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

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

(Stock Code: 3347)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2020

FINANCIAL HIGHLIGHTS

	Year ended December 31,		
	2020	2019	Change
	RMB million	*RMB million*	
Operating results			
Revenue	**3,192.3**	2,803.3	13.9%
Gross Profit	**1,503.3**	1,291.9	16.4%
Net profit attributable to the owners of the Company	**1,751.3**	841.2	108.2%
Adjusted net profit attributable to the owners of the Company[(1)]	**987.2**	721.0	36.9%
Profitability			
Gross Profit Margin	**47.1%**	46.1%	1.0%
Margin of net profit attributable to the owners of the Company	**54.9%**	30.0%	24.9%
Margin of adjusted net profit attributable to the owners of the Company[(1)]	**30.9%**	25.7%	5.2%
Earnings per share (RMB)			
– Basic	**2.20**	1.13	94.7%
– Diluted	**2.19**	1.13	93.8%
Adjusted earnings per share (RMB)[(1)]			
– Basic	**1.24**	0.97	27.8%
– Diluted	**1.23**	0.96	28.1%

	As of December 31,		
	2020	2019	Change
	RMB million	*RMB million*	
Financial position			
Total assets	**19,506.1**	7,568.0	157.7%
Equity attributable to owners of the Company	**16,153.8**	4,246.8	280.4%
Total liabilities	**1,647.6**	2,046.7	-19.5%
Cash and cash equivalents	**9,960.0**	2,006.9	396.3%
Gearing ratio	**–**	16.3%	N/A

Note:

(1) Non-IFRS measure. Please refer to the subsection headed "*Non-International Financial Reporting Standards ("**IFRS**") Measure*" for details.

The Board proposed to declare a final dividend of RMB3.00 (inclusive of tax) per 10 shares for the year ended December 31, 2020.

The board (the "**Board**") of directors (the "**Directors**") 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 audited consolidated annual results of the Company and its subsidiaries (collectively, the "**Group**", "**we**", or "**us**") for the year ended December 31, 2020 (the "**Reporting Period**"), together with the comparative figures for the year ended December 31, 2019 (the "**Corresponding Period**").

MANAGEMENT DISCUSSION AND ANALYSIS

The past year of 2020 was an extraordinary year to remember for the world and for those of us in the healthcare industry. The human race was faced with an unprecedented pandemic and found ourselves unprepared. While putting the safety and health of our employees as the first priority, we have endeavored to play our part and actively worked with our customers, scientists and medical professionals in the joint race to find a solution to the crisis. As a leading clinical Contract Research Organization ("**CRO**") in China, we took part in the clinical trials of potential COVID-19 therapies as early as February 2020. We are also the leading clinical CRO for the multi-center phase III clinical study of a Ad5-nCoV vaccine, the first China-initiated phase III vaccine clinical study covering multiple continents, including Asia, Europe, and Latin America. Our controlled subsidiary Frontage Holdings Corporation ("**Frontage**") also launched speed COVID-19 test services for the local community in the United States. For COVID-19 related clinical trials, our teams managed through highly complicated and challenging pandemic situations and coordinated seamlessly across continents with an aim to provide services with industry-leading quality and efficiency. This demonstrated our unwavering commitment to our customers.

Our revenue increased by 13.9% year-over-year ("**YoY**") from RMB2,803.3 million in 2019 to RMB3,192.3 million during the Reporting Period. Revenue generated from clinical trial solutions reached RMB1,519.2 million and that from clinical-related and laboratory services reached RMB1,673.1 million, representing a YoY growth of 12.8% and 14.9%, respectively.

During the Reporting Period, our new bookings reached RMB5,536.5 million, representing a 30.9% YoY growth. Our contracted future revenue reached RMB7,260.3 million as of December 31, 2020, representing a YoY growth of 44.9%. We added 287 new customers and provided services to a total of 2,185 customers during the Reporting Period. In 2020, our team contributed to the successful launch of a number of drugs and medical devices, including Ameile® (EGFR-TKI), Optune® (TTFields), Folotyn® (Pralatrexate), and ASCLEVIR® (NS5A).

Our total employees reached 6,032 as of December 31, 2020 from 5,312 as of June 30, 2020, and 4,959 as of December 31, 2019. Below is a breakdown of our employees by function and by region as of December 31, 2020:

	Number of employees				
Function	**PRC**	**Asia Pacific (excluding PRC)**	**Americas**	**EMEA**	**Total**
Project Operation	4,801	196	449	16	5,462
Marketing and business development	147	12	19	–	178
Management and administration	312	29	42	9	392
Total	5,260	237	510	25	6,032

As of December 31, 2020, we had 772 employees based overseas. During the Reporting Period, we spent further efforts to expand and enhance our overseas project management and clinical operation capability. We expanded our clinical operation and project management teams in the U.S., Europe, and Australia. We had also strategically and selectively expanded into certain new markets in South Asia, Latin America, and Africa regions. Managers for seven new countries were hired during the Reporting Period, and our overseas project management and clinical operation teams covered all major continents as of December 31, 2020.

We secured new bookings of more than RMB300 million for Multi-regional Clinical Trials ("**MRCT**"s) during the Reporting Period. As of December 31, 2020, we had a total of 115 clinical trials being conducted overseas, of which 95 were single region trials and 20 were MRCTs. The 20 ongoing MRCTs covered 13 therapeutical areas including but not limited to oncology, rare diseases and vaccines, and were being or planned to be conducted in 21 countries across North America, Asia Pacific, Europe and Latin America. We also led the first China-initiated phase III vaccine clinical study covering multiple continents.

During the Reporting Period, we completed a number of bolt-on acquisitions to further expand our services offerings. In January 2020, we acquired Shanghai Mosim Medical Technology Co., Ltd. (上海謀思醫藥科技有限公司, "**Mosim**") with an aim to provide more comprehensive early clinical development services to our clients. Frontage acquired U.S.-based Biotranex, LLC ("**Biotranex**") in March 2020 to further expand its Drug metabolism and Pharmacokinetics ("**DMPK**") capabilities into transporter analysis, and acquired Acme Bioscience, Inc. ("**ACME**") in July 2020 to enter into drug discovery and early development space.

During the Reporting Period, we set up a dedicated Real-world Study ("**RWS**") team offering real world retrospective and prospective studies, real world safety monitoring, pharmacoeconomics studies and real world patient management services in collaboration with our clinical operation, project management and site management teams. We entered into a collaboration agreement with *Hainan Boao Lecheng Pilot Zone of International Medical Tourism* (海南博鰲樂城國際醫療旅遊先行區) to jointly explore RWS opportunities. As of December 31, 2020, we had three ongoing real world studies. Our site management team revamped its patient call center with artificial intelligence technology in 2020, which significantly improved the efficiency of the call center and optimized the cost for patient follow-ups.

On the hospital and clinical site front, we initiated the Excellence for Clinical Trial Sites ("**E-Site**") Program in 2020. The E-Site Program aims to optimize clinical research resources, improve the infrastructure and technical expertise at hospitals and sites, and increase the efficiency of patient recruitment and follow-ups among collaborating hospitals and sites. The E-Site Program is also committed to identifying promising next generation of principal investigators in China and providing them with tailored training programs. The E-Site Program began with the first batch of five collaborating clinical trial sites and hospitals across China with 17 senior project management directors in charge.

We also made continuing investments on our infrastructure and operational efficiency in 2020. We integrated all our overseas major subsidiaries within our core database, and formulated our five-year plan covering data infrastructure upgrade, analytical and internal decision-making framework, and IT upgrade, integration and implementation during the Reporting Period.

COVID-19 Impact

During the Reporting Period, the PRC, Hong Kong and certain other regions and countries where we operate, including the U.S., Korea, Canada, Malaysia, Singapore, India, Pakistan, Australia, Switzerland and Romania, have been affected by the COVID-19 pandemic 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 pandemic, certain of our ongoing biopharmaceutical research and development ("**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, including:

- Hospitals and other clinical sites in both China and overseas have devoted significant medical resources to patients infected with COVID-19 pandemic, 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 pandemic 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. As of December 31, 2020, most of our suppliers had resumed normal operations; and

- 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.

In China, with the effective control of the COVID-19 pandemic, we had resumed normal operations for most of our business during the second half of 2020. Most hospitals and clinical sites resumed operations as well. We were able to initiate more clinical trials and recruit more patients compared with the first half of 2020. We also mobilized internal resources and leveraged our project execution capabilities in attempt to accelerate certain projects that were delayed earlier due to the pandemic and address the increasing demand of our customers. However, as of December 31, 2020, some of hospitals and clinical sites were still not operating at their full capacity; certain patient candidates still showed a lack of willingness to participate in clinical trials out of concerns about potential infection at hospitals or clinical sites. There were also intermittent upticks of new COVID-19 cases regionally at city or provincial level, which caused certain adverse impacts to projects with clinical sites in and patients recruited from these regions.

We actively engaged in discussions with our customers, research institutions, and scientists on clinical trial projects for COVID-19 therapies and vaccines. We took part in the clinical trials of potential COVID-19 therapies as early as February 2020. We were also the leading clinical CRO for the multi-center phase III clinical study of a Ad5-nCoV vaccine, the first China-initiated phase III vaccine clinical study covering multiple continents, including Asia, Europe, and Latin America. As of December 31, 2020, we had multiple COVID-19 related clinical trial projects at hand, many of which are multi-regional clinical trials. We also highly value the corporate social responsibility when conducting COVID-19 related clinical trials.

Nevertheless during the Reporting Period, COVID-19 did not have a significant adverse impact on the overall operation, financial condition and cash flows of our Group as a whole. For further analysis of the impact of the COVID-19 on the operation, financial condition and cash flows of the Group, please refer to other relevant subsections in "*Management Discussion and Analysis*".

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

Revenue

During the Reporting Period, our revenue increased by 13.9% YoY from RMB2,803.3 million to RMB3,192.3 million. Revenue generated from clinical trial solutions reached RMB1,519.2 million, representing a YoY growth of 12.8%. Revenue generated from clinical-related and laboratory services reached RMB1,673.1 million, representing a YoY growth of 14.9%. Geographically, revenue generated in the PRC increased by 19.2% YoY to RMB1,906.7 million while revenue generated overseas increased by 6.8% YoY to RMB1,285.6 million. Our revenue growth further recovered during the second half of 2020, primarily benefitting from the improvement of the COVID-19 pandemic situation in China.

RMB appreciated significantly against USD during the Reporting Period as compared with the exchange rate level in 2019. RMB appreciation had some negative impact to the growth of our overseas revenue that were mostly generated from USD denominated projects.

*(1) Clinical Trial Solutions ("**CTS**")*

Revenue generated from our clinical trial solutions during the Reporting Period increased by 12.8% YoY to RMB1,519.2 million. The increase was primarily due to the increased revenue from our clinical trial operation and other services under the CTS segment, including medical registration, medical translation, and pharmacovigilance etc.

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 Mosim, which was acquired by us in January 2020, also contributed to the increase of the CTS revenue. During the first half of 2020, we successfully completed the upward re-negotiation of the prices for certain projects with performance obligations beyond the original scope and substantially satisfied in 2019. This allowed us to recognize additional revenue. Such re-negotiation is done on a case-by-case basis.

The amount of pass-through fees in relation to our clinical trial operation business further decreased YoY during the Reporting Period. Direct project-related costs for clinical trials previously paid by us on behalf of our customers were increasingly borne by our customers directly. Generally, when we make such payments on behalf of our customers, we will book revenue and the corresponding costs simultaneously. This decrease of pass-through fees could have certain negative impact on the revenue growth but improves our profitability of the CTS segment.

As of December 31, 2020, we had 389 ongoing drug clinical research projects, up from 287 as of December 31, 2019. 274 projects were being conducted in the PRC and 115 overseas, of which 95 were single region trials and 20 were MRCTs. We also had 185 ongoing medical device clinical research projects and 144 ongoing bioequivalence projects as of December 31, 2020. During the Reporting Period, we expanded our medical device clinical research services into in vitro diagnostic Device ("**IVD**") development services and risk-based monitoring services. Our medical registration team won over 100 new projects with strong demand in our investigation new drug ("**IND**") and New Drug Application ("**NDA**") registration services. Our Pharmacovigilance team won more than 20 new clients with over 100 new projects. Our medical translation team further expanded its capacity to more than 300 people. We acquired Mosim in January 2020 with an aim to provide more comprehensive early clinical development services to our customers.

*(2) Clinical-related and Laboratory Services ("**CRLS**")*

Revenue generated from our clinical-related and laboratory services during the Reporting Period increased by 14.9% YoY from RMB1,456.6 million in 2019 to RMB1,673.1 million. The increase was primarily due to the increase in demand of our laboratory services, site management and patient recruitment services, and Data Management and Statistical Analysis ("**DMSA**") services, primarily during the second half of 2020. Acquisitions made by Frontage also contributed to the increase of revenue of the CRLS segment.

Our site management and patient recruitment services were severely impacted by the COVID-19 pandemic during the first half of 2020. With the effective control of the pandemic in China, most hospitals and clinical sites gradually resumed normal operations during the second half of 2020, although some of them were still not operating at full capacity. We were also able to recruit more patients for clinical trials, yet some potential candidates still showed a lack of willingness to participate in clinical trials.

The COVID-19 pandemic also had adverse impact on our DMSA services as many clinical trials being conducted by our DMSA customers were delayed due to the pandemic and hence the collection of clinical data for relevant DMSA work had also been delayed.

During the first half of 2020, our laboratory services were severely impacted by the COVID-19 pandemic in North America where most revenue was generated. The situation started to improve since the beginning of the second half of 2020, and our laboratory services team were able to work on more projects and recover some progress delayed by the pandemic. During the fourth quarter of 2020, the pandemic situation in North America deteriorated again, which in turn adversely impacted our laboratory services.

We had 665 ongoing DMSA projects from over 110 customers as of December 31, 2020 with 440 projects being conducted by our team based in China and 225 projects being conducted overseas. China-based customers contributed over 20% of total DMSA revenue in 2020 as we increased our local business development efforts. Our DMSA team completed 105 projects in 2020, compared with 158 projects in 2019. The decrease in the number of completed projects in 2020 compared with that in 2019 is primarily due to the impact of COVID-19 pandemic. As of December 31, 2020, our DMSA team had more than 600 professionals in China, South Korea, the United States, and India.

As of December 31, 2020, we had 1,180 ongoing site management projects, up from 855 as of December 31, 2019. We acquired over 400 new site management projects during the Reporting Period. Our site management team completed 122 projects in 2020 as compared with 148 projects in 2019. The decrease in the number of completed projects in 2020 compared with that in 2019 is primarily due to the impact of COVID-19 pandemic.

Meanwhile, we had 2,029 ongoing projects for our laboratory services as of December 31, 2020, up from 1,303 as of December 31, 2019. Frontage continued to expand its capacity and capability in laboratory services in both North America and China. In March 2020, it added more than 20,000 sq.m. lab space in Suzhou, China for potential expansion in DMPK and Safety and Toxicology business in China. It also acquired Biotranex in March 2020 with an aim to further expand its DMPK capabilities into transporter analysis, and ACME in July 2020 to entered into drug discovery and early development space. These acquisitions also contributed additional projects. In July 2020, Frontage upgraded its large molecule bioanalytical capability in China with ELISA, MSD, HTRF and other advanced equipment and its Shanghai and Suzhou bioanalytical labs passed the inspection from *National Center for Clinical Laboratories* (國家衛生健康委臨床檢驗中心) with full marks for three consecutive years in August 2020. Frontage also started to offer preclinical genotoxicity and related safety evaluation in the U.S., and gene sequencing services in its U.S. bioanalytical lab during the Reporting Period.

Gross Profit

During the Reporting Period, we realized a gross profit of RMB1,503.3 million (2019: RMB1,291.9 million), representing a 16.4% YoY growth. We improved our gross profit margin to 47.1% during the Reporting Period from 46.1% during the year of 2019.

Our cost of services increased by 11.7% from RMB1,511.4 million during the year of 2019 to RMB1,688.9 million during the Reporting Period. Below is a breakdown of our cost of services by nature and their percentage of our revenue:

	Year ended December 31,	
	2020	2019
	RMB million	*RMB million*
Direct labor costs	**960.9**	770.2
% of revenue	*30.1%*	*27.5%*
Direct project-related costs	**550.4**	513.3
% of revenue	*17.2%*	*18.3%*
Overhead costs	**177.6**	227.9
% of revenue	*5.6%*	*8.1%*
Total cost of services	**1,688.9**	1,511.4
% of revenue	*52.9%*	*53.9%*

(1) Clinical Trial Solutions

Gross profit of our CTS segment increased by 30.4% from RMB578.8 million during the year of 2019 to RMB754.7 million during the Reporting Period, primarily driven by an increase in the gross profit margin of our clinical trial operations business and gross profit contribution from Mosim and Yaxincheng.

Gross profit margin of CTS segment increased from 43.0% during the year of 2019 to 49.7% during the Reporting Period, primarily due to (i) our acquisition of equity interest in Mosim and Yaxincheng which had a faster revenue growth and higher gross profit margin in 2020 compared to our clinical trial operation services; (ii) other CTS services that were less impacted by the COVID-19 pandemic (e.g. medical registration and pharmacovigilance) realized a faster revenue growth and they had higher gross profit margins compared to our clinical trial operation services; (iii) the amount of pass-through fees in relation to our clinical trial operation business further decreased YoY during the Reporting Period; and (iv) an increase in gross profit margin of our clinical trial operations business, which was primarily because the performance obligations of certain projects were substantially satisfied on or before December 31, 2019 and beyond the original scope, but the transaction prices of these projects were re-negotiated upwards and finalized with relevant customers during the first half of 2020. As a result of the re-negotiation, we recognized additional revenue of these projects with relatively low costs incurred during the Reporting Period. Such re-negotiation is done on a case-by-case basis.

(2) Clinical-related and Laboratory Services

Gross profit of our CRLS segment increased by 5.0% from RMB713.1 million during the year of 2019 to RMB748.6 million during the Reporting Period.

Gross profit margin of our CRLS segment decreased from 49.0% during the year of 2019 to 44.7% during the Reporting Period, primarily due to the decrease in gross profit margin of our laboratory services and site management and patient recruitment services. There are fixed costs in relation to our laboratory service business associated with bench scientists, lab facilities and equipment, which negatively impacted the gross profit margin when the utility rate of our laboratories decreased due to the COVID-19 pandemic. Such fixed costs increased as we expanded the capacity and capability for our laboratory services during the Reporting Period. Our site management and patient recruitment team that operated with scale were unable to operate at a utilization rate comparable to that in 2019 because of the pandemic during the Reporting Period, therefore the profitability of our site management and patient recruitment services were also reduced. The gross profit margin of our DMSA services remained relatively stable during the Reporting Period compare to 2019.

Other Income

Our other income during the Reporting Period increased by 126.4% to RMB145.1 million from RMB64.1 million during the Corresponding Period, primarily due to the increase of interest income from RMB26.8 million to RMB114.1 million. The increase of interest income primarily came from bank deposits of unused proceeds received from our Hong Kong IPO in August 2020. The government grants we received during the Reporting Period also increased from RMB18.8 million to RMB27.4 million. This was partially offset by the decrease of dividend income from financial assets at fair value through profit or loss ("**FVTPL**") from RMB17.6 million to RMB1.7 million.

Other Gains and Losses, Net

During the Reporting Period, we recorded other gains and losses (net) of RMB1,273.6 million, representing a 252.2% increase YoY from RMB361.6 million during the Corresponding Period, primarily due to the RMB1,137.9 million recorded change in fair value of financial assets at FVTPL during the Reporting Period, compared with RMB185.0 million recorded in 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 previous fair values and their stock prices also increased during the Reporting Period. The gain on disposal of financial assets at FVTPL also increased from RMB76.1 million during the Corresponding Period to RMB117.9 million during the Reporting Period, as we exited some of our investments recorded as financial assets at FVTPL. The gain on disposal of associates increased from RMB20.9 million during the Corresponding Period to RMB158.9 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, and the gain of RMB89.7 million on the disposal of all equity interest of Hangzhou Yibai Health Management Co., Ltd. (杭州頤柏健康管理有限公司, "**Hangzhou Yibai**").

The increase of other gains and losses (net) was partially offset by (i) an RMB147.1 million net foreign exchange loss incurred during the Reporting Period compared with a RMB6.3 million net foreign exchange gain incurred in 2019. The net foreign exchange loss incurred in 2020 was primarily because the RMB appreciated against HKD during the time the proceeds in HKD received from our Hong Kong IPO in August 2020 was still in the process of foreign exchange registration with the State Administration of Foreign Exchange (國家外匯管理局); and (ii) the decrease of gain on disposal of subsidiaries to RMB6.7 million during the Reporting Period from RMB73.7 million in 2019, which was primarily due to our disposal of our interest in Shanghai Shengtong International Logistics Co., Ltd in March 2019.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 19.1% YoY from RMB81.1 million during the year ended December 31, 2019 to RMB96.6 million during the year ended December 31, 2020. The increase is 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 as we continued to grow our business and promote our brand name.

Administrative Expenses

Our administrative expenses increased by 14.3% YoY from RMB350.5 million during the year ended December 31, 2019 to RMB400.7 million during the year ended December 31, 2020. The increase is primarily due to (i) an increase in staff costs to our administrative and management personnel; (ii) increased costs associated with our new office in Hangzhou; (iii) an increase in amortization of intangible assets including business software and acquired customer relationship and backlog; and (iv) an increase of donation by us to help combat the COVID-19 pandemic.

R&D Expenses

Our R&D expenses increased by 26.3% YoY from RMB124.0 million during the year ended December 31, 2019 to RMB156.6 million during the year ended December 31, 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 such employees.

Finance Costs

Our finance costs increased by 20.4% from RMB42.2 million during the year ended December 31, 2019 to RMB50.8 million during the year ended December 31, 2020 due to the increase of interest on lease liabilities.

Income Tax Expense

Our income tax expense increased by 66.7% from RMB113.8 million during the year ended December 31, 2019 to RMB189.7 million during the year ended December 31, 2020, primarily due to the increase of our profit before tax. Our effective tax rate decreased from 10.5% during the year ended December 31, 2019 to 8.5% during the year ended December 31, 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 R&D expenses, which entitled us to certain preferential tax treatment in the PRC.

Profit for the Year

As a result of the foregoing discussions, our profit increased by 108.3% from RMB974.9 million during the year ended December 31, 2019 to RMB2,030.6 million during the year ended December 31, 2020. Our net profit margin increased from 34.8% during the year ended December 31, 2019 to 63.6% during the year ended December 31, 2020.

Non-International Financial Reporting Standards Measure

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

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

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

Adjusted net profit attributable to owners of the Company

	Year ended December 31,	
	2020	2019
	RMB million	*RMB million*
Profit attributable to owners of the Company	**1,751.3**	841.2
Adjusted for:		
Share-based compensation expense	**35.8**	29.7
Net foreign exchange loss/(gain)	**146.2**	(6.2)
Amortization of intangible assets arising from acquisitions	**6.7**	0.6
Listing expenses incurred by our Group	**5.0**	5.8
Increase in fair value of financial assets at FVTPL	**(957.8)**	(150.1)
Adjusted net profit attributable to owners of the Company	**987.2**	721.0
Margin of adjusted net profit attributable to the owners of the Company[(1)]	**30.9%**	25.7%
Adjusted earnings per share		
– Basic[(2)]	**1.24**	0.97
– Diluted[(3)]	**1.23**	0.96

Notes:

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

(2) The basic adjusted earnings per share is calculated using the adjusted net profit attributable to owners of the Company adjusted for the effect of cash dividend distributed to holders whose restricted shares are expected to be unlocked, divided by the weighted average number of ordinary shares for the purpose of calculated basic earnings per share.

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

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

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

During the Reporting Period, our Non-IFRSs adjusted net profit attributable to owners of the Company was RMB987.2 million, representing a YoY increase of 36.9% from RMB721.0 million during the year ended December 31, 2019. Our margin of adjusted net profit attributable to the owners of the Company increased from 25.7% during the year ended December 31, 2019 to 30.9% during the Reporting Period.

Cash Flows

	Year ended December 31,	
	2020	2019
	RMB in million	*RMB in million*
Net cash from operating activities	**892.4**	537.6
Net cash used in investing activities	**(2,231.3)**	(609.4)
Net cash from financing activities	**9,339.5**	1,352.8

During the year ended December 31, 2020, our net cash generated from operating activities was RMB892.4 million, representing a 66.0% increase from the year ended December 31, 2019. The increase was primarily due to the increase in revenue, cost control measures, and timely collection of receivables.

During the year ended December 31, 2020, our net cash used in investing activities was RMB2,231.3 million, representing a 266.1% increase from the year ended December 31, 2019. The increase was primarily due to (i) RMB193.5 million net cash used in acquisition of subsidiaries; (ii) RMB128.9 million cash used in placement of time deposit over three months; (iii) RMB148.5 million cash used in purchase of property, plant and equipment; and (iv) RMB2,804.6 million cash used in purchase of financial assets at FVTPL and FVOCI. This increase was partially offset by RMB1,001.8 million cash received from disposal of financial assets at FVTPL.

During the year ended December 31, 2020, our net cash generated from financing activities was RMB9,339.5 million, representing a 590.4% increase from the year ended December 31, 2019. The significant increase was primarily because we received net proceeds of RMB10,864.8 million from our Hong Kong IPO in August 2020, which was partially offset by RMB2,095.0 million repayments of bank borrowings.

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

Liquidity and Capital Resources

The Group's principal sources of funds are cash generated from operation and Hong Kong IPO, and we expect to utilize that to satisfy our future funding needs.

Trade, Bills and Other Receivables and Prepayments

Our trade, bills and other receivables and prepayments increased by 30.2% from RMB490.4 million as of December 31, 2019 to RMB638.7 million as of December 31, 2020, primarily due to (i) an increase in trade receivables from third parties to approximately RMB490.9 million from RMB402.2 million; and (ii) a one-time consideration receivables of RMB69.6 million in relation to our disposal of certain investments.

Trade and Other Payables

Our trade and other payables increased by 23.6% from RMB428.5 million as of December 31, 2019 to RMB529.5 million as of December 31, 2020, primarily due to (i) an increase in trade payables from RMB75.2 million to RMB101.3 million; (ii) one-time consideration payables of RMB39.1 million in relation to the acquisition of additional interest in Yaxincheng and Frontage's acquisition of RMI Laboratories, LLC; and (iii) contingent consideration payables of RMB12.0 million, RMB2.1 million and RMB0.4 million due to the acquisition of ACME, BRI Biopharmaceutical Research Inc., and Biotranex respectively.

Contract Assets and Liabilities

Our contract assets increased by 9.1% from RMB756.0 million as of December 31, 2019 to RMB824.7 million as of December 31, 2020 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 as specified in our customer service agreements or work orders.

Our contract liabilities increased by 21.7% from RMB398.2 million as of December 31, 2019 to RMB484.6 million as of December 31, 2020, as we continued to grow our business and bookings and had 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 30.6% from RMB306.7 million as of December 31, 2019 to RMB400.5 million as of December 31, 2020, primarily due to our procurement of experiment equipment and expansion in buildings and leasehold improvements for laboratory facilities and research capacity.

Goodwill

Our goodwill increased by 24.8% from RMB1,157.8 million as of December 31, 2019 to RMB1,444.5 million as of December 31, 2020, primarily due to our acquisitions of Mosim, Biotranex and ACME in 2020.

Intangible assets

Our intangible assets increased by 58.4% from RMB78.8 million as of December 31, 2019 to RMB124.8 million as of December 31, 2020, primarily due to the procurement of essential software for our business activities and an increase of customer relationship, customer backlog and non-competition clause deemed as intangible assets acquired through acquisitions.

Right-of-use assets

Our right-of-use assets increased by 72.0% from RMB193.4 million as of December 31, 2019 to RMB332.6 million as of December 31, 2020, primarily due to the entering into a long term rental contract by Frontage having come into effect during the Reporting Period, in relation to a U.S.-based laboratory facility.

Financial Assets at FVTPL and fair value through other comprehensive income ("FVOCI")

Our financial assets at FVTPL and FVOCI include listed equity securities, unlisted equity investments, unlisted fund investments and structured deposits. Our financial assets at FVTPL and FVOCI increased by 130.0% from RMB2,319.3 million as of December 31, 2019 to RMB5,333.5 million as of December 31, 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 forth a breakdown of our financial assets at FVTPL and FVOCI as of the dates indicated:

	As of December 31, 2020	As of December 31, 2019
	RMB'000	*RMB'000*
Non-current assets		
Financial assets at FVTPL		
– Listed equity securities	**482,002**	134,957
– Unlisted equity investments	**2,060,600**	1,040,304
– Unlisted fund investments	**2,749,700**	1,075,213
Financial assets at FVOCI		
– Unlisted equity investments	**15,158**	–
	5,307,460	2,250,474
Current assets		
Structured deposits	**26,000**	68,827
Total financial assets at FVTPL and FVOCI	**5,333,460**	2,319,301

Investments in companies and investment funds

During the Reporting Period, we continued to build and manage our investment portfolio through selective minority investments in the healthcare industry, funding innovative R&D efforts of emerging companies with a goal to forge long-term cooperative relationships and gain access to emerging business and innovative technologies. In addition to direct strategic investments in innovative start-ups, we also cooperate with investment funds 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 mid- to long-term values rather than focusing on the performances of any individual investment asset for short-term financial returns. We continued to make investments in the healthcare industry in accordance with our industry strategy during the Reporting Period. We spent a portion of the proceeds received from our Hong Kong IPO in August 2020 to make investments as part of the intended use of proceeds.

As of December 31, 2020, we were a strategic investor in 84 innovative companies and other companies in the healthcare industry, as well as a limited partner in 48 investment funds.

During the Reporting Period, we realized a gain of RMB160.9 million from exiting our investments in companies and investment funds, as measured by the exit amount against our investment cost, up from RMB144.2 million during 2019.

Our investments in listed equity securities amounted to RMB482.0 million as of December 31, 2020, representing a 257.0% 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 was higher than their previous fair values during the Reporting Period, namely I-MAB, Antengene Corporation Limited, and JHBP (CY) Holdings Limited.

Our unlisted equity investments amounted to RMB2,075.8 million as of December 31, 2020, representing a 99.5% increase from RMB1,040.3 million as of December 31, 2019. The increase is primarily due to the increase of the fair value of unlisted equity investments we held and more investments we made during the Reporting Period.

Our unlisted fund investments amounted to RMB2,749.7 million as of December 31, 2020, representing a 155.7% increase from RMB1,075.2 million as of December 31, 2019. The increase is primarily due to more investments we made into healthcare-focused funds and the increase of the fair value of unlisted fund investments we held during the Reporting Period. Certain companies invested by investment funds of which we are a limited partner became publicly traded and their stock prices increased during the Reporting Period.

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

	Unlisted equity investments *RMB'000*	**Unlisted fund investments** *RMB'000*	**Listed equity securities** *RMB'000*	**Total** *RMB'000*
Opening balance	1,040,304	1,075,213	134,957	2,250,474
Additions	928,585	1,147,472	151,926	2,227,983
(Transfer to listed companies)/transfer from non-listed companies	(157,465)	–	157,465	–
Fair value change during the Reporting Period	332,293	677,651	128,298	1,138,242
Disposals of shares	(55,843)	(125,905)	(60,897)	(242,645)
Exchange realignment	(12,116)	(24,731)	(29,747)	(66,594)
Ending Balance	2,075,758	2,749,700	482,002	5,307,460

Indebtedness

Borrowings

The Group had no outstanding borrowings as of December 31, 2020, compared with an RMB901.4 million aggregated borrowings of our Group as at December 31, 2019. The Group repaid all outstanding borrowings after receiving proceeds from our Hong Kong IPO in August 2020 as part of the intended use of proceeds.

Lease Liabilities

The Group had outstanding aggregated unpaid contractual lease payments (for the remainder of relevant lease terms) of RMB331.3 million as of December 31, 2020, up 81.7% from RMB182.3 million as of December 2019, primarily due to the entering into a long term rental contract by Frontage having come into effect during the Reporting Period, in relation to a U.S.-based laboratory facility. Of the aggregated lease liabilities as of December 31, 2020, RMB52.3 million are due within one year and RMB279.0 million would be due in more than one year.

Pledges over Assets of the Group

The Group had no pledges over assets of the Group as of December 31, 2020.

Contingent Liabilities

As of December 31, 2020, the Group had no contingent liabilities.

Gearing Ratio

Gearing ratio is calculated using interest-bearing borrowings from banks and other entities divided by total equity and multiplied by 100%. As the Group had no outstanding borrowings as of December 31, 2020, our gearing ratio also decreased to nil from 16.3% as of December 31, 2019.

Significant Investments Held

As of December 31, 2020, the Group did not hold any significant investments and none of the above mentioned investments constituted a significant investment to our Group. As at the date of this announcement, the Group does not have any plan for material investments or purchase of capital assets.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

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

Treasury Policy

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

Core Competence Analysis

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

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

   We are the leading clinical CRO in China. Having worked with over 80% of the approximately 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 have a team of over 700 professionals overseas to provide various clinical trial, clinical trial related and laboratory services, our operations cover all major continents. 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 in a short period of time. Led by a visionary and experienced management team with extensive experience in the clinical CRO and biopharmaceutical industries, we have built a culture of excellence through which we attract and retain our talent to deliver high-quality services to our customers. Our co-founders, Dr. Ye Xiaoping and Ms. Cao Xiaochun, both widely recognized as pioneers of China's clinical CRO industry, bring a wealth of industry expertise and leadership to support our long-term growth. In addition, many of our members of management have previously worked at leading global and Chinese biopharmaceutical companies, and as such have first-hand knowledge of the challenges our customers may face in today's clinical development environment.

Our talented and dedicated employees set us apart from our competitors. Their technical and therapeutic expertise, combined with extensive know-how accumulated in managing complex R&D projects, contribute to our long track record of high-quality and efficient project delivery. We focus on recruiting high-quality graduates from college and helping them grow within our organization. For example, to educate and train medical talent in China, we launched Tigermed Institute with 21 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. We have helped our customers successfully secure approvals of a variety of milestone drugs in China. We achieved a 100% YoY 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 providing laboratory and bioequivalence study services in both China and the United States, and medical device clinical trials through acquiring Taizhou Tigermed-Jyton Medical Tech. Co. Ltd. (泰州泰格捷通醫藥科技有限公司). As a key industry stakeholder committed to innovation, we have also made minority investments in innovative biopharmaceutical and medical device start-ups. Our industry reputation, experience and expertise have allowed us to identify attractive early-stage investment opportunities and build a diversified investment portfolio. We have provided start-ups with funding support and, in some cases, offered integrated R&D solutions to their ongoing projects. Through our strategic investments, we aim to forge long-term cooperative relationships with these companies and promote innovation in China's and the global biopharmaceutical industry. In addition to opportunities for financial returns, we believe these investments give us access to emerging technologies, acquire potential customers and capture additional business opportunities as these start-ups grow and succeed.

Other Events

1. On 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, and the International Cooperation Division of CSRC had no objection to relevant matters regarding the spin-off and overseas listing by DreamCIS, its holding subsidiary. On March 26, 2020, DreamCIS received a notice from the Korean Exchange (the "**KRX**") that DreamCIS 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 and Conversion into a Joint Stock Limited Company Offering Shares Overseas" 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 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.

4. 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.

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

6. On May 20, 2020, DreamCIS, our controlled subsidiary, received a notice from the KRX that DreamCIS was granted the final approval for listing from the KRX. With the approval of the KRX, DreamCIS 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 were listed and commenced trading on the KOSDAQ Market of the KRX on May 22, 2020. The English stock name of DreamCIS is "DreamCIS", and the Korean name is "드림씨아이에스", with the stock code of "A223250".

7. 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覆》)" 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 H Shares of the Company can commence listing and trading on the Main Board of the Stock Exchange.

8. On July 2, 2020, Frontage Laboratories Inc., a subsidiary of Frontage, signed a share purchase agreement to purchase 100% equity interests in ACME and its subsidiaries. This acquisition aims to enhance Frontage's capabilities in organic synthesis, medicinal chemistry and process R&D, which will make Frontage grow in drug discovery, early drug development and other ancillary services.

9. On July 16, 2020, the Listing Committee of the Stock Exchange held a listing hearing, at which the Company's application for stock issuance and listing was considered. For details, see the Company's announcement on Juchao website (www.cninfo.com.cn) on July 17, 2020. On July 19, 2020, the Company published its post hearing pack on the website of the Stock Exchange.

10. 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.

11. On July 28, 2020, the Company published and distributed the prospectus of the listing of H Shares in Hong Kong. The public offering of overseas listed H Shares in Hong Kong commenced on July 28, 2020. On August 3, 2020, the final price of the 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 H 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 H 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).

12. 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. The stock short name of the Company's H Shares is "泰格醫藥" in Chinese and "Tigermed" in English, with the stock code "3347".

13. On August 28, 2020, the Company convened the fifth meeting of the fourth session of the Board to consider and approve the "Resolution in Relation to Change of the Registered Address", pursuant to which, the change of the registered corporate address was approved. To meet the business development needs, the Company's registered address was changed to: Room 2001-2010, 20/F, Block 8, No. 19 Jugong Road, Xixing Sub-District, Binjiang District, Hangzhou, Zhejiang Province. The proposal has been deliberated and approved by the fifth extraordinary general meeting of shareholders in 2020, the first A shares class meeting in 2020 and the first H Shares class meeting in 2020.

14. On August 28, 2020, the Company convened the fifth meeting of the fourth session of the Board to consider and approve the "Resolution in Relation to Appointment of the Deputy General Manager". To meet the development needs of the Company and improve the corporate governance structure, under nomination by Ms. Cao Xiaochun, our general manager, and approval from the nomination committee of the Board, the Board approved to appoint Mr. Wang Ruwei as the deputy general manager for a term from the date of consideration and approval by the Board to the date of expiration of the fourth session of the Board.

15. On August 29, 2020, the Company fully exercised the over-allotment option described in the prospectus of the listing of H Shares and issued an additional 16,059,700 the listing of H Shares, which were listed and commenced trading on the Main board of the Stock Exchange at 9:00 a.m. on September 2, 2020.

16. On October 1, 2020, Mr. Gao Yifeng, the chief financial officer of Frontage, resigned due to other professional endeavors, and Mr. Wang Jianmin was appointed as the chief financial officer of Frontage.

17. On November 25, 2020, Deloitte resigned as the auditor of Frontage as Frontage and Deloitte could not reach a consensus on the audit fee, and the Board of Frontage appointed BDO Limited as its auditor on the recommendation of the Audit and Risk Management Committee. BDO Limited also belongs to the BDO International Network to which the Company's auditors belong. Deloitte confirmed in their letter of resignation to Frontage that there are no matters in connection with its resignation that needs to be brought to the attention to the shareholders of Frontage.

Industry and Business Outlook

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. Benefitting 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 with extensive clinical site network and one of the largest clinical CRO professional teams in China. We participated in over 600 clinical trials and are honored to have supported the R&D process of over 40% of all Class I innovative drugs (innovative drugs that have not been marketed in China or overseas) approved in China since 2017.

Increasing 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 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.

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 the ICH in 2017, more than 30 Chinese companies had obtained IND approvals from the FDA to conduct clinical trials in the United States and three Chinese companies had applied for the FDA approval to commercialize their drugs in the United States, as of December 31, 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 R&D budgets of our customers, and a greater degree of outsourcing by our customers. Any slowing or reversal of any of these trends could have a material and adverse effect on the demand for our services. Furthermore, if investments in pharmaceutical industries were to decrease, 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 fail 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 are not adequate for new legal and regulatory requirements, 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 are 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. Failure to obtain the additional approvals, permits, licenses or certificates may restrict our ability to conduct our business, which, in turn, could have a material adverse effect on our business, financial condition and results of operations.

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

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

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, and the availability of suitable and qualified candidates is limited. We may be unable to attract or retain such personnel required to achieve our business objectives and failure or delay in doing so could materially and adversely impact our competitiveness, business, financial condition and results of operation.

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 December 31, 2020, we recorded positive changes in fair value of financial assets at FVTPL in the amount of RMB185.0 million and RMB1,137.9 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 December 31, 2020, we recorded gains on disposal of financial assets at FVTPL of RMB76.1 million and RMB117.9 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. Foreign exchange risk

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

RMB appreciated significantly against HKD during the Reporting Period, and we incurred an RMB147.1 million net foreign exchange loss compared with an RMB6.3 million net exchange gain incurred in 2019. The net foreign exchange loss incurred in 2020 was mostly because the RMB appreciated sharply against HKD during the time the proceeds in HKD received from our Hong Kong IPO in August 2020 was still in the process of foreign exchange registration with the State Administration of Foreign Exchange (國家外匯管理局).

14. 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 December 31, 2020, we had a total of 6,032 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, A Share scheme and other means to attract, motivate, retain and reward our employees. Our A Share incentive scheme covered all of our employees who had worked for us for at least three years. In addition, we invest in continuing education and training programs, including internal and external training, for our management staff and other employees to upgrade their skills and knowledge.

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and has complied with the code provisions in the CG Code from the date of Listing to December 31, 2020.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its code of conduct regarding dealings in the securities of the Company by the Directors, the Supervisors and the Group's senior management who, because of his/her office or employment (the "**Officers**"), is likely to possess inside information in relation to the Group or the Company's securities.

Ms. Cao Xiaochun, an executive Director and general manager of the Company, has overlooked Rule A.3(a)(i) of the Model Code and pledged an aggregate of 750,000 listed A shares of the Company on March 4, 2021 in favour of Huatai Securities Co., Ltd. (華泰證券股份有限公司) ("**Huatai**") as security for a loan extended by Huatai to her to facilitate her personal financial arrangements. The pledge was within the prohibition period (January 28, 2021 to March 29, 2021) and Ms. Cao Xiaochun had forgotten to first notify in writing the Company's chairman or a designated Director and had not obtained a written acknowledgment as set out in Rule B.8 of the Model Code.

Ms. Cao Xiaochun overlooked the dealing prohibition by applying the A Share interpretation which prohibits trading of shares but does not further prohibit the pledging of shares and does not require any advanced written notification or acknowledgment. Upon notifying the Company of the pledge, she was made aware by the Company of her non-compliance with the Model Code and immediately acknowledged her breaches of the Model Code. She undertook that she will review the relevant rules under the Model Code again, attend a training session and comply with the required standards as set out in the Model Code in the future. Save as disclosed above, she does not have any record in breach of Model Code since she became a Director of the Company.

The Company has maintained an effective system in monitoring the dealings by Directors (including a notification mechanism) to ensure compliance with the Model Code. In particular, the Company has notified all Directors the prohibition period before the commencement of such prohibition period. The Board is of the view that the guidelines and procedures for the director's dealings of shares in the Company are adequate and effective.

Nevertheless, the Company acknowledges that it is crucial for Directors to take the personal initiative to ask for approval from the Company in order for the Company to properly keep track of Directors' dealings. In order to avoid similar incidents in the future, the Company reminded all the Directors at the Directors' meeting of the Company on March 9, 2021 the importance of complying with the Model Code in their dealings of the Company's shares and in submission of notifications. The Company has recirculated the Model Code to all Directors, supervisors and relevant employees of the Company. The Company will also emphasize and remind the Directors to avoid similar incidents in the prohibition period in the future. The Company also provides briefings to update and refresh the Directors' knowledge and skills in performing their duties as director of a Hong Kong listed company, including to update the Directors on the latest developments regarding the Model Code, to ensure compliance and enhance their awareness of good corporate government practices.

The Company had also made specific enquiry of all Directors in relation to the compliance of the Model Code. Save for the above, the Company was not aware of any non-compliance with the Model Code for the year ended December 31, 2020 and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES

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

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 first extraordinary general meeting of shareholders in 2020 to consider and approve the "Resolution on Repurchase and Cancellation of Part of Restricted Shares in 2019", pursuant to which, the Company was approved to repurchase and cancel a total of 20,517 restricted shares granted to two resigned incentive participants the restricted shares of whom were not yet unlocked. The repurchase price is RMB26.55 per Share and the total consideration for the buyback amounted to RMB545,000. On May 12, 2020, the Company completed the repurchase and cancellation of some 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 second extraordinary general meeting of shareholders in 2020 to consider and approve the "Resolution on Repurchase and Cancellation of Part of Restricted Shares in 2019", pursuant to which, the Company was approved to repurchase and cancel a total of 19,420 restricted shares granted to two resigned incentive participants the restricted shares of whom were not yet unlocked. The repurchase price is RMB26.55 per Share and the total consideration for the buyback amounted to RMB516,000. On May 12, 2020, the Company completed the repurchase and cancellation of some 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 fourth extraordinary general meeting of shareholders in 2020 to consider and approve the "Resolution on Repurchase and Cancellation of Part of Restricted Shares in 2019", pursuant to which, the Company was approved to repurchase and cancel a total of 12,112 restricted shares granted to one resigned incentive participants the restricted shares of whom were not yet unlocked. The repurchase price is RMB26.55 per Share and the total consideration for the buyback amounted to RMB322,000. On May 12, 2020, the Company completed the repurchase and cancellation of some restricted shares.

4) On August 29, 2020 and October 20, 2020, the Company convened the fifth meeting of the fourth session of the Board, the fourth meeting of the fourth session of the supervisory committee, the fifth extraordinary general meeting of shareholders in 2020, the first A shares class meeting in 2020 and the first H shares class meeting in 2020 to consider and approve the "Resolution on Repurchase and Cancellation of Part of Restricted Shares in 2019", pursuant to which, the Company was approved to repurchase and cancel a total of 71,260 restricted shares granted to seven resigned incentive participants the restricted shares of whom were not yet unlocked. The repurchase price is RMB26.55 per Share and the total consideration for the buyback amounted to RMB1,892,000. The aforesaid repurchase and cancellation matters have been completed on December 23, 2020.

5) On October 29, 2020 and November 26, 2020, the Company convened the eighth meeting of the fourth session of the Board, the sixth meeting of the fourth session of the supervisory committee, the sixth extraordinary general meeting of shareholders in 2020, the second A shares class meeting in 2020 and the second H shares class meeting in 2020 to consider and approve the "Resolution on Repurchase and Cancellation of Part of Restricted Shares in 2019", pursuant to which, the Company was approved to repurchase and cancel a total of 25,582 restricted shares granted to three resigned incentive participants the restricted shares of whom were not yet unlocked. Highest repurchase price is RMB31.46 per Share and lowest price is RMB26.55 per Share, the total consideration for the buyback amounted to RMB734,000. The aforesaid repurchase and cancellation matters have been completed on January 28, 2021.

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

On May 13, 2020, the Company disclosed the "Announcement on Completion of Registration of the Grant of the Reserved Portion under the 2019 Restricted Shares Incentive Scheme". The Shenzhen Stock Exchange and Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. have confirmed that the Company has completed granting registration for the reserved portion under the 2019 restricted shares incentive scheme. The listing date of the granted shares was May 13, 2020. The reserved part containing 770,894 restricted shares was granted to 54 incentive participants.

(3) 2020 A Share Employee Share Ownership Plan

In order to establish and improve the benefit sharing mechanism between the Company and the employees, improve the corporate governance level, increase the employees' cohesion and the competitiveness of the Company, and promote the long-term, sustainable and stable development of the Company, the Board formulated the "2020 A Share Employee Share Ownership Plan of Hangzhou Tigermed Consulting Co., Ltd. (Draft)" and its summary in accordance with relevant laws and regulations and taking into account the actual status of the Company. On November 30, 2020, the Company convened the ninth meeting of the fourth session of the Board, the congress of workers and staff and the seventh meeting of the fourth session of the supervisory committee to consider and approve the "Resolution on 2020 A Share Employee Share Ownership Plan of Hangzhou Tigermed Consulting Co., Ltd. (Draft) and its summary", the "Resolution on Administration of 2020 A Share Employee Share Ownership Plan of Hangzhou Tigermed Consulting Co., Ltd.", the "Resolution on Requesting the General Meeting of Shareholders to Authorize the Board to Handle Matters Regarding the 2020 A Share Employee Share Ownership Plan", and relevant proposals. The independent directors issued independent opinions on these proposals, and the supervisory committee issued verification opinions on relevant matters of the employee stock ownership plan. Participants of this employee stock ownership plan are core technical (business) personnel of the Company and its wholly-owned subsidiaries. The directors, supervisors and senior management personnel do not participate in this employee stock ownership plan.

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

USE OF NET PROCEEDS FROM OUR HONG KONG INITIAL PUBLIC OFFERING

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

The balance of unutilized net proceeds amounted to approximately HK$8,923.1 million as at the end of the Reporting Period. For the unutilized net proceeds of approximately HK$8,923.1 million as at the end of the Reporting Period, the Company intends to use them in the same manner and proportions as described in the Prospectus and proposes to use the unutilized net proceeds in accordance with the expected timetable disclosed in the table below.

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

	Use of proceeds in the same manner and proportion as stated in the Prospectus[(1)] *HK$ in million*	**Actual use of proceeds as at the end of the Reporting Period** *HK$ in million*	**Net proceeds unutilized as at the end of the Reporting Period** *HK$ in million*	**Expected timeframe for utilizing the remaining unutilized net proceeds**
approximately 15% to organically expand and enhance our service offerings and capabilities across clinical trial solutions services and clinical-related services to meet the rising demands for our services in overseas markets	1,772.6	3.9	1,768.7	24 to 36 months from the Listing
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	4,727.0	–	4,727.0	12 to 24 months from the Listing
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	2,363.5	1,305.1	1,058.4	36 to 48 months from the Listing
approximately 10% to repay certain of our outstanding borrowings as of May 31, 2020	1,181.7	1,181.7	–	–

	Use of proceeds in the same manner and proportion as stated in the Prospectus[1] *HK$ in million*	Actual use of proceeds as at the end of the Reporting Period *HK$ in million*	Net proceeds unutilized as at the end of the Reporting Period *HK$ in million*	Expected timeframe for utilizing the remaining unutilized net proceeds
approximately 5% to develop advanced technologies to enhance the quality and efficiency of our comprehensive service offerings, such as cloud-based virtual clinical trial platforms and laboratory automation, medical data platforms and site management capabilities, through recruiting qualified technical and scientific professionals and undertaking specific R&D projects	590.9	48.3	542.6	12 to 36 months from the Listing
approximately 10% to working capital and general corporate purposes	1,181.7	355.3	826.4	–
Total	**11,817.4**	**2,894.3**	**8,923.1**	

Note:

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

FINAL DIVIDEND

The Board proposed to declare a final dividend of RMB3.00 (inclusive of tax) per 10 shares (representing an aggregate amount of RMB261.7 million (inclusive of tax) based on the total issued Shares of the Company as of the date of this announcement) for the year ended December 31, 2020.

The aforesaid proposed is subject to the consideration and approval at the annual general meeting of the Company ("**AGM**"). If the distribution proposal is approved at the AGM, it is expected that the final dividend for the year ended December 31, 2020 will be paid in 60 days after the AGM to the shareholders. Details regarding the closure of the register of members of the Company and declaration and payment of dividends will be announced in due course.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to December 31, 2020, the following significant events took place:

1. On January 8, 2021, the Company convened the first extraordinary general meeting of shareholders in 2021 to consider and approve the "Resolution on 2020 A Share Employee Share Ownership Plan of Hangzhou Tigermed Consulting Co., Ltd. (Draft) and its summary" and relevant resolutions, pursuant to which, the Company was approved to implement the 2020 A Share Employee Share Ownership Plan.

2. On January 14, 2021, the Company convened the tenth meeting of the fourth session of the Board to consider and approve the "Resolution on the Non-trading Transfer of Shares from the Special Account for Share Repurchase to the Special Account for 2020 A Share Employee Share Ownership Plan", pursuant to which, the Company was approved to transfer 286,372 shares at RMB44.25 per share, the average transaction price of the repurchased shares, from the special account for share repurchase to the special account for "Hangzhou Tigermed Consulting Co., Ltd. – Phase I Employee Stock Ownership Plan" in a non-trading manner.

3. On February 1, 2021, non-trading transfer of shares for the 2020 A Share Employee Share Ownership Plan was completed. A total of 286,372 shares, accounting for 0.0328% of the Company's total share capital, has been transferred from the special account for share repurchase to "Hangzhou Tigermed Consulting Co., Ltd. – Phase I Employee Stock Ownership Plan" in a non-trading manner on February 1, 2021 at a price of RMB44.25 per share. This part of shares will be locked in accordance with related regulations, and the lock-up period will be 12 months from the date of announcement of completed transfer (i.e. February 1, 2021).

4. During the year ended December 31, 2020, the Group acquired additional 40% of the equity interest in Mosim, a non-wholly owned subsidiary of the Company. The consideration to be transferred is based on the audited net profit of Mosim for the year ending December 31, 2021. A prepayment amounting to RMB100.91 million were made pursuant to the terms of the contract. Upon completion of the transaction, Mosim will become a wholly-owned subsidiary of the Company. The acquisition has been completed subsequent to the end of the year ended December 31, 2020 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 acquisition until the Group performs a detailed review.

AGM AND PERIOD OF CLOSURE OF REGISTER OF MEMBERS

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

REVIEW OF ANNUAL RESULTS

The Audit Committee comprises three independent non-executive Directors, namely Mr. Liu Kai Yu Kenneth, Mr. Zheng Bijun and Dr. Yang Bo. The chairman of the Audit Committee is Mr. Liu Kai Yu Kenneth who holds the appropriate qualification as required under Rules 3.10(2) and 3.21 of the Listing Rules. The Audit Committee has reviewed the audited consolidated financial information of the Group for the year ended December 31, 2020 with the management and the auditors of the Company.

The Audit Committee considered that the annual results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof. The independent auditors of the Company, namely BDO Limited, has agreed that the figures in respect of the Group's annual results for the year ended December 31, 2020 contained in this announcement are consistent with the amounts set out in the Group's audited consolidated financial statements for the year.

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2020

	Notes	**2020** ***RMB'000***	2019 *RMB'000*
Revenue	*5*	**3,192,279**	2,803,309
Cost of services		**(1,688,946)**	(1,511,409)
Gross profit		**1,503,333**	1,291,900
Other income	*6*	**145,063**	64,149
Other gains and losses, net	*7*	**1,273,621**	361,551
Reversal/(provision) of impairment losses, net	*8*	**10,075**	(21,186)
Selling and marketing expenses		**(96,581)**	(81,072)
Listing expenses		**(3,567)**	–
Administrative expenses		**(400,749)**	(350,510)
Research and development expenses		**(156,648)**	(124,049)
Share of losses of associates		**(3,508)**	(9,768)
Finance costs	*9*	**(50,777)**	(42,243)
Profit before tax	*10*	**2,220,262**	1,088,772
Income tax expense	*11*	**(189,707)**	(113,839)
Profit for the year		**2,030,555**	974,933
Other comprehensive income for the year			
Items that will not be reclassified subsequently to profit or loss:			
Change in fair value of financial assets at fair value through other comprehensive income ("**FVOCI**"), net of tax		**275**	–
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation of foreign operations		**(171,146)**	38,420
Total comprehensive income for the year		**1,859,684**	1,013,353
Profit for the year attributable to:			
Owners of the Company		**1,751,328**	841,247
Non-controlling interests		**279,227**	133,686
		2,030,555	974,933

	Notes	2020 *RMB'000*	2019 *RMB'000*
Total comprehensive income for the year attributable to:			
Owners of the Company		**1,633,014**	870,033
Non-controlling interests		**226,670**	143,320
		1,859,684	1,013,353
Earnings per share	*12*		
– Basic *(RMB)*		**2.20**	1.13
– Diluted *(RMB)*		**2.19**	1.13

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2020

	Notes	2020 RMB'000	2019 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**400,455**	306,700
Intangible assets		**124,782**	78,831
Goodwill		**1,444,519**	1,157,831
Right-of-use assets		**332,615**	193,420
Interests in associates		**60,270**	109,713
Note receivables		**–**	735
Deferred tax assets		**79,507**	91,476
Financial assets at fair value through profit or loss ("**FVTPL**")	*14*	**5,292,302**	2,250,474
Financial assets at fair value through other comprehensive income ("**FVOCI**")	*14*	**15,158**	–
Restricted bank deposits	*17*	**1,957**	2,093
Other non-current assets		**110,484**	10,389
		7,862,049	4,201,662
CURRENT ASSETS			
Inventories		**4,721**	1,206
Trade, bills and other receivables and prepayments	*15*	**638,680**	490,393
Contract assets	*16*	**824,714**	756,028
Structured deposits	*14*	**26,000**	68,827
Note receivables		**944**	1,581
Prepaid income tax		**27,017**	8,066
Restricted bank deposits	*17*	**52**	3,127
Time deposit with original maturity over three months	*17*	**161,919**	30,160
Cash and cash equivalents	*17*	**9,959,963**	2,006,926
		11,644,010	3,366,314
CURRENT LIABILITIES			
Trade and other payables	*18*	**529,546**	428,471
Contract liabilities		**484,643**	398,240
Borrowings	*19*	**–**	864,863
Income tax payables		**72,858**	70,293
Lease liabilities		**52,290**	50,119
		1,139,337	1,811,986
NET CURRENT ASSETS		**10,504,673**	1,554,328
TOTAL ASSETS LESS CURRENT LIABILITIES		**18,366,722**	5,755,990

	Notes	2020 *RMB'000*	2019 *RMB'000*
NON-CURRENT LIABILITIES			
Borrowings	*19*	**–**	36,500
Lease liabilities		**279,021**	132,151
Other long-term liabilities		**97,494**	20,343
Deferred tax liabilities		**131,730**	45,718
		508,245	234,712
NET ASSETS		**17,858,477**	5,521,278
CAPITAL AND RESERVES			
Share capital	*20*	**872,484**	749,508
Treasury shares		**(157,912)**	(211,224)
Reserves		**15,439,252**	3,708,558
Equity attributable to owners of the Company		**16,153,824**	4,246,842
Non-controlling interests		**1,704,653**	1,274,436
TOTAL EQUITY		**17,858,477**	5,521,278

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

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

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

2. BASIS OF PREPARATION

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

3. ADOPTION OF IFRSS

(a) Adoption of new/revised IFRSs – effective January 1, 2020

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

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

4. SEGMENT INFORMATION

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

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

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

– Clinical trial solutions

– Clinical-related and laboratory services

Segment revenues and results

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

For the year ended December 31, 2020

	Clinical trial solutions *RMB'000*	**Clinical-related and laboratory services** *RMB'000*	**Total** *RMB'000*
Revenue	**1,519,215**	**1,673,064**	**3,192,279**
Gross profit	**754,650**	**748,683**	**1,503,333**
Unallocated amounts:			
Other income			**145,063**
Other gains and losses, net			**1,273,621**
Reversal of impairment losses, net			**10,075**
Selling and marketing expenses			**(96,581)**
Listing expenses			**(3,567)**
Administrative expenses			**(400,749)**
Research and development expenses			**(156,648)**
Share of losses of associates			**(3,508)**
Finance costs			**(50,777)**
Profit before tax			**2,220,262**

For the year ended December 31, 2019

	Clinical trial solutions *RMB'000*	Clinical-related and laboratory services *RMB'000*	Total *RMB'000*
Revenue	1,346,672	1,456,637	2,803,309
Gross profit	578,774	713,126	1,291,900
Unallocated amounts:			
Other income			64,149
Other gains and losses, net			361,551
Impairment losses			(21,186)
Selling and marketing expenses			(81,072)
Administrative expenses			(350,510)
Research and development expenses			(124,049)
Share of losses of associates			(9,768)
Finance costs			(42,243)
Profit before tax			1,088,772

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

Geographical information

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

	2020	2019
	RMB'000	*RMB'000*
Revenue from external customers		
– PRC	**1,906,723**	1,600,125
– Other overseas countries and regions	**1,285,556**	1,203,184
	3,192,279	2,803,309

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

	2020	2019
	RMB'000	*RMB'000*
Non-current assets excluding financial assets and deferred tax assets		
– PRC	**1,445,742**	1,150,040
– Other overseas countries and regions	**1,027,383**	706,844
	2,473,125	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 year, no major customer information is presented in accordance with IFRS 8 "Operating Segments".

5. REVENUE

The Group's revenue streams are categorised as follows:

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

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

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

	2020	2019
	RMB'000	*RMB'000*
Clinical trial solutions	**1,519,215**	1,346,672
Clinical-related and laboratory services	**1,673,064**	1,456,637
	3,192,279	2,803,309

	2020	2019
	RMB'000	*RMB'000*
Overtime		
Clinical trial solutions	**1,519,215**	1,346,672
Clinical-related and laboratory services	**1,673,064**	1,436,678
	3,192,279	2,783,350
At a point in time		
Clinical-related and laboratory services	**–**	19,959
	3,192,279	2,803,309

Transaction price allocated to future performance obligations

The aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) was RMB7,260,323,000 (2019: RMB5,011,160,000) as at December 31, 2020. Management of the Group expects the majority of the transaction price allocated to the unsatisfied contracts as of the end of each reporting period will be recognised within 3 years from the end of each reporting period.

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

	2020	2019
	RMB'000	*RMB'000*
Trade and bills receivables (Note 15)	**494,731**	406,669
Contract assets (Note 16)	**824,714**	756,028
Contract liabilities	**(484,643)**	(398,240)

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

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

6. OTHER INCOME

	2020	2019
	RMB'000	*RMB'000*
Interest income from bank deposits	**110,392**	25,462
Interest income from structured deposits	**3,702**	1,372
Government grants	**27,398**	18,800
Dividend income from financial assets at FVTPL	**1,722**	17,601
Others	**1,849**	914
	145,063	64,149

7. OTHER GAINS AND LOSSES, NET

	2020	2019
	RMB'000	*RMB'000*
Net foreign exchange (loss)/gain	**(147,077)**	6,271
Loss on disposal of property, plant and equipment	**(886)**	(385)
Change in fair value of financial assets at FVTPL	**1,137,889**	184,996
Fair value change of contingent consideration payables	**126**	–
Gain on disposal of subsidiaries	**6,743**	73,747
Gain on disposal of associates	**158,948**	20,850
Gain on disposal of financial assets at FVTPL	**117,878**	76,072
	1,273,621	361,551

8. IMPAIRMENT LOSSES

	2020	2019
	RMB'000	*RMB'000*
Impairment losses under expected credit loss ("ECL") model, net of reversal		
Trade receivables	**(6,551)**	8,509
Contract assets	**(5,414)**	17,516
Other receivables	**1,890**	(4,839)
(Reversal)/provision of impairment losses, net	**(10,075)**	21,186

9. FINANCE COSTS

	2020	2019
	RMB'000	*RMB'000*
Interest expense on bank borrowings	**33,952**	32,418
Interest on lease liabilities	**16,825**	9,721
Interest expense on loan from other borrowing	**–**	104
	50,777	42,243

10. PROFIT BEFORE TAX

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

	2020	2019
	RMB'000	*RMB'000*
Depreciation of property, plant and equipment	**58,356**	50,273
Amortisation of intangible assets	**26,945**	7,367
Depreciation of right-of-use assets	**64,955**	46,562
Staff costs (including directors' emoluments):		
– Salaries and other benefits	**1,203,743**	955,438
– Retirement benefits scheme contributions	**101,575**	122,420
– Share-based payment expenses	**40,186**	41,404
	1,345,504	1,119,262
Auditors' remuneration	**3,500**	1,700
Short-term leases with application of recognition exemption	**87**	3,813
Leases of low-value assets with application of recognition exemption	**398**	337

11. INCOME TAX EXPENSE

	2020	2019
	RMB'000	*RMB'000*
Current tax:		
– PRC Enterprise Income Tax ("EIT")	**119,890**	101,239
– U.S. income tax	**(1,360)**	32,990
– Korean income tax	**3,223**	6,574
– Others	**3,604**	4,035
Over provision of current tax in prior year	**(28)**	(5,105)
	125,329	139,733
Deferred tax:		
– Current year	**64,378**	(25,894)
Total income tax expense	**189,707**	113,839

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

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

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

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

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

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

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:

	2020	2019
	RMB'000	*RMB'000*
Profit for the year attributed to owners of the Company	**1,751,328**	841,247
Effect of cash dividend distributed to holders whose restricted shares are expected to be unlocked *(note (i))*	**(1,698)**	(1,286)
Earnings for the purpose of calculating basic earnings per share	**1,749,630**	839,961

Number of shares:

	2020	2019
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**793,519,061**	741,399,813

(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:

	2020	2019
	RMB'000	*RMB'000*
Profit for the year attributed to owners of the Company	**1,751,328**	841,247
Effect of share options issued by subsidiaries *(note (ii))*	**(5,285)**	(4,495)
Earnings for the purpose of calculating diluted earnings per share	**1,746,043**	836,752

Number of shares:

	2020	2019
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**793,519,061**	741,399,813
Effect of dilutive potential ordinary shares in respect of outstanding restricted share under Restricted Share Scheme (as defined in *(note (i))*	**3,520,471**	1,571,256
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**797,039,532**	742,971,069

Notes:

(i) The effect of cash dividend distributed to restricted shares holders and dilutive potential ordinary shares is related to the restricted share scheme launched by the Company.

(ii) During the year ended December 31, 2020, the effect of share options issued by subsidiaries is related to the share options issued by Frontage, DreamCIS and Fantastic Bioimaging Co., Ltd, subsidiaries of the Company.

During the year ended December 31, 2019, for the share options that issued by DreamCIS 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 for the year ended December 31, 2019 shown above has been adjusted for the issue of new shares and treasury shares after taking into account the retrospective adjustment on the assumption that the bonus issue had been in effect on January 1, 2019.

13. DIVIDENDS

During the year ended December 31, 2020, the Company proposed cash dividends to its shareholders as follows:

	2020	2019
	RMB'000	*RMB'000*
Final dividend proposed after the end of the reporting period of RMB0.3 and RMB0.278 in respect of the years ended December 31, 2020 and 2019, respectively	**261,745**	208,069

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

14. FINANCIAL ASSETS AT FAIR VALUE/STRUCTURED DEPOSITS

	2020	2019
	RMB'000	*RMB'000*
Financial assets		
Non-current assets		
Financial assets at FVTPL		
– Listed equity securities	**482,002**	134,957
– Unlisted equity investments	**2,060,600**	1,040,304
– Unlisted fund investments	**2,749,700**	1,075,213
	5,292,302	2,250,474
Financial assets at FVOCI		
– Unlisted equity investments	**15,158**	–
Current assets		
Structured deposits *(note)*	**26,000**	68,827

Note:

The Group entered into series of structured contracts with banks and other financial institutions in the PRC. The investments are yield enhancement deposits with expected but not guaranteed rates of return. The expected rates of return ranged from 1.5% to 3.2% (2019: 2.8% to 3.2%) per annum for the year ended December 31, 2020, which were determined by reference to the returns of the underlying investments. The directors considered the structured deposits shall be classified as financial assets at FVTPL and the amount paid for the structured deposits approximates its fair value at the end of each reporting period.

15. TRADE, BILLS AND OTHER RECEIVABLES AND PREPAYMENTS

	2020	2019
	RMB'000	*RMB'000*
Trade receivables		
– Third parties	**531,814**	454,991
– Related parties	**–**	20
Less: loss allowance for trade receivables	**(40,890)**	(52,859)
	490,924	402,152
Bills receivable		
– Third parties	**3,807**	4,517
Other receivables		
– Third parties	**54,029**	69,602
– Related parties	**31**	123
Less: loss allowance for other receivables	**(7,846)**	(11,018)
	46,214	58,707
Consideration receivables *(note (a), (b))*	**69,565**	–
Prepayments		
– Third parties	**28,170**	25,017
	638,680	490,393

Notes:

(a) Consideration receivable for disposal of Hangzhou Yibai

Included in consideration receivables as at December 31, 2020 represents the consideration receivable for the disposal of the entire interest in Hangzhou Yibai, a former associate of the Company, amounting to RMB60,265,000.

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

The amount has also included the consideration receivable for the disposal of the interest in financial assets held by the Group, amounting to RMB9,300,000 as at December 31, 2020.

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:

	2020	2019
	RMB'000	*RMB'000*
Within 90 days	**458,158**	358,910
91 to 180 days	**20,465**	29,071
181 days to 1 year	**6,807**	8,193
Over 1 year	**5,494**	5,978
	490,924	402,152

16. CONTRACT ASSETS

	2020	2019
	RMB'000	*RMB'000*
Contract assets		
– Third parties	**857,106**	793,049
– Related parties	**54**	–
Less: loss allowance for contract assets	**(32,446)**	(37,021)
	824,714	756,028

Changes in contract assets primarily relate to timing invoicing.

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

	2020	2019
	RMB'000	*RMB'000*
Cash and cash equivalents *(note (a))*	**9,959,963**	2,006,926
Time deposit with original maturity over three months *(note (d))*	**161,919**	30,160
Restricted bank deposits		
Portion classified as current assets *(note (b))*	**52**	3,127
Non-current portion *(note (c))*	**1,957**	2,093
	2,009	5,220

Notes:

(a) At the end of each reporting period, cash and cash equivalents of the Group comprised of bank balances and cash held. Bank balances carried interest at prevailing market interest rates which ranged from 0.30% to 3.85% (2019: 0.30% to 0.385%) per annum as at December 31, 2020.

(b) On August 20, 2019, the Group entered into an agreement to expand a lab in Pennsylvania, the USA. As part of the agreement, US$1,370,000 (equivalent to RMB9,557,000) was placed in a bank escrow account for funding the expenditures for such expansion, and the amount is restricted. As at December 31, 2020, the remaining amount in the escrow account is US$8,000 (equivalent to RMB52,000) (2019: US$440,000 (equivalent to RMB3,127,000), which is included in restricted bank deposits.

(c) During 2015, the Group entered into a lease agreement for a property located in Secaucus, New Jersey, the USA with a lease term ending in 2027. As part of the lease agreement, a letter of credit of US$550,000 (equivalent to RMB3,594,000) is required as a guarantee over the term of the lease and therefore the Group obtained a letter of credit of US$550,000 (equivalent to RMB3,594,000) from a bank and in return placed an equal amount to the bank as a pledged deposit for the letter of credit. From 2018 onwards, the cash deposit that was required as a guarantee was reduced to US$300,000 (equivalent to RMB1,957,000) (2019: US$300,000 (equivalent to RMB2,093,000)). The pledged bank deposit as of December 31, 2020 carried fixed interest rate of 0.55% per annum (2019: 0.55% per annum) and was classified as a long-term asset.

(d) Time deposits with original maturity over three months represent fixed deposits with maturity more than three months from the date of acquisition which carried interest at prevailing market rates ranging from 0.75% to 1.02% (2019: 1.60% to 2.15%) per annum as at December 31, 2020.

18. TRADE AND OTHER PAYABLES

	2020	2019
	RMB'000	*RMB'000*
Trade payables		
– Third parties	**100,829**	72,709
– Related parties	**466**	2,482
	101,295	75,191
Other payables		
– Third parties	**56,460**	40,002
– Related parties	**–**	854
– Consideration payables *(note (b), (c))*	**39,145**	–
– Contingent consideration payables	**14,486**	–
– Restricted share repurchase payable	**123,138**	146,391
– Dividend payable	**1,698**	1,286
– Salary and bonus payables	**140,396**	122,653
– Other taxes payable	**52,928**	42,094
	428,251	353,280
	529,546	428,471

Notes:

(a) The amounts due to related parties were unsecured, repayable on demand and interest free.

(b) Consideration payable for acquisition of additional interest in Yaxincheng

Included in consideration payables as at December 31, 2020 represents the consideration payable for the acquisition of additional 30% interest in Yaxingcheng, a non-wholly owned subsidiary of the Company, amounting to RMB32,739,000 as at December 31, 2020.

(c) Consideration payable for the acquisition of RMI Laboratories, LLC ("RMI")

The amount has also included the consideration payable for the acquisition of RMI, amounting US$982,000 (equivalent to RMB6,406,000) as at December 31, 2020.

Pursuant to the relevant acquisition agreement, the consideration amounting to US$1,000,000 (equivalent to RMB6,532,000) is subject to downward adjustment in respect of the guarantee profit as described in the acquisition agreement.

During the year ended December 31, 2020, the audited earning before interest, tax, depreciation and amortisation was lower than the guarantee profit as described in the acquisition agreement. As a result, there was downward adjustment on the consideration payable. The downward adjustment amounted to RMB126,000 was credited to the profit or loss during the year ended December 31, 2020.

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

	2020	2019
	RMB'000	*RMB'000*
Within 90 days	**94,676**	64,311
91 days to 1 year	**4,487**	6,699
Over 1 year	**2,132**	4,181
	101,295	75,191

19. BORROWINGS

	2020	2019
	RMB'000	*RMB'000*
Current portion		
Secured and unguaranteed bank loans *(note (a))*	**–**	352,304
Unsecured and unguaranteed bank loans *(note (b))*	**–**	512,559
	–	864,863

	2020	2019
	RMB'000	*RMB'000*
Non-current portion		
Unsecured and unguaranteed bank loans *(note (b))*	**–**	36,500
Loan interest at rate per annum in the range of	**N/A**	3.63% to 6.50%

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

	2020	2019
	RMB'000	*RMB'000*
On demand or within one year	**–**	864,863
More than one year, but not exceeding two years	**–**	1,000
More than two years, but not exceeding five years	**–**	35,500
	–	901,363

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

Notes:

(a) The Group has pledged certain collateral, including all assets of Frontage Laboratories, Inc., shares in Frontage Holdings, an investment in financial asset through FVTPL, and the restricted bank deposits, to aggregate banking facilities of RMB390,673,000 acquired from the bankers, of which RMB352,304,000 were utilised as at December 31, 2019.

(b) At December 31, 2020, the Group had banking facilities to the extent of RMB1,900,000,000 (2019: RMB1,747,084,000). The aforesaid bank loans outstanding as at December 31, 2020 were nil (2019: RMB549,059,000).

(c) The Group has aggregated banking facilities of RMB1,900,000,000 (2019: RMB1,236,394,000) which were unutilised as at December 31, 2020.

20. SHARE CAPITAL

	Number of ordinary shares	Authorised shares *RMB'000*	Issued and paid shares *RMB'000*
As at January 1, 2019	500,176,537	500,177	500,177
Bonus issue *(note (a))*	249,559,635	249,560	249,560
Cancellation of shares *(note (b))*	(228,573)	(229)	(229)
As at December 31, 2019 and January 1, 2020	749,507,599	749,508	749,508
Cancellation of shares *(note (b))*	(148,891)	(149)	(149)
Issue of new shares *(note (c))*	123,124,800	123,125	123,125
As at December 31, 2020	872,483,508	872,484	872,484

Notes:

(a) On April 25, 2019, the directors 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 year ended December 31, 2020, some of the Company's original incentive recipients resigned and lost their right to receive incentive. Therefore, the Company repurchased and cancelled 148,891 (2019: 228,573) restricted share previously held by these incentive recipients with a deduction from the treasury shares of RMB4,442,000 (2019: RMB6,819,000), including a reduction of RMB149,000 (2019: RMB229,000), in share capital, and RMB4,293,000 (2019: RMB6,590,000), in share premium.

(c) On August 7, 2020, 107,065,100 ordinary shares with a par value of RMB1 each of the Company were issued at a price of HK$100 (equivalent to RMB89.58) 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.

On September 2, 2020, 16,059,700 ordinary shares with a par value of RMB1 each of the Company were issued at a price of HK$100 (equivalent to RMB88.23) per share by way of over-allotment.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the website of the Stock Exchange at http://www.hkexnews.hk and on the website of the Company at www.tigermedgrp.com. The 2020 annual report containing all the information required by the Listing Rules will be dispatched to the Shareholders in due course and will be published on the websites of the Company and the Stock Exchange.

APPRECIATION

The Group would like to express its appreciation to all the staff for their outstanding contribution towards the Group's development. The Board wishes to sincerely thank the management for their dedication and diligence, which are the key factors for the Group to continue its success in future. Also, the Group wishes to extend its gratitude for the continued support from its shareholders, customers, and business partners. The Group will continue to deliver sustainable business development, so as to create more values for all its shareholders.

"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)
"COVID-19"	Novel Coronavirus
"Director(s)"	the director(s) of the Company or any one of them
"EMEA"	Europe, Middle East and Africa
"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 twelve months ended December 31, 2020
"Share(s)"	comprising A Shares and H Shares
"Shareholder(s)"	holder(s) of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor"	the supervisor of the Company
"U.S."	United States
"U.S. dollars", "USD" 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, March 29, 2021

As at the date of this announcement, the executive Directors 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.

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