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

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

(Stock Code: 3347)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2020

The Board of Hangzhou Tigermed Consulting Co., Ltd. (杭州泰格醫藥科技股份有限公司) (the "**Company**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**" or "**we**") for the six months ended June 30, 2020 (the "**Reporting Period**"), together with comparative figures for the six months ended June 30, 2019 (the "**Corresponding Period**"). Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as those defined in the Prospectus of our Company dated July 28, 2020.

FINANCIAL HIGHLIGHTS

	For the six months ended June 30,		
	2020	2019	Change
	RMB'000	*RMB'000*	
	(Unaudited)	(Unaudited)	
Revenue	**1,451,994**	1,328,164	9.3%
Gross Profit	**698,114**	617,967	13.0%
Gross Profit Margin	**48.1%**	46.5%	
Net Profit (after Tax) for the Reporting Period Attributable:	**1,048,998**	573,342	83.0%
Owners of the Company	**1,011,877**	510,924	98.0%
Non-controlling Interest	**37,121**	62,418	-40.5%
Net Profit Margin	**72.2%**	43.2%	
Earnings per share			
– Basic (RMB)	**1.36**	0.69	97.1%
– Diluted (RMB)	**1.35**	0.69	95.7%

The Board resolved not to declare any interim dividend for the six months ended June 30, 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

The first half of the year 2020 was challenging when the world was hit severely by the COVID-19 outbreak. During this difficult period of time, we remained committed to our customers by mobilizing internal resources and leveraging our project execution capabilities aiming to accelerate the temporarily delayed projects with an effort to meet the agreed delivery schedule and milestones and address the increasing demand of our customers, whilst keeping the safety and health of our employees as our first priority.

In spite of the COVID-19 outbreak, our revenue still increased by 9.3% year-over-year from RMB1,328.2 million during the Corresponding Period to RMB1,452.0 million during the Reporting Period. Revenue generated from clinical trial solutions reached RMB711.0 million and that from clinical-related and laboratory services reached RMB741.0 million, representing a year-over-year growth of 13.3% and 5.7% respectively.

COVID-19 Impact

During the Reporting Period, Mainland China, Hong Kong SAR, Taiwan and certain other regions and countries where we operate, including the United States, Korea, Canada, Malaysia, Singapore, India, Australia, Switzerland and Romania, have been affected by the COVID-19 outbreak and, in response, have imposed widespread lockdowns, closure of work places and restrictions on mobility and travel to contain the spread of the virus. Due to the COVID-19 outbreak, certain of our ongoing biopharmaceutical R&D projects in China and overseas, including our clinical trial operations, site management and patient recruitment projects and laboratory services, have been adversely affected in a number of ways:

- Hospitals and other clinical sites in both China and overseas have devoted significant medical resources to patients infected with COVID-19 outbreak, resulting in fewer medical staff and facility resources available for clinical trials and related functions and services.

- In both China and overseas, patient candidates have become less willing to participate in clinical trials out of concern about potential infection at clinical sites, which has presented challenges to patient recruitment.

- The COVID-19 outbreak had resulted in regulatory approval delays and increasing backlog of pending drug and medical device applications in China and overseas due to government-imposed lockdowns, workplace closures and travel restrictions.

- To a lesser extent, reduced transportations and disruption to manufacturing and logistics networks in China and overseas has affected our customers' as well as suppliers' abilities to manufacture drug candidates and other supplies necessary for our clinical trials and laboratory testing. Nevertheless, as of June 30, 2020, most of our suppliers had resumed normal operations.

- Moreover, as social and work gatherings were banned or restricted, mandatory quarantine requirements were imposed and public transportation was suspended in certain cities and countries where our offices and facilities are located, a portion of our employees have been working remotely and our operations in those regions have been interrupted to the extent onsite services of our employees were required.

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

Revenue

During the Reporting Period, our revenue increased by 9.3% year-over-year from RMB1,328.2 million during the Corresponding Period to RMB1,452.0 million. During the Reporting Period, revenue generated from clinical trial solutions reached RMB711.0 million from RMB627.3 million during the Corresponding Period, representing a year-over-year growth of 13.3%. During the Reporting Period, revenue generated from clinical-related and laboratory services reached RMB741.0 million from RMB700.9 million during the Corresponding Period, representing a year-over-year growth of 5.7%. Geographically, revenue generated in the PRC increased from RMB718.3 million during the Corresponding Period to RMB845.8 million, representing a year-over-year growth of 17.8%, while revenue generated overseas slightly decreased from RMB609.9 million during the Corresponding Period to RMB606.2 million, representing a slight year-over-year decline of 0.6%. The slight decrease of revenue generated overseas is primarily due to the impact of the COVID-19 outbreak, which caused certain disruptions and lowered the utilization of our laboratory facilities in the United States and delayed certain of our data management and statistical analysis projects or work orders.

(1) Clinical trial solutions

Revenue generated from our clinical trial solutions increased by 13.3% year-over-year from RMB627.3 million during the Corresponding Period to RMB711.0 million during the Reporting Period. The increase was primarily due to the revenue contribution from Beijing Yaxincheng Medical InfoTech Co., Ltd. (北京雅信誠醫學信息科技有限公司, "**Yaxincheng**") which was acquired by us in July 2019 and Shanghai Mosim Medical Technology Co., Ltd. (上海謀思醫藥科技有限公司, "**Mosim**") which was acquire by us in January 2020. The revenue from our clinical trial operations also increased despite of the COVID-19 impact.

We had 349 ongoing drug clinical research projects as of June 30, 2020, up from 287 as of December 31, 2019. We also had 210 ongoing medical device clinical research projects, 100 ongoing bioequivalence projects as of June 30, 2020. In January 2020, we acquired Mosim with an aim to provide more comprehensive early clinical development services to our clients.

(2) Clinical-related and laboratory services

Revenue generated from our clinical-related and laboratory services during the Reporting Period increased by 5.7% year-over-year from RMB700.9 million during the Corresponding Period to RMB741.0 million during the Reporting Period. The increase was primarily due to an increase in demand, despite the COVID-19 impact, for our clinical-related and laboratory services.

We had 570 ongoing data management and statistical analysis projects as of June 30, 2020 with 393 projects being conducted in China and 177 projects being conducted overseas. Despite the impact of COVID-19 outbreak, our site management services continue to receive new projects with 979 ongoing projects as of June 30, 2020, up from 855 as of December 31, 2019. Meanwhile, we had 1,941 ongoing projects for our laboratory services as of June 30, 2020, up from 1,303 as of December 31, 2019 despite impact of the COVID-19 outbreak in the United States and China.

Our subsidiary Frontage Holdings continue to expand its capacity and capability in laboratory services in both the United States and China. In March 2020, it added more than 20,000 sq. m. lab space in Suzhou, China for potential expansion in Drug metabolism and Pharmacokinetics ("**DMPK**") and Safety and Toxicology business in China. It also acquired US-based Biotranex, LLC ("**Biotranex**") in March 2020 with an aim to further expand its DMPK capabilities into transporter analysis.

Gross Profit

During the Reporting Period, we realized a gross profit of RMB698.1 million compared to RMB618.0 million during the Corresponding Period, representing a 13.0% growth year-over-year. We improved our gross profit margin to 48.1% during the Reporting Period from 46.5% during the Corresponding Period.

(1) Clinical trial solutions

Gross profit of our clinical trial solutions increased by 35.6% from RMB266.1 million during the Corresponding Period to RMB360.7 million during the Reporting Period, primarily driven by our acquisition of and subsequent gross profit contribution from Yaxincheng and Mosim, and an increase in gross profit margin of our clinical trial operations business.

Gross profit margin of our clinical trial solutions increased from 42.4% during the Corresponding Period to 50.7% during the Reporting Period, primarily due to (i) our acquisition of equity interest in Yaxincheng and Mosim which historically had a higher gross profit margin compared to the gross profit margin of our clinical trial solutions; and (ii) the performance obligations of certain projects were substantially satisfied on or before December 31, 2019, but the transaction prices of these projects were re-negotiated upwards and finalized with relevant customers during the Reporting Period. Hence, the Group recognized the additional revenue of these projects with relatively low costs incurred during the Reporting Period.

(2) Clinical-related and laboratory services

Gross profit of our clinical-related and laboratory services decreased by 4.1% from RMB351.9 million during the Corresponding Period to RMB337.4 million during the Reporting Period. The decrease in gross profit is primarily due to the increase in costs in relation to (i) our laboratory facilities and employees, and (ii) our site management and patient recruitment employees as we had meaningfully expanded our capacity in both services since the end of the Corresponding Period.

Gross profit margin of our clinical-related and laboratory services decreased from 50.2% during the Corresponding Period to 45.5% during the Reporting Period, primarily due to the decrease in gross profit of our laboratory services and site management and patient recruitment services, which were adversely impacted by the COVID-19 outbreak. The gross profit margin of our data management and statistical analysis remained relatively stable.

Other Income

Our other income increased by 43.0% to RMB31.9 million during the Reporting Period from RMB22.3 million during the Corresponding Period, primarily due to the increase of interest income from bank deposits from RMB4.8 million to RMB21.3 million, and the increase of government grants received from RMB3.9 million to RMB9.0 million. This was partially offset by the decrease of dividend income from financial assets at fair value through profit or loss ("**FVTPL**") from RMB12.4 million to nil.

Other Gains and Losses, Net

During the Reporting Period, we recorded a RMB752.2 million other gains and losses (net), representing a 181.4% increase year-over-year from RMB267.3 million during the Corresponding Period, primarily due to the RMB632.7 million recorded change in fair value of financial assets at FVTPL during the Reporting Period, compared with RMB156.2 million recorded during the six months ended June 30, 2019. The significant change in fair value of financial assets at FVTPL is primarily due to certain companies invested by us or investment funds of which we are a limited partner became publicly traded at a valuation that is higher than their recent fair values and their stock prices also increased during the Reporting Period. The gain on disposal of associates also increased from RMB0.6 million during the Corresponding Period to RMB80.0 million during the Reporting Period, primarily due to the recognition of a gain of RMB67.7 million on the fair value change of previously held interests in Mosim remeasured on the date when Mosim became a non-wholly owned subsidiary of our Group as we acquired additional equity interest in January 2020. The increase of other gains and losses (net) was partially offset by the decrease of gain on disposal of subsidiaries to RMB6.7 million during the Reporting Period from RMB73.7 million during the six months ended June 30, 2019, which was primarily due to our disposal of Shanghai Shengtong in March 2019.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 7.3% year-over-year from RMB37.1 million during the six months ended June 30, 2019 to RMB39.8 million during the six months ended June 30, 2020. The increase is in line with our revenue growth and primarily due to the increase of the compensation levels for our sales and marketing employees and the increased cost incurred by our sales and marketing activities.

Administrative Expenses

Our administrative expenses increased by 24.2% year-over-year from RMB149.8 million during the six months ended June 30, 2019 to RMB186.1 million during the six months ended June 30, 2020. The increase is primarily due to (i) an increase in staff costs to our administrative and management personnel, including an increased share-based compensation as amortized over time; (ii) an increase in depreciation and amortization expenses in relation to certain of our office and laboratory facilities; and (iii) an increase of donation to help fight the COVID-19 pandemic.

Research and Development Expenses

Our research and development ("**R&D**") expenses increased by 23.5% year-over-year from RMB58.6 million during the six months ended June 30, 2019 to RMB72.4 million during the six months ended June 30, 2020. The increase is primarily due to an increase in the total number of employees engaged in R&D activities, as well as the increased compensation levels of these employees.

Share of losses of Associates

Our share of losses of associates decreased by 69.3% from RMB14.0 million during the six months ended June 30, 2019 to RMB4.3 million during the six months ended June 30, 2020, primarily attributable to the improved performance of our associates, such as Hangzhou Yibai Health Management Co., Ltd..

Finance Costs

Our finance costs increased by 63.0% from RMB20.8 million during the six months ended June 30, 2019 to RMB33.9 million during the six months ended June 30, 2020, primarily due to the increase of our interest expense on bank borrowings during the Reporting Period as a result of our increased borrowings.

Income Tax Expense

Our income tax expense increased by 74.2% from RMB51.9 million during the six months ended June 30, 2019 to RMB90.4 million during the six months ended June 30, 2020, primarily due to the increase of our profit before tax. Our effective tax rate decreased from 8.3% during the six months ended June 30, 2019 to 7.9% during the six months ended June 30, 2020, primarily because (i) our increased change in certain other gain items such as changes in fair value of financial assets at FVTPL during the Reporting Period, which are partially taxable; and (ii) the increase in our research and development expenses, which entitled us to certain preferential tax treatment.

Profit for the Period

As a result of the foregoing discussions, our profit for the Period increased by 83.0% from RMB573.3 million during the six months ended June 30, 2019 to RMB1,049.0 million during the six months ended June 30, 2020. Our net profit margin increased from 43.2% during the six months ended June 30, 2019 to 72.2% during the six months ended June 30, 2020. The increase of both our profit for the period and our net profit margin was primarily due to an increase in our other income and other gains and losses, net.

Cash Flows

	For the Six months ended June 30,	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net cash from operating activities	**248,070**	126,784
Net cash used in investing activities	**(554,077)**	(119,966)
Net cash from financing activities	**372,275**	1,514,096

During the six months ended June 30, 2020, our net cash generated from operating activities was RMB248.1 million, representing a 95.7% increase from RMB126.8 million for the six months ended June 30, 2019. The increase was primarily due to the increase in our revenue and timely collection of receivables.

During the six months ended June 30, 2020, our net cash used in investing activities was RMB554.1 million, representing a 361.8% increase from RMB120.0 million for the six months ended June 30, 2019. The increase was primarily due to (i) RMB83.3 million net cash used in acquisition of subsidiaries; (ii) RMB129.3 million cash used in placement of time deposit over three months; and (iii) RMB453.4 million cash used in investment in financial assets at FVTPL.

During the six months ended June 30, 2020, our net cash generated from financing activities was RMB372.3 million, representing a 75.4% decrease from RMB1,514.1 million for the six months ended June 30, 2019. The decrease was primarily because Frontage Holdings received net proceeds of RMB1,381.9 million from its initial public offering in May 2019.

Trade, Bills and Other Receivables and Prepayments

Our trade, bills and other receivables and prepayments increased by 15.2% from RMB490.4 million as of December 31, 2019 to RMB564.8 million as of June 30, 2020, primarily due to (i) an increase in trade receivables from third parties to approximately RMB412.8 million as our business continued to grow; and (ii) deferred issue costs of RMB41.2 million, representing the qualifying portion of listing expenses incurred up to June 30, 2020, which will be debited to equity of the Group as share issue costs in respect of the successful issue of new shares upon listing.

Contract Assets

Our contract assets increased by 23.1% from RMB756.0 million as of December 31, 2019 to RMB930.8 million as of June 30, 2020, primarily due to the increase in total amount of contracts with our customers where revenue has been recognized but we have not yet billed our customers upon the meeting the billing milestones, partly because of the impact of COVID-19 outbreak, as specified in our customer service agreements or work orders.

Trade and Other Payables

Our trade and other payables decreased by 6.3% from RMB428.5 million as of December 31, 2019 to RMB401.6 million as of June 30, 2020, primarily due to the clearance of certain trade payables that were over 1 year as of December 31, 2019.

Contract Liabilities

Our contract liabilities increased by 8.3% from RMB398.2 million as of December 31, 2019 to RMB431.4 million as of June 30, 2020, as we received more advanced payments from our customers in relation to our service agreements or work orders with them.

Property, Plant and Equipment

Our property, plant and equipment increased by 8.1% from RMB306.7 million as of December 31, 2019 to RMB331.4 million as of June 30, 2020, primarily due to our expansion in buildings and leasehold improvement for laboratory facilities and research capacity.

Goodwill

Our goodwill increased by 17.0% from RMB1,157.8 million as of December 31, 2019 to RMB1,354.7 million as of June 30, 2020, primarily due to our acquisition of Mosim in January 2020.

Right-of-use Assets

Our right-of-use assets increased by 62.6% from RMB193.4 million as of December 31, 2019 to RMB314.5 million as of June 30, 2020, primarily due to the entering into a long term rental contract by Frontage Labs having come into effect during the Reporting Period, in relation to a U.S.-based laboratory facility.

Financial Assets at FVTPL

Our financial assets at FVTPL include listed equity securities, unlisted equity investments, unlisted fund investments and structured deposits. Our financial assets at FVTPL increased by 41.5% from RMB2,319.3 million as of December 31, 2019 to RMB3,280.7 million as of June 30, 2020. Such increase was primarily due to our continuous investment activities and the increase in fair value of our financial assets at FVTPL during the Reporting Period. The following table sets for a breakdown of our financial assets at FVTPL as of the dates indicated:

	As of June 30, 2020 ***RMB'000*** **(Unaudited)**	As of December 31, 2019 *RMB'000* (Audited)
Non-current assets		
Financial assets at FVTPL		
– Listed equity securities	**369,672**	134,957
– Unlisted equity investments	**1,009,243**	1,040,304
– Unlisted fund investments	**1,860,759**	1,075,213
	3,239,674	2,250,474
Current assets		
Structured deposits	**41,074**	68,827
Total financial assets at FVTPL	**3,280,748**	2,319,301

Investments in companies and investment funds

We build and manage a diversified 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 more access to innovative technologies. In addition to direct strategic investments in innovative start-ups, we also cooperate with investment funds as a limited partner to incubate promising biotech and medical device companies as a limited partner of such investment funds. We holistically manage our diversified investment portfolio with a view to drive long-term values rather than focusing on the performances of any individual investment asset for short-term financial returns. Aligned with such strategy, during the Reporting Period, we continued to make additional investments. As of June 30, 2020, we were a strategic investor in 57 innovative companies and other companies in the healthcare industry, as well as a limited partner in 39 investment funds.

Our investments in listed equity securities amounted to RMB369.7 million as of June 30, 2020, representing a 173.9% increase from RMB135.0 million as of December 31, 2019. The significant increase is primarily due to certain innovative companies we invested became publicly traded at a valuation that is higher than their recent fair values and their stock prices also increased during the Reporting Period.

Our unlisted equity investments remained relatively stable at RMB1,009.2 million as of June 30, 2020 compared with RMB1,040.3 million as of December 31, 2019.

Our unlisted fund investments amounted to RMB1,860.8 million as of June 30, 2020, representing a 73.1% increase from RMB1,075.2 million as of December 31, 2019, primarily due to our continuous investments in unlisted funds, and certain companies invested by investment funds of which we are a limited partner became publicly traded at a valuation that is higher than their recent fair values and their stock prices also increased during the Reporting Period.

Investments on wealth management products

Overseen by our finance department, we adopt a prudent approach on wealth management investments. Our investment strategy related to wealth management products aims to minimize the financial risks by reasonably and conservatively matching the maturities of the portfolio to anticipated operating cash needs, and to generate investment returns for the benefits of our shareholders. We primarily invest in wealth management products with relatively low risks and the proposed investment must not interfere with our daily operation and business prospects. We make investment decisions related to wealth management products on a case-by-case basis after thoroughly considering a number of factors, including but not limited to macro-economic environment, general market conditions and the expected profit or potential loss of the investment. As of June 30, 2020, we held structured deposits purchased from commercial banks in China of RMB41.1 million.

The movements of our non-current financial assets at FVTPL during the Reporting Period are set forth below:

	Unlisted equity investments *RMB'000* (Unaudited)	**Unlisted fund investments** *RMB'000* (Unaudited)	**Listed equity securities** *RMB'000* (Unaudited)	**Total** *RMB'000* (Unaudited)
Opening balance	1,040,304	1,075,213	134,957	2,250,474
Additions	101,152	316,613	–	417,765
(Transfer to listed equity securities)/transfer from unlisted equity investments	(121,210)	–	121,210	–
Fair value change during the Reporting Period	(13,457)	537,795	108,343	632,681
Disposals of shares	–	(72,389)	–	(72,389)
Exchange realignment	2,454	3,527	5,162	11,143
Ending Balance	1,009,243	1,860,759	369,672	3,239,674

Indebtedness

Borrowings

The aggregated borrowings of our Group increased by 53.8% from RMB901.4 million as of December 31, 2019 to RMB1,386.2 million as of June 30, 2020, mainly due to more bank facilities having been utilized to support our continuous business operation and expansion.

Among the total borrowings of the Group, the portion repayable within one year or on demand amounted to RMB1,250.1 million, the portion repayable over one year but less than two years amounted to RMB1.4 million and the portion repayable over two years but less than five years amounted to RMB134.7 million. The Group will promptly repay the above borrowings at the time of maturity.

Our borrowings carried an effective interest rate ranging from 2.05% to 4.75% as of June 30, 2020. As of June 30, 2020, we had pledged certain collateral to secure a RMB354.0 million banking facility, which carries interests at a variable rate of LIBOR plus a specific margin per annum, and all other borrowings were unsecured.

Lease Liabilities

We had outstanding aggregated unpaid contractual lease payments (for the remainder of relevant lease terms) of RMB305.8 million as of June 30, 2020, up 67.7% from RMB182.3 million as of December 31, 2019, primarily due to the entering into a long term rental contract by Frontage Labs having come into effect during the Reporting Period, in relation to a U.S.-based laboratory facility. Of the aggregated lease liabilities as of June 30, 2020, RMB50.8 million are due within one year and RMB255.0 million would be due in more than one year.

Contingent Liabilities

As of June 30, 2020, we had no contingent liabilities other than those disclosed in Note 31 to the condensed consolidated financial statements in this announcement.

Gearing Ratio

Gearing ratio is calculated using interest-bearing borrowings from banks divided by total equity. Our gearing ratio increased from 0.16 as of December 31, 2019 to 0.21 as of June 30, 2020, mainly due to the increase of borrowings in the Reporting Period.

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 operations activities, and internal financing and external financing at reasonable market rates. The Group's treasury activities are centralized, and the Group generally deals with financial institutions with good reputation.

Certain entities within the Group 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 in the Group also have receivables and payables which are denominated in currencies different from their respective functional currencies. The Group is mainly exposed to the foreign currency of the U.S. dollar.

Core Competence Analysis

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

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

   We were the largest clinical CRO in China by revenue in 2019 and by the number of ongoing clinical trials as of the end of 2019, according to Frost & Sullivan. Having worked with over 80% of more than 500 Good Clinical Practice ("**GCP**") registered clinical trial institutions in China since our inception, we have developed one of the most extensive clinical site network in China. We also maintain one of the largest clinical CRO professional teams in China. Our industry expertise, 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 and Electronic Data Capture ("**EDC**") systems. 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. Among China-based clinical CROs, we have been a pioneer in global expansion and currently have presence in the Asia-Pacific region, North America and Europe. We operate 17 overseas operation sites across 12 countries and regions and maintain a team of more than 700 professionals overseas to provide various clinical trial and laboratory services. Combining our China expertise with overseas presence, we have been entrusted by both Chinese and foreign customers to work on an increasing number of cross-border projects.

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

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, quality control and quality assurance to remedial actions, ensuring high-quality service and on-time delivery. We implement comprehensive Standard Operational Practices ("**SOPs**") which are regularly updated by our quality assurance department to ensure compliance with applicable laws and regulations. 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 trial centers 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. 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 centers and geographic location. Such uniqueness, coupled with 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 over 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 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. For example, to educate and train medical talent in China, we launched Tigermed Institute with 20 universities to provide college students with hands-on training in clinical trial operation and site management, which has allowed us to access a large, high-quality talent pool. We offer competitive compensation to our employees, including share incentive programs which covered all of our employees who had worked for us for at least three years. 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. This growing and diversified customer base enables us to continuously develop our expertise across different areas and drive synergies among our comprehensive service offerings. In 2019, we served all of the top 20 global pharmaceutical companies and the top ten Chinese pharmaceutical companies by total revenue. We have helped our customers successfully secure approvals of a variety of milestone drugs in China.

We achieved a 100% year-over-year customer retention rate for our top ten customers by revenue during the Reporting Period. 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 address the needs of our customers expanding globally. We have also added capabilities in laboratory services through the acquisition of Frontage Group providing laboratory and bioequivalence study services in both China and the United States, and medical device clinical trials through acquiring Jyton.

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.

Material acquisitions and disposals

During the Reporting Period, the Group had no material acquisitions or disposals of subsidiaries or joint ventures/associates.

Other Events

1. On February 27, 2020, the Company announced that it received the "Letter Regarding the Spin-off and Overseas Listing of Subsidiary by Hangzhou Tigermed Consulting Co., Ltd." from the CSRC, pursuant to which, the International Cooperation Division of CSRC has no objection to relevant matters regarding the spin-off and overseas listing by the Company of DreamCIS, its holding subsidiary. On March 26, 2020, DreamCIS Inc. received a notice from the Korean Exchange (the "**KRX**") that DreamCIS Inc. was granted the approval for listing from the KRX.

2. On March 16, 2020, the Company convened the thirty-second meeting of the third session of the Board and the eighteenth meeting of the third session of the supervisory committee to consider and approve the "Resolution on the Company's Issuance of H Shares and Listing on the Main Board of The Stock Exchange of Hong Kong Limited and Conversion into a Joint Stock Limited Company Offering Shares Overseas (《關於公司發行H股股票並在香港聯合交易所有限公司主板上市及轉為境外募集股份有限公司的議案》)" and issuance plan of H Shares and other resolutions regarding listing. On April 2, 2020, the Company convened the 2020 third extraordinary general meeting to consider and approve relevant resolutions regarding the listing of H shares.

3. On March 31, 2020, Frontage Holdings, our controlled subsidiary, acquired entire equity interests of Biotranex for consideration of US$2.6 million (equivalent to RMB18.4 million) (the "Biotranex Acquisition"). Biotranex is engaged in providing quantitative and qualitative drug metabolism services for pharmaceutical and biotechnology companies. In completing the Biotranex Acquisition, Frontage Holdings will expand its capacity to offer more comprehensive DMPK services to its existing and new clients.

4. On April 3, 2020, the Company convened the thirty-third meeting of the third session of the Board and the nineteenth meeting of the third session of the supervisory committee to consider and approve the "Resolution in Relation to the Re-election of Members of the Board and the Nomination of Candidates for Directors of the Fourth Session of the Board of the Company" and "Resolution in Relation to the Re-election of Members of the Supervisory Committee and the Nomination of Candidates for Non-employee Representative Supervisors of the Fourth Session of the Supervisory Committee of the Company". On the same day, the Company convened the employee representative meeting to elect the employee representative supervisors of the fourth session of the supervisory committee of the Company. On April 22, 2020, the Company held the 2020 fourth extraordinary general meeting to elect members of the Board and non-employee representative supervisors of the fourth session of the Board and the supervisory committee of the Company by the way of accumulative voting. On April 28, 2020, the Company convened the first meeting of the fourth session of the Board and the supervisory committee to elect the chairman of the Board, chief supervisor and senior management of the Company.

5. On April 20, 2020, the Company received the "Acceptance Notice of the Application for Administrative Permission from the CSRC (《中國證監會行政許可申請受理單》)" issued by the CSRC on April 16, 2020, pursuant to which, the CSRC reviewed the application materials submitted by the Company for the administrative license of the issuance and listing of H shares, and believed that such application materials were complete and in compliance with the prescribed form. Therefore, it decided to accept the application for such administrative license.

6. On April 23, 2020, the Company submitted the application for the issuance and listing to the Hong Kong Stock Exchange, and published the application materials for such issuance and listing on the website of the Hong Kong Stock Exchange on the same date.

7. On April 30, 2020, the Company announced that it made corresponding adjustment to its investor relations e-mail address from May 1, 2020. The adjusted e-mail address is ir@tigermedgrp.com. On May 8, 2020, the Company announced that it made corresponding adjustment to its website address since then. The adjusted website address is www.tigermedgrp.com.

8. On May 20, 2020, DreamCIS Inc., our controlled subsidiary, received a notice from the KRX that DreamCIS Inc. was granted the final approval for listing from the KRX. With the approval of the KRX, DreamCIS Inc. issued 1,354,786 new ordinary shares at the issue price of KRW14,900 per share, and the total number of shares after the issuance was 5,419,150 shares. Shares of DreamCIS Inc. commenced the listing and trading on the KOSDAQ Market of the KRX on May 22, 2020. The English stock name of DreamCIS Inc. is "DreamCIS", and the Korean name is "드림씨아이에스", with the stock code of "A223250".

9. On June 22, 2020, the Company received the "Reply on the Approval of the Issuance of Overseas-listed Foreign Shares by Hangzhou Tigermed Consulting Co., Ltd. (《關於核准杭州泰格醫藥科技股份有限公司發行境外上市外資股的批復》)" issued by the CSRC, pursuant to which, the CSRC approved the Company to newly issue no more than 152,097,848 overseas-listed foreign shares with a nominal value of RMB1 each, all of which were ordinary shares. After the completion of the issuance, the shares of the Company can commence listing and trading on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

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

Industry and Business Outlook

Since founded in 2004, the Group has established a comprehensive suite of biopharmaceutical R&D service offerings with robust quality management, scientific expertise and extensive regulatory knowledge to help our customers develop drugs and medical devices efficiently and expeditiously in an increasingly complex industry and regulatory environment. Benefitted from the transformative regulatory reforms and the rapid industry development over recent years and relying on our proven track record, we were able to rapidly grow our business to become the largest clinical CRO in China[1] with extensive clinical site network and one of the largest clinical CRO professional teams in China. We participated in over 400 clinical trials and are honored to have supported the R&D process of over 50% of all Class I innovative drugs (innovative drugs that have not been marketed in China or overseas) approved in China since 2017.

Increasing in R&D expenditure and R&D complexity, cost saving and risk management initiatives and emerging biotech companies are expected to drive the global clinical CRO industry to continue its growth. In particular, the clinical CRO industry in China is expected to outgrow the rest of the world driven by multiple factors including increasing investments in innovative drugs, more stringent regulatory regime, demand for diversified and integrated clinical CRO services and increasing cross-border opportunities. The clinical CRO industry, whilst growing, is expected to remain competitive and continue to evolve.

Biopharmaceutical and medical device companies are increasingly developing their products in a globalized setting and hence require clinical CROs to help them manage their overseas clinical trials and/or Multi-Regional Clinical Trials ("**MRCTs**") and navigate through different regulatory requirements across countries. More advanced technology is expected to be adopted by clinical CROs to help their customers address complex and innovative challenges with an aim to develop innovative and effective therapies, and the level of digitalization and utilization of vast data resources of clinical CROs is also expected to increase.

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[1] By revenue in 2019, according to Frost & Sullivan

While we believe we will be able to distinguish ourselves and maintain the competitiveness of our services in the CRO market through, among other things, our market position in China's clinical CRO market with comprehensive services, we need to prepare ourselves to a more evolving industry both in China and globally. Looking ahead, we plan to further strengthen and diversify our service offerings to gain more market share within the clinical CRO market while preparing us to capture new business opportunities. We will continue to enhance our scientific and technical expertise to better serve our customers in their increasingly complex R&D projects. For example, we plan to strengthen our expertise in advanced drug targets and therapeutic areas such as gene and cell therapies. We also plan to further invest in our quality assurance system, project management and delivery capabilities and regulatory know-how. Through organic expansion and strategic acquisitions, we also plan to explore new services and technologies such as real-world evaluation and risk-based monitoring, as well as advanced data analytics. In addition, we will further explore opportunities relating to clinical research hospitals in China to provide more clinical development and site resources to our customers.

China is becoming an integral part of the global healthcare market and we have witnessed more Chinese biopharmaceutical companies launching global R&D projects and more foreign biopharmaceutical companies conducting projects in China. For example, since China became a member of ICH in 2017, there had been 29 Chinese companies that had obtained IND approvals from FDA to conduct clinical trials in the United States and three Chinese companies that had applied for the FDA approval to commercialize their drugs in the United States, as of June 30, 2020. In view of this trend, we aim to leverage our overseas presence to assist our Chinese customers with their global trials and explore business opportunities with global biopharmaceutical companies conducting projects, including MRCTs, both in China and overseas. We plan to further expand our global presence, particularly in the United States and Western Europe, through both organic growth and strategic acquisitions and investments. We also plan to further invest in other geographic locations that are critical to addressing the varying needs of both multinational and Chinese customers. We will continue to enhance our global execution capabilities, through improving our integrated operating standards, global project coordination and customer management, overseas business development and marketing, and cross-border regulatory affairs and compliance frameworks. We intend to develop a robust talent management and training system dedicated to serving cross-border and multi-regional R&D projects.

Technology plays a more vital role in biopharmaceutical R&D by enhancing quality and improving efficiency with more integrated and advanced solutions. We will continue to invest in emerging technologies that we think could improve our efficiency and enhance our technical capabilities and service offerings. We will also invest in our fundamental technology and data infrastructure to better support such future technology advancement and operational needs. In addition, we aim to explore potential cross-industry collaborations with business partners to synergize our know-how and develop more innovative solutions for our customers.

We cannot grow without our customers. We will continue to deepen our relationships with existing customers by expanding our service offerings through cross-selling and diversified collaborations across various development stages and therapeutic areas. Moreover, we will continue to invest in and incubate promising early-stage biotech and medical device companies to drive their growth, which in turn will provide us with access to potential customers and business opportunities. We also aim to further grow 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 and enhance the customer reach and expertise of our business development team and equip them with more technical and service resources to better attract and serve new customers across different services and markets.

Our talents are most crucial to our ability to provide consistent high-quality services to customers. We seek to attract top talent, especially those with global experience and technical expertise to support our global expansion. We will continue to improve our employee recruiting, training and development programs.

Potential Risks

1. *Risk of COVID-19 outbreak, and other emergencies or force majeure events*

   Our business operations and financial performance have been adversely affected by the COVID-19 outbreak, and may continue to be affected by the COVID-19 outbreak in the future. Furthermore, we may in the future experience additional disruptions that could materially and adversely impact our projects, business, financial condition and results of operations. To the extent the COVID-19 outbreak adversely affects our business and operations, it may also have the effect of heightening certain other risks, such as those relating to our ability to attract and retain customers, our ability 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 to which the COVID-19 outbreak may impact our business will depend on future developments, which are uncertain and unpredictable at the moment. In addition, any future occurrence of force majeure events, natural disasters or outbreaks of other epidemics and contagious diseases, may materially and adversely affect our business, financial condition and results of operations.

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 research and development budgets of our customers, and a greater degree of outsourcing by our customers. Any slowing or reversal of any of these trends could have an material and adverse effect on the demand for our services. Furthermore, if investments in pharmaceutical industries were to decrease, 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 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 competitors or new, 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.

4. Risk of failure in business expansion and strategy execution

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.

5. Risk of failure in complying with existing or future changes in laws, regulations or industry standards and adverse actions taken against us

Government agencies and industry regulatory bodies around the world impose strict rules, 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 we perform for our customers and our diverse geographic coverage, we are subject to and must comply with various applicable legal and regulatory requirements. Whilst we have attached great importance to comply with laws, regulations and industry standards during our operations and will continue to invest in our quality management system and compliance procedures, our business, financial condition and results of operations will be materially and adversely affected if we failed to comply with any laws, regulations or industry standards in geographies where we operate. Further, regulatory authorities may from time to time change their legal and regulatory requirements. Therefore, if our existing quality management system and compliance procedures were not adequate for new legal and regulatory requirements and we 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 our business, financial condition and results of operations. In addition, if there was any action taken against us for violating the relevant laws, regulations or industry standards, even if successfully defended or settled, could cause us to incur significant expenses, divert management's attention from the operation of our business and adversely affect our reputation, business, financial condition and results of operations.

6. *Risk of failure in obtaining or renew certain regulatory approvals, licenses, permits and certificates required for our 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. If we fail 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.

7. *Risk of failure in meeting with 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.

8. *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.

9. 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.

10. 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 in 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.

11. Risk of failing to retain, attract and recruit management and key technical and scientific personnel

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, sand 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.

12. Risk of 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 and structured deposits, are subject to changes beyond our control. In the years ended December 31, 2019 and the six months ended June 30, 2020, we recorded positive changes in fair value of financial assets at FVTPL in the amount of RMB185.0 million and RMB632.7 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. In the years ended December 31, 2019 and the six months ended June 30, 2020, we recorded gains on disposal of financial assets at FVTPL of RMB76.1 million and RMB28.6 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.

13. Risk of change of international policy 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 international tension, war, trade sanction, 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, as well as our overseas expansion, our financial condition and results of operations.

Employees

As of June 30, 2020, we had a total of 5,312 employees. 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, share scheme and other means to attract, motivate, retain and reward our employees. Our share incentive scheme covered all of our employees who had worked for us for at least three years. 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

1) On January 20, 2020 and February 7, 2020, the Company convened the thirtieth meeting of the third session of the Board, the sixteenth meeting of the third session of the Supervisory Committee and the 2020 first general extraordinary meeting, respectively, at which the Resolution on the Repurchase and Cancellation of Certain 2019 Restricted Shares was considered and approved, agreeing that the Company purchased and cancelled an aggregate of 20,517 unlocked restricted shares granted to two participants resigned. On May 12, 2020, the Company completed the repurchase and cancellation of such certain restricted shares.

2) On February 25, 2020 and March 13, 2020, the Company convened the thirty-first meeting of the third session of the Board, the seventeenth meeting of the third session of the Supervisory Committee and the 2020 second extraordinary general meeting, respectively, at which the Resolution on the Repurchase and Cancellation of Certain 2019 Restricted Shares was considered and approved, agreeing that the Company purchased and cancelled an aggregate of 19,420 unlocked restricted shares granted to two resigned participants. On May 12, 2020, the Company completed the repurchase and cancellation of such certain restricted shares.

3) On April 3, 2020 and April 22, 2020, the Company convened the thirty-third meeting of the third session of the Board, the nineteenth meeting of the third session of the Supervisory Committee and the 2020 fourth extraordinary general meeting, respectively, at which the Resolution on the Repurchase and Cancellation of Certain 2019 Restricted Shares was considered and approved, agreeing that the Company purchased and cancelled an aggregate of 12,112 unlocked restricted shares granted to one resigned participant. On May 12, 2020, the Company completed the repurchase and cancellation of such certain restricted shares.

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

On May 13, 2020, the Company disclosed the Announcement on the Completion of Registration of the Grant of the Reserved Portion under the 2019 Restricted Shares Incentive Scheme. As approved and confirmed by the Shenzhen Stock Exchange and the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, the Company had completed the registration of the grant of the reserved portion under the 2019 restricted shares incentive scheme, according to which, the listing date of the shares to be granted was May 13, 2020, the reserved portion was granted to 54 participants and a total of 770,894 restricted shares were granted.

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 IPO

The net proceeds from the Company's Global Offering is approximately HK$10,272.5 million (assuming the Over-allotment Option is not exercise), after deducting the underwriting commission and other estimated expenses payable by the Company in connection with the Global Offering.

The Company has confirmed that the net proceeds from IPO not utilized by the Group amounts to approximately HK$9,245.2 million from the Listing Date to the date of this announcement. For the unutilized net proceeds of approximately HK$9,245.2 million as at the date of this announcement, the Company intends to use them in the same manner and proportions as described in the Prospectus and proposes to use the unutilized net proceeds in accordance with the expected timetable disclosed in the Prospectus.

As at the date of this announcement, the Group has used the net proceeds as follows:

	Use of proceeds in the same manner and proportion as stated in the Prospectus *HK$ in million*	**Actual use of proceeds as at the date of this announcement** *HK$ in million*	**Net proceeds unutilized as at the date of this announcement** *HK$ in million*
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 overseas markets	1,540.9	–	1,540.9
approximately 40% to fund potential acquisitions of attractive overseas clinical CROs that are complementary to our existing businesses as part of our global expansion plan	4,108.9	–	4,108.9

	Use of proceeds in the same manner and proportion as stated in the Prospectus *HK$ in million*	**Actual use of proceeds as at the date of this announcement** *HK$ in million*	**Net proceeds unutilized as at the date of this announcement** *HK$ in million*
approximately 20% to foster our biopharmaceutical R&D ecosystem by making minority investments in companies with innovative business models and growth potential, such as biotech companies, healthcare IT companies, hospitals, medical device and diagnostic research companies	2,054.5	–	2,054.5
approximately 10% to repay certain of our outstanding borrowings as of May 31, 2020	1,027.3	1,027.3	–
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	513.6	–	513.6
approximately 10% to working capital and general corporate purposes	1,027.3	–	1,027.3

CORPORATE GOVERNANCE

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of our shareholders as a whole. The Company has adopted corporate governance practices based on the principles and code provisions as set out in the CG Code ("**CG Code**") as contained in Appendix 14 to the Listing Rules as its own code of corporate governance practices.

The CG Code was not applicable to the Group during the Reporting Period, as the Company had not been listed on the Stock Exchange on June 30, 2020.

The Board will continue to review and monitor its code of corporate governance practices of the Company with an aim to maintaining a high standard of corporate governance. Since the Listing Date and up to the date of this announcement, the Group has strictly complied with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules 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.

The Model Code was not applicable to the Group during the Reporting Period, as the Company had not been listed on the Hong Kong Stock Exchange on June 30, 2020. Upon specific enquiry, all Directors confirmed that they have complied with the Model Code since the Listing Date and up to the date of this announcement. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group since the Listing Date and up to the date of this announcement.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to June 30, 2020, the following significant events took place:

1. On July 2, 2020, Frontage Holdings, our controlled subsidiary, entered into an agreement to acquire 100% equity interest in Acme Bioscience, Inc. and its subsidiaries ("**ACME**") for a consideration of US$26.0 million (equivalent to RMB183.7 million), of which US$11.0 million (equivalent with RMB77.7 million) will be subjected to the achievements of certain performance targets by ACME for the three years ending December 31, 2022 as set out in the sales and purchase agreement. The purpose of the acquisition is to enable Frontage Holdings to acquire capabilities in organic synthesis, medicinal chemistry, and process research and development, and will enable Frontage Holdings to capture potential growth in the drug discovery and early stage development areas.

2. On July 16, 2020, the Listing Committee of the Stock Exchange held a listing hearing, at which the Company's listing application was considered. On July 19, 2020, the Company has published its post hearing information pack on the website of the Hong Kong Stock Exchange.

3. On July 22, 2020, the Company convened the third meeting of the fourth session of the Board, being a post-hearing Board meeting for the listing of H shares on the Stock Exchange, at which the Resolution on the Confirmation of the Global Offering of H Shares (including the Hong Kong Public Offering and the International Offering) and the Listing on the Stock Exchange and the Resolution on the Revision of the Corporate Governance System of Hangzhou Tigermed Consulting Co., Ltd. Applicable after the Listing of H Shares were considered and approved.

4. On July 28, 2020, the Company published and distributed the prospectus of overseas listed foreign shares ("**H Shares")** in Hong Kong, and the Hong Kong Public Offering of the H shares commenced on July 28, 2020. On August 3, 2020, the final offer price of H shares was determined at HK$100.00 per share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005%). On August 6, 2020, the Company announced the allotment results of H Shares, for which the total number of H Shares of the Company under the Global Offering was 107,065,100 Shares (before the exercise of the Over-allotment Option), of which 23,019,000 Shares was under the Hong Kong Public Offering, representing approximately 21.5% of the total number under the Global Offering (before the exercise of the Over-allotment Option) and 84,046,100 Shares was under the International Offering, representing approximately 78.5% of the total number under the Global Offering (before the exercise of the Over-allotment Option).

5. On August 7, 2020, 107,065,100 H shares issued by the Company (before the exercise of the Over-allotment Option) were listed and traded on the main board of the Stock Exchange. Each of the Chinese and English abbreviation of the Company's H Shares is "泰格醫藥" and "Tigermed" with the stock code "3347". For details, please refer to the relevant announcements of the Company dated July 28, August 3, August 6 and August 7, 2020.

REVIEW OF INTERIM 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 unaudited condensed consolidated financial information of the Group for the six months ended June 30, 2020 with the management and the auditors of the Company. The Audit Committee considered that the interim results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management of the Company.

The independent auditors of the Company, namely BDO Limited, have carried out a review of the interim financial information in accordance with the Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

INTERIM DIVIDEND

The Board does not recommend the distribution of any interim dividend during the Reporting Period.

PUBLICATION OF INTERIM RESULTS AND 2020 INTERIM REPORT

This announcement is published on the websites of the Company (http://www.tigermedgrp.com) and the Stock Exchange (http://www.hkexnews.hk). The 2020 interim report of the Company will be dispatched to the Shareholders and will be made available on the websites of the Company and the Stock Exchange as and in due course.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2020

		For the six months ended June 30,	
		2020	2019
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*5*	**1,451,994**	1,328,164
Cost of services		**(753,880)**	(710,197)
Gross profit		**698,114**	617,967
Other income	*7*	**31,878**	22,259
Other gains and losses, net	*8*	**752,247**	267,321
Impairment losses under expected credit loss ("**ECL**") model, net of reversal		**(5,811)**	(1,867)
Selling and marketing expenses		**(39,759)**	(37,070)
Administrative expenses		**(186,087)**	(149,828)
Research and development expenses		**(72,409)**	(58,646)
Listing expenses		**(590)**	–
Share of losses of associates		**(4,269)**	(14,048)
Finance costs	*9*	**(33,916)**	(20,847)
Profit before tax	*10*	**1,139,398**	625,241
Income tax expense	*11*	**(90,400)**	(51,899)
Profit for the period		**1,048,998**	573,342
Other comprehensive income for the period			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation of foreign operations		**26,235**	7,333
Total comprehensive income for the period		**1,075,233**	580,675

	Notes	For the six months ended June 30,	
		2020	2019
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
Profit for the period attributable to:			
Owners of the Company		**1,011,877**	510,924
Non-controlling interests		**37,121**	62,418
		1,048,998	573,342
Total comprehensive income for the period attributable to:			
Owners of the Company		**1,026,043**	519,857
Non-controlling interests		**49,190**	60,818
		1,075,233	580,675
Earnings per share	*12*		
– Basic (*RMB*)		**1.36**	0.69
– Diluted (*RMB*)		**1.35**	0.69

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

	Notes	As at June 30, 2020 RMB'000 (Unaudited)	As at December 31, 2019 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*14*	**331,390**	306,700
Intangible assets	*15*	**78,401**	78,831
Goodwill	*16*	**1,354,681**	1,157,831
Right-of-use assets	*14*	**314,462**	193,420
Interests in associates		**77,290**	109,713
Note receivables		**–**	735
Deferred tax assets		**63,200**	91,476
Financial assets at fair value through profit or loss ("**FVTPL**")	*17*	**3,239,674**	2,250,474
Restricted bank deposits		**2,124**	2,093
Other non-current assets		**14,323**	10,389
		5,475,545	4,201,662
CURRENT ASSETS			
Inventories		**1,296**	1,206
Trade, bills and other receivables and prepayments	*18*	**564,819**	490,393
Contract assets	*19*	**930,797**	756,028
Structured deposits	*17*	**41,074**	68,827
Note receivables		**1,700**	1,581
Prepaid income tax		**30,155**	8,066
Restricted bank deposits		**56**	3,127
Time deposit with original maturity over three months		**159,462**	30,160
Cash and cash equivalents		**2,091,453**	2,006,926
		3,820,812	3,366,314
CURRENT LIABILITIES			
Trade and other payables	*20*	**401,557**	428,471
Contract liabilities		**431,361**	398,240
Borrowings	*21*	**1,250,134**	864,863
Income tax payables		**56,145**	70,293
Lease liabilities		**50,767**	50,119
		2,189,964	1,811,986
NET CURRENT ASSETS		**1,630,848**	1,554,328
TOTAL ASSETS LESS CURRENT LIABILITIES		**7,106,393**	5,755,990

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

	Notes	**As at June 30, 2020** ***RMB'000*** **(Unaudited)**	As at December 31, 2019 *RMB'000* (Audited)
NON-CURRENT LIABILITIES			
Borrowings	*21*	**136,100**	36,500
Lease liabilities		**255,002**	132,151
Other long-term liabilities	*22*	**13,860**	20,343
Deferred tax liabilities		**58,389**	45,718
		463,351	234,712
NET ASSETS		**6,643,042**	5,521,278
CAPITAL AND RESERVES			
Share capital	*23*	**749,456**	749,508
Treasury shares	*24*	**(160,801)**	(211,224)
Reserves		**4,620,708**	3,708,558
Equity attributable to owners of the Company		**5,209,363**	4,246,842
Non-controlling interests		**1,433,679**	1,274,436
TOTAL EQUITY		**6,643,042**	5,521,278

1. GENERAL INFORMATION

Hangzhou Tigermed Consulting Co., Ltd. (the "Company") was established in the People's Republic of China (the "PRC") on December 25, 2004 as a joint stock limited liability company. On August 17, 2012, the Company's shares were listed on the ChiNext ("創業板") of the Shenzhen Stock Exchange with stock code 300347. On August 7, 2020, the Company's share were listed on the Main Board of the Stock Exchange with stock code 3347. Its registered office and the principal place of business activities is located at Fl.15, Dongguan Plaza, No. 618 Jiangnan Avenue, Binjiang District, Hangzhou, 310053, PRC.

The Company and its subsidiaries (the "Group") is principally engaged in contract research organization ("CRO") services.

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

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

2. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"), issued by the International Accounting Standards Board ("IASB"). In addition, the condensed consolidated financial statements include the applicable disclosures requirements of the Rules Governing the Listing of Securities on the Stock Exchange.

These condensed consolidated financial statements are unaudited, but have been reviewed by BDO Limited in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by The Hong Kong Institute of Certified Public Accountants ("HKICPA").

These condensed consolidated financial statements should be read in conjunction with the annual financial statements of the Group for the year ended December 31, 2019 set out in the Accountants' Report presented in the prospectus of the Company dated July 28, 2020 (the "Prospectus").

3. APPLICATION OF NEW AND REVISED IFRSS

The condensed consolidated financial statements have been prepared on the historical cost basis except for financial assets at FVTPL which are measured at fair values.

Other than changes in accounting policies resulting from application of new and amendments to International Financial Reporting Standards ("IFRSs") effective for the first time for annual periods beginning on January 1, 2020, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2020 are the same as those followed in the preparation of the annual financial statements of the Group for the year ended December 31, 2019 included in the Prospectus.

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 IFRS 3: Definition of a Business
- Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform
- Amendments to IAS 1 and IAS 8: Definition of Material
- Conceptual Framework for Financial Reporting (Revised)

The new or amended IFRSs that are effective from January 1, 2020 did not have any significant impact on the Group's accounting policies.

Amendments to IFRS 3: Definition of a Business

The amendments clarify that a business must include, as a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs, together with providing extensive guidance on what is meant by a "substantive process".

Additionally, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs, whilst narrowing the definition of "outputs" and a "business" to focus on returns from selling goods and services to customers, rather than on cost reductions.

An optional concentration test has also been added that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainties caused by interest rate benchmark reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

Amendments to IAS 1 and IAS 8: Definition of Material

The amendments clarify the definition and explanation of "material", aligning the definition across all IFRSs and the Conceptual Framework, and incorporating supporting requirements in IAS 1 into the definition.

Conceptual Framework for Financial Reporting (Revised)

The revised Framework is not a Standard nor an Accounting Guideline. It does not override any Standard, any requirement in a Standard or Accounting Guideline. The revised Framework includes: new chapters on measurement and reporting financial performance; new guidance on derecognition of assets and liabilities; updated definitions of asset and liability; and clarifications in the roles of stewardship, prudence and measurement uncertainty in financial reporting.

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing these condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2019 included in the Prospectus.

5. REVENUE

The Group's revenue streams are categorized as follows:

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

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

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

	For the six months ended June 30,	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Clinical trial solutions	**711,035**	627,310
Clinical-related and laboratory services	**740,959**	700,854
	1,451,994	1,328,164
Overtime		
Clinical trial solutions	**711,035**	627,310
Clinical-related and laboratory services	**740,959**	680,895
	1,451,994	1,308,205
At a point in time		
Clinical-related and laboratory services	**–**	19,959
	1,451,994	1,328,164

6. SEGMENT INFORMATION

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

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 six months ended June 30, 2020

	Clinical trial solutions ***RMB'000*** **(Unaudited)**	**Clinical-related and laboratory services** ***RMB'000*** **(Unaudited)**	**Total** ***RMB'000*** **(Unaudited)**
Revenue	**711,035**	**740,959**	**1,451,994**
Gross profit	**360,722**	**337,392**	**698,114**
Unallocated amounts:			
Other income			**31,878**
Other gains and losses, net			**752,247**
Impairment losses under ECL model, net of reversal			**(5,811)**
Selling and marketing expenses			**(39,759)**
Administrative expenses			**(186,087)**
Research and development expenses			**(72,409)**
Listing expenses			**(590)**
Share of losses of associates			**(4,269)**
Finance costs			**(33,916)**
Profit before tax			**1,139,398**

For the six months ended June 30, 2019

	Clinical trial solutions *RMB'000* (Unaudited)	Clinical-related and laboratory services *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Revenue	627,310	700,854	1,328,164
Gross profit	266,086	351,881	617,967
Unallocated amounts:			
Other income			22,259
Other gains and losses, net			267,321
Impairment losses under ECL model, net of reversal			(1,867)
Selling and marketing expenses			(37,070)
Administrative expenses			(149,828)
Research and development expenses			(58,646)
Share of losses of associates			(14,048)
Finance costs			(20,847)
Profit before tax			625,241

Geographical Information

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

	For the six months ended June 30,	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from external customers		
– PRC	**845,823**	718,292
– Other overseas countries and regions	**606,171**	609,872
	1,451,994	1,328,164

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

	As at June 30, 2020	As at December 31, 2019
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Non-current assets excluding financial assets and deferred tax assets		
– PRC	**1,318,047**	1,150,040
– Other overseas countries and regions	**852,500**	706,844
	2,170,547	1,856,884

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 period, no major customer information is presented in accordance with IFRS 8 "Operating Segments".

7. OTHER INCOME

	For the six months ended June 30,	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest income from bank deposits	**21,320**	4,799
Interest income from structured deposits	**1,221**	527
Government grants	**9,045**	3,905
Dividend income from financial assets at FVTPL	**–**	12,423
Others	**292**	605
	31,878	22,259

8. OTHER GAINS AND LOSSES, NET

	For the six months ended June 30,	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net foreign exchange gain	**3,277**	1,187
Loss on disposal of property, plant and equipment	**(17)**	(109)
Change in fair value of financial assets at FVTPL	**632,681**	156,178
Fair value change of contingent consideration payables	**1,025**	–
Gain on disposal of subsidiaries	**6,743**	73,747
Gain on disposal of associates	**79,960**	559
Gain on disposal of financial assets at FVTPL	**28,578**	35,759
	752,247	267,321

9. FINANCE COSTS

	For the six months ended June 30,	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest expense on bank borrowings	**25,571**	16,372
Interest expense on loan from other borrowing	**–**	102
Interest on lease liabilities	**8,345**	4,373
	33,916	20,847

10. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	For the six months ended June 30,	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Depreciation for plant and equipment	**28,748**	18,676
Amortisation of intangible assets	**11,965**	3,817
Depreciation of right-of-use assets	**30,119**	22,889
Staff costs (including directors' emoluments):		
– Salaries and other benefits	**531,197**	487,329
– Retirement benefits scheme contributions	**52,329**	50,726
– Share-based payment expenses	**23,076**	10,981
	606,602	549,036

11. INCOME TAX EXPENSE

	For the six months ended June 30,	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax:		
– Current period	**52,848**	62,769
– Under/(over) provision of current tax in prior period	**2,287**	(7,093)
	55,135	55,676
Deferred tax:		
– Current period	**35,265**	(3,777)
Total income tax expense	**90,400**	51,899

12. EARNINGS PER SHARE

(a) Basic Earnings per Share

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

	For the six months ended June 30,	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit for the period attributed to owners of the Company	**1,011,877**	510,924
Effect of cash dividend distributed to holders whose restricted shares are expected to be unlocked *(note (i))*	**(1,277)**	(1,340)
Earnings for the purpose of calculating basic earnings per share *(note (iii))*	**1,010,600**	509,584

Number of shares:

	For the six months ended June 30,	
	2020	2019
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**744,662,346**	739,974,136

(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:

	For the six months ended June 30,	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit for the period attributed to owners of the Company	**1,011,877**	510,924
Effect of share options issued by subsidiaries *(note (ii))*	**(1,700)**	(453)
Earnings for the purpose of calculating diluted earnings per share	**1,010,177**	510,471

Number of shares:

	For the six months ended June 30,	
	2020	2019
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share *(note (iii))*	**744,662,346**	739,974,136
Effect of dilutive potential ordinary shares in respect of outstanding restricted share under Restricted Share Scheme (as defined in Note 28(c)(i)) *(note (i))*	**3,380,143**	379,967
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**748,042,489**	740,354,103

Notes:

(i) The effect of cash dividend distributed to restricted shares holders and dilutive potential ordinary shares is related to the Restricted Share Scheme (as defined in Note 28(c)(i)) launched by the Company that disclosed in Note 28(c)(i).

(ii) The effect of share options issued by subsidiaries is related to the share options issued by Frontage Holdings and Fantastic Bioimaging (as defined in Note 28(d)) that disclosed in Notes 28(a) and 28(d), respectively. For the share options that issued by DreamCIS that disclosed in Note 28(b), 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.

(iii) The weighted average number of ordinary shares shown above has been adjusted for the treasury shares as set out in Note 24, after taking into account the retrospective adjustment on the assumption that the bonus issue (as disclosed in Note 23(a)) had been in effect on January 1, 2019.

13. DIVIDENDS

	For the six months ended June 30,	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Final dividend of RMB0.278 and RMB0.35 per ordinary share paid in respect of the years ended December 31, 2019 and 2018	**208,257**	174,692

The directors of the Company have determined that no dividend will be paid in respect of the interim period.

14. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the current interim period, the Group acquired property, plant and equipment of approximately RMB49,417,000 (six months ended June 30, 2019: RMB24,739,000) for the expansion of production facilities and research capacity.

During the current interim period, the Group entered into several new lease agreements for the use of buildings and machinery. On lease commencement, the Group recognised right-of-use assets amounted to RMB151,903,000 (six months ended June 30, 2019: RMB31,117,000).

15. MOVEMENT IN INTANGIBLE ASSETS

During the current interim period, the Group acquired intangible assets of approximately RMB1,019,000 (six months ended June 30, 2019: RMB7,291,000) for the expansion of production facilities and research capacity.

16. GOODWILL

	For the six months ended June 30, 2020	Year ended December 31, 2019
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
COST		
At the beginning of period/year	**1,197,951**	1,074,047
Acquisition of subsidiaries *(Note 26)*	**196,850**	142,861
Disposal of subsidiaries	**–**	(18,957)
At the end of the period/year	**1,394,801**	1,197,951
IMPAIRMENT		
At the beginning of period/year	**40,120**	41,120
Impairment loss released upon disposal of a subsidiary	**–**	(1,000)
At the end of the period/year	**40,120**	40,120
CARRYING VALUE		
At the end of the period/year	**1,354,681**	1,157,831

17. FINANCIAL ASSETS AT FVTPL AND STRUCTURED DEPOSITS

	As at June 30, 2020 *RMB'000* (Unaudited)	As at December 31, 2019 *RMB'000* (Audited)
Financial assets		
Non-current assets		
Financial assets at FVTPL		
– Listed equity securities	**369,672**	134,957
– Unlisted equity investments	**1,009,243**	1,040,304
– Unlisted fund investments	**1,860,759**	1,075,213
	3,239,674	2,250,474
Current assets		
Structured deposits	**41,074**	68,827

18. TRADE, BILLS AND OTHER RECEIVABLES AND PREPAYMENTS

	As at June 30, 2020 *RMB'000* (Unaudited)	As at December 31, 2019 *RMB'000* (Audited)
Trade receivables		
– Third parties	**467,174**	454,991
– Related parties	**78**	20
Less: loss allowance for trade receivables	**(54,472)**	(52,859)
	412,780	402,152
Bills receivable		
– Third parties	**2,027**	4,517
Other receivables		
– Third parties	**84,325**	69,602
– Related parties	**–**	123
Less: loss allowance for other receivables	**(8,944)**	(11,018)
	75,381	58,707
Prepayments		
– Third parties	**33,445**	25,017
Deferred issue costs	**41,186**	–
	74,631	25,017
	564,819	490,393

Details of the trade, bills and other receivables and prepayments due from related parties are set out in Note 32.

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:

	As at June 30, 2020 ***RMB'000*** **(Unaudited)**	As at December 31, 2019 *RMB'000* (Audited)
Within 90 days	**381,145**	358,910
91 to 180 days	**15,422**	29,071
181 days to 1 year	**10,084**	8,193
Over 1 year	**6,129**	5,978
	412,780	402,152

19. CONTRACT ASSETS

	As at June 30, 2020 ***RMB'000*** **(Unaudited)**	As at December 31, 2019 *RMB'000* (Audited)
Contract assets		
– Third parties	**973,740**	793,049
– Related parties	**350**	–
Less: loss allowance for contract assets	**(43,293)**	(37,021)
	930,797	756,028

Changes in contract assets primarily relate to timing invoicing.

Details of the contract assets due from related parties are set out in Note 32.

20. TRADE AND OTHER PAYABLES

	As at June 30, 2020 ***RMB'000*** **(Unaudited)**	As at December 31, 2019 *RMB'000* (Audited)
Trade payables		
– Third parties	**59,586**	72,709
– Related parties *(note (a))*	**802**	2,482
	60,388	75,191
Other payables		
– Third parties	**42,681**	40,002
– Related parties *(note (a))*	**–**	854
– Consideration payables *(note (b))*	**5,189**	–
– Contingent consideration payables *(Note 22)*	**8,650**	–
– Restricted share repurchase payable *(Note 28(c)(i))*	**125,765**	146,391
– Dividend payables *(Note 28(c)(i))*	**1,732**	1,286
– Accrued listing expenses and issue costs	**15,507**	–
– Salary and bonus payables	**74,770**	122,653
– Other taxes payables	**66,875**	42,094
	341,169	353,280
	401,557	428,471

Notes:

(a) Details of the trade and other payables due to related parties are set out in Note 32.

(b) Consideration payable for acquisition of Biotranex, LLC ("Biotranex")

As at June 30, 2020, included in consideration payable was an amount of US$733,000 (equivalent to RMB5,189,000) (as at December 31, 2019: Nil) arising from the acquisition of Biotranex on March 31, 2020. Please refer to Note 26(b) for details.

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

	As at June 30, 2020 ***RMB'000*** **(Unaudited)**	As at December 31, 2019 *RMB'000* (Audited)
Within 90 days	**43,123**	64,311
91 days to 1 year	**16,439**	6,699
Over 1 year	**826**	4,181
	60,388	75,191

21. BORROWINGS

	As at June 30, 2020 *RMB'000* (Unaudited)	As at December 31, 2019 *RMB'000* (Audited)
Current portion		
Secured and unguaranteed bank loans	**353,975**	352,304
Unsecured and unguaranteed bank loans	**896,159**	512,559
	1,250,134	864,863
Non-current portion		
Unsecured and unguaranteed bank loans	**136,100**	36,500
Total borrowings	**1,386,234**	901,363
Loan interest at rate per annum in the range of	**2.05% to 4.75%**	3.63% to 6.50%

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

	As at June 30, 2020 *RMB'000* (Unaudited)	As at December 31, 2019 *RMB'000* (Audited)
On demand or within one year	**1,250,134**	864,863
More than one year, but not exceeding two years	**1,400**	1,000
More than two years, but not exceeding five years	**134,700**	35,500
	1,386,234	901,363

22. OTHER LONG-TERM LIABILITIES

As at June 30, 2020, the amounts represented contingent consideration payables arising from acquisitions of RMI Laboratories, LLC, BRI Biopharmaceutical Research Inc. and Biotranex (which was acquired on March 31, 2020) in amounts of US$2,279,000 (equivalent to RMB16,135,000 and RMB15,900,000 as at June 30, 2020 and December 31, 2019, respectively) and CAD832,000 (equivalent to RMB4,320,000 and RMB4,443,000 as at June 30, 2020 and December 31, 2019, respectively) and US$435,000 (equivalent to RMB3,080,000 as at June 30, 2020), respectively.

The amounts were re-measured at fair value and a fair value gain of RMB1,025,000 was recorded (see Note 8). Further, as at June 30, 2020, an aggregate amount of RMB8,650,000 (as at December 31, 2019: Nil) was reclassified as short-term payables as these amounts fall due within one year (see Note 20). The remaining balances of RMB13,860,000 (as at December 31, 2019: RMB20,343,000) remained as long-term payable.

23. SHARE CAPITAL

	As at June 30, 2020			As at December 31, 2019		
	Number of ordinary shares	**Authorised shares**	**Issued and paid shares**	Number of ordinary shares	Authorised shares	Issued and paid shares
		RMB'000	***RMB'000***		*RMB'000*	*RMB'000*
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	(Audited)	(Audited)	(Audited)
Balance brought forward	**749,507,599**	**749,508**	**749,508**	500,176,537	500,177	500,177
Bonus issue *(note (a))*	**–**	**–**	**–**	249,559,635	249,560	249,560
Cancellation of shares *(note (b))*	**(52,049)**	**(52)**	**(52)**	(228,573)	(229)	(229)
Balance carried forward	**749,455,550**	**749,456**	**749,456**	749,507,599	749,508	749,508

Notes:

(a) On April 25, 2019, the directors of the Company proposed a bonus issue on the basis of five bonus shares for every ten existing shares held. The bonus issue was approved by the shareholders on May 17, 2019 and 249,559,635 bonus shares were issued on July 1, 2019.

(b) During the six months ended June 30, 2020, some of the Company's original incentive recipients under Restricted Share Scheme (as defined in Note 28(c)(i)) resigned and lost their right to receive incentive. Therefore, the Company repurchased and cancelled 52,049 restricted shares (as at December 31, 2019: 228,573 restricted shares) previously held by the incentive recipients with a deduction from the treasury shares of RMB1,553,000 (as at December 31, 2019: RMB6,819,000), including a reduction of RMB52,000 (as at December 31, 2019: RMB229,000) in share capital, and RMB1,501,000 (as at December 31, 2019: RMB6,590,000) in share premium.

24. TREASURY SHARES

	As at June 30, 2020		As at December 31, 2019	
	Number of shares	**Cost of acquisition**	Number of shares	Cost of acquisition
		RMB'000		*RMB'000*
	(Unaudited)	**(Unaudited)**	(Audited)	(Audited)
Balance brought forward	**6,570,338**	**211,224**	5,432,873	248,125
Repurchase of shares *(Note (a))*	**–**	**–**	1,572,959	61,849
Bonus issue *(Note 23(a))*	**–**	**–**	1,913,882	1,914
Shares transferred under Share Purchase Scheme (as defined in Note 28(c)(ii)) *(Note (b))*	**-**	**-**	(2,120,803)	(93,845)
Cancellation of shares *(Note 23(b))*	**(52,049)**	**(1,553)**	(228,573)	(6,819)
Exercise of restricted share units under Restricted Share Scheme *(note 28(c)(i))*	**(1,638,330)**	**(48,870)**	-	-
Balance carried forward	**4,879,959**	**160,801**	6,570,338	211,224

Notes:

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

(b) During the six months ended June 30, 2019, the Company has adopted the Share Purchase Scheme (as defined in Note 28(c)(ii)). On June 20, 2019, 2,120,803 shares previously repurchased by the Company were transferred to the Share Purchase Scheme by way of non-trade transfer at RMB44.25 per share. Details of the Share Purchase Scheme are set out in Note 28(c)(ii).

25. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

This note provides information about how the Group determines fair value of the following financial assets and liabilities that are measured at fair value on a recurring basis.

(a) Fair Value of the Group's Financial Assets and Liabilities that are Measured at Fair Value on a Recurring Basis

Financial assets/ (liabilities)	Fair value at **June 30, 2020** ***RMB'000*** **(Unaudited)**	Fair value at December 31, 2019 *RMB'000* (Audited)	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Listed equity securities at fair value	**369,672**	134,957	Level 1	Quoted market transaction prices	N/A	N/A
Unlisted equity investment at fair value	**1,009,243**	1,040,304	Level 3	Market multiples with an adjustment of discount lack of marketability	Discount for lack of marketability	The higher the discount for lack of marketability, the lower the valuation
				Equity value allocation model	Seniority	The higher the seniority, the higher the valuation
					IPO probability	The higher the IPO probability, the higher the valuation
				Discounted cash flows – Future cash flows are estimated based on expected return, discounted at a rate that reflects risk of underlying assets	Expected growth rate	The higher the expected growth rate, the higher the valuation
					Discount rate	The higher the discount rate, the lower the valuation
				Latest transaction prices/ consideration for shares transfer in similar equity interest	Consideration due to timing, condition of sale and terms of agreement, size and nature of similar business to derive estimated value	The higher the value of similar transactions, the higher the valuation

Financial assets/ (liabilities)	Fair value at June 30, 2020 *RMB'000* (Unaudited)	Fair value at December 31, 2019 *RMB'000* (Audited)	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Unlisted fund investments at fair value	**1,860,759**	1,075,213	Level 3	Net asset value of underlying investments	Net assets	The higher the net asset value, the higher the valuation
Structured deposits	**41,074**	68,827	Level 2	Discounted cash flows – Future cash flows are estimated based on expected return, discounted at a rate that reflects risk of underlying assets	N/A	N/A
Contingent consideration payables	**(22,510)**	(20,343)	Level 3	Discounted cash flows – Future cash flows are estimated based on expected return, discounted at a rate that reflects risk of underlying assets	Expected growth rate	The higher the expected growth rate, the higher the valuation
					Discount rate	The higher the discount rate, the lower the valuation

Notes:

(i) Discount for lack of marketability

A 5% increase/decrease in the discount for lack of marketability while holding all other variables constant would decrease/increase the fair value of the unlisted equities by RMB24,610,000 as at June 30, 2020 (as at December 31, 2019: RMB26,018,000) in the Group.

(ii) IPO probability

A 5% increase/decrease in the IPO probability while holding all other variables constant would increase/decrease the fair value of the unlisted equities by RMB14,002,000 as at June 30, 2020 (as at December 31, 2019: RMB14,012,000) in the Group.

(iii) Net asset value

A 5% increase/decrease in the net asset value while holding all other variables constant would increase/decrease the fair value of the unlisted funds by RMB93,038,000 as at June 30, 2020 (as at December 31, 2019: RMB53,761,000) in the Group.

(b) Reconciliation of Level 3 Fair Value Measurements

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

	Contingent consideration payables *RMB'000*	**Unlisted equity investments at fair value** *RMB'000*	**Unlisted fund investments at fair value** *RMB'000*
As at January 1, 2019 (Audited)	–	661,596	806,854
Acquisitions	–	390,185	226,165
Disposals and transfer	–	(115,967)	(42,147)
Acquisition through business combinations	(20,343)	-	-
Changes in fair value	–	103,748	83,959
Exchange realignment	–	742	382
As at December 31, 2019 (Audited) and January 1, 2020	**(20,343)**	**1,040,304**	**1,075,213**
Acquisitions	**–**	**101,152**	**316,613**
Disposals	**–**	**–**	**(72,389)**
Acquisition through business combinations	**(3,082)**	**-**	**-**
Changes in fair value	**1,025**	**(13,457)**	**537,795**
Transfer to Level 1	**–**	**(121,210)**	**–**
Exchange realignment	**(110)**	**2,454**	**3,527**
As at June 30, 2020 (Unaudited)	**(22,510)**	**1,009,243**	**1,860,759**

Of the total gains or losses for the six months ended June 30, 2020, included in profit or loss, RMB525,363,000 (for the year ended December 31, 2019: RMB187,707,000) were unrealised fair value gains related to financial instruments at FVTPL on Level 3 fair value measurement held as at June 30, 2020. Fair value gains or losses on contingent consideration payables and on financial assets at FVTPL are presented in Note 8.

(c) Fair Value of Financial Assets and Financial Liabilities that are not Measured at Fair Value

The directors of the Company consider that the carrying amount of the Group's financial assets and financial liabilities recorded at amortised cost in condensed consolidated financial statements approximate to their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

26. ACQUISITION OF SUBSIDIARIES

Name of subsidiary acquired	Vendor	Percentage of equity interests acquired	Principal activity	Date of completion
Shanghai Mosim Medical Technology Co., Ltd. 上海謀思醫藥科技有限公司 ("Mosim") *(note)*	Independent third parties	27%	CRO services	January 9, 2020
Biotranex	An independent third party	100%	DMPK services to pharmaceutical and agrichemical industries	March 31, 2020

Note:

The English name of the subsidiary registered in the PRC represents the best efforts made by management of the Company to translate its Chinese name as it does not have an official English name.

(a) Acquisition of Mosim

On January 9, 2020, the Group acquired additional 27% of the equity interests in Mosim, a former associate of the Company, for a cash consideration of RMB91,558,000 from independent third parties. Such acquisition was made so as to expand the Group's CMC business in the PRC. This acquisition has been accounted for using the acquisition method.

Upon the completion of the above transaction, Mosim became a direct non-wholly owned subsidiary of the Company.

Acquisition-related costs amounting to RMB10,000 are excluded from the consideration transferred and have been recognised as an expense in the profit or loss.

Details of the fair value of identifiable assets and liabilities are as follows:

	Fair value *RMB'000*
Property, plant and equipment	233
Intangible assets – software	6,208
Deferred tax assets	156
Trade and other receivables	20,552
Cash and cash equivalents	16,154
Trade and other payables	(5,495)
Contract liabilities	(3,754)
Tax payables	(2,747)
Deferred tax liabilities	(927)
Non-controlling interests	(12,152)
Net assets acquired	18,228

	RMB'000
Cash consideration paid	91,558
Fair value of previously held interests in Mosim	112,622
Less: Fair value of net assets acquired	(18,228)
Goodwill	185,952
Net cash outflow arising on acquisition of a subsidiary:	
Cash consideration paid	91,558
Less: Cash and cash equivalents acquired	(16,154)
	75,404

The fair value of trade and other receivables at the date of acquisition amounted to RMB20,552,000, which is approximately the contractual amounts of those trade and other receivables acquired.

The non-controlling interest recognised at the acquisition date was measured at 40% of the net assets acquired.

The Group remeasured its previously held interests in Mosim on the acquisition date and recognised a gain of RMB67,749,000 on the fair value change of previously held interests, which is included in gain on disposal of associates in Note 8. The fair value of the 33% equity interests was estimated with reference to the sales and purchase in relation of this acquisition. The directors of the Company are of opinion that the consideration could be considered as fair value as the agreement was entered with the independent third parties on an arm's length basis.

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

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

Since the acquisition date, Mosim has contributed RMB17,356,000 to the Group's revenue and a profit of RMB5,819,000 to the overall result of the Group for the six months ended June 30, 2020. If the acquisition had occurred on January 1, 2020, the Group's revenue would have been RMB1,452,688,000 and the profit of the Group would have been RMB1,048,117,000 for the six months ended June 30, 2020.

The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2020, nor is it intended to be a projection of future results.

(b) Acquisition of Biotranex

On March 31, 2020, the Group acquired entire equity interests of Biotranex for consideration of US$2,600,000 (equivalent to RMB18,422,000) (the "Biotranex Acquisition"). Biotranex is engaged in providing quantitative and qualitative drug metabolism services for pharmaceutical and biotechnology companies. In completing the Biotranex Acquisition, the Group will expand its capacity and enable the Group to move towards becoming a global leader in providing DMPK services to the existing and new clients in pharmaceutical and agrichemical industries.

The acquisition has been accounted for using acquisition method. During the six months ended June 30, 2020, all of the conditions precedent under the sales and purchase agreement were fulfilled, and Biotranex became an indirect subsidiary of the Company thereafter.

The total consideration of the Biotranex Acquisition is subject to downward adjustment in respect of the guarantee to a maximum of US$600,000 (equivalent to RMB4,251,000) if:

(a) the audited earnings before interest, taxes, depreciation and amortisation ("EBITDA") for the nine months ending December 31, 2020 is less than US$105,000 (equivalent to RMB744,000) (the "Biotranex FY2020 Profit Target");

(b) the audited EBITDA of Biotranex in fiscal year of 2021 is less than US$400,000 (equivalent to RMB2,834,000) (the "Biotranex FY2021 Profit Target"); and

(c) the audited EBITDA of Biotranex in fiscal year of 2022 is less than US$500,000 (equivalent to RMB3,543,000) (the "Biotranex FY2022 Profit Target").

In case if the total audited EBITDA from April 1, 2020 to December 31, 2022 is less than US$1,005,000 (equivalent to RMB7,121,000) (the "Biotranex Profit Target") but is equal to or exceeds US$495,000 (equivalent to RMB3,507,000), the total consideration of the Biotranex Acquisition is subject to downward adjustment based on the difference the audited profit and the Biotranx Profit Target.

The total consideration shall be satisfied by way of cash by the Group in the following manners:

(a) initial consideration as to US$1,250,000 (equivalent to RMB8,857,000) payable by completion;

(b) second consideration as to a maximum of US$375,000 (equivalent to RMB2,657,000) payable within 6 months after the completion of the Biotranex Acquisition;

(c) third consideration as to a maximum of US$200,000 (equivalent to RMB1,417,000) (if the Biotranex FY2020 Profit Target is attained) is payable by March 31, 2021;

(d) fourth consideration as to a maximum of US$200,000 (equivalent to RMB1,417,000) (if the Biotranex FY2021 Profit Target is attained) is payable by March 21, 2022;

(e) fifth consideration as to a maximum of US$200,000 (equivalent to RMB1,417,000) (if the Biotranex FY2022 Profit Target is attained) is payable by March 31, 2023; and

(f) final consideration as to a maximum of US$375,000 (equivalent to RMB2,657,000) if the payment is mutually agreed by the Group and the seller.

The expected future economic benefits that will flow out of the Group arising from such arrangement are considered as a contingent consideration. The contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in the business combination.

Acquisition-related costs amounting to RMB69,000 are excluded from the consideration transferred and have been recognised as an expense in the profit or loss.

The purchase price has been preliminarily allocated based on the estimated fair value of net assets acquired and liabilities assumed at the date of the acquisition. The preliminary purchase price allocation is subject to further refinement and may require adjustments to arrive at the final purchase price allocation. These adjustments will primarily relate to intangible assets and income tax-related items. Management expects the purchase price allocation to be completed in the first quarter of 2021.

Details of the fair value of identifiable assets and liabilities are as follows:

	Fair value *RMB'000*
Property, plant and equipment	242
Intangible assets – customer relationship	2,126
Intangible assets – non-competition clause	2,126
Trade and other receivables	1,015
Cash and cash equivalents	973
Trade and other payables	(249)
Net assets acquired	6,233

	RMB'000
Cash consideration paid	8,857
Consideration payable	5,192
Contingent consideration payable	3,082
Less: Fair value of net assets acquired	(6,233)
Goodwill	10,898

Net cash outflow arising on acquisition of a subsidiary:	
Cash consideration paid	8,857
Less: Cash and cash equivalents acquired	(973)
	7,884

The fair value of trade and other receivables at the date of acquisition amounted to RMB1,015,000, which is approximately the contractual amounts of those trade and other receivables acquired.

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

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

Since the acquisition date, Biotranex has contributed RMB1,908,000 to the Group's revenue and a profit of RMB289,000 to the overall result of the Group for the six months ended June 30, 2020. If the acquisition had occurred on January 1, 2020, the Group's revenue would have been RMB1,453,935,000 and the profit of the Group would have been RMB1,049,936,000 for the six months ended June 30, 2020.

The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2020, nor is it intended to be a projection of future results.

27. DISPOSAL OF SUBSIDIARIES

Name of subsidiary disposed	Percentage of equity interests disposed of	Principal activity	Date of completion
Chengdu Xinsheng Tigermed Technology Company Limited 成都市鑫盛泰格醫藥科技有限公司 ("Chengdu Tigermed")	100%	Clinical development service	January 10, 2020

During the six months ended June 30, 2020, the Group disposed all equity interests in a wholly owned subsidiary, Chengdu Tigermed, which is engaged in provision of clinical development service in the PRC, to an associate, Hangzhou Yibai Health Management Co., Ltd. 杭州頤柏健康管理有限公司 ("Hangzhou Yibai"), at a consideration of RMB5,000,000.

A summary of the effects of the disposal of Chengdu Tigermed at the date of disposal is as follows:

	RMB'000
Property, plant and equipment	15
Right-of-use assets	415
Trade and other receivables	145
Cash and cash equivalents	157
Trade and other payables	(2,020)
Lease liabilities	(438)
Tax payables	(17)
Net liabilities disposed	(1,743)

	RMB'000
Consideration received	5,000
Add: net liabilities disposed	1,743
Gain on disposal of a subsidiary	6,743

Net cash inflow arising on disposal of a subsidiary:	
Cash received	5,000
Less: Cash and cash equivalents disposed of	(157)
	4,843

The English names of the subsidiary and the associate registered in the PRC represent the best efforts made by management of the Company to translate their Chinese names as they do not have official English names.

28. SHARE-BASED PAYMENT

During the six months ended June 30, 2020, the Company and its subsidiaries adopted certain share option schemes to its employees. Details of the schemes are as follow:

(a) Frontage Holdings:

2008 and 2015 share incentive plans

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

In April 2018, Frontage Labs and its subsidiaries carried out reorganisation in order to fulfill the listing requirements of the Stock Exchange. Accordingly, the Group has incorporated Frontage Holdings as holding company of Frontage Labs and its subsidiaries (collectively the "Frontage Holdings Group") in the Cayman Islands.

On April 17, 2018, Frontage Holdings, Frontage Labs and corresponding employees entered into an agreement pursuant to which Frontage Labs has assigned, and Frontage Holdings has assumed, the rights and obligations of Frontage Labs under the Frontage Labs Schemes.

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

Set out below are details of the movements of the outstanding options granted under the Frontage Labs Schemes during the current and prior period, retroactively reflecting the Frontage Capitalisation Issue:

	For the six months ended June 30,			
	2020		2019	
	Weighted average exercise price *(RMB)*	**Number**	Weighted average exercise price *(RMB)*	Number
	(Unaudited)	**(Unaudited)**	(Unaudited)	(Unaudited)
Outstanding at beginning of period	**1.05**	**115,650,000**	0.36	40,350,000
Granted during the period	**–**	**–**	1.38	79,900,000
Forfeited during the period	**1.41**	**(3,350,000)**	0.68	(3,900,000)
Exercised during the period	**0.84**	**(20,010,000)**	-	-
Lapsed during the period	**1.41**	**(75,000)**	–	–
Outstanding at end of period	**1.13**	**92,215,000**	0.95	116,350,000
Options exercisable		**56,665,000**		31,200,000
Weighted average contractual life *(years)*		**4.56**		5.55

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

The Group recognised total expense of approximately RMB3,070,000 for the six months ended June 30, 2020 (six months ended June 30, 2019: RMB8,898,000) in relation to share options granted under the Frontage Labs Schemes.

2018 share incentive plan

On May 11, 2019, the board of directors of Frontage Holdings approved an incentive plan to grant share options, restricted share units and any other types of award to eligible employees, including the directors and employees of the Frontage Holdings Group. The total number of shares in respect of which the awards may be granted pursuant to the 2018 share incentive plan and any other equity-based incentive plans of Frontage Holdings, being 10% of the shares of Frontage Holdings. No awards have been granted under the 2018 share incentive plan by June 30, 2020.

(b) DreamCIS:

DreamCIS, a subsidiary of the Company, adopted a share incentive plan in 2018 (the "DreamCIS Scheme") for the primary purpose of attracting, retaining and motivating the directors and employees of DreamCIS. Under the DreamCIS Scheme, the directors of DreamCIS may grant up to 402,372 share options under the share incentive plan to eligible employees, including the directors and employees of DreamCIS, to subscribe for shares in DreamCIS.

Each option granted has a contractual term of 5 years.

Pursuant to the capitalisation issue completed during the year ended December 31, 2019 (the "DreamCIS Capitalisation Issue"), all the then outstanding share options granted and the exercise price are adjusted on a one-to-four basis.

Set out below are details of the movements of the outstanding options granted under the DreamCIS Scheme during the current and prior period, retroactively reflecting the DreamCIS Capitalisation Issue:

	For the six months ended June 30,			
	2020		2019	
	Weighted average exercise price *(RMB)*	**Number**	Weighted average exercise price *(RMB)*	Number
	(Unaudited)	**(Unaudited)**	(Unaudited)	(Unaudited)
Outstanding at beginning of period	**43.0**	**304,460**	30.5	224,240
Granted during the period	**–**	**–**	64.4	127,276
Forfeited during the period	**51.3**	**(9,400)**	32.4	(8,320)
Outstanding at end of period	**41.8**	**295,060**	42.3	343,196
Options exercisable		**–**		–
Weighted average contractual life *(years)*		**3.15**		3.71

The exercise price of options outstanding ranges from KRW5,000 to KRW10,680 (equivalent to RMB30.5 to RMB64.4).

The Group recognised total expense of approximately RMB279,000 for the six months ended June 30, 2020 (six months ended June 30, 2019: RMB76,000) in relation to share options granted under the DreamCIS Scheme.

(c) The Company

(i) Restricted Share Scheme

The Company adopted a restricted share scheme in 2019 (the "Restricted Share Scheme") for the primary purpose of attracting, retaining and motivating the directors and employees of the Group. Under the Restricted Share Scheme, the directors of the Company may grant up to 4,859,311 restricted shares under the scheme to eligible employees, including the directors and employees of the Group, to obtain ordinary shares of the Company upon vesting.

The Restricted Share Scheme will be valid and effective for a period of 4 years.

Pursuant to the bonus issue completed on July 1, 2019, all the then outstanding restricted shares granted and the repurchase price are adjusted accordingly.

Set out below are details of the movements of the outstanding restricted shares granted under the Restricted Share Scheme during the current and prior period, retroactively reflecting the bonus issue:

	For the six months ended June 30,			
	2020		2019	
	Weighted average exercise price *(RMB)*	**Number**	Weighted average exercise price *(RMB)*	Number
	(Unaudited)	**(Unaudited)**	(Unaudited)	(Unaudited)
Outstanding at beginning of period	**27.13**	**6,283,965**	-	-
Granted during the period	**–**	**–**	26.55	5,741,644
Forfeited during the period	**26.55**	**(52,049)**	–	–
Exercised during the period	**26.55**	**(1,638,330)**	–	–
Outstanding at end of period	**27.38**	**4,593,586**	26.55	5,741,644
Restricted shares exercisable		**–**		–
Weighted average contractual life *(years)*		**1.65**		3.00

During the six months ended June 30, 2020, upon acceptance of the restricted shares by the employees, a repurchasing obligation, amounting to RMB24,252,000, is recognised as other payable. In 2020, some of the Group's original incentive recipients resigned and lost their right to receive incentives. Therefore, the Group repurchased and cancelled the restricted shares previously held by these incentive recipients. As a result, a total of RMB1,382,000 has been refunded to the original incentive recipients.

During the six months ended June 30, 2020, a total of 1,638,330 restricted shares were unlocked and exercised. Upon the unlock of the restricted shares, a repurchasing obligation, amounting to RMB43,496,000 is derecognised as other payable.

Under the Restricted Share Scheme, the holders of the restricted shares are entitled to dividend declared by the Company and the dividend will be settled upon the end of lockup period. As at June 30, 2020, a dividend payable of RMB1,732,000 (as at December 31, 2019: RMB1,286,000) has been recognised.

The Group recognised total expense of approximately RMB16,061,000 for the six months ended June 30, 2020 (six months ended June 30, 2019: RMB2,007,000) in relation to restricted shares granted under the Restricted Share Scheme.

(ii) Share Purchase Scheme

The Company adopted the share purchase scheme in 2019 (the "Share Purchase Scheme") for the primary purpose of attracting, retaining and motivating the directors and employees of the Group. Under the Share Purchase Scheme, a trust entity has been set up for the scheme and a third party agent with asset management qualifications was engaged by the participants of the scheme.

The minimum and maximum amount of funds to be raised is RMB200,000,000 and RMB500,000,000, respectively, which shall be divided into respective units to be subscribed at RMB1.00 each. The participants of the Share Purchase Scheme are required to pay the subscription funds in one lump sum according to the number of units subscribed.

In the event that a participant terminates employment with the Company due to expiration of his/her service contract, the units he/she has subscribed for and paid subscription monies shall be subject to mandatory transfer to other participants, at a consideration equal to the subscription costs.

The underlying shares of the Share Purchase Scheme are the repurchased shares previously repurchased and held by the Company as treasury shares (Note 24). The average repurchase price was RMB44.25 per share. On June 20, 2019, 2,120,803 shares previously repurchased by the Company was transferred to the trust unit for Share Purchase Scheme by way of non-trade transfer at RMB44.25 per share. As a result, a consideration of RMB93,845,000 has been received by the Group upon the transfer of treasury shares.

Pursuant to the bonus issue completed on July 1, 2019, all the then shares held in the Share Purchase Scheme are adjusted accordingly.

During the six months ended June 30, 2020, a total of 636,061 shares held under the Share Purchase Scheme were unlocked and exercised.

Set out below are details of the movements of the outstanding units granted under the Share Purchase Scheme during the current and prior period, retroactively reflecting the bonus issue:

	For the six months ended June 30,			
	2020		**2019**	
	Weighted average exercise price *(RMB)*	**Number**	Weighted average exercise price *(RMB)*	Number
	(Unaudited)	**(Unaudited)**	(Unaudited)	(Unaudited)
Outstanding at beginning of period	**44.25**	**2,120,803**	-	-
Granted during the period	**–**	**–**	44.25	2,120,803
Exercised during the period	**44.25**	**(636,061)**	–	–
Outstanding at end of period	**44.25**	**1,484,742**	44.25	2,120,803
Units exercisable		**–**		–
Weighted average contractual life *(years)*		**1.65**		3.00

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

The Group recognised total expense of approximately RMB2,058,000 and for the six months ended June 30, 2020 (six months ended June 30, 2019: nil) in relation to Share Purchase Scheme.

(d) 杭州英放生物科技有限公司Fantastic Bioimaging Co., Ltd. ("Fantastic Bioimaging")

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

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

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

Each restricted share granted has a contractual term of 3 years.

On September 1, 2019, Fantastic Bioimaging granted 466,667 restricted shares to its employees at a price of RMB1.5 per share.

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

	For the six months ended June 30, 2020	
	Weighted average exercise price *(RMB)*	**Number**
	(**Unaudited**)	(**Unaudited**)
Outstanding at beginning of period	**1.5**	**466,667**
Granted during the period	**–**	**–**
Outstanding at end of period	**1.5**	**466,667**
Restricted shares exercisable		**–**
Weighted average contractual life *(years)*		**2.25**

The Group recognised total expense of approximately RMB1,608,000 for the six months ended June 30, 2020 (six months ended June 30, 2019: nil) in relation to restricted shares granted under the Fantastic Bioimaging Scheme.

29. MAJOR NON-CASH TRANSACTIONS

(a) During the six months ended June 30, 2020, the Group entered into an agreement to acquire additional 27% equity interests in Mosim, the then associate of the Company. Upon the completion of the acquisition, Mosim became a non-wholly owned subsidiary of the Company. Please refer to Note 26(a) for details.

(b) The Group entered into lease arrangements in respect of offices and experiment equipment with additions of right-of-use assets and lease liabilities at the inception of the lease of RMB151,903,000 for the six months ended June 30, 2020 (six months ended June 30, 2019: RMB31,117,000)

(c) During the six months ended June 30, 2020, upon the satisfaction of unlocking conditions, a total of 1,638,330 restricted shares were unlocked and exercised. Upon the unlock of the restricted shares, a repurchasing obligation, amounting to RMB43,496,000 is derecognised as other payable.

30. CAPITAL COMMITMENTS

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

	As at June 30, 2020 ***RMB'000*** **(Unaudited)**	As at December 31, 2019 *RMB'000* (Audited)
Commitments for the investments in the funds or companies	**538,348**	383,539
Acquisition of property, plant and equipment	**–**	2,697

31. CONTINGENT LIABILITIES

(a) On May 13, 2019, the Company and a commercial bank in the PRC entered into guarantee contracts in relation to a loan provided by commercial bank to Shanghai Shengtong International Logistics Co., Ltd ("Shanghai Shengtong"). In respect of the loan provided by the commercial bank, the Company agreed to provide a guarantee (pursuant to which it assumes joint liability in respect of all obligations of Shanghai Shengtong) in favor of the commercial bank, which covers a maximum amount of RMB13,200,000. As at June 30, 2020, the total loan drawn down by Shanghai Shengtong amounted to RMB12,000,000 (as at December 31, 2019: RMB11,740,000). The Group considered the possibility of any outflow to settle such guarantee is remote and therefore the fair value of the financial guarantee as at inception date is minimal.

(b) On August 29, 2019, Jie Tong Kang Xin (Beijing) Pharmaceutical Technology Co., Ltd ("Jie Tong Kang Xin") was sued by 浙江天松醫療器械有限公司(Zhejiang Tiansong Medical Equipment Company Limited) for the delay in the execution of contract, and applied for a return of deposit of RMB744,000 and a compensation of loss of RMB1,587,000. On November 10, 2019, the litigation was judged and Jie Tong Kang Xin was required to repay deposit of RMB600,000. Jie Tong Kang Xin applied for an appeal on November 28, 2019 and as at June 30, 2020, the charge was withdrawn.

32. RELATED PARTY TRANSACTIONS AND BALANCES

In addition to the transactions and balances disclosed in Notes 18, 19 and 20, the Group had the following significant transactions and balances with related parties during the current and prior period:

(1) Related Party Transactions:

(a) Fee paid to related parties for services

		For the six months ended June 30,	
		2020	2019
	Relationship	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Teddy Clinical Research Laboratory (Shanghai) Limited 上海觀合醫藥科技有限公司 ("Shanghai Guanhe") *(note (a))*	Associate	**3,598**	4,595
Tigerise Inc.	Associate	**1,002**	–
		4,600	4,595

(b) Revenue from related parties

		For the six months ended June 30,	
		2020	2019
	Relationship	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Shanghai Guanhe	Associate	**417**	–
EPS Tigermed (Suzhou) Co., Ltd. 蘇州益新泰格醫藥科技有限公司 ("Suzhou Yixin") *(note (a))*	Associate	**127**	–
FJ Pharma LLC	Associate	**5**	846
Frontage Laboratories (Suzhou) Co., Ltd. 方達醫藥技術(蘇州)有限公司 ("Frontage Suzhou") *(note (a))*	Associate before October 25, 2019	**–**	2,993
		549	3,839

(c) Disposal of a subsidiary

		For the six months ended June 30,	
		2020	2019
	Relationship	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Hangzhou Yibai	Associate	**5,000**	–

The transactions above were carried out in accordance with the terms agreed with the counterparties.

(2) Related Party Balances:

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

	Relationship	**As at June 30, 2020** ***RMB'000*** **(Unaudited)**	As at December 31, 2019 *RMB'000* (Audited)
Trade receivables and contract assets *(note (c))*			
Mosim	Associate	**–**	20
Shanghai Guanhe	Associate	**72**	–
Hangzhou Yibai	Associate	**356**	–
		428	20
Other receivables *(note (d))*			
FJ Pharma LLC	Associate	**–**	123
Trade payables *(note (c))*			
Shanghai Guanhe	Associate	**802**	2,482
Other payables *(note (d))*			
Shanghai Guanhe	Associate	**–**	854
Contract liabilities *(note (c))*			
Shanghai Guanhe	Associate	**20**	10
Suzhou Yixin	Associate	**167**	–
Hangzhou Yibai	Associate	**17**	–
		204	10

Notes:

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

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

(c) The amounts are trade-related in nature.

(d) The amounts are non-trade in nature.

(3) Compensation of Key Management Personnel:

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

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

	For the six months ended June 30,	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Directors' fee, salaries and other benefits	**2,636**	2,716
Performance-based bonus	**1,277**	1,169
Retirement benefit scheme contributions	**81**	104
Share-based compensation	**216**	–
	4,210	3,989

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

33. SIGNIFICANT EVENT

Due to the outbreak of the Novel Coronavirus ("COVID-19") epidemic in China and around the world, certain of the Group's ongoing biopharmaceutical research & development projects in China and overseas, including the clinical trial operations, site management and patient recruitment projects and laboratory services, have been adversely affected. Nevertheless, based on the knowledge of the directors of the Company, up to the date of this report, there had not been any significant delay or cancellation of any of our ongoing projects, issues with collection of customers' receivables, or disputes with customers that have resulted in a material adverse effect to the Group's financial performance due to the COVID-19 outbreak. The Group will continue to pay close attention to the development of the COVID-19 epidemic, and to evaluate the impact of COVID-19 epidemic on the operating activities and financial performance of the Group.

34. SUBSEQUENT EVENTS

(a) On July 2, 2020, the Group entered into an agreement to acquire 100% equity interests in Acme Bioscience, Inc. and its subsidiaries (the "Target") for a consideration of US$26,000,000 (equivalent to RMB183,726,000), of which US$11,000,000 (equivalent with RMB77,730,000) will be subjected to the achievements of certain performance targets by the Target for the three years ending December 31, 2022 as set out in the sales and purchase agreement. The purpose of the acquisition is to enable the Group to expand the Group's capabilities of organic synthesis, medicinal chemistry, and process research and development, and will enable the Group to capture growth in the drug discovery and early stage development and other ancillary services.

The above acquisition has been completed subsequent to the end of the reporting period upon the fulfilment of the condition of the acquisition. In the moment, it is not practicable to provide an estimate of financial effect of the above acquisition until the Group performs a detailed review.

(b) On August 7, 2020, 107,065,150 ordinary shares with a par value of RMB1 each of the Company were issued at a price of HK$100 (equivalent to RMB90.34) per share by way of global offering. On the same date, the Company's shares were listed on the Main Board of the Stock Exchange.

"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
"Audit Committee"	the audit committee of the Board
"Board of Directors" or "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 interim results announcement and for geographical reference only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Company", "our Company", "Tigermed"	Hangzhou Tigermed Consulting Co., Ltd. (杭州泰格醫藥科技股份有限公司), the A Shares of which are listed on the Shenzhen Stock Exchange (stock code: 300347) and the H Shares of which are listed on the Hong Kong Stock Exchange (stock code: 03347)
"CRO"	Contract Research Organization
"Director(s)"	the director(s) of the Company or any one of them
"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$" or "Hong Kong dollars"	Hong Kong dollars and cents, both are the lawful currency of Hong Kong

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IFRS"	International Financial Reporting Standards
"Listing" or "IPO"	the listing of the H Shares on the Main Board of the Stock Exchange on August 7, 2020
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
"Model Code"	the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix 10 to the Listing Rules
"Prospectus"	the prospectus issued by the Company dated July 28, 2020
"RMB"	Renminbi, the lawful currency of the PRC
"Reporting Period"	the six months ended June 30, 2020
"Share(s)"	comprising A Shares and H Shares
"Shareholder(s)"	holder(s) of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"U.S. dollars", or "US$"	United States dollars, the lawful currency of the United States
"%"	percentage

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

Hong Kong, August 28, 2020

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