customers. We seek to attract top talent, especially inter-disciplinary talents, industry experts, and technical specialists with global experience to support our global expansion, while continuing to improve our employee recruiting, training and development programs, and long-term incentive schemes to retain talents.

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

Revenue

During the Reporting Period, our revenue increased by 35.9% YoY from RMB5,213.5 million to RMB7,085.5 million. Revenue generated from CTS segment reached RMB4,125.2 million, representing a YoY growth of 37.8%. Revenue generated from CRLS segment reached RMB2,960.3 million, representing a YoY growth of 33.4%.

Geographically, our revenue generated in the PRC increased by 30.7% YoY to RMB3,601.6 million in 2022, primarily driven by the increase in revenue generated from clinical trial operations for drug, vaccine and medical device projects, emerging services including medical registration, scientific affairs, medical translation, real-world studies and pharmacovigilance services etc., and Data Management and Statistical Analysis ("**DMSA**"), as we continued to benefit from our leadership position in the clinical service market in China.

Our revenue generated from overseas during the Reporting Period increased by 41.8% YoY to RMB3,483.9 million. The growth was primarily driven by the revenue generated from increased demands of overseas DMSA projects, clinical trials, MRCTs and laboratory services from our customers, as well as COVID-19 related MRCTs during the Reporting Period.

(1) CTS

During the Reporting Period, our revenue generated from CTS segment increased by 37.8% YoY from RMB2,993.7 million during the Corresponding Period to RMB4,125.2 million. We realized a solid growth of our CTS business in 2022, primarily driven by the increased revenue from our clinical trial operation and other services under the CTS segment including medical registration, scientific affairs, medical translation, real-world studies and pharmacovigilance services etc.

During the Reporting Period, the growth of the revenue generated from our CTS segment is mainly contributed by (i) continuing demands from our customers for clinical trials in China; and (ii) the increased overseas clinical trial and MRCTs projects including clinical trials for COVID-19 vaccines and therapies, which is partially offset by the adverse impact which caused uncontrollable factors throughout the year. Businesses such as patient recruitment and follow-up at hospitals, drug delivery to patients, on-site monitoring of clinical trials, and our business development for new projects were affected, which caused adverse impacts on our business in China.

Comprehensive business continuity management plans for risk response had been established since early 2020. All affected project teams kept close communication with the sponsors and clinical study sites at the first moment, and jointly formulated project risk contingency plan based on relevant applicable regulations to ensure that the impact on the project was under control. In addition, the project teams took measures to overcome the effect of unfavorable factors to promote the project progress. For example, for projects affected by drug delivery, measures such as establishing the second warehouses in other cities and transferring drugs between sites were taken. Furthermore, we actively and orderly carried out the overall arrangement of staff coordination, adhered to the policies of the study sites, and strived to meet the needs of the patients, hospitals, clinical study sites, and other interested parties with an aim to mitigate the adverse impact on trial progress to the maximum extent possible.

As of December 31, 2022, we had 680 ongoing drug clinical research projects, up from 607 as of June 30, 2022, and 567 as of December 31, 2021.

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

	As of year/period end		
	December 31, 2021	June 30, 2022	**December 31, 2022**
Phase I (including PK studies)	231	252	285
Phase II	106	117	134
Phase III	148	149	160
Phase IV	37	37	34
Others[3]	45	52	67
Total	567	607	**680**

As of December 31, 2022, 430 ongoing drug clinical research projects were being conducted in the PRC and 250 were being conducted overseas, of which 188 were single region trials and 62 were MRCTs. The 188 ongoing single region overseas clinical trials were primarily being conducted in South Korea, Australia and the U.S.. The 62 ongoing MRCTs projects were being conducted across Asia Pacific, North America, Europe, Latin America and Africa with various therapeutic areas including oncology, respiratory, cardiovascular, endocrine, autoimmune, infection, rare diseases and vaccine etc.

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

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

	As of year/period end		
	December 31, 2021	June 30, 2022	**December 31, 2022**
Single Region			
PRC	385	400	430
Overseas	132	149	188
MRCTs	50	58	62
Total	567	607	**680**

In 2022, we formally established Tigermed Digital Promotion Center and Decentralized Clinical Trial ("**DCT**") Solution Team and plan to formally roll out Tigermed DCT solutions in early 2023. As of December 31, 2022, we already had multiple in-house developed DCT enabling validated by real projects. These DCT platforms were already in use for multiple clinical trials in China and overseas, including MRCTs. Our integrated DCT solutions are expected to further improve the efficiency of our CTS business.

We also had 432 ongoing medical device projects as of December 31, 2022, including medical device and IVD clinical trial operation, medical monitoring, clinical trial design and medical writings, among which, there is significant revenue growth in medical devices and IVD businesses.

During the Reporting Period, we have offered clinical trial operation services many China's first-in-class medical device products and supported clinical strategies for innovative and pioneering medical device products. We provided services to seven innovative medical devices, covering oncology, cardiovascular, robotics and ophthalmology areas.

In 2022, our medical device team, as one of the main co-authors, collaborated with relevant parties to compose the drafting work of the group standard of Medical Device Validation for Testing Software (醫療器械檢驗用軟件的確認), and to fill the gap in this field in China. We also established a new subsidiary in Suzhou with a focus on building a one-stop service platform in the Yangtze River Delta area for medical device customers in 2022.

Our medical registration team saw the increase in number of customers of our regulatory affairs services to 649 as of December 31, 2022 from 550 as of December 31, 2021, and have a total of 1,213 accumulated project experience as of December 31, 2022. We also assisted nine products to be registered and approved in China in 2022. During the Reporting Period, the number of new China Investigational New Drug ("**IND**") projects increased by 35% YoY and the number of new U.S. Food and Drug Administration ("**FDA**") related regulatory affair projects increased by 98% YoY. We have also assisted with IND filings of seven MRCT projects in multiple countries including Mexico, Philippines, Malaysia, Thailand, Brazil, Kenya, Peru, South Africa and Turkey etc.

In 2022, we continued to expand our pharmacovigilance team with full life-cycle pharmacovigilance management and services covering drugs, vaccines, medical devices, and aesthetic medicines. We provided pharmacovigilance services to multiple approved drugs and vaccines in 2022, including COVID-19 vaccines. The size of our global pharmacovigilance team increased to around 200 after the acquisition of Marti Farm D.o.o, which further enhanced our global pharmacovigilance service capability. During the Reporting Period, our pharmacovigilance business added 203 new ongoing projects and the number of global customers reached over 100 as of December 31, 2022.

Our medical translation business added 81 new customers in 2022, including 34 pharmaceutical companies and 47 medical device companies. Our top medical translation customers included top multinational pharmaceutical and medical device companies during the Reporting Period. Our medical translation services covered over 80 languages across the world, including all official languages in European and Southeast Asian countries as of December 31, 2022. In 2022, we established electronic Common Technical Document team and extended our medical translation services to electronic filings, demonstrating our swift response to meet the latest NMPA requirements for drug registrations. In addition, our in-house developed engineering processing system for the online translation platform, EP-Zoo, is close to completion by year-end 2022. EP-Zoo combines project management, data analysis, data processing and other functions in the medical translation process and further improves the efficiency and quality of our medical translation services. According to CSA Research, our medical translation business ranked 57th globally (5th in mainland China and 15th in Asia Pacific) in the 2022 CSA Research Largest Language Service Providers Ranking.

Under CTS segment, our real-world study business saw rapid top-line growth in 2022 covering both prospective and retrospective real-world studies, database-driven, rare disease, investigator initiated real-world studies, and real-world consulting services. Formally launched in 2022, our in-house developed patient-centric real-world study management platform e-Clinical Trial Patient Management system had been in use in multiple real-world studies as of December 31, 2022, meaningfully improved patient coverage and the efficiency of patient recruitment. During the Reporting Period, our real-world study business formed collaboration with Shanghai Ruijin Hainan Hospital (上海瑞金醫院海南醫院). Our remote follow-up center was also put into use in 2022. Equipped with in-house developed customer and patient management platform, the remote center allows patients to participate in clinical research without leaving home.

During the Reporting Period, our vaccine clinical service team, formally set up in 2020, added multiple vaccine clinical trial projects, including S. aureus, meningococcal, chickenpox, and rotavirus vaccine etc. We are able to offer one-stop vaccine clinical trial solutions covering trial design, regulatory affairs, clinical trial operations, DMSA and site management etc. Notably, our vaccine team led the project management and operation of multiple large-scale MRCTs on COVID-19 vaccines and therapeutics, of which over 100,000 subjects were recruited and leading to four COVID-19 vaccine Emergency Use Authorizations in China and overseas in 2022. These overseas vaccine MRCTs covered over 10 countries in Asia Pacific, Europe, Latin America and Africa, with over 140,000 subjects recruited in total. We also established strategic cooperation with many Centers for Disease Control and Prevention (CDC) in Jiangsu, Hubei, Sichuan, Guizhou, Shandong, Shanxi and Hunan etc., with which we carry out phase I-IV vaccine clinical trial projects.

In 2022, we continued to develop and refine our centralized digital clinical trial platform Tailinyan (泰臨研), an all-in-one platform comprising Clinical Trial Management System ("**CTMS**"), Electronic Data Capture ("**EDC**"), eSource Record ("**ESR**"), Clinical Trial Remote Monitoring ("**CTRM**"), Electronic Trial Master File ("**eTMF**"), E-Site, and Risk-Based Quality Management ("**RBQM**"). Actively exploring digital innovation models, we established a digital therapy incubator and a full-process incubation procedure, providing services to customers in need of digital therapeutics. During the Reporting Period, our RBQM (Phase II) was launched with functions such as centralized monitoring data analysis, risk visualization, and risk mitigation management. In addition, the system enhances system security management from various aspects such as user access control, audit traces, and data backup and recovery mechanisms to ensure data privacy and integrity.

(2) CRLS

Revenue generated from our CRLS segment during the Reporting Period increased by 33.4% YoY to RMB2,960.3 million from RMB2,219.8 million during the Corresponding Period. The increase was primarily due to the increase in revenue from our laboratory services, data management and statistical analysis services, and site management and patient recruitment services.

Laboratory Services

In 2022, our laboratory services capabilities in North America further expanded in the United States and Canada. Our laboratory services team in North America were therefore able to work on more projects and our laboratory facility had a higher utilization rate during the Reporting Period. Bolt-on acquisitions made by our controlled subsidiary Frontage also contributed to the YoY increase of revenue of our laboratory services during the Reporting Period. Frontage acquired Experimur LLC in the U.S. in January 2022 to enhance pre-clinical toxicology and safety pharmacology capabilities.

Furthermore, the service capabilities of our laboratories in China continue to expand. A 7,000 sq. ft. GMP kilo laboratory in Acme Shanghai site became fully operational in the first half of 2022, which enabled us to offer non-GLP/GLP/GMP batch production to our customers, enhancing our chemical expertise from discovery to development, from milligrams to kilograms, and from medicinal chemistry to API synthesis. Additionally, our synthetic and medicinal chemistry facility in Wuhan, covering an area of 200,000 sq. ft., will become partially operational by the first half of 2023. A new 34,000 sq. ft. drug screening facility in Wuhan has been operational, enhancing discovery-related pharmacology and efficiency services. The 67,000 sq. ft. research facility in Lin-Gang, Shanghai has been operational since 2022, in which we began to provide DMPK and bioanalytical services. The 215,000 sq. ft. preclinical animal research facility in Suzhou has been operational since January 2022 and performed several non-GLP test projects. We also launched the GLP verification test in the latter half of 2022 and plan to submit an application for GLP certification to NMPA in the first quarter of 2023. Furthermore, the facility successfully completed the on-site inspection by AAALAC international certification experts at the end of September 2022 and obtained AAALAC certification in March 2023.

As of December, 31, 2022, we had 5,923 ongoing projects for our laboratory services, up from 2,516 as of December 31, 2021. The significant increase of the number of ongoing projects was partially contributed by bolt-on acquisitions made by Frontage.

DMSA

During the Reporting Period, our DMSA team continued to acquire new customers in both China and overseas markets. The total number of DMSA customers increased to 259 as of December 31, 2022, up from 163 as of December 31, 2021, with the number of global customers increasing by 59% YoY. In 2022, our DMSA team entered into a strategic collaboration agreement with a major multinational pharmaceutical company. During the Reporting Period, our DMSA team completed 83 projects. As of December 31, 2022, we had 776 ongoing DMSA projects, of which 502 projects were being conducted by our team based in China and 274 projects by the teams based overseas.

In 2022, we launched a new DMSA site in Luohe, Henan as part of our continuing effort to increase our DMSA capacity and operating efficiency. During the Reporting Period, our DMSA team successfully applied for 35 High-tech software certifications. We also launched DMSA digital solutions in February 2022, including four modules for data management and five for statistical analysis As of December 31, 2022, our DMSA team had over 800 professionals based in China, South Korea, the United States and India.

Site Management and Patient Recruitment

Our site management team had completed 228 site management projects during the Reporting Period, and had 1,621 ongoing site management projects as of December 31, 2022, up from 1,432 as of December 31, 2021. Our site management team works with over 1,300 hospitals and clinical trial centers in more than 140 cities across China. As of December 31, 2022, there were over 2,400 CRCs in our site management team.

During the Reporting Period, the utilization rate of our CRCs was adversely impacted and therefore caused lower profitability. Our site management team adopted contingency plans with priority given to ensure the dosing continuation and minimize protocol deviations for patients enrolled, aiming to reduce the impact on the trial quality to the extent possible. In 2022, our CRC team contributed to avoiding hundreds of missed visits. We delivered higher revenue per CRC and the number of ongoing projects due to dynamic project management and recruitment plans during the Reporting Period.

In 2022, we also provided site management services for COVID-19 therapeutics in China for the first time.

Gross Profit

In 2022, we realized a gross profit of RMB2,785.4 million compared to RMB2,248.1 million in 2021, representing a 23.9% YoY growth. Our gross profit margin decreased from 43.1% in 2021 to 39.3% in 2022.

Our cost of services increased by 45.0% from RMB2,965.4 million in 2021 to RMB4,300.0 million in 2022.

During the Reporting Period, we incurred sizeable direct project-related costs in relation to COVID-19 related MRCTs. These costs, natured as pass-through fees, were also simultaneously recognized as revenue. We do not expect these COVID-19 related pass-through fees to be recurring in the future.

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

	Year ended December 31,	
	2022	2021
	RMB million	*RMB million*
Direct labour costs	**2,002.9**	1,495.8
% of revenue	*28.3%*	*28.7%*
Direct project-related costs	**1,607.4**	1,220.0
% of revenue	*22.7%*	*23.4%*
Overhead costs	**689.7**	249.6
% of revenue	*9.7%*	*4.8%*
Total cost of services	**4,300.0**	2,965.4
% of revenue	*60.7%*	*56.9%*

(1) CTS

The gross profit of the CTS segment increased by 15.9% YoY from RMB1,325.4 million during the Corresponding Period to RMB1,536.8 million during the Reporting Period, primarily due to the increase of the revenue generated from our CTS segment.

The gross profit margin of our clinical trial operation business under the CTS segment decreased YoY during the Reporting Period as we worked on more MRCTs including certain COVID-19 related trials that included a higher portion of pass-through fees than our usual clinical trial projects.

The higher portion of pass-through fees is primarily in relation to certain subcontracting components to third-party CROs in certain countries or regions where we do not have local presence, and to local hospitals in certain countries where we settled fees in relation to subject recruitments on our customers' behalf. Generally, when we make such pass-through payments on behalf of our customers, we would book revenue and the corresponding costs simultaneously, thereby lowering the gross profit margin. We do not expect these COVID-19 related pass-through fees to be recurring in the future.

As a result, the gross profit margin of the CTS segment decreased to 37.3% during the Reporting Period from 44.3% during the Corresponding Period.

(2) CRLS

The gross profit of the CRLS segment increased by 35.3% from RMB922.7 million during the Corresponding Period to RMB1,248.6 million during the Reporting Period.

The gross profit margin of the CRLS segment improved by 0.6 percentage points from 41.6% during the Corresponding Period to 42.2% during the Reporting Period. The gross profit margin of our DMSA services improved in 2022 as the RMB depreciated against the US$ in 2022 compared with 2021.

Other Income

Our other income during the Reporting Period decreased by 3.5% YoY to RMB285.0 million from RMB295.2 million during the Corresponding Period, primarily due to the decrease of interest income (from bank deposits and financial products) from RMB259.0 million during the Corresponding Period to RMB228.4 million during the Reporting Period. The dividend income we received from financial assets at Fair Value Through Profit or Loss ("FVTPL") also decreased from RMB11.4 million during the Corresponding Period to RMB5.3 million during the Reporting Period. The increase of government grants we received from RMB23.9 million during the Corresponding Period to RMB50.2 million during the Reporting Period partially offset the decrease.

Other Gains and Losses, Net

During the Reporting Period, we recorded other gains and losses (net) of RMB620.3 million, representing a 70.1% decrease YoY from RMB2,077.2 million during the Corresponding Period. The significant decrease is primarily due to the decrease in change in fair value of financial assets at FVTPL, which is recorded as a gain of RMB549.7 million during the Reporting Period, compared with a gain of RMB1,815.4 million recorded during the Corresponding Period. The decrease of fair value gain of financial assets at FVTPL is as a result of the prevailing macroeconomic and market conditions in 2022. The disposal of financial assets at FVTPL reverse from a gain of RMB114.9 million during the Corresponding Period to a loss of RMB1.8 million during the Reporting Period. The change in fair value and gain on disposal of financial assets at FVTPL will be further discussed under "Financial assets at FVTPL and Fair Value Through Other Comprehensive Income ("FVOCI")". The gain on disposal of subsidiaries decreased from RMB168.5 million during the Corresponding Period to nil during the Reporting Period, as we did not dispose of any stakes of our subsidiaries in 2022.

The decrease of other gains and losses (net) was partially offset by (i) a RMB20.1 million net foreign exchange gain during the Reporting Period compared with a loss of RMB11.8 million during the Corresponding Period; (ii) the decrease of fair value loss of contingent consideration payables from RMB14.2 million during the Corresponding Period to RMB1.3 million during the Reporting Period; and (iii) an increase of the gain on disposal of associates to RMB54.1 million during the Reporting Period from RMB4.9 million during the Corresponding Period.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 15.8% YoY from RMB129.4 million during the Corresponding Period to RMB149.9 million during the Reporting Period. The increase is primarily due to (i) an increase of the number of employees in our sales and marketing team in both China and overseas; (ii) an increase of the compensation levels for our sales and marketing employees; and (iii) the increased cost incurred by our sales and marketing activities, as we continued to grow our business, expand our business development coverage and promote our brand name.

Administrative Expenses

Our administrative expenses increased by 16.0% YoY from RMB554.8 million during the Corresponding Period to RMB643.3 million during the Reporting Period. The increase is primarily due to (i) an increase in staff costs to our administrative and management personnel in China and overseas; (ii) an increase in amortization of intangible assets including business software and acquired customer relationship; and (iii) an earn-out payment made in relation to an acquisition made by Frontage. The increase of administrative expense was offset by the decrease of share-based payments during the Reporting Period.

R&D Expenses

Our R&D expenses increased by 10.8% YoY from RMB211.8 million during the Corresponding Period to RMB234.6 million during the Reporting Period. The increase is primarily due to (i) an increase in the total number of employees engaged in R&D activities and the increased compensation levels of these employees; and (ii) an increase in investments made into innovation and technology development by our Group.

Share of profit of associates

Our share of profit of associates increased by 178.3% from RMB14.3 million during the Corresponding Period to RMB39.8 million during the Reporting Period, primarily due to the increase of the share of profit from Teddy Clinical Research Laboratory (Shanghai) Limited (上海觀合醫藥科技股份有限公司) and Hangzhou Taikun Equity Investment Fund Partnership (Limited Partnership)* (杭州泰鯤股權投資基金合夥企業(有限合夥)) ("**Hangzhou Taikun**").

Finance Costs

Our finance costs increased by 234.1% from RMB24.9 million during the Corresponding Period to RMB83.2 million during the Reporting Period, primarily due to the increase of interest expense on bank borrowings from RMB3.7 million during the Corresponding Period to RMB57.8 million during the Reporting Period.

Income Tax Expense

Our income tax expense increased by 7.1% from RMB292.9 million during the Corresponding Period to RMB313.7 million during the Reporting Period. Our effective tax rate increased from 7.9% during the Corresponding Period to 12.1% during the Reporting Period, primarily due to (i) the decrease in change in certain other gain items such as changes in fair value of financial assets at FVTPL during the Reporting Period, which are only partially non-taxable, and (ii) the increase of our taxable operating profit, which was taxed at an average rate that is higher than our effective tax rate.

Profit for the Year

As a result of the foregoing discussions, our profit for the year decreased by 32.8% from RMB3,396.6 million during the Corresponding Period to RMB2,281.3 million during the Reporting Period. The profit attributable to owners of the Company decreased by 30.0% from RMB2,879.1 million during the Corresponding Period to RMB2,016.1 million during the Reporting Period, and the profit attributable to non-controlling interests decreased by 48.8% from RMB517.5 million during the Corresponding Period to RMB265.2 million during the Reporting Period. The decrease is primarily due to the increase of cost of sales and the decrease of other gains and losses, net, which is primarily driven by the lower gain in fair value of financial assets at FVTPL and the significant reversal of the disposal of financial assets at FVTPL.

Non-IFRS Measures

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

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

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

Adjusted net profit attributable to owners of the Company

	For the Year ended December 31,	
	2022	2021
	RMB million	*RMB million*
Profit attributable to owners of the Company	**2,016.1**	2,879.1
Adjusted for:		
Share-based compensation expense	**37.5**	66.6
Net foreign exchange (gain)/loss	**(17.0)**	11.2
Amortization of intangible assets arising from acquisitions	**15.5**	13.3
Increase in fair value of financial assets at FVTPL	**(386.3)**	(1,384.9)
Adjusted net profit attributable to owners of the Company	**1,665.8**	1,585.3
Margin of adjusted net profit attributable to the owners of the Company[(1)]	**23.5%**	30.4%
Adjusted earnings per share (RMB)		
– Basic[(2)]	**1.93**	1.83
– Diluted[(3)]	**1.92**	1.82

Notes:

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

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

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

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

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

During the Reporting Period, our Non-IFRSs adjusted net profit attributable to owners of the Company was RMB1,665.8 million, representing a YoY increase of 5.1% from RMB1,585.3 million during the Corresponding Period. Our margin of adjusted net profit attributable to the owners of the Company decreased from 30.4% during the Corresponding Period to 23.5% during the Reporting Period.

Cash Flows

	Year ended December 31,	
	2022	2021
	RMB million	*RMB million*
Net cash from operating activities	**1,133.6**	1,162.7
Net cash used in investing activities	**(2,565.4)**	(2,521.6)
Net cash generated from/(used in) financing activities	**809.2**	(163.1)

During the Reporting Period, our net cash generated from operating activities was RMB1,133.6 million, representing a 2.5% decrease from RMB1,162.7 million during the Corresponding Period. The decrease was primarily due to (i) the delay in issuing billing notice to our customers in the fourth quarter of 2022 due to the adverse impact caused uncontrollable factors, which caused delay of reaching the billing milestone for certain projects and issuing payment notice to our customers; (ii) the delay in collection of receivables from certain of our customers as uncontrollable factors negatively impacted some of our customers' ability to process payments in time; and (iii) an increase in taxes paid to authorities of RMB629.9 million during the Reporting Period from RMB327.1 million during the Corresponding Period.

During the Reporting Period, our net cash used in investing activities was RMB2,565.4 million, representing a 1.7% increase from RMB2,521.6 million during the Corresponding Period. The increase was primarily due to (i) an increase in the capital injection into Hangzhou Taikun during the Reporting Period; (ii) an increase of RMB344.6 million of acquisition of subsidiaries, net of cash acquired during the Reporting Period; and (iii) an increase of RMB202.2 million of acquisition of subsidiaries in prior year during the Reporting Period.

During the Reporting Period, our net cash generated from financing activities was RMB809.2 million compared with RMB163.1 million net cash used in financing activities during the Corresponding Period. We incurred RMB3,441.4 million of bank borrowings and repaid RMB1,834.7 million of bank borrowings during the Reporting Period. Major cash outflows in financing activities during the Reporting Period included (i) a RMB369.4 million payment for repurchase of shares; (ii) a RMB433.7 million of dividends to owners of the Company; and (iii) a RMB99.6 million to the non-controlling shareholders for acquisition of additional interest of certain of our subsidiaries.

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

Liquidity and Capital Resources

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

As of December 31, 2022, the Group has not used any financial instruments for hedging, nor used any net investment amounts in foreign currencies for hedging via monetary loans and/or other foreign exchange hedging instruments.

Trade, Bills and Other Receivables and Prepayments

Our trade, bills and other receivables and prepayments increased by 24.6% from RMB952.0 million as of December 31, 2021 to RMB1,186.3 million as of December 31, 2022, primarily due to (i) an increase in trade receivables from third parties from RMB857.6 million to RMB1,105.3 million as we continued to grow our business; and (ii) an increase in other receivables from third parties from RMB74.2 million to RMB99.6 million primarily from an increase in interest receivables from bank deposits. The increase was partially offset by the decrease of consideration receivables from RMB8.6 million to nil in relation to our disposal of certain investments.

Trade and Other Payables

Our trade and other payables decreased by 18.4% from RMB880.0 million as of December 31, 2021 to RMB718.0 million as of December 31, 2022, primarily due to (i) a decrease in bills payable from RMB22.1 million to nil as arranged with banks under secured credit facilities; (ii) a decrease in one-time consideration payables from RMB154.5 million to RMB2.3 million primarily due to the settlement of the payment of acquisition consideration of Mosim Medical Technology Co., Ltd.; and (iii) a decrease in restricted share repurchase payable from RMB67.6 million to nil. The decrease was partially offset by (i) the increase of trade payables from RMB125.7 million to RMB158.0 million; and (ii) an increase in salary and bonus payables from RMB256.2 million to RMB292.9 million.

Contract Assets and Contract Liabilities

Our contract assets increased by 55.4% from RMB1,285.5 million as of December 31, 2021 to RMB1,997.3 million as of December 31, 2022 due to the increase in total amount of contracts with our customers where revenue had been recognized but we have not yet billed our customers upon meeting the billing milestones as specified in our customer service agreements or work orders as we continued to grow our business. Particularly, the adverse impact caused by uncontrollable factors during the Reporting Period caused some delays in (i) reaching the billing milestone for certain projects; and (ii) a delay in issuing billing notice to our customers, which also contributed to the increase of our contract assets as of December 31, 2022.

Our contract liabilities increased by 19.0% from RMB789.5 million as of December 31, 2021 to RMB939.8 million as of December 31, 2022, as we continued to grow our business and bookings and had received more prepayments from our customers in relation to our service agreements or work orders with them. However, the adverse impact caused by uncontrollable factors during the Reporting Period had delayed the prepayments for certain projects during the Reporting Period.

Property, Plant and Equipment

Our property, plant and equipment increased by 39.2% from RMB701.9 million as of December 31, 2021 to RMB976.7 million as of December 31, 2022, primarily due to our procurement of experiment equipment and expansion in buildings and leasehold improvements for our offices, laboratory facilities and research capacity. Bolt-on acquisitions made by Frontage during the Reporting Period also contributed to the increase of our property, plant and equipment.

Intangible Assets

Our intangible assets increased by 17.9% from RMB234.1 million as of December 31, 2021 to RMB276.1 million as of December 31, 2022, primarily contributed by the increase of customer relationship and customer backlog, as well as a trademark of RMB2.8 million from a bolt-on acquisition made by Frontage during the Reporting Period.

Right-of-use Assets

Our right-of-use assets increased by 31.5% from RMB473.3 million as of December 31, 2021 to RMB622.4 million as of December 31, 2022, primarily due to the addition of leasehold land, buildings and experiment equipment from bolt-on acquisitions made by Frontage and DreamCIS.

Interest in Associates

Our interests in associates increased from RMB738.8 million as of December 31, 2021 to RMB1,799.8 million as of December 31, 2022 primarily in relation to the capital injection to Hangzhou Taikun which we had 50.0% ownership as of December 31, 2022.

Financial assets at FVTPL and FVOCI

Our financial assets at FVTPL and FVOCI include listed equity securities, unlisted equity investments, unlisted fund investments, financial products, unlisted debt instrument and life insurance policies. Our financial assets at FVTPL and FVOCI increased by 13.7% from RMB8,789.1 million as of December 31, 2021 to RMB9,992.7 million as of December 31, 2022. Such increase was primarily due to the increase in fair value of our financial assets at FVTPL and our continuing investment activities during the Reporting Period. The following table sets for a breakdown of our financial assets at FVTPL and FVOCI as of the dates indicated:

	As of December 31, 2022 *RMB'000*	As of December 31, 2021 *RMB'000*
Non-current assets		
Financial assets at FVTPL		
– Life insurance policies	**2,680**	–
– Listed equity securities	**304,175**	105,519
– Unlisted equity investments	**4,718,449**	4,071,784
– Unlisted fund investments	**4,918,549**	4,569,041
– Unlisted debt instrument	**20,000**	–
Total financial assets at FVTPL	**9,963,853**	8,746,344
Financial assets at FVOCI		
– Unlisted equity investments	**3,864**	13,531
Current assets		
Financial assets at FVTPL		
– Financial products	**24,770**	29,180
– Listed equity securities	**62**	–
– Unlisted fund investments	**114**	–
Total financial assets at FVTPL and FVOCI	**9,992,663**	8,789,055

Investments in companies and investment funds

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

As of December 31, 2022, we were a strategic investor in 153 innovative companies and other related companies in the healthcare industry, as well as a limited partner in 57 professional investment funds.

During the Reporting Period, we realized a gain of RMB162.8 million from exiting our investments in companies and investment funds, as measured by the exit amount against our initial investment cost, down from RMB392.6 million during the Corresponding Period.

Our investments in listed equity securities amounted to RMB304.2 million as of December 31, 2022, representing a 188.3% increase from RMB105.5 million as of December 31, 2021. The increase is primarily due to the successful listing of certain of our portfolio companies during the Reporting Period.

Our unlisted equity investments amounted to RMB4,722.3 million as of December 31, 2022, representing a 15.6% increase from RMB4,085.3 million as of December 31, 2021. The increase is primarily due to more investments we made during the Reporting Period and the increase of the fair value of the unlisted equity portfolio we held since the Corresponding Period.

Our unlisted fund investments amounted to RMB4,918.7 million as of December 31, 2022, representing a 7.7% increase from RMB4,569.0 million as of December 31, 2021. The increase is primarily due to more investments we made into healthcare-focused funds and the increase of the fair value of unlisted fund investments we held since the Corresponding Period.

In addition, our life insurance policies amount to RMB2.7 million as of December 31, 2022. Bolt-on acquisitions made by DreamCIS during the Reporting Period also contributed to the increase.

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

	Unlisted equity investments *RMB'000*	**Unlisted fund investments** *RMB'000*	**Listed equity securities** *RMB'000*	**Life insurance policies** *RMB'000*	**Unlisted debt instrument** *RMB'000*	**Total** *RMB'000*
Opening balance	4,085,315	4,569,041	105,519	–	–	8,759,875
Acquisition through business combination	5,580	221	15	2,410	–	8,226
Additions	416,408	271,491	132	1,731	20,000	709,762
(Transfer to listed companies)/ transfer from non-listed companies	(279,330)	–	279,330	–	–	–
Transfer to subsidiaries	(41,343)	–	–	–	–	(41,343)
Fair value change during the Reporting Period	523,171	133,564	(92,240)	(246)	–	564,249
Disposals of shares	(20,804)	(135,722)	(83)	(1,404)	–	(158,013)
Exchange realignment	33,316	80,068	11,564	189	–	125,137
Ending Balance	4,722,313	4,918,663	304,237	2,680	20,000	9,967,893

Indebtedness

Borrowings

The Group had RMB2,112.9 million outstanding borrowings as of December 31, 2022, of which RMB1,868.2 million were short-term and RMB244.6 million were long-term. As of December 31, 2022, over 90% of our borrowings were denominated in RMB and 9% were US$ borrowings.

Gearing Ratio

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

Lease Liabilities

We had outstanding aggregated lease liabilities (for the remainder of relevant lease terms) of RMB606.7 million as of December 31, 2022, up 26.0% from RMB481.4 million as of December 31, 2021, primarily due to (i) the entering into new rental contracts for office use; (ii) the depreciation charges of existing leases; and (iii) the addition of lease liabilities from bolt-on acquisitions made by Frontage and DreamCIS. Of the aggregated lease liabilities as of December 31, 2022, RMB117.7 million were due within one year and RMB489.0 million would be due in more than one year.

Pledges over Assets of the Group

Other than disclosed in note 19(a) to the consolidated financial statements in this announcement, the Group had no pledges over assets of the Group as of December 31, 2022.

Contingent Liabilities

As of December 31, 2022, the Group had no contingent liabilities.

Capital Commitments

As of December 31, 2022, the Group had the total capital commitments entered but outstanding and not provided for in the financial statements amounting to approximately RMB777.0 million (December 31, 2021: approximately RMB1,619.0 million) and mainly included that not provided for the acquisition for the investments in the funds or companies was around RMB746.8 million (December 31, 2021: approximately RMB1,062.0 million).

In addition, the Group entered into a subscription agreement to subscribe 50% equity interests in an associate, Hangzhou Taikun in 2021. The Group has committed to invest additional capital in Hangzhou Taikun, amounting to RMB8.5 billion. The capital commitment by the Group shall be paid subject to the notice to be issued by the general partner of Hangzhou Taikun according to the capital needs of Hangzhou Taikun.

Significant Investments Held

As of December 31, 2022, saved for the investment as mentioned below, the Group did not hold any significant investments and none of the above-mentioned investments constituted a significant investment to our Group.

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

Hangzhou Taikun was established on August 10, 2021 and became an associate of the Group. As of December 31, 2022, our Group has paid up RMB1,500 million of the registered capital of Hangzhou Taikun.

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

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

As of December 31, 2022, the carrying amount of our investment in Hangzhou Taikun was RMB1,530.7 million, accounting for 5.6% of the total assets of the Group.

As of December 31, 2022, Hangzhou Taikun had a net asset of RMB3,061.5 million, and generated a profit of RMB48.9 million during the Reporting Period. The Group did not receive any dividend in respect of its investment in Hangzhou Taikun during the Reporting Period.

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

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

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

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

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

Treasury Policy

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

Core Competence Analysis

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

1. *China's leading clinical CRO with comprehensive services and an expanding global footprint*

   We are the leading clinical CRO in China. Having worked with over 1,370 clinical trial sites with NMPA certification in China since our inception, we have developed one of the most extensive clinical site networks in China. Our industry expertise and enriched experiences, extensive clinical trial institution network and strong professional team enable us to capture the growth opportunities in the fast-growing clinical CRO market in China and overseas. We offer comprehensive and integrated services and are also one of the first among all China-based clinical CROs to offer certain clinical-related services such as pharmacovigilance, medical imaging, real-world study and scientific affairs etc. With our comprehensive service offerings, we offer a convenient, integrated R&D service platform to improve our customers' R&D efficiency and are well positioned to capture more business opportunities along the biopharmaceutical R&D value chain. We had made continuing efforts and investments into pioneering new services and developing industry-leading technology to strengthen the comprehensiveness of our service offerings and increase the efficiency for both CTS and CRLS segments during the Reporting Period.

   Among all China-based clinical CROs, we have been a pioneer in global expansion and currently have a presence across the Asia-Pacific region, North America, Europe, Latin America and Africa. As of December 31, 2022, we have a team of over 1,400 professionals based overseas out of 50 countries to provide various clinical trials, clinical trial related and laboratory services, our operations cover all major continents. Combining our China expertise with our overseas presence, we have been entrusted by both Chinese and foreign customers to work on an increasing number of cross-border projects. As of December 31, 2022, we had 188 ongoing single region clinical trials overseas, primarily in South Korea, Australia and the U.S., up from 132 ongoing single region clinical trials overseas as of December 31, 2021. We also had 62 ongoing MRCTs as of December 31, 2022, compared with 50 ongoing MRCTs as of December 31, 2021. Our ongoing MRCTs were being conducted in Asia Pacific, North America, Europe, Africa and Latin America with various therapeutic areas including oncology, vaccine, respiratory, cardiovascular, endocrine, rheumatic immunization, infection and rare diseases etc.

2. *Industry-leading quality standards and project delivery capabilities*

Excellent quality management is the solid foundation for clinical research. We adhere to a scientific, rigorous and professional attitude, follow the highest global standards, and constantly improve our quality management system. In 2022, we further strengthened our quality governance structure, refined the specific responsibilities of the Quality Management Committee (質量管理委員會), and mobilized sufficient resources to achieve the company's quality management goals. The Company's president serves as the first person in charge of the Quality Management Committee.

We earn our customers' trust by expediting their R&D projects without compromising high-quality standards. We have established a comprehensive project management framework with robust quality control standards. Our quality management system encompasses all stages throughout each project, from clinical design and project planning to quality control and quality assurance ensuring high-quality service and on-time delivery. We implement comprehensive SOPs which are regularly updated by our quality assurance department to ensure compliance with applicable laws and regulations. In 2022, we have added and updated a total of 81 QSDs (quality standard documents, including SOP and WPD). We have realized the online management of the whole life cycle of QSD files, improved work efficiency and SOP accessibility, and provided more objective quality indicators and data measurements for quality assessment and identification. We continuously review and improve the performance of our quality management system based on customer feedback and global best practices. Our commitment to high-quality and accelerated delivery has contributed to our track record of excellence. Our track record of accelerated project delivery also differentiates our services from those offered by our competitors. With our integrated service offerings, extensive network of clinical trials and strong professional team, we are able to quickly and effectively identify clinical sites, accelerate patient recruitment, and manage and execute complex projects within minimal lead time. We have helped our customers in the clinical development of various first-to-market drugs and emerging therapies such as gene and cell therapies. Our track record has led to industry-wide recognition of the quality and speed of our services.

3. *Visionary and experienced management team supported by talented and dedicated employees*

The biopharmaceutical R&D process is highly customized based on the project's drug profile, selection of patients and clinical trial sites and geographic location. Such uniqueness, coupled with the importance attached to these projects and the complexity of project management and quality control, requires a well-trained and talented team with significant industry know-how that cannot be easily replicated in a short period of time. Led by a visionary and experienced management team with extensive experience in the clinical CRO and biopharmaceutical industries, we have built a culture of excellence through which we attract and retain our talent to deliver high-quality services to our customers. Our co-founders, Dr. Ye Xiaoping and Ms. Cao Xiaochun, both widely recognized as pioneers of China's clinical CRO industry, bring a wealth of industry expertise and leadership to support our long-term growth. In addition, many of our members of management have previously worked at leading global and Chinese biopharmaceutical companies, and as such have first-hand knowledge of the challenges our customers may face in today's clinical development environment.

Our talented and dedicated employees set us apart from our competitors. Their technical and therapeutic expertise, combined with extensive know-how accumulated in managing complex R&D projects, contribute to our long track record of high-quality and efficient project delivery. We focus on recruiting high-quality graduates from college and helping them grow within our organization, enriching our pool of potential talents. We cooperated with more than 23 colleges and universities, including Shenyang Pharmaceutical University (瀋陽藥科大學), Nanjing Medical University (南京醫科大學), Beijing University of Chinese Medicine (北京中醫藥大學) and Zhejiang Chinese Medical University (浙江中醫藥大學). Beijing Yaxincheng Medical InfoTech Co. Ltd. (北京雅信誠醫學信息科技有限公司) collaborated with Tsinghua University to open the "Entity Recognition in Biomedicine" (生物醫藥方向的實體識別) course. We collaborated with Xi'an Polytechnic University (西安工程大學) and Xi'an International Studies University (西安外國語學院) to establish practice bases. During the Reporting Period, we recruited more than 560 interns in clinical trial-related positions. To obtain a large pool of excellent potential talents, we have also jointly conducted training with other parties. We worked with Wenzhou Medical University (溫州醫科大學) to establish the Wenzhou Medical University Tigermed Research Institute (溫州醫科大學泰格研究院). We have also cooperated with Shenyang Pharmaceutical University (瀋陽藥科大學) to carry out scientific research projects to jointly train pharmaceutical professionals. We provided lecturers to Hangzhou Medical College (杭州醫學院) and Shanghai Sipo Polytechnic College (思博學院). At the same time, we also provide comprehensive training programs and clear career development paths to all employees.

We offer competitive compensation to our employees, including a variety of long-term share-based incentive schemes (including the 2022 Restricted Share Incentive Scheme during the Reporting Period). Together with our senior management, our talented and dedicated employees underpin our competitive strengths and contribute to our market leadership, which in return enhances our ability to attract and retain talents.

4. *Broad, high-quality and loyal customer base*

We have a broad, high-quality and loyal customer base, including both leading multinational and Chinese biopharmaceutical companies, as well as small- and medium-sized biotechnology companies and medical device companies with projects sponsored spanning a broad range of therapeutic areas and stages of biopharmaceutical R&D. During the Reporting Period, seven out of our top 20 customers by revenue are top multi-national pharmaceutical companies and 14 out of our top 20 customers by revenue in 2022 are publicly listed. We also saw meaningful revenue growth from top domestic pharmaceutical companies, top multi-national pharmaceutical companies, and leading Chinese biotech companies by market capitalization during the Reporting Period.

This growing and diversified customer base enables us to continuously develop our expertise across different areas and drive synergies among our comprehensive service offerings. We have helped our customers successfully secure approvals of a variety of milestone drugs in China. We focus on growing with our customers to develop long-term relationships. We have provided services for over five years to many of our top customers across a variety of service offerings. Our long-standing customer relationships not only provide strong stability and visibility to our future revenues, but also allow us to invest more in optimizing our offerings to meet evolving customer needs.

5. Strong track record of strategic acquisitions and investments driving long-term growth

Our strategic acquisitions and investments enable us to foster a flourishing ecosystem that contributes to our sustainable, long-term growth. Through strategic acquisitions, we have broadened and diversified our service offerings throughout the biopharmaceutical R&D process and expanded our geographical footprint. We have acquired and integrated DreamCIS, a leading Korea-based clinical CRO, which marked our first acquisition in a developed market and provided us with experience and know-how that are critical to addressing the needs of our customers expanding globally. We have also added capabilities in laboratory services through the acquisition of Frontage providing laboratory and bioequivalence clinical study services in both China and the United States, and medical device clinical trials through acquiring Taizhou Tigermed-Jyton Medical Tech. Co. Ltd.* (泰州泰格捷通醫藥科技有限公司). In 2023, we completed the acquisition of Marti Farm D.o.o, further enhancing our local expertise in Europe to expand our safety monitoring capabilities at a global level. As a key industry stakeholder committed to innovation, we have also made minority investments in innovative biopharmaceutical and medical device start-ups. Our industry reputation, experience and expertise have allowed us to identify attractive early-stage investment opportunities and build a diversified investment portfolio. We have provided start-ups with funding support and, in some cases, offered integrated R&D solutions to their ongoing projects. Through our strategic investments, we aim to forge long-term cooperative relationships with these companies and promote innovation in China's and the global biopharmaceutical industry. In addition to opportunities for financial returns, we believe these investments give us access to emerging technologies, acquire potential customers and capture additional business opportunities as these start-ups grow and succeed.

Other Events

1. On December 29, 2021 (New York time), Frontage Laboratories, Inc. ("**Frontage Labs**") as the purchaser entered into a membership interest purchase agreement (the "**Agreement**") with (i) shareholders of Experimur LLC ("**OpCo**") and of Experimur Properties LLC ("**PropertyCo**") (collectively as the "**Sellers**"); (ii) Nabil Hatoum (being Sellers' representative); (iii) Experimur Holdings Inc.; and (iv) OpCo, Experimur Intermediate LLC ("**Experimur Intermediate**"), and PropertyCo (collectively as the "**Targets**"), pursuant to which the Sellers agreed to sell and Frontage Labs agreed to purchase 100% of the equity interests of each of the OpCo, Experimur Intermediate and PropertyCo for a total cash consideration of up to US$76,000,000 in accordance with the terms and conditions of the Agreement.

   The closing of the acquisition took place on January 10, 2022 (New York time). Immediately following the closing of the acquisition, the Targets have become indirect subsidiaries of the Company and the financial results, assets and liabilities of Targets have been consolidated into the consolidated financial statements of the Group.

   Please refer to the announcements of Frontage dated December 30, 2021 and January 11, 2022 for details.

2. On January 4, 2022, Mr. Wang Ruwei tendered his resignation as the vice general manager of the Company due to adjustment of his work arrangement. Following his resignation, Mr. Wang Ruwei will still hold other positions in the subsidiaries of the Group. Please refer to the announcement of the Company on January 4, 2022 for details.

3. On February 11, 2022, the Company convened the twenty-first meeting of the fourth 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 planned to conduct share repurchase with its own funds or self-raised funds. The total amount of funds for share repurchase shall not be less than RMB250,000,000 and not more than RMB500,000,000, and the price for share repurchase shall not exceed RMB120.00 per A Share. Such portion of shares repurchased will be used for subsequent equity incentive plans or employee stock ownership plans. The term of the share repurchase shall be 12 months from the date of consideration and approval of the share repurchase plan by the Board. As at the date of this announcement, the Company repurchased a total of 3,909,800 A Shares through the special securities account for share repurchase by centralized price bidding. The cumulative number of A Shares repurchased accounted for 0.4481% of the total Share capital of the Company. The highest and lowest trading prices were RMB102.39 per A Share and RMB79.01 per A Share, respectively. The total transaction amount was approximately RMB369,387,999 (excluding transaction costs). Please refer to the announcement of the Company on February 13, 2022 and the next day disclosure returns of the Company on February 15, 2022, February 16, 2022, February 17, 2022, February 18, 2022, February 21, 2022, February 22, 2022, February 23, 2022, April 28, 2022, April 29, 2022, May 17, 2022, May 19, 2022 and May 26, 2022 for details.

4. On March 15, 2022, the Group acquired entire equity interests of Meditip Co., Ltd ("**Meditip**") for cash consideration of KRW20,091,556,000 (equivalent to RMB105,400,000). Meditip is principally engaged in providing bio products and medical devices through licensing, insurance, clinical work, follow-up management, discovery of distributors, and market preliminary research of domestic and world leading bio companies of successful development and commercialization.

   Please refer to the announcement of DreamCIS dated March 15, 2022 for details.

5. On March 28, 2022, the Company convened the twenty-second meeting of the fourth session of the Board and the fifteenth meeting of the fourth session of the Supervisory Committee to approve the "Resolution on the Partial Repurchase and Cancellation of the 2019 Restricted Shares" (《關於回購註銷部分2019年限制性股票的議案》), pursuant to which the Company will repurchase the restricted Shares granted to two of the incentive participants who are the objects in the first grant of the 2019 Restricted Share Incentive Scheme (as defined in the Prospectus) but not yet unlocked at the repurchase price of RMB26.55 per Share as adjusted after the completion of the 2018 equity distribution plan, while the Company shall repurchase the restricted Shares granted to three of the incentive participants who are the objects of reserved portion under the 2019 Restricted Share Incentive Scheme but not yet unlocked at the reserved portion grant price of the 2019 Restricted Share Incentive Scheme of RMB31.46 per Share. The resolution on the aforesaid partial repurchase and cancellation of the restricted Shares was approved by the Shareholders at the annual general meeting of the Company (the "**2021 AGM**"), the 2022 First A Share class meeting of the Company and the 2022 First H Share class meeting of the Company on May 20, 2022. Please refer to the announcements of the Company dated March 28, 2022 and May 20, 2022 for details. The afore-mentioned repurchase and cancellation of a total of 20,144 restricted Shares were completed on October 20, 2022.

6. On March 28, 2022, the Company convened the twenty-second meeting of the fourth session of the Board to approve the proposed change of registered capital of the Company (the "**Proposed Change of Registered Capital**") and the proposed amendments to the articles of association of the Company (the "**Proposed Amendments to the Articles of Association**") as a result of the repurchase and cancellation of the Company's restricted Shares as detailed in paragraph 5 above. The resolution on the Proposed Change of Registered Capital and Proposed Amendments to the Articles of Association were approved by the Shareholders at the 2021 AGM, the 2022 First A Share class meeting of the Company and the 2022 First H Share class meeting of the Company on May 20, 2022. Please refer to the announcements of the Company dated March 28, 2022 and May 20, 2022 for details.

7. On March 28, 2022, the Company convened the twenty-second meeting of the fourth session of the Board to approve the proposed change in use of proceeds from the global offering of the Company ("**Proposed Change in Use of Proceeds**"). The resolution on the Proposed Change in Use of Proceeds was approved by the Shareholders at the 2021 AGM. Please refer to the announcements of the Company dated March 28, 2022 and May 20, 2022 for details.

8. On March 28, 2022, the Company convened the twenty-second meeting of the fourth session of the Board and the fifteenth meeting of the fourth session of the Supervisory Committee to consider and approve the "Resolution on 2022 H Share Appreciation Incentive Scheme of Hangzhou Tigermed Consulting Co., Ltd. (Draft)" (《關於<杭州泰格醫藥科技股份有限公司2022年H股股票增值權激勵計劃(草案)>的議案》) and the "Resolution on Requesting the General Meeting of Shareholders of the Company to Authorize the Board to Handle Matters Regarding the 2022 H Share Appreciation Incentive Scheme" (《關於提請公司股東大會授權董事會辦理2022年H股股票增值權激勵計劃相關事宜的議案》). On May 9, 2022, the Company convened the twenty-fifth meeting of the fourth session of the Board to terminate the H Share Appreciation Incentive Scheme and withdraw the relevant proposed resolutions for Shareholders' approval at the 2021 AGM. Please refer to the announcements of the Company dated March 28, 2022 and May 9, 2022 for details.

9. On March 28, 2022, the Company convened the twenty-second meeting of the fourth session of the Board, the congress of workers and staff and the fifteenth meeting of the fourth session of the Supervisory Committee to consider and approve the "Resolution on 2022 A Share Employee Share Ownership Plan of Hangzhou Tigermed Consulting Co., Ltd. (Draft) and its summary" (《關於<杭州泰格醫藥科技股份有限公司2022年A股員工持股計劃(草案)>及其摘要的議案》), the "Resolution on Administration of 2022 A Share Employee Share Ownership Plan of Hangzhou Tigermed Consulting Co., Ltd." (《關於<杭州泰格醫藥科技股份有限公司2022年A股員工持股計劃管理辦法>的議案》) and the "Resolution on Requesting the General Meeting of Shareholders to Authorize the Board to Handle Matters Regarding the 2022 A Share Employee Share Ownership Plan" (《關於提請股東大會授權董事會辦理公司2022年A股員工持股計劃有關事項的議案》). On April 1, 2022, the Company convened the twenty-third meeting of the fourth session of the Board to consider and approve the adjustments to mechanisms for not achieving performance appraisal requirements at company level under the 2022 A Share Employee Share Ownership Plan and related supporting documentation including the Administrative Measures for the 2022 A Share Employee Share Ownership Plan of Hangzhou Tigermed Consulting Co., Ltd. On May 9, 2022, the Company convened the twenty-fifth meeting of the fourth session of the Board to terminate the 2022 A Share Employee Share Ownership Plan and withdraw the relevant proposed resolutions for Shareholders' approval at the 2021 AGM. Please refer to the announcements of the Company dated March 28, 2022, April 1, 2022 and May 9, 2022 for details.

10. On June 10, 2022, the Company convened the twenty-sixth meeting of the fourth session of the Board to approve the amendments to the terms of reference of the Audit Committee. Please refer to the announcement of the Company dated June 10, 2022 for details.

11. On June 27, 2022, the Company convened the twenty-seventh meeting of the fourth session of the Board to consider and approve the appointment of Ms. Ho Yin Kwan in place of Ms. Jeanie Lau as the company secretary of the Company and the process agent in Hong Kong for accepting service of process in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and for the purpose of accepting services of process and notices on the Company's behalf in Hong Kong under Rule 19A.13 of the Listing Rules, and an authorized representative of the Company for the purpose of Rule 3.05 of the Listing Rules. Please refer to the announcement of the Company dated June 27, 2022 for details.

12. On July 27, 2022 (New York time), Frontage Labs, a subsidiary of the Company, entered into a share purchase agreement with shareholders (the "**Frontage Clinical Sellers**") of Frontage Clinical Services, Inc. ("**Frontage Clinical**"), a FVTPL of the Group, pursuant to which the Frontage Clinical Sellers agreed to sell and Frontage Labs agreed to purchase 88.1% of the equity interests in Frontage Clinical for a cash consideration of approximately US$13,215,000 in accordance with the terms and conditions of the share purchase agreement.

    Immediately following the completion of the acquisition, Frontage Clinical became an indirect subsidiary of the Group and the financial results, assets and liabilities of Frontage Clinical has been consolidated into the consolidated financial statements of the Group.

Please refer to the announcements of Frontage dated July 28, 2022 and August 2, 2022 for details.

13. With effect from August 15, 2022, the address of the Hong Kong H Share Registrar and Transfer Office of the Company, Tricor Investor Services Limited, has been changed to 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong. Please refer to the announcement of the Company dated August 12, 2022 for details.

14. Mr. Wu Baolin tendered his resignation as the employee supervisor of the fourth session of the Supervisory Committee due to his intention to devote more time on his own duties with effect from August 25, 2022. Following his resignation, Mr. Wu Baolin will still hold other positions in the Company. Ms. Lou Wenqing has been elected as the employee supervisor of the fourth session of the Supervisory Committee with a term commencing from August 25, 2022 until the expiry of the fourth session of the Supervisory Committee. Please refer to the announcement of the Company dated August 25, 2022 for details.

15. On October 21, 2022, the Company convened the twenty-ninth meeting of the fourth session of the Board to consider and approve the appointment of Ms. Yang Chengcheng in place of Ms. Cao Xiaochun as the chief financial officer of the Company. Please refer to the announcement of the Company dated October 21, 2022 for details.

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

    Please refer to the announcements of the Company dated October 25, 2022, November 23, 2022 and the circular of the Company dated November 3, 2022 for details.

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

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

Industry and Business Outlook

We envision a continued and rapid growth of the global clinical CRO industry driven by the continuously increasing R&D expenditures and growing market demand for innovative drugs and medical devices, as well as continuing demand for R&D risks and cost reduction. According to Frost & Sullivan, the global R&D CRO market size grew from US$52.54 billion to US$75.94 billion between 2017 and 2021. With global drug R&D expenditures continuously increasing year by year, the global CRO market is expected to grow at a CAGR of 10.8% in the next five years and is expected to reach US$126.99 billion in 2026. The global clinical CRO market grew from US$34.62 billion in 2017 to US$50.17 billion in 2021, with a CAGR of 9.7%, and is expected to reach US$78.04 billion in 2026 with a CAGR of 9.2%.

China's CRO market size is expected to grow faster than other markets and is gradually shifting to an innovation-driven pharmaceutical industry, driven by China's large and aging population, the public's increasing demand for health, and the government's policies endorsing innovative drug R&D. From 2017 to 2021, the size of China's CRO market grew from RMB28.97 billion to RMB64.78 billion, with a CAGR of 22.3%. The market will reach RMB190.42 billion in 2026 at a CAGR of 24.1%. The size of China's clinical CRO market grew from RMB15.70 billion in 2017 to RMB32.65 billion in 2021, with a CAGR of 20.1%. The market is expected to grow at a CAGR of 26.0% to RMB103.75 billion in 2026.

In August 2015, the State Council of the PRC (國務院) issued the "Opinions on Reforming the Review and Approval System of Drugs and Medical Devices" (關於改革藥品醫療器械審評審批制度的意見). In October 2017, the General Office of the Central Committee of the Communist Party of China (中共中央辦公廳) and the General Office of the State Council (國務院辦公廳) issued and implemented the "Opinions on Deepening the Reform of the Review and Approval System and Encouraging Innovation in Drugs and Medical Devices" (關於深化審評審批制度改革鼓勵藥品醫療器械創新的意見). These policies intend to encourage clinical value-oriented drug innovation, optimize the review and approval procedures for innovative drugs, shorten the review time period of clinically urgent innovative drugs, carry out the pilot program of the drug marketing license holder system (藥品上市許可持有人制度試點) and optimize clinical trial management. The reform of review and approval continues, bringing China's technical standards for drug review and approval standards in line with international standards, forming a positive domestic incentive for industrial innovation, and appreciating the value of innovative drug R&D. These lead to a significant increase in the number of China's clinical trial registration, first-time IND and NDA declarations of innovative drugs, innovative drugs approved for marketing, and approved domestic innovative medical devices. Taking the number of China's new drug clinical trial applications as an example, the number of drug clinical trial registrations exceeded 3,000 for the first time in 2021, with a total of 3,358 clinical trials, of which the number of new drug clinical trials was 2,033, an increase of 38.0% over the number of registrations in 2020.

After joining the ICH in 2017, NMPA was elected as a member of the ICH Management Committee the following year. By the end of 2022, the implementation of the ICH guiding principles conversion was basically completed. China continuously deepens its regulatory reform, improving its new drug review system and clinical trial-related management system, as well as the construction of a system of technical guiding principles. This has gradually brought the application, review and implementation of China's clinical trials in line with international standards. The government is also actively encouraging multinational pharmaceutical companies to conduct their clinical trials of new drugs in China as well as promoting China's innovative drugs to be marketized overseas. Looking forward, the market demand for international MRCTs initiated and participated in by China will continue to grow, driven by policy endorsement, demographic advantages, lower costs, and the globalization trend of China's pharmaceutical companies and their innovative drugs.

In 2022, the Chinese regulatory authorities have continued to improve their regulatory reform to support the innovative development of the pharmaceutical industry. The "14th Five-Year Plan" on Pharmaceutical Industry Development Plan ("十四五"醫藥工業發展規劃) proposes an average annual increase of more than 10% in R&D investment, promoting the development of innovative drugs and high-end medical equipment. The "14th Five-Year Plan" for the Development of Bioeconomy ("十四五"生物經濟發展規劃) lists biomedicine as one of the four key areas of bioeconomy and makes special arrangements for promoting the development of the healthcare industry. The "14th Five-Year Plan for National Drug Safety and Promotion of High-quality Development" ("十四五"國家藥品安全及促進高品質發展規劃) proposes that by 2025, the overall drug regulatory capabilities will be closely matched to the international advanced level. The regulatory environment supporting the high-quality development of the industry will be further optimized, innovative drugs with clinical value will be marketized faster, the simultaneous domestic and overseas R&D application of new drugs will be encouraged, and the ability to review and approve innovative products will be strengthened to advocate simultaneous review and approval of global innovative drugs and to support the simultaneous listing of new overseas drugs in China, allowing patients to gradually enjoy the global pharmaceutical innovation achievements simultaneously. In 2035, the drug supervision capabilities and the drug supervision technology support capabilities will reach the international advanced level, effectively promoting the prevention of major, infectious diseases and the treatment of difficult and complicated diseases as well as rare diseases. The drugs' innovative R&D capabilities will reach the international advanced level.

The "Drug Administration Law" (藥品管理法) came into effect in December 2019. The latest "Revised Draft of the Drug Administration Law and its Implementing Regulations (Draft for Comments)" (藥品管理法實施條例修訂草案(徵求意見稿)) further clarifies the scope of drugs' R&D intellectual property rights protection, supporting any patent disputes to be resolved during drugs' pre-marketized phases. Policies such as "Technical Guiding Principles for the Applicability of Single-Arm Clinical Trials to Support the Marketing Application of Antineoplastic Drugs" (單臂臨床試驗用於支援抗腫瘤藥上市申請的適用性技術指導原則), "Acceleration of the Review Procedures of Listing Applications of Innovative Drug by the Center for Drug Evaluation (Trial) (Draft for Comments)" (藥審中心加快創新藥上市申請審評工作程序(試行)(徵求意見稿)), and " Technical guidelines for protocol changes during drug clinical trials (Trial)"(藥物臨床試驗期間方案變更技術指導原則(試行)) continue to improve new drug clinical trial, registration and application, and review and approval, encouraging innovative drugs to be marketized faster. Policies such as "Technical Guiding Principles for Benefit-Risk Assessment of New Drugs" (新藥獲益－風險評估技術指導原則), "Guiding Principles for General Considerations of Organizing Patients to Participate in Drug Research and Development (Trial)" (組織患者參與藥物研發的一般考慮指導原則(試行)), and the series of technical guidelines (including benefit-risk assessment, design and implementation) of patient-centered clinical trials emphasize the importance of patient-centered and clinical value-oriented clinical trials, setting higher standards for new drug innovation. The regulatory authorities further optimized and improved new drug R&D policies, promoting the restructuring of China's pharmaceutical industry and shifting the focus of R&D to innovation and upgrading.

The "Measures for the Administration of Drug Registration"(藥品註冊管理辦法) implemented in July 2020 also clarifies four accelerated market registration procedures to encourage drug innovation, namely, breakthrough therapeutic drugs, conditional approval, priority review and approval, and special approval procedures (突破性治療藥物、附條件批准、優先審評審批及特別審批程序). The series of policies mentioned above encourages pharmaceutical companies to plan to accelerate the speed and enhance the success rate of new drugs R&D. CROs with a complete industrial chain and enriched project experiences will get more orders.

A series of national plans and policies such as China's "14th Five-Year Plan for the development of the pharmaceutical industry and medical equipment industry" ("十四五"醫藥工業和醫療裝備產業發展規劃), "Conditions and Record Filing Administrative Measures of Medical Device Clinical Trial Institutions" (醫療器械臨床試驗機構條件和備案管理辦法), "Medical Device Administration Regulations" (醫療器械監督管理條例), and "Medical Device Priority Approval Procedures" (醫療器械優先審批程序) endorse China's medical device industry growth and innovations.

According to the prediction of Frost & Sullivan, China's medical device market in 2021 is about RMB834.8 billion and the CAGR from 2017 to 2021 is 17.7%. In 2025 and 2030, China's medical device market is expected to reach RMB1,244.2 billion and RMB1,660.6 billion respectively, with a CAGR of 10.2% from 2021 to 2025 and 5.9% from 2025 to 2030.

The growth of the medical device market and the rapid growth of the medical device CRO market are driven by factors such as the increase in market demand for domestic medical devices, the trend of replacing imported medical devices with domestic medical devices, government's supporting policies such as centralized procurement of large-scale medical equipment, and policies such as the "Technical Guiding Principles for Clinical Evaluation of Medical Devices"(醫療器械臨床評價技術指導原則) and "Quality Management Standards for Clinical Trials of Medical Devices" (醫療器械臨床試驗品質管理規範) that further standardized medical device clinical trials' application, review and approval, and implementation.

With industry upgrades and globalization trends, China's regulatory authorities pay special attention to the protection of patients' safety, rights, and interests, as well as the enhancement of clinical trial quality. Due to continual R&D investment, long R&D process, and increasing difficulty and complexity of R&D projects, pharmaceutical companies' willingness to outsource remains strong. The demand for services such as reliable new drug R&D plans, mature process management, strict compliance operation system, optimized clinical trial plan and well-controlled personnel costs continues to increase. We believe that we will continue to build our competitive advantages and maintain our first-class industry competitiveness with our extensive clinical project experiences, strong adaptability of innovative technology, ability to provide efficient, diversified, and high-quality one-stop CRO services, empowerment of new digital technologies, and global large-scale clinical trial project management capabilities.

In recent years, China's regulatory policies have further standardized the management of drugs' entire life cycle, including post market research, pharmacovigilance, real-world studies, and risk management, driving the demand for emerging business services.

Integrating innovation with digital technology is the direction for the future development of the pharmaceutical industry. We are actively exploring innovative models of digitalization and empowering innovative pharmaceutical companies with our digital transformations. With the trend of conducting digitalized, intelligent and decentralized clinical trials, we continue to develop and optimize our digital services. Through our in-house R&D, cooperative research, and the usage of advanced technology tools from the industry, the Company digitalizes the entire process of clinical research from multiple dimensions. Through digitalization, we build a patient-centered, intelligent, and all-in-one platform with an ecosystem that integrates the hospitals, the patients, and the CRO. We have also built solutions and supporting systems suitable for MRCTs in China and the world, improving clinical research quality by supporting every stage of clinical research to reduce communication costs, improve operational efficiency, and enhance data accuracy.

With the advancement of digital technology, the use of DCTs has come into practice. DCTs, based on the patient-centered concept, use new technologies such as digitization to perform some or all clinical trial related procedures remotely in multiple scenarios. This involves telemedicine and digital technology application, consisting of a hybrid of technologies such as intelligence, digitalization, and communication. One of the main advantages of using DCTs is to reduce the burden on patients (such as reducing the impact on patients' normal life, work, and study due to participation in clinical trials and reducing traveling and accompanying costs for patients with travel difficulties). This will provide more clinical trial opportunities for patients, improve the quality of clinical trials through digital technology, and ensure emergency measures for clinical trials.

As an integrated pharmaceutical R&D service platform, we are committed to expanding our clinical research service capabilities, constantly exploring innovative solutions, providing customers with high-quality services, and meeting customers' diversified needs. We are actively exploring innovative models of digitalization, attaining a number of achievements and empowering innovative pharmaceutical companies with our digital transformations. Our centralized digital clinical trial platform Tailinyan (泰臨研), an all-in-one platform, comprises CTMS, EDC, ESR, CTRM, eTMF, RBQM system and E-Site. RBQM, based on risk assessments, enhance patients' safety and data quality.

In September 2022, the Company successfully released RBQM (Phase II). RBQM (Phase II) features functions such as centralized surveillance of data analysis, risk visualization, and risk mitigations, advocating better quality and risk management. The system also meets higher level of compliance considerations and ensures better protection of the privacy and integrity of data.

At the beginning of 2023, the Company set up a DCT department, which is responsible for developing DCTs' strategy, launching pilot projects, and implementation. In the future, we aim to continue to develop new models of decentralized and intelligent clinical trial services in combination with big data and digitalization.

We cannot grow our business without the support from our customers. We have a high-quality and diversified customer base. In 2022, seven out of our top 20 customers are large multi-national pharmaceutical companies (with more than US$20 billion sales in 2022), and 14 are listed companies. Looking ahead, we will continue to deepen our relationships with existing customers by expanding our service offerings through diversified collaborations, leveraging our extensive project experience across different R&D stages and various therapeutic areas. Moreover, we will continue to invest in and incubate promising early-stage biotech and medical device companies to drive their development, which will provide us with access to potential customers and business opportunities while obtaining potential investment income. We also aim to further expand our customer base and attract new customers with innovative and differentiated product pipelines and recurring business needs for multiple R&D projects and diversified services. To achieve these goals, we will continue to invest in our business development and marketing efforts, enhance the expertise and customer reach of our business development team, and equip them with more technical and service resources to further attract and serve new customers across different fields and markets.

We have always been committed to high standards and healthy development of the clinical research industry, and actively carry out industry conferences to share our thinking and experiences. In 2022, the Company participated in conferences such as the DIA China Annual Meeting (DIA 中國年會), the PharmaDJ Clinical Development Leaders' Summit (研發客臨床年會) and the 11th China Rare Disease Summit (第十一屆中國罕見病高峰論壇). In addition, we participated in the compilation of the "China's Smart Health Care Blue Paper (2022)" (中國智慧健康醫療藍皮書(2022)) and our jointly compiled "A Guide for Drug Clinical Trial Patients" (藥物臨床試驗受試者小寶典) was published in March 2022. We also actively organize and participate in industry cooperation projects, share our practical experience to help the industry innovate and develop, and jointly explores the industry's future development.

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

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

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

8. Risk of failure in meeting customers' expectations

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

9. Risk of losing key customers and contracts

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

10. Risk of acquisitions and investments

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

11. Risk of failing to attract, train, motivate and retain talents

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

able to hire and retain the requisite number of qualified personnel to keep pace with our anticipated growth while maintaining consistent service quality. Our expenses to recruit and retain talent are expected to continue to increase along with the growth of the CRO market in China and around the world. If there is a significant increase, our business, financial condition and results of operations may be adversely affected. In addition, we may not always be successful in training our professionals to quickly adapt to technological advances, evolving standards and changing customer needs, and the quality of our services may therefore be severely affected. If there is any failure to attract, train or retain skilled personnel, our reputation, business, financial condition, results of operations and prospects could be materially and adversely affected.

12. Risk of talent loss

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

13. Risk related to our financial assets at FVTPL

The fair value of our financial assets at FVTPL, including listed equity securities, unlisted equity investments, unlisted fund investments, unlisted debt instruments and financial products, are subject to changes beyond our control. During the Corresponding Period and the Reporting Period, we recorded positive changes in fair value of financial assets at FVTPL in the amount of RMB1,815.4 million and RMB549.7 million, respectively. There is no guarantee that the changes in fair value of our financial assets at FVTPL will continue to be positive, and our financial results may be materially affected by fluctuations in the changes in fair value of financial assets at FVTPL. During the Corresponding Period and the Reporting Period, we recorded gains on disposal of and received dividends from financial assets at FVTPL of a total of RMB126.2 million and RMB3.5 million, respectively. There is also no guarantee that we will continue to make gains on disposal of financial assets at FVTPL in the future, and our financial results may be materially affected.

14. Foreign exchange risk

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

15. Risks of changes in international policies and situations

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

Employees

The number of our employees increased to 9,233 as of December 31, 2022 from 8,326 as of December 31, 2021. During the Reporting Period, we continued to expand our clinical operation and project management teams in key overseas markets including the U.S. and Europe as part of our growth strategies. As of December 31, 2022, our overseas employees were based out of 50 countries and regions across 5 continents.

We enter into individual employment contracts with our employees covering matters such as wages, bonuses, employee benefits, workplace safety, confidentiality obligations, non-competition and grounds for termination. These employment contracts typically have terms of three years. We also provide competitive salaries, bonus, A Share incentive scheme and other means to attract, motivate, retain and reward our employees. Our A Share incentive scheme covered all of our employees who had worked for us for at least three years at the time when the incentives were awarded. In addition, we invest in continuing education and training programs, including internal and external training, for our management staff and other employees to upgrade their skills and knowledge.

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

COMPLIANCE WITH THE CG CODE

The Company has adopted the principles and code provisions as set out in the CG Code contained in Appendix 14 to the Listing Rules and has complied with the code provisions in the CG Code during the Reporting Period.

MODEL CODE FOR SECURITIES TRANSACTIONS

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 March 11, 2022 (which was within the period of 60 days immediately preceding and including the date of the 2021 annual results announcement of the Company), 350,000 listed A Shares held by Ms. Cao Xiaochun, an executive Director and the general manager of the Company, were pledged as additional collaterals in favour of Huatai Securities Co., Ltd. (華泰證券股份有限公司) ("**Huatai**") for a loan provided by Huatai to her to facilitate her personal financial arrangements (the "**2022 Pledge**") as demanded by Huatai as a result of a significant drop of Share price of the Company at the relevant time. Ms. Cao Xiaochun was in a passive position in relation to the 2022 Pledge. The Directors (except Ms. Cao Xiaochun who is affected by the 2022 Pledge) were satisfied that the 2022 Pledge 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

(1) Repurchase and Cancellation of Some Restricted A Shares ("2019 Restricted Shares")

On March 28, 2022, the Company convened the twenty-second meeting of the fourth session of the Board, the fifteenth meeting of the fourth session of the Supervisory Committee, and on May 20, 2022, the Company convened the 2021 AGM, the 2022 First A Share class meeting and the 2022 First H Share class meeting, respectively, to approve the "Partial Repurchase and Cancellation of the 2019 Restricted Shares" (《回購註銷部分2019年限制性股份》), pursuant to which, the Company was approved to repurchase and cancel a total of 20,144 2019 Restricted Shares granted to two incentive participants the restricted shares of whom were not yet unlocked and three resigned incentive participants the restricted shares of whom were not yet unlocked according to the 2019 Restricted Shares Incentive Scheme. The repurchase price was RMB26.55 per Share and RMB31.46 per Share, respectively. The aforesaid repurchase and cancellation matters were completed on October 20, 2022.

(2) The Grant of the Reserved Portion under the 2019 Restricted Shares Incentive Scheme

Reference is made to the Company's announcement dated June 15, 2022 regarding the Completion of Registration of the Grant of the 3rd Reserved Portion under the 2019 Restricted Shares Incentive Scheme. The Shenzhen Stock Exchange and Shenzhen Branch of China Securities Depository and Clearing Corporation Limited confirmed that the Company had completed granting registration for the 3rd reserved portion under the 2019 Restricted Shares Incentive Scheme. The listing date of the granted shares was June 21, 2022. The reserved part containing 2,099,011 restricted shares was granted to 389 incentive participants.

(3) Repurchase of A Share of the Company

Pursuant to the Resolution on Plan for the Repurchase of the Shares of the Company approved at the twenty-first meeting of the fourth session of the Board on February 11, 2022, the Company repurchased a total of 3,909,800 A Shares on the Shenzhen Stock Exchange held by the public during the period from February 15, 2022 to May 26, 2022 for the purpose of subsequent implementation of the Company's equity incentive scheme or employee stock ownership plan. Particulars of the repurchases are as follows:

Month of repurchase	**Number of A Shares repurchased**	**Price paid per A Share**		**Aggregate consideration**
		Highest *(RMB)*	**Lowest** *(RMB)*	*(RMB)*
February	2,492,400	102.39	97.00	249,990,128.96
April	582,000	88.63	84.60	49,992,852.00
May	835,400	85.00	79.01	69,405,018.00

(4) The First Grant of the 2022 Restricted Shares under the 2022 Restricted Shares Incentive Scheme

Pursuant to the "Resolution on the First Grant of Restricted Shares to Participants under the 2022 Restricted A Share Incentive Scheme" (《關於向2022年A股限制性股票激勵計劃激勵對象首次授予限制性股票的議案》) approved at the thirty-first meeting of the fourth session of the Board on November 25, 2022, 6,079,784 of 2022 Restricted Shares (being ordinary A Shares repurchased by the Company in the secondary market) were granted to 817 participants with a grant price of RMB69 per Share under first grant of 2022 Restricted Shares.

Save as disclosed above, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

USE OF NET PROCEEDS FROM OUR HONG KONG INITIAL PUBLIC OFFERING

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

On March 28, 2022, the Board considered and approved the Proposed Change in Use of Proceeds. The Proposed Change in Use of Proceeds would enable the Company to better allocate its financial resources to opportunities that could drive sustainable growth for the Group and deliver returns to Shareholders in the near future. The Board considers that the changes would help the Company better seize domestic market opportunities, which is in line with the future growth strategies of the Company. The Proposed Change in Use of Proceeds was approved at the 2021 AGM held on May 20, 2022. Please refer to the announcements of the Company dated March 28, 2022 and May 20, 2022 and the circular of the Company dated April 28, 2022 for details. For the unutilized net proceeds of approximately HK$$6,102.2 million as at the end of the Reporting Period, the Company intends to use them in the same manner and proportions as described in the announcement of the Company dated March 28, 2022 and the circular of the Company dated April 28, 2022 and proposes to use the unutilized net proceeds in accordance with the expected timetable disclosed in the table below.

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

	Revised use of proceeds as stated in the announcement of the Company dated March 28, 2022 and the circular of the Company dated April 28, 2022 *(HK$ million)*	**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	404.9	404.9	1,189.5	36 to 48 months from the Listing
approximately 40% to fund potential acquisitions of attractive domestic and overseas clinical CROs that are complementary to our existing businesses as part of our global expansion plan to 1) further strengthen and diversify our service offerings and 2) expand globally and increase capabilities in key markets	4,727.0	343.0	343.0	4,384.0	36 to 60 months from the Listing
approximately 20% to foster our biopharmaceutical R&D ecosystem by making minority investments in domestic and overseas companies with innovative business models and growth potential, such as biotech companies, healthcare IT companies, hospitals, medical device and diagnostic research companies	296.7	222.6	222.6	74.1	36 to 48 months from the Listing
approximately 10% to repay certain of our outstanding borrowings as of May 31, 2020	1,181.7	1,181.7	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	569.6	569.6	21.3	12 to 36 months from the Listing
approximately 10% to working capital and general corporate purposes	1,181.7	748.4	748.4	433.3	–
Total	**9,572.4**	**3,470.2**	**3,470.2**	**6,102.2**	

Note:

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

FINAL DIVIDEND

The Board proposed to declare a final dividend of RMB5.5 (inclusive of tax) per 10 Shares (representing an aggregate amount of RMB475.7 million (inclusive of tax) based on the total issued Shares of the Company as at the date of this announcement) for the year ended December 31, 2022.

The aforesaid proposed is subject to the consideration and approval at the annual general meeting of the Company ("**AGM**"). If the distribution proposal is approved at the AGM, it is expected that the final dividend for the year ended December 31, 2022 will be paid in 60 days after the AGM to the Shareholders. Details regarding the closure of the register of members of the Company and declaration and payment of dividends will be announced in due course.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to December 31, 2022, the following significant events took place:

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

   Please refer to the announcement of the Company dated March 28, 2023 for details.

2. On March 28, 2023, the Company convened the thirty-second meeting of the fourth session of the Board to approve the proposed re-election of Dr. Ye Xiaoping, Ms. Cao Xiaochun and Mr. Wu Hao as executive Directors of the fifth session of the Board, election of Mr. Wen Zengyu as an executive Director of the fifth session of the Board, the re-election of Dr. Yang Bo and Mr. Liu Kai Yu Kenneth as independent non-executive Directors of the fifth session of the Board and election of Mr. Zhang Wensheng as an independent non-executive Director of the fifth session of the Board (the "**Proposed Election of the Fifth Session of the Board**"). The resolution on the Proposed Election of the Fifth Session of the Board is subject to approval of the ordinary resolution by the Shareholders at the AGM. Please refer to the announcement of the Company dated March 28, 2023 for details.

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

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

AGM AND PERIOD OF CLOSURE OF REGISTER OF MEMBERS

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

REVIEW OF ANNUAL RESULTS

The Audit Committee comprises three independent non-executive Directors, namely Mr. Liu Kai Yu Kenneth, Mr. Zheng Bijun and Dr. Yang Bo. The chairman of the Audit Committee is Mr. Liu Kai Yu Kenneth who holds the appropriate qualification as required under Rules 3.10(2) and 3.21 of the Listing Rules. The Audit Committee has reviewed the audited consolidated financial information of the Group for the year ended December 31, 2022 with the management and the auditors of the Company.

The Audit Committee considered that the annual results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof. The independent auditors of the Company, namely BDO Limited, has agreed that the figures in respect of the Group's annual results for the year ended December 31, 2022 contained in this announcement are consistent with the amounts set out in the Group's audited consolidated financial statements for the year.

The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2022

	Notes	**2022** ***RMB'000***	2021 *RMB'000*
Revenue	*5*	**7,085,471**	5,213,538
Cost of services		**(4,300,027)**	(2,965,420)
Gross profit		**2,785,444**	2,248,118
Other income	*6*	**284,961**	295,217
Other gains and losses, net	*7*	**620,322**	2,077,190
Provision of impairment losses, net	*8*	**(24,575)**	(24,426)
Selling and marketing expenses		**(149,890)**	(129,399)
Administrative expenses		**(643,315)**	(554,807)
Research and development expenses		**(234,619)**	(211,829)
Share of profits of associates		**39,763**	14,348
Finance costs	*9*	**(83,179)**	(24,910)
Profit before tax	*10*	**2,594,912**	3,689,502
Income tax expense	*11*	**(313,652)**	(292,864)
Profit for the year		**2,281,260**	3,396,638
Other comprehensive income for the year			
Items that will not be reclassified subsequently to profit or loss:			
Change in fair value of financial assets at fair value through other comprehensive income ("FVOCI"), net of tax		**14,624**	(14)
Remeasurement of net defined benefit obligations		**(112)**	–
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation of foreign operations		**288,788**	(89,905)
Total comprehensive income for the year		**2,584,560**	3,306,719
Profit for the year attributable to:			
Owners of the Company		**2,016,086**	2,879,099
Non-controlling interests		**265,174**	517,539
		2,281,260	3,396,638
Total comprehensive income for the year attributable to:			
Owners of the Company		**2,237,630**	2,815,119
Non-controlling interests		**346,930**	491,600
		2,584,560	3,306,719
Earnings per share	*12*		
– Basic (RMB)		**2.33**	3.32
– Diluted (RMB)		**2.33**	3.31

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2022

	Notes	2022 RMB'000	2021 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**976,679**	701,857
Intangible assets		**276,147**	234,090
Goodwill		**2,485,018**	1,778,948
Right-of-use assets		**622,354**	473,262
Interests in associates		**1,799,825**	738,799
Deferred tax assets		**121,353**	100,936
Financial assets at fair value through profit or loss ("FVTPL")	*14*	**9,963,853**	8,746,344
Financial assets at FVOCI	*14*	**3,864**	13,531
Other financial assets at amortised cost		**27,607**	–
Restricted bank deposits		**2,089**	1,913
Other non-current assets		**62,564**	101,605
		16,341,353	12,891,285
CURRENT ASSETS			
Inventories		**22,204**	6,095
Trade, bills and other receivables and prepayments	*15*	**1,186,273**	952,017
Contract assets	*16*	**1,997,311**	1,285,475
Financial assets at FVTPL	*14*	**24,946**	29,180
Prepaid income tax		**15,136**	34,678
Restricted bank deposits	*17*	**19,115**	8,586
Time deposits with original maturity over three months	*17*	**54,194**	155,440
Cash and cash equivalents	*17*	**7,782,741**	8,378,417
		11,101,920	10,849,888
Assets classified as held for sale		**3,237**	–
		11,105,157	10,849,888
CURRENT LIABILITIES			
Trade and other payables	*18*	**717,950**	879,962
Contract liabilities		**939,765**	789,509
Borrowings	*19*	**1,868,215**	492,320
Income tax payables		**85,875**	176,410
Lease liabilities		**117,764**	74,515
		3,729,569	2,412,716

	Notes	2022 ***RMB'000***	2021 *RMB'000*
NET CURRENT ASSETS		**7,375,588**	8,437,172
TOTAL ASSETS LESS CURRENT LIABILITIES		**23,716,941**	21,328,457
NON-CURRENT LIABILITIES			
Borrowings	*19*	**244,641**	–
Deferred government grant		**14,786**	–
Pension obligations		**425**	–
Lease liabilities		**488,976**	406,839
Other long-term liabilities		**72,692**	114,881
Deferred tax liabilities		**214,393**	201,540
		1,035,913	723,260
NET ASSETS		**22,681,028**	20,605,197
CAPITAL AND RESERVES			
Share capital	*20*	**872,419**	872,439
Treasury shares	*21*	**(869,340)**	(579,186)
Reserves		**19,625,366**	17,892,210
Equity attributable to owners of the Company		**19,628,445**	18,185,463
Non-controlling interests		**3,052,583**	2,419,734
TOTAL EQUITY		**22,681,028**	20,605,197

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

The Group is principally engaged in the CRO services.

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

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

2. BASIS OF PREPARATION

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

3. ADOPTION OF IFRSS

(a) Adoption of new/revised IFRSs – effective January 1, 2022

The IASB has issued a number of new or amended IFRSs that are first effective for the current accounting period of the Group:

Amendments to IAS 16	*Proceeds before Intended Use*
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Amendments to IFRS 3	*Reference to the Conceptual Framework*
Amendments to IFRS 16	*COVID-19-Related Rent Concessions beyond June 30, 2021*
Annual Improvements to IFRSs 2018-2020	

None of these new or amended IFRSs has a material impact on the Group's results and financial position and performance for the current or prior period. The Group has not early applied any new or amended IFRSs that is not yet effective for the current accounting period.

4. SEGMENT INFORMATION

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

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

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

– Clinical trial solutions

– Clinical-related and laboratory services

Segment revenues and results

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

For the year ended December 31, 2022

	Clinical trial solutions *RMB'000*	**Clinical-related and laboratory services** *RMB'000*	**Total** *RMB'000*
Revenue	**4,125,199**	**2,960,272**	**7,085,471**
Gross profit	**1,536,811**	**1,248,633**	**2,785,444**
Unallocated amounts:			
Other income			**284,961**
Other gains and losses, net			**620,322**
Provision of impairment losses, net			**(24,575)**
Selling and marketing expenses			**(149,890)**
Administrative expenses			**(643,315)**
Research and development expenses			**(234,619)**
Share of profits of associates			**39,763**
Finance costs			**(83,179)**
Profit before tax			**2,594,912**

For the year ended December 31, 2021

	Clinical trial solutions *RMB'000*	Clinical-related and laboratory services *RMB'000*	Total *RMB'000*
Revenue	2,993,652	2,219,886	5,213,538
Gross profit	1,325,432	922,686	2,248,118
Unallocated amounts:			
Other income			295,217
Other gains and losses, net			2,077,190
Provision of impairment losses, net			(24,426)
Selling and marketing expenses			(129,399)
Administrative expenses			(554,807)
Research and development expenses			(211,829)
Share of profits of associates			14,348
Finance costs			(24,910)
Profit before tax			3,689,502

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about performance assessment and resources allocation. No analysis of segment assets and liabilities is presented as management does not regularly review such information for the purposes of performance assessment and resource allocation. Therefore, only segment revenue and gross profit are presented.

Geographical information

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

	2022 ***RMB'000***	2021 *RMB'000*
Revenue from external customers		
– PRC	**3,601,587**	2,756,080
– Other overseas countries and regions	**3,483,884**	2,457,458
	7,085,471	5,213,538

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

	2022	2021
	RMB'000	*RMB'000*
Non-current assets excluding financial assets and deferred tax assets		
– PRC	**3,695,750**	2,341,230
– Other overseas countries and regions	**2,522,755**	1,621,072
	6,218,505	3,962,302

Information about major customers

Since no revenue from sale to a single customer amounted to 10% or more of the Group's revenue during the current and prior year, no major customer information is presented in accordance with IFRS 8 "Operating Segments".

5. REVENUE

The Group's revenue streams are categorised as follows:

– Clinical trial solutions consist of clinical trial operation services and other core clinical services directly associated with clinical trial operations such as medical writing, translation and registration services, and pharmacovigilance services.

– Clinical-related and laboratory services consist of ancillary services that provide the necessary support to clinical trial operations, including analytical services (e.g., data management and statistical analysis, and medical imaging), logistical and execution support services (e.g., site management), administrative assistance (e.g., patient recruitment), consulting services (e.g., good manufacturing practice consulting), laboratory services (e.g., drug metabolism and pharmacokinetics, safety and toxicology, bioanalytical, and chemistry, manufacturing and controls services), as well as chemistry services.

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

	2022	2021
	RMB'000	*RMB'000*
Overtime		
Clinical trial solutions	**4,125,199**	2,993,652
Clinical-related and laboratory services	**2,960,272**	2,219,886
	7,085,471	5,213,538

Transaction price allocated to future performance obligations

The aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) was RMB13,785,925,000 (2021: RMB11,404,911,000) as at December 31, 2022. Management of the Group expects the majority of the transaction price allocated to the unsatisfied contracts as of the end of each reporting period will be recognised within 3 years from the end of each reporting period.

The following table provides information about trade and bills receivables, contract assets and contract liabilities from contracts with customers.

	2022	2021
	RMB'000	*RMB'000*
Trade and bills receivables *(Note 15)*	**1,033,820**	816,057
Contract assets *(Note 16)*	**1,997,311**	1,285,475
Contract liabilities	**(939,765)**	(789,509)

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed because the rights are conditioned on the Group's future performance in archiving specified milestones of the contract at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group provides the invoice to the customers.

The contract liabilities mainly relate to the advance consideration received from customers.

6. OTHER INCOME

	2022	2021
	RMB'000	*RMB'000*
Interest income from bank deposits	**227,338**	255,877
Interest income from financial products	**1,090**	3,172
Government grants	**50,181**	23,854
Dividend income from financial assets at FVTPL	**5,263**	11,365
Others	**1,089**	949
	284,961	295,217

7. OTHER GAINS AND LOSSES, NET

	2022	2021
	RMB'000	*RMB'000*
Net foreign exchange gain/(loss)	**20,132**	(11,832)
Loss on disposal/written off of property, plant and equipment and intangible assets	**(87)**	(531)
Change in fair value of financial assets at FVTPL	**549,690**	1,815,390
Fair value change of contingent consideration payables	**(1,304)**	(14,171)
Gain on disposal of subsidiaries	**–**	168,532
Gain on disposal of associates	**54,135**	4,937
(Loss)/gain on disposal of financial assets at FVTPL	**(1,799)**	114,865
Loss on property, plant and equipment upon reclassification to assets classified as held for sale	**(445)**	–
	620,322	2,077,190

8. IMPAIRMENT LOSSES

	2022	2021
	RMB'000	*RMB'000*
Impairment losses under ECL model, net of reversal		
Trade receivables	**21,891**	12,803
Contract assets	**1,971**	12,915
Other receivables	**713**	(1,293)
	24,575	24,425
Impairment loss of prepayments	**–**	1
Provision of impairment losses, net	**24,575**	24,426

9. FINANCE COSTS

	2022	2021
	RMB'000	*RMB'000*
Interest expense on bank borrowings	**57,846**	3,671
Interest on lease liabilities	**25,333**	21,239
	83,179	24,910

10. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging/(crediting):

	2022	2021
	RMB'000	*RMB'000*
Depreciation of property, plant and equipment	**113,932**	82,103
Amortisation of intangible assets	**64,314**	40,320
Depreciation of right-of-use assets	**106,598**	74,339
Staff costs (including directors' emoluments):		
– Salaries and other benefits	**2,296,879**	1,696,523
– Retirement benefits scheme contributions	**276,638**	205,727
– Share-based payment expenses	**54,513**	92,286
	2,628,030	1,994,536
Auditors' remuneration	**4,340**	4,200
Short-term leases with application of recognition exemption	**21,527**	3,927
Leases of low-value assets with application of recognition exemption	**8,220**	4,396

11. INCOME TAX EXPENSE

	2022	2021
	RMB'000	*RMB'000*
Current tax:		
– PRC Enterprise Income Tax ("**EIT**")	**252,007**	245,923
– U.S. income tax	**66,033**	10,465
– Korean income tax	**3,185**	3,417
– Others	**14,840**	7,193
(Over)/under provision of current tax in prior year	**(4,347)**	1,730
	331,718	268,728
Deferred tax:		
– Current year	**(18,066)**	24,136
Total income tax expense	**313,652**	292,864

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the standard EIT rate of the PRC subsidiaries is 25%. For the PRC subsidiaries approved as High and New Technology Enterprise or Advance Technology Enterprise by the relevant government authorities, they are subject to a preferential rate of 15%. Funds established as partnerships in the PRC are not taxable entities and EIT will apply at the partner's level. For non-resident enterprises without any establishment in the PRC, they are subject to withholding income tax rate of 10% for their income from the PRC.

The group entities incorporated in USA are subject to Federal Corporate Tax and State Income Tax. The tax rate for Federal Income Tax is 21% for both years. The income subject to tax in a specific state (i.e. state taxable income) is calculated based on the federal taxable income with state tax adjustments, which is then allocated or apportioned to the respective states (i.e. percentage of taxable income that should be apportioned or specially allocated to the respective states in which the Group operates).

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

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

The group entities established in the British Virgin Islands ("**BVI**") are not subject to income tax or capital gains tax under the law of the BVI.

Taxation arising from other jurisdictions is calculated at the rate prevailing in the relevant jurisdictions.

The income tax expense for the year can be reconciled to the profit before tax in the consolidated statement of profit or loss and other comprehensive income as follows:

	2022	2021
	RMB'000	*RMB'000*
Profit before tax	**2,594,912**	3,689,502
Tax at the applicable tax rate of 25%	**648,728**	922,376
Tax effect of share of profits of associates	**(9,941)**	(3,587)
Tax effect of income not taxable for tax purpose	**(142,742)**	(457,443)
Tax effect of expenses not deductible for tax purpose	**15,403**	19,047
(Over)/under provision of current tax in prior year	**(4,347)**	1,730
Effect of research and development expenses that are additionally deducted	**(49,000)**	(34,853)
Utilisation of deductible temporary differences and tax losses not recognised	**(6,532)**	(3,769)
Tax at concessionary rate	**(134,522)**	(146,791)
Effect on deferred tax assets or liabilities resulting from change in applicable tax rate	**1,544**	464
Effect of different tax rate of subsidiaries operating in other jurisdictions	**(4,939)**	(4,310)
Income tax expense	**313,652**	292,864

12. EARNINGS PER SHARE

(a) Basic earnings per share

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

	2022	2021
	RMB'000	*RMB'000*
Profit for the year attributed to owners of the Company	**2,016,086**	2,879,099
Effect of cash dividend distributed to holders whose restricted shares are expected to be unlocked *(note (i))*	**–**	(1,221)
Earnings for the purpose of calculating basic earnings per share	**2,016,086**	2,877,878

Number of shares:

	2022	2021
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**864,681,059**	865,627,320

(b) Diluted earnings per share

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

	2022	2021
	RMB'000	*RMB'000*
Profit for the year attributed to owners of the Company	**2,016,086**	2,879,099
Effect of share options issued by subsidiaries *(note (ii))*	**(1,569)**	(4,959)
Earnings for the purpose of calculating diluted earnings per share	**2,014,517**	2,874,140

Number of shares:

	2022	2021
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**864,681,059**	865,627,320
Effect of dilutive potential ordinary shares in respect of outstanding restricted share under restricted share scheme *(note (i))*	**806,269**	2,605,465
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**865,487,328**	868,232,785

Notes:

(i) The effect of cash dividend distributed to restricted shares holders and dilutive potential ordinary shares is related to the restricted share scheme launched by the Company. For the restricted shares granted under 2022 restricted share scheme, it is not considered for the calculation of diluted earnings per share as the exercise price is higher than the fair value of the stock price.

(ii) During the year ended December 31, 2022, the effect of share options issued by subsidiary is related to the share option and share awards issued by Frontage Holdings Corporation ("Frontage Holdings") and share options issued by DreamCIS Inc. ("DreamCIS"), subsidiaries of the Company. The effect of share options issued by Meditip Co., Ltd ("Meditip"), a subsidiary of the Company, is not considered for the calculation of diluted earnings per share as the exercise price is higher than the fair value of the stock price of Meditip. During the year ended December 31, 2021, the effect of share options issued by subsidiaries is related to the share options issued by Frontage Holdings, DreamCIS and Fantastic Bioimaging Co., Ltd.

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

13. DIVIDENDS

During the year ended December 31, 2022, the Company proposed cash dividends to its shareholders as follows:

	2022	2021
	RMB'000	*RMB'000*
Final dividend proposed after the end of the reporting period of RMB0.55 and RMB0.50 in respect of the years ended December 31, 2022 and 2021, respectively	**475,722**	433,193

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

14. FINANCIAL ASSETS AT FAIR VALUE/FINANCIAL PRODUCTS

	2022	2021
	RMB'000	*RMB'000*
Financial assets		
Non-current assets		
Financial assets at FVTPL		
– Life insurance policies *(note (a))*	**2,680**	–
– Listed equity securities	**304,175**	105,519
– Unlisted debt instrument	**20,000**	–
– Unlisted equity investments	**4,718,449**	4,071,784
– Unlisted fund investments	**4,918,549**	4,569,041
	9,963,853	8,746,344
Financial assets at FVOCI		
– Unlisted equity investments	**3,864**	13,531
Current assets		
Financial assets at FVTPL		
– Financial products *(note (b))*	**24,770**	29,180
– Listed equity securities	**62**	–
– Unlisted fund investments	**114**	–
	24,946	29,180

Notes:

(a) Before Meditip Co., Ltd. ("Meditip") was acquired by DreamCIS and became a subsidiary of the Company, Meditip, entered into certain insurance policies with insurance companies to insure the directors of Meditip in prior years.

Under these policies, the policy holder and beneficiary is Meditip. The Group is required to pay an upfront payment for each policy. The Group can terminate the policy at any time and can receive cash back at the date of termination based on the account value of the policies, which is determined by the gross premium paid plus accumulated guaranteed interest earned and minus any charges made in accordance with the terms and conditions of the policies. If termination is made between the first policy year to the end of surrender period stated in the policies, there is a specified amount of surrender charge deducted from account value. The insurance companies will pay the Group guaranteed interest plus a premium determined by the insurance companies during the tenures of these policies.

(b) The Group entered into series of financial products contracts with banks and other financial institutions in the PRC. The investments are yield enhancement deposits with expected but not guaranteed rates of return. The expected rates of return was 3.25% (2021: 3.15%) per annum for the year ended December 31, 2022, which were determined by reference to the returns of the underlying investments. The directors considered the financial products shall be classified as financial assets at FVTPL and the amount paid for the financial products approximates its fair value at the end of each reporting period.

15. TRADE, BILLS AND OTHER RECEIVABLES AND PREPAYMENTS

	2022	2021
	RMB'000	*RMB'000*
Trade receivables		
– Third parties	**1,105,316**	857,610
– Related parties	**–**	3,979
Less: loss allowance for trade receivables	**(77,527)**	(52,462)
	1,027,789	809,127
Bills receivable		
– Third parties	**6,031**	6,930
Other receivables		
– Third parties	**99,619**	74,160
– Related parties	**1,010**	505
Less: loss allowance for other receivables	**(7,302)**	(6,549)
	93,327	68,116
Consideration receivables *(note (a))*	**–**	8,550
Prepayments *(note (b))*		
– Third parties	**59,103**	59,229
– Related parties	**23**	65
	59,126	59,294
	1,186,273	952,017

Notes:

(a) Consideration receivable for disposal of financial asset at FVTPL

The amount has also included the consideration receivable for the disposal of the interest in financial assets held by the Group, amounting to nil (2021: RMB8,550,000) as at December 31, 2022.

(b) For the year ended December 31, 2022, the Group recorded in impairment of nil on the prepayments (2021: RMB1,000).

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

	2022	2021
	RMB'000	*RMB'000*
Within 90 days	**854,554**	739,843
91 to 180 days	**107,104**	29,636
181 days to 1 year	**41,734**	31,212
Over 1 year	**24,397**	8,436
	1,027,789	809,127

16. CONTRACT ASSETS

	2022	2021
	RMB'000	*RMB'000*
Contract assets		
– Third parties	**2,043,093**	1,322,711
– Related parties	**1,550**	8,125
Less: loss allowance for contract assets	**(47,332)**	(45,361)
	1,997,311	1,285,475

Changes in contract assets primarily relate to timing invoicing.

17. CASH AND CASH EQUIVALENTS/TIME DEPOSITS WITH ORIGINAL MATURITY OVER THREE MONTHS/RESTRICTED BANK DEPOSITS

	2022	2021
	RMB'000	*RMB'000*
Cash and cash equivalents *(note (a))*	**7,782,741**	8,378,417
Time deposits with original maturity over three months (note (d))	**54,194**	155,440
Restricted bank deposits		
Portion classified as current assets *(notes (b), (e) and (f))*	**19,115**	8,586
Non-current portion *(note (c))*	**2,089**	1,913
	21,204	10,499

Notes:

(a) At the end of each reporting period, cash and cash equivalents of the Group comprised of bank balances and cash held. Bank balances carried interest at prevailing market interest rates which ranged from 0.02% to 4.20% (2021: 0.30% to 3.75%) per annum as at December 31, 2022.

(b) As at December 31, 2022, a cash deposit of US$357,000 (equivalent to approximately RMB2,486,000) (2021: US$353,000 (equivalent to approximately RMB2,252,000)) was required by Pennsylvania Department of Environmental Protection, Bureau of Radiation Protection in the USA for radiology license in USA, and the amount is restricted. As at December 31, 2022, the remaining amount in the collateral account was US$357,000 (equivalent to approximately RMB2,486,000) (2021: US$353,000 (equivalent to approximately RMB2,252,000)), which has been included in restricted bank deposits.

(c) According to the lease agreement for the property at Secaucus, NJ, a cash deposit of US$300,000 was required as a guarantee over the property until the end of the lease term in 2027.

(d) Time deposits with original maturity over three months represent fixed deposits with maturity more than three months from the date of acquisition which carried interest at prevailing market rates ranging from 2.35% to 5.20% (2021: 1.01% to 2.00%) per annum as at December 31, 2022.

(e) On March 3, 2021, a cash deposit of RMB1,000,000 was required by Shanghai Customs District P.R. China in the PRC for import value-added tax in China, and the amount is restricted. As at December 31, 2022, the remaining amount in the escrow account was nil (2021: RMB1,000,000), which has been included in restricted bank deposits.

(f) As at December 31, 2022, certain bank deposits with balances of approximately RMB7,118,000 (2021: RMB5,259,000) was pledged to secure bills payable of approximately nil (2021: RMB22,118,000) and bank facilities greated to the Group (see Note 18).

(g) Subsequent to year ended December 31, 2022, management noted that Silicon Valley Bank ("**SVB**") has been closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation ("**FDIC**") as receiver.

As at December 31, 2022, the Group has deposit accounts with SVB with an aggregate balance of approximately US$5.5 million (equivalent to approximately RMB38.1 million). The FDIC's standard insurance covers up to US$250,000 per depositor, per bank for each account ownership category. The FDIC has stated that it will pay uninsured depositors an advance dividend within the week of March 13, 2023, and uninsured depositors will receive a receivership certificate for the remaining amount of their uninsured funds.

Management considered that the credit risks of the relevant financial assets have increased significantly since initial recognition. Management is in the view that the identified impairment loss was immaterial to the Group's consolidated financial statements.

18. TRADE AND OTHER PAYABLES

	2022 *RMB'000*	2021 *RMB'000*
Trade payables		
– Third parties	**125,563**	96,098
– Related parties	**32,395**	29,651
	157,958	125,749
Bills payable		
– Third parties *(note (a))*	**–**	22,118
Other payables		
– Third parties	**70,678**	86,879
– Related parties	**597**	–
– Consideration payables *(note (b))*	**2,298**	154,460
– Contingent consideration payables	**79,421**	61,322
– Restricted share repurchase payable	**–**	67,607
– Dividend payable	**2,266**	1,221
– Salary and bonus payables	**292,868**	256,194
– Other taxes payable	**111,864**	104,412
	559,992	732,095
	717,950	879,962

Notes:

(a) As at December 31, 2022, bills payable were arranged with banks under secured credit facilities. The Group's bills payable were secured by pledged deposits of approximately nil (2021: RMB5,259,000).

(b) Consideration payable for acquisition of additional interests in subsidiaries.

Included in consideration payables as at December 31, 2021 represents the consideration payable for the acquisition of additional 40% equity interests in Mosim, a non-wholly owned subsidiary of the Company, amounting to RMB97,140,000. The amount has been settled during the year ended December 31, 2022.

Payment terms with suppliers are mainly on credit ranging from 30 to 60 days from invoice date. The following is an aging analysis of trade payables, presented based on invoice date, at the end of each of the reporting period:

	2022 *RMB'000*	2021 *RMB'000*
Within 90 days	**138,716**	119,618
91 days to 1 year	**16,284**	2,024
Over 1 year	**2,958**	4,107
	157,958	125,749

19. BORROWINGS

	2022 *RMB'000*	2021 *RMB'000*
Secured and unguaranteed bank loans *(note (a))*	**340,232**	70
Unsecured and guaranteed bank loans *(note (b))*	**2,706**	–
Unsecured and unguaranteed bank loans *(note (c))*	**1,769,918**	492,250
	2,112,856	492,320
Loan interest at rate per annum in the range of	**1.50%-9.50%**	3.40%-4.45%

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

	2022 *RMB'000*	2021 *RMB'000*
On demand or within one year	**1,868,215**	492,320
More than one year, but not exceeding two years	**28,778**	–
More than two year, but not exceeding five years	**165,329**	–
Over five years	**50,534**	–
	2,112,856	492,320

The carrying amounts of the Group's interest-bearing bank borrowing approximate to their fair values.

Notes:

(a) The Group has used certain restricted bank deposits in Note 17, to aggregate banking facilities of RMB360,000,000 (2021: RMB120,000,000) acquired from the bankers, of which nil (2021: RMB22,118,000) and RMBnil (2021: RMB70,000) were utilised as bills payable and borrowing respectively, as at December 31, 2022.

On May 31, 2022, Frontage Laboratories, Inc. ("Frontage Labs") entered into a three-year committed senior secured revolving credit agreement with a bank under which the bank has agreed to extend to Frontage Labs a revolving line of credit in the maximum principal amount of US$25,000,000 (equivalent to RMB174,115,000) (subject to an uncommitted increase of up to but not exceeding US$45,000,000 (equivalent to RMB313,407,000)). As at December 31, 2022, US$3,000,000 (equivalent to RMB20,894,000) of the facility were utilised. Frontage Labs is obligated to grant to the bank security interest in and to the collateral of some of its designated subsidiaries in the USA.

On July 22, 2022, Frontage Labs entered into a credit agreement with a bank under which the bank has agreed to provide Frontage Labs a term loan facility in an aggregate principal amount of US$49,000,000 (equivalent to RMB341,265,000). As at December 31, 2022, US$15,000,000 (equivalent to RMB104,469,000) of the facility were utilized. Frontage Holdings Corporation, as the guarantor, is obligated to guarantee for the liabilities, obligations and the full satisfaction of Frontage Labs under this facility. This facility is collateralized by Frontage Labs' assets in some of its designated subsidiaries in the U.S.

On September 16, 2022, Quintara Discovery, Inc.("Quintara") entered into a loan agreement with a bank under which the bank has agreed to provide Quintara with a loan in an aggregate principal amount of up to US$20,000,000 (equivalent to RMB139,292,000) with multiple loan advances. As at December 31, 2022, the loan in the amount US$10,000,000 (equivalent to RMB69,646,000) were utilized. Frontage Labs and the Company, as the guarantors, are obligated to guarantee for the full satisfaction of this loan. This loan is also collateralized by Frontage Labs' entire interest in Quintara.

(b) As at December 31, 2022, bank borrowings amounting to RMB2,706,000 were guaranteed by personal guarantees provided by one of the director of a subsidiary.

(c) At December 31, 2022, the Group had banking facilities to the extent of RMB8,950,000,000 (2021: RMB4,117,500,000). The aforesaid bank loans outstanding as at December 31, 2022 were RMB1,769,918,000 (2021: RMB492,250,000).

(d) The Group had aggregated banking facilities of RMB7,855,027,000 (2021: RMB3,723,062,000) which were unutilised as at December 31, 2022.

20. SHARE CAPITAL

	Number of ordinary shares	Authorised shares *RMB'000*	Issued and paid shares *RMB'000*
As at January 1, 2021	872,483,508	872,484	872,484
Cancellation of shares *(note (a))*	(45,144)	(45)	(45)
As at December 31, 2021 and January 1, 2022	**872,438,364**	**872,439**	**872,439**
Cancellation of shares *(note (a))*	**(20,144)**	**(20)**	**(20)**
As at December 31, 2022	**872,418,220**	**872,419**	**872,419**

Note:

(a) During the year ended December 31, 2022, some of the Company's original incentive recipients resigned and lost their right to receive incentive. Therefore, the Company repurchased and cancelled 20,144 (2021: 45,144) restricted shares previously held by these incentive recipients with a deduction from the treasury shares of RMB644,000 (2021: RMB1,476,000), including a reduction of RMB20,000 (2021: RMB45,000), in share capital, and RMB624,000 (2021: RMB1,431,000), in share premium.

21. TREASURY SHARES

	As at December 31,			
	2022		2021	
	Number of ordinary shares	**Cost of acquisition *RMB'000***	Number of ordinary shares	Cost of acquisition *RMB'000*
Balance brought forward	**6,037,121**	**579,186**	4,783,141	157,912
Repurchase of shares *(note (a))*	**3,909,800**	**369,391**	3,559,850	499,949
Shares transferred under 2021 share purchase scheme *(note (b))*	**–**	**–**	(286,372)	(12,672)
Cancellation of shares	**(20,144)**	**(644)**	(45,144)	(1,476)
Vesting of restricted share units under restricted share scheme	**(2,457,127)**	**(78,593)**	(1,974,354)	(64,527)
Balance carried forward	**7,469,650**	**869,340**	6,037,121	579,186

Notes:

(a) The Company acquired its own shares in the open market which are held as treasury shares.

(b) During the year ended December 31, 2021, the Company has adopted the 2021 share purchase scheme. On February 1, 2021, 286,372 shares previously repurchased by the Company were transferred to the 2021 share purchase scheme by way of non-trade transfer at RMB44.25 per share.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the website of the Stock Exchange at http://www.hkexnews.hk and on the website of the Company at www.tigermedgrp.com. The 2022 annual report of the Company containing all the information required by the Listing Rules will be dispatched to the Shareholders in due course and will be published on the websites of the Company and the Stock Exchange.

APPRECIATION

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

DEFINITIONS

"2022 Restricted Share(s)"	the shares of the Company to be obtained in tranches and registered by the Participants who meet the conditions for grant under the 2022 Restricted Share Incentive Scheme after meeting the corresponding vesting conditions
"2022 Restricted Share Incentive Scheme"	2022 Restricted A Share Incentive Scheme of Hangzhou Tigermed Consulting Co., Ltd.
"A Share(s)"	ordinary shares issued by the Company, with a nominal value of RMB1.00 each, which are subscribed for or credited as paid in Renminbi and are listed for trading on the Shenzhen Stock Exchange
"Articles of Association"	the articles of association of the Company, as amended from time to time
"Audit Committee"	the audit committee of the Board
"Board"	our board of Directors
"CG Code"	the "Corporate Governance Code" as contained in Appendix 14 to the Listing Rules

"China" or "PRC"	the People's Republic of China, which for the purpose of this annual results announcement and for geographical reference only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Company" or "our Company"	Hangzhou Tigermed Consulting Co., Ltd. (杭州泰格醫藥科技股份有限公司), the A Shares of which are listed on the Shenzhen Stock Exchange (stock code: 300347) and the H Shares of which are listed on the Stock Exchange (stock code: 03347)
"COVID-19"	Novel Coronavirus
"CRLS"	Clinical-related and Laboratory Services
"CRO"	Contract Research Organization
"CTS"	Clinical Trial Solutions
"Director(s)"	the director(s) of the Company or any one of them
"DreamCIS"	DreamCIS Inc., a joint stock company incorporated under the laws of Korea on April 27, 2000, which is listed on the Korean Securities Dealers Automated Quotations of the Korea Exchange (stock code: A223250) and a subsidiary of the Company
"EMEA"	Europe, Middle East and Africa
"Frontage"	Frontage Holdings Corporation, a company incorporated under the laws of the Cayman Islands with limited liability on April 16, 2018, which is listed on the Stock Exchange (stock code: 1521) and a subsidiary of the Company
"FVOCI"	fair value through other comprehensive income
"FVTPL"	Fair Value Through Profit or Loss
"Group" or "we"	the Company and its subsidiaries
"H Share(s)"	ordinary share(s) in the share capital of our Company with nominal value of RMB1.00 each, which are listed on the Stock Exchange
"HK$"	Hong Kong dollars and cents, both are the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IFRS"	International Financial Reporting Standards

"KRW"	South Korean Won, the lawful currency of the South Korea
"Listing" or "IPO"	the listing of the H Shares on the Main Board of the Stock Exchange on August 7, 2020
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
"Model Code"	the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix 10 to the Listing Rules
"MRCTs"	Multi-regional Clinical Trials
"NMPA"	China National Medical Products Administration
"Prospectus"	the prospectus issued by the Company dated July 28, 2020
"RMB"	Renminbi, the lawful currency of the PRC
"R&D"	research and development
"Reporting Period"	the twelve months ended December 31, 2022
"Share(s)"	comprising A Shares and H Shares
"Shareholder(s)"	holder(s) of Shares
"sq. ft."	square feet
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor"	the supervisor(s) of the Company or any one of them
"Supervisory Committee"	our board of Supervisors
"U.S."	United States
"US$"	United States dollars, the lawful currency of the United States
"YoY"	year-over-year
"%"	percentage

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

Hong Kong, March 28, 2023

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

* *For identification purpose only*

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