

**HANGZHOU TIGERMED CONSULTING CO., LTD.**

**2019 Annual Report**

**April 2020**

## Section 1 Important, Contents and Definition

The Board of Directors, Board of Supervisors, Directors, Supervisors and senior management of the Company warrant that the contents of the annual report are true, accurate and complete and there is no false representation, misleading statement or material omission, and take legal responsibilities jointly and severally.

Cao Xiaochun, head of the Company, Jun Gao, person-in-charge of accounting affairs and Yu Guoyun, head of accounting department (accounting supervisor) warrant the truthfulness, accuracy and completeness of the financial statements contained in this annual report.

All directors have attended the Board meeting approving this report.

Nil

The dividend distribution plan considered and approved by the Company at the Board meeting: assuming the total share capital comprises 748,450,333 shares, a cash dividend of RMB2.78 (tax inclusive) was to be paid to all shareholders for every 10 shares held with no bonus shares (tax inclusive) and no shares created by way of capitalisation of capital reserve for every 10 shares held to all shareholders.

## CONTENTS

<b>Section 1 Important, Contents and Definition .....</b>	<b>2</b>
<b>Section 2 Company Profile and Major Financial Indicators .....</b>	<b>10</b>
<b>Section 3 Business Overview .....</b>	<b>15</b>
<b>Section 4 Management Discussion and Analysis .....</b>	<b>24</b>
<b>Section 5 Important Notice .....</b>	<b>58</b>
<b>Section 6 Changes in Share Capital and Information on Shareholders .....</b>	<b>84</b>
<b>Section 7 Preference Shares .....</b>	<b>99</b>
<b>Section 8 Convertible Bonds .....</b>	<b>100</b>
<b>Section 9 Information on Directors, Supervisors, Senior Management and Employees .....</b>	<b>101</b>
<b>Section 10 Corporate Governance .....</b>	<b>108</b>
<b>Section 11 Corporate Bonds .....</b>	<b>116</b>
<b>Section 12 Financial Report .....</b>	<b>117</b>
<b>Section 13 Documents available for Inspection .....</b>	<b>304</b>

## Definition

Term(s) defined		Details of definition
“Company”, “our Company”, “Tigermed”		Hangzhou Tigermed Consulting Co., Ltd.
“CRO”		Contract Research Organization
“NMPA”		China National Medical Products Administration
“FDA”		the U.S. Food & Drug Administration
“GCP”		the Good Clinical Practice promulgated by the PRC government
“ICH-GCP”		the Guidelines on Good Clinical Practice of the United States, European Union and Japan coordinated by International Conference on Harmonization
“SOP”		Standard Operation Process
“CRA”		Clinical Research Associate, mainly responsible for organizing clinical research of related projects and formulating implementation plans for clinical research of related projects. Clinical inspectors are generally required to possess professional knowledge in clinical medicine and health statistics, GCP certificate, extensive work experience in clinical trials, as well as strong external communication and coordination skills and language expression abilities
“BD”		Business Development Department, mainly responsible for formulating and implementing development plans based on the Company’s strategy, establishing smooth cooperation channels with upstream and downstream and parallel partners, and communicating with relevant government authorities, associations and other organizations to seek support and obtain resources.
“CRC”		Clinical Research Coordinator
“SMO”		Site Management Organization, a professional management organization with integrated clinical resources operation, a well-managed professional commercial organization that assists clinical trial institutions to conduct specific operations of clinical trials and a verification agency for site management
“GSP”		Good Supply Practice, a set of management procedures that manage all the factors that may result in quality issues in the process of distribution of drug products to avoid quality issues



“GMP”		Good Manufacturing Practice, the basic principle of drug manufacturing and quality management, which is applicable to the whole process of drug formulation manufacturing and the key process that affects the quality of finished products in the manufacturing of API
“ARO”		Academic Research Organization, which differs from CRO with the following key features: it has academic expert teams in scientific institutions, hospital departments, disease prevention and control centers and other institutions and is responsible for the open publication of clinical trials in academic journals and meets the independent academic supervision requirements of clinical trials meeting the expectations of regulatory authorities
“innovative drug(s)”		Class 1 chemical drugs classified according to the NMPA registration of chemical drugs and Class 1 biological products classified according to the NMPA registration of biological products
“clinical research(es)”		a part of medical research and health research with the purpose of establishing the basic theories about human disease mechanism, disease prevention and health promotion. Clinical research involves the study of doctor-patient interaction and diagnostic clinical information, data, or patient population data
“clinical trial(s)”		any systematic research of drugs in the human body (patients or healthy volunteers) to confirm or reveal the effects, adverse reactions, and/or absorption, distribution, metabolism, and excretion of the test drug with the purpose of determining the efficacy and safety of the test drug
“Shanghai Tigermed”		Shanghai Tigermed Co Ltd, a wholly-owned subsidiary of the Company
“MacroStat”		MacroStat (China) Clinical Research Co., Ltd., a wholly-owned subsidiary of the Company
“Jiaxing Tigermed”		Jiaxing Tigermed Data Management Co., Ltd., a wholly-owned subsidiary of the Company
“Hangzhou Simo”		Hangzhou Simo Co., Ltd., a wholly-owned subsidiary of the Company
“Tigermed HK”		Hongkong Tigermed Co., Limited, a wholly-owned subsidiary of the Company
“Taizhou Kanglihua”		Taizhou Kanglihua Pharmaceutical Technology Co., Ltd, a wholly-owned subsidiary of the Company
“Guangzhou Tigermed”		Tigermed Research Institute Co., Ltd., a wholly-owned subsidiary of the Company
“Tigermed MacroStat”		Tigermed MacroStat, LLC, a wholly-owned subsidiary of the Company
“Bright Sky”		Bright Sky Resources Investment Ltd, a wholly-owned subsidiary of the Company
“Beijing BMD”		Beijing Medical Development Co., Ltd, a wholly-owned subsidiary of the Company

“Suzhou BMD”		Beijing Medical Development (Suzhou) Co., Ltd, a wholly-owned subsidiary of the Company
“Tigermed Equity”		Hangzhou Tigermed Equity Investment Partnership, a wholly-owned subsidiary of the Company
“Tigermed-Jyton”		Taizhou Tigermed-Jyton Medical Tech. Co., Ltd., a wholly-owned subsidiary of the Company
“Beijing Ejyton”		Beijing Ejyton Tech. Co., Ltd., a wholly-owned subsidiary of the Company
“Jyton Emergo”		Jyton Emergo (Beijing) Medical Technology Co., Ltd., a wholly-owned subsidiary of the Company
“Jyton Kangxin”		JYTON-GOWIN MEDICAL TECHNOLOGY CO.,LTD, a wholly-owned subsidiary of the Company
“Jyton Kannel”		Beijing Jyton and Kannel Medical Tech. Co., Ltd., a wholly-owned subsidiary of the Company
“Blue Sky”		Blue Sky Resources Investment Ltd., a wholly-owned subsidiary of the Company
“TG SKY”		TG Sky Investment Ltd., a wholly-owned subsidiary of the Company
“Chengdu Xinsheng”		Chengdu Xinsheng Tigermed Technology Company Limited, a wholly-owned subsidiary of the Company
“Tigermed-BDM”		Tigermed-BDM Inc., a wholly-owned subsidiary of the Company
“Tigermed Clinical”		Tigermed Clinical Research Co. Ltd., a wholly-owned subsidiary of the Company
“Tigermed Australia”		Tigermed Australia Pty Limited, a wholly-owned subsidiary of the Company
“Tigermed Singapore”		Singapore Tigermed PTE. Ltd., a wholly-owned subsidiary of the Company
“Tiger-Xinze”		Tiger-Xinze Medical Technology (Jiaxing) Co., Ltd., a wholly-owned subsidiary of the Company
“TG Mountain”		TG Mountain Investment CO., (GP), a wholly-owned subsidiary of the Company
“TG Sky Growth”		TG Sky Growth (LP), a wholly-owned subsidiary of the Company
“Tigermed Swiss”		Tigermed Swiss AG., a wholly-owned subsidiary of the Company
“Tigermed USA”		Tigermed USA INC., a wholly-owned subsidiary of the Company
“HK Healthcare”		Hong Kong Tigermed Healthcare Technology Co., Limited, a wholly-owned subsidiary of the Company
“Tigermed-IntelliPV”		Hangzhou Tigermed-IntelliPV Co., Ltd., a wholly-owned subsidiary of the Company
“Tigermed America”		Tigermed America LLC, a wholly-owned subsidiary of the Company

“Wuxi Tigermed”		Wuxi Tigermed Consulting Co., Ltd., a wholly-owned subsidiary of the Company
“Jiaxing Clinflash”		Jiaxing Clinflash Computer Technology Co., Ltd., a controlling subsidiary of the Company
“Beijing Canny”		Beijing Canny Consulting Inc., a controlling subsidiary of the Company
“Hangzhou Taiyu”		Hangzhou Taiyu Investment Consulting Co., Ltd., a controlling subsidiary of the Company
“Hangzhou Yuding”		Hangzhou Yuding Equity Investment Management Partnership (Limited Partnership), a controlling subsidiary of the Company
“Fantastic Bioimaging”		Fantastic Bioimaging Co., Ltd., a controlling subsidiary of the Company
“Frontage Holdings”		Frontage Holdings Corporation, a controlling subsidiary of the Company
“Frontage Laboratories”		Frontage Laboratories, Inc., a controlling subsidiary of the Company
“Frontage Shanghai”		Frontage Laboratories (Shanghai) Co., Ltd., a controlling subsidiary of the Company
“Croley”		Croley Martell Holdings, Inc, a controlling subsidiary of the Company
“Concord Biosciences”		Concord Biosciences LLC, a controlling subsidiary of the Company
“Concord Holdings”		Concord Holdings, LLC, a controlling subsidiary of the Company
“Frontage Canada”		11736655 Canada, Ltd, a controlling subsidiary of the Company
“RMI”		RMI Laboratories, LLC, a controlling subsidiary of the Company
“BRI”		BRI Biopharmaceutical Research, Inc
“Frontage Suzhou”		Frontage Laboratories (Suzhou) Co, Ltd., a controlling subsidiary of the Company
“Frontage Luohe”		Frontage Laboratories (Luohe) Co, Ltd., a controlling subsidiary of the Company
“DreamCIS”		DreamCIS Inc., a controlling subsidiary of the Company
“Tigermed India”		Tigermed India Date Solution Private Limited, a controlling subsidiary of the Company
“Opera”		Opera Contract Research Organization S.R.L., a controlling subsidiary of the Company
“Jiaxing Yixin”		EPS Tigermed (Jiaxing) Co., Ltd., a controlling subsidiary of the Company
“Tigermed Malaysia”		Tigermed Malaysia SDN BHD., a controlling subsidiary of the Company
“Tigermed Xingrong”		Beijing Tigermed Xingrong Investment Management Co., Ltd., a controlling subsidiary of the Company
“Beijing Yaxincheng”		Beijing Yaxincheng Medical InfoTech Co., Ltd., a controlling subsidiary of the Company
“Yaxincheng Business”		Beijing Yaxincheng Business Service Co., Ltd., a controlling subsidiary of the Company

“Korgas Yaxincheng”		Korgas Yaxincheng Information Technology Co., Ltd., a controlling subsidiary of the Company
“Xi’an Laisai”		Xi’an Laisai Translation Co., Ltd., a controlling subsidiary of the Company
“Talent MedConsulting”		Hangzhou Talent MedConsulting Co., Ltd., a controlling subsidiary of the Company
“Taiwan Tigermed”		Taiwan Tigermed Consulting Co. Ltd, a controlling subsidiary of the Company
“Tiayu Phase II”		Hangzhou Taiyu Phase II Equity Investment Partnership, an investee of the Company
“Jietong Inspection”		Hangzhou Tigermed Jietong Inspection Technology Co., Ltd., an investee of the Company
“Shanghai Shengtong”		Shanghai Shengtong International Logistics Co., Ltd, an investee of the Company
“Shengtong Supply Chain”		Shanghai Shengtong Pharmaceutical Supply Chain Management Co., Ltd., an investee of the Company
“Luohe Taiyu Ankang”		Luohe Taiyu Ankang Investment Management Center (Limited Partnership), an investee of the Company
“Luohe Yukang”		Luohe Yukang Investment Center Partnership, an investee of the Company
“Shihezishi Taiyu”		Shihezishi Taiyu Equity Investment Partnership, an investee of the Company
“Shihezi Tai’er”		Shihezi Tai’er Equity Investment Partnership, an investee of the Company
“Shanghai Teddy”		Teddy Clinical Research Laboratory (Shanghai) Limited, an investee of the Company
“Hangzhou Wangji”		Hangzhou Wangji Health Technology Co., Ltd., an investee of the Company
“Hangzhou Yibai”		Hangzhou Yibai Health Management Co., Ltd., an investee of the Company
“Combak Hospital”		Hangzhou Combak Hospital Co., Ltd., a wholly-owned subsidiary of Hangzhou Yibai, which is an investee of the Company
“Mosim”		Mosim Co., Ltd., an investee of the Company
“Yuzhou Yixin”		(Suzhou) Tigermed Co., Ltd., an investee of the Company
“EPS Tigermed”		EPS Tigermed (Nantong) Co., Ltd., an investee of the Company
“Frontage FJ Pharma”		FJ Pharma LLC, an investee of the Company
“Frontage Clinical”		Frontage Clinical Services, Inc., an investee of the Company
“Antengene Investment”		Antengene Investment Limited
“Tigermed Cloud”		Hangzhou Tigermed Cloud Hospital Management Co., Ltd.

“Non-public offering”		the proposed offering of RMB-denominated ordinary shares (A shares) to target subscribers by the Company by way of non-public offering
“CSRC”		China Securities Regulatory Commission
“Shenzhen Stock Exchange” or “SSE”		the Shenzhen Stock Exchange
“Company Law”		the Company Law of the People’s Republic of China
“Securities Law”		the Securities Law of the People’s Republic of China
“BDO CPA”		BDO China Shu Lun Pan Certified Public Accountants LLP
“Sponsor”		Citi Orient Securities Co., Ltd.
“Citi Orient”		Citi Orient Securities Co., Ltd.

## Section 2 Company Profile and Major Financial Indicators

### I. Company information

Stock short name	泰格医药	Stock code	300347
Company name in Chinese	杭州泰格医药科技股份有限公司		
Company short name in Chinese	泰格医药		
Company name in English (if any)	Hangzhou Tigermed Consulting Co.,Ltd		
Company short name in English (if any)	Tigermed		
Legal representative	Cao Xiaochun		
Registered address	1502-1, Dongguan Plaza, No. 618 Jiangnan Avenue, Binjiang District, Hangzhou		
Postal code of registered address	310053		
Office address	15th floor, No. 618 Jiangnan Avenue, Binjiang District, Hangzhou		
Postal code of office address	310053		
Company website	www.tigermed.grp.com		
Email	ir@tigermed.grp.com		

### II. Contact person and contact method

	Secretary to the Board	Representative of securities affairs
Name	Gao Jun	Li Xiaori
Contact address	15th floor, No. 618 Jiangnan Avenue, Binjiang District, Hangzhou	15th floor, No. 618 Jiangnan Avenue, Binjiang District, Hangzhou
Telephone	0571-89986795	0571-89986795
Facsimile	0571-89986795	0571-89986795
Email	ir@tigermed.grp.com	ir@tigermed.grp.com

### III. Information disclosure and place of inspection

Name of media designated by the Company for information disclosure	Securities Times
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Website designated by CSRC for publication of annual report	http://www.cninfo.com.cn/
Place of inspecting the annual report of the Company	Securities affairs department of the Company

#### IV. Other relevant information

Accounting firm engaged by the Company

Name of accounting firm	BDO China Shu Lun Pan Certified Public Accountants LLP
Office address of accounting firm	4th floor, No.61 Nanjing East Road, Shanghai
Name of signing accountants	Zhang Songbai, Wang Faliang

Sponsor engaged by the Company that performs the duties of continuous supervision during the reporting period

☒ Applicable ☐ Not applicable

Name of sponsor	Office address of sponsor	Name of sponsor representatives	Period of continuous supervision
Citi Orient Securities Co., Ltd.	24th floor, Building No.2, No.318 Zhong Shan South Road, Shanghai	Ge Shaozheng, Bian Jiazhen	February 2015 to December 2019

Financial advisor engaged by the Company that performs the duties of continuous supervision during the reporting period

☐ Applicable ☒ Not applicable

#### V. Major accounting data and financial indicators

Whether retrospective adjustments or restatements would be made by the Company to the accounting data for prior years

☐ Yes ☒ No

	2019	2018	Change	2017
Revenue (RMB)	2,803,309,287.65	2,300,659,706.62	21.85%	1,687,033,455.82
Net profit attributable to shareholders of the listed company (RMB)	841,634,823.38	472,183,931.65	78.24%	301,013,932.80
Net profit attributable to shareholders of the listed company after deducting extraordinary gain or loss (RMB)	558,119,891.62	357,055,961.15	56.31%	239,901,292.95
Net cashflow from operating activities (RMB)	527,557,935.51	522,242,718.65	1.02%	314,970,861.81
Basic earnings per share (RMB/share)	1.13	0.63	79.37%	0.41
Diluted earnings per share (RMB/share)	1.13	0.63	79.37%	0.41

Weighted average return on net assets	23.65%	17.52%	6.13%	13.74%
	December 31, 2019	December 31, 2018	Change	December 31, 2017
Total assets (RMB)	7,532,651,176.52	4,279,788,506.48	76.01%	3,583,167,950.81
Net assets attributable to shareholders of the listed company (RMB)	4,225,457,956.55	2,668,584,135.27	58.34%	2,491,046,293.20

## VI. Quarterly major financial indicators

Unit: RMB

	First quarter	Second quarter	Third quarter	Fourth quarter
Revenue	608,888,953.83	728,405,635.50	693,703,343.54	772,311,354.78
Net profit attributable to shareholders of the listed company	145,507,918.52	206,610,332.04	176,005,998.02	313,510,574.80
Net profit attributable to shareholders of the listed company after deducting extraordinary gain or loss	111,544,220.08	176,185,239.19	150,387,116.25	120,003,316.10
Net cashflow from operating activities	51,154,595.75	74,907,541.11	214,234,583.53	187,261,215.12

Whether the above financial indicators or aggregate is materially different from the relevant financial indicators disclosed in quarterly reports or semi-annual reports of the Company

☐ Yes ☒ No

## VII. Differences in accounting data under domestic and foreign accounting standards

### 1. Differences in net profit and net assets disclosed in the financial statements under International Accounting Standard and China Accounting Standard

☐ Applicable ☒ Not applicable

There is no difference in net profit and net assets disclosed in the financial statements during the reporting period under International Accounting Standard and China Accounting Standard.

### 2. Differences in net profit and net assets disclosed in financial statements under foreign accounting standards and China Accounting Standard

☐ Applicable ☒ Not applicable

There is no difference in net profit and net assets disclosed in the financial statements during the reporting period under foreign accounting standards and China Accounting Standard.



# **VIII. Items and amounts of extraordinary gain or loss**

√ Applicable □ Not applicable

Unit: RMB

Item	Amounts in 2019	Amounts in 2018	Amounts in 2017	Remarks
Gain or loss from disposal of non-current assets (including those already written off in the provision for impairment of assets)	43,737,385.02	-151,707.39	-107,618.59	Mainly due to the disposal of long-term assets including the long-term equity investments and fixed assets during the reporting period.
Government grants (except for government grants which are closely related to the ordinary business of the Company and entitled in standard amounts or quantities in conformity with the uniform standards of the State) included in the profit or loss for the period	16,216,189.63	10,570,098.10	12,845,384.29	Mainly due to the government grants received by the Company during the reporting period.
Capital occupation fee received from non-financial entities included in profit or loss for the period		1,818,429.16		
Gain from the excess of the fair value of the identifiable net assets of investees on acquisition of the investment over the investment cost in the Company's subsidiaries, associates and joint ventures	41,488,162.45			Mainly due to the investment income arising from addition and consolidation of subsidiary by the Company during the reporting period.
Gain or loss from investments on trust or asset management	1,371,800.46	1,544,444.66	4,277,695.56	Mainly due to the income from wealth management products of the Company during the reporting period.

Profit or loss arising from changes in fair value of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities and derivative financial liabilities and investment gains received from disposal of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities, derivative financial liabilities and other debt investments (except for those related to effective hedging businesses under ordinary business scope of the Company)	277,841,928.30	126,926,483.99	48,906,000.13	Mainly due to the investment income derived during the holding of other non-current financial assets and recognized upon disposal and the gain on changes in fair value arising from other non-current assets; and the gain arising from the remaining equity interest at fair value (restated) after control is lost.
Other non-operating income and expenses apart from the above items	-470,286.85	4,218,015.49	10,069,412.04	
Less: Effect of income tax	23,682,926.62	18,326,757.57	13,992,846.38	
Effect of minority interests (after tax)	72,987,320.63	11,471,035.94	885,387.20	
Total	283,514,931.76	115,127,970.50	61,112,639.85	--

For items of extraordinary gain or loss of defined in the *Notice on Explanation of Information Disclosure of Companies Publicly Issuing Securities No.1 – Extraordinary Gain or Loss*, and items of extraordinary gain or loss illustrated in the *Notice on Explanation of Information Disclosure of Companies Publicly Issuing Securities No.1 – Extraordinary Gain or Loss* defined as items of extraordinary gain or loss, the Company shall provide the reasons

☐ Applicable ☒ Not applicable

During the reporting period, there was no item of extraordinary gain or loss defined and illustrated in the *Notice on Explanation of Information Disclosure of Companies Publicly Issuing Securities No.1 – Extraordinary Gain or Loss* defined as item of extraordinary gain or loss.

## Section 3 Business Overview

### I. Principal Business Conducted by the Company During the Reporting Period

#### (I) Business Primarily Conducted by the Company

The Company is a contract research organisation (CRO) focused on providing professional services for the R&D of new drugs throughout the clinical trial process. It provides comprehensive and integrated clinical research solutions to global pharmaceutical and medical device innovation companies to ensure research quality, reduce R&D risks, shorten the R&D cycle, and save R&D expenditure, promoting the process of product marketisation so that patients can use newer and better medicines and medical products soon.

#### (II) Business Model

The Company is committed to providing comprehensive and integrated service support for customers in the development of new drugs/medical devices in the best way, providing comprehensive technical services and solutions from the stages of pre-clinical, clinical to post-launch to help customers enhance clinical research efficiency and ensure research quality, saving time and cost. The Company's principal business includes clinical trial solutions and clinical-related services and laboratory services.

##### 1. Clinical Trial Solutions

The Company provides clinical trial operation services for innovative drugs, generic drugs and medical devices, as well as complementary services directly associated with clinical trial operations such as medical writing, translation and registration services and pharmacovigilance services.

##### (1) Clinical Drug Research

Relying on a sound quality management system, a standard operating procedure, a mature project management system, and a highly-qualified and experienced clinical team, we are able to ensure efficient project advancement, patient safety, and data quality throughout the process of a project from start to finish. We can provide medical liaison, early-, middle- and late-stage clinical development, medical monitoring, project management, quality management and other services.

Having a long-term cooperation with excellent clinical trial organisations in China and other parts of the world, we have established a close cooperative relationship with parties including research institutes, hospitals, laboratories, and authoritative experts in the clinical field, to ensure that all clinical studies we serve comply with cGCP and relevant ICH-GCP guidelines, thus guaranteeing global consistency and high standards.

As of the disclosure date of this report, the Company has established 123 service outlets in major mainland China cities, Hong Kong and Taiwan that efficiently interact with clinical researchers, covering research hospital resources in 28 provinces, four autonomous regions, and four municipalities

nationwide, to fully share information of research hospitals.

The Company has mature and complete SOP and rich international project management experience. Project management is systematic and efficient, and whole-process dynamic monitoring and management of research progress is implemented. The Company's quality assurance department, which is independent of the clinical trial operation departments, evaluates the quality and risk throughout the process, including clinical trial operations and suppliers, from an independent third-party perspective, providing strong assurance for customers' projects on its efficient clinical inspection, comprehensive training system, and perfect SOP management.

## (2) Clinical Medical Device Research

As China's leading medical device regulatory liaison and clinical research service provider, our team has established long-term cooperative relations with over 1,400 medical device R&D and production companies in more than 30 countries. We provide assistance in all aspects involved in the development and production of medical devices and in vitro diagnostic products in order to respond to changes in complex international regulatory requirements.

The business is mainly undertaken by our subsidiary Tigermed-Jyton, and details of the business can be found on its website <http://www.jtmedical.com/>.

## (3) Medical Registration

The Company can provide professional registration-related services for chemical drugs, biological products and medical device products, including marketing authorisation and product registration, and medical translation. The registration team has a wealth of practical experience. During the product registration process, they can accurately grasp the key points in product registration with full understanding of the specific requirements of NMPA, FDA, EMA and other regulatory authorities around the world on the materials for product declaration, maintaining effective two-way communication with customers and government regulators at multiple levels and in many respects, including procedural regulations, regulatory requirements, technical compliance and other perspectives, to ensure speedy project progress, boost drug development, and shorten the time to market.

## (4) Bioequivalence Services

The Company has a professional BE team with strong technical strengths and rich project experience, capable of regulating the scientificity and justifiability of solutions design according to domestic and foreign research progress. The team is experienced in developing analytical methods for compounds and has the ability to develop challenging analytical methods. In addition, the Company has cooperated with a number of clinical organisations on the building of clinical centres that provide more reliable quality assurance in compliance with the verification standards of NMPA, FDA and the EU.

Providing customers with a unified quality system in China and the US, and operating in full compliance with the US FDA and the EU GLP/GMP/GCP standards, the Company successfully

underwent multiple US FDA on-site inspections and Chinese NMPA on-site inspections.

The business is mainly undertaken by our subsidiary Frontage Holdings. For details, please refer to Frontage Holdings' announcement on the 2019 annual results, the link of which is <https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0330/2020033002201.pdf>.

## 2. Clinical-related Services and Laboratory Services

The Company provides other important services in the drug development process, including data management and statistical analysis, site management and patient recruitment, medical imaging as well as laboratory services provided by our subsidiary Frontage Holdings.

### (1) Provision of Comprehensive International Data Management and Statistical Analysis Services

The Company's data management and statistical analysis team, mainly distributed in mainland China, Taiwan, the US, South Korea, and India, is committed to providing timely and high-quality data management, biostatistics, and statistical programming services for clinical development and registration submission. The team has the ability to manage the submission of data that meets international standards, boasting the provision of flexible and accurate solutions for the whole research process from start to finish, a thorough understanding of various disease areas, such as tumour, immunity, endocrine, neurology, and infectious diseases, an industry reputation for high credibility and trustworthiness, an excellent track record on high quality and on-time delivery, and the permission for sponsors to access real-time data processes, which is in line with WHO-DD MedDRA, SAS and other international standards and certifications.

The data management and statistical analysis team has a wealth of projects. As of the disclosure date of this report, it participated in more than 2,200 clinical research projects and more than 300 CDISC standard projects, and submitted application of 16 drugs or indications for the FDA new drug application and biologic license application (NDA/BLA) approvals.

### (2) Site Management and Patient Recruitment

The Company has a site management organisation (SMO) team covering all major cities in China. The team is committed to assisting researchers and research centres to complete liaison work involving non-medical judgment in clinical trials by providing professional services for site management and specific operations to ensure the quality of clinical trials and the progress of research, promoting the standardisation of clinical trials. Since the commencement of clinical trial centres management and operation in May 2011, the CRC team has participated in more than 1,300 projects covering phase I-IV clinical research, mainly providing services to pharmaceutical companies at home and abroad.

As to recruitment service, the Company has service outlets in 40 major cities in China which have established international standard operating procedures (SOPs) providing professional services for organisations in more than 60 cities nationwide. The services include recruiting healthy participants and patients to conduct phase I-IV clinical trials, providing health education and lectures for patients,

providing sponsors/CROs with health publicity and academic promotional services, promoting medical App business, and assisting in the recall of missed follow-ups according to the requirements of sponsors/CROs or the site.

### (3) Image Analysis

As a pioneering third-party independent medical imaging CRO in China, our subsidiary Fantastic Bioimaging may provide one-stop, professional imaging services and solutions for the clinical trial of pharmaceuticals and medical devices, minimising bias to the greatest extent in an independent and non-blindly manner throughout the project service process and thus helping sponsors to accelerate the drug development process. The image analysis service areas cover phase I, II, III, and IV clinical trials.

The treatment areas cover clinical trials for cardiovascular diseases, tumour drugs, medical devices, central nervous system, rheumatic blood system diseases, musculoskeletal system diseases, skin diseases, otolaryngological and ophthalmological diseases, contrast agents, etc., imaging diagnostic reagents (CT, MRI), and medical equipment. The type of images includes CT, MRI, PET, PET/CT, SPECT, X-ray, angiography, ultrasound/ultrasound echo, endoscopy and digital photos, etc.

The image analysis team comprises many senior medical imaging specialists, project managers and senior expert teams, all of whom have a professional background in imaging or working experience as a diagnostic doctor in a hospital imaging department.

### (4) Informatised Clinical Trial Solutions

Our subsidiary Jiaying Clinflash helps pharmaceutical companies improve the efficiency and effectiveness of their R&D by providing first-class informatised solutions and professional services for clinical trials. It has three major independently-developed systems with intellectual property rights: Clinflash EDC electronic data collection system, Clinflash IRT randomisation and drug management system, and Clinflash Safety pharmacovigilance system.

### (5) Laboratory Services

We provide a full range of integrated analytical research services from drug discovery to development. Our researchers leverage reliable technology and the best methods to provide data support and solutions for customers in making decisions in the drug development process. The primary services include drug metabolism and pharmacokinetics (DMPK), toxicological services that guide new therapies from drug discovery to product development, full range of bioanalysis services, pharmaceutical research that helps the entry of customers' preparations into clinical research, and bioequivalence research that supports local and international customers in the declaration and registration of generic drugs at the Chinese NMPA and the US FDA.

This business is mainly undertaken by our subsidiary Frontage Holdings. For details, please refer to Frontage Holdings' announcement on the 2019 annual results, the link of which is <https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0330/2020033002201.pdf>.

### (III) General Information of the Industry in which the Company Operates

China is currently the second largest pharmaceutical market in the world. With the government's rollout of multiple favourable policies in recent years and the increasing investments in new drug R&D, we expect China's pharmaceutical R&D spending to grow rapidly. This growth will also promote the growth of the CRO industry. At present, the growth rate of the Chinese CRO industry has exceeded the growth rate of the global CRO industry and even the overall pharmaceutical industry in China. Given the advantages in terms of patient resources and operating costs and the internationalisation of clinical research, more and more international multi-centre clinics will enter China. At the same time, with the rapid development of China's innovative drug industry, a large amount of capital has flowed in, and R&D investments are on the increase. China's new drug R&D is gradually integrating with the world.

#### 1. Opportunities and Challenges under the New Clinical Trial Policy

On the back of China's joining the ICH in 2017, the concepts, rules, systems, and technologies of clinical trials in China are fully in line with those of the world. The country has also continuously promulgated relevant policies and regulations to strengthen the supervision of clinical trials, putting forward higher requirements for the authenticity and standardisation of industry operations. As to the reform of clinical trial management, it is proposed that record management shall be implemented for determining the eligibility of clinical trial organisations, and at the same time social investments in the establishment of clinical trial organisations shall be encouraged to explore overall solutions for clinical research. Compared with the certification system, the system of record-keeping of clinical trial organisations is greatly simplified, and the time period can be well shortened. Its real implementation is seen to bring organisations conducting clinical trials of new drugs more opportunities to participate in clinical new drug research. As a result, governments in Beijing, Shanghai, Sichuan, Hainan and other regions have responded actively, and relevant policies have been successively introduced to provide support. At the same time, in July 2018, NMPA issued the Announcement on Adjusting the Review and Approval Procedures for Clinical Drug Trials, whereby the "tacit approval system" for clinical trials is implemented. The implementation of the system is conducive to speeding up approvals and increasing the enthusiasm of enterprises in the R&D of new drugs, thus accelerating the R&D and launch of new drugs.

In order to better adapt to the fast-growing clinical research requirements under the new situation of allowing the development of clinical trials and clinical trial organisations usher in a new "spring" on a series of new policies and reform measures that actively encourage innovation, promote the global simultaneous development of new drugs, emphasise the "easy in, strict out" clinical trial principle and strengthen whole-process supervision, clinical trial stakeholders, clinical organisations, CROs, SMOs and others shall work closely together to achieve complementary advantages, ensuring that every clinical trial of new drugs is properly done and thus pushing forward the process of new drug launches.

#### 2. Main Reasons for the Growth of the Global and Chinese CRO Markets:

- (1) Increasing R&D investments. The increase in R&D investments stimulates pharmaceutical innovation, thereby increasing the demand for CROs. In recent years, the Chinese government has introduced

favourable policies to encourage pharmaceutical R&D so as to promote the sustainable development of the market. The CRO industry will also benefit from the increased R&D investments by pharmaceutical companies and accordingly a gradually rising share of R&D outsourcing spending.

- (2) Increasingly complex R&D process. This includes: (i) an increase in the number of large-scale international multi-centre clinical trial projects; (ii) more stringent R&D supervision; (iii) the use of more innovative and complex scientific methods in response to unmet medical needs; (iv) the fact that adopting advanced technology in the R&D process has also pushed more and more pharmaceutical companies to pass outsourced operations to experienced CROs with advanced technology and expertise.
- (3) Cost saving and risk reduction. In the context of the increased competition for new drug R&D, CROs help pharmaceutical companies effectively and professionally manage R&D activities while reducing costs and risks.
- (4) Rise of emerging biotech companies. There are many emerging biotech companies, especially in China. Due to their limited internal resources and capabilities, most emerging biotech companies need third-party service providers to give guidance on their complex clinical research projects, thus creating additional demand for CRO services.
- (5) Preferential policies of the Chinese government. Since 2015, Chinese regulatory authorities have initiated a series of regulatory changes aimed at the review and approval of medicines and medical devices. In recent years, regulatory authorities have been committed to encouraging innovation, better meeting clinical needs, and integrating with international standards. These preferential policies also encourage China to develop the pharmaceutical CRO market and serve as part of the continuous reform of her regulatory review and approval system to promote pharmaceutical innovation. The relevant reforms cover the entire value chain of the Chinese pharmaceutical market from clinical trials, submission of regulatory documents, production to social insurance, providing more business opportunities for CROs specialising in the R&D of innovative drugs.
- (6) Tighter supervisory system. Since the China Food and Drug Administration (now called the China National Medical Products Administration) required self-examination and review of all ongoing clinical trials in 2015, China has been committed to strengthening the integrity, authenticity and quality management of clinical trials in accordance with international standards. Therefore, clinical CROs with service quality meeting international standards are much sought after.
- (7) Expiry of large numbers of biologics patents. Patents of several best-selling biopharmaceuticals in China have expired or will expire in the near future and this will bring more business opportunities to the Chinese biosimilar market. The demand for CROs engaged in BE and other relevant businesses will also increase.
- (8) Increasing cross-border opportunities. After China became a member of ICH in 2017, clinical data obtained overseas may be applied at a broader level to support registration in China and, in reverse, facilitate more cross-border cooperation. The Chinese government has also been encouraging the



import of high-quality drugs, especially those that can address China's unmet medical needs. These initiatives are expected to bring more international multi-centre clinical trials and early-stage clinical projects initiated by multinational pharmaceutical companies to China.

## II. Significant Changes in Major Assets

### 1. Significant Changes in Major Assets

Major assets	Description of the significant changes
Intangible assets	Intangible assets increased by RMB68.63million or 246.69% from the balance at the beginning of the period, mainly attributed to the Company's purchase of information management systems and the increase in intangible assets of its newly-consolidated subsidiaries during the reporting period.
Accounts receivable	Accounts receivable increased by RMB315.70 million or 41.59% compared with the balance at the beginning of the period, mainly due to the fact that the Company's accounts receivable increased with the year-on-year increase in operating income and that the projects had not progressed up to the time of payment during the reporting period.
Other current assets	Other current assets increased by RMB65.43 million or 427.54% from the balance at the beginning of the period, mainly due to the purchase of wealth management products by the Company's subsidiaries during the reporting period.
Other non-current financial assets	Other non-current financial assets increased by RMB769.38 million or 51.95% from the balance at the beginning of the period, mainly due to the increased investments in minority interests and the increase from changes in fair value changes during the reporting period.
Long-term deferred expenses	Long-term deferred expenses increased by RMB10.38 million or 109.98% from the balance at the beginning of the period, mainly due to the renovation of a new laboratory by the Company's subsidiary during the reporting period.
Cash and cash equivalents	Cash and cash equivalents increased by RMB1,337.82 million or 189.9% from the balance at the beginning of the period, mainly due to the fact that Frontage Holdings issued shares to the public and received proceeds from its listing on the Main Board of the Hong Kong Stock Exchange during the reporting period.

### 2. Major Overseas Assets

√ Applicable ☐ Not applicable

Details of the asset	Reasons for the formation	Size of asset	Location	Operating model	Control measures to ensure asset security	Profitability	Overseas assets as a percentage of the Company's net assets	Any significant risk for impairment
Instruments and equipment	Frontage Laboratories acquired the assets through its own purchase and financial leasing for the needs of biological analysis and CMC, DMPK, Safety Toxic operations	US\$14.16 million	Pennsylvania State and Ohio State in the US	The Company uses it for daily operations	Monitoring system and regular inventory check	Good	1.79%	No
Other descriptions	Financial leasing of US\$5.85 million and its own purchases of US\$8.31 million							

### III. Core Competitiveness Analysis

#### 1. Ability to Provide Customers with Comprehensive Integrated Services as a Domestically-leading CRO

As a comprehensive integrated clinical CRO, the Company may provide customers with integrated clinical research services for medicines, medical devices, etc. Through continuous improvement of business capabilities and professional standards, we provide comprehensive, effective, customised and quality solutions to Chinese and multinational biopharmaceutical companies. The Company has accumulated rich expertise in global project management and has been commissioned by Chinese and international clients to carry out cross-border projects of increasing complexity. Currently, the Company has 123 service outlets (including those in Hong Kong and Taiwan) covering more than 800 clinical trial organisations, and has established overseas subsidiaries in ten countries in Asia Pacific, North America, Europe and other regions.

#### 2. Industry-leading Quality Standards and Project Delivery Speed

Clinical R&D is high-input, high-risk and time-consuming research. Quality and speed are critical to the successful development and commercialisation of medicines and medical devices. According to the Frost & Sullivan report, for innovative drugs, a well-designed and effectively-implemented clinical trial plan can shorten the launching time by two years on average.

The Company wins the trust of customers by effectively completing high-quality R&D projects. The Company has strong quality control standards leading in the industry. Its quality management system covers every stage of the project, from clinical design and planning to quality control in project execution as well as quality assurance and remedial measures, to ensure project quality and on-time delivery. To ensure that the compliance requirements of relevant laws and regulations are met, the quality control department regularly conducts a comprehensive update of standard operating procedures. We also continuously review and improve our quality management system based on customer feedback and global practical experience. We help in the launch of multiple new drugs, including the first China-made artificial heart “Yongrenxin”, the first China-made biosimilar drug Han Li Kang, the first domestic diagnosis of optic neuromyelitis (a rare disease), and the world’s first once-daily COPD closed triple therapy being approved in China. With our expertise and efficiency, we have won customer recognition of our service quality and speed.

### 3. Experienced and Stable Core Management and Business Teams

The Company’s core management team members are stable and have rich medical expertise and clinical research experience. They can timely garner insight into industry development trends, enabling the Company to seize opportunities and obtain first-mover advantages amidst industry developments.

Given the nature of clinical trials, a team of experienced and professional talents is required. Employees of the Company being graduates from college with a degree and above account for as high as 88.23% of the total. In view of the shortage of professional personnel, high turnover and other issues, the Company has formulated and implemented targeted training programs, with the major ones including the orientation program, the project leader training program, the professional and technical personnel training program, and the management personnel training program, in order to improve the management ability of its management team, the project management ability of technical personnel and the work skills of the employees. In addition, the Company provides competitive compensation, including equity incentives, to employees to attract and retain talents. The above measures can enable us to reduce the turnover rate and better provide stable and high-quality service to our customers.

### 4. Investing in Innovative Drugs to Establish a Clinical Investment Ecosystem

As a leader dedicated to healthcare innovation, the Company has made a minority investment in innovative biopharmaceutical and medical device startups. The Company’s industry reputation, experience and capabilities have made it possible to identify promising early-stage investment opportunities and build a diversified investment portfolio. The Company provides financial support for startups and offers comprehensive R&D solutions for their ongoing projects. Through strategic investment, the Company aims to establish long-term cooperative relations with these companies and promote innovation in the pharmaceutical industry in China and the world. In addition to financial returns, the Company believes that, as these startups grow and succeed, these equity investments will help the Company gain access to new technologies, acquire potential customers, and seize more business opportunities.

## Section 4 Management Discussion and Analysis

### I. Overview

- I. During the reporting period, operating income was RMB2,803.31 million, representing an increase of 21.85% over the same period of the previous year. During the reporting period, the Company achieved a net profit attributable to the parent company of RMB841.63million, representing an increase of 78.24% over the same period of the previous year.

During the reporting period, the value of new contracts was RMB4,230.87 million, representing an increase of 27.90% over the same period of the previous year. As of December 31, 2019, the cumulative value of the Company's contracts to be executed was RMB5,011.16 million, representing an increase of 36.05% over the same period of the previous year.

- (1) The clinical trial solutions business grew steadily during the reporting period, achieving revenue from principal business of RMB1,346.67 million, representing an increase of 22.05% over the same period last year. Clinical-related and laboratory services grew stably during the reporting period, achieving revenue from principal business of RMB1,446.48 million, representing an increase of 21.08% over the same period last year.
- (2) During the reporting period, revenue from domestic business was RMB1,600.13 million, accounting for 57.08% of the total and representing an increase of 29.63% over the same period of the previous year; revenue from overseas business was RMB1,203.18 million, accounting for 42.92% of the total and representing an increase of 12.84% over the same period of the previous year. The increase in revenue from domestic business during the reporting period was mainly due to the increase in the proportion of domestic clinical trials of innovative drugs in total.
- II. In 2019, continuously adhering to the “Excellence in Every Trial for Every Patient” development strategy, the Company kept pushing organisational reform, strengthened group-based management to adapt to its developments, improved the global layout, optimised the operational and management process, and promoted the building of organisational capabilities and brand culture. A synergy of business segments was created, the ability of providing R&D service in new medicines was comprehensively improved, and a rapid growth in performance was maintained.

In 2019, the Company ushered in one milestone after another and continued to boost successful high-quality innovative drug launches to meet clinical needs and bring hope to patients. More and more customers have entrusted their projects to us, demonstrating their continued recognition and high trust in the professional services of Tigermed.

1. This year, the Company continued to improve its service capabilities and deepened its global layout

As of the disclosure date of the Report, the Company had 123 domestic service outlets (including those in Hong Kong and Taiwan) covering more than 800 drug clinical trial organisations nationwide, in addition to overseas subsidiaries

established in ten countries across regions including Asia Pacific, North America and Europe. With an extensive service network, the Company can help customers quickly carry out clinical trials. Through strategic acquisitions and its own establishments, the Company strives to achieve the diversification of services to expand global business services capabilities. The Company is one of the 27 GEM stocks included in the MSCI China Index and one of the first companies selected in the CRO industry. The Company's overseas influence is on the increase.

In May 2019, Frontage Holdings was officially listed on the Main Board of The Stock Exchange of Hong Kong Limited. Frontage Holdings provides integrated and scientifically-driven research, analysis and development services throughout the drug discovery and development process to assist pharmaceutical companies to achieve drug development goals. Having operations in both the US and China, Frontage Holdings may take advantage of and benefit from the growth opportunities in both markets. In September 2019, Frontage Holdings officially opened a new laboratory of 42,000 square feet in Shanghai. The new laboratory will be entirely used to carry out sample analysis of preclinical TK/PK and clinical trials for small molecule drugs, as well as for the biological sample management business. With the official operation of the new laboratory in Shanghai, it is expected that the capacity bottleneck of laboratory services will be effectively resolved and that advanced equipment and instruments and professional personnel will be increased to provide more customers with high-quality drug research, analysis and development services, helping customers achieve drug development goals and thus benefiting patients.

In 2019, the Company had the first subject case successfully enrolled in Singapore, ushering in a new milestone in clinical trial. Singapore is a gateway country in Southeast Asia having a world-class medical service system, international clinical researchers and experienced research teams. On July 30, 2019, the international, multi-centre, phase II/III clinical study of AZD3759, a new generation of oral, small molecule, reversible epidermal growth factor receptor (EGFR) tyrosine kinase inhibitor (TKI) developed by Alpha BioPharma (Jiangsu) Co., Ltd., successfully completed the first subject case enrollment and drug administration in Singapore. The clinical research was carried out with the help of the Company. This was also the first international, multi-centre clinical trial carried out by Tigermed in Singapore, with the first subject case enrolled in Singapore. Going forward, the Company will also provide R&D services to more Southeast Asian countries with potential.

In November 2019, Tigermed and Accerise Co., Ltd. announced that they will form a joint venture to provide international, multi-centre clinical trial services in Japan, as well as supporting services for the global development of domestic pharmaceutical and medical equipment enterprises.

In December 2019, the Company raised funds of approximately US\$17.74 million on its own to purchase 1.4 million ordinary shares of E P S ホールディングス株式会社 (EPS Holdings, Inc., "EPS"), a leading CRO in Japan, with a shareholding ratio of 3.06%. EPS is a company listed on the First Section (main board market) of the Tokyo Stock Exchange in Japan, primarily providing various high-value-added solutions for a number of customers, including pharmaceutical companies, medical device manufacturers, new medicine R&D companies, medical institutions, and university research institutes, to support their product development. After the completion of this transaction, it is expected that the Company will establish a long-term cooperative relationship with EPS, which is conducive to the Company's further business expansion in the Asia-Pacific region.

The Company continuously improves and gradually optimises its quality management system, always making preparation for the ultimate goal of achieving the world's highest quality standards for clinical trials. The Company plans to achieve a high global quality standard not only at the business level but also at the level of functional

departments through building over three to five years, so that the operation is continuously optimised to better serve customers. In 2019, the Company's quality assurance department perfected 116 SOPs based on global developments and regulatory updates, providing system support for global project cooperation. It was responsible for 15 domestic and overseas customer audits and no major issues were identified. It implemented 51 research centre audits and completed 18 internal system audits to prevent risks and optimise business processes. In 2019, 25 centres under 19 projects of the Company's clinical operations department underwent and successfully passed the on-site inspection by the national bureau.

The series of initiatives above has not only brought about an improvement in performance and business capability of the Company, but has also led to the enhancement of the global cross-regional business layout and the further extension of the upstream and downstream industry chains.

2. Growing together with numerous outstanding domestic customers has further strengthened the Company's determination to contribute to the development of innovative drugs in China. It is a great honour of the Company to witness China's development of innovative drugs over the past decade or so. This period sees the development of Chinese innovative drugs from the struggle of individual companies to stay on their feet to the current situation of going full steam ahead, as well as the constant innovation in the regulatory system which is gradually integrating with the world. As a country with a large population, China cannot rely solely on imported drugs to meet clinical and patient needs. Therefore, in the future, we must rely on a greater number of excellent innovative pharmaceutical companies to develop innovative drugs with real clinical value. Although there will certainly be many twists and turns in this process, the Chinese innovative drug industry, still in its infancy, is fully capable of leveraging advantages in terms of researchers, patients and other respects going forward to make better products at a relatively low cost, thereby allowing Chinese new drugs to enter the world stage. Among the 13 Chinese Class 1 new drugs approved in 2019, seven of them were developed with the assistance of Tigermed or its subsidiaries.

On August 26, 2019, the implantable left ventricular assist system developed by Chongqing Yongrenxin Medical Devices Co., Ltd. was approved for launch. This product was the first implantable ventricular assist product approved for launching in China, which has filled the industry gap in the field of artificial heart. As a leading CRO in the medical device field, Tigermed provides full-process clinical trial services for Chongqing Yongrenxin.

On January 23, 2020, Zelgen Biopharmaceuticals was listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange. Zelgen Biopharmaceuticals is an innovation-driven new drug R&D company focusing on multiple therapeutic areas such as cancer, hemorrhage and blood diseases, and hepatobiliary diseases. Tigermed has carried out in-depth cooperation with Zelgen Biopharmaceuticals in several new drug clinical research projects.

In November 2019, TY-302 capsule, a Class 1 targeted anticancer drug developed by Zhejiang Tongyunkang Pharmaceutical Co Ltd., was granted the implicit permission of clinical trials to be used in hormone receptor-positive and human epidermal growth factor receptor 2-negative (HR+/HER2-) for the treatment of locally advanced or metastatic breast cancer and other advanced solid tumours or hematological tumours. The Company provides full-process services for the application of its clinical trials.

3. Actively participating in foreign innovative drug projects for bringing hope to Chinese patients

In October 2019, the aquaporin-4 antibody (AQP4 Ab) test kit (enzyme-linked immunoassay) developed by the British

RSR company was approved by the NMPA for launch. The kit was the first domestically approved product for clinical diagnosis of neuromyelitis optica (NMO)/neuromyelitis optica spectrum disorder (NMOSD), which will help a greater number of NMO/NMOSD patients get more accurate diagnosis and treatment. As a leading CRO in the medical device field, Tigermed provides full-process technical services, including product registration and clinical research, in relation to the approval of the product.

In November 2019, GlaxoSmithKline (GSK) announced that its long-acting triple inhalation preparation “Trelegy Ellipta” for the treatment of chronic obstructive pulmonary disease (COPD) has been approved by the NMPA. This was the first once-daily three-in-one inhalation formulation approved in China. Simo, a subsidiary of Tigermed, had provided full-process site management organisation (SMO) services for the clinical research of this drug. Trelegy Ellipta was also the world’s first approved once-daily COPD closed triple therapy, which was launched in the US as early as in 2017. The approval in China is likely to bring new hope to Chinese COPD patients.

#### 4. Adhering to a win-win situation in the development of strategic business partners

In May 2019, the Company and Frontage Laboratories signed a letter of intent agreement for strategic cooperation with Zhejiang Conba Pharmaceutical Co., Ltd. (hereinafter “Conba”). With the signing of the strategic cooperation agreement, Tigermed, Frontage Laboratories and Conba will give full play to their capabilities and advantages along the pharmaceutical industry chain in carrying out cooperation centering on products. Tigermed and Frontage Laboratories will provide drug consistency evaluation, new drug clinical research, post-launch drug clinical re-evaluation and other relevant services. Both parties will also carry out intensive cooperation in terms of new drug incubation platforms, equity investments, market sales, etc.

In July 2019, the Company and AstraZeneca China announced that they have reached a strategic cooperation, and that both parties will adhere to their highly-consistent “patient-oriented” rationale in carrying out comprehensive strategic cooperation in the clinical research and development process of innovative pharmaceutical products. As an integrated global biopharmaceutical company driven by innovation, AstraZeneca has achieved outstanding performance in supporting and promoting new drug development and business model innovation in recent years. Tigermed is focused on providing clinical research related services for innovative drugs to boost the commercialisation of innovative products. Both parties are committed to the commercialisation of innovative pharmaceutical products, thereby making more contribution to human health undertakings.

In August 2019, Tigermed and Korea National Enterprise for Clinical Trials (KoNECT) entered into cooperation to promote exchanges between Chinese and Korean pharmaceutical industries. The cooperation aims to promote cooperation and exchanges in respect of new drug development and clinical research in China and South Korea, and further improve the success rate of new drug clinical R&D. In order to promote the development of the pharmaceutical industry and the R&D of new drugs in China and South Korea, both parties will actively carry out communications and exchanges, expand clinical research cooperation in the two countries, and share new drug R&D related experience.

In September 2019, Tigermed announced that it has entered into cooperation with Wuxi National High and New Tech Industrial Development Zone to become the first enterprise to station in the Wuxi International Life Science Innovation Park to provide professional full-process clinical research services for innovative pharmaceutical companies in the innovation park, which is expected to accelerate pharmaceutical R&D and thus advance the transformation of scientific and technological innovations. Jointly created by Wuxi National High and New Tech Industrial Development Zone and

the world-renowned biopharmaceutical company AstraZeneca, Wuxi International Life Science Innovation Park, geared to domestic and foreign innovation companies, is engaged in the building of an integrated innovation incubation platform covering early R&D, innovation incubation, achievements transformation, intelligent display and professional service in the life science field with the aim of establishing an innovative ecosystem for the healthcare industry.

In September 2019, Tigermed and Shenzhen Pingshan District People's Government entered into cooperation to build an integrated clinical research service platform. The Guangdong-Hong Kong-Macao Greater Bay Area, one of the regions with the highest degree of openness and the strongest economic vitality in China, occupies an important strategic position in the overall national development. As one of the four central cities in the Guangdong-Hong Kong-Macao Greater Bay Area, Shenzhen will also play a leading role in the biopharmaceutical industry and field. The biopharmaceutical industry is a key industry for development in Pingshan District, Shenzhen, and its industry pattern featuring mutual fostering and joint development among large enterprises represented by Sanofi Pasteur and Microchips Biotech, as well as micro-, small- and medium-sized innovative firms represented by Prekin, HwaGen Pharmaceutical and others, has laid a good industrial foundation for comprehensive accelerated development. Tigermed, an industry-leading CRO, will also give full play to its professional service capabilities in the whole process of clinical research. Through this cooperation, it will build an integrated clinical research service platform to seize historic opportunities in providing high-quality services for more biopharmaceutical innovation companies in the Guangdong-Hong Kong-Macao Greater Bay Area, adding impetus to attaining biopharmaceutical innovation heights in the Guangdong-Hong Kong-Macao Greater Bay Area.

Strategic co-construction cooperation model for CROs and clinical trial organisations under the new situation. In June 2019, the 2019 China Clinical Trial Organisations ▪ Innovation ▪ Practice Summit Forum was held in Beijing. At the forum, participants conducted discussion on topics including the opportunities and challenges in clinical research as well as the ways of implementing national pharmaceutical reforms and innovation policies, improving the management level of clinical trial organisations and the quality of clinical research and jointly promoting the progress and development of pharmaceutical R&D. Under the new situation, in working closely with clinical trial organisations, CROs may consider the gradual transformation from a single project outsourcing cooperation into a long-term strategic cooperation model, and especially in the case of large-scale and standardised CROs, strategic vertical + horizontal cooperation may be carried out in all domains to achieve win-win collaboration.

Yibai Health, an investee of the Company, is a healthcare group building on clinical trial research centres as its core competitiveness and focusing on the provision of a full range of services for clinical trial research centres as its characteristics, experienced in strategic co-building with clinical trial organisations. It hopes that CROs and clinical trial organisations will further strengthen cooperation and interaction going forward to form a greater number of close all-rounded long-term strategic cooperation capable of complementing each other, achieving win-win cooperation, and delivering good projects to boost new drug R&D in China.

5. The Company actively organised and participated in industry conferences to provide joint assurance on the quality and compliance of clinical trials with all clinical trial stakeholders; and actively built a two-way bridge for domestic and foreign customers

Quality is the core of clinical trials. During the reporting period, the Company and its subsidiaries conducted several rounds of discussion surrounding joint efforts on promoting improvement in the quality of clinical trials among stakeholders and the ways of managing clinical trial data and quality control to ensure the integrity, accuracy,



authenticity and reliability of data and to improve and perfect supervisory and inspection skills; the interpretation and analysis of drug registration and application strategies under the new regulations and the initiation and implementation of drug R&D projects under the new circumstances; and special pharmacovigilance seminars. The Company also strengthened industry exchanges, further conducted in-depth study of a series of pharmaceutical policies and regulations, standardised the clinical trial process, and reinforced clinical trial collaboration among all parties to jointly improve the quality of clinical trials.

During the reporting period, experts of the Company repeatedly participated in special industry conferences, jointly interpreting new policies with all parties and discussing the difficulties and pain confronted to support the R&D of new drugs. The topics discussed included the interpretation of the Administration of the Recordation of Clinical Trial Organisations, the Pharmaceutical Administration Law and other new policies; early-stage clinical research discussion; verification and risk management for medical device clinical trials and medical device systems, as well as third-party medical device testing technical services.

The Company actively participated in major overseas conferences, such as the American Biotechnology Innovation Organisation (BIO) international convention, Europe's largest biotechnology partnering conference BIO-Europe, and the 38th J.P. Morgan Healthcare Conference in January 2020. While sharing the latest clinical research policies and regulations and industry developments in China, the Company gave briefings on its experience and insights in the areas of new drugs and medical devices, and conducted in-depth exchanges as to how to carry out clinical research, product registration, international multi-centre clinical research on new drugs, and other matters in China. Through international exchanges, we are more deeply aware of the urgency and importance of global strategising that only with a complete global layout can we better serve in boosting the worldwide simultaneous clinical R&D of new drugs. On the other hand, the Company is actively building a two-way bridge for foreign medical products coming into China and for China's innovative products going to the world, hence bringing in more foreign products beneficial to patients and at the same time helping China's innovative drugs to go abroad in a better and faster way.

The Company repeatedly participated in innovative drug investment conferences addressing the theme of new drugs investment and financing. Leading figures of the pharmaceutical industry gathered to share their insights, explore the future of the industry, and conduct seminars on the development directions, development strategies and critical issues of biopharmaceutical-related fields. By participating in these conferences, the Company may attract potential customers and explore valuable investment targets, preparing potential project reserves.

## 6. Enjoying high acclaim

Hangzhou Yingfang Biotech Co., Ltd., a subsidiary of the Company, was named "Excellent Young Eagle Enterprise". The Young Eagle Program is a strategic plan represented by high and new tech enterprises, technically advanced service enterprises, technological innovation enterprises, and patent pilot (demonstration) enterprises at or above the municipal level that are subject to the focused fostering and support of the Hangzhou Municipal Government. As a pioneering third-party independent medical imaging CRO in China, Yingfang Biotech has been focusing on providing professional, efficient and timely services to customers since its establishment, and its business development has shown a year-over-year growth trend.

Frontage Laboratories once again won the 2019 CRO Leadership Award from the authoritative *Life Science Leader* magazine, which annually invites pharmaceutical companies, including biopharmaceutical firms, to evaluate the

capabilities and performance of contract research organisations. Frontage Laboratories has won this award several times since 2014.

Dr. Li Song, Chief Executive Officer of Frontage Laboratories, a subsidiary of the Company, said, “We are honoured to be selected as a CRO leader again this year. The employees of Frontage Laboratories are committed to meeting customer requirements through excellent quality standards, scientific expertise, strict regulatory compliance, as well as timely communication and project delivery. Thank you very much for your recognition of our efforts.”

In September 2019, Hutchison MediPharma (Shanghai) Ltd. (hereinafter “HMP”) awarded Hangzhou Simo Co., Ltd. the “\*\*\* Project Excellent Team Award” and the project leader Cao Wenwen the “Outstanding Contribution Award”. This was the first time Hutchison Whampoa granted awards to its vendors, which is a demonstration of the high level of recognition toward Simo’s team among customers.

In December 2019, the Company’s team won the “Hand-in-Hand Progress Award” for its outstanding contributions in the \*\*\* Project carried out at Hua Medicine (Shanghai) Ltd.

## II. Principal Business Analysis

### 1. Overview

See the relevant content of “I. Overview” in “Management Discussion and Analysis”.

### 2. Revenue and Cost

#### (1) Composition of Operating Income

Overall operating income

Unit: RMB

	2019		2018		YOY increase or decrease
	Amount	As a percentage of total operating income	Amount	As a percentage of total operating income	
Total operating income	2,803,309,287.65	100%	2,300,659,706.62	100%	21.85%
By industry					
Service industry	2,803,309,287.65	100.00%	2,300,659,706.62	100.00%	21.85%
By product					
Clinical trial solutions	1,346,672,174.25	48.04%	1,103,365,194.98	47.96%	22.05%
Clinical-related and laboratory services	1,446,481,832.51	51.60%	1,194,664,965.71	51.93%	21.08%

Others	10,155,280.89	0.36%	2,629,545.93	0.11%	286.20%
By region					
Domestic	1,600,125,132.65	57.08%	1,234,363,529.12	53.65%	29.63%
Overseas	1,203,184,155.00	42.92%	1,066,296,177.50	46.35%	12.84%

**(2) Industries, Products and Regions Accounting for More Than 10% of the Company's Operating Income or Operating Profit**

☒ Applicable ☐ Not applicable

Unit: RMB

	Operating income	Operating cost	Gross profit margin	Increase or decrease in operating income comparing with the same period last year	Increase or decrease in operating costs comparing with the same period last year	Increase or decrease in gross profit margin comparing with the same period last year
By industry						
Service industry	2,793,154,006.76	1,499,646,811.12	46.31%	21.55%	14.78%	3.16%
By product						
Clinical trial solutions	1,346,672,174.25	756,895,112.52	43.80%	22.05%	11.68%	5.23%
Clinical-related and laboratory services	1,446,481,832.51	742,751,698.60	48.65%	21.08%	18.13%	1.28%
By region						
Domestic	1,589,876,791.46	858,629,993.68	45.99%	29.08%	23.60%	2.39%
Overseas	1,203,277,215.30	641,016,817.44	46.73%	12.85%	4.76%	4.11%

In the case where adjustment has been made to the statistical basis of the Company's principal business data during the reporting period, the Company's principal business data adjusted in accordance with the basis as of the end of the reporting period in the most recent year will be used

☐ Applicable ☒ Not applicable

**(3) Is the Company's Income from Sale of Goods Greater than the Income from Labour and Services**

☐ Yes ☒ No

**(4) Performance of Major Sales Contracts Signed by the Company as of the Reporting Period**

☐ Applicable ☒ Not applicable

#### (5) Composition of Operating Costs

Industry classification

Industry classification

Unit: RMB

Type of industry	Item	2019		2018		YOY increase or decrease
		Amount	As a percentage of total operating costs	Amount	As a percentage of total operating costs	
Service industry	Direct labour	770,168,448.06	51.33%	605,699,306.22	46.27%	5.06%
Service industry	Clinical trial fees	239,057,544.26	15.93%	304,705,556.02	23.28%	-7.35%
Service industry	Business travel and meeting expenses	35,432,814.90	2.36%	35,232,355.30	2.69%	-0.33%
Service industry	System usage fees	43,387,387.26	2.89%	53,076,560.99	4.06%	-1.17%

Explanation

#### (6) Any Changes in the Scope of Consolidation During the Reporting Period

☒ Yes ☐ No

- (1) In January 2019, the Company transferred its 100% equity in Antengene Investment Limited;
- (2) In February 2019, the Company invested in the establishment of Tigermed USA INC., with the Company holding 100% of the shares;
- (3) In February 2019, Tigermed USA INC., a subsidiary of the Company, invested in the establishment of Tigermed America LLC, with the Company holding 100% of the shares;
- (4) In February 2019, the Company transferred its 20% equity in Shanghai Shengtong, a subsidiary in which the Company holds a controlling interest, and Shanghai Shengtong will no longer be included in the Company's scope of consolidation after the equity transfer;
- (5) In June 2019, the Company transferred its 50% equity in Jetson Certification, a subsidiary in which the Company holds a controlling interest, and Jetson Certification will no longer be included in the Company's scope of consolidation after the equity transfer;
- (6) In July 2019, the Company acquired Beijing Yaxincheng Medical InfoTech Co., Ltd., with the Company holding 55% of the shares;
- (7) In September 2019, the Company invested in the establishment of HK Healthcare, with the Company holding 100% of the shares;
- (8) In September 2019, Tigermed HK, a subsidiary of the Company, invested in the establishment of TG Mountain Investment Co., with the Company holding 100% of the shares;
- (9) In September 2019, Tigermed HK, a subsidiary of the Company, invested in the establishment of TG Sky

- Growth Investment Ltd., with the Company holding 100% of the shares;
- (10) In October 2019, the Company transferred its 100% equity in Hangzhou Tigermed Cloud Hospital Management Co., Ltd.;
- (11) In October 2019, Frontage Shanghai, a subsidiary of the Company, invested in the establishment of Frontage Luohe, with the Company holding 100% of the shares;
- (12) In October 2019, Frontage Holdings, a subsidiary of the Company, acquired Frontage Laboratories (Suzhou) Co., Ltd., with Frontage Holdings holding 75% of the shares;
- (13) In October 2019, Frontage Holdings, a subsidiary of the Company, acquired RMI Laboratories, LLC, with Frontage Holdings holding 100% of the shares;
- (14) In December 2019, Frontage Holdings, a subsidiary of the Company, acquired BRI Biopharmaceutical Research, Inc, with Frontage Holdings holding 100% of the shares.

**(7) Significant Changes or Adjustments in the Company's Business, Products or Services During the Reporting Period**

☐ Applicable ☒ Not applicable

**(8) Major Customers and Vendors**

On the Company's major customers

Total sales amount for the top five customers (RMB)	573,727,199.09
Total sales amount for the top five customers as a percentage of total annual sales amount	20.47%
Related-party sales amount in the sales amount for the top five customers as a percentage of total annual sales amount	0.00%

Information of the Company's top five customers

Serial number	Name of customer	Sales amount (RMB)	As a percentage of total annual sales amount
1	First	131,799,290.41	4.70%
2	Second	123,121,992.43	4.39%
3	Third	115,730,573.52	4.13%
4	Fourth	112,294,403.24	4.01%
5	Fifth	90,780,939.49	3.24%
Total	--	573,727,199.09	20.47%

Explanation of other information of major customers

☐ Applicable ☒ Not applicable

On the Company's major vendors

Total purchase amount for the top five vendors (RMB)	65,893,453.49
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Total purchase amount for the top five vendors as a percentage of total annual purchase amount	4.39%
Related-party purchase amount in the purchase amount for the top five vendors as a percentage of total annual purchase amount	0.00%

Information of the Company's top five vendors

Serial number	Name of vendor	Purchase amount (RMB)	As a percentage of total annual purchase amount
1	First	26,302,032.52	1.75%
2	Second	13,072,932.28	0.87%
3	Third	9,120,935.46	0.61%
4	Fourth	8,884,656.29	0.59%
5	Fifth	8,512,896.94	0.57%
Total	--	65,893,453.49	4.39%

Explanation of other information of major vendors

☐ Applicable ☒ Not applicable

### 3. Expenses

Unit: RMB

	2019	2018	YOY increase or decrease	Explanation of significant changes
Cost of sales	81,071,523.43	54,454,432.35	48.88%	Cost of sales increased by 48.88% over the same period of the previous year, mainly attributed to the increase in sales staff during the reporting period. While achieving sales revenue, the Company also saw a year-on-year increase in expenses for market expansion.
Administration expenses	349,642,929.43	314,197,849.45	11.28%	
Financial expenses	9,557,944.76	7,392,798.47	29.29%	Financial expenses increased by 29.29% compared with the same period of last year, mainly due to the increase in borrowings by the Company during the reporting period.

R&D expenses	124,049,308.27	88,025,353.33	40.92%	R&D expenses increased by 40.92% compared with the same period of last year, mainly due to the increase in the Company's R&D investment and the increase in R&D expenses of newly consolidated subsidiaries during the reporting period.
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#### 4. R&D Investment

☒ Applicable ☐ Not applicable

In 2019, the Company continued to carry out technological innovation and independent R&D of core technologies to ensure the continuous output of technological value. The Company carried out R&D, including clinical trial technology research on drugs such as anti-rheumatoid arthritis drugs, antidepressants and anti-diabetes drugs, clinical trial artificial intelligence assisted system, system development supportive of clinical trial research IT systems based on data management, development of cloud storage systems for clinical research data management, off-site clinical research data management research, and IVD analysis system, to provide technical support for customers to improve clinical drug data management, thus shortening the R&D duration, and improving the efficiency of clinical trials.

During the reporting period, the Company conducted in-depth research focusing on the development of a highly sensitive chemiluminescent enzyme substrate complex in the field of large molecule biological innovative drugs bioanalysis, the methodology for the development and verification of UPLC-MS/MS method for the determination of the concentration of a novel small molecule compound and its active metabolites in human plasma and the concentration of Afatinib in biological samples, etc.

Intensive research was also carried out on the quality control and quality assurance system of clinical research projects for new drugs, the whole-process functional follow-up system for clinical research and other areas. Through the research and practice of SMO business processes and controls, the Company summed up the technical difficulties and focal points in SMO services by way of information management means and created non-patented technologies to further improve the efficiency and quality of its work in SMO services.

In addition, the Company's EDC data standardised derivative model for clinical trial statistical analysis, cloud data management system for clinical trials, and data statistical project management system, aiming at improving the quality of clinical trial data management and statistical analysis service, provided high-quality technical support and data protection for the data statistical analysis of domestic and foreign pharmaceutical companies.

The R&D investment was mainly used for the social insurance of R&D staff, software development, system usage, equipment depreciation, etc. The total investment in R&D during the reporting period was RMB124.05million, accounting for 4.43% of the total operating income.

The Company's R&D investment and as a percentage of operating income over the past three years

	2019	2018	2017
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Number of R&D staff (person)	468	426	378
Number of R&D staff as a percentage of the total number of staff	9.44%	10.93%	11.76%
Amount invested in R&D (RMB)	124,049,308.27	88,025,353.33	49,666,648.93
Amount invested in R&D as a percentage of operating income	4.43%	3.83%	2.94%
Amount of capitalised R&D expenditure (RMB)	0.00	0.00	0.00
Amount of capitalised R&D expenditure as a percentage of total R&D investment	0.00%	0.00%	0.00%
Capitalised R&D expenditure as a percentage of current net profit	0.00%	0.00%	0.00%

Reasons for the significant change in the percentage of total R&D investment in operating income compared with last year

☐ Applicable ☒ Not applicable

Reasons for the substantial change in the R&D investment capitalisation rate and explanation of its rationality

☐ Applicable ☒ Not applicable

## 5. Cash Flow

Unit: RMB

Item	2019	2018	YOY increase or decrease
Subtotal of cash inflow from operating activities	2,714,061,094.36	2,404,141,600.05	12.89%
Subtotal of cash outflow from operating activities	2,186,503,158.85	1,881,898,881.40	16.19%
Net cash flow from operating activities	527,557,935.51	522,242,718.65	1.02%
Subtotal of cash inflow from investing activities	551,319,237.00	596,144,294.86	-7.52%
Subtotal of cash outflow from investing activities	1,189,471,974.36	962,677,064.52	23.56%
Net cash flow from investing activities	-638,152,737.36	-366,532,769.66	-117.82%



Subtotal of cash inflow from financing activities	2,951,208,470.82	662,133,332.50	345.71%
Subtotal of cash outflow from financing activities	1,516,910,508.51	652,119,271.63	132.61%
Net cash flow from financing activities	1,434,297,962.31	10,014,060.87	14,222.84%
Net increase in cash and cash equivalents	1,338,899,687.27	172,960,189.14	674.11%

Explanation of the main influencing factors for the significant year-on-year changes in the relevant data

√ Applicable ☐ Not applicable

- (1) The cash outflow from investing activities was RMB1,189.47million, mainly due to the short-term outflow of rolling wealth management portfolios and the Company's new investments in companies such as I-MAB, EPS Holdings and Shanghai Mosim during the reporting period.
- (2) The cash inflow from financing activities was RMB2,951.21 million, mainly due to the cash inflow of investment funds from shareholders and loans received by the Company during the reporting period.
- (3) The cash outflow from financing activities was RMB1,516.91 million, mainly due to the cash outflow arising from the Company's repayment of loans and the Company's distribution of cash dividends during the reporting period.

Explanation of the reasons for the significant difference between the net cash flow from operating activities and the current net profit of the Company during the reporting period

√ Applicable ☐ Not applicable

- (1) Mainly attributable to the Company's gains from changes in fair value of RMB185.00 million and investment gains of RMB179.83 million during the reporting period, which affected the Company's net profit;
- (2) Mainly attributable to the increase in the Company's operating income during the reporting period and that the projects had not progressed up to the time of payment.

### III. Non-principal Business

√ Applicable ☐ Not applicable

Unit: RMB

	Amount	As a percentage of total profit	Explanation of the reasons	Is it sustainable
Investment gains	179,828,015.67	16.51%	Mainly due to the proceeds obtained from the transfer of equity arising from the Company's equity transfer during the reporting period.	No
Gains or losses from changes in fair value	184,996,027.19	16.99%	Mainly due to the changes in fair value of other non-current assets of the Company during the reporting period.	No

Asset impairment				No
Non-operating income	5,900,367.91	0.54%		No
Non-operating expenses	1,385,263.13	0.13%		No
Other income	11,230,798.00	1.03%		No
Gains on disposal of assets	-384,766.63	-0.04%		No

#### IV. Assets and Liabilities

##### 1. Significant Changes in Asset Composition

For the first time since 2019, the Company will implement the new financial instruments standards, the new income standards and the new lease standards and make adjustment to relevant items in the financial statements at the beginning of the given year

√ Applicable □ Not applicable

Unit: RMB

	End of 2019		Beginning of 2019		Increase or decrease in percentage terms	Explanation of significant changes
	Amount	As a percentage of total assets	Amount	As a percentage of total assets		
Cash and cash equivalents	2,042,305,823.83	27.11%	704,487,091.56	15.06%	12.05%	Cash and cash equivalents increased by RMB1,337,818,700 from the opening balance, representing an increase of 189.9%, mainly due to the fact that Frontage Holdings issued shares to the public and received proceeds from its listing on the Main Board of the Hong Kong Stock Exchange during the reporting period.
Accounts receivable	1,074,722,160.03	14.27%	759,019,919.89	16.23%	-1.96%	
Inventories	1,205,608.56	0.02%	518,892.98	0.01%	0.01%	
Long-term equity investments	109,712,577.48	1.46%	103,293,443.20	2.21%	-0.75%	
Fixed assets	252,236,673.28	3.35%	214,171,314.51	4.58%	-1.23%	

Projects under construction	22,309,114.80	0.30%			0.30%	
Short-term borrowings	863,771,746.55	11.47%	602,834,093.20	12.89%	-1.42%	
Long-term borrowings	36,500,000.00	0.48%	3,431,702.95	0.07%	0.41%	

## 2. Assets and Liabilities Measured at Fair Value

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Figure at the beginning of the period	Gains or losses from changes in fair value in the current period	Accumulated fair value changes in equity	Impairment accrued in the current period	Amount of purchases in the current period	Amount of sales in the current period	Other changes	Figure at the end of the period
Financial assets								
2. Derivative financial assets	1,002,080.00					1,002,080.00		
Other non-current financial assets	1,481,093,167.41	184,996,027.19	0.00	0.00	749,974,928.85	168,602,211.54	3,011,757.43	2,250,473,669.34
Total of the above	1,482,095,247.41	184,996,027.19	0.00	0.00	749,974,928.85	169,604,291.54	3,011,757.43	2,250,473,669.34
Financial liabilities	0.00							0.00

Other changes

Nil

Any significant changes in the Company's major asset measurement attributes during the reporting period

☐ Yes ☒ No

## 3. Restricted Asset Claims as of the End of the Reporting Period

As of the end of the reporting period, the Company's restricted asset claims: (1) lease deposits RMB2,092,860.00; (2) custodial accounts RMB3,126,897.13

## V. Investment Status Analysis

## 1. Overall Situation

☒ Applicable ☐ Not applicable

Investment amount during the reporting period (RMB)	Investment amount in the same period last year (RMB)	Change in percentage terms
723,170,525.82	465,172,508.09	55.46%

## 2. Major Equity Investments Obtained During the Reporting Period

☒ Applicable ☐ Not applicable

Unit: RMB

Name of investee	Principal business	Form of investment	Investment amount	Shareholding percentage	Source of funds	Business partner	Investment period	Type of products	Expected income	Current investment gains or losses	Any litigation involved	Date of disclosure (if any)	Disclosure index (if any)
Beijing Yaxincheng Medical InfoTech Co., Ltd.	Translation service	Acquisition	106,560,000.00	55.00%	Self-raised funds	Tianjin Yaxincheng Enterprise Management Consulting Partnership (Limited Partnership)	According to the Company's actual operation period	Translation	0.00	5,550,273.92	No	July 30, 2019	cninfo.com.cn
Total	--	--	106,560,000.00	--	--	--	--	--	0.00	5,550,273.92	--	--	--

## 3. Major Non-equity Investments in Progress During the Reporting Period

☐ Applicable ☒ Not applicable

## 4. Financial Assets Measured at Fair Value

☒ Applicable ☐ Not applicable

Unit: RMB

Type of assets	Initial investment cost	Gains or losses from changes in fair value in the current period	Accumulated fair value changes in equity	Amount of purchases during the reporting period	Amount of sales during the reporting period	Cumulative investment gains	Amount at the end of the period	Source of funds
Financial derivatives					1,002,080.00			Self-raised funds
Equity	135,201,263.80	-2,710,380.51		124,838,037.70			134,957,845.68	Self-raised funds
Funds	814,331,872.64	83,959,052.71		240,376,906.82	57,635,313.92	96,389,418.77	1,075,212,505.72	Self-raised funds
Others	678,606,362.24	103,747,354.99		384,759,984.33	110,966,897.62	36,980,524.85	1,040,303,317.94	Self-raised funds
Total	1,628,139,498.68	184,996,027.19	0.00	749,974,928.85	169,604,291.54	133,369,943.62	2,250,473,669.34	--

## 5. Use of Proceeds

√ Applicable ☐ Not applicable

### (1) Overall Situation

√ Applicable ☐ Not applicable

Unit: RMB0,000

Year of fundraising	Form of fundraising	Total proceeds	Total amount of proceeds used in the current period	Cumulative amount of proceeds used	Total amount of proceeds that were subject to changes in purpose during the reporting period	Cumulative amount of proceeds that were subject to changes in purpose	Cumulative amount of proceeds that were subject to changes in purpose as a percentage of total	Total amount of proceeds that have not been used	Purpose and orientation of proceeds that have not been used	Amount of proceeds being idled for more than two years
2012	Initial public offering of shares	48,117.1		49,656.98	0	0	0.00%	0	Finished using	

2016	Non-public offering	50,000		48,876.35	0	0	0.00%	1,123.65	As per the transfer agreement, given that the actual benefits realised by Beijing BMD in 2017 was lower than the committed benefits, the performance-based compensation mechanism was triggered, and the remaining amount shall be deducted.	
2017	Non-public offering	60,780	98.8	54,000	0	0	0.00%	6,780	As per the transfer agreement, Jyton & Techray did not meet the performance commitment standards. RMB60 million was not paid while the remaining RMB988,000 was paid in 2019. Excess proceeds of RMB7.8 million were mainly used to replenish working capital in the later period.	
Total	--	158,897.1	98.8	152,533.3 3	0	0	0.00%	7,903.65	--	0
Explanation of the overall situation as to the use of proceeds										

In accordance with the effective approval by the resolutions of the Company's annual general meeting in 2010 and the first extraordinary general meeting in 2012, and the CSRC's Securities Regulatory Approval

[2012] No. 896 Official Reply Concerning the Approval of Hangzhou Tigermed Consulting Co., Ltd.'s Initial Public Offering of Shares and Listing on the Growth Enterprise Market, the Company was approved to issue not more than 13.4 million new shares. The Company issued 13,400,000 renminbi ordinary shares (A shares) through public offering, with a par value of RMB1.00 each. The shares were issued at a premium, and the issue price was RMB37.88 per share. The total proceeds were RMB507,592,000.00, and after deducting the issuance expenses of RMB26,421,021.00, the actual net proceeds were RMB 481,170,979.00. The above funds were all in place on August 10, 2012, and were verified by BDO China Shu Lun Pan Certified Public Accountants LLP which issued the Xin Hui Shi Bao Zi (2012) No. 113752 Capital Verification Report. According to the Proposal on the Feasibility of Investment Projects Funded by Proceeds of the Initial Public Offering reviewed and approved by the Company at the 2010 Annual General Meeting and the disclosures of the Company's Prospectus, the "integrated clinical trial management platform" in the investment projects using the proceeds will be implemented by the Company; the data management centre project will be implemented by Jiaxing Tigermed Data Management Co., Ltd., a wholly-owned subsidiary of the Company; and the SMO management centre project will be implemented by Hangzhou Simo Co., Ltd., a wholly-owned subsidiary of the Company.

The planned use of proceeds that was committed is as follows:

Unit: RMB'0,000

Serial No.	Name of project	Amount to be invested
1	Integrated clinical trial management platform	7,832.82
2	Data management centre project	11,608.36
3	SMO management centre project	1,662.7
4	Excess proceeds	27,013.22
	(Acquisition of 70.3% equity of Frontage Laboratories)	
Total		48,117.10

(II) In accordance with the effective approval by the resolutions of the Company's first extraordinary general meeting in 2015 and the CSRC's Securities Regulatory Approval [2015] No. 3096 Official Reply Concerning the Approval of the Non-public Offering of Shares of Hangzhou Tigermed Consulting Co., Ltd., the Company was approved to issue not more than 37,425,150 new shares in a non-public offering. The Company issued 37,425,149 renminbi ordinary shares (A shares) through non-public offering, with a par value of RMB1.00 each. The shares were issued at a premium, and the issue price was RMB13.36 per share. The total proceeds were RMB499,999,990.64, and after deducting the underwriting fees of RMB21,000,000.00, the audit and capital verification fees of RMB2,000,000.00, and the lawyer fees of RMB1,200,000.00, the net proceeds were RMB 475,799,990.64. The above funds were all in place on January 13, 2016, and were verified by BDO China Shu Lun Pan Certified Public Accountants LLP which issued the Xin Hui Shi Bao Zi (2016) No. 110045 Capital Verification Report. According to the investment projects funded by the proceeds that were disclosed by the Company in the Resolutions of the 2015 First Extraordinary General Meeting of Hangzhou Tigermed Consulting Co., Ltd. on February 6, 2015, the planned use of proceeds committed is as follows:

Unit: RMB'0,000

Serial No.	Name of project	Amount to be invested
1	Acquisition of 100% equity of Beijing BMD	15,400.00
2	Working capital replenishment	34,600.00

Total	50,000.00
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(III) In accordance with the effective approval by the resolution of the Company's first extraordinary general meeting in 2016 and the CSRC's Securities Regulatory Approval [2017] No. 65 Official Reply Concerning the Approval of the Non-public Offering of Shares of Hangzhou Tigermed Consulting Co., Ltd., the Company was approved to issue not more than 30,000,300 new shares in a non-public offering. The Company issued 25,311,370 renminbi ordinary shares (A shares) through non-public offering, with a par value of RMB1.00 each. The shares were issued at a premium, and the issue price was RMB24.89 per share. The total proceeds were RMB629,999,999.30, and after deducting the underwriting fees of RMB18,000,000.00, the audit and capital verification fees of RMB3,300,000.00, and the lawyer fees of RMB900,000.00, and the net proceeds were RMB607,799,999.30. The above funds were all in place on April 26, 2017, and were verified by BDO China Shu Lun Pan Certified Public Accountants LLP which issued the Xin Hui Shi Bao Zi (2017) No. ZA14261 Capital Verification Report. According to the investment projects funded by the proceeds that were disclosed by the Company in the Resolutions of the 2016 First Extraordinary General Meeting of Hangzhou Tigermed Consulting Co., Ltd. on April 28, 2016, the planned use of proceeds committed is as follows:

Unit: RMB'0,000

Serial No.	Name of project	Amount to be invested
1	Acquisition of 100% equity of Jyton & Techray	60,000.00
2	Excess proceeds	780.00
Total		60,780.00

As of December 31, 2019, the cumulative amount of proceeds used was RMB1,525,333,300. Among which, RMB496,569,800 of the proceeds used were from the initial public offering, RMB488,763,500 of the proceeds used from the first non-public offering, and RMB540,000,000 of the proceeds used from the second non-public offering.

Use of proceeds in details: Unit: RMB'0,000

Use of proceeds in the account for the initial public offering	The account had been cancelled during the reporting period
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Use of proceeds in the account for the first non-public offering	Amount used in 2019
1. Opening balance of the account:	6.84
2. Debit items of the account:	6.84
Investment in projects to be funded by the proceeds	0.00
Excess proceeds used in investments	0.00
Permanent replenishment of working capital	6.84
3. Credit items of the account:	0.00
(1) Receipt of proceeds	0.00
(2) Interest income	0.00
4. Balance of the account:	0.00



Use of proceeds in the account for the second non-public offering	Amount used in 2019
1. Opening balance of the account:	7,004.37
2. Debit items of the account:	7,053.8
Investment in projects to be funded by the proceeds	98.80
Payment of issuing fees and handling fees	0.00
Excess proceeds used in investments	0.00
Permanent replenishment of working capital	6,955.00
3. Credit items of the account:	49.43
(1) Receipt of proceeds	0.00
(2) Interest income	49.43
4. Balance of the account:	0.00

## (2) Projects Using the Proceeds as Committed

√ Applicable □ Not applicable

Unit: RMB0,000

des of investme nt projects committ ed and excess proceeds	Any changes in the project (inclusiv e of partial changes)	Total investment committed	Adjusted total investment (1)	Amount invested during the reporting period	Cumulative investment amount as of the end of the period (2)	Investment progress as of the end of the period (3) =(2)/(1)	The date when the project reaches its intended availabili ty	Benefits achieved during the reporting period	Accumulat ed benefits as of the end of the reporting period	Are the expected benefits achieved	Any significa nt changes in project feasibilit y
Investment projects committed											
1. Integrate d clinical trial manage ment platform	No	7,832.82	7,832.82		8,057.29	100.00%	October 1, 2014	0	0	Not applicabl e	No
2. Data manage ment centre	No	11,608.36	11,608.36	0	11,918.57	100.00%	Decemb er 31, 2017	0	0	Not applicabl e	No
3. SMO manage ment centre	No	1,662.7	1,662.7		1,662.7	100.00%	January 1, 2014	0	0	Not applicabl e	No

4. Acquisition of 100% equity of Beijing BMD	No	15,400	14,276.35	0	14,276.35	100.00%	December 31, 2017	0	0	Not applicable	No
5. Working capital replenishment	No	34,600	34,600		34,600	100.00%	March 31, 2016	0	0	Not applicable	No
6. Acquisition of 100% equity of Jyton & Techray	No	60,000	54,000	98.8	54,000	100.00%	December 31, 2018	0	0	Not applicable	No
Subtotal of investment projects committed	--	131,103.88	123,980.23	98.8	124,514.91	--	--	0	0	--	--
Orientation of excess proceeds											
1. Acquisition of 70.3% equity of Frontage Laboratories	No	27,013.22	27,013.22		28,018.42	100.00%	July 1, 2014	0	0	Not applicable	No
Working capital replenishment (if any)	--	780	780				--	--	--	--	--

Subtotal of orientation of excess proceeds	--	27,793.22	27,793.22	0	28,018.42	--	--	0	0	--	--
Total	--	158,897.1	151,773.45	98.8	152,533.33	--	--	0	0	--	--
Circumstances and reasons for not achieving the progress as planned or the expected benefits (by specific project)	Nil										
Explanation of major changes in project feasibility	Nil										
Amount,	Applicable										

purpose and progress in the use of excess proceeds	<p>1. On May 5, 2014, the Company reviewed and approved the Proposal on the Company's Implementation of Major Asset Purchases in Cash and the Proposal on the Use of Excess Proceeds and Self-owned Funds to Increase the Capital of Wholly-owned Subsidiaries and as the Source of Funds for this Major Asset Purchase at the fourth meeting of the second board of directors, agreeing to the Company's intention to use the excess proceeds from the initial public offering and listing and its own funds to increase the capital of Tigermed HK as the final source of funds for paying the total price of this transaction. Among which, excess proceeds were RMB270.13million and the corresponding interests were approximately RMB21.00million, and the shortfall for the total transaction price will be made up by the Company using its own funds. Prior to the Company's completion of the capital increase of Tigermed HK, Tigermed HK will use bank loans obtained by way of onshore guarantees for offshore loans to pay the price as required at the time of delivery of the transaction for the time being, and repay the above bank loans with the capital increased after the capital increase has been completed. On May 23, 2014, the Company reviewed and approved the Proposal on the Company's Implementation of Major Asset Purchases in Cash and the Proposal on the Use of Excess Proceeds and Self-owned Funds to Increase the Capital of Wholly-owned Subsidiaries and as the Source of Funds for this Major Asset Purchase at the second extraordinary general meeting in 2014, agreeing to the Company's intention to use the excess proceeds from the initial public offering and listing and its own funds to increase the capital of Tigermed HK as the final source of funds for paying the total price of this transaction. Among which, excess proceeds were RMB270.13million and the corresponding interests were approximately RMB21.00million, and the shortfall for the total transaction price will be made up by the Company using its own funds. Prior to the Company's completion of the capital increase of Tigermed HK, Tigermed HK will use bank loans obtained by way of onshore guarantees for offshore loans to pay the price as required at the time of delivery of the transaction for the time being, and repay the above bank loans with the capital increased after the capital increase has been completed. As of December 31, 2014, the Company paid US\$45.00million for this transaction, of which the excess proceeds and their interests used totaling RMB280.18million.</p> <p>2. On January 21, 2015, the Company reviewed and approved the Proposal on Changing the Investment Projects Funded by Excess Proceeds and Using Excess Proceeds for Overseas Investment at the 13th meeting of the second session of Board of Directors, agreeing to the Company's adjustment of the proposal on the Use of Excess Proceeds and Self-owned Funds to Increase the Capital of Wholly-owned Subsidiaries and as the Source of Funds for this Major Asset Purchase being reviewed and approved at the previous meeting. In order to improve the efficiency of the use of excess proceeds and maximise the interests of shareholders, the Company planned to change the use of the remaining excess proceeds and their interests, which were intended to replace the following payments made: (1) During the period from November 28 to December 3, 2014, Tigermed HK successively used the sums invested by its parent company Tigermed to purchase 4,571,000 shares of Frontage Laboratories obtained after the exercise of employee options for a price of US\$2.24million, equivalent to RMB13.98million; (2) as of November 14, 2014, Tigermed HK used the sums invested by its parent company to repay the accumulated interests of part of the loans that were obtained by way of onshore guarantees for offshore loans in the Frontage Laboratories acquisition transaction, which amounted to US\$0.4million, equivalent to RMB2.51million. The remaining excess proceeds and the amount of interests being replaced totaled RMB16.48million. After the use of the excess proceeds and their interest balance has been changed, Tigermed HK will then use other sources of funds to pay the remaining transaction balance of US\$5.25million.</p> <p>3. On February 6, 2015, the Company reviewed and approved the Proposal on Changing the Investment Projects Funded by Excess Proceeds and Using Excess Proceeds for Overseas Investment at the first extraordinary general meeting in 2015, agreeing to the Company's adjustment of the proposal on the Use of Excess Proceeds and Self-owned Funds to Increase the Capital of Wholly-owned Subsidiaries and as the Source of Funds for this Major Asset Purchase being reviewed and approved at the previous meeting. In order to improve the efficiency of the use of excess proceeds and maximize the interests of shareholders, the Company planned to change the use of the remaining excess proceeds and their interests, which were intended to replace the following payments made: (1) During the period from November 28 to December 3, 2014, Tigermed HK successively used the sums invested by its parent company Tigermed to purchase 4,571,000 shares of Frontage Laboratories obtained after the exercise of employee options for a price of US\$2.24million, equivalent to RMB13.98million; (2) as of November 14, 2014,</p>
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Changes in the implementation location of investment projects funded by the proceeds	Not applicable
Adjustment to the way of implementation of investment projects funded by the proceeds	Not applicable
Early investment and replacement of investment projects funded by the proceeds	Applicable  In 2012, the amount of excess proceeds used to replace the early investment was RMB51,024,718.78, upon verification by BDO China Shu Lun Pan Certified Public Accountants LLP which issued the Xin Hui Shi Bao Zi (2012) No. 114020 attestation report. In 2016, the amount of excess proceeds used to replace the early investment was RMB30,800,000.00, upon verification by BDO China Shu Lun Pan Certified Public Accountants LLP which issued the Xin Hui Shi Bao Zi (2016) No. 110138 attestation report.
Temporary	Not applicable

ry replenish ment of working capital using idle proceeds	
Reasons for the occurrence of a balance of proceeds in project implementation and the amount	<p>Applicable</p> <p>(1) According to the 14th meeting of the third session of Board of Directors on November 12, 2018, the project on the acquisition of 100% equity of Beijing BMD was fully completed. The remaining sum of RMB11.24million will be used for the permanent replenishment of working capital, and the special account for the proceeds had been cancelled during the reporting period. (2) As of the disclosure date of the report, the remaining sum of RMB0.99million for the transfer of Jyton &amp; Techray had been paid. On July 12, 2019, the Company convened the 22nd meeting of the third session of Board of Directors, and reviewed and approved the Proposal on Closing the Investment Projects Funded by Proceeds and Using the Remaining Balance of Proceeds for Permanently Replenishing the Working Capital, agreeing to the Company's closing of the "acquisition of 100% equity of Jyton &amp; Techray", an investment project funded by proceeds from the non-public offering in 2017, and the balance of proceeds (including interest income) for the above investment projects will be used to permanently replenish the Company's working capital, and the corresponding accounts will be cancelled.</p>
Purpose and orientation of the unused proceeds	Nil
Issues or other circumstances present in the use of proceeds and the disclosures	<p>The amount of overinvestments in the integrated clinical trial management platform was RMB2,244,700, and the amount of excess proceeds used in the acquisition of equity of Frontage Laboratories was RMB296,667,500, including excess proceeds of RMB270,132,200 and the corresponding interests of RMB26,535,300. On January 21, 2015, BDO China Shu Lun Pan Certified Public Accountants LLP issued the Attestation Report on the Use of Proceeds from Previous Fundraising (Xin Hui Shi Bao Zi [2015] No. 110059), and the Company made an announcement on January 22, 2015. However, the accounting of committed benefits in the report was not accurate enough, which has ignored the fact that the relevant projects do not produce benefits during the construction period. Upon verification by BDO China Shu Lun Pan Certified Public Accountants LLP, Xin Hui Shi Bao Zi [2015] No. 114261 Attestation Report on the Use of Proceeds from Previous Fundraising was reissued. The Company reviewed and approved the Proposal on Amending the Report on the Use of Proceeds from Previous Fundraising of the Company at the 17th meeting of the second board of directors on January 8, 2015. The Company published the Announcement on the Amending Report on the Use of Proceeds from Previous Fundraising on June 8, 2015.</p>

### (3) Change of Projects Funded by the Proceeds

☐ Applicable ☒ Not applicable

During the reporting period, the Company had not been found to have any changes of projects funded by the proceeds.

## VI. Sale of Major Assets and Equity

### 1. Sale of Major Assets

☐ Applicable ☒ Not applicable

During the reporting period, the Company was not involved in any sale of major assets.

### 2. Sale of Major Equity

☐ Applicable ☒ Not applicable

## VII. Analysis of Major Investees with a Controlling and Non-controlling Interest

☒ Applicable ☐ Not applicable

Major subsidiaries and investees that affect the Company's net profit by more than 10%

Unit: RMB

Name of company	Type of company	Principal business	Registered capital	Total assets	Net assets	Operating income	Operating profit	Net profit
Frontage Holdings	Subsidiary	Drug clinical research, biologics, bioanalysis	US\$20,076.41	2,232,986,952.35	1,854,888,705.03	703,366,906.48	130,053,879.98	114,034,262.43
MacroStat	Subsidiary	Data analysis	CNY1,440,584.97	142,671,337.71	112,751,284.77	186,523,472.82	111,119,211.66	97,948,545.36

Subsidiaries gained and disposed of during the reporting period

☒ Applicable ☐ Not applicable

Name of company	Way of gaining and disposing of the subsidiaries during the reporting period	Impact on the overall production and operation and the performance
Shanghai Shengtong	Transfer	No significant impact
Jietong Inspection	Transfer	No significant impact
Tigermed Cloud	Transfer	No significant impact
Antengene Investment	Transfer	No significant impact
Tigermed USA	Establishment	No significant impact
Tigermed America	Establishment	No significant impact
HK Healthcare	Establishment	No significant impact
TG Mountain	Establishment	No significant impact

TG Sky Growth	Establishment	No significant impact
Frontage Luohe	Establishment	No significant impact
Frontage Suzhou	Acquisition	No significant impact
RMI	Acquisition	No significant impact
BRI	Acquisition	No significant impact
Beijing Yaxincheng	Acquisition	No significant impact

Major investees with a controlling and non-controlling interest

#### **VIII. Structured Entities Controlled by the Company**

☐ Applicable ☒ Not applicable

#### **IX. The Company's Future Development Prospects**

##### **(I) Future Development Trends of the Industry and the Company**

###### **1. Global Market**

Under a globalised macro environment, more and more biopharmaceutical and medical device companies are quickening their pace of R&D, and the Company expects that more products will enter the clinical stage going forward. The challenges and risks in the R&D of innovative drugs and medical devices are on the increase, and CROs with expertise and experience will be capable of helping customers carry out more complex and extremely challenging clinical trial projects. At the same time, more customers have gradually realised that CROs will help them reduce costs and mitigate clinical R&D risks. All these reasons have led to a rise in the penetration rate of clinical R&D outsourcing. CROs that provide comprehensive and diversified services to customers will seize opportunities for development in the industry, and increase their competitiveness by improving their comprehensive service capabilities to attract and retain customers. Currently, there are just a few CROs with relevant capabilities. Looking ahead, it is expected that the CRO industry will continue to expand and integrate along with the existing industry leaders and the continuous influx of participants, whereas small or niche CROs may face integration challenges.

The Company will step up its efforts to globalise its strategising, accelerate the implementation of its network layout and service capacity building in Europe and North America, and invest in high-quality resources to establish an international innovative drug team, boosting the commencement of worldwide simultaneous clinical R&D of new drugs on better comprehensive service capabilities. Aiming at an international research level, the Company continuously improves its service quality and professional level, and actively builds a two-way bridge for foreign medical products coming into China and for China's innovative products going to the world, hence bringing in more foreign products beneficial to patients and at the same time helping China's innovative drugs to go abroad in a better and faster way.

###### **2. Informatisation of Clinical Trials Being an Inevitable Trend in Clinical Trial Development**



It is expected that the level of informatisation in the CRO industry will continue to improve, and the industry will face informatised transformation. Through informatisation, work efficiency in multiple areas will be improved. For example, the use of cloud technology and other technologies allow employees to have full control of their work and progress in real time during clinical centre inspection or business trip. The introduction of an online patient recruitment system will also facilitate the search for a wider patient group and shorten the time to find suitable patients for clinical trials. The use of electronic data collection systems will increase the efficiency of data entry and management.

With the deepening of its internationalisation strategy, the Company needs to achieve standardised global business processes through information systems and advanced technology platforms. The goal of the Company's informatisation is to use SDWAN to get through multi-cloud data circulation through Tigermed's hybrid-cloud and multi-platform deployment. At the same time, the Company uses international advanced master data management and governance technologies, and establishes a globalised international multi-centre project management platform to resolve geographical and cultural differences and other issues in order to better undertake international projects.

### 3. Benevolent Policies of the Chinese Government

In recent years, the Chinese government has been vigorously intensifying the healthcare system reform and promoting innovation in the pharmaceutical industry. In August 2019, the newly-revised Pharmaceutical Administration Law was passed, encouraging innovation-related systems to become laws. It is clearly stipulated that the State encourages the research and creation of new drugs, and raises the tacit clinical trial approval, clinical trial organisation records management, priority review and approval, conditional approval and other systems to laws. In addition, a system of holders of drug marketing license has been established to encourage innovation from the perspective of institutional design. Several government preferential policies have been successively promulgated, covering the entire value chain of the Chinese pharmaceutical market from clinical trials, submission of regulatory documents, production to social security. More and more attention has been paid to innovation capability, which has increased investments in the R&D of innovative drugs, stimulated the development of innovative drugs, and generated a large and increasing number of R&D pipelines for the development of innovative drug candidates, thus bringing more business opportunities to clinical CROs, such as promoting the entry of relevant innovative drug candidates into the clinical stage.

While encouraging innovation, the Chinese market is also implementing a more stringent regulatory system. Since the China Food and Drug Administration (now called the China National Medical Products Administration) required self-examination and review of all ongoing clinical trials in 2015, China has been committed to strengthening the integrity and quality management of clinical trials by complying with international standards. Therefore, there is a rising demand for clinical CROs with service quality meeting the international standards.

After China became a member of ICH in 2017, clinical data obtained overseas may be applied at a broader level to support registration in China and, in reverse, facilitate more cross-border cooperation. The Chinese government has also been encouraging the import of high-quality drugs, especially those that can address China's unmet medical needs. Through these initiatives, more cross-regional clinical trials and early-stage clinical projects initiated by multinational pharmaceutical companies are brought to China. Numerous companies and projects are dependent on Chinese clinical CROs capable of providing high-quality clinical research services with depthful

insight into the Chinese regulatory environment.

A domestic ecosystem for innovative drugs has been gradually formed, which constitutes a catalyst for the rapid development of domestic innovative drugs given the favourable policies and the influx of talents and capital. The continuous emergence of a considerable number of new drugs being developed independently has gradually changed the previous situation of solely relying on imported drugs to meet clinical and patient needs, which is of great significance for developing countries like China. In the future, we must rely on a greater number of excellent innovative pharmaceutical companies to develop innovative drugs with real clinical value, make better products at relatively low cost, gain discretionary pricing power, and turn expensive drugs into affordable ones. The Company will actively use its advantages in the field of new drug investment in identifying and investing in new drugs with clinical value. While boosting China's new drug R&D through capital, it can also obtain investment income and explore potential quality business projects.

Since the implementation of clinical data self-examination and verification on July 22, 2015, more and more traditional pharmaceutical enterprises have begun their transformation toward the R&D of innovative drugs, and a large number of innovative pharmaceutical companies have continuously increased their R&D investment in tumours, rare diseases and other areas. The R&D process is getting complex, and the demand for services provided by experienced CROs with advanced technology and expertise is gradually increasing. As a domestically leading CRO, the Company has a prominent edge in terms of service capability, service network, project experience, innovative drug research capability and professional talents. We expect that, after its global strategising has been completed, the Company will be able to undertake more domestic and foreign innovative drug projects, thus achieving the Company's "Excellence in Every Trial for Every Patient" development strategy.

## (II) The Company's 2020 Business Plan

1. By organising annual budget meetings, monthly/quarterly management meetings, FTF communications and other means, the Company will manage the business plans of business units, participate in their important management meetings, coordinate corporate resources to help them accomplish business goals. It will improve operational efficiency and reduce management costs. It will build the Group's headquarters functions (such as finance, HR, risk control, brand, and capital) under the Group's globalised system to improve operational and management efficiency and reduce administration expenses.
2. The Company will continue to enhance customer satisfaction and brand image, striving to build the Company into a professional CRO that understands and fulfills customer needs. Improvement of the marketing management system: The Company will establish mechanisms for the coordinated development of the marketing management system and the project management system by promoting their optimisation to improve the timely delivery rate, thus fulfilling the commitments to customers. Establishment of a comprehensive customer feedback mechanism: The Company will learn customer needs through visits, telephone calls, and surveys, and establish a comprehensive customer feedback mechanism to provide customers with the most appropriate solutions, continuously enhancing customer satisfaction.
3. The Company will continuously optimise internal operational and management processes and establish standards for Tigermed's excellent operational and management system. Formulation of quality management systems by the Tigermed standard: existing quality management processes and standards will be optimised taking into account the

standards and requirements of quality awards in the market to establish more demanding quality standards and management mechanisms; establishment of Tigermed's internal operational quality standards; establishment of a digital internal feedback mechanism: through the establishment of various digital feedback processes, operating data will be monitored in real-time to provide digital support and feedback for the Group's management decision-making; building of operations improvement mechanisms: through digital quality feedback mechanism, issues will be timely detected and quality improvement tools will be used to continuously improve the quality of operations and realise the Group's excellent operations.

4. The Company will build organisational capacity to create a performance-oriented corporate culture. Organisational capacity building under the Group's globalised system: Group headquarters construction projects and regional capacity building projects. Optimisation of the overall incentive mechanisms: A performance management system fit for Tigermed's developments will be established and incentive schemes for project management, BD, innovation, and senior management will be optimised.
5. The Company will build talent reserves to continuously improve its leadership. Three major talent reserves projects: core leadership building project, project manager training and development system building project, and core leadership development project.

### (III) Risk

1. Declining customer demand or expenditure on biopharmaceutical R&D services may have a significant adverse effect on our business, financial position, operating performance and prospects.

The Company's business development is mainly determined by the number and size of service contracts signed with customers (mostly pharmaceutical and medical device companies). In recent years, the Company has benefited from the continuous growth of the global pharmaceutical and medical device market, the increase in R&D budgets among customers and the rise of customer outsourcing, which have increased customer demand for the Company's services. If the industry does not grow at the rate we expect, and there is a slowdown or a reverse trend, it may have a significant adverse effect on us. In addition, if there is a decline in investments in the pharmaceutical and medical device industry, the demand for outsourcing services will also decrease.

2. Risk in the improvement of overall operating capacity and management effectiveness

With the substantial growth of business, the continuous expansion in service areas, and the implementation of a globalisation strategy, the Company needs to continuously improve and update its technology, optimise the brand, strengthen sales and marketing work, and expand recruitment, training and managerial employees. All of the above work will require significant management, financial and human resources. If the Company fails to effectively improve overall operating capacity and management efficiency, expansion may not be successful and that the Company's business, financial position and operating performance may be adversely affected.

3. Industrial policy risk

The Company belongs to the pharmaceutical R&D industry and is greatly affected by relevant policies, and regulators may change the relevant laws and regulations. As a result, the Company's existing compliance

procedures may not be in line with the new legal and regulatory requirements, and the Company may need to incur additional compliance costs and face the risk of negative investigation results issued by relevant government departments, which may affect the Company's business development. At the same time, the Company provides customers with a wide range of services across different geographic areas, and so the Company's operations and business developments must be compliant with local/relevant laws and regulations.

4. Industry qualifications risk

Currently, the Company is engaged in a business that does not require any relevant qualifications or government approvals. In case of any change in laws and regulations or any new regulation coming into effect going forward that require the Company to obtain an approval, permit, license, registration, guarantee, certification or certificate for its existing business, it is uncertain that the Company can successfully obtain such approval, permit, license, registration, guarantee, certification or certificate. Failure to obtain relevant qualifications or approvals may limit the ability to conduct business, which may adversely affect the Company's business, financial position and operating performance.

5. Service quality risk

If the Company's service cannot reach customer standards or meet customer needs, there is the risk of losing customers or failing to attract customers. Customers may transfer part or all of their business to the Company's competitors, reducing or terminating their business cooperation with the Company, which may adversely affect the Company's reputation, business, financial position, operating performance and prospects.

6. Human resources risk

Clinical trial professionals are the key to the development of the Company. How to recruit, train, motivate and retain experienced core technical personnel, core business personnel and management personnel with outstanding professional capabilities is a major human resources issue facing the Company. The Company has by now formulated and implemented a targeted training plan to provide multi-dimensional promotion directions, and has launched employee stock ownership plans and equity incentive plans in multiple phases to attract and retain talents. However, with the fierce competition in the pharmaceutical R&D talents market, experienced and high-calibre talents are much sought after and so the Company must provide competitive compensation and benefit plans to attract and retain talents. If the Company cannot hire or retain a sufficient number of professionals to maintain the Company's expected growth and maintain a stable level of service, it may adversely affect the Company's reputation, business, financial position, operating performance and prospects.

7. Acquisition and business integration risk

It has been indicated in previous data that acquisition plays a positive role in enhancing the Company's production capacity and profitability. Going forward, whether a suitable acquisition target can be identified and whether there are sufficient funds or operating resources to provide financial protection and integration for the relevant acquisition will be one of the risks facing the Company. In addition, the Company will further intensify the internationalisation strategy. However, the Company has limited experience in cooperation with customers in Europe, North America and other regions, and it may encounter unforeseen obstacles and challenges overseas,

which may lead to the delay or failure of the Company's expansion plan.

The Company employs huge resources to integrate existing business with the acquired business, but it faces several risks, such as the unsatisfactory performance of the acquisition target, unforeseen expenses, and the difficulty in integrating the acquired business in a timely and effective manner. As far as the acquisition of international projects is concerned, the Company may not be able to overcome difficulties in terms of international regulation, commercial management, language and customs. If the Company fails to successfully integrate recent and future potential acquisitions or reorganisations, its business, financial position and operating performance may be adversely affected. In addition, the Company's cash and stocks may be used for future acquisition, business restructuring or integration, which may not necessarily translate into expected returns, and at the same time a large amount of acquisition-related expenses may be incurred, leading to the dilution of shareholders' equity.

#### 8. Risk of impairment of goodwill and other intangible assets

There was no goodwill impairment plan during the reporting period. Any impairment of goodwill or other intangible assets going forward may have a significant adverse effect on the Company's financial position and operating performance.

#### 9. Impact of the COVID-19 pandemic

The Company's performance may be affected by the COVID-19 pandemic. Currently, the Company has no project being cancelled due to the COVID-19 pandemic. However, hospitals have invested a lot of medical resources for patients infected with COVID-19, resulting in fewer resources for clinical trials. At the same time, out of concerns about potential infections, some patients were reluctant to participate in clinical trials during the COVID-19 pandemic, which posed challenges to the Company's patient recruitment work. As the COVID-19 pandemic continues to evolve and affects all parts of the world, it is currently difficult to determine whether we will encounter a reduction in customer orders and/or a loss of customers going forward, and whether the Company's existing and future projects will be substantially disrupted or delayed due to the COVID-19 pandemic. As for the extent to which the COVID-19 pandemic may continue to adversely affect our business, prospects and operating performance, these uncertainties cannot be reasonably estimated at present.

### X. Registration Form for Surveys, Communications, Interviews and Other Activities Received

#### 1. Registration Form for Surveys, Communications, Interviews and Other Activities Received During the Reporting Period

√ Applicable ☐ Not applicable

Date of reception	Form of reception	Type of recipient	Index of basic information of the survey
July 24, 2019	Field research	Organisation	cninfo.com.cn
October 27, 2019	Telecommunication	Organisation	cninfo.com.cn

## Section 5 Important Notice

### **I. Profit Distribution for Ordinary Shares and Transfer of Capital Reserve Fund into Share Capital of the Company**

Profit distribution policy for ordinary shares during the reporting period, especially the formulation, implementation or adjustment of cash dividend policy

☒ Applicable ☐ Not applicable

On May 17, 2019, the Company convened the Annual General Meeting of 2018, which considered and approved the profit distribution plan 2018. A cash dividend of RMB3.50 (tax inclusive) was paid to all Shareholders for every 10 shares held based on the total share capital as at the equity registration date for implementation of equity distribution plan 2018 less share capital after share repurchase. The remaining undistributed profits were carried forward for distribution in subsequent years. At the same time, the Company paid to all Shareholders from capital reserve fund on the basis of 5 shares for every 10 shares held. On June 25, 2019, the Company disclosed the Announcement on Implementation of Equity Distribution of 2018 (announcement no.: 2019-070), according to which the equity distribution plan was: on the basis of a total of 499,119,271

shares entitled to the distribution (calculated as the total share capital of 500,176,537 shares as at the equity registration date less 1,057,266 shares held by the Company's dedicated account for repurchase), a cash dividend of RMB3.50 (tax inclusive) was paid to all Shareholders for every 10 shares held, amounting to a total cash dividend of RMB174,638,411.15 (tax inclusive), and a total of 249,559,635 shares were paid from capital reserve fund to all Shareholders on the basis of 5 shares for every 10 shares held. The equity registration date for the equity distribution was June 28, 2019 and the ex-dividend date was July 1, 2019. As at the end of the reporting period, the Company had completed the implementation of equity distribution of 2018.

Particulars of Cash Dividend Policy	
Whether in compliance with the requirements of the Articles of Association or the resolutions of the general meeting:	Yes
Whether the dividend distribution criteria and proportion were well-defined and clear:	Yes
Whether the related decision-making process and mechanism were proper:	Yes
Whether independent Directors fulfilled their duties and played their necessary roles:	Yes
Whether the minority shareholders had adequate opportunities to express their opinions and appeals and their legitimate interests were fully protected:	Yes
Whether the conditions and procedures were compliant and transparent in respect of adjustments and changes in cash dividend policy:	Not applicable

Both of the Company's profit distribution plan and transfer of capital reserve fund into share capital plan are consistent with the relevant requirements of the Company's Articles of Association and dividend management method during the reporting period

√ Yes ☐ No ☐ Not applicable

Both of the Company's profit distribution plan and transfer of capital reserve fund into share capital plan are consistent with the relevant requirements of the Company's Articles of Association.

Profit distribution and transfer of capital reserve fund into share capital during the year

Number of bonus shares for every 10 shares (share)	0
Dividend for every 10 shares (RMB) (tax inclusive)	2.78
Number of shares transferred for every 10 shares (share)	0
Share capital basis for distribution plan (share)	748,450,333
Amount of cash dividend (RMB) (tax inclusive)	208,069,192.57
Amount of cash dividend in other forms (such as share repurchase) (RMB)	61,847,562.40

Total cash dividend (including cash dividend in other forms) (RMB)	269,916,754.97
Distributable profits (RMB)	738,648,152.47
Percentage of total cash dividend (including cash dividend in other forms) to total profits distributed	36.54%
Cash dividend	
Others	
Particulars of profit distribution or transfer of capital reserve fund plan	
<p>The thirty-fourth meeting of the third session of the Board of Directors on April 15, 2020 considered and approved the Company's profit distribution plan 2019 proposed by the Board of Directors. A cash dividend of RMB2.78 (tax inclusive) would be paid to all Shareholders for every 10 shares held based on the total share capital as at the equity registration date of equity distribution plan 2019 to be implemented less the shares held by the dedicated account for repurchase. The remaining undistributed profits would be carried forward for distribution in subsequent years. The Company would not pay to all Shareholders through transfer of capital reserve fund into share capital. As of December 31, 2019, the Company's dedicated account for share repurchase held 1,057,266 shares of the Company. Calculating on the basis of share capital of 748,450,333 (i.e. total share capital of the Company of 749,507,599 shares less 1,057,266 shares held by the dedicated account for repurchase), the total amount of cash dividend was RMB208,069,192.57 (tax inclusive). According to the requirements of the Implementation Rules of the Shenzhen Stock Exchange on the Share Repurchase of Listed Companies, the amount of share repurchase of RMB61,847,562.40 implemented by the Company in 2019 was deemed as cash dividend. The Company proposed to distribute cash dividend of RMB269,916,754.97 in aggregate in 2019, including the amount of share repurchase implemented in 2019.</p>	

Profit distribution plan for ordinary shares and transfer of capital reserve fund into share capital plan of the Company for the past 3 years (including this reporting period)

#### 1. Profit Distribution Plan 2017

The eighth meeting of the third session of the Board of Directors on April 19, 2018 considered and approved the Company's profit distribution plan 2017 proposed by the Board of Directors. A cash dividend of RMB2 (tax inclusive) was paid to all Shareholders for every 10 shares held based on the total share capital of the Company of 500,176,537 shares as at the end of 2017, amounting to a total cash dividend of RMB100,035,307.40. The remaining undistributed profits were carried forward for distribution in subsequent years. The Company did not pay to all Shareholders through transfer of capital reserve fund into share capital. On May 15, 2018, the Company convened the Annual General Meeting of 2017, which considered and approved the profit distribution plan of 2017. On May 23, 2018, the Company disclosed the Announcement on Implementation of Equity Distribution of 2017 (announcement no.: 2018-037), according to which the equity registration date was May 29, 2018 and the ex-dividend date was May 30, 2018. As of December 31, 2018, the Company had completed the implementation of equity distribution of 2017.

#### 2. Profit Distribution Plan 2018

The sixteenth meeting of the third session of the Board of Directors on April 25, 2019 considered and approved the Company's profit distribution plan 2018 proposed by the Board of Directors. A cash dividend of RMB3.50 (tax inclusive) was paid to all Shareholders for every 10 shares held based on the total share capital as at the equity registration date of the implementation of equity distribution plan 2018 less share capital after share repurchase. The remaining undistributed profits



were carried forward for distribution in subsequent years. At the same time, the Company paid to all Shareholders from capital reserve fund on the basis of 5 shares for every 10 shares held. On May 17, 2019, the Company convened the Annual General Meeting of 2018, which considered and approved the profit distribution plan of 2018. On June 25, 2019, the Company disclosed the Announcement on Implementation of Equity Distribution of 2018 (announcement no.: 2019-070), according to which the equity distribution plan was: on the basis of a total of 499,119,271 shares entitled to the distribution (calculated as the total share capital of 500,176,537 shares as at the equity registration date less 1,057,266 shares held by the Company's dedicated account for repurchase), a cash dividend of RMB3.50 (tax inclusive) was paid to all Shareholders for every 10 shares held, amounting to a total cash dividend of RMB174,638,411.15 (tax inclusive), and a total of 249,559,635 shares were paid from capital reserve fund to all Shareholders on the basis of 5 shares for every 10 shares held. According to the requirements of the Implementation Rules of the Shenzhen Stock Exchange on the Share Repurchase of Listed Companies, the amount of share repurchase of RMB248,124,987.80 implemented by the Company in 2018 was deemed as cash dividend. The actual cash dividend distributed by the Company in 2018 was RMB422,763,398.95 in aggregate, including the amount of share repurchase implemented in 2018. The equity registration date of the equity distribution was June 28, 2019 and the ex-dividend date was July 1, 2019. As at the end of the reporting period, the Company had completed the implementation of equity distribution of 2018.

### 3. Profit Distribution Plan 2019

The thirty-fourth meeting of the third session of the Board of Directors on April 15, 2020 considered and approved the Company's profit distribution plan 2019 proposed by the Board of Directors. A cash dividend of RMB2.78 (tax inclusive) would be paid to all Shareholders for every 10 shares held based on the total share capital of the Company as at the equity registration date of profit distribution plan 2019 to be implemented less the shares held by the dedicated account for repurchase. The remaining undistributed profits would be carried forward for distribution in subsequent years. The Company would not pay to all Shareholders through transfer of capital reserve fund into share capital. As of December 31, 2019, the dedicated account for share repurchase of the Company held 1,057,266 shares of the Company. Calculating on the basis of the shares capital of 748,450,333 (i.e. total share capital of the Company of 749,507,599 shares less 1,057,266 shares held by the dedicated account for repurchase), the total amount of cash dividend was RMB208,069,192.57 (tax inclusive). According to the requirements of the Implementation Rules of the Shenzhen Stock Exchange on the Share Repurchase of Listed Companies, the amount of share repurchase of RMB61,847,562.40 implemented by the Company in 2019 was deemed as cash dividend. The Company's actual cash dividend proposed for distribution in 2019 was RMB269,916,754.97 in aggregate, including the amount of share repurchase implemented in 2019.

Cash dividend for ordinary shares of the Company for the past three years (including this reporting period)

Unit: RMB

Year of distribution	Amount of cash dividend (tax inclusive)	Net profit attributable to ordinary shareholders of the listed company in the consolidated statement for the year of distribution	Ratio of amount of cash dividend to net profit attributable to ordinary shareholders of the listed company in the consolidated statement	Amount of cash dividend in other forms (such as share repurchase)	Ratio of amount of cash dividend in other forms to net profit attributable to ordinary shareholders of the listed company in the consolidated statement	Total amount of cash dividend (including cash dividend in other forms)	Ratio of total amount of cash dividend (including cash dividend in other forms) to net profit attributable to ordinary shareholders of the listed company in the consolidated statement
2019	208,069,192.57	841,634,823.38	24.72%	61,847,562.40	7.35%	269,916,754.97	32.07%
2018	174,638,411.15	472,183,931.65	36.99%	248,124,987.80	52.55%	422,763,398.95	89.54%
2017	100,035,307.40	301,013,932.80	33.23%	0.00	0.00%	100,035,307.40	33.23%

The Company generated profits during the reporting period and the profit distributable to the ordinary shareholders of the parent company was positive, but no cash dividend distribution plan for ordinary shares was proposed

☐ Applicable ☒ Not applicable

## II. Performance of Commitments

### 1. Commitments Performed during the Reporting Period and Not Yet Fulfilled as at the End of the Reporting Period by De Facto Controllers of the Company, Shareholders, Related Parties, Acquirers and the Company

☒ Applicable ☐ Not applicable

Source of commitment	Undertaker	Type of commitment	Contents of commitment	Date of commitment	Period of commitment	Performance
Commitments stated in acquisition report or report of equity changes	Nil					
Commitments made during the asset restructuring	Nil					

Commitments made upon the initial public offering or refinancing	Directors, Supervisors and senior management of the Company, such as Ye Xiaoping, Cao Xiaochun	Commitments on shares with selling restrictions	<p>If I declared resignation within 6 months from the date of listing of initial public offering, I shall not transfer the shares of issuers held directly or indirectly within 18 months from the date of resignation;</p> <p>if I declared resignation between the 7<sup>th</sup> month and the 12<sup>th</sup> month from the date of listing of initial public offering, I shall not transfer the shares of issuers held directly or indirectly within 12 months from the date of resignation.</p> <p>During the tenure as Directors, Supervisors and senior management of the Company, the annual transfer of shares shall not exceed 25% of total shares of issuers held directly or indirectly by me.</p>	August 17, 2012	Long term	Normal performance
	Ye Xiaoping, Cao Xiaochun	Commitments in terms of competition, connected transactions, misappropriation of funds	I, other enterprises other than joint stock companies directly or indirectly controlled by me and the non-controlling enterprises are not directly or indirectly engaged in any business or activities that compete or may compete with the business operated by joint stock companies.	August 17, 2012	Long term	Normal performance

	Ye Xiaoping, Cao Xiaochun, Shanghai Jiguang Investment Management Center (limited liability partnership), Ningbo Dingliang Ruixing Equity Investment Center (limited liability partnership), Sinolink Yonghua Value Growth Directional Increase Collective Asset Management Plan	Commitments on shares with selling restrictions	This issued shares shall not be transfer within 36 months from the date of listing.	February 3, 2016	February 3, 2019	Performed
Commitments on share incentive	Hangzhou Tigermed Consulting Co., Ltd.	Commitments on share incentive	The Company promised not to provide loans and any other forms of financial support (including guarantees for their loans) for obtaining related equity in respect of incentive targets of restricted shares of 2019.	March 21, 2019	June 21, 2022	Normal performance
Other commitments made to minority shareholders of the Company	Nil					
Whether the commitments were performed timely	Yes					

If the commitments are due but have yet to be performed, specific reasons for unperformed commitments and future working plans should be provided in detail	Nil
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**2. The Company has Made Profit Forecast(s) on its Assets or Projects, and the Reporting Period is Still Within the Period of the Profit Forecast(s). The Company shall Describe Whether Original Profit Forecast(s) on Assets or Projects of the Company have been Achieved and the Reasons**

☐ Applicable ☒ Not applicable

**III. Appropriation of Funds of the Listed Company by Controlling Shareholders and their Related Parties for Non-operating Purposes**

☐ Applicable ☒ Not applicable

There was no appropriation of funds of the listed company by controlling Shareholders and their related parties for non-operating purposes during the reporting period of the Company.

**IV. Statement of the Board of Directors Regarding the Latest “Non-standard Auditor’s Report”**

☐ Applicable ☒ Not applicable

**V. Statement of the Board of Directors, the Supervisory Committee and independent Directors (if any) Regarding the “Non-standard Auditor’s Report” Issued by the Accounting Firm during this Reporting Period**

☐ Applicable ☒ Not applicable

**VI. Description by the Board of Directors of Changes in Accounting Policies, Accounting Estimates during the Reporting Period or Revisions of Significant Accounting Errors**

☒ Applicable ☐ Not applicable

**1. Significant Changes in Accounting Policies**

(1) Application of the Notice of the Ministry of Finance on Revising and Issuing the Format of 2019 Financial Statements of General Enterprises (《财政部关于修订印发2019年度一般企业财务报表格式的通知》) and the Notice on Revising and Issuing the Format of Consolidated Financial Statements (2019 Edition) (《关于修订印发合并财务报表格式(2019版)的通知》)

The Ministry of Finance released the Notice on Revising and Issuing the Format of 2019 Financial Statements for General Enterprises (Cai Kuai [2019] No. 6) on April 30, 2019, and the Notice on Revising and Issuing the Format of Consolidated

Financial Statements (Cai Kuai [2019] No. 16) on September 19, 2019, respectively.

Major impacts incurred by application of the above provisions by the Company are as follows:

Contents and reasons for changes in accounting policies	Approval procedure	Affected statement items and amounts	
		Consolidated	Parent company
(1) "Note receivables and accounts receivables" in balance sheet should be split into "note receivables" and "accounts receivables" for presentation; "note payables and accounts payables" should be split into "note payables" and "accounts payables" for presentation; the comparative figures were adjusted accordingly.	Application according to the relevant policies of the Ministry of Finance	"Note receivables and accounts receivables" should be split into "note receivables" and "accounts receivables", the closing balance of last year for "note receivables" was RMB734,248.00, the closing balance of last year for "accounts receivables" was RMB780,938,723.13.	"Note receivables and accounts receivables" should be split into "note receivables" and "accounts receivables", the closing balance of last year for "note receivables" was RMB584,248.00, the closing balance of last year for "accounts receivables" was RMB353,651,431.06.

(2) Application of the "Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments", "Accounting Standards for Business Enterprises No. 23 – Transfer of Financial Assets", "Accounting Standards for Business Enterprises No. 24 – Hedging Accounting" and "Accounting Standards for Business Enterprises No. 37 – Presentation and Reporting of Financial Instruments" (Revised in 2017)

In 2017, the Ministry of Finance revised the "Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments", "Accounting Standards for Business Enterprises No. 23 – Transfer of Financial Assets", "Accounting Standards for Business Enterprises No. 24 – Hedge Accounting" and "Accounting Standards for Business Enterprises No. 37 – Presentation and Reporting of Financial Instruments". According to the revised standards, for financial instruments that have not been derecognised on the date of initial application, if the previous recognition and measurement are inconsistent with the revised standards, they shall be retrospectively adjusted. If the comparative figures in the financial statements for the prior period are inconsistent with the revised standards, no adjustment is required. The Company will adjust the retained revenue and other comprehensive income at the beginning of the year to reflect the cumulative effect from retrospective adjustments.

Based on the closing balance of last year adjusted in accordance with the requirements of Cai Kuai [2019] No. 6 and Cai Kuai [2019] No. 16, the major impacts of application of the above new financial instrument standards are as follows:

Contents and reasons for changes in accounting policies	Approval procedure	Affected statement items and amounts	
		Consolidated	Parent Company
(1) Available-for-sale equity instrument investments were reclassified as "financial assets at fair value through profit or loss".	Application according to the relevant policies of the Ministry of Finance	Available-for-sale financial assets: decreased by RMB1,221,827,232.44; Other non-current financial assets: increased by RMB1,481,093,167.41; Deferred income tax liabilities: increased by RMB17,487,828.68; Other comprehensive income: decreased by	Available-for-sale financial assets: decreased by RMB428,798,851.31; Other non-current financial assets: increased by RMB552,184,375.81; Deferred income tax liabilities: increased by RMB17,487,828.68; Surplus reserve: increased by RMB10,589,769.58;

		RMB1,656,924.71; Surplus reserve: increased by RMB10,589,769.58; Undistributed profit: increased by RMB163,349,350.85. Minority equity interest: increased by RMB69,495,910.57.	Undistributed profit: increased by RMB95,307,926.24.
(2) Provision for expected credit loss was made for “financial assets at amortised cost” and “financial assets (debt instruments) at fair value through other comprehensive income”.	Application according to the relevant policies of the Ministry of Finance	Accounts receivables: increased by RMB47,550,814.31; Receipts in advance: increased by RMB51,343,448.40; Undistributed profit: decreased by RMB1,124,053.88; Minority equity interest: decreased by RMB2,668,580.21.	Accounts receivables: increased by RMB26,718,495.70; Receipts in advance: increased by RMB26,718,495.70.

(3) Application of “Accounting Standards for Business Enterprises No. 21 – Leases” (Revised in 2018)

In 2018, the Ministry of Finance revised the “Accounting Standards for Business Enterprises No. 21 – Leases” (the “New Lease Standards”).

The major impacts of applying the New Lease Standards on the financial statements of the Company’s subsidiaries Frontage Holdings Corporation and DreamCIS Inc. since January 1, 2019 are as follows:

Contents and reasons for changes in accounting policies	Approval procedure	Affected statement items and amounts	
		Consolidated	Parent company
(1) The Company as a lessee adjusted the leases that existed before the date of initial application	Application according to the relevant policies of the Ministry of Finance	Receipts in advance: decreased by RMB1,594,609.66; Fixed assets: decreased by RMB40,717,230.40; Right-of-use assets: increased by RMB133,692,062.02; Non-current liabilities due within one year: increased by RMB4,273,625.71; Lease liabilities: increased by RMB106,524,246.24; Long-term payables: decreased by RMB19,417,649.99.	

(4) The Ministry of Finance released the Notice on Revising and Issuing the Accounting Standards for Business Enterprises No. 14 – Revenues (《关于修订印发<企业会计准则第14号--收入>的通知》) (Cai Kuai [2017] No. 22) (the “New Accounting Standards No. 14”) on July 5, 2017, reforming revenue recognition model to align with the International

Financial Reporting Standards No. 15 – Revenue from Contracts with Customers. For initial application of this standard, an enterprise shall, in accordance with the cumulative effect of initially applying this standard, adjust the opening balance of retained revenue and the amount of other relevant line items in the financial statements for the year of initial application and shall not adjust the information of the comparative period. If the parent company has not yet applied this standard while its subsidiaries have, the parent company may, when preparing its consolidated financial statements, consolidate the financial statements of the subsidiaries after adjusting them in accordance with the accounting policies of the parent company, or the parent company may directly consolidate the subsidiaries' financial statements prepared according to this standard. The major impacts of applying the above requirements on the Company are as follows:

Contents and reasons for changes in accounting policies	Approval procedure	Affected statement items and amounts	
		Consolidated	Parent company
(1) The Company's subsidiaries Frontage Holdings Corporation and DreamCIS Inc. applied the standard of "IFRS15 – Revenue from Contracts with Customers"	Application according to the relevant policies of the Ministry of Finance	Accounts receivables: decreased by RMB69,469,617.55; Contract assets: increased by RMB69,469,617.55; Receipts in advance: decreased by RMB119,150,065.69; Contract liabilities: increased by RMB119,150,065.69.	

## VII. Description of Changes within the Scope of Consolidated Statements in Comparison with Financial Statements of Previous Year

√ Applicable □ Not Applicable

- (1) In January 2019, the Company transferred 100% equity interest of Antengene Investment Limited;
- (2) In February 2019, the Company invested to establish Tigermed USA INC. and the Company's shareholding ratio was 100.00%;
- (3) In February 2019, the Company's subsidiary Tigermed USA INC. invested to establish Tigermed America LLC and the Company's shareholding ratio was 100.00%.
- (4) In February 2019, the Company transferred 20% equity interest of its controlling subsidiary Shanghai Shengtong, which ceased to be consolidated into the Company after the equity transfer;
- (5) In June 2019, the Company transferred 50% equity interest of its controlling subsidiary Jietong Inspection, which ceased to be consolidated into the Company after the equity transfer;
- (6) In July 2019, the Company acquired Beijing Yaxincheng Medical InfoTech Co. Ltd. and the Company's shareholding ratio was 55%;
- (7) In September 2019, the Company invested to establish HK Healthcare and the Company's shareholding ratio was 100.00%;
- (8) In September 2019, the Company's subsidiary Tigermed HK invested to establish TG Mountain Investment Co and the Company's shareholding ratio was 100.00%;
- (9) In September 2019, the Company's subsidiary Tigermed HK invested to establish TG Sky Growth Investment Ltd and the Company's shareholding ratio was 100.00%;
- (10) In October 2019, the Company transferred 100% equity interest of Hangzhou Tigermed Cloud Hospital Management Co., Ltd.;
- (11) In October 2019, the Company's subsidiary Frontage Shanghai invested to establish Frontage Luohe and the



Company's shareholding ratio was 100.00%;

(12) In October 2019, the Company's subsidiary Frontage Holdings acquired Frontage Laboratories (Suzhou) Co, Ltd. and the shareholding ratio of Frontage Holdings was 75%;

(13) In October 2019, the Company's subsidiary Frontage Holdings acquired RMI Laboratories, LLC and the shareholding ratio of Frontage Holdings was 100%;

(14) In December 2019, the Company's subsidiary Frontage Holdings acquired BRI Biopharmaceutical Research, Inc and the shareholding ratio of Frontage Holdings was 100%.

## VIII. Appointment and Dismissal of Accounting Firm

Accounting firm appointed currently

Name of the domestic accounting firm	BDO China Shu Lun Pan Certified Public Accountants LLP
Compensation of the domestic accounting firm (RMB'0,000)	170
Continued term of audit service of the domestic accounting firm	11 years
Names of the certified public accountants of the domestic accounting firm	Zhang Songbai, Wang Faliang
Continued term of audit service of the certified public accountants of the domestic accounting firm	11 years
Name of the overseas accounting firm (if any)	Nil
Compensation of the overseas accounting firm (RMB'0,000) (if any)	0
Continued term of audit service of the overseas accounting firm (if any)	Nil
Name of the certified public accountants of the overseas accounting firm (if any)	Nil
Continued term of audit service of the certified public accountants of the overseas accounting firm (if any)	Nil

Whether to change the appointed accounting firm

☐ Yes ☒ No

Appointment of accounting firm, financial consultant or sponsor for auditing purpose of internal control

☐ Applicable ☒ Not applicable

## IX. Suspension of Listing and Termination of Listing after Disclosure of Annual Report

☐ Applicable ☒ Not applicable

## X. Bankruptcy or Restructuring Related Events

☐ Applicable ☒ Not applicable

There were no bankruptcy or restructuring related events of the Company during the reporting period.

## XI. Material Litigations and Arbitrations

☐ Applicable ☒ Not applicable

There were no material litigation and arbitration of the Company for the current year.

## XII. Punishment and Rectification

☒ Applicable ☐ Not applicable

Name	Type	Reason	Type of investigation and punishment	Conclusion (if any)	Disclosure date	Disclosure index
Wang Xiaobo	Supervisor	Trading stocks during the sensitive period	Others	The company management department of ChiNext Board of the Shenzhen Stock Exchange issued a regulatory letter to the Company's Supervisor Wang Xiaobo.	May 6, 2019	The regulatory letter [2019] No. 42 of ChiNext Board of the Shenzhen Stock Exchange <a href="http://www.szse.cn/">http://www.szse.cn/</a>

Particulars of irregular trading of the Company's stocks by Directors, Supervisors, senior management and shareholders with more than 5% of shareholding

☒ Applicable ☐ Not applicable

Name of Director, Supervisor, senior management or shareholder with more than 5% of shareholding	Details of irregular trading of the Company's stocks	Timing of recovering the proceeds from irregular trading	Amounts of proceeds recovered from irregular trading (RMB)	Accountability measures adopted by the Board of Directors
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Wang Xiaobo	On March 28, 2019 (within the sensitive period for trading stocks), Ms. Wang Xiaobo reduced her shareholding of the Company's non-restricted shares by 2,600 shares by way of centralised bidding through the system of the Shenzhen Stock Exchange.		0.00	The Board of Directors of the Company warned Ms. Wang Xiaobo regarding this reduction of shareholding during the window period. Ms. Wang Xiaobo promised to strictly comply with the relevant laws and regulations and avoid similar incidents from happening again.
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### **XIII. Integrity of the Company, its Controlling Shareholders and De Facto Controllers**

☐ Applicable ☒ Not applicable

### **XIV. Implementation of the Company's Share Incentive Scheme, Employee Stock Plan or Other Staff Incentive Measures**

☒ Applicable ☐ Not applicable

#### **(I) Employee Stock Plan**

##### **Employee Stock Plan 2017**

1. On December 23, 2016, the Company convened the fortieth meeting of the second session of Board of Directors, the Staff Representative Meeting and the thirtieth meeting of the second session of Supervisory Committee respectively. The meetings considered and approved the relevant resolutions including the Resolution on Phase One of Employee Stock Plan of Hangzhou Tigermed Consulting Co., Ltd. (Draft) and Summary, the Resolution on Management of Employee Stock Plan and the Resolution on Proposal to the General Meeting to Authorise the Board of Directors in Relation to the Related Matters of Phase One of Employee Stock Plan of the Company. The independent Directors of the Company expressed their independent opinions in this regard, and the Supervisory Committee of the Company expressed its review opinions on the incentive-related matters.
2. On January 12, 2017, the Company convened the first Extraordinary General Meeting of 2017, which considered and approved the Resolution on Phase One of Employee Stock Plan of Hangzhou Tigermed Consulting Co., Ltd. (Draft) and Summary, thereby agreeing on the implementation of the Phase One of Employee Stock Plan of the Company.
3. On May 8, 2017, the Company disclosed that the Phase One of Employee Stock Plan had completed the purchase of shares through secondary market, with an accumulated number of purchased shares of the Company of 10,743,715 at an average trading price of RMB26.395 per share, which represented a total trading amount of RMB283,580,357.425 and 2.262% of the entire share capital of the Company. This portion of shares will be locked up as required during the lock-up period, i.e. the 12 months starting from the completion date of purchase of May 8, 2017.
4. On May 8, 2018, the lock-up period of the Phase One of Employee Stock Plan of the Company expired, and in

accordance with the Phase One of Employee Stock Plan of Hangzhou Tigermed Consulting Co., Ltd. (Draft), etc., shares of the Company were sold under the Employee Stock Plan.

5. As at the end of the reporting period, the Employee Stock Plan was still within its subsistence period.

#### Employee Stock Plan 2018

1. On November 12, 2018, the Company convened the fourteenth meeting of the third session of Board of Directors, the Staff Representative Meeting and the seventh meeting of the third session of Supervisory Committee respectively. The meetings considered and approved the relevant resolutions including the Resolution on Employee Stock Plan 2018 of Hangzhou Tigermed Consulting Co., Ltd. (Draft) and Summary, the Resolution on Management of Employee Stock Plan 2018 of Hangzhou Tigermed Consulting Co., Ltd. and the Resolution on Proposal to the General Meeting to Authorise the Board of Directors in Relation to the Related Matters of Employee Stock Plan 2018 of the Company. The independent Directors of the Company expressed their independent opinions in this regard, and the Supervisory Committee of the Company expressed its review opinions on the related matters of the Employee Stock Plan.

2. On November 29, 2018, the Company convened the fourth Extraordinary General Meeting of 2018, which considered and approved the Resolution on Employee Stock Plan 2018 of Hangzhou Tigermed Consulting Co., Ltd. (Draft) and Summary, thereby agreeing on the implementation of the Employee Stock Plan 2018 of the Company.

3. On March 20, 2019, the Company convened the fifteenth meeting of the third session of Board of Directors and the eighth meeting of the third session of Supervisory Committee respectively, which considered and approved the Resolution on Amendments to Employee Stock Plan 2018 of Hangzhou Tigermed Consulting Co., Ltd. (Draft) and Summary and the Relevant Supporting Documents. Adjustments were made to the target participants, confirmation criteria and total amount of fund raised of the Employee Stock Plan 2018 of the Company. The independent Directors of the Company expressed their independent opinions in this regard.

4. As at March 20, 2019, the Company implemented the completion repurchase plan using a security account dedicated to share repurchase through centralised bidding trading, with an accumulated number of repurchased shares of the Company of 7,005,832, representing 1.40% of the total equity of the Company at present. The maximum trading price was RMB49.50 per share, while the lowest trading price was RMB38.50 per share, and the total trading amount was RMB310,005,109.98 (including transaction fees). The implementation period of the share repurchase conformed to the requirements of the repurchase plan (12 months starting from the date on which the repurchase plan was considered and approved by the general meeting), and the actual number of shares repurchased, the repurchase price and the total amount of fund used conformed to the repurchase plan considered and approved by the fourth Extraordinary General Meeting of 2018 of the Company. The actual implementation was consistent with the repurchase plan originally disclosed, and the Company had completed the repurchase in accordance with the repurchase plan disclosed.

5. On June 6, 2019, the Company convened the nineteenth meeting of the third session of Board of Directors, which considered and approved the Resolution on Non-transaction Transfer of Shares from Account Dedicated to Share Repurchase of the Company to Dedicated Account of Employee Stock Plan 2018 of the Company, thereby agreeing on the transfer of a total of 2,143,403 number of shares from the account dedicated to share repurchase of the Company to the dedicated account of “Hangzhou Tigermed Consulting Co., Ltd. – Phase Two of Employee Stock Plan” by way of non-transaction transfer at an average trading price of the share repurchase of RMB44.25 per share.

6. On June 17, 2019, the Company convened the twentieth meeting of the third session of Board of Directors, which considered and approved the Resolution on Selection of Asset Management Institution for Employee Stock Plan 2018 of the Company and the Resolution on Adjustment to Number of Shares for Non-transaction Transfer of Shares from Account Dedicated to Share Repurchase of the Company to Dedicated Account of Employee Stock Plan 2018 of the Company, thereby agreeing on commissioning Yunan International Trust Co., Ltd. to manage the Employee Stock Plan by establishing “Yunan Trust – Tigermed Phase Two Employee Stock Collective Fund Trust Scheme 2018”, the share source of which was

through non-transaction share transfer from the account dedicated to share repurchase of the Company to the dedicated account of the Employee Stock Plan. As some staff members waived their rights to subscribe their shares, the actual number of transferred shares of the Employee Stock Plan was adjusted to 2,120,803.

7. On June 21, 2019, the Employee Stock Plan 2018 completed the non-transaction transfer of shares, and on June 20, 2019, the shares of the Company held by the security account dedicated to repurchase of the Company were transferred by way of non-transaction to the dedicated account of “Hangzhou Tigermed Consulting Co., Ltd. – Phase Two of Employee Stock Plan”. The transfer price was RMB44.25 per share, and the total number of transferred shares was 2,120,803, representing 0.424% of the entire share capital of the Company. The portion of shares would be locked up as required during the lock-up period (i.e. 12 months from the date of announcing the completion of transfer at June 21, 2019).

## (II) Share Incentive Scheme

### Restricted Share Incentive Scheme 2019

1. On March 20, 2019, the Company convened the fifteenth meeting of the third session of Board of Directors and the eighth meeting of the third session of Supervisory Committee respectively, which considered and approved the relevant resolutions including the Resolution on Change of Use of Repurchase Shares, the Resolution on Restricted Share Incentive Scheme 2019 of Hangzhou Tigermed Consulting Co., Ltd. (Draft) and Summary (“Incentive Scheme (Draft)”), the Resolution on Implementation, Assessment and Management of Restricted Share Incentive Scheme 2019 of Hangzhou Tigermed Consulting Co., Ltd. and the Resolution on Proposal to the General Meeting to Authorise the Board of Directors in Relation to the Related Matters of Restricted Share Incentive Scheme of the Company. The source of the Restricted Share Incentive Scheme was from public shares which the Company repurchased. The independent Directors of the Company expressed their independent opinions agreeing to the above matters.

2. From March 21, 2019 to March 30, 2019, the Company announced on CNINFO website the Restricted Share Incentive Scheme 2019 Incentive Target List. As at the end of the announcing period (March 30, 2019), the Supervisory Committee of the Company had not received any objections on the proposed incentive targets from any staff members. On April 4, 2019, the Supervisory Committee of the Company issued the Description and Review Opinions by Hangzhou Tigermed Consulting Co., Ltd. Supervisory Committee on the Announcement on Restricted Share Incentive Scheme 2019 Incentive Target List.

3. On April 10, 2019, the Company convened the first Extraordinary General Meeting of 2019, which considered and approved the Resolution on Restricted Share Incentive Scheme 2019 of Hangzhou Tigermed Consulting Co., Ltd. (Draft) and Summary, the Resolution on Implementation, Assessment and Management of Restricted Share Incentive Scheme 2019 of Hangzhou Tigermed Consulting Co., Ltd. and the Resolution on Authorisation by the General Meeting for the Board of Directors in Relation to the Related Matters of Restricted Share Incentive Scheme of the Company. At the same time, based on the review on trading of the Company’s shares by the insiders and incentive targets of the Restricted Share Incentive Scheme within the 6 months prior to the announcement of the Incentive Scheme (Draft), the Company issued the Announcement by Hangzhou Tigermed Consulting Co., Ltd. on Self-review on Trading of the Company’s Shares by Insiders and Incentive Targets of Restricted Share Incentive Scheme 2019. In the self-review, the Company did not notice any circumstances in which an insider or incentive target of the Incentive Scheme had made use of the Incentive Scheme to trade the Company’s shares in relation to insider information.

4. On June 6, 2019, the nineteenth meeting of the third session of Board of Directors and the tenth meeting of the third session of Supervisory Committee of the Company considered and approved the Resolution on Adjustments to First Granting Incentive Target List and Quantities Granted of Restricted Share Incentive Scheme 2019 of the Company and the Resolution on Matters Related to First Granting of Restricted Share Incentive Scheme 2019 of the Company. The independent Directors of the Company expressed their independent opinions agreeing to the matter, and the Supervisory

Committee reviewed the first granting incentive target list and expressed its agreement. The corresponding legal opinion was issued by Beijing Jiayuan Law Firm, while the independent financial advisor report was issued by the financial advisor.

5. On June 21, 2019, the Company disclosed the Announcement on Completion of Registration for First Granting of Restricted Share Incentive Scheme 2019. Upon the approval and confirmation by the Shenzhen Stock Exchange and the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, the Company completed the registration for first granting of the Restricted Share Incentive Scheme 2019. The date of listing for the shares granted was June 21, 2019. There were 429 incentive targets for the first granting, who were granted a total of 3,827,763 restricted shares.

6. On July 12, 2019 and July 30, 2019, the 22nd meeting of the third session of Board of Directors, the eleventh meeting of the third session of Supervisory Committee and the second Extraordinary General Meeting of 2019 of the Company considered and approved the Resolution on Adjustments to Quantity of Restricted Shares Repurchased, Repurchase Price and Repurchase and Cancellation of Portion of Restricted Shares in 2019. As the Company had completed the implementation of the Interest Distribution Plan 2018 on July 1, 2019, corresponding adjustments would be made to the repurchase quantity and price for the first granting portion of restricted shares under the Restricted Share Incentive Scheme 2019 of the Company. In the meantime, 7 incentive targets were no longer eligible for incentive due to their departure, whose restricted shares granted but not yet unlocked for sale were repurchased for cancellation. On September 3, 2019, the Company completed the repurchase and cancellation of such restricted shares.

7. On August 21, 2019 and September 10, 2019, the Company convened the twenty-fourth meeting of the third session of Board of Directors, the twelfth meeting of the third session of Supervisory Committee and the third session of Extraordinary General Meeting of 2019 respectively, which considered and approved the Resolution on Repurchase and Cancellation of Portion of Restricted Shares in 2019, thereby agreeing to the repurchase and cancellation of a total of 68,451 restricted shares by the Company for 6 departed incentive targets, whose restricted shares were granted but not yet unlocked for sale. On November 4, 2019, the Company completed the repurchase and cancellation of the respective portion.

8. On October 29, 2019 and November 15, 2019, the Company convened the twenty-seventh meeting of the third session of Board of Directors, the fourteenth meeting of the third session of Supervisory Committee and the fourth Extraordinary General Meeting of 2019 respectively, which considered and approved the Resolution on Repurchase and Cancellation of Portion of Restricted Shares in 2019, thereby agreeing to the repurchase and cancellation of a total of 32,682 restricted shares by the Company for 3 departed incentive targets.

9. On December 9, 2019 and December 27, 2019, the Company convened the twenty-eighth meeting of the third session of Board of Directors, the fifteenth meeting of the third session of Supervisory Committee and the fifth Extraordinary General Meeting of 2019 respectively, which considered and approved the Resolution on Repurchase and Cancellation of Portion of Restricted Shares in 2019, thereby agreeing to the repurchase and cancellation of a total of 16,845 restricted shares by the Company for 2 departed incentive targets, whose restricted shares were granted but not yet unlocked for sale.

10. On December 9, 2019, the twenty-eighth meeting of the third session of Board of Directors and the fifteenth meeting of the third session of Supervisory Committee of the Company considered and approved the Resolution on Granting-related Matters of Reserved Portion under Restricted Share Incentive Scheme 2019 of the Company. The Company would grant 770,894 reserved restricted shares to 56 incentive targets at the granting price of RMB31.46 per share. The independent Directors of the Company clearly expressed their independent opinions agreeing to the matter, and the Supervisory Committee reviewed the granting incentive target list for the reserved portion of restricted shares and expressed its agreement. The corresponding legal opinion was issued by Beijing Jiayuan Law Firm, while the independent financial advisor report was issued by the financial advisor.

Temporary title of announcement	Date of disclosure	Announcement no.	Index of announcement disclosure
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Announcement on Resolution(s) of the first Extraordinary General Meeting of 2017	January 12, 2017	2017-001	CNINFO website ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> )
Announcement on Implementation Progress of Phase One of Employee Stock Plan	February 10, 2017	2017-003	CNINFO website ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> )
SITC – Tigermed Phase One Employee Stock Plan Collective Fund Trust Scheme Trust Contract	February 10, 2017	-	CNINFO website ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> )
Announcement on Implementation Progress of Phase One of Employee Stock Plan	March 10, 2017	2017-006	CNINFO website ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> )
Announcement on Implementation Progress of Phase One of Employee Stock Plan	April 7, 2017	2017-013	CNINFO website ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> )
Announcement on Phase One of Employee Stock Plan Completion of Share Purchase	May 8, 2017	2017-033	CNINFO website ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> )
Indicative Announcement on Employee Stock Plan of the Company Expiry of Lock-up Period	April 26, 2018	2018-034	CNINFO website ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> )
Employee Stock Plan 2018 (Draft)	November 13, 2018	-	CNINFO website ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> )
Announcement on Resolution(s) of the fourth Extraordinary General Meeting of 2018	April 26, 2018	2018-081	CNINFO website ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> )
Hangzhou Tigermed Consulting Co., Ltd. Employee Stock Plan 2018 (Amended Draft)	March 21, 2019	-	CNINFO website ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> )
Announcement on Adjustments to Employee Stock Plan 2018 of the Company	March 21, 2019	2019-017	CNINFO website ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> )
Announcement on Completion of Share Repurchase of the Company and Share Changes	March 21, 2019	2019-025	CNINFO website ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> )
Hangzhou Tigermed Consulting Co., Ltd. Restricted Share Incentive Scheme 2019 (Draft)	March 21, 2019	-	CNINFO website ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> )
Announcement on Resolution(s) of the first Extraordinary General Meeting of 2019	April 10, 2019	2019-030	CNINFO website ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> )

Announcement on Resolution(s) of the nineteenth meeting of the third session of Board of Directors	June 6, 2019	2019-062	CNINFO website ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> )
Announcement on Adjustments to First Granting Incentive Target List and Quantities Granted of Restricted Share Incentive Scheme 2019	June 6, 2019	2019-060	CNINFO website ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> )
Announcement on First Granting-related Matters of Restricted Share Incentive Scheme 2019	June 6, 2019	2019-061	CNINFO website ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> )
Announcement on Resolution(s) of the twentieth meeting of the third session of Board of Directors	June 18, 2019	2019-066	CNINFO website ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> )
Announcement on Completion of Registration for First Granting of Restricted Share Incentive Scheme 2019	June 21, 2019	2019-068	CNINFO website ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> )
Announcement on Completion of Non-transaction Transfer of Employee Stock Plan 2018	June 21, 2019	2019-069	CNINFO website ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> )
Announcement on Adjustments to Quantity of Restricted Shares Repurchased, Repurchase Price and Repurchase and Cancellation of Portion of Restricted Shares in 2019	July 15, 2019	2019-080	CNINFO website ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> )
Announcement on Completion of Repurchase and Cancellation of Portion of Restricted Shares	September 3, 2019	2019-099	CNINFO website ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> )
Announcement on Repurchase and Cancellation of Portion of Restricted Shares in 2019	October 30, 2019	2019-114	CNINFO website ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> )
Announcement on Completion of Repurchase and Cancellation of Portion of Restricted Shares	November 4, 2019	2019-120	CNINFO website ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> )
Announcement on Granting-related Matters of Reserved Portion of Restricted Share Incentive Scheme 2019	December 10, 2019	2019-129	CNINFO website ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> )
Announcement on Repurchase and Cancellation of Portion of	December 10, 2019	2019-130	CNINFO website ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> )



Restricted Shares in 2019			
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## **XV. Major Connected Transactions**

### **1. Connected Transactions Associated with Day-to-day Operations**

☐ Applicable ☒ Not applicable

The Company did not conduct any connected transactions in the ordinary course of business during the reporting period.

### **2. Connected Transactions in Connection with Purchase or Sale of Assets or Equity Interests**

☐ Applicable ☒ Not applicable

The Company did not conduct any connected transactions in connection with purchase or sale of assets or equity interests during the reporting period.

### **3. Connected Transactions in Connection with Joint External Investment**

☐ Applicable ☒ Not applicable

The Company did not conduct any connected transactions in connection with joint external investment during the reporting period.

### **4. Amounts due from/to Related Parties**

☐ Applicable ☒ Not applicable

The Company did not have any amounts due from/to related parties during the reporting period.

### **5. Other Major Connected Transactions**

☐ Applicable ☒ Not applicable

The Company did not conduct any other major connected transactions during the reporting period.

## **XVI. Significant Contracts and their Implementation**

### **1. Entrustment, Contracting and Leasing**

#### **(1) Entrustment**

☐ Applicable ☒ Not applicable

The Company had no entrustment during the reporting period.

#### **(2) Contracting**

☐ Applicable ☒ Not applicable

The Company had no contracting during the reporting period.

### (3) Leasing

√Applicable    □Not applicable

#### Description on Leasing

As at December 31, 2019, due to operational needs, the subsidiaries Frontage Labs and Concord obtained from the financial institution De Lage Landen respectively by finance leasing precision instruments and equipment for BIO (bioanalysis), CMC, DMPK and Safety Toxic worth US\$8.92 million in total originally. In particular, US\$4.69 million were attributable to instruments and equipment for BIO, US\$2.08 million for CMC, US\$1.22 million for DMPK and US\$0.93 million for Safety Toxic.

The Company accounted the above instruments and equipment as self-owned fixed assets which were depreciated over a period of 7 years. As at December 31, 2019, the accumulated depreciation amounted to US\$1.57 million for bioanalytical instruments and equipment, US\$0.98 million for CMC, US\$0.37 million for DMPK and US\$0.14 million for Safety Toxic.

Items of the Company generating a profit or loss which contributed to 10% or more of the total profit of the Company during the reporting period

□ Applicable    √ Not applicable

During the reporting period, there was no leasing of the Company generating a profit or loss which contributed to 10% or more of the total profit of the Company during the reporting period.

## 2. Significant Guarantees

√Applicable    □Not applicable

### (1) Guarantees

Unit: RMB0,000

External guarantees undertaken by the Company and its subsidiaries (excluding guarantees for subsidiaries)								
Name of guaranteed	Disclosure date of the announcement about the guarantee facilities	Guarantee facilities	Actual date	Actual amount of guarantee	Type of guarantee	Guarantee period	Fulfilled or not	Related party guaranteed or not
Shanghai Shengtong International Logistics Co., Ltd.	June 6, 2018	1,200	June 27, 2019	278	Joint liability guarantee	7 months	No	Yes
Shanghai Shengtong International Logistics Co., Ltd.	June 6, 2018	1,200	July 16, 2019	309	Joint liability guarantee	6 months	No	Yes

Shanghai Shengtong International Logistics Co., Ltd.	June 6, 2018	1,200	July 23, 2019	300	Joint liability guarantee	6 months	No	Yes
Shanghai Shengtong International Logistics Co., Ltd.	June 6, 2018	1,200	July 26, 2019	49	Joint liability guarantee	6 months	No	Yes
Shanghai Shengtong International Logistics Co., Ltd.	June 6, 2018	1,200	July 25, 2019	238	Joint liability guarantee	6 months	No	Yes
Total external guarantee facilities approved during the reporting period (A1)		1,200		Total actual amount of external guarantees during the reporting period (A2)		1,174		
Total external guarantee facilities approved at the end of the reporting period (A3)		1,200		Total actual balance of external guarantees at the end of the reporting period (A4)		1,174		
The Company's guarantees for subsidiaries								
Name of guaranteed	Disclosure date of the announcement about the guarantee facilities	Guarantee facilities	Actual date	Actual amount of guarantee	Type of guarantee	Guarantee period	Fulfilled or not	Related party guaranteed or not
Subsidiaries' guarantees for subsidiaries								
Name of guaranteed	Disclosure date of the announcement about the guarantee facilities	Guarantee facilities	Actual date	Actual amount of guarantee	Type of guarantee	Guarantee period	Fulfilled or not	Related party guaranteed or not
Total guarantee of the Company (total of the above three items)								
Total guarantee facilities approved during the reporting period (A1+B1+C1)		1,200		Total actual guarantee amount during the reporting period (A2+B2+C2)		1,174		
Total guarantee facilities approved at the end of the reporting period (A3+B3+C3)		1,200		Total actual guarantee balance at the end of the reporting period (A4+B4+C4)		1,174		
% of total actual guarantee amount (A4+B4+C4) in net assets of the Company				0.28%				

Of which:	
Guarantee balance provided to Shareholders, the de facto controllers and their related parties (D)	0
Debt guarantee balance provided directly or indirectly to the guaranteed party with a gearing ratio of over 70% (E)	0
Amount of total guarantee amount in excess of 50% of net assets of the Company (F)	0
Total amount of the above three guarantees (D+E+F)	0
Explanations on liabilities for guarantees incurred during the reporting period or possibly assuming joint settlement liabilities by the Company in respect of undue guarantees (if any)	Nil
Explanations on external guarantees provided in violation of prescribed requirements (if any)	Nil

Specific explanation of compound guarantees

## (2) Irregular External Guarantees

☐ Applicable ☒ Not applicable

The Company did not have any irregular external guarantees during the reporting period.

## 3. Entrust Others to Manage Cash Assets

### (1) Entrusted Wealth Management

☒ Applicable ☐ Not applicable

Particulars of entrusted wealth management during the reporting period

Unit: RMB'0,000

Specific type	Source of funds for entrusted wealth management	Amount of entrusted wealth management	Outstanding balance	Amount due but not yet received
Wealth management products of banks	Self-owned capital	42,639	6,746	0
Total		42,639	6,746	0

Particulars of high-risk entrusted wealth management with individually significant amount or of low-security, low-liquidity and non-principal protected products

☐ Applicable ☒ Not applicable

Expected irrecoverable principal or other potential impairment in entrusted wealth management

☐ Applicable ☒ Not applicable

## **(2) Entrusted Loans**

☐ Applicable    ☒ Not applicable

The Company had no entrusted loans during the reporting period.

## **4. Other Significant Contracts**

☐ Applicable    ☒ Not applicable

The Company did not have any other significant contracts during the reporting period.

## **XVII. Social Responsibility**

### **1. Performance of Social Responsibility**

For details, please refer to the full text of Social Responsibility Report of the Company disclosed on CNINFO website on August 23, 2019.

### **2. Performance of Social Responsibility with Respect to Targeted Poverty Alleviation**

#### **(1) Targeted Poverty Alleviation Planning**

Nil

#### **(2) Annual Summary on Targeted Poverty Alleviation**

Nil

#### **(3) Subsequent Targeted Poverty Alleviation Plan**

Nil

### **3. Environmental Protection**

Whether the listed company and its subsidiaries belong to key pollutant discharging units announced by the environmental protection department

Not applicable

Nil

## **XVIII. Description of Other Significant Events**

☒ Applicable    ☐ Not applicable

1. On April 25, 2019, the Company convened the sixteenth meeting of the third session of Board of Directors, which considered and approved the Resolution on Appointment of Ms. Cao Xiaochun as General Manager of the Company and the Resolution on Change of Legal Representative of the Company and Amendment(s) to Articles of Association. As Mr.

Ye Xiaoping, the Chairman of the Board and general manager of the Company, resigned as the general manager and legal representative of the Company, the Company proposed to appoint Ms. Cao Xiaochun as the general manager of the Company who would also serve as the legal representative of the Company. As a result, corresponding amendments would have to be made to the Articles of Association in relation to the terms of service of the legal representative. On May 17, 2019, the Company convened the Annual General Meeting of 2018, which considered and approved the Resolution on Change of Legal Representative of the Company and Amendment(s) to Articles of Association.

2. On December 12, 2019, the Company convened the twenty-ninth meeting of the third session of Board of Directors, which considered and approved the Resolution on Authorising Management of the Company to Prepare for Issuance of Overseas Listed Foreign Shares (H Shares) and Listing on The Stock Exchange of Hong Kong Limited. The Board of the Company authorised the management to commence the preliminary preparatory work for issuance of overseas listed foreign shares (H Shares) and listing on The Stock Exchange of Hong Kong Limited. The aforesaid authorisation would remain effective for a period of 12 months from the approval date by the Board. For details, please refer to the relevant announcement of the Company dated December 13, 2019.

### **XIX. Significant Events of Subsidiaries of the Company**

√Applicable    □Not applicable

1. On May 29, 2019, the Company issued on CNINFO website the Announcement on Progress of Overseas (Hong Kong) Listing of a Subsidiary of the Company. On May 29, 2019, Frontage Holdings, a subsidiary of the Company, was informed by its Joint Sponsors Merrill Lynch Far East Limited and Goldman Sachs (Asia) L.L.C. that the Joint Sponsors received on the same date a letter from The Stock Exchange of Hong Kong Limited, which confirmed the formal approval by the Hong Kong Stock Exchange on the listing of Frontage Holdings. As approved by the Hong Kong Stock Exchange, the newly issued 501,910,000 ordinary shares of Frontage Holdings (before exercising the right for over-allotment) were listed for trading on the Main Board of the Hong Kong Stock Exchange on May 30, 2019. The English and Chinese abbreviations of the shares of Frontage Holdings were “FRONTAGE” and “方达控股” respectively with the stock code “1521”.

2. On August 21, 2019 and September 10, 2019, the Company convened the twenty-fourth meeting of the third session of Board of Directors and the third session of Extraordinary General Meeting of 2019 respectively, which considered and approved the relevant resolution(s) on spin-off and overseas public offering of DreamCIS Inc. (“DreamCIS”, a controlling subsidiary) and listing on the Korea Stock Exchange (KRX) KOSDAQ. On September 27, 2019, DreamCIS was informed by its listing sponsor NH Investment & Securities Co., Ltd that the application documents for DreamCIS’ initial public offering and listing on the Korea Stock Exchange (KRX) were submitted to the Korea Stock Exchange on September 27, 2019. On March 26, 2020, the listing of DreamCIS Inc. was approved by the Korea Stock Exchange. For details, please refer to the relevant announcements of the Company issued on CNINFO website dated August 23, September 10 and September 27, 2019 and March 27, 2020.

3. On October 31, 2019, the official website of the National Medical Products Administration (NMPA) issued the NMPA Announcement on Clinical Drug Clinical Trial Organisation Qualification Accreditation (No. 5) (2019 No. 86) (《国家药监局关于药物临床试验机构资格认定检查的公告》(第5号)(2019年第86号)). The Company’s participating hospital Hangzhou Combak Hospital Co., Ltd. passed the National Clinical Drug Clinical Trial Organisation Qualification Accreditation (GCP certification) and obtained the Clinical Drug Clinical Trial Organisation Qualification Certificate (No. 1056) (《药物临床试验机构资格认定证书》(编号1056号)). For details, please refer to the relevant announcement of the Company issued on CNINFO website dated October 31, 2019.

4. On October 29, 2019 and November 15, 2019, the Company convened the twenty-seventh meeting of the third session of Board of Directors and the fourth Extraordinary General Meeting of 2019 respectively, which considered and approved the Resolution on Proposed Purchase of Portion of Equity Interests of EPS Holdings, Inc. by a Wholly-owned Subsidiary. HongKong Tigermed Co., Ltd (“Tigermed HK”, a wholly-owned subsidiary) was proposed to raise approximately US\$17,743,300 to purchase 1,400,000 ordinary shares of E P S ホールディングス株式会社 (EPS Holdings, Inc., “EPS”), and EPS would transfer the portion of equity interests to Tigermed HK by way of transfer of treasury shares. Upon completion of the transaction, Tigermed HK would hold 3.06% equity interests of EPS as long term investment. As at December 16, 2019, Tigermed HK had made the payment for the equity transfer and completed the relevant procedures in accordance with the requirements of the equity transfer agreement. For details, please refer to the relevant announcements of the Company issued on CNINFO website dated October 30 and December 16, 2019.

5. On November 20, 2019, “Shield” APP, which was developed by the Company’s investee Hangzhou Wangji Health Technology Co., Ltd., obtained the medical device licence of Auxiliary Management Software for Prevention of Hepatitis B Mother-to-infant Transmission (《乙肝母婴阻断辅助管理软件》) (Licence No.: Zhe Xie Zhu Zhun 20192210633) issued by the Zhejiang Medical Products Administration. It was the first officially approved mobile APP software device licence in the area of liver disease prevention and treatment since the implementation of the new list. According to the prospective clinical research data of 1,008 cases being studied, the success rate of preventing mother-to-infant transmission was above 99%, indicating the use of “Shield” APP combining with antiviral intervention on pregnant women in the third trimester with high viral load could further reduce hepatitis B mother-to-infant transmission rate through the standardised and combined immunisation effect on newborns.

## Section 6 Changes in Share Capital and Information on Shareholders

### I. Changes in Share Capital

#### 1. Statement of Changes in Shares

Unit: Shares

	Before change		Change (+, -)					After change	
	Number	Percentage	New share issue	Bonus issue	Transfer of surplus to capital	Others	Sub-total	Number	Percentage
I. Shares with selling restrictions	170,596,240	34.11%			71,565,619	-24,605,916	46,959,703	217,555,943	29.03%
3. Shares held by other domestic investors	161,892,880	32.37%			68,085,479	-24,831,587	43,253,892	205,146,772	27.37%
Including: Shares owned by domestic legal persons	18,712,575	3.74%			0	-18,712,575	-18,712,575	0	0.00%
Shares owned by domestic natural persons	143,180,305	28.63%			68,085,479	-6,119,012	61,966,467	205,146,772	27.37%
4. Shares held by foreign investors	8,703,360	1.74%			3,480,140	225,671	3,705,811	12,409,171	1.66%
Shares held by foreign natural persons	8,703,360	1.74%			3,480,140	225,671	3,705,811	12,409,171	1.66%
II. Shares without selling restrictions	329,580,297	65.89%			177,994,016	24,377,343	202,371,359	531,951,656	70.97%
1. RMB ordinary shares	329,580,297	65.89%			177,994,016	24,377,343	202,371,359	531,951,656	70.97%
III. Total number of Shares	500,176,537	100.00%			249,559,635	-228,573	249,331,062	749,507,599	100.00%



Reason(s) for changes in Shares

√ Applicable ☐ Not applicable

1. The 37,425,149 Shares of the Company issued by way of non-public issuance on the Shenzhen Stock Exchange on 3 February 2016 were listed and traded on 11 February 2019. Please refer to the announcement (2019) no. 005 of the Company published on [www.cninfo.com.cn](http://www.cninfo.com.cn) for details.

2. On 21 June 2019, a total of 3,827,763 restricted shares were granted to 429 target subscribers in the initial grant under the 2019 restricted stock incentive scheme of the Company. The lock-up period of the restricted shares in the initial grant under the 2019 restricted stock incentive scheme shall be 12 months, 24 months and 36 months from the registration completion date of the initial grant of the restricted shares. Please refer to the announcement (2019) no. 068 of the Company published on [www.cninfo.com.cn](http://www.cninfo.com.cn) for details.

3. On 21 June 2019, the 2018 employee share ownership scheme of the Company completed the non-trade transfer of the shares. The Shares of the Company held through the specific securities account for repurchase were transferred to the specific account “Hangzhou Tigermed Consulting Co., Ltd. – Second Phase of the Employee Share Ownership Scheme” by way of non-trade transfer. A total of 2,120,803 shares were transferred. Please refer to the announcement (2019) no. 069 of the Company published on [www.cninfo.com.cn](http://www.cninfo.com.cn) for details.

4. On 1 July 2019, the Company implemented the 2018 dividend distribution plan. Under the 2018 dividend distribution plan, assuming the total number of shares entitled to the distribution is 499,119,271, i.e. total share capital of the Company of 500,176,537 shares as at the registration date of dividend distribution less 1,057,266 shares held through the Company’s specific securities account for repurchase, a cash dividend of RMB3.50 (tax inclusive) was to be paid to all shareholders for every 10 shares held and a total of 249,559,635 shares were created by way of capitalisation of capital reserve on the basis of 5.00 shares for every 10 shares held to all shareholders. Upon completion of the dividend distribution, the total share capital of the Company increased to 749,736,172 shares. Please refer to the announcement (2019) no. 070 of the Company published on [www.cninfo.com.cn](http://www.cninfo.com.cn) for details.

5. On 30 July 2019, the Resolution regarding the Adjustment to the Number, Repurchase Price as well as Repurchase and Cancellation of Part of the 2019 Restricted Shares (《关于调整2019年限制性股票回购数量、回购价格及回购注销部分限制性股票的议案》) was considered and approved at the 2019 second extraordinary general meeting of the Company, pursuant to which it was agreed that a total of 110,595 restricted shares granted to seven resigned target subscribers but not yet unlocked shall be repurchased and cancelled. The above repurchase and cancellation was completed on 3 September 2019. Upon completion of repurchase and cancellation, the total share capital of the Company was reduced from 749,736,172 shares to 749,625,577 shares. Please refer to the announcement (2019) no. 099 of the Company published on [www.cninfo.com.cn](http://www.cninfo.com.cn) for details.

6. On 10 September 2019, the Resolution regarding the Repurchase and Cancellation of Part of the 2019 Restricted Shares (《关于回购注销部分2019年限制性股票的议案》) was considered and approved at the 2019 third extraordinary general meeting of the Company, pursuant to which it was agreed that a total of 68,451 restricted shares granted to six resigned target subscribers but not yet unlocked shall be repurchased and cancelled. The above repurchase and cancellation was completed on 4 November 2019. Upon completion of repurchase and cancellation, the total share capital of the Company was reduced from 749,625,577 shares to 749,557,126 shares. Please refer to the announcement (2019) no. 120 of the Company published on [www.cninfo.com.cn](http://www.cninfo.com.cn) for details.

7. On 15 November 2019, the Resolution regarding the Repurchase and Cancellation of Part of the 2019 Restricted Shares (《关于回购注销部分2019年限制性股票的议案》) was considered and approved at the 2019 fourth extraordinary general meeting of the Company, pursuant to which it was agreed that a total of 32,682 restricted shares granted to three resigned target subscribers but not yet unlocked shall be repurchased and cancelled. As at the date of disclosure of this report, the above repurchase and cancellation was completed. Upon completion of repurchase and cancellation, the total share capital of the Company was reduced from 749,557,126 shares to 749,524,444 shares. Please refer to the announcement (2019) no. 114 of the Company published on [www.cninfo.com.cn](http://www.cninfo.com.cn) for details.

8. On 27 December 2019, the Resolution regarding the Repurchase and Cancellation of Part of the 2019 Restricted Shares (《关于回购注销部分2019年限制性股票的议案》) was considered and approved at the 2019 fifth extraordinary general meeting of the Company, pursuant to which it was agreed that a total of 16,845 restricted shares granted to two resigned target subscribers but not yet unlocked shall be repurchased and cancelled. As at the date of disclosure of this report, the above repurchase and cancellation was completed. Upon completion of repurchase and cancellation, the total share capital of the Company was reduced from 749,524,444 shares to 749,507,599 shares. Please refer to the announcement (2019) no. 130 of the Company published on [www.cninfo.com.cn](http://www.cninfo.com.cn) for details.

Approval(s) for changes in Shares

☐ Applicable ☒ Not applicable

Transfer(s) for changes in Shares

☒ Applicable ☐ Not applicable

1. On 21 June 2019, a total of 3,827,763 restricted shares were granted to 429 target subscribers in the initial grant under the 2019 restricted stock incentive scheme of the Company. The lock-up period of the restricted shares in the initial grant under the 2019 restricted stock incentive scheme shall be 12 months, 24 months and 36 months from the registration completion date of the initial grant of the restricted shares. Please refer to the announcement (2019) no. 068 of the Company published on for details.

2. On 21 June 2019, the 2018 employee share ownership scheme of the Company completed the non-trade transfer of the shares. The Shares of the Company held through the specific securities account for repurchase were transferred to the specific account “Hangzhou Tigermed Consulting Co., Ltd. – Second Phase of the Employee Share Ownership Scheme” by way of non-trade transfer. A total of 2,120,803 shares were transferred. This portion of the Shares shall be locked in accordance with regulations and the lock-up period shall be 12 months from the date of disclosure of this announcement. Please refer to the announcement (2019) no. 069 of the Company published on [www.cninfo.com.cn](http://www.cninfo.com.cn) for details.

The progress in implementation of share repurchase

☒ Applicable ☐ Not applicable

1. The Company convened the fourteenth meeting of the third board of Directors on 12 November 2018 and the 2018 fourth extraordinary general meeting on 29 November 2018 in order to review and approve the Resolution regarding the Program to Repurchase Shares of the Company (《关于回购公司股份预案的议案》), the Resolution regarding the Authorisation to the Board of Directors to Deal with All Matters in Relation to the Share Repurchase to be Proposed at the General Meetings (《关于提请股东大会授权董事会全权办理本次回购股份相关事宜的议案》) and other related resolutions regarding the repurchase. The Company intended to use its own funds to repurchase part of the Company’s public shares by centralised

competitive bidding or other means permitted by laws and regulations as the source of shares for the implementation of the Company's 2018 Employee Stock Ownership Scheme. The total funds to be used for the share repurchase shall not be less than RMB250 million and not more than RMB500 million, and the price of the shares to be repurchased shall not be more than RMB52.00, inclusive, per share. The period of this share repurchase shall be 12 months from the date of the general meeting reviewing and approving the resolution regarding the share repurchase program. The Company disclosed the Report on the Repurchase of Shares of the Company (《关于回购公司股份的报告书》) on 7 December 2018. On the same day, the Company implemented the share repurchase for the first time by centralised competitive bidding and disclosed the Announcement on the First Repurchase of Shares of the Company (《关于首次回购公司股份的公告》). On 12 December 2018, the Company disclosed the Announcement on the Repurchase of Shares of the Company Reaching 1% and the Progress in Repurchase (《关于回购公司股份比例达1%暨回购进展公告》). Please refer to the relevant announcements of the Company published on the website designated by CSRC for information disclosure ([www.cninfo.com.cn](http://www.cninfo.com.cn)) for details.

2. As of 20 March 2019, the implementation of the repurchase program was completed. The Company repurchased 7,005,832 shares by centralised competitive bidding through the specific securities account for repurchase, accounting for 1.40% of the Company's total share capital. The highest transaction price was RMB49.50 per share and the lowest transaction price was RMB38.50 per share. The total transaction amount was RMB310,005,109.98 (inclusive of transaction fees). The Company disclosed the Announcement on the Repurchase of Shares of the Company Reaching 1% and the Progress in Repurchase (《关于回购公司股份比例达1%暨回购进展公告》) and the Report on the Progress in Repurchase of Shares of the Company (《关于回购公司股份的进展公告》) on 21 December 2018, 2 January 2019, 1 February 2019, and 1 March 2019, respectively. For details, please refer to the relevant announcements of the Company published on [www.cninfo.com.cn](http://www.cninfo.com.cn), the information disclosure website designated by China Securities Regulatory Commission. The implementation period of the Company's share repurchase was compliant with the requirements on repurchase programs (12 months from the date of the general meeting reviewing and approving the repurchase program), and the actual number of shares repurchased, the repurchase price, and the total amount of funds used were in line with the repurchase program reviewed and approved at the 2018 fourth extraordinary general meeting of the Company. No difference between the actual implementation and the original repurchase program disclosed has been found. The Company has completed the repurchase in accordance with the repurchase program disclosed.

The progress in implementation of the reduction of holdings of repurchased shares by centralised competitive bidding

☐ Applicable ☒ Not applicable

Impact of changes in Shares on financial indicators such as basic earnings per share and diluted earnings per share and net assets per share attributable to the Company's common stock shareholders in the latest year and the latest period

☐ Applicable ☒ Not applicable

Other disclosures as deemed necessary by the Company or required by the securities regulatory authority

☐ Applicable ☒ Not applicable

## 2. Changes in Restricted Shares

☒ Applicable ☐ Not applicable

Unit: share

Name of shareholder	No. of restricted shares at the beginning of the period	No. of restricted shares increased in this period	No. of restricted shares unlocked in this period	No. of restricted shares at the end of the period	Reasons for the restriction	Proposed date of unlocking the restricted shares
Ye Xiaoping	100,592,050	46,546,024	7,499,999	139,638,075	Lock-up for senior executives	After the initial grant, the restricted shares held by individuals to be unlocked on 3 February 2019, and the restricted shares held by senior executives to be unlocked by 25% annually
Cao Xiaochun	35,396,625	16,040,443	2,199,756	49,237,312	Lock-up for senior executives	After the initial grant, the restricted shares held by individuals to be unlocked on 3 February 2019, and the restricted shares held by senior executives to be unlocked by 25% annually
Shi Xiaoli	7,150,080	3,575,040	0	10,725,120	Lock-up for senior executives	The restricted shares held by senior executives to be unlocked by 25% annually

Wang Xiaobo	41,550	20,775	0	62,325	Lock-up for senior executives	The restricted shares held by senior executives to be unlocked by 25% annually
Zhuan Yin	6,864,000	3,432,000	0	10,296,000	Lock-up for senior executives	The restricted shares held by senior executives to be unlocked by 25% annually
Wen Chen	1,839,360	694,680	450,000	2,084,040	Lock-up for senior executives	The restricted shares held by senior executives to be unlocked by 25% annually

429 target restricted shares subscribers in 2019, including Yu Ling	0	5,741,644	228,573	5,513,071	Restricted shares for incentive scheme	A total of 228,573 restricted shares granted to 18 resigned target subscribers but not yet unlocked to be repurchased and cancelled as of the date of this report, and for the rest of the restricted shares in 2019, 30% of them to be unlocked on 21 June 2020, 30% of them to be unlocked on 21 June 2021, and 40% of them to be unlocked on 21 June 2022
Ningbo Dingliang Ruixing Equity Investment Center (limited liability partnership)	7,485,030	0	7,485,030	0	Restricted shares held by institutional investors after the initial grant	After the initial grant, the restricted shares held by institutional investors to be unlocked on 3 February 2019
Shanghai Jiguang Investment Management Center (limited liability partnership)	7,485,030	0	7,485,030	0	Restricted shares held by institutional investors after the initial grant	After the initial grant, the restricted shares held by institutional investors to be unlocked on 3 February 2019

Sinolink Securities – Industrial Bank – Sinolink Yonghua Value Growth Directional Increase Collective Asset Management Plan	3,742,515	0	3,742,515	0	Restricted shares held by institutional investors after the initial grant	After the initial grant, the restricted shares held by institutional investors to be unlocked on 3 February 2019
Total	170,596,240	76,050,606	29,090,903	217,555,943	--	--

## II. Issuance of Securities and Listing

### 1. Issuance of Securities (Excluding Preferred Stocks) during the Reporting Period

☐ Applicable ☒ Not applicable

### 2. Total Number of Shares and Explanation of Changes in the Shareholding Structure and Changes in the Assets and Liability Structure

☒ Applicable ☐ Not applicable

1. On 1 July 2019, the Company implemented the 2018 dividend distribution plan. This dividend distribution plan of the Company: assuming the total number of shares entitled to the distribution is 499,119,271, i.e. total share capital of the Company of 500,176,537 shares as at the registration date of dividend distribution less 1,057,266 shares held through the Company's specific securities account for repurchase, a cash dividend of RMB3.50 (tax inclusive) was to be paid to all shareholders for every 10 shares held and a total of 249,559,635 shares were created by way of capitalisation of capital reserve on the basis of 5.00 shares for every 10 shares held to all shareholders. Upon completion of the dividend distribution, the total share capital of the Company increased to 749,736,172 shares. Please refer to the announcement (2019) no. 070 of the Company published on [www.cninfo.com.cn](http://www.cninfo.com.cn) for details.

2. On 30 July 2019, the Resolution regarding the Adjustment to the Number, Repurchase Price as well as Repurchase and Cancellation of Part of the 2019 Restricted Shares (《关于调整2019年限制性股票回购数量、回购价格及回购注销部分限制性股票的议案》) was considered and approved at the 2019 second extraordinary general meeting of the Company, pursuant to which it was agreed that a total of 110,595 restricted shares granted to seven resigned target subscribers but not yet unlocked shall be repurchased and cancelled. The above repurchase and cancellation was completed on 3 September 2019. Upon completion of repurchase and cancellation, the total share capital of the Company was reduced from 749,736,172 shares to 749,625,577 shares. Please refer to the announcement (2019) no. 099 of the Company published on [www.cninfo.com.cn](http://www.cninfo.com.cn) for details.

3. On 10 September 2019, the Resolution regarding the Repurchase and Cancellation of Part of the 2019 Restricted Shares (《关于回购注销部分2019年限制性股票的议案》) was considered and approved at the 2019 third extraordinary general meeting of the Company, pursuant to which it was agreed that a total of 68,451 restricted shares granted to six resigned target subscribers but not yet unlocked shall be repurchased and cancelled. The above repurchase and cancellation was completed on 4 November 2019. Upon completion of repurchase and cancellation, the total share capital of the Company was reduced from 749,625,577 shares to 749,557,126 shares. Please refer to the announcement (2019) no. 120 of the Company published on [www.cninfo.com.cn](http://www.cninfo.com.cn) for details.

4. On 15 November 2019, the Resolution regarding the Repurchase and Cancellation of Part of the 2019 Restricted Shares (《关于回购注销部分2019年限制性股票的议案》) was considered and approved at the 2019 fourth extraordinary general meeting of the Company, pursuant to which it was agreed that a total of 32,682 restricted shares granted to three resigned target subscribers but not yet unlocked shall be repurchased and cancelled. As at the date of disclosure of this report, the above repurchase and cancellation was completed. Upon completion of repurchase and cancellation, the total share capital of the Company was reduced from 749,557,126 shares to 749,524,444 shares. Please refer to the announcement (2019) no. 114 of the Company published on [www.cninfo.com.cn](http://www.cninfo.com.cn) for details.

5. On 27 December 2019, the Resolution regarding the Repurchase and Cancellation of Part of the 2019 Restricted Shares (《关于回购注销部分2019年限制性股票的议案》) was considered and approved at the 2019 fifth extraordinary general meeting of the Company, pursuant to which it was agreed that a total of 16,845 restricted shares granted to two resigned target subscribers but not yet unlocked shall be repurchased and cancelled. As at the date of disclosure of this report, the above repurchase and cancellation was completed. Upon completion of repurchase and cancellation, the total share capital of the Company was reduced from 749,524,444 shares to 749,507,599 shares. Please refer to the announcement (2019) no. 130 of the Company published on [www.cninfo.com.cn](http://www.cninfo.com.cn) for details.

### 3. Existing Employee Shares

☐ Applicable ☒ Not applicable

## III. Shareholders and De Facto Controllers

### 1. Number of Shareholders and the Shareholding

Unit: share



Total number of holders of ordinary shares at the end of the reporting period	23,832	Total number of holders of ordinary shares at the end of the month prior to the disclosure date of the annual report	27,855	Total number of holders of preferred shares with voting rights restored at the end of the reporting period (if any) (see Note 9)	0	Total number of holders of preferred shares with voting rights restored at the end of the month prior to the disclosure date of the annual report (if any) (see Note 9)	0	
Shareholding of shareholders holding more than 5% of the total shares or the top ten shareholders								
Name of shareholder	Nature of shareholder	Shareholding percentage	No. of shares held at the end of the reporting period	Increase or decrease during the reporting period	No. of shares held subject to selling restrictions	No. of shares held not subject to selling restrictions	Situation of pledged or frozen shares	
							Share status	Quantity
Ye Xiaoping	Domestic natural person	23.65%	177,239,541	53,116,808	139,638,075	37,601,466		
Hong Kong Securities Clearing Company Limited	Overseas legal person	14.11%	105,787,300	68,788,753	0	105,787,300		
Cao Xiaochun	Domestic natural person	8.56%	64,161,774	20,395,274	49,237,312	14,924,462	Pledged	29,890,000
TEMASEK FULLERTON ALPHA PTE LTD	Overseas legal person	2.58%	19,329,428	4,780,086	0	19,329,428		
Central Huijin Asset Management Co., Ltd.	State-owned legal person	1.99%	14,941,050	4,980,350	0	14,941,050		
Shi Xiaoli	Domestic natural person	1.66%	12,419,648	2,886,208	10,725,120	1,694,528		

Xu Jialian	Domestic natural person	1.48%	11,125,000	3,225,000	0	11,125,000		
ZHUAN YIN	Overseas natural person	1.42%	10,664,400	1,512,400	10,296,000	368,400		
Aberdeen Standard Investments (Asia) Limited – Aberdeen Standard – China A Share Equity Fund	Overseas legal person	1.32%	9,876,459	9,876,459	0	9,876,459		
China Life AMP Asset Management – China Construction Bank – Life Insurance – Hybrid Portfolio entrusted to China Life AMP Asset Management by China Life Insurance (Group) Company	Others	1.01%	7,593,411	2,531,137	0	7,593,411		
Strategic investors or general legal persons becoming the top ten shareholders due to new share placement (if any) (see Note 4)	Nil							
Explanation of the connected relationship or concerted action among the above shareholders	Ye Xiaoping and Cao Xiaochun signed the Acting-in-Concert Agreement, pursuant to which the two are persons acting in concert and the de facto controllers of the Company.							
Shareholding of the top ten shareholders not subject to selling restrictions								
Name of shareholder		No. of shares held not subject to selling restrictions				Type of shares		

	at the end of the reporting period	Share type	Quantity
Hong Kong Securities Clearing Company Limited	105,787,300	Renminbi ordinary shares	105,787,300
Ye Xiaoping	37,601,466	Renminbi ordinary shares	37,601,466
TEMASEK FULLERTON ALPHA PTE LTD	19,329,428	Renminbi ordinary shares	19,329,428
Central Huijin Asset Management Co., Ltd.	14,941,050	Renminbi ordinary shares	14,941,050
Cao Xiaochun	14,924,462	Renminbi ordinary shares	14,924,462
Xu Jialian	11,125,000	Renminbi ordinary shares	11,125,000
Aberdeen Standard Investments (Asia) Limited – Aberdeen Standard – China A Share Equity Fund	9,876,459	Renminbi ordinary shares	9,876,459
China Life AMP Asset Management – China Construction Bank – Life Insurance – Hybrid Portfolio entrusted to China Life AMP Asset Management by China Life Insurance (Group) Company	7,593,411	Renminbi ordinary shares	7,593,411
China Merchants Bank Co., Ltd. – China Universal Health Service Flexible Allocation Hybrid Securities Investment Fund	7,500,107	Renminbi ordinary shares	7,500,107
Hillhouse Capital Management Limited – HCM China Fund	7,500,000	Renminbi ordinary shares	7,500,000

Explanation of the connected relationship or concerted action among the top ten holders of non-restricted shares as well as among the top ten holders of non-restricted shares and the top ten shareholders	Ye Xiaoping and Cao Xiaochun signed the Acting-in-Concert Agreement, pursuant to which the two are persons acting in concert and the de facto controllers of the Company.
Description of shareholders participating in the margin trading business (if any) (see Note 5)	Nil

Whether top ten ordinary shareholders or top ten ordinary shareholders who are not subject to lock-up restriction of the Company carried out any agreed buy-back transactions during the reporting period

☐ Yes ☒ No

No agreed buy-back transaction was carried out by top ten ordinary shareholders or top ten ordinary shareholders who are not subject to lock-up restriction of the Company during the reporting period.

## 2. Controlling Shareholders

Nature of controlling shareholder: natural person holding

Type of controlling shareholder: natural person

Name of controlling shareholder	Nationality	Any right of abode acquired in other countries or regions
Ye Xiaoping	China	No
Cao Xiaochun	China	No
Main occupation and position	Ye Xiaoping served as Chairman of the Company and Cao Xiaochun served as Director and General Manager of the Company.	
Shareholding of other domestic and overseas listed companies with a controlling or non-controlling interest during the reporting period	Nil	

Changes in controlling shareholders during the reporting period

☐ Applicable ☒ Not applicable

During the reporting period, there were no changes in controlling shareholders of the Company.

### 3. De Facto Controllers and their Persons Acting in Concert

Nature of de facto controller: domestic natural person

Type of de facto controller: natural person

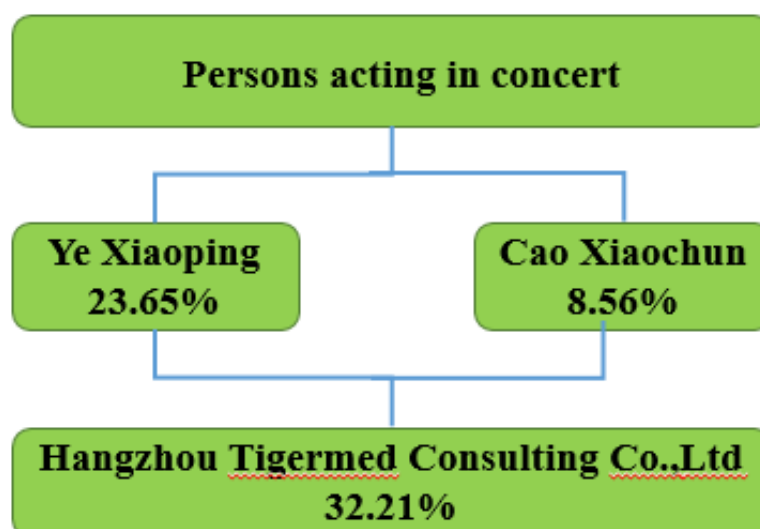
Name of de facto controller	Relationship with de facto controller	Nationality	Any right of abode acquired in other countries or regions
Ye Xiaoping	Himself	China	No
Cao Xiaochun	Acting in concert (including having an agreement, a family relationship and common control)	China	No
Main occupation and position	Ye Xiaoping served as Chairman of the Company and Cao Xiaochun served as Director and General Manager of the Company.		
Domestic and overseas listed companies with a controlling interest in the past ten years	Nil		

Changes in de facto controllers during the reporting period

☐ Applicable ☒ Not applicable

During the reporting period, there were no changes in de facto controllers of the Company.

Block diagram of the property rights and controlling relationship between the Company and its de facto controllers



De facto controller controlling the Company through a trust or other asset management means

☐ Applicable ☒ Not applicable

### 4. Other Legal Person Shareholders Holding More Than 10% of the Total Shares

☐ Applicable ☒ Not applicable

## **5. Restriction on Reduction of Shareholdings by Controlling Shareholders, De Facto Controllers, Restructuring Parties and Other Undertaking Entities**

☐ Applicable ☒ Not applicable

## Section 7 Preference Shares

☐ Applicable ☒ Not applicable

During the reporting period, the Company did not have preference shares.

## Section 8 Convertible Bonds

☐ Applicable ☒ Not applicable

During the reporting period, the Company did not have convertible bonds.



## Section 9 Information on Directors, Supervisors, Senior Management and Employees

### I. Change in Shareholding of Directors, Supervisors and Senior Management

Name	Position	Status of office	Gender	Age	Date of commencement of term of office	Date of termination of term of office	Shareholding at the beginning of the period (shares)	Increase in the number of shares during the current period (shares)	Decrease in the number of shares during the current period (shares)	Other changes (shares)	Shareholding at the end of the period (shares)
Ye Xiaoping	Chairman of the Board	Incumbent	Male	57	18 September 2010		124,122,733	0	8,944,559	62,061,367	177,239,541
Ye Xiaoping	General Manager	Resigned	Male	57	18 September 2010	24 April 2019					
Cao Xiaochun	Director	Incumbent	Female	51	18 September 2010		43,766,500	0	991,984	21,387,258	64,161,774
Cao Xiaochun	General Manager	Appointed	Female	51	25 April 2019						
Cao Xiaochun	Secretary to the Board	Resigned	Female	51	18 September 2010	29 April 2019					
Yin Zhuan	Director, Deputy General Manager	Incumbent	Female	55	18 September 2010		9,152,000	0	2,188,600	3,701,000	10,664,400
Zeng Su	Independent Director	Incumbent	Female	61	6 May 2015		0	0	0	0	0
Chen Zhimin	Independent Director	Incumbent	Female	60	24 December 2015		0	0	0	0	0

Zheng Bijun	Independent Director	Incumbent	Female	51	23 August 2017		0	0	0	0	0
Shi Xiaoli	Supervisor	Incumbent	Female	49	18 September 2010		9,533,440	0	1,880,512	4,766,720	12,419,648
Mo Shuang	Supervisor	Incumbent	Female	35	7 June 2017		0	0	0	0	0
Wang Xiaobo	Supervisor	Incumbent	Female	45	15 May 2018		55,400	0	2,600	26,400	79,200
Chen Wen	Deputy General Manager	Incumbent	Male	52	18 September 2010		1,852,480	0	0	926,240	2,778,720
Gao Jun	Deputy General Manager, Financial Controller	Incumbent	Male	45	2 December 2016		0	0	0	0	0
Gao Jun	Secretary to the Board	Appointed	Male	45	30 April 2019						
Total	--	--	--	--	--	--	188,482,553	0	14,008,255	92,868,985	267,343,283

## II. Changes of the Company's Directors, Supervisors and Senior Management

√ Applicable □ Not applicable

Name	Position held	Status	Date	Reasons
Ye Xiaoping	General Manager	Resigned	24 April 2019	Personal reason
Cao Xiaochun	Secretary to the Board	Resigned	29 April 2019	Personal reason
Cao Xiaochun	General Manager	Appointed	25 April 2019	Considered and approved by the sixteenth meeting of the third session of the Board of the Company upon nomination by the Chairman of the Company
Gao Jun	Secretary to the Board	Appointed	30 April 2019	Considered and approved by the sixteenth meeting of the third session of the Board of the Company upon nomination by the Chairman of the Company

### III. Employment Information

Professional background, major work experiences and current main responsibilities of the incumbent Directors, Supervisors and senior management of the Company

Mr. Ye Xiaoping, born in February 1963, Chinese nationality but without permanent residency abroad, holds a doctoral degree from Oxford University in the UK. Mr. Ye has been engaged in medical clinical research and management for many years. He has been with the Company since March 2005 and is currently the Chairman of the Company.

Ms. Cao Xiaochun, born in March 1969, Chinese nationality but without permanent residency abroad, holds a bachelor's degree and is a member of China Association for Promoting Democracy, a licensed pharmacist and a senior engineer. Ms. Cao has been engaged in medical clinical research and management for many years. She has been with the Company since January 2005 and is currently the Director and general manager of the Company.

Ms. Yin Zhuan, born in September 1965, US nationality, holds a bachelor's degree in law from Fudan University and a master's degree in biostatistics from University of Massachusetts. She has 15 years of working experience in biostatistics and management of world-renowned pharmaceutical companies and CRO companies, of which 8 years in the US and 7 years in China/Asia. She has served at MacroStat as general manager since September 2005. Ms. Yin Zhuan has unique experience in various treatment areas of new drug evaluation, especially in the field of cancer. Ms. Yin Zhuan is a member of American Medical Information Association and has published various articles in many medical journals in the US. She is currently the Director and deputy general manager of the Company.

Mr. Zeng Su, born in 1959, Chinese nationality but without residency abroad, holds a postgraduate degree and is a doctor and professor. Mr. Zeng was a pharmacist of Zhejiang Changguang Coal Mine Company Hospital (浙江长广煤矿公司医院), a lecturer of Zhejiang Medical University, a visiting scholar of University of Utah in the US, a professor of Zhejiang Medical University and a visiting scholar of Medical University of South Carolina in the US. He is currently a professor of Zhejiang University, an independent Director of Zhejiang Conba Pharmaceutical Co., Ltd and an independent Director of Zhejiang Huahai Pharmaceutical Co., Ltd.

Ms. Chen Zhimin, born in April 1960, Chinese nationality, is a member of Hangzhou Democratic Association and holds a master's degree. She retired in May 2015. Ms. Chen served as senior consultant at Zhejiang Tianjian Oriental Engineering Investment Consulting Co., Ltd., standing director at Zhejiang Institute of Certified Public Accountants and vice president at Zhejiang Engineering Cost Association. From May 1996 to January 2000, Ms. Chen served at Zhejiang Zhejing Assets Evaluation Office as head of the office. From January 2000 to February 2009, Ms. Chen served at Zhejiang Zhejing Assets Evaluation Co., Ltd. as the chairman of the Board and general manager. From February 2009 to April 2015, Ms. Chen served at Zhejiang Tianjian Oriental Engineering Investment Consulting Co., Ltd. as the general manager. Since May 2005, Ms. Chen served as senior consultant at Zhejiang Tianjian Oriental Engineering Investment Consulting Co., Ltd., external Director at Zhejiang Caitong Capital Investment Co., Ltd. and independent director at Zhejiang Jinke Culture Industry Co., Ltd., Zhejiang Weixing Industrial Development Co., Ltd., Zhejiang Canaan Technology Limited and Zhejiang Jolly Pharmaceutical Co., Ltd. She was a member of the 9th, 10th and 11th Zhejiang Provincial Committee of the Chinese People's Political Consultative Conference and is a member of the 11th and 12th Hangzhou Democratic Association.

Mr. Zheng Bijun, born in September 1969, Chinese nationality but without residency abroad, holds a bachelor's degree in finance from Lanzhou Business School (renamed as Lanzhou University of Finance and Economics in 2015) and an EMBA from the School of Economics and Management of Tsinghua University. He is currently a partner of DeHeng Law Offices.

Ms. Shi Xiaoli, born in January 1971, Chinese nationality but without permanent residency abroad, holds a master's degree. Ms. Shi has been engaged in clinical trial and research of drugs for many years. She has been with the Company since January 2015 and is currently the controller of data resources department of the Company and chairman of the Supervisory Committee.

Ms. Wang Xiaobo, born in January 1975, Chinese nationality but without permanent residency abroad, holds a master's degree. Ms. Wang has engaged in translation for many years. She has been with the Company since January 2003 and is currently the senior translation director of translation department of the Company and shareholder representative supervisor.

Ms. Mo Shuang, born in August 1985, Chinese nationality but without permanent residency abroad, holds a postgraduate degree. Ms. Mo served as the legal officer at Hangzhou Hexing Electrical Co., Ltd. Since April 2013, she has served at the Company as legal manager and is currently the senior legal manager and employee representative supervisor of the Company.

Mr. Chen Wen, born in October 1968, US nationality, holds a master's degree. Mr. Wen graduated from Purdue University in the US with a bachelor's degree in biochemistry, Washington University in St. Louis with a master's degree in medicine and the University of Durham in the UK with a master's degree in business administration. Since May 2009, he has served at the Company as deputy general manager and general manager of business development department. Mr. Chen Wen has more than 10 years of experience in clinical research and business development in the US and China.

Mr. Gao Jun, born in 1975, Australian nationality, holds a bachelor's degree. From May 2011 to December 2015, Mr. Gao served as a vice president, chief financial officer and board secretary of McWong Environmental Technology Corporation Limited. From April 2016 to October 2016, Mr. Gao served at Shanghai Xiaoi Robot Technology Corporation Limited as the chief financial officer and board secretary. He joined the Company in December 2016 and is currently the deputy general manager, person in charge of accounting and secretary to the Board.

#### Positions held in entities of Shareholders

☐ Applicable ☒ Not applicable

#### Positions held in other entities

☒ Applicable ☐ Not applicable

Name of the incumbent personnel	Name of other entities	Positions held in other entities	Date of commencement of term of office	Date of termination of term of office	Whether remuneration and allowance is received from other entities
Chen Zhimin	Zhejiang Jinke Culture Industry Co., Ltd.	Independent director	26 June 2015		Yes
Chen Zhimin	Zhejiang Jolly Pharmaceutical Co., Ltd.	Independent director	13 January 2017	31 March 2020	Yes
Chen Zhimin	Zhejiang Weixing Industrial Development Co., Ltd.	Independent director	7 June 2016		Yes

Chen Zhimin	Zhejiang Canaan Technology Limited	Independent director	22 April 2016		Yes
Zeng Su	Zhejiang Conba Pharmaceutical Co., Ltd.	Independent director	15 May 2014		Yes
Zeng Su	Zhejiang Huahai Pharmaceutical Co., Ltd.	Independent director	10 May 2016		Yes

Punishments imposed by securities regulatory authorities on Directors, Supervisors and senior management of the Company who are incumbent or resigned in the past three years

☐ Applicable ☒ Not Applicable

#### IV. Remuneration for Directors, Supervisors and Senior Management

The decision-making process, determination basis and actual payments of remuneration for Directors, Supervisors and senior management

Decision-making process: the remuneration of Directors, Supervisors and senior management holding position in the Company shall be paid by the Company according to other positions held. No additional allowance is paid to Directors and Supervisors. The allowance of independent Directors shall be paid by resolution approved by the general meeting.

Basis of determination: based on the performance appraisal standard formulated by the Company and with reference to similar remuneration in the market.

Actual payments: total remuneration in 2019 was RMB7,292,100.

Remuneration of Directors, Supervisors and senior management of the Company during the reporting period

Unit: RMB0'000

Name	Position	Gender	Age	Status of office	Total remuneration received from the Company before tax	Whether remuneration is received from related parties of the Company
Ye Xiaoping	Chairman of the Board	Male	57	Incumbent	81.82	No
Ye Xiaoping	General Manager	Male	57	Resigned		No
Cao Xiaochun	Director	Female	51	Incumbent	78.41	No
Cao Xiaochun	General Manager	Female	51	Appointed		No
Cao Xiaochun	Secretary to the Board	Female	51	Resigned		No
Yin Zhuan	Director, Deputy General Manager	Female	55	Incumbent	75.34	No

Zeng Su	Independent Director	Male	61	Incumbent	9.6	No
Chen Zhimin	Independent Director	Female	60	Incumbent	9.6	No
Zheng Bijun	Independent Director	Male	51	Incumbent	9.6	No
Shi Xiaoli	Supervisor	Female	49	Incumbent	62.87	No
Mo Shuang	Supervisor	Female	35	Incumbent	21.36	No
Wang Xiaobo	Supervisor	Female	45	Incumbent	74.29	No
Chen Wen	Deputy General Manager	Male	52	Incumbent	138.96	No
Gao Jun	Deputy General Manager, Financial Controller	Male	45	Incumbent	167.36	No
Gao Jun	Secretary to the Board	Male	45	Appointed		No
Total	--	--	--	--	729.21	--

Share incentives granted to Directors and senior management of the Company during the reporting period

☐ Applicable ☒ Not applicable

## V. Information on Employees of the Company

### 1. Number of Employees, Composition by Profession and Educational Level

Number of incumbent employees in the parent company	1,064
Number of incumbent employees in major subsidiaries	3,895
Total number of incumbent employees	4,959
Total number of paid employees in the current period	4,959
Number of retired employees that the parent company and major subsidiaries have to cover their expenses	0
Composition by Profession	
Type of profession	Number of employees
Production	0
Sales	143
Technician	4,429
Finance	81

Administration	306
Total	4,959
Educational Level	
Type of educational level	Number of employees
Postgraduate and above	1,254
Bachelor	3,124
Matriculation	493
Secondary vocational or below	88
Total	4,959

## 2. Remuneration Policy

The remuneration policy is a key integral part of the Company, under which a remuneration management system has been established. Through the establishment and implementation of the remuneration management policy, the remuneration concept, structure and adjustment mechanism have been determined, and the mechanism to attract, motivate and retain talents has been established. With the increasingly fierce competition for talents in the industry, the Company has adopted a diversified remuneration portfolio, such as salary in combination with equity incentives as well as the measurement of multi-dimensional indicators which balances the efforts and returns of employees, so as to achieve the incentive effects. The Company implemented the employee share ownership scheme and restricted share incentive scheme in 2017 and 2019 respectively as a significant medium- to long-term incentive project to retain employees, while attracting outstanding external talents to join the Company with market-competitive remuneration package according to the prevailing market remuneration.

## 3. Training Programme

“Adhering to the people-oriented approach, respecting the value of every employee, caring for the career growth and development of employees” is the business philosophy that the Company has been upholding. Therefore, the Company devotes great efforts to conducting employee training so as to continuously enhance the professionalism of employees, improve the organisational performance of the Company, create a sound atmosphere for learning and working and promote the sustainable development of the Company. Focusing on orientation training, job-specific skill training and management training as well as centring on the core values of “quality and compliance”, the Company has gradually shaped a multi-level, sub-category, multi-form, practical and dynamic training structure which is complementary to the enterprise development and in line with the growth pattern of employees. A workforce whose employees are eager to learn and innovative has been built to provide key employees with directions to career planning in Tigermed as well as to provide talent assurance for the enterprise’s development strategy. In 2019, on top of Tigermed’s ongoing management training, the Company also strengthened the training and promotion of the corporate culture and values.

## 4. Information on Labour Outsourcing

☐ Applicable ☒ Not applicable

## Section 10 Corporate Governance

### I. Overview of Corporate Governance

During the reporting period, the Company was in strict compliance with the requirements of relevant laws and administrative regulations including the Company Law, the Securities Law, the Code of Corporate Governance for Listed Companies, the Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange and the Guidelines of Shenzhen Stock Exchange on Standardised Operation by Companies Listed on the ChiNext Market, as well as the requirements of internal control system including the Articles of Association, the Rules of Procedure of General Meeting and the Procedural Rules of the Board of Directors, with a view to continuously improving the corporate governance structure of the Company.

#### 1. Shareholders and General Meetings

The Company convenes and holds general meetings in strict accordance with the requirements of the Rules of Shareholder's General Meeting of Listed Companies, the Articles of Association and the Rules of Procedure of General Meeting, and facilitates the Shareholders' participation in the meetings to fully exercise their rights. Meeting procedures have been set up for each resolution considered at the general meetings of the Company, which treat all Shareholders equally, allow explanation and elaboration for the Shareholders' enquires while taking suggestions and opinions raised by the Shareholders, ensuring the right to speak of minority shareholders.

#### 2. The Company, Controlling Shareholders and De Facto Controllers

The Company runs its independent and complete principal businesses with independent operational capabilities. In terms of personnel, assets, businesses, management institutions and financial accounting system, the Company is independent of the Controlling Shareholders and the De Facto Controllers, and is able to operate and run businesses independently while assuming independent obligations and risk exposures. The Controlling Shareholders and the De Facto Controllers can exercise their lawful rights and shall assume their corresponding obligations. During the reporting period, no acts that exceeded the authorised permission of general meetings and the Board, directly or indirectly interfered the Company's decision making and operational activities or infringed on other Shareholders' interests by using controlling positions happened, which adversely affected on the Company's governance structure and independence.

#### 3. Directors and the Board of Directors

No Directors of the Company are prohibited from acting as a Director of the Company by virtue of Article 147 of the Company Law. The appointment and dismissal of the Directors strictly follow the approval procedures of the Board and general meetings and there exists no conflict with the relevant laws and regulations and the Articles of Association. During their tenure, all Directors work conscientiously and diligently, pay attention to the operational conditions of the Company continuously and actively participate in the relevant training to enhance their standardised operational level. The Directors also attend the Board meetings actively, giving full play to their respective expertise as well as making decisions in a prudent manner in order to safeguard the interests of the Company and the Shareholders as a whole. The procedures to convene and hold the Board meetings of the Company are in line with the requirements of the relevant regulations. Records



of the previous Board meetings are true, accurate, complete and kept safe, and the meeting resolutions are adequate, accurate and disclosed in a timely manner. Setting up under the Board are the Strategic Development Committee, the Audit Committee, the Remuneration and Evaluation Committee and the Nomination Committee.

#### 4. Supervisors and Supervisory Committee

No Supervisors of the Company are prohibited from acting as a Supervisor of the Company by virtue of Article 147 of the Company Law, and all Supervisors are qualified under the relevant requirements of the Articles of Association. The procedures to convene and hold the meetings of the Supervisory Committee of the Company and to vote at the meetings are in accordance with the requirements under the Rules of Procedure of the Supervisory Committee. The Supervisors of the Company exercise the functions and rights of the Supervisory Committee in order to perform their duties with full diligence.

#### 5. Performance Evaluation and Incentive Scheme

The Company has established a corporate performance evaluation and incentive scheme. The performance evaluation standards and procedures for the Directors, the Supervisors and the senior management are fair and transparent. Their remunerations are linked up with the operating results of the Company, and the appointment of the senior management is open, transparent and in compliance with the requirements of laws and regulations.

#### 6. Information Disclosure and Transparency

During the reporting period, the Company disclosed its information in a true, accurate, complete, timely and fair manner in strict compliance with the relevant laws and regulations and the requirements under the Articles of Association and the Management System for Information Disclosure. The Company issued a total of 4 periodic reports and 212 temporary announcements via the media outlets designated by the CSRC, namely The Securities Times, The China Securities Journal and the CNINFO website (www.cninfo.com.cn) and disclosed information such as share capital structure, financial reports and corporate governance on the investor relations section in our corporate website.

#### 7. Investor Relations Management

In accordance with the requirements of the relevant laws, regulations and the Management System for Investor Relations, the Company designated the secretary to the Board as the person-in-charge for the management of investor relations, who is responsible for coordinating investor relations, receiving visiting Shareholders, answering enquires from investors and providing them with information already disclosed by the Company. The Company responds to enquires from investors by means of phone calls, e-mails, interactive investor relations platform, investor relations section in the corporate website, investor reception day, etc. While enhancing the exchange of information and promoting positive interactions with investors, the Company has effectively improved our corporate transparency.

#### 8. Our Stakeholders

The Company fully respects and safeguards the legitimate interests of our stakeholders, realising the coordination and balance of the interests of each part of the Shareholders, employees, medics, patients and the society. While achieving sustainable and healthy development of the Company and the interests of its Shareholders, the Company also focuses on environmental protection and actively participates in public welfare.

#### 9. Establishment and Execution of Internal Audit System

The Audit Committee set up under the Board is primarily responsible for the communication, supervision, meeting arrangement and inspection of the internal and external audit of the Company. The audit department under the Audit Committee is its daily operational office, which has played an active role since the Company became listed. In accordance

with the requirements for listed companies, the audit department improved the departmental functions and personnel arrangements, established and implemented the internal control system of the Company as well as inspected and supervised the authenticity and integrity of the Company's financial information.

Whether there is material deviation between the actual management of the Company and the regulatory documents relating to the governance of listed companies published by CSRC

☐ Yes ☒ No

No material deviation between the actual management of the Company and the regulatory documents relating to the governance of listed companies published by CSRC.

## II. Independence of Businesses, Personnel, Assets, Institutions, Finance, etc. of the Company from the Controlling Shareholders

The Controlling Shareholders of the Company strictly regulated their own behavior, without directly or indirectly interfering with the Company's decision-making process and operational activities beyond the general meetings. The Company runs its independent and complete businesses with independent operation capabilities, and is independent from the Controlling Shareholder in businesses, personnel, assets, institutions and finance. The Board, the Supervisory Committee and internal institutions of the Company operate independently from each other.

## III. Peer Competition

☐ Applicable ☒ Not applicable

## IV. Convening of Annual General Meeting and Extraordinary General Meeting during the Reporting Period

### 1. General Meetings during the Reporting Period

Sessions of meeting	Types of meeting	Participation ratio of investors	Date of convening	Date of disclosure	Index of disclosure
2019 first extraordinary general meeting	Extraordinary general meeting	49.11%	10 April 2019	10 April 2019	Please refer to the CNINFO website <a href="http://www.cninfo.com.cn/">www.cninfo.com.cn/</a>
2018 annual general meeting	Annual general meeting	49.36%	17 May 2019	17 May 2019	Please refer to the CNINFO website <a href="http://www.cninfo.com.cn/">www.cninfo.com.cn/</a>
2019 second extraordinary general meeting	Extraordinary general meeting	50.62%	30 July 2019	30 July 2019	Please refer to the CNINFO website <a href="http://www.cninfo.com.cn/">www.cninfo.com.cn/</a>
2019 third extraordinary general meeting	Extraordinary general meeting	47.77%	10 September 2019	10 September 2019	Please refer to the CNINFO website <a href="http://www.cninfo.com.cn/">www.cninfo.com.cn/</a>

2019 fourth extraordinary general meeting	Extraordinary general meeting	48.46%	15 November 2019	15 November 2019	Please refer to the CNINFO website <a href="http://www.cninfo.com.cn/">www.cninfo.com.cn/</a>
2019 fifth extraordinary general meeting	Extraordinary general meeting	48.58%	27 December 2019	27 December 2019	Please refer to the CNINFO website <a href="http://www.cninfo.com.cn/">www.cninfo.com.cn/</a>

## 2. Request for Convening of Extraordinary General Meeting by Preference Shareholders with Recovered Voting Rights

☐ Applicable ☒ Not applicable

## V. Performance of Duties by Independent Directors during the Reporting Period

### 1. Attendance of Independent Directors at Board Meetings and General Meetings

The attendance of independent Directors at Board meetings and general meetings							
Name of independent Directors	Number of attendances at Board meetings required during this reporting period	Number of attendances at Board meetings in person	Number of attendances at Board meetings by telecommunications	Number of attendances at Board meetings by proxy	Number of absences	Two consecutive absences from Board meetings in person	Number of attendances at general meetings
Zeng Su	15	0	15	0	0	No	2
Chen Zhimin	15	0	15	0	0	No	1
Zheng Bijun	15	0	15	0	0	No	2

Explanation for two consecutive absences from board meetings in person

### 2. Objections Raised by Independent Directors on Matters of the Company

Whether independent Directors raised any objections on matters of the Company

☐ Yes ☒ No

During the reporting period, independent Directors did not raise any objections on matters of the Company.

### 3. Other Explanations on Performance of Duties by Independent Directors

Whether independent Directors' suggestions for the Company were accepted

☒ Yes ☐ No

Explanation for independent Directors' suggestions for the Company being accepted or unaccepted

Independent Directors closely monitored the operating conditions of the Company and raised enquires to the key management including the Chairman of the Company, secretary to the Board and financial controller at Board meetings, general meetings and at other times so as to have a comprehensive understanding of the daily operation and material issues of the Company, making full use of their professional advantages to develop pertinent analysis and valuable advices for the Company as well as providing constructive opinions on the Company's overall development strategy and the circumstances that the Company was facing with.

## **VI. Performance of Duties by Special Committees under the Board during the Reporting Period**

Performance of duties by the Audit Committee: during the reporting period, the Audit Committee considered the quarterly and annual financial statements issued by the Company, work plans and special reports of the internal audit department in strict accordance with the Working Rules of the Audit Committee of the Board and the Work Regulations on Annual Report for the Audit Committee of the Company. The Audit Committee also reviewed and provided opinions in respect of the Self-evaluation Report of Corporate Internal Control, concluded the work performed by the accounting firm and recommended to reappoint the annual audit institution. At the same time, the Audit Committee conducted an audit inspection on capital transaction between the Company and the related parties, external guarantees and other significant matters, with a view to continuously monitoring the placement and usage of funds raised by the Company as well as the progress of funded investment projects.

Performance of duties by the Remuneration and Evaluation Committee: during the reporting period, the Remuneration and Evaluation Committee performed its duties diligently in strict accordance with the relevant requirements of the Articles of Association, the Working Rules of the Remuneration and Evaluation Committee of the Board, etc. During the reporting period, the Remuneration and Evaluation Committee conducted a review on the remunerations of the Company's Directors, Supervisors and senior management, and considered that the determination and distribution of remuneration standard and the total annual remuneration matched with their respective positions, and were therefore in line with the Company's requirements on remuneration management. The Remuneration and Evaluation Committee also considered carefully the 2019 restricted equity incentive scheme and the 2018 employee share holding scheme, which were in compliance with the requirements of the relevant laws and regulations. These schemes are beneficial for the sustainable development of the Company, without restriction by the relevant laws and regulations and prejudice against the interests of the Company and all Shareholders, and without forced participation in these schemes by employees by way of apportionment, mandatory distribution or otherwise. The Company's equity incentive scheme and employee share holding scheme can further improve its incentive and binding mechanism, facilitate the sustainable development of the Company, form a community of shared interest of the Company's employees and Shareholders, enhance management efficiency and the sense of motivation, innovation and responsibility of employees, and are in the interest of the Company's long-term growth. Employees shall participate in the 2019 restricted equity incentive scheme and the 2018 employee share holding scheme in accordance with laws and regulations, on a voluntary basis and at their own risks, without any breach of laws or regulations.

## **VII. Work of Supervisory Committee**

Whether the Supervisory Committee found any risk exposures of the Company in its supervisory activities during the reporting period

☐ Yes ☒ No

The Supervisory Committee of the Company had no objection on the supervisory matters during the reporting period.

## VIII. Evaluation and Incentives for Senior Management

The Company implements a remuneration system combining the basic remuneration and performance remuneration to its senior management in accordance with the Remuneration Evaluation System for Senior Management. In this regard, the Company has established a comprehensive performance evaluation and incentive binding system for senior management. The Company conducts work review activities and performance evaluation for senior management on an annual basis and rewards with incentives such as corresponding annual salary and year-end bonus according to the year-end evaluation.

## IX. Evaluation Report of Internal Control

### 1. Details on the Material Deficiencies in Internal Control Detected during the Reporting Period

☐ Yes ☒ No

### 2. Self-evaluation Report of Internal Control

Disclosure date of the full text of evaluation report of internal control	17 April 2020	
Disclosure index of the full text of evaluation report of internal control	CNINFO website	
The ratio of total assets of units included in the assessment scope to the total assets in the Company’s consolidated financial statements	100.00%	
The ratio of operating income of units included in the assessment scope to the operating income in the Company’s consolidated financial statements	100.00%	
Criteria for deficiency recognition		
Categories	Financial report	Non-financial report

Qualitative criteria	<p>1. Material deficiencies: material frauds involving disclosure of financial information; material misstatements on the Company's financial reports detected by external supervisory or audit agencies while the corresponding control activities of the Company fails to identify the same; material loopholes in the preparation and control procedures of financial reports of the Company that may result in material misstatements in the Company's statements.</p> <p>2. Major deficiencies: control loopholes in the preparation and control procedures of financial reports of the Company which shall warrant the attention of the Board and the management to make improvement although no material misstatements will be resulted in the Company's statements.</p> <p>3. General deficiencies: all internal control deficiencies of financial reports except the material deficiencies and major deficiencies.</p>	<p>1. General deficiencies: loss <math>\leq</math> 2% of the total operating income. 2. Major deficiencies: 2% of the total operating income <math>&lt;</math> loss <math>\leq</math> 5% of the total operating income. 3. Material deficiencies: loss <math>&gt;</math> 5% of the total operating income.</p>
Quantitative criteria	<p>1. General deficiencies: potential effect <math>\leq</math> 3% of the total profit; or potential effect <math>\leq</math> 1% of the total assets; or potential effect <math>\leq</math> 2% of the operating income. 2. Major deficiencies: 3% of the total profit <math>&lt;</math> potential effect <math>\leq</math> 5% of the total profit; or 1% of the total assets <math>&lt;</math> potential effect <math>\leq</math> 2% of the total assets; or 2% of the operating income <math>&lt;</math> potential effect <math>\leq</math> 5% of the operating income. 3. Material deficiencies: potential effect <math>&gt;</math> 5% of the total profit; or potential effect <math>&gt;</math> 2% of the total assets; or potential effect <math>&gt;</math> 5% of the operating income.</p>	<p>1. Material deficiencies: deficiencies which have a high probability of occurrence, seriously decrease the work efficiency or effect, greatly increase the uncertainty of effect or significantly deviate the effect from the expected targets. 2. Major deficiencies: deficiencies which have a relatively high probability of occurrence, significantly decrease the work efficiency or effect, significantly increase the uncertainty of effect or significantly deviate the effect from the expected targets. 3. General deficiencies: deficiencies which have a low probability of occurrence, decrease the work efficiency or effect, increase the uncertainty of effect or deviate the effect from the expected targets.</p>
Number of material deficiencies in financial reports	0	

Number of material deficiencies in non-financial reports	0
Number of major deficiencies in financial reports	0
Number of major deficiencies in non-financial reports	0

## X. Audit Report or Assurance Report of Internal Control

Assurance report of internal control

Audit opinion section in the assurance report of internal control	
We consider that the Company has maintained effective internal control with respect to the financial statements in all material aspects as at December 31, 2019 in accordance with the Basic Standard for Enterprise Internal Control promulgated by the five ministries and commissions including the Ministry of Finance and relevant provisions. The conclusion is arrived at subject to the inherent restrictions referred to in the assurance report.	
Disclosure of the assurance report of internal control	Disclosure
Disclosure date of the full text of assurance report of internal control	17 April 2020
Disclosure index of the full text of assurance report of internal control	CNINFO website
Type of opinion of the assurance report of internal control	Standard unqualified opinion
Whether there is any material deficiency in the non-financial report	No

Note: The disclosure index can disclose announcement number, announcement name and the website disclosed by the announcement.

Whether the accounting firm issued assurance report of internal control with non-standard opinion

☐ Yes ☒ No

Whether the opinions in the assurance report of internal control issued by the accounting firm are in line with the opinions of the Board's self-evaluation report

☒ Yes ☐ No

## Section 11 Corporate Bonds

Whether there are any corporate bonds of the Company offered publicly and listed on stock exchanges which have not yet become due or have become due but not been fully settled as at the approval date of the annual report

No



## Section 12 Financial Report

### I. AUDITOR'S REPORT

Type of audit opinion	Standard unqualified opinion
Date of signing the Auditor's Report	April 15, 2020
Name of auditing firm	BDO China Shu Lun Pan Certified Public Accountants LLP
Document number of the Auditor's Report	Xin Kuai Shi Bao Zi [2020] No. ZA10918
Name of CPA	Zhang Songbai (張松柏) Wang Faliang (王法亮)

#### Text of Auditor's Report Auditor's Report

Xin Kuai Shi Bao Zi [2020] No. ZA10918

To the Shareholders of Hangzhou Tigermed Consulting Co., Ltd.:

#### I. Audit opinions

We have audited the financial statements of Hangzhou Tigermed Consulting Co., Ltd. ("Tigermed"), which comprise the consolidated and the Parent Company's balance sheet as at December 31, 2019 as well as the consolidated and Parent Company's income statements, the consolidated and Parent Company's cash flow statements, the consolidated and Parent Company's statements of changes in owners' equity for 2019, and notes to the related financial statements.

In our opinion, the accompanying financial statements are prepared in all material aspects according to the "Accounting Standards for Business Enterprises", and give a fair view of Tigermed's consolidated and Parent Company's financial position as at December 31, 2019 and its consolidated and Parent Company's operating results and cash flow for 2019.

#### II. Basis for audit opinions

We have conducted our audit in accordance with the *Auditing Standards for Certified Public Accountants of China*. Our responsibilities under these standards have been further explained in the section "Responsibilities of certified public accountants for auditing financial statements" in the Auditor's Report. We are independent of Tigermed according to the "Code of Ethics for Certified Public Accountants of China" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### III. Key audit matters

Key audit matters are those matters that in our professional judgement are of most significance in our audit of the financial statements for the current period. These matters are addressed in the context of audit of the financial statements as a whole and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters. We determined that the following matters are the key audit matters that need to be communicated in the Auditor's Report.

Key audit matters	How our audit addressed the key audit matters
<b>(I) Revenue recognition</b>	
<p>Please refer to the accounting policies mentioned in notes 26 under “III. Significant Accounting Policies and Accounting Estimates” and note (38) under “V. Notes to Items of the Consolidated Financial Statements” in the notes to financial statements. In 2019, Tigermed recorded consolidated operating income of RMB2,803,309,287.65, including service income of RMB2,776,795,400.37, accounting for 99.05% of the Company's consolidated operating income, the amount and proportion of which are relatively significant. As described in Note III (26) of Tigermed's financial statements, revenue from contract of Tigermed's clinical trial solutions (臨床試驗技術服務), registration application services (注册申报服务), Phase I clinical bioanalysis testing services (I期临床生物分析测试服务), CMC services, SMO services, GMP registration services, etc. shall be recognised by the percentage of completion method on the balance sheet date according to the <i>Accounting Standards for Business Enterprises</i>. Service income from rendering clinical trial statistic analysis services (临床试验统计分析服务), training services, clinical evaluation services (临床评估服务), etc., shall be recognised at the balance sheet date before completion of the services at the amount of the labour cost incurred which shall be carried forward at the same amount to service cost; upon completion of the services, service income for the current period shall be recognized at the settlement amount agreed in the contract deducting the accumulated amount of service income recognised during the previous accounting period. Services such as medical testing services (医学检测服务), medical imaging services (医学影像服务), and medical information translation services (醫學資料翻譯服務) provided by Tigermed shall be recognized as service income based on other methods. The recognition methods for Tigermed's service income are diverse and the methods for recognition of service are complicated. In particular, the income recognised by percentage-of-completion method involves significant judgments and estimates of the management. Therefore, we classified operating income as a key audit matter.</p>	<p>The major audit procedures we have implemented include the following:</p> <p>(1) We have understood and tested the policies, procedures, methods and related internal controls for the audited and estimated total income as well as the estimated total cost of Tigermed's service contracts;</p> <p>(2) We have obtained a list of contracts for projects under execution, inspected settlements received and other specific implementation of contract;</p> <p>(3) We have selected important projects and carried out external confirmations regarding project execution nodes, item receipts, sales invoices, etc.;</p> <p>(4) We have obtained a breakdown for expected total cost of project under execution and reviewed its rationality;</p> <p>(5) We have checked whether aggregated cost incurred is accurate;</p> <p>(6) We have analysed the reasons for and rationality of the gross profit rate change for contracts under execution;</p> <p>(7) We have implemented substantive testing procedures to review the accuracy in measuring the service income of Tigermed.</p>
<b>(II) Gains from change in fair value</b>	

<p>Please refer to the accounting policies mentioned in notes (10) under “III. Significant Accounting Policies and Accounting Estimates” and note (12) under “V. Notes to Items of the Consolidated Financial Statements” in the notes to financial statements.</p> <p>As of December 31, 2019, financial assets at fair value through profit or loss of Tigermed were RMB 2,250,473,669.34. The valuation of Tigermed’s financial instruments is based on a combination of market data and valuation models. The input value of the valuation model includes information reliably available from the active market, and when observable parameters cannot be obtained reliably, that is, when the fair value of the financial instruments belongs to the second and third levels, the input value was based on the management’s assumptions and estimates, and included factors such as the credit risks of both parties to the transaction, the volatility and correlation of market interest rates and other factors. As the valuation methods for the fair value of some financial instruments were relatively complicated, the Management engaged a third-party valuation firm with relevant qualifications to evaluate the fair value. Also, determining the input value used in the valuation model involved significant management estimates, we therefore identified the assessment of fair value of financial instruments as a key audit matter.</p>	<p>Our audit procedures mainly include the following:</p> <p>(1) We have evaluated the objectivity, independence and professional competence of the third-party valuation firm engaged by the Management; selected major or typical samples and reviewed the evaluation methods and assumptions as well as the rationality of the selected major evaluation parameters;</p> <p>(2) We have implemented an audit procedure to evaluate the valuation techniques, parameters and assumptions used by Tigermed, including comparing valuation techniques commonly used by peer organisations in the market in the current year, comparing observable parameters used with available external market data, and obtaining valuation results from different sources for comparative analysis. For financial instruments that have used significant unobservable parameters in valuation, such as unlisted equity investments and equity fund investments, we have understood the overall evaluation method, the analysis and evaluation process, and the rationality of key evaluation parameters.</p>
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#### VI. Other information

The management of Tigermed (the “Management”) is responsible for the other information. The other information comprises the information included in Tigermed’s 2019 Annual Report, other than the financial statements and our Auditor’s Report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### V. Responsibilities of the Management and those charged with governance for the financial statements

The Management is responsible for the preparation of the financial statements in accordance with the Accounting Standards for Business Enterprises to realize fair presentation, and for the design, implementation and maintenance of necessary internal control so that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing Tigermed's ability to continue as a going concern, disclosing matters related to going concern and using the going concern assumption unless the Management either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Tigermed's financial reporting process.

#### VI. Certified public accountant's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error, and to issue an Auditor's Report that includes audit opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with accounting standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are usually considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with accounting principle, we exercise professional judgement and maintain professional skepticism throughout the audit. Meanwhile, we also perform the followings:

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

(2) Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of internal control.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

(4) Conclude on the appropriateness of the Management's use of the going concern assumption. Meanwhile, based on the audit evidence obtained, conclude on whether a material uncertainty exists related to events or conditions that may cast significant doubt on Tigermed's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required by audit standards to draw attention in our Auditor's Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the information obtained up to the date of our Auditor's Report. However, future events or conditions may cause Tigermed to cease to continue as a going concern.

(5) Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Tigermed to express an audit opinion on the financial statements. We are responsible for the guidance, supervision and performance of the group audit, and remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including deficiencies worthy of attention in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and related safeguards.

From the matters communicated with those charged with governance, we determine those matters that are of

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

BDO China Shu Lun Pan Certified Public Accounts  
LLP

Chinese Certified Public Accounts:  
(Project Partner)

Chinese Certified Public Accounts:

Shanghai, China

April 15, 2020

## II. FINANCIAL STATEMENTS

Units of statements in notes to financial statements: RMB

### 1. Consolidated Balance Sheet

Prepared by: Hangzhou Tigermed Consulting Co., Ltd.

December 31, 2019

Unit: Yuan

Item	December 31, 2019	December 31, 2018
Current assets:		
Cash and cash equivalents	2,042,305,823.83	704,487,091.56
Settlement reserves		
Placements with banks and other financial institutions		
Trading financial assets		
Financial assets at fair value through profit or loss		
Derivatives financial assets		1,002,080.00
Bills receivable	5,670,214.14	734,248.00
Trade receivable	1,074,722,160.03	780,938,723.13

Financing receivables		
Prepayments	26,079,640.24	47,157,740.45
Premium receivables		
Receivables from reinsurers		
Deposits receivable from reinsurance		
Other receivables	55,786,045.03	53,105,221.78
Including: Interests receivable	5,598,786.55	1,926,868.87
Dividends receivable	3,960,000.00	
Financial assets held under resale agreements		
Inventories	1,205,608.56	518,892.98
Contract Assets	83,457,298.19	
Assets classified as available-for-sale		
Non-current assets due within one year		
Other current assets	80,732,965.83	15,303,714.88
Total current assets	3,369,959,755.85	1,603,247,712.78
Non-current assets:		
Loans and advances granted		
Debt investments		
Financial assets available for sale		1,221,827,232.44
Other debt investments		
Held-to-maturity investment		
Long-term receivables		
Long-term equity investments	109,712,577.48	103,293,443.20
Other investments in equity instruments		
Other non-current financial assets	2,250,473,669.34	
Investment properties		
Fixed assets	252,236,673.28	254,888,544.91
Construction in progress	22,309,114.80	
Productive biological assets		
Oil and gas assets		
Right-to-use assets	151,266,396.53	
Intangible assets	96,448,963.95	27,820,126.56
Development expenses		

Goodwill	1,157,830,872.80	1,032,926,915.93
Long-term deferred expenses	19,813,737.78	9,436,008.62
Deferred income tax assets	91,476,101.29	19,153,227.31
Other non-current assets	11,123,313.42	7,195,294.73
Total non-current assets	4,162,691,420.67	2,676,540,793.70
Total assets	7,532,651,176.52	4,279,788,506.48
Current liabilities:		
Short-term borrowings	863,771,746.55	602,834,093.20
Borrowings from central bank		
Placements from banks and other financial institutions		
Trading financial liabilities		
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities		
Bills payable		
Trade payable	75,191,462.94	44,027,540.32
Receipts in advance	257,952,288.76	329,449,892.03
Contract Liabilities	140,288,059.36	
Amount from sales of repurchased financial assets		
Deposit taking and deposit in inter-bank market		
Client money received for acting as securities trading agent		
Client money received for acting as securities trading agent		
Payroll payable	122,653,453.56	67,948,673.56
Taxes payable	112,386,967.79	78,942,327.91
Other payables	185,081,451.57	44,050,711.91
Including: Interests payable		1,788,386.25
Dividends payable	2,753,709.82	1,443,558.82
Handling charge and commissions payable		
Payables to reinsurers		
Liabilities classified as available-for-sale		

Non-current liabilities due within one year	33,366,866.13	41,388,921.21
Other current liabilities		
Total current liabilities	1,790,692,296.66	1,208,642,160.14
Non-current liabilities:		
Deposits for insurance contracts		
Long-term borrowings	36,500,000.00	3,431,702.95
Debentures payable		
Including: Preference shares		
Perpetual bonds		
Lease liabilities	117,750,400.50	
Long-term payables	20,342,856.26	19,417,649.99
Long-term staff remuneration payable		
Estimated liabilities		
Deferred income		
Deferred income tax liabilities	45,717,681.16	14,137,234.36
Other non-current liabilities		
Total non-current liabilities	220,310,937.92	36,986,587.30
Total liabilities	2,011,003,234.58	1,245,628,747.44
Owners' equity:		
Share capital	749,507,599.00	500,176,537.00
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital reserves	1,708,303,157.96	1,322,649,363.20
Less: Treasury stock	193,169,267.59	248,124,987.77
Other comprehensive income	26,299,381.47	-822,384.09
Special reserve		
Surplus reserve	138,552,737.39	84,003,316.49
General risk provision		
Undistributed profit	1,795,964,348.32	1,010,702,290.44
Total owners' equity attributable to the Parent Company	4,225,457,956.55	2,668,584,135.27
Minority interests	1,296,189,985.39	365,575,623.77
Total owners' equity	5,521,647,941.94	3,034,159,759.04



Total liabilities and owners' equity	7,532,651,176.52	4,279,788,506.48
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Legal representative:

Cao Xiaochun

Person-in-charge of accounting:

Jun Gao (高峻)

Head of accounting department:

Yu Guoyun

## 2. Balance Sheet of the Parent Company

Unit: Yuan

Item	December 31, 2019	December 31, 2018
Current assets:		
Monetary fund	126,988,177.98	123,057,242.51
Trading financial assets		
Financial assets at fair value through profit or loss		
Derivatives financial assets		1,002,080.00
Bills receivable		584,248.00
Trade receivable	618,880,233.00	353,651,431.06
Financing receivables		
Prepayments	6,412,248.09	5,846,369.92
Other receivables	45,184,571.45	65,203,460.92
Including: Interests receivable		1,060,780.97
Dividends receivable	3,960,000.00	4,087,748.46
Inventories		
Contract assets		
Assets classified as available-for-sale		
Non-current assets due within one year		
Other current assets		
Total current assets	797,465,230.52	549,344,832.41
Non-current assets:		
Debt investments		
Financial assets available for sale		428,798,851.31
Other debt investments		

Held-to-maturity investment		
Long-term receivables		
Long-term equity investments	2,475,309,563.49	2,112,016,831.68
Other investments in equity instruments		
Other non-current financial assets	570,273,006.58	
Investment properties		
Fixed assets	11,935,029.23	13,713,654.92
Construction in progress		
Productive biological assets		
Oil and gas assets		
Right-to-use assets		
Intangible assets	3,623,032.40	2,160,179.39
Development expenses		
Goodwill		
Long-term deferred expenses	1,352,451.49	
Deferred income tax assets	9,283,815.77	6,043,673.84
Other non-current assets	1,379,977.91	973,200.00
Total non-current assets	3,073,156,876.87	2,563,706,391.14
Total assets	3,870,622,107.39	3,113,051,223.55
Current liabilities:		
Short-term borrowings	513,742,523.36	591,094,093.20
Trading financial liabilities		
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities		
Bills payable		
Trade payable	21,152,100.75	10,075,666.97
Receipts in advance	78,194,033.98	99,013,397.65
Contract liabilities		
Payroll payable	37,652,698.82	9,956,851.74
Taxes payable	34,876,600.97	25,753,804.32
Other payables	649,355,636.01	316,601,859.60
Including: Interests payable		1,771,550.32
Dividends payable		

Liabilities classified as available-for-sale		
Non-current liabilities due within one year	1,054,427.08	
Other current liabilities		
Total current liabilities	1,336,028,020.97	1,052,495,673.48
Non-current liabilities:		
Long-term borrowings	36,500,000.00	
Debentures payable		
Including: Preference shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term staff remuneration payable		
Estimated liabilities		
Deferred income		
Deferred income tax liabilities	18,128,868.10	
Other non-current liabilities		
Total non-current liabilities	54,628,868.10	
Total liabilities	1,390,656,889.07	1,052,495,673.48
Owners' equity:		
Share capital	749,507,599.00	500,176,537.00
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital reserves	1,046,746,280.81	1,302,479,192.64
Less: Treasury stock	193,169,267.59	248,124,987.77
Other comprehensive income		
Special reserve		
Surplus reserve	138,232,453.63	83,683,032.73
Undistributed profit	738,648,152.47	422,341,775.47
Total owners' equity	2,479,965,218.32	2,060,555,550.07
Total liabilities and owners' equity	3,870,622,107.39	3,113,051,223.55

### 3. Consolidated Income Statement

Unit: Yuan

Item	Year 2019	Year 2018
I. Total operating income	2,803,309,287.65	2,300,659,706.62
Including: Operating income	2,803,309,287.65	2,300,659,706.62
Interest income		
Premium earned		
Handling fee and commission income		
II. Total cost of operations	2,075,730,308.42	1,782,269,171.70
Including: Cost of operations	1,500,405,542.04	1,308,913,354.24
Interest expenses		
Handling fees and commission expenses		
Surrender value		
Net cash in compensation		
Net provisions for insurance contract		
Policy payment expense		
Reinsurance expenses		
Taxes and surcharges	11,003,060.49	9,285,383.86
Selling expenses	81,071,523.43	54,454,432.35
Management expenses	349,642,929.43	314,197,849.45
Research and development expenses	124,049,308.27	88,025,353.33
Financial expenses	9,557,944.76	7,392,798.47
Including: Interest expenses	40,403,063.38	19,364,580.03
Interest income	25,461,633.69	7,801,808.04
Add: Other income	13,814,588.40	4,567,093.00
Gains on investment (Loss is represented by “-”)	179,828,015.67	118,853,823.81
Including: Gains from investment in associated companies and joint ventures	-9,767,683.63	9,598,320.01

Income from de-recognition of financial assets measured at amortised cost		
Foreign exchange gains (Loss is represented by “-”)		
Net gains from hedging exposure (Loss is represented by “-”)		
Gains from change in fair value (Loss is represented by “-”)	184,996,027.19	5,154,124.11
Impairment loss of credit (Loss is represented by “-”)	-21,186,117.33	
Impairment loss of assets (Loss is represented by “-”)		-50,962,641.19
Gains from disposal of assets (Loss is represented by “-”)	-384,766.63	-151,707.39
III. Operating profit (Loss is represented by “-”)	1,084,646,726.53	595,851,227.26
Add: Non-operating income	5,900,367.91	12,120,570.70
Less: Non-operating expenses	1,385,263.13	1,899,550.11
IV. Profit before Tax (Total loss is represented by “-”)	1,089,161,831.31	606,072,247.85
Less: Income tax expenses	113,839,474.62	99,275,079.69
V. Net Profit (Total loss is represented by “-”)	975,322,356.69	506,797,168.16
(I) Classified by continuing operation		
1. Net profit from continuing operation (Net loss is represented by “-”)	978,980,143.28	502,763,865.98
2. Net profit from discontinued operations (Net loss is represented by “-”)	-3,657,786.59	4,033,302.18
(II) Classified by ownership of the equity		
1. Net profit attributable to owners of the Parent Company	841,634,823.38	472,183,931.65
2. Profit or loss of minority interests	133,687,533.31	34,613,236.51

VI. Net other comprehensive income after tax	38,413,151.55	3,521,852.15
Net other comprehensive income after tax attributable to owners of the Parent Company	28,778,690.27	-240,029.93
(I) Other comprehensive income that cannot be reclassified to profit or loss in subsequent periods		
1. Changes arising from the remeasurement of defined benefit plans		
2. Other comprehensive income under equity method that cannot be reclassified into profit or loss		
3. Changes in fair value of investment in other equity instruments		
4. Changes in fair value of the Company's own credit risk		
5. Others		
(II) Other comprehensive income to be reclassified to profit or loss	28,778,690.27	-240,029.93
1. Other comprehensive income that can be reclassified into profit or loss under equity method		
2. Changes in fair value of other debt investments		
3. Gains and losses from changes in fair value of available-for-sale financial assets		-1,640,142.47
4. Amount of financial assets reclassified into other comprehensive income		
5. Gains and losses from held-to-maturity investment reclassified as available-for-sale financial assets		
6. Credit impairment provision for other debt investment		

7. Reserves for cash flows hedges		
8. Exchange differences from retranslation of financial statements	28,778,690.27	1,400,112.54
9. Others		
Net comprehensive income after tax attributable to minority shareholders	9,634,461.28	3,761,882.08
VII. Total comprehensive income	1,013,735,508.24	510,319,020.31
Total comprehensive income attributable to owners of the Parent Company	870,413,513.65	471,943,901.72
Total comprehensive income attributable to minority shareholders	143,321,994.59	38,375,118.59
VIII. Earnings per share:		
(I) Basic earnings per share	1.13	0.63
(II) Diluted earnings per share	1.13	0.63

In case of business combination for enterprises under common control in the current period, the net profit of the acquirees before combination is RMB0.00, while the net profit of the acquirees in the previous period was RMB0.00.

Legal representative:

Cao Xiaochun

Person-in-charge of accounting:

Jun Gao (高峻)

Head of accounting department:

Yu Guoyun

#### 4. Income Statement of the Parent Company

Unit: Yuan

Item	Year 2019	Year 2018
I. Operating income	1,177,292,000.42	897,170,707.04
Less : Cost of operations	803,349,570.94	627,159,611.47
Taxes and surcharges	5,055,951.37	3,451,738.55
Selling expenses	27,599,295.58	22,053,212.02
Management expenses	101,098,884.12	69,650,108.81
Research and development expenses	45,740,699.46	30,974,485.84
Financial expenses	26,033,517.32	12,336,560.75
Including: Interest expenses	30,309,882.29	15,383,911.62
Interest income	1,696,778.30	2,925,682.58

Add: Other income	9,558,688.97	2,320,681.00
Gains on investment (Loss is represented by “-”)	275,568,075.92	103,986,153.18
Including: Gains from investment in associated companies and joint ventures	-11,195,749.38	7,813,623.94
Income from de-recognition of financial assets measured at amortised cost (Loss is represented by “-”)		
Net gains from hedging exposure (Loss is represented by “-”)		
Gains from change in fair value (Loss is represented by “-”)	20,521,166.40	3,703,624.11
Impairment loss of credit (Loss is represented by “-”)	-5,045,046.20	
Impairment loss of assets (Loss is represented by “-”)		-36,321,239.74
Gains from disposal of assets (Loss is represented by “-”)	-106,360.47	-64,798.12
II. Operating profit (Loss is represented by “-”)	468,910,606.25	205,169,410.03
Add: Non-operating income		533,542.76
Less: Non-operating expenses	1,190,090.92	1,157,677.27
III. Profit before Tax (Total loss is represented by “-”)	467,720,515.33	204,545,275.52
Less: Income tax expenses	28,124,002.10	25,240,348.26
IV. Net profit (Net loss is represented by “-”)	439,596,513.23	179,304,927.26
(I) Net profit from continuing operation (Net loss is represented by “-”)	439,596,513.23	179,304,927.26
(II) Net profit from discontinued operations (Net loss is represented by “-”)		
V. Net other comprehensive income after tax		
(I) Other comprehensive income that cannot be reclassified to profit or loss in subsequent periods		



1. Changes arising from the remeasurement of defined benefit plans		
2. Other comprehensive income under equity method that cannot be reclassified into profit or loss		
3. Changes in fair value of investment in other equity instruments		
4. Changes in fair value of the Company's own credit risk		
5. Others		
(II) Other comprehensive income to be reclassified to profit or loss		
1. Other comprehensive income that can be reclassified into profit or loss under equity method		
2. Changes in fair value of other debt investments		
3. Gains and losses from changes in fair value of available-for-sale financial assets		
4. Amount of financial assets reclassified into other comprehensive income		
5. Gains and losses from held-to-maturity investment reclassified as available-for-sale financial assets		
6. Credit impairment provision for other debt investments		
7. Reserves for cash flows hedges		
8. Exchange differences from retranslation of financial statements		
9. Others		
VI. Total comprehensive income	439,596,513.23	179,304,927.26
VII. Earnings per share:		
(I) Basic earnings per share	0.59	0.24
(II) Diluted earnings per share	0.59	0.24

## 5. Consolidated Cash Flow Statement

Unit: Yuan

Item	Year 2019	Year 2018
I. Cash flows generated from operating activities:		
Cash received from sales of goods and services	2,657,936,537.03	2,341,959,057.84
Net increase in deposits from customers and other banks		
Net increase in borrowings from PBOC		
Net increase in borrowings from other financial institutions		
Cash received from premium of original insurance contract		
Net cash inflow from reinsurance business		
Net increase in deposit of the insured and investment		
Cash received from interest, handling fees and commissions		
Net increase of placements from banks and other financial institutions		
Net increase of repurchase business		
Net cash received for acting as securities trading agent		
Tax rebates received	2,795,449.52	3,210,240.19
Other cash received from activities relating to operation	53,329,107.81	58,972,302.02
Sub-total of cash inflows from operating activities	2,714,061,094.36	2,404,141,600.05
Cash paid for goods and services	738,146,188.68	757,877,703.17
Net increase in customer loans and advances		
Net increase of deposits in PBOC and other banks		
Cash paid for compensation under the original insurance contract		

Net increase of placements with banks and other financial institutions		
Cash paid for interest, handling fees and commissions		
Cash paid for policy bonus		
Cash paid to and on behalf of employees	1,039,048,508.17	801,601,658.68
Tax payments	237,133,891.87	143,557,682.26
Other cash payments relating to operating activities	172,174,570.13	178,861,837.29
Sub-total of cash outflows from operating activities	2,186,503,158.85	1,881,898,881.40
Net cash flows generated from operating activities	527,557,935.51	522,242,718.65
II. Cash flows generated from investing activities:		
Cash received from <a href="#">redemption</a> of investments	501,974,055.84	585,808,505.70
Cash from gains on investment	13,078,858.50	16,307,699.11
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	3,363,380.89	492,090.92
Net cash received from disposal of subsidiaries and other operating entities	32,902,941.77	-17,437,426.79
Other cash received from activities relating to investment		10,973,425.92
Sub-total of cash inflows from investing activities	551,319,237.00	596,144,294.86
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	102,910,675.81	91,718,091.95
Cash paid for investments	1,014,615,034.82	842,922,786.32
Net increase in policy loans		
Net cash paid for acquisition of subsidiaries and other operating entities	71,946,263.73	28,036,186.25
Other cash paid for activities relating to investment		

Sub-total of cash outflows from investing activities	1,189,471,974.36	962,677,064.52
Net cash flows generated from investing activities	-638,152,737.36	-366,532,769.66
III. Cash flows generated from financing activities:		
Cash received from capital contributions	1,440,837,276.59	59,299,239.30
Including: Cash received by subsidiaries from minority shareholders' investment		
Cash received from borrowings	1,250,433,088.71	602,834,093.20
Other cash received from activities related to financing	259,938,105.52	
Sub-total of cash inflows from financing activities	2,951,208,470.82	662,133,332.50
Cash repayments of borrowings	1,070,623,089.41	263,075,434.05
Dividends paid, profit distributed or interest paid in cash	265,970,155.44	126,648,942.96
Including: Dividend and profit paid by subsidiaries to minority shareholders		
Other cash paid for activities relating to financing	180,317,263.66	262,394,894.62
Sub-total of cash outflows from financing activities	1,516,910,508.51	652,119,271.63
Net cash flows generated from financing activities	1,434,297,962.31	10,014,060.87
IV. Effect of changes in exchange rate on cash and cash equivalents	15,196,526.81	7,236,179.28
V. Net increase in cash and cash equivalents	1,338,899,687.27	172,960,189.14
Add: Balance of cash and cash equivalents at the beginning of the period	698,186,379.43	525,226,190.29
VI. Balance of cash and cash equivalents at the end of the period	2,037,086,066.70	698,186,379.43

## 6. Cash Flow Statement of the Parent Company

Unit: Yuan

Item	Year 2019	Year 2018
I. Cash flows generated from operating activities:		
Cash from sales of goods and rendering services	935,511,723.80	870,855,827.47
Tax rebates received		
Other cash received from activities relating to operation	215,601,535.82	64,391,203.72
Sub-total of cash inflows from operating activities	1,151,113,259.62	935,247,031.19
Cash paid for goods and services	646,893,755.02	518,121,847.10
Cash paid to and on behalf of employees	236,201,302.27	180,541,767.74
Tax payments	54,798,792.29	29,068,519.65
Other cash payments relating to operating activities	58,359,187.67	98,167,440.88
Sub-total of cash outflows from operating activities	996,253,037.25	825,899,575.37
Net cash flows generated from operating activities	154,860,222.37	109,347,455.82
II. Cash flows generated from investing activities:		
Cash received from redemption of investments	121,081,187.08	46,509,325.01
Cash from gains on investment	192,510,197.12	87,988,914.92
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	30,698.60	104,003.47
Net cash received from disposal of subsidiaries and other operating entities		
Other cash received from activities relating to investment		8,323,973.87
Sub-total of cash inflows from investing activities	313,622,082.80	142,926,217.27

Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	6,694,021.90	3,739,455.95
Cash paid for investments	395,646,461.66	393,146,471.56
Net cash paid for acquisition of subsidiaries and other operating entities		
Other cash paid for activities relating to investment		
Sub-total of cash outflows from investing activities	402,340,483.56	396,885,927.51
Net cash flows generated from investing activities	-88,718,400.76	-253,959,710.24
III. Cash flows generated from financing activities		
Cash received from capital contributions		
Cash received from borrowings	1,028,588,186.40	591,094,093.20
Other cash received from activities relating to financing	249,445,333.04	
Sub-total of cash inflows from financing activities	1,278,033,519.44	591,094,093.20
Cash repayments of borrowings	1,070,623,089.41	221,971,128.21
Dividends paid, profit distributed or interest paid in cash	203,195,700.16	116,432,794.42
Other cash paid for activities relating to financing	67,916,937.46	248,124,987.77
Sub-total of cash outflows from financing activities	1,341,735,727.03	586,528,910.40
Net cash flows generated from financing activities	-63,702,207.59	4,565,182.80
IV. Effect of changes in exchange rate on cash and cash equivalents	2,932,593.45	368,655.37
V. Net increase in cash and cash equivalents	5,372,207.47	-139,678,416.25
Add: Balance of cash and cash equivalents at the beginning of the period	121,615,970.51	261,294,386.76

VI. Balance of cash and cash equivalents at the end of the period	126,988,177.98	121,615,970.51
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## 7. Consolidated Statement of Changes in Owners' Equity

Amount in the current period

Unit: Yuan

Item	Year 2019														
	Owners' equity attributable to the Parent Company												Minority interests	Total owners' equity	
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserve	Surpluses reserve	General risk provision	Undistributed profit	Others			Sub-total
		Preference shares	Perpetual bonds	Others											
I. Balance at the end of last year	500,176,537.00				1,322,649,363.20	248,124,987.77	-822,384.09		84,003,316.49		1,010,702,290.44		2,668,584,135.27	365,575,623.77	3,034,159,759.04
Add: Effects of changes in accounting policies							-1,656,924.71		10,589,769.58		162,225,296.97		171,158,141.84	66,827,330.36	237,985,472.20
Effects of corrections of prior year errors															
Business combination under common control															
Others															
II. Balance at the beginning of the year	500,176,537.00				1,322,649,363.20	248,124,987.77	-2,479,308.80		94,593,086.07		1,172,927,587.41		2,839,742,277.11	432,402,954.13	3,272,145,231.24

III. Increase/decrease in the period (Decrease is represented by “-”)	249,331,062.00				385,653,794.76	-54,955,720.18	28,778,690.27		43,959,651.32		623,036,760.91		1,385,715,679.44	863,787,031.26	2,249,502,710.70
(I) Total comprehensive income							28,778,690.27				841,634,823.38		870,413,513.65	143,321,994.59	1,013,735,508.24
(II) Owners' contribution and decrease in capital	-228,573.00				-6,173,276.83	61,847,562.40							-68,249,412.23	1,393,933,150.10	1,325,683,737.87
1. Owners' contribution of ordinary shares	-228,573.00				-5,840,802.06								-6,069,375.06	1,418,061,787.36	1,411,992,412.30
2. Capital contribution by holders of other equity instruments															
3. Amount of share-based payments credited to owners' equity					16,555,900.00								16,555,900.00	33,466,707.36	50,022,607.36
4. Others					-16,888,374.77	61,847,562.40							-78,735,937.17	-57,595,344.62	-136,331,281.79
(III) Profit distribution									43,959,651.32		-218,598,062.47		-174,638,411.15	-55,237,910.14	-229,876,321.29
1. Appropriation to surplus reserve									43,959,651.32		-43,959,651.32				
2. Appropriation to general risk provision															
3. Distribution to owners (or shareholders)											-174,638,411.15		-174,638,411.15	-55,237,910.14	-229,876,321.29



4. Others															
(IV) Internal carry-forward of owners' equity	249,559,635.00				-249,559,635.00										
1. Conversion of capital reserve into capital (or shares)	249,559,635.00				-249,559,635.00										
2. Capital (or share capital) created on surplus reserves															
3. Making good of loss with surplus reserve															
4. Carry-forward of amount change in defined benefit plan to retained earning															
5. Carry-forward of other comprehensive income to retained earning															
6. Others															
(V) Special reserves															
1. Withdrawal															
2. Used															
(VI) Others					641,386,706.59	-116,803,282.58						758,189,989.17	-618,230,203.29	139,959,785.88	
IV. Balance at the end of the period	749,507,599.00				1,708,303,157.96	193,169,267.59	26,299,381.47		138,552,737.39		1,795,964,348.32		4,225,457,956.55	1,296,189,985.39	5,521,647,941.94

Amount in last period

Unit: Yuan

Item	Year 2018														
	Owners' equity attributable to the Parent Company												Minority interest	Total owners' equity	
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserve	Surpluses	General risk provision	Undistributed profit	Others			Sub-total
		Preference shares	Perpetual bonds	Others											
I. Balance at the end of last year	500,176,537.00				1,268,895,127.68		-582,354.16		66,072,823.76		668,973,483.95		2,503,535,618.23	315,455,625.54	2,818,991,243.77
Add: Effects of changes in accounting policies											-12,489,325.03		-12,489,325.03	-5,188,417.40	-17,677,742.43
Effects of corrections of prior year errors															
Business combination under common control															
Others															
II. Balance at the beginning of the year	500,176,537.00				1,268,895,127.68		-582,354.16		66,072,823.76		656,484,158.92		2,491,046,293.20	310,267,208.14	2,801,313,501.34
III. Increase/decrease in the period (Decrease is represented by “-”)					53,754,235.52	248,124,987.77	-240,029.93		17,930,492.73		354,218,131.52		177,537,842.07	55,308,415.63	232,846,257.70

(I) Total comprehensive income							-240,029.93				472,183,931.65		471,943,901.72	38,375,118.59	510,319,020.31
(II) Owners' contribution and decrease in capital				5,629,745.75									5,629,745.75	19,580,900.59	25,210,646.34
1. Owners' contribution of ordinary shares														9,597,413.30	9,597,413.30
2. Capital contribution by holders of other equity instruments															
3. Amount of share-based payments credited to owners' equity				5,629,745.75									5,629,745.75	2,541,407.89	8,171,153.64
4. Others														7,442,079.40	7,442,079.40
(III) Profit distribution								17,930,492.73		-117,965,800.13		-100,035,307.40		-14,355,339.78	-114,390,647.18
1. Appropriation to surplus reserve								17,930,492.73		-17,930,492.73					
2. Appropriation to general risk provision															
3. Distribution to owners (or shareholders)										-100,035,307.40		-100,035,307.40		-14,355,339.78	-114,390,647.18
4. Others															
(IV) Internal carry-forward of owners' equity															

1. Conversion of capital reserve into capital (or shares)															
2. Capital (or share capital) created on surplus reserve															
3. Making good of loss with surplus reserve															
4. Carry-forward of amount change in defined benefit plan to retained earning															
5. Carry-forward of other comprehensive income to retained earning															
6. Others															
(V) Special reserves															
1. Withdrawal															
2. Used															
(VI) Others					48,124,489.77	248,124,987.77							-200,000,498.00	11,707,736.23	-188,292,761.77
IV. Balance at the end of the period	500,176,537.00				1,322,649,363.20	248,124,987.77	-822,384.09		84,003,316.49		1,010,702,290.44		2,668,584,135.27	365,575,623.77	3,034,159,759.04

## 8. Statement of Changes in Owners' Equity of the Parent Company

Amount in the current period

Unit: Yuan

Item	Year 2019											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Others	Total owners' equity
		Preference shares	Perpetual bonds	Others								
I. Balance at the end of last year	500,176,537.00				1,302,479,192.64	248,124,987.77			83,683,032.73	422,341,775.47		2,060,555,550.07
Add: Effects of changes in accounting policies									10,589,769.58	95,307,926.24		105,897,695.82
Effects of corrections of prior year errors												
Others												
II. Balance at the beginning of the year	500,176,537.00				1,302,479,192.64	248,124,987.77			94,272,802.31	517,649,701.71		2,166,453,245.89
III. Increase/decrease in the period (Decrease is represented by “-”)	249,331,062.00				-255,732,911.83	-54,955,720.18			43,959,651.32	220,998,450.76		313,511,972.43
(I) Total comprehensive income										439,596,513.23		439,596,513.23
(II) Owners' contribution and decrease in capital	-228,573.00				-6,173,276.83	61,847,562.40						-68,249,412.23
1. Owners' contribution of ordinary shares	-228,573.00				-5,840,802.06							-6,069,375.06

2. Capital contribution by holders of other equity instruments												
3. Amount of share-based payments credited to owners' equity					16,555,900.00							16,555,900.00
4. Others					-16,888,374.77	61,847,562.40						-78,735,937.17
(III) Profit distribution									43,959,651.32	-218,598,062.47		-174,638,411.15
1. Appropriation to surplus reserve									43,959,651.32	-43,959,651.32		
2. Distribution to owners (or shareholders)										-174,638,411.15		-174,638,411.15
Others												
(IV) Internal carry-forward of owners' equity	249,559,635.00				-249,559,635.00							
1. Conversion of capital reserve into capital (or shares)	249,559,635.00				-249,559,635.00							
2. Capital (or share capital) created on surplus reserve												
3. Making good of loss with surplus reserve												

4. Carry-forward of amount change in defined benefit plan to retained earning												
5. Carry-forward of other comprehensive income to retained earning												
6. Others												
(V) Special reserves												
1. Withdrawal												
2. Used												
(VI) Others						-116,803,282.58						116,803,282.58
IV. Balance at the end of the period	749,507,599.00				1,046,746,280.81	193,169,267.59			138,232,453.63	738,648,152.47		2,479,965,218.32

Amount in last period

Unit: Yuan

Item	Year 2018											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Others	Total owners' equity
		Preference shares	Perpetual bonds	Others								
I. Balance at the end of last year	500,176,537.00				1,302,479,192.64				65,752,540.00	361,002,648.34		2,229,410,917.98
Add: Effects of changes in accounting policies												

Effects of corrections of prior year errors												
Others												
II. Balance at the beginning of the year	500,176,537.00				1,302,479,192.64				65,752,540.00	361,002,648.34		2,229,410,917.98
III. Increase/decrease in the period (decrease is represented by “-”)						248,124,987.77			17,930,492.73	61,339,127.13		-168,855,367.91
(I) Total comprehensive income										179,304,927.26		179,304,927.26
(II) Owners’ contribution and decrease in capital						248,124,987.77						-248,124,987.77
1. Owners’ contribution of ordinary shares						5,432,873.00						-5,432,873.00
2. Capital contribution by holders of other equity instruments												
3. Amount of share-based payments credited to owners’ equity												
4. Others						242,692,114.77						-242,692,114.77
(III) Profit distribution									17,930,492.73	-117,965,800.13		-100,035,307.40



1. Appropriation to surplus reserve									17,930,492.73	-17,930,492.73		
2. Distribution to owners (or shareholders)										-100,035,307.40		-100,035,307.40
3. Others												
(IV) Internal carry-forward of owners' equity												
1. Conversion of capital reserve into capital (or shares)												
2. Capital (or share capital) created on surplus reserve												
3. Making good of loss with surplus reserve												
4. Carry-forward of amount change in defined benefit plan to retained earning												
5. Carry-forward of other comprehensive income to retained earning												
6. Others												
(V) Special reserves												
1. Withdrawal												

2. Used												
(VI) Others												
IV. Balance at the end of the period	500,176,537.00				1,302,479,192.64	248,124,987.77			83,683,032.73	422,341,775.47		2,060,555,550.07

### III. BASIC INFORMATION OF THE COMPANY

#### (I) Company Overview

Hangzhou Tigermed Consulting Co., Ltd. (the "Company") , whose predecessor was Hangzhou Tigermed Limited, was established in the PRCon December 15, 2004 upon approval by Hangzhou Administration for Industry and Commerce High-tech Industry and Commerce Branch. The registered capital of the Company was RMB500,000, jointly contributed by natural persons Ye Xiaoping (葉小平), Cao Xiaochun (曹曉春) and Shi Xiaoli (施笑利) in the amounts of RMB300,000, RMB150,000 and RMB50,000 respectively, has been verified by the capital verification report Zhejiang TianceYanzi (2004) No. 145 issued by Zhejiang Zhejiangtiance Certified Public Accountants Co., Ltd.

According to the resolution of Shareholders' meeting of the Company dated January 6, 2008 and the revised Articles of Association, the Company applied for increase in registered capital to RMB5 million, of which RMB2,652,500, RMB 875,500 and RMB360,000 were further contribution of original Shareholders Ye Xiaoping (葉小平), Cao Xiaochun (曹曉春) and Shi Xiaoli (施笑利) respectively; while RMB406,500 and RMB205,500 respectively were contributed by new natural persons Xu Jialian (徐家廉) and Gong Yunjie (宮雲潔). The Company obtained the business license for enterprise legal person after the change in January 2008.

According to the resolution of Shareholders' meeting of the Company dated March 31, 2008, the Capital Increase and M&A Agreement and the revised Articles of Association, the Company applied for increase in registered capital to RMB5,882,353 and agreed with the capital injection from the new Shareholder QM8 Limited in the amount of US\$5,000,000 to subscribe for RMB882,353 of the Company's increased share capital (by capitalisation of share premium RMB33,818,647.00), while the nature of the Company was changed from a domestic enterprise to a sino-foreign joint venture. On May 5, 2008, the Foreign Trade and Economic Cooperation Department of Zhejiang Province issued the "Approval for the Equity M&A and Capital Increase and Change into a Sino-foreign Joint Venture of Hangzhou Tigermed Consulting Co., Ltd. " (Zhewai Jingmao Zihan (浙外经贸资函)(2008) No. 237) approving the equity M&A and capital increase of the Company and its change into a sino-foreign joint venture. The Company obtained the business license for enterprise legal person after the change in June 2008.

According to the resolution of Board meeting dated July 18, 2008 and the revised Articles of Association, the Company applied for increase in registered capital to RMB30 million, and agreed to the conversion of the Company's premium capital reserve of RMB24,117,647 into capital. After the conversion, Shareholders Ye Xiaoping (葉小平), Cao Xiaochun (曹曉春), Shi Xiaoli (施笑利), Xu Jialian (徐家廉), Gong Yunjie (宮雲潔) and QM8 Limited held shares of the Company in the amounts of RMB15.06 million , RMB5.22 million, RMB 2.091 million, RMB2.073 million, RMB1.047 million and RMB4.5 million respectively. The Company obtained the business license for enterprise legal person after the change on September 4, 2008.

According to the equity transfer agreement dated November 16, 2009, Shareholder Ye Xiaoping (叶小平) transferred RMB1.71 million of equity of the Company he held to Hangzhou Taimo Investment Management Limited (杭州泰默投资

管理有限公司) for RMB2.633 million. After the transfer, Hangzhou Taimo Investment Management Limited held 5.70% of the Company's equity. According to the equity transfer agreement dated November 16, 2009, Shareholders Ye Xiaoping (葉小平), Cao Xiaochun (曹曉春) and Gong Yunjie (宮雲潔) transferred the RMB123,000, RMB 636,000 and RMB81,000 equity of the Company held by them respectively to Hangzhou Taidi Investment Management Limited (杭州泰迪投資管理有限公司) for RMB189,420, RMB 997,444 and RMB124,740 respectively. After the transfer, Hangzhou Taidi Investment Management Limited (杭州泰迪投資管理有限公司) held 2.80% equity of the Company. The Company obtained the business license for enterprise legal person after the change in December 2008. According to the equity transfer agreement dated December 28, 2009, Shareholders Xu Jialian (徐家廉) and Gong Yunjie (宮雲潔) transferred to Hongqiao Zhang the RMB252,000 and RMB48,000 equity of the Company held by them respectively for RMB388,080 and RMB73,920 respectively. After the transfer, Hongqiao Zhang held 1% equity of the Company; Shareholders Shi Xiaoli (施笑利) and QM8 Limited transferred to Wen Chen the RMB255,000 and RMB195,000 equity of the Company held by them respectively for RMB392,700 and RMB300,300 respectively. After the transfer, Wen Chen held 1.5% equity of the Company. The Company obtained the business license for enterprise legal person after the change in April 2010.

According to the resolution of Board meeting of the Company dated December 28, 2009, the capital increase agreement and the revised Articles of Association, the Company applied for increase in registered capital to RMB 35,535,118. On February 22, 2010, the original Shareholder QM8 Limited contributed US\$2,000,028.5 (equivalent to RMB 13,654,394.57) to subscribe for the Company's increased registered capital of RMB 1,875,000 (the premium of RMB11,779,394.57 was transferred to capital reserve); new Shareholder Yin Zhuan, Zhang Bing, Liu Minzhi and Ruiqin Investment (上海睿勤投資咨詢有限公司) contributed USD452,000 (equivalent to RMB 3,085,804), USD214,000 (equivalent to RMB1,460,978), USD55,339 (equivalent to RMB377,815.94) and RMB 711,414 to subscribe for the increased registered capital of RMB2,004,181 (a premium of RMB1,081,623 was transferred to capital reserve), RMB948,788 (a premium of RMB512,190 was transferred to capital reserve), RMB 245,192 (a premium of RMB132,623.94 was transferred to capital reserve) and RMB461,957 (a premium of RMB249,457 was transferred to capital reserve) of the Company. The Company obtained the business license for enterprise legal person after registration change in April 2010.

According to the resolution of Board meeting of the Company dated August 4, 2010, the sponsor agreement dated August 16, 2010 and the revised Articles of Association, the Company's audited net assets on May 31, 2010 were RMB 67,647,753.65, which was converted into the Company's share capital at a ratio of 1: 0.5913, accounting for a total of 40 million shares with a par value of RMB1.00 each. Meanwhile, RMB27,647,753.65 was transferred to capital reserve and the Company as a whole was changed into a joint stock company. The Company obtained the business license for enterprise legal person on November 4, 2010.

According to the resolution of the 2010 annual general meeting and the resolution of the 2012 first extraordinary general meeting of the Company, and with the "Reply of approval for initial public offering and listing of shares on GEM by Hangzhou Tigermed Consulting Co., Ltd. (關於核准杭州泰格醫藥科技股份有限公司首次公開發行股票並在創業板上市的批復)" (CSRC Approval Document [2012] No. 896) issued by the China Securities Regulatory Commission, the Company publicly issued to the public 13,400,000.00 shares of RMB ordinary shares (A Shares), representing an increase in share capital of RMB13,400,000.00, and the share capital after the change was RMB53,400,000.00. The net proceeds was RMB481,170,979.00, of which share capital of RMB13.40 million and the share premium of RMB467,770,979.00 was included in the capital reserve. The Company has obtained the business license for enterprise legal person after the change on November 27, 2012.

According to the resolution of the 2012 annual general meeting held on April 9, 2013 and the revised Articles of Association,

and approved by document “Administrative Approval of Decision to Change Hangzhou Tigermed Consulting Co., Ltd. ” (Hang Wai Jingmao Wai Fu( Xu (2013) No. 99) by Hangzhou Foreign Trade and Economic Cooperation Bureau, the registered capital of the Company was increased by RMB53,400,000.00 by way of capitalization of capital reserve. The registered capital after increase was RMB106,800,000.00. On December 6, 2013, the Company obtained its new “Business License for Enterprise Legal Person” reflecting such change.

According to the resolution of the 2013 annual general meeting and the revised Articles of Association, the Company applied for an increase in registered capital of RMB106,800,000.00 by way of capitalization of capital reserve. As a result, the registered capital of the Company was increased to RMB213,600,000.00. On July 22, 2014, the Company obtained its new “Business License for Enterprise Legal Person” reflecting such change.

According to the "Resolution regarding the grant of vested options for the first exercise period of the stock option scheme (關於首次授予股票期權第一個行權期可行權的議案)" adopted by the Company at the 11th meeting of the second Board in 2014, the Company's eligible participants exercised for a total of 1,419,177 share options in the first exercise period, the registered capital was thus increased by RMB1,419,177.00 to RMB215,019,177.00. The Company obtained the Enterprise Legal Person Business Licence issued by the Administration for Industry and Commerce of Zhejiang Province on February 15, 2015.

According to the resolution of the 2014 annual general meeting and the revised Articles of Association, the Company applied for an increase in registered capital of RMB215,019,177 by way of capitalization of capital reserve. As a result, the registered capital of the Company was increased to RMB430,038,354.00.

According to the “Resolution on adjusting the exercise price and exercise quantity of stock option incentive scheme (關於調整股票期權激勵計畫行權價格及行權數量的議案)” adopted by the Company at the 16th meeting of the second Board in 2015, the number of stock options granted was 1,120,000 and the number of vested options was 560,000. The registered capital of the Company was increased by RMB560,000.00 to RMB430,598,354.00.

According to the “Resolution on increasing the Company’s registered capital and amendment to the Articles of Association of the Company (關於增加公司註冊資本並修改公司章程的議案)” adopted by the Company at the 25th meeting of the second Board in 2015, the Company granted a total of 2,717,556 vested options for exercise during the second exercise period to 150 beneficiaries assessed and approved during the second exercise period. The registered capital of the Company was increased by RMB2,717,556.00 to RMB433,315,910.00.

According to the resolution of the Company's first extraordinary general meeting in 2015 and approved by China Securities Regulatory Commission with the approval of the China Securities Regulatory Commission [2015] No. 3096, the Company issued 37,425,150.00 ordinary shares denominated in RMB (A Shares) by way of non-public offering at a par value of RMB 1.00 each. The shares were issued at a premium of RMB13.36 per share, and raised a total of RMB499,999,990.64. The Company's non-public offering of shares was subscribed as to 13,473,053.00 shares by Ye Xiaoping, 5,239,521.00 shares by Cao Xiaochun, 7,485,030.00 shares by Ningbo Dingliang Ruixing Equity Investment Center (Limited Partnership) , 3,742,515.00 shares by Guojinyongye Value-added aggregate asset management plan, and 7,485,030.00 shares by Shanghai Jiguang Investment Management Center (Limited Partnership) .The registered capital and paid-in capital was RMB470,741,059.00 after the issue.

According to the "Resolution on the reserve of grant of stock option for exercise in the second exercise period (關於預留授予股票期權第二個行權期可行權的議案)" adopted by the Company at the 32th meeting of the second Board in 2016, the Company applied for the targeted issuance of shares to the eligible participants. The Company's registered capital was increased by RMB560,000.00 to RMB471,301,059.00.

According to the "Resolution regarding the grant of vested options for the third exercise period of the stock option scheme (關於首次授予股票期權第三個行權期可行權的議案)" adopted by the Company at the 36th meeting of the second Board in 2016, the number of vested stock options was 3,564,108.00 and the exercise price of the stock option was RMB13.34. The total capital contribution was RMB47,545,200.72, of which 3,564,108.00 yuan was used to increase the Company's registered capital, and RMB43,981,092.72 for the increase of capital reserve, and the registered capital after the issue was RMB474,865,167.00.

According to the resolution approved at the first extraordinary general meeting of the Company in 2016 and the "Approval for the Non-public Issuance of Shares of Hangzhou Tigermed Consulting Co., Ltd. (Document [2017] No. 65) (關於核准杭州泰格醫藥科技股份有限公司非公開發行股票的批復)" issued by the China Securities Regulatory Commission, the Company issued 25,311,370 ordinary shares denominated in RMB (A Shares) by way of non-public offering, and raised net proceeds of RMB607,799,999.30, which was verified by BDO China Shu Lun Pan Certified Public Accountants LLP with a letter of capital verification report Xin Hui Shi Bao Zi (2017) No. ZA14261. The registered capital after the issue was RMB500,176,537.00.

According to the "Resolution on the Plan for Repurchase of the Shares of the Company (關於回購公司股份預案的議案)" and the "Resolution on Authorisation Granted to the Board by the General Meeting to Deal With Matters Relating to the Share Repurchase with Absolute Discretion (關於提請股東大會授權董事會全權辦理本次回購股份相關事宜的議案)" at the 14th Meeting of the third board of directors in 2019, on March 20, 2019, the Company accumulatively repurchased 7,005,832 shares of the Company through centralized bidding trading under its designated account for share repurchase as shares for the Company's employee share ownership scheme or equity incentives. According to the "Restricted Share Incentive Plan (Draft) 2019 and its Summary of Hangzhou Tigermed Consulting Co., Ltd. (杭州泰格醫藥科技股份有限公司 2019 年限制性股票激勵計畫 (草案))" reviewed and approved at the 15th meeting of the third board of directors of the Company, the Company should grant 4,859,311 restrictive shares to its targets, of which 4,088,417 shares were granted initially, and 770,894 shares were reserved. The price granted was RMB39.83 per share. 41 beneficiaries surrendered the restricted shares. Therefore, as of May 28, 2019, 3,827,763 shares were actually granted to the beneficiaries. As of May 28, 2019, the cumulative registered capital after the issue was RMB500,176,537.00 and the paid-in capital (share capital) was RMB500,176,537.0, which was verified by BDO China Shu Lun Pan Certified Public Accountants LLP with a letter of capital verification report Xin Hui Shi Bao Zi [2019] No. ZA14913 on May 28, 2019.

According to the "Resolution on Non-trade Transfer of Shares from the Company's Designated Account for Share Repurchase to the Company's Designated Account for 2018 Employee Share Ownership Scheme" resolved at the 19th meeting of the third Board of the Company (關於公司回購股份專戶向公司2018年員工持股計畫專戶非交易過戶轉讓股票的議案), a total of 2,143,403 shares were transferred at the average repurchase price of RMB44.25 per share from the Company's designated account for share repurchase to the designated account of "Hangzhou Tigermed Consulting Co., Ltd.-Phase II Employee Share Ownership Scheme" by way of non-trade transfer. Since some employees surrendered their subscription right, according to the "Resolution on the Adjustment to the Number of Non-trade Transfer of Shares from the Company's Designated Account for Share Repurchase to the Company's Designated Account for 2018 Employee Share Ownership Scheme (關於公司回購股份專戶向公司2018年員工持股計畫專戶非交易過戶轉讓股票數量調整的議案)" resolved at the 20th meeting of the third board of directors in 2019, the actual number of shares transferred to the employee

share ownership scheme was adjusted to 2,120,803 shares, totaling RMB93,845,532.75. As of June 17, 2019, the cumulative registered capital after the transfer was RMB500,176,537.00, and the paid-in capital (share capital) was RMB 500,176,537.00, which was verified by BDO China Shu Lun Pan Certified Public Accountants LLP with a letter of capital verification report Xin Hui Shi Bao Zi [2019] No. ZA ZA15021 on June 17, 2019.

According to the resolution of the 2018 Annual General Meeting and the resolution of the 16th meeting of the third session of the Board, it was considered and approved: based on the total share capital on the record date for the future implementation of the 2018 equity distribution plan (after deducting share capital held by the Company's designated account for share repurchase), a cash dividend of RMB3.5 (including tax) will be distributed to all shareholders for every 10 shares held, and the remaining undistributed profits will be carried forward for distribution in the future year; at the same time, the Company will issue shares to all shareholders by transferring capital reserve on the basis of five shares for every 10 shares held. As of March 20, 2019, the Company has accumulatively repurchased 7,005,832 shares of the Company through centralized bidding trading under the designated account for share repurchase. Based on the total share capital of 500,176,537 shares (after deducting 1,057,266 shares held by the Company's designated account for share repurchase), a total of 499,119,271 shares were available for distribution, total cash dividend was RMB174,691,744.85 (including tax), and 249,559,635 shares were issued by capitalization of capital reserve. The registered capital was RMB749,736,172 after capitalization issue to the original shareholders in proportion of their respective capital contribution. As of July 1, 2019, the cumulative registered capital after the issue was RMB749,736,172.00, and the paid-in capital (share capital) was RMB749,736,172.00, which was verified by BDO China Shu Lun Pan Certified Public Accountants LLP with a letter of capital verification report Xin Hui Shi Bao Zi [2019] No. ZA15413 on June 17, 2019.

According to the "Resolution on Adjusting the Repurchase Number, Repurchase Price of Restricted Shares and Repurchase and Cancellation of Certain Restricted Shares in 2019 (關於調整 2019 年限制性股票回購數量、回購價格及回購登出部分限制性股票的議案)" and the "Resolution on Altering the Registered Capital of the Company and Amendment of the Articles of Association (關於變更公司註冊資本及修改公司章程的議案)" considered and approved at the 22nd meeting of the third Board and the 2019 second extraordinary general meeting, in view of seven beneficiaries of the Company's 2019 restricted share incentive scheme had resigned for personal reasons, according to the relevant provisions under the "Measures for the Administration of Equity Incentives of Listed Companies (上市公司股權激勵管理辦法)" and the "Restricted Share Incentive Plan (Draft) 2019 of Hangzhou Tigermed Consulting Co., Ltd. (杭州泰格醫藥科技股份有限公司 2019 年限制性股票激勵計畫(草案))", 110,595 restricted shares which were granted but not unlocked by the said seven beneficiaries were repurchased and cancelled. After the repurchase and cancellation, the total number of shares of the Company will be reduced from 749,736,172 shares to 749,625,577 shares, and the registered capital will be altered from RMB749,736,172 to RMB749,625,577, which was verified by BDO China Shu Lun Pan Certified Public Accountants LLP with a letter of capital verification report Xin Hui Shi Bao Zi [2019] No. ZA15414 on July 31, 2019.

The 24th meeting of the third Board of Directors and the 2019 Third Extraordinary General Meeting reviewed and approved the "Resolution on the Repurchase and Cancellation of Certain Restricted Shares in 2019(關於回購登出 部分 2019 年限制性股票的議案)" and the "Resolution on Altering the Registered Capital of the Company and Amendment of the Articles of Association (關於變更公司註冊資本及修改公司章程的議案)", in view of six beneficiaries of the Company's 2019 restricted share incentive scheme had resigned for personal reasons, according to the relevant provisions under the "Measures for the Administration of Equity Incentives of Listed Companies (上市公司股權激勵管理辦法)" and the "Restricted Share Incentive Plan (Draft) 2019 of Hangzhou Tigermed Consulting Co., Ltd. (杭州泰格醫藥科技股份有限公司 2019 年限制性股票激勵計畫(草案))", 68,451 restricted shares which were granted but not unlocked by the said six beneficiaries were repurchased and cancelled. After the repurchase and cancellation, the total number of shares of the Company will be reduced from 749,625,577 shares to 749,557,126 shares, and the registered capital will be altered from 749,625,577 yuan to 749,557,126 yuan, which was verified by BDO China Shu Lun Pan Certified Public Accountants LLP

with a letter of capital verification report Xin Hui Shi Bao Zi [2019] No. ZA15698 on September 10, 2019.

According to the “Summary of Restricted Share Incentive Plan (Draft) 2019 of Hangzhou Tigermed Consulting Co., Ltd. (杭州泰格醫藥科技股份有限公司 2019 年限制性股票激勵計畫 (草案) 摘要)” Resolved at the 28<sup>th</sup> meeting of the third Board of the Company in 2019, the Company applied to grant 770,894 restricted shares to 54 beneficiaries at a price of RMB31.46 per share. All the shares were derived from buy-back of ordinary A shares by the Company from secondary market, which was verified by BDO China Shu Lun Pan Certified Public Accountants LLP with a letter of capital verification report Xin Hui Shi Bao Zi [2020] No. ZA10087 on January 22, 2020.

According to the “Resolution for the Repurchase and Cancellation of Certain Restricted Shares 2019(關於回購登出部分 2019 年限制性股票的議案)” and the “Resolution on the Alteration of the Registered Share Capital and Amendment of the Articles of Association of the Company (關於變更公司註冊資本及修改公司章程的議案)” considered and approved at the 27<sup>th</sup> Meeting of the third Board, the 4<sup>th</sup> meeting of the 2019 Extraordinary General Meeting and the 28<sup>th</sup> Meeting of the third Board and the 5<sup>th</sup> meeting of the 2019 Extraordinary General Meeting, in view of five beneficiaries of the Company's 2019 restricted share incentive scheme had resigned for personal reasons, according to the relevant provisions under the “Measures for the Administration of Equity Incentives of Listed Companies (上市公司股權激勵管理辦法)” and the “Restricted Share Incentive Plan (Draft) 2019 of Hangzhou Tigermed Consulting Co., Ltd.( 杭州泰格醫藥科技股份有限公司 2019 年限制性股票激勵計畫 (草案))”, 49,527.00 restricted shares which were granted but not unlocked by the said five beneficiaries were repurchased and cancelled. After the repurchase and cancellation, the total number of shares of the Company will be reduced from 749,557,126 shares to 749,507,599 shares, and the registered capital will be altered from RMB749,557,126 to RMB 749,507,599, which was verified by BDO China Shu Lun Pan Certified Public Accountants LLP with a letter of capital verification report Xin Hui Shi Bao Zi [2020] No. ZA10110 on February 26, 2020.

The Company obtained the Business License for Enterprise Legal Person registered by the Administration for Industry and Commerce of Zhejiang Province in March 2020. The unified social credit code is 9133000076823762XE, the registered capital is RMB749,507,599, and the registered office is located at 1502-1, Dongguan Plaza, No. 618 Jiangnan Avenue, Binjiang District, Hangzhou, China; the legal representative is Cao Xiaochun; the type of incorporation is joint stock limited liability company (Sino-foreign joint venture, listing).

The business scope of the Company: services: technology development, technical consultation, results transfer, medical trial data management and statistical analysis of pharmaceutical-related industrial products and health-related industrial products, translation, information technology and business processes such as data processing by undertaking service outsourcing, adult non-certificate labor vocational skills training, adult non-cultural education and training, collecting, organizing, storing and publishing talent supply and demand information, conducting job introductions, and conducting talent information consultation.

The financial statements have been approved by all Directors (board of directors) of the Company on April 15, 2020.

## **(II) Scope of Consolidated Financial Statements**

As of December 31, 2019, subsidiaries within the scope of the Company's consolidated financial statements are as follows:

Names of Subsidiaries
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MacroStat (China) Clinical Research Co., Ltd. (“MacroStat”)
Hangzhou Simo Co., Ltd. (“Hangzhou Simo”)
Jiaxing Tigermed Data Management Co., Ltd. (“Jiaxing Tigermed”)
Shanghai Tigermed Co., Ltd (“Shanghai Tigermed”)
Tigermed Research Institute Co., Ltd. (“Guangzhou Tigermed”)
Hangzhou Tigermed-IntelliPV Co., Ltd. (“Tigermed-IntelliPV”)
Tiger-Xinze Medical Technology (Jiaxing) Co., Ltd. (“Tiger-Xinze”)
Wuxi Tigermed Consulting Co., Ltd. (“Wuxi Tigermed”)
Taizhou Kanglihua Pharmaceutical Technology Co., Ltd (“Taizhou Kanglihua”)
Beijing Medical Development Co., Ltd. (“Beijing BMD”)
Taizhou Tigermed-Jyton Medical Tech. Co., Ltd. (“Tigermed-Jyton”)
Hangzhou Tigermed Equity Investment Partnership (“Tigermed Equity”)
Hangzhou Talent MedConsulting Co., Ltd. (“Talent MedConsulting”)
Fantastic Bioimaging Co., Ltd. (“Fantastic Bioimaging”)
Beijing Yaxincheng Medical InfoTech Co., Ltd. (“Beijing Yaxincheng”)
Jiaxing Clinflash Computer Technology Co., Ltd. (“Jiaxing Clinflash”)
Hangzhou Taiyu Investment Consulting Co., Ltd. (“Hangzhou Taiyu”)
EPS Tigermed (Jiaxing) Co., Ltd. (“EPS Tigermed”)
Beijing Tigermed Xingrong Investment Management Co., Ltd. (“Tigermed Xingrong”)
Beijing Canny Consulting Inc. (“Beijing Canny”)
Hangzhou Yuding Equity Investment Management Partnership (Limited Partnership)(“Hangzhou Yuding”)
Luohe Taiyu Ankang Investment Management Center (Limited Partnership) (“Luohe Taiyu Ankang”)
Shihezi Tai’er Equity Investment Partnership (“Shihezi Tai’er”)
Hangzhou Taiyu Phase II Equity Investment Partnership (“Taiyu Phase II”)
Beijing Medical Development (Suzhou) Co., Ltd (“Suzhou BMD”)
Beijing Jyton and Kannel Medical Tech. Co., Ltd. (“Jyton and Kannel”)
JYTON-GOWIN MEDICAL TECHNOLOGY CO., LTD. (“Jyton Kangxin”)
Jyton and Emergo (Beijing) Medical Technology Co., Ltd. (“Jyton Emergo”)
Beijing Ejyton Tech. Co., Ltd. (“Beijing Ejyton”)
Beijing Yaxincheng Business Service Co., Ltd. (“Yaxincheng Business”)
Khorgas Yaxincheng Information Technology Co., Ltd. (“Khorgas Yaxincheng”)
Xi’an Laisai Translation Co., Ltd. (“Xi’an Laisai”)
Luohe Yukang Investment Center Partnership (“Luohe Yukang”)
Shihezhishi Taiyu Equity Investment Partnership (“Shihezhishi Taiyu”)
Frontage Laboratories (Shanghai) Co., Ltd. (“Frontage Shanghai”)
Frontage Laboratories (Luohe) Co, Ltd. (“Frontage Luohe”)
Frontage Laboratories (Suzhou) Co, Ltd. (“Frontage Suzhou”)
Hongkong Tigermed Co., Limited (“Hongkong Tigermed”)
Hong Kong Tigermed Healthcare Technology Co., Limited (“HK Healthcare”)
Tigermed USA INC. (“Tigermed USA”)



Tigermed America LLC (“Tigermed America”)
Frontage Holdings Corporation (“Frontage Holdings”)
Frontage Laboratories, Inc. (“Frontage Labs”)
Croley Martell Holdings, Inc (“Croley”)
Concord Holdings, LLC (“Concord Holdings”)
Concord Biosciences, LLC (“Concord Biosciences”)
RMI Laboratories, LLC (“RMI”)
11736655 Canada, Ltd (“Frontage Canada”)
BRI Biopharmaceutical Research, Inc (“BRI”)
DreamCIS Inc. (“DreamCIS”)
Taiwan Tigermed Consulting Co.Ltd. (“Taiwan Tigermed”)
Tigermed-BDM Inc. (“Tigermed-BDM”)
Tigermed India Data Solutions Private Limited (“Tigermed India”)
Opera Contract Research Organization S.R.L.“Opera”)
Tigermed Clinical Research Co., Ltd. (“Tigermed Clinical ”)
Tigermed Australia Pty Limited. (“Tigermed Australia”)
Tigermed Malaysia SDN. BHD. (“Tigermed Malaysia”)
Singapore Tigermed Pte. Ltd. (“Tigermed Singapore”)
Tigermed Swiss AG (“Tigermed Swiss”)
Bright Sky Resources Investment Ltd (“Bright Sky”)
Blue Sky Resources Investment Ltd. (“Blue Sky”)
TG Sky Investment Ltd. (“TG Sky ”)
TG Mountain Investment Co (“TG Mountain”)
TG Sky Growth Investment Ltd (“TG Sky Growth ”)
Tigermed macrostat llc (“Tigermed macrostat”)
Chengdu Xinsheng Tigermed Technology Company Limited (“Chengdu Xinsheng”)

For details of the scope of and changes in the consolidated financial statements for the current period, please refer to “VIII. Change in Scope of Consolidation” and “IX. Interests in Other Entities” in these notes.

#### IV. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

##### 1. Basis of Preparation

The Company prepares the financial statements on an on-going basis, based on actually occurred transactions and events and pursuant to the Accounting Standards of Enterprises — Basic Standards issued by the Ministry of Finance as well as various specific accounting standards, application guidelines for enterprise accounting standards, interpretation of enterprise accounting standards and other relevant regulations (Hereinafter collectively referred to as "Accounting Standards for Enterprises"), and the disclosure requirements of the China Securities Regulatory Commission's Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 — General Provisions on Financial Reports.

## **2. Continuing as a Going Concern**

For twelve months from the end of the reporting period, the Company has no operation risks that may be caused by certain events or circumstances in financial, operational and other aspects, which alone or together with other events or circumstances do not cast significant doubts on its continuing as a going concern.

## **V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**

Notice on specific accounting policies and accounting estimates:

See "V. Significant Accounting Policies and Accounting Estimates" for related contents in "Financial Reports".

### **1. Statement of compliance with Accounting Standards for Business Enterprises**

The financial statements comply with the requirements of the Accounting Standards for Business Enterprises issued by the Ministry of Finance, truly and completely reflect the Company's consolidated financial position and the financial position of the parent on December 31, 2019 as well as the consolidated operating results and cash flows and the operating results and cash flows of the parent for 2019

### **2. Accounting period**

The fiscal year is from January 1 to December 31 of the Gregorian calendar.

### **3. Business cycle**

The Company's business cycle is 12 months.

### **4. Accounting currency**

The Company adopts RMB as the accounting currency.

### **5. Accounting treatment of business combination involving enterprises under and not under common control**

Business combination involving enterprises under common control: the assets and liabilities obtained by the acquirer in the business combination shall be measured at the carrying amount of the assets and liabilities of the acquiree (including the goodwill formed by the ultimate controller acquiring the acquiree) in the consolidated financial statements of the ultimate controller as at the combination date. The difference between the carrying amount of the net assets obtained in the combination and the carrying amount of the consideration paid for the combination (or the aggregate face value of shares issued as consideration) shall be adjusted to share premium under capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Business combination not involving enterprises under common control: the assets paid and liabilities incurred or assumed by the acquirer as consideration of the business combination on the date of acquisition shall be measured at fair value, and the difference between the fair value and its carrying amount shall be included in the profit and loss of the current period. When the combination cost is greater than the fair value share of the identifiable net assets of the acquiree in the combination, the difference shall be recognized as goodwill; when the combination cost is less than the fair value share of the identifiable net

assets of the acquiree in the combination, the difference shall be included in the profit and loss of the current period.

The direct related expenses incurred in the business combination shall be included in the profit and loss of the current period when incurred; the transaction costs of issuing equity securities or debt securities for the business combination shall be included in the initial recognition amount of the equity securities or debt securities.

## **6. Preparation of consolidated financial statements**

### **1. Scope of Consolidation**

The consolidation scope of the consolidated financial statements shall be determined on the basis of control. The consolidation scope includes the Company and all its subsidiaries.

### **2. Procedures of Consolidation**

Based on the financial statements of its own and its subsidiaries, the Company prepared the consolidated financial statements by referring to other relevant information. When the Company prepares the consolidated financial statements, it treats the entire enterprise group as an accounting entity, and reflects the overall financial position, operating results and cash flow of the enterprise group in accordance with the requirements for the recognition, measurement and presentation of relevant accounting standards for business enterprises and according to unified accounting policies.

All subsidiaries included in the consolidated financial statements shall be consistent in accounting policies and accounting periods with those of the Company. When the accounting policies and accounting periods adopted by the subsidiaries are inconsistent with those of the Company in preparation of consolidated financial statements, necessary adjustment shall be made according to the accounting policies and accounting period of the Company.

For subsidiaries acquired through business combination not involving enterprises under common control, adjustments shall be made to their financial statements based on the fair value of the identifiable net assets at the acquisition date. For subsidiaries acquired through business combination involving enterprises under common control, adjustments shall be made to their financial statements based on the carrying amount of their assets and liabilities in the financial statements of the ultimate controller (including the goodwill formed by the ultimate controller acquiring the subsidiary).

The share of minority Shareholders in the owner's equity, current net profit and loss and current comprehensive income of subsidiaries is separately shown under the owner's equity item of the consolidated balance sheet, the net profit item and the comprehensive income item of consolidated income statement. When the current losses shared by minority Shareholders exceed the balance formed by the minority Shareholders' share in the initial owner's equity, then deduct the difference between these two from minority Shareholders' rights and interests.

#### **(1) Increase in subsidiary or business**

During the reporting period, if for increase in subsidiary or business due to business combination of enterprise under common control, the opening balance of the consolidated balance sheet shall be adjusted; the income, expenses and profit from combination of subsidiary or business from the beginning of the current period to the end of the reporting period are included in the consolidated income statement; the cash flow from combination of subsidiary or business from the beginning of the current period to the end of the reporting period is included in the consolidated cash flow statement, while the relevant items of the comparative statements are adjusted as if the combined reporting entity has been in existence since the time when the ultimate controller begins the control.

If due to reasons such as further investment control can be implemented on investees under common control, parties deemed to be involved in the combination shall be adjusted immediately in the current state when the ultimate controller begins the control. For equity investment held before gaining control of the acquiree, the change in relevant profit and loss, other comprehensive income and other net assets recognised from the date of obtaining the original equity and the date when the acquirer and the acquiree are under common control (which ever is the latter) to the date of combination are used to offset the opening retained earnings or current profit and loss respectively during the period of the comparative statements.

During the reporting period, if for increase in subsidiary or business due to business combination of enterprise not under common control, the opening balance of the consolidated balance sheet shall not be adjusted; the income, expenses and profit of such subsidiary or business from the date of acquisition to the end of the reporting period are included in the consolidated income statement; cash flow of such subsidiary or business from the date of acquisition to the end of the reporting period are included in the consolidated cash flow statement.

Where control can be implemented on investees not under common control due to reasons such as further investment, the Company re-measures the equity of the acquirees held before the date of acquisition according to the fair value of such equity at the acquisition date, with the difference in the fair value and the carrying amount to be included in the investment income of the current period. If the equity of the acquirees held before the date of acquisition involves changes in other comprehensive income and other owners' equity under the equity method of accounting other than net profit and loss, changes relating to other comprehensive income and other owners' equity profit distribution are converted into the current investment income at the date of acquisition, except for other comprehensive income arising from changes in the net liabilities or net assets under defined benefit plan remeasured by the investees.

## (2) Disposal of subsidiaries and business

### ① General methods of treatment

During the reporting period, if the Company disposes of a subsidiary or business, the income, expenses and profit of the subsidiary or business from the beginning of the period to the disposal date are included in the consolidated income statement; the cash flow of the subsidiary or business from the beginning of the period to the disposal date is included in the consolidated cash flow statement.

Where control of the investee is lost due to partial disposal of the equity investment, or any other reasons, the remaining equity investment is remeasured to fair value at the date in which control is lost. The sum of consideration received from disposal of equity investment and the fair value of the remaining equity investment, net of the difference between the sum of the Company's previous share of the subsidiary's net assets recorded from the acquisition date or combination date and goodwill, is recognised in investment income in the period in which control is lost. Other comprehensive income or net profit and loss

related to the previous equity investment in the subsidiary, changes in equity except the other comprehensive income and profit distribution, are transferred to investment income of the current period when control is lost, except the other comprehensive income as a result of the changes arising from the remeasurement of the net assets and net liabilities of the investee's defined benefit plan.

Where loss of control is due to the decrease in the Company's shareholding as a result of the increase in capital contribution to the subsidiary by other investing parties, the accounting principle described above will be applied.

## ② Disposal of subsidiary achieved by stages

When disposal of equity interests of subsidiaries through multiple transactions until control is lost, generally transactions in stages are treated as a package deal in accounting if the transaction terms, conditions, and economic impact of disposal of the subsidiary's equity interests comply with one or more of the following:

- i . These transactions are achieved at the same time or the mutual effects on each other are considered;
- ii . A complete set of commercial results can be achieved with reference to the series of transactions as a whole;
- iii . Achieving a transaction depends on at least achieving one of the other transactions;
- iv . One transaction recognised separately is not economical, but it is economical when considered together with other transactions.

If losing control of a subsidiary in disposal of equity interests through multiple transactions is recognised as a package deal, these transactions shall be in accounting treated as loss control of a subsidiary in disposal of equity interests achieved. However, the differences between price on each disposal and disposal of investment on the subsidiary's net assets shall be recognised in other comprehensive income in the consolidated financial statements before losing control, and transferred in profit or loss for the period when the control is lost.

If all transactions in disposal of equity interests of subsidiaries until losing control are not a package deal, accounting treatment for partial disposal of equity investments of subsidiary without losing control shall be applied before control is lost. When control is lost, general accounting treatment for disposal of a subsidiary shall be used.

## (3) Acquisition of minority interest of subsidiaries

The Company shall adjust the share premium in the capital reserve of the consolidated balance sheet with respect to any difference between the long-term equity investment arising from the purchase of minority interest and the net assets attributing to the parent company continuously calculated on the basis of the newly increased share proportion as of the acquisition date (or date of combination) or, adjust the retained earnings in case the share premium in the capital reserve is insufficient for write-down.

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

The difference between disposal consideration of long-term equity investment in subsidiaries partially disposed by the Group without losing control and the share of net assets calculated from the date of acquisition or combination date shall be adjusted to share premium in the capital reserve in the consolidated balance sheet. Adjustments shall be made to retained earnings in the event that the share premiums in the capital reserves are not sufficient.

## 7. Classification of the joint arrangements and accounting method

A joint arrangement is classified as either a joint operation or a joint venture.

The Company is engaged in joint operation when the Company is a joint operator of joint arrangement, being entitled to the assets and assuming the liabilities relating to the arrangement.

The Company recognizes the following items in relation to its interest in a joint operation, and carries out corresponding accounting treatment in accordance with relevant accounting standards:

- (1) The Company's solely-held assets, and the Company's share of any assets held jointly;
- (2) The Company's solely-assumed liabilities, and the Company's share of any liabilities incurred jointly;
- (3) The Company's revenue from the sale of its share of the output arising from the joint operation;
- (4) The Company's share of the revenue from the sale of the output by the joint operation;
- (5) Its solely-incurred expenses and the Company's share of any expenses incurred jointly.

Please refer to Note “V. (14) Long-term equity investment” for details on the Company’s accounting policy of joint arrangements.

## **8. Determination of cash and cash equivalents**

In preparing the cash flow statement, the cash on hand and deposits that are available for payment at any time of the Company are recognised as cash. The short-term (due within 3 months from the date of purchase) and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of value change are recognised as cash equivalents.

## **9. Foreign currency transactions**

### **1. Foreign currency business**

Foreign currency transactions shall be translated into RMB at the spot exchange rate on the day when the transactions occurred.

Balance sheet date foreign currency monetary items shall be translated using the spot exchange rate at the balance sheet date. The resulting exchange differences are recognised in profit or loss for the current period, except for those differences related to a specific-purpose borrowing denominated in foreign currency for acquisitions and construction of the qualified assets, which should be capitalised as cost of the borrowings.

### **2. Translation of foreign currency financial statements**

All assets and liabilities items in the balance sheet are translated based on spot exchange rate on the balance sheet date; owners’ equity items other than “undistributed profit” are translated at a spot exchange rate when accrued. Revenue and expense items in the income statement are translated at a spot exchange rate at the transaction occurrence date.

For disposal of overseas operation, the difference arising from the translation of the foreign currency financial statements of the overseas operation, is accounted for in the profit and loss account in the current period from owners’ equity items.

## **10. Financial instruments**

Financial instruments include financial assets, financial liabilities, and equity instrument.

### **1. Category of financial instruments**

Accounting policy applicable from January 1, 2019

The Company classifies financial assets into the following categories based on the business model of the financial assets under management and the contractual cash flow characteristics of financial assets: Financial assets measured at amortized cost; Financial assets measured at amortized cost; Financial assets at fair value through other comprehensive income (debt instruments) and financial assets at fair value through profit or loss.

The financial assets are classified as financial assets at amortized cost if the contractual cash flows of the investments comprise solely payments of principal and interests and the investment is held within a business model whose objective is achieved by the collection of contractual cash flows. The financial assets are classified as financial assets at fair value through comprehensive income (debt instrument) if the contractual cash flows of the investments comprise solely payments of principal and interests and the investment is held within a business model whose objective is achieved by the collection of contractual cash flows and the sales of the financial assets. Other than the above, the financial assets are classified as financial assets at fair value through profit or loss.

For investments in non-transactional equity instruments, the Company determines at the initial recognition whether they are

designated as financial assets (equity instruments) that are measured at fair value and whose changes are included in other comprehensive income. At the time of initial recognition, in order to eliminate or significantly reduce accounting mismatch, financial assets can be designated as financial assets measured at fair value and whose changes are included in the profits and losses of the current period.

Financial liabilities, at initial recognition, measured at financial liabilities measured at fair value through profit or loss, and amortised cost.

When meeting the criteria as followed, the Company may, at initial recognition, irrevocably designate a financial liability as measured at fair value through profit or loss:

- 1) It eliminates or significantly reduces a measurement or recognition inconsistency
- 2) A group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel
- 3) The financial liabilities include embedded derivatives which can be split separately.

Accounting policy applicable prior to January 1, 2019

Financial assets and financial liabilities are classified at initial recognition as : financial assets or liabilities measured at fair value through profit or loss, including held-for-trading financial assets or financial liabilities and directly designated as financial assets or financial liabilities measured by fair value with changes included in the current profits and losses; held-to-maturity investments; accounts receivable; available-for-sale financial assets; other financial liabilities etc.

## 2. Recognition and measurement of financial instruments

Accounting policy applicable from January 1, 2019

### (1) Financial assets measured at amortised cost

Financial assets measured at amortised cost include bills receivable and accounts receivable, other receivables, long-term receivables, and debt investment, which are initially measured at fair value, and related transaction costs are included in the initial recognition amount; Accounts receivable that do not contain significant financing components and accounts receivable that the Company has decided not to consider for a financing component of no more than one year are initially measured at the contractual transaction price.

Interest calculated by the effective interest method during the period of holding is included in the current profit and loss.

When recovering or disposing, the difference between the price obtained and the book value of the financial asset is included in the current profit and loss.

### (2) Financial assets measured at fair value and whose changes are included in other comprehensive income (debt instruments)

Financial assets (debt instruments) that are measured at fair value and whose changes are included in other comprehensive income include other debt investments, which are initially measured at fair value, and related transaction costs are included in the initial recognition amount. The financial assets are subsequently measured at fair value. Changes in fair value are included in other comprehensive income except for interest, impairment losses or gains and exchange gains and losses calculated using the effective interest method.

When the recognition is terminated, the accumulated gain or loss previously recognised in other comprehensive income is transferred from other comprehensive income and recognised in profit or loss.

### (3) Financial assets measured at fair value and whose changes are included in other comprehensive income (debt

instruments)

Financial assets measured by fair value and whose changes are included in other comprehensive income (equity instruments), including other equity instruments, are initially measured at fair value, and related transaction costs are included in the initial recognition amount. The financial assets are subsequently measured at fair value, and changes in fair value are included in other comprehensive income. The dividends obtained are included in the current profits and losses.

When the recognition is terminated, the accumulated gain or loss previously included in other comprehensive income is transferred from other comprehensive income and included in retained earnings.

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

Financial assets measured at fair value through profit or loss include held-for-trading financial assets, derivative financial assets and other non-current financial assets, which are initially measured at fair value. The financial assets are subsequently measured at fair value, and changes in fair value are recognised in profit or loss.

(5) Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss, including held-for trading financial liabilities, derivative financial liabilities, etc., are initially measured at fair value, and related transaction expense is recognized in profit or loss. The financial liabilities are subsequently measured at fair value, and changes in fair value are recognised in profit or loss.

When the recognition is terminated, the difference between the fair value and the initially recorded amount is recognized as investment income, and the gains and losses from changes in fair value are recognized in profit or loss.

(6) Financial liabilities measured at amortised cost

Financial liabilities measured at amortized cost include short-term borrowings, bills payable and accounts payable, other payables, long-term borrowings, bonds payable, long-term payables, initially measured at fair value, and related transaction costs are included in the initial recognition amount.

Interest calculated by the effective interest method during the period of holding is included in the current profit and loss.

When the derecognition is terminated, the difference between the consideration paid and the carrying amount of the financial liability is recognized in profit or loss.

Accounting policy applicable prior to January 1, 2019

(1) Financial assets at fair value and whose changes are included in profit or loss (financial liabilities)

When acquired, the fair value (net of declared but not paid cash dividends or bond interest that has expired but not yet received) is recognized as the initial confirmation amount and the relevant transaction costs are included in profit or loss.

The interest or cash dividends received during the holding period are recognized as investment income, and the change in fair value is included in the current profit and loss at the end of the period.

At the time of disposal, the difference between its fair value and the initial amount is recognized as investment income, and the profit and loss in fair value are adjusted.

(2) Held-to-maturity investments

When acquired, the sum of the fair value (net of bond interest that has expired but not yet received) and the related transaction expenses is taken as the amount initially recognized.

During the holding period, the interest income is calculated based on the amortised cost and the effective interest rate, and is included in the investment income. The effective interest rate is determined when acquired and remains in the expected term or for a shorter period.

The difference between the amount received and the book value of such investment is recognized in the investment income at their disposal.

(3) Accounts receivable

The debts receivable arising from the sales of goods or provision of labour services by the Company, and the rights to debt



instruments of other business held by the company that do not include ones that are quoted on an active market, including accounts receivable and other receivables, are recognized using the contractual amount receivable from the buyer or the agreed fees as initial recognition amount; those of a financing nature are recognized using its current value as initial recognition amount.

Upon receipt or disposal, the difference between the consideration received and the carrying amount of the receivable is recognized in profit or loss for the period.

#### (4) Available-for-sale financial assets

When acquired, the sum of the fair value (net of the cash dividends that have been declared but not yet paid or the bond interest that has expired but not yet received) and the related transaction costs is recognized as the amount initially recognized.

The interest or cash dividends obtained during the holding period are recognized as investment income, which is measured at fair value through other comprehensive income at the end of the period. However, the investment in equity instrument that are not quoted in an active market and whose fair value cannot be measured reliably, and derivative financial assets that are linked to such equity instrument and that must be settled through the delivery of the equity instrument shall be measured at cost.

When disposed, the difference between the amount received and the book value of such financial assets is included in the investment income. At the same time, the amount of the change in the fair value directly included in other comprehensive income corresponding to the disposal portion is transferred out and is included in the profit or loss for the period.

#### (5) Other financial liabilities

The sum of its fair value and related transaction cost is taken as the amount initially recognized. It was subsequently measured at amortized cost.

### 3. Basis for recognition and measurement method of transferred financial assets

When a company transfers its financial asset, the financial assets shall derecognized in the event that almost all the risks and rewards of the ownership of such financial assets have been transferred to the transferee; the financial assets shall not be derecognized in the event that almost all the risks and rewards of ownership of such financial assets are retained.

When judging whether the transfer of financial assets satisfies the conditions for derecognition of the above-mentioned financial assets, the principle of substance over form is adopted. The company divides the transfer of financial assets into the overall transfer and partial transfer of financial assets. If the overall transfer of financial assets meets the conditions for derecognition, the difference between the following two amounts is included in the profit or loss for the period:

(1) the book value of the transferred financial assets;

(2) the sum of the consideration received as a result of the transfer and the cumulative change in fair value that was originally directly recognized in owners' equity in the case where the transferred financial assets are available-for-sale financial assets.

If the partial transfer of financial assets meets the conditions for derecognition, the book value of the transferred financial assets is apportioned between the derecognition portion and the non-derecognition portion at their respective fair values, and the difference between the following two amounts is included in the profit or loss for the period:

(1) The book value of the derecognition portion;

(2) the sum of the consideration for the derecognition portion and the accumulated change in fair value corresponding to the derecognition portion that was originally directly recognized in owners' equity in the case where the transferred financial assets are available-for-sale financial assets.

#### 4. Conditions for derecognition of financial liabilities

If all or part of the current obligations of financial liabilities have been discharged, the financial liabilities or part of them will be derecognized; if the company signs an agreement with the creditor, to replace the existing financial liabilities with new financial liabilities with substantially different terms of contract, the existing financial liabilities shall be derecognized while the new financial liabilities are recognized.

If substantial changes are made to the contract terms (whole or in part) of existing financial liabilities, the existing financial liabilities (or part of them) shall be derecognized, and the financial liability after the modification of terms shall be recognized as a new financial liability.

When all or part of the financial liabilities is derecognized, the difference between the book value of the derecognized financial liabilities and the paid consideration (including the non-cash assets transferred out or the new financial liabilities) shall be included in the profit or loss for the period.

If the Company repurchases part of the financial liabilities, the book value of the entire financial liabilities is allocated on the repurchase date based on the relative fair value of the continuing recognition portion and the derecognition portion. The difference between the book value assigned to the derecognized portion and the consideration paid (including the non-cash assets transferred out or the new financial liabilities) shall be included in the profit or loss for the period.

#### 5. Method for determining the fair value of financial assets and financial liabilities

As for financial instruments with an active market, their fair value is determined by quoted prices in the active market. As for financial instruments without an active market, their fair value is determined by using valuation techniques. At the time of valuation, the company adopts valuation techniques that are applicable in the current circumstances and sufficiently supported by available data and other information, and selects input values that are consistent with the characteristics of the assets or liabilities considered by the market participants in the transactions of the relevant assets or liabilities, and prioritizes the use of relevant observable input values. Unobservable input values are used only if the relevant observable input values are not available or are not practicable.

#### 6. Testing methodology and accounting for impairment of financial assets

Accounting policy applicable from January 1, 2019

The Company considers all reasonable and evidenced information, including forward-looking information, to estimate the expected credit losses of financial assets measured at amortized cost and financial assets (debt instruments) measured at fair value through other comprehensive income, either individually or in combination. The measurement of expected credit losses depends on whether the financial assets have increased significantly since the initial recognition.

If the credit risk of the financial instrument has increased significantly since the initial recognition, the Company measures its loss provision at the amount equivalent to the expected credit loss for the entire life of the financial instrument; If the credit risk of the financial instrument has not increased significantly since the initial confirmation, the Company measures its loss provision at the amount equivalent to the expected credit loss for the financial instrument over the next 12 months. The increase or return of the loss provision resulting therefrom shall be credited to the current profit or loss as an impairment loss or gain.

Usually more than 30 days overdue, the Company considers that the credit risk of the financial instrument has significantly increased, unless there is conclusive evidence that the credit risk of the financial instrument has not increased significantly since the initial recognition.

If the credit risk of a financial instrument on the balance sheet date is low, the Company does not consider that the credit risk

of the financial instrument has increased significantly since its initial recognition.

If any objective evidence shows that the financial asset has suffered credit impairment, the Company shall make provision for impairment of the financial asset individually.

Regarding accounts receivable, whether or not it contains a significant financing component, the loss allowance is measured throughout the life of the receivable at an amount equal to lifetime expected credit losses.

For lease receivables and long-term receivables derived from the sale of commodities or the provision of labor services, the loss allowance is measured throughout the life of the receivable at an amount equal to lifetime expected credit losses.

Accounting policy applicable prior to January 1, 2019

Except for financial assets measured at fair value through profit or loss for the period, the company checks the book value of financial assets on the balance sheet date. If there is objective evidence that a financial asset is impaired, the provision for impairment will be made.

(1) Provision for impairment of available-for-sale financial assets:

If the fair value of available-for-sale financial assets decline significantly at the end of the period, or it is expected that such decline trend is non-temporary after comprehensive consideration of various relevant factors, and it is deemed to be impaired. The accumulated losses resulting from such decline in the fair value directly included in the owner's equity are transferred out for recognition of the impairment loss.

For the available-for-sale debt instruments that have been recognized for impairment losses, the originally recognized impairment loss shall be reversed and included in the profit or loss for the period in the events that the fair value of such debt instruments is increased in the subsequent accounting period and the originally recognized impairment loss is objectively related to the event occurred after such recognition.

Impairment losses arising from investments in available-for-sale equity instruments are not reversed through profit or loss.

(2) Provision for bad debts of receivables:

The receivables that are individually significant and subject to separate provision for bad debts:

The basis for judgment of individually significant amount and amount criteria: Top five accounts receivable balance

Method to provision for bad debts that are individually significant and subject to separate provision:

The basis for judgment of individually significant amount and amount criteria:	Top five accounts receivable balance
Method to provision for bad debts that are individually significant and subject to separate provision:	<p>The Company assesses individually significant receivables for impairment on individual basis, the Company recognises the impairment loss based on the difference between the carrying amount and the present value of estimated future cash flows.</p> <p>Impairment test on individual basis is conducted for accounts receivable and other receivables, where there is no impairment on individual basis, bad debts are included in the group of receivables with similar credit risks to test for impairment.</p>

② Provision for bad debts of receivables based on credit risk feature combination:

Accrual method for provision for bad debts based on credit risk feature combination	
Aging analysis	Except for the accounts receivable and other receivables that are subject to separate provision, the Company determines the ratios of provision for bad debts based on historical loss experience for the

	groups of receivables with similar credit risk characteristics by ageing and taking into consideration of the current circumstances.
Other methods	Bills receivable, prepayments, and long-term receivables which are not classified into credit risks characteristics group are subject to separate impairment assessment. If there is objective evidence that the receivables are impaired, the impairment loss and the provision for bad debts are determined based on the amount of the present value of the future cash flows expected to be derived from the receivables below the carrying amount. If there is no impairment identified according to the impairment assessment, no provision for bad debts shall be recognised.

In the combination, the provision for bad debts is made by balance percentage method:

Ageing	Proportion of provision for accounts receivable(%)	Proportion of provision for other receivables(%)
Within 1 year (inclusive)	5	5
1-2 years	10	10
2-3 years	20	20
3-4 years	40	40
4-5 years	80	80
Over 5 years	100	100

The receivables that are not individually significant but subject to separate provision for bad debts:

Reasons for separate provision for bad debts: The receivables that are not individually significant but has been impaired by objective evidence shall be tested for impairment individually.

Method for bad debt provision: Base on the current situation to determine the proportion of bad debt provision.

(3) Provision for impairment of held-to-maturity investments:

The impairment loss of held-to-maturity investments is measured by reference to the measurement method of impairment loss of receivables.

## 11. Inventories

### 1. Category of inventory

Inventories include raw materials.

### 2. Determination of cost

Cost of inventories is determined using the weighted average method.

### 3. Basis for the determination of net realisable value of different type of inventories

Net realisable value of held-for-sale commodity stocks, such as finished goods, goods-in-stock, and held for-sale raw materials, during the normal course of production and operation, shall be determined by their estimated selling price less the related selling expenses and taxes; the net realizable value of material inventories, which need to be processed, during the normal course of production and operation, shall be determined by the amount after deducting the estimated cost of completion, estimated selling expenses and relevant taxes from the estimated selling price of finished goods; the net realisable value of inventories held for execution of sales contracts or labour contracts shall be calculated on the ground of the contracted price. If an enterprise holds more inventories than the quantity stipulated in the sales contract, the net

realisable value of the exceeding part shall be calculated on the ground of general selling price.

Decline in value of inventories is made on an item-by-item basis at the end of the period. For large quantity and low value items of inventories, provision may be made based on categories of inventories; for items of inventories relating to a product line that is produced and marketed in the same geographical area and with the same or similar end uses or purposes, which cannot be practicable evaluated separately from other items in that product line, provision for decline in value of inventories may be determined on an aggregate basis.

Unless there is evidence clearly shows that abnormality in market price exists as of the balance sheet date, the net realisable value of inventories is determined based on the market price as of the balance sheet date.

#### 4. Inventory system

The perpetual inventory system is adopted.

#### 5. Amortisation of low-value consumables and packaging materials

- (1) Low-value consumables are amortised using the immediate write-off method;
- (2) Packaging materials are amortised using the immediate write-off method.

### 12. Contractual assets

The Company presents contractual assets or contractual liabilities in the balance sheet based on the relationship between performance obligations and customer payments. The consideration (except for receivables) that the Company has the right (such right depends on factors other than the passage of time) to transfer goods or provide services to customers is listed as contractual assets. Contractual assets and contractual liabilities under the same contract are presented on a net basis.

For details on the determination and accounting treatment of expected credit losses of contractual assets please refer to Note “(V) 10. Testing methodology and accounting for impairment of financial assets”.

### 13. Assets classified as held-for-sale

The Company recognises non-current assets or disposal groups which meet the following conditions as assets held for sale:

- (1) The assets or disposal groups must be available for sale immediately under the current conditions according to the usual terms of the sale of such assets in similar transactions;
- (2) The assets are highly likely to be sold, namely, the Company has been offered a resolution with disposition of the assets. The Company has entered into an agreement on irrevocable transfer with the transferee and the transfer will be completed within 1 year. If regulation needs to be approved by shareholders, it has approved by the general meeting of shareholders or relevant authority.

### 14. Long-term equity investment

#### 1. Joint control or significant influence criterion

Joint control is the contractually agreed sharing of control of an arrangement, and exists only when decisions about the relevant activities of the arrangement require the unanimous consent of the parties sharing control. The Company together with the other joint venture parties can jointly control over the investee and are entitled to the right of the net assets of the investee, the investee is joint venture of the Company.

Significant influence refers to the power to participate in making decisions on the financial and operating policies of an enterprise, but not the power to control, or jointly control, the formulation of such policies with other parties. Where the

Company can exercise significant influence over the investee, the investee is an associate of the Company.

## 2. Determination of initial investment cost

### (1) Long-term equity investments formed through business combination of entities

For business combinations involving entities under common control: where the Company pays cash, transfers non-cash assets, bear debts or issue equity securities as consideration of combinations, the initial investment cost of long-term equity investments are the share with reference to the book value of the shareholders' equity of the acquiree in the financial statements of the ultimate controlling party on the date of combinations. In connection with imposing control over the investee under joint control as a result of additional investment and other reasons, on the combination date, the initial cost of long-term equity investments shall be determined based on share of carrying amounts in the consolidated financial statement of the ultimate controlling party by net assets of the combined party after the combination. The difference between initial investment cost and the carrying value of long term equity investment before combination and the sum of carrying value of newly paid consideration for additional shares acquired on the date of combination is to adjust share premium. If the balance of share premium is insufficient, any excess is adjusted to retained earnings.

Business combinations involving entities not under common control: the cost of the combination ascertained on the date of acquisition shall be taken as the initial investment cost of the long-term equity investments. In connection with imposing control over the investee not under joint control as a result of additional investment and other reasons, the initial investment cost when changing to the cost method shall be the sum of the carrying value of the equity investment originally held and the newly increased initial investment cost.

### (2) Long-term equity investments acquired by other means

The initial cost of investment of a long-term equity investment obtained by the Company by cash payment shall be the purchase cost which it is actually paid.

The initial cost of investment of a long-term equity investment obtained by the Company by means of issuance of equity securities shall be the fair value of the equity securities issued.

If the non-monetary assets transaction is commercial in nature and the fair value of the assets received or surrendered can be reliably measured, the initial cost of investment of a long-term equity investment received the non-monetary assets transaction, shall be determined on the basis of the fair value of the assets surrendered and the related tax payable, unless there are concrete evidence that the fair value of the assets received is more reliable; For non-monetary assets transaction which does not meet the above conditions, the initial cost of investment of a long-term equity investment received shall be the book value of the assets surrendered and the relevant taxes payable.

For the long-term equity investment acquired by the Company through debt restructurings, its book value is determined based on the fair value of the creditor's rights waived and the taxes that can be directly attributable to the asset and other costs, and the balance between the fair value and book value of the creditor's rights waived is included in current profit or loss.

## 3. Subsequent measurement and recognition of profit or loss

### (1) Long-term equity investment accounted for by cost method

Long-term equity investment in subsidiaries of the Company is accounted for by cost method, except for the actual consideration paid for the acquisition of investment or the declared but not yet distributed cash dividends or profits which are included in the consideration, investment gains is recognised as the Company's shares of the cash dividends or profits declared by the investee.

### (2) Long-term equity investment accounted for by equity method

Long-term equity investments of associates and jointly controlled entities are accounted for using equity method. Where the initial investment cost of a long-term equity investment exceeds the investor's interest in the fair value of the investee's identifiable net assets at the acquisition date, no adjustment shall be made to the initial investment cost; where the initial investment cost is less than the investor's interest in the fair value of the investee's identifiable net assets at the acquisition

date, the difference shall be charged to profit or loss for the current period.

The Company recognizes the investment income and other comprehensive income according to the shares of net profit or loss and other comprehensive income realised by the investee which it shall be entitled or shared respectively, and simultaneously makes adjustment to the carrying value of long-term equity investments; The carrying value of long-term equity investment shall be reduced by attributable share of the profit or cash dividends for distribution declared by the investee. In relation to other changes of owner's equity except for net profits and losses, other comprehensive income and profit distributions of the investee, the carrying value of long-term equity investments shall be adjusted and included in owner's equity.

When determining the amount of proportion of net profit or loss in the investee which it entitles, fair value of each identifiable assets of the investee at the time when the investment is obtained shall be used as basis, and according to the accounting policies and accounting period of the Company, adjustment shall be made to the net profit of the investee. During the period of holding investments, when preparing consolidated financial statements by the investee, the accounting shall be based on the amounts attributable to the investee in the net profit, other comprehensive income and other changes of the owner's equity in the consolidated financial statements.

The unrealised profit or loss resulting from transactions between the Company and its associates or joint venture shall be eliminated in portion to the investor's equity interest of investee, based on which investment income or loss shall be recognised. Any losses resulting from transactions, which are attributable to impairment of assets, shall be fully recognised. Transactions of the assets casted and sold that are able to constitute an agreement between the Company and associates, joint venture shall be dealt with in accordance with Note "V. (5) Accounting method for business combination involving enterprises under common control and not under common control" and Note "V. (6) Preparation of consolidated financial statements".

In recognition of share of losses in the investee, the Company treats it in the following order: Firstly, the Company will write off the carrying value of long-term equity investments. Secondly, in the event the aforesaid carrying value is insufficient for write off, it shall continue to recognize investment loss and write off carrying values of long-term receivables to the extent of the carrying amount of the long-term equity which substantively constitutes the net investment in the investee. Finally, after the above treatment, for the additional obligations which shall be still assumed by entities according to investment contract or agreement, the estimated liabilities shall be recognized based on the obligations which are expected to assume and included in the investment loss for the current period.

### (3) Disposal of long-term equity investment

For disposal of long-term equity investment, the difference between the carrying amount and the actual purchase price is included in the profit and loss of the current period.

For long-term equity investments accounted for using the equity method, when disposing of the investment, the same basis for direct disposal of related assets or liabilities by the investee will be used, and accounting treatment will be carried out for the portion originally included in other comprehensive income at a corresponding rate. Owners' equity recognised due to changes in the owners' equity other than net profit and loss, other comprehensive income and profit distribution of the investee will be carried forward in proportion to the current profit and loss, except for other comprehensive income arising from change in net liabilities or net assets due to the investee's remeasurement of the defined benefit plan.

If joint control or significant influence on the investee is lost due to reasons including disposal of part of the equity investment, etc., the remaining equity after the disposal shall instead be accounted for according to the standards for recognition and measurement of financial instruments, while the difference between the fair value and the carrying amount on the date of loss of joint control or significant influence shall be included in the profit and loss of the current period. Other comprehensive income in the original equity investment recognised due to the use of equity method of accounting shall be

accounted for on the same basis as the investee's direct disposal of related assets or liabilities when the use of equity method of accounting is ceased. Owners' equity recognised due to changes in owners' equity other than net profit and loss, other comprehensive income and profit distribution of the investee shall all be transferred to the current profit and loss when the use of equity method is ceased.

If the Company loses control of the investee due to reasons such as disposal of part of its equity investment in the investee or decreased shareholding ratio of the Company because of capital increase of other investors in subsidiaries, use the equity method of accounting instead when the remaining equity can exercise joint control or significant influence, and make adjustment as if the equity method has been used for accounting when the equity is acquired in the preparation of individual financial statements; if the remaining equity cannot exercise joint control or significant influence over the investee, accounting treatment shall be made instead according to relevant provisions for recognition and measurement of financial instruments, and the difference between the fair value and the carrying amount on the date of loss of control is accounted for in the profit and loss of the current period.

Where the disposed equity is obtained through business combination due to additional investment and other reasons, when preparing individual financial statements, remaining equity after the disposal is accounted for using the cost method or the equity method, while other comprehensive income and other owners' equity recognised due to the use of equity methods of accounting for the equity investment held before the purchase date are carried forward in proportion; where the remaining equity after disposal is accounted for according to the recognition and measurement standards for financial instruments, and all other comprehensive income and other owner's equity are carried forward.

## 15. Conditions for recognition of fixed assets

### (1) Conditions for recognition

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and have a useful life of more than one accounting year. Fixed asset is recognised when it meets the following conditions: (1) It is probable that the economic benefits associated with the fixed asset will flow to the enterprise; (2) Its cost can be reliably measured.

### (2) Method for depreciation

Asset class	Depreciation method	Depreciation period (year)	Residual value	Annual depreciation
House and building	Straight-line method	10~40	5.00	2.375~9.50
Special equipment	Straight-line method	5~10	5.00	9.50~19.00
Transportation equipment	Straight-line method	5	5.00	19.00
General equipment	Straight-line method	5	5.00	19.00

Fixed assets are depreciated by categories using the straight-line method, and the annual depreciation rates are determined by categories based upon their estimated useful lives and their estimated residual values. Where different components of a fixed asset have different useful lives or generate economic benefits for the enterprise in different ways, different depreciation rates or depreciation methods shall apply, and each component is depreciated separately.



For a fixed asset leased under finance lease, if it can be reasonably determined that the ownership of the leased asset can be acquired upon the expiry of the lease term, such asset will be depreciated over its remaining useful life; if it cannot be reasonably determined that the ownership of the leased asset can be acquired upon the expiry of the lease term, such asset will be depreciated over the shorter of the lease term and its remaining useful life.

### **(3) Recognition, measurement and depreciation of fixed assets under finance lease**

Where any one of the following conditions is provided in the lease agreement between the Company and the lessor, assets under finance lease will be recognised: (1) upon the expiry of lease, the ownership of the leased asset will be transferred to the Company; (2) the Company has the option to purchase the leased asset at a price that is expected to be far less than the fair value of the leased asset at the exercise of the option; (3) the lease term accounts for the majority of the useful life of the leased asset; (4) the present value of the minimum lease payment at the inception of the lease is substantially the same as the fair value of the leased asset. At inception of the lease, the leased asset shall be stated at the lower of the fair value of the leased asset and the present value of the minimum lease payments, and the minimum lease payments shall be recorded as the carrying amount of long-term payables. The difference between the recorded amount of the leased asset and the minimum lease payments shall be accounted for as unrecognised finance charge.

## **16. Construction in progress**

Construction in progress is measured at all the expenditures incurred to bring the fixed assets ready for their intended use. If the construction in progress of fixed assets constructed are ready for their intended use but the final account of completed project has not been issued, it should be transferred to fixed assets at an estimated cost according to the construction budget, construction price or actual cost, and depreciation should be provided according to deprecation policy for fixed assets from the date when the assets are ready for their intended use. When the final account of completed project is issued, the estimated cost will be adjusted according to the actual cost, while the original depreciation charge will not be adjusted.

## **17. Borrowing costs**

### **1. Criteria for recognition of capitalised borrowing costs**

Borrowing costs refer to borrowing interest, amortization of discounts or premiums, ancillary costs and exchange differences arising from foreign currency borrowings, etc.

The Company's borrowing costs that are directly attributable to the acquisition or production of a qualifying asset are capitalised into the cost of relevant assets. Other borrowing costs are recognised as expenses in profit or loss in the period in which they are incurred.

Qualifying assets include fixed assets, investment property and inventories that necessarily take a substantial period of time for acquisition, construction or production to get ready for their intended use or sale.

Capitalisation of borrowing costs begins when the following three conditions are fully satisfied:

- (1) expenditures for the assets (including cash paid, non-currency assets transferred or interest-bearing liabilities assumed for the acquisition, construction or production of qualifying assets) have been incurred;
- (2) borrowing costs have been incurred;
- (3) acquisition, construction or production that are necessary to enable the asset reach its intended usable or saleable condition have commenced.

### **2. Capitalisation period of borrowing costs**

The capitalisation period shall refer to the period between the commencement and the cessation of capitalisation of

borrowing costs, excluding the period in which capitalisation of borrowing costs is temporarily suspended.

Capitalisation of borrowing costs shall cease when the qualifying asset under acquisition and construction or production gets ready for intended use or sale.

If part of an asset being acquired, constructed or produced has been completed respectively and put into use individually, capitalisation of borrowing costs should cease.

If different parts of the asset acquired, constructed or produced are completed separately, but such asset will not be ready for the intended use or sale until all parts have been completed, then the borrowing costs will be capitalised until the completion of all parts of the said asset.

### 3. Suspension of capitalisation period

Capitalisation of borrowing costs shall be suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally, when the interruption is for a continuous period of more than 3 months; if the interruption is a necessary step for making the qualifying asset under acquisition and construction or production ready for the intended use or sale, the capitalisation of the borrowing costs shall continue. The borrowing costs incurred during such period of interruption shall be recognised in current profit or loss. When the acquisition and construction or production of the asset resumes, the capitalisation of borrowing costs commences.

### 4. Calculation of capitalisation rate and amount of borrowing costs

Specific borrowings for the acquisition, construction or production of qualifying assets, borrowing costs of the specific borrowings actually incurred in the current period minus the interest income earned on the unused borrowing loans as a deposit in the bank or as investment income earned from temporary investment will be used to determine the amount of borrowing costs for capitalisation.

General borrowings for the acquisition, construction or production of qualifying assets, the to-be-capitalised amount of interests on the general borrowing shall be calculated and determined by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements minus the specifically borrowed loans by the capitalisation rate of the general borrowing used. The capitalisation rate shall be calculated and determined according to the weighted average interest rate of general borrowings.

## 18. Intangible assets

### (1) Measurement, useful life and impairment test

#### 1. Measurement of intangible assets

(1) Intangible assets are initially measured at cost upon acquisition;

The costs of an externally purchased intangible asset include the purchase price, relevant taxes and expenses paid, and other expenditures directly attributable to bringing the asset ready for its intended use. If the payment for an intangible asset is delayed beyond the normal credit conditions and it is of financing nature in effect, the cost of the intangible asset shall be ascertained based on the present value of the purchase price.

The amount of intangible assets acquired from debt restructuring should be recorded at the fair value of the creditor's rights waived thereunder and other costs including the taxes directly attributable to bringing the asset ready for its intended use, and the difference between the fair value and the carrying amount of creditor's right waived thereunder should be included in current profit or loss.

If the non-monetary assets transaction is commercial in nature and the fair value of the assets received or surrendered can be reliably measured, the intangible assets received in the non-monetary assets transaction, shall be measured on the basis of the fair value of the assets surrendered, unless there is concrete evidence that the fair value of the assets received is more

reliable. For non-monetary assets transaction which does not meet the above conditions, the cost of intangible assets received shall be the book value of the assets surrendered and the relevant taxes and expenses payable, and no gain or loss will be recognised.

## (2) Subsequent measurement

The Company shall analyse and judge the useful life of intangible assets upon acquisition.

As for intangible assets with a finite useful life, they are amortized

using the straight-line method over the term in which economic benefits are brought to the firm; If the term in which economic benefits are brought to the firm by an intangible asset cannot be estimated, the intangible asset shall be taken as an intangible asset with indefinite useful life, and shall not be amortized.

### 2. Estimated useful lives for the intangible assets with finite useful life

Items	Estimated useful lives	Basis
Land use rights 1	49.33	Land use rights date
Land use rights 2	temporarily 50	Land use rights date
Technology usage fee	5	Estimated software update and upgrade period
Financial software	5	Estimated software update and upgrade period
Customer relationship	2-7	
Others	5	Estimated software update and upgrade period

### 3. Determination basis of intangible assets with indefinite useful life and procedures for review of the useful life thereof

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

## (2) Accounting policy regarding the expenditure on the internal research and development

### 1. Specific criteria for the division of research phase and development phase

The expenses for internal research and development projects of the Company are divided into expenses in the research phase and expenses in the development phase.

Research phase: Scheduled innovative investigations and research activities to obtain and understand scientific or technological knowledge.

Development phase: Apply the research outcomes or other knowledge to a plan or design prior to a commercial production or use in order to produce new or substantially improved materials, devices, products, etc.

### 2. Specific criteria for capitalisation at development phase

Expenses incurred in the development phase are recognised as intangible assets if the following conditions are fulfilled:

- (1) the technical feasibility of completing the intangible asset so that it will be available for use or for sale;
- (2) the intention to complete the intangible asset for use or for sale;
- (3) the ways in which the intangible asset generate economic benefits, including there is evidence that the products produced using the intangible asset has a market or the intangible asset itself has a market, or it the intangible asset is for internal use, there is evidence that proves its usefulness;
- (4) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and
- (5) the expenditures attributable to the development phase of the intangible asset could be reliably measured.

Expenditure in the development phase, if it does not meet the conditions listed above, is charged to profit or loss when

incurred. Expenditure in the research phase is included in profit or loss when incurred.

## **19. Impairment of long-term assets**

Long-term assets, such as long-term equity investment, fixed assets, construction in progress, and intangible assets with finite useful life are tested for impairment if there is any indication that an asset may be impaired at the balance sheet date. If the result of the impairment test indicates that the recoverable amount of the asset is less than its carrying amount, a provision for impairment and an impairment loss are recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognised on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs to is determined. A group of assets is the smallest group of assets that is able to generate cash inflows independently.

Impairment tests for goodwill, intangible assets with indefinite useful life and intangible assets not ready to use shall be carried out at least at the end of each year.

When the Company performs impairment test on goodwill, the Company shall, as of the purchase day, allocate on a reasonable basis the carrying value of the goodwill formed by merger of enterprises to the relevant asset group, or if there is a difficulty in allocation, to allocate it to the set of asset groups. Goodwill is allocated to each asset group or set of asset groups, which is expected to relatively benefit from the synergies of the combination for the purpose of impairment testing.

For the purpose of impairment test on the relevant asset group or the set of asset groups containing goodwill, if any evidence shows that the impairment of asset group or set of asset groups related to goodwill is possible, an impairment test will be made firstly on the asset group or set of asset groups not containing goodwill, thus calculating the recoverable amount and comparing it with the relevant carrying value so as to recognize the corresponding impairment loss. Then the Company will make an impairment test on the asset groups or set of asset groups containing goodwill, and compare the carrying value of the asset groups or set of asset groups (including the carrying value of the goodwill allocated thereto) with the recoverable amount. Where the recoverable amount of the relevant assets group or set of the asset groups is lower than the carrying value thereof, it shall recognize the impairment loss of the goodwill. Once the above asset impairment loss is recognised, it will not be reversed in subsequent accounting periods.

## **20. Long-term deferred expenses**

Long-term deferred expenses are expenditures and other expenses which have occurred with amortization period over 1 year and shall be borne by the current period and subsequent periods. Long-term deferred expenses of the Company include fixed assets improvement expenses, technology usage fee and rental fee.

### **1. Method of Amortization**

Long-term deferred expenses will be amortized evenly during its beneficial period

### **2. Amortization Period**

Improvement expenses on fixed assets leased under operating leases are amortized over 5 years.

Technology usage fee is amortized over 3 years.

Rental fee is amortized over the rental period.

## **21. Contractual liabilities**

The Company presents contractual assets or contractual liabilities in the balance sheet based on the relationship between performance obligations and customer payments. The obligation of the Company to transfer or receivable customers' considerations and to transfer goods or provide services to customers is presented as contractual liabilities. The Company presents a net contractual asset or a net contractual assetliity under the same contract.

## **22. Employee benefits**

### **(1) Accounting treatment of short-term benefits**

In the accounting period in which employees provide service for the Company, short-term benefits actually incurred are recognised as liabilities and charged to profit or loss or cost of relevant assets.

With regard to contributions to social insurance schemes and housing provident funds and provision for labour union expenses and employee education expenses as required by regulations, the Company should calculate and recognize the corresponding employee benefits payables according to the appropriation basis and proportion as stipulated by relevant requirements in the accounting period in which employees provide service.

Non-currency employee benefits will be accounted for in accordance with their fair value if they can be measured reliably.

### **(2) Accounting treatment of post-employment benefits**

#### **(1) Defined contribution scheme**

The Company will pay basic pension insurance and unemployment insurance in accordance with the relevant provisions of the local government for the staff. During the accounting period when the staff provides service, the Company will calculate the amount payable in accordance with the local stipulated basis and proportions which will be recognised as liabilities, and the liabilities would be charged into current profits and loss or costs of assets.

#### **(2) Defined benefit scheme**

The welfare responsibilities generated from defined benefit scheme based on the formula determined by projected unit credit method would be vested to the service period of the staff and charged into current profit or loss or costs of relevant assets.

The deficit or surplus generated from the present value of obligations of the defined benefit scheme minus the fair value of the assets of defined benefit scheme is recognised as net liabilities or net assets. When the defined benefit scheme has surplus, the Company will measure the net assets of the defined benefit scheme at the lower of the surplus of defined benefit scheme and the upper limit of the assets.

All defined benefit plans obligations, including the expected duty of payment within 12 months after the end of annual reporting period during which the staff provided service, are discounted based on the market yield of government bonds matching the term and currency of defined benefit plan obligations or corporate bonds of high quality in the active market on the balance sheet date.

The service cost incurred by the defined benefit scheme and the net interest of the net liabilities and net assets of the defined benefit scheme would be charged to current profit or loss or relevant costs of assets. The changes arising from the remeasurement of the net liabilities or net assets of the defined benefit scheme would be included in other comprehensive

income and are not reversed to profit or loss in a subsequent accounting period; when the previously defined benefits plan is terminated, such amount included in other comprehensive income shall be transferred to undistributed profit.

When the defined benefit scheme is settled, the gain or loss is recognised based on the difference between the present value of obligations under the defined benefit scheme and the settlement price at the balance sheet date.

### **(3) Accounting treatment of termination benefits**

The Company recognizes employee benefits liabilities arising from termination benefits and recorded in profit or loss when it cannot unilaterally withdraw the offer of termination benefits resulting from the employment termination plan or the proposed layoff, or when it recognizes costs or expenses for restructuring involving the payment of termination benefits (whichever is earlier).

## **23. Estimated liabilities**

### **1. Recognition criteria of estimated liabilities**

The Company shall recognize an obligation related to contingency involving litigation, debt guarantee, loss-making contract or restructuring as an estimated liability, when all of the following conditions are satisfied:

- (1) such obligation is the present obligation of the Company;
- (2) the performance of such obligation is likely to lead to an outflow of economic benefits out of the Company; and
- (3) the amount of such obligation can be reliably measured.

### **2. Measurement methods for various estimated liabilities**

The estimated liabilities of the Company are initially measured at the best estimate of expenditure required for the performance of relevant present obligations.

The Company shall take into consideration the risks, uncertainties, time value of money and other factors relating to the contingencies in determining the best estimate. If the time value of money is significant, the best estimates shall be determined after discount of relevant future cash outflows.

The best estimate will be dealt with separately in the following circumstances:

The expenses required have a successive range (or band), in which the possibilities of occurrence of each result are the same, and the best estimate should be determined as the middle value for the range, i.e. the average of the upper and lower limit.

The expenses required does not have a successive range (or band), or although there is a successive range (or band), the possibilities of occurrence of each result are not the same, if the contingency is related to individual item, the best estimate should be determined as the most likely amount; where the contingency is related to a number of items, the best estimate should be calculated and determined according to the possible results and the relevant possibilities.

Where some or all of the expenditure required to settle an estimated liability is expected to be reimbursed by a third party, the reimbursement is separately recognised as an asset when it is virtually certain that the reimbursement will be received. The amount recognised for the reimbursement is limited to the carrying amount of the liability recognised.

## **24. Share-based payment**

The Company's share-based payment represents transactions in which the Company receives services from employees or

other parties by granting equity instruments or incurring liabilities that are based on the price of the equity instruments to the employee or other suppliers. The Company's share-based payments included equity-settled share-based payments and cash-settled share-based payments.

#### 1. Equity-settled share-based payment and equity instrument

As to an equity-settled share-based payment in return for services of employees, calculation will be based on the fair value of the equity instrument granted to the employees. If the Company make the share-based payment by restricted shares, employees will subscribe the share but those shares shall not be listed on the market or transferred before it fulfill the unlocking condition and unlocked. If the unlocking conditions stipulated in the equity incentive scheme cannot be fulfilled eventually, the Company will repurchase those shares based on the predetermined price. Upon obtaining the payment for subscribing restricted shares made by the employees, the Company will recognised the share capital and capital reserve (share capital premium) according to the payment it received, while fully recognize a liability for its repurchasing obligation as well as its treasury shares. On each balance sheet date within the vesting period, the Company will make the best estimation of the number of vested equity instruments based on the subsequent information such as the updated changes in the number of executives and the achievement of performance standard. Based on the above results, the services received in the current period will be included in the relevant cost or expense based on the fair value on the date of grant, and the capital reserve will be increased accordingly. The recognised cost or expense and owners' interest will not be adjusted after the vesting date. However, equity instruments vested immediately after the date of grant will be included in the relevant cost or expense based on its fair value on the date of grant, and the capital reserve will be increased accordingly.

For the share-based payments that are not vested eventually, no cost or expense will be recognised, except the vesting condition is market condition or non-exercisable condition. Under such circumstances, no matter whether the market condition or non-exercisable condition can be fulfilled, the share-based payment will be deemed as vested as long as all the non-market conditions in the vesting condition are fulfilled.

If the terms of the equity-settled share-based payment are amended, the Company shall recognize the services received at least based on the situation before the amendment was made. In addition, any amendment resulting in the increase of the fair value of the equity instrument granted or changes that are beneficial to the staff on the amendment date, will be recognised as an increase in the service received.

If the equity-settled share-based payment is cancelled, it will be accounted for as accelerated exercise on the cancellation date and the unrecognised amount will be recognised immediately. Employees and other parties are able to satisfy the non-vesting conditions. If the conditions are not fulfilled during the vesting period, the equity settled share-based payment will be deemed as cancelled. However, if new equity instruments are vested and they are verified at the vesting date of new equity instrument as alternatives vested to cancelled equity instruments, the treatment on the new equity instrument is in conformity with the modified treatment on disposal of equity instrument.

#### 2. Cash-settled share-based payments and equity instrument

A cash-settled share-based payment shall be measured in accordance with the fair value of liability calculated and confirmed based on the shares or other equity instruments undertaken by the Group. It is initially measured at fair value on the date of grant using the BS model, taking into account the terms and conditions of the equity instrument granted. If the right may be exercised immediately after the grant, the fair value of the liability undertaken by the enterprise shall, on the date of the grant, be included in the relevant costs or expenses, and the liabilities shall be increased accordingly. If the right may not be exercised until the vesting period comes to an end or until the specified performance conditions are met, within the vesting period, the services obtained in the current period shall, based on the best estimate of the information about the exercisable right, be included in the relevant costs or expenses and the corresponding liabilities at the fair value of the liability undertaken by the enterprise. For each of the balance sheet date and settlement date before the settlement of the relevant

liabilities, fair value of the liabilities will be remeasured and the changes will be included in the profit or loss for the current period.

## **25. Other financial instruments such as preference shares and perpetual bonds**

At initial recognition, the Company classifies the preference shares/perpetual bonds issued as financial assets, financial liabilities or equity instruments based on their contractual terms and their economic substance rather than just in legal form. For financial instruments such as perpetual bonds/preference shares issued by the Company that meet one of the following conditions, the financial instrument as a whole or its components are classified as financial liabilities upon initial recognition:

- (1) the Company cannot unconditionally avoid the performance of a contractual obligation by paying cash or delivering other financial assets;
- (2) including contractual obligations to deliver a variable number of its own equity instruments;
- (3) including a derivative that is settled in its own equity (such as conversion right), and such derivative is not settled by it exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.
- (4) there are contract terms that indirectly form contract obligations;
- (5) when the issuer is liquidated, the perpetual bonds are in the same order of settlement as the ordinary bonds and other debts issued by the issuer.

For financial instruments such as perpetual bonds/preference shares that do not meet one of the above conditions, the financial instrument as a whole or its components are classified as equity instruments upon initial recognition.

## **26. Revenue**

Whether the New Accounting Standards for Business Enterprises on Revenue ("New ASBE on Revenue") has been implemented

☐ Yes ☒ No

### **1. General principles for the recognition of revenue from sales of goods**

- (1) The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (2) The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (3) The amount of revenue can be measured reliably;
- (4) It is probable that the economic benefits associated will flow to the enterprise;
- (5) The relevant costs incurred or to be incurred can be measured reliably.

### **2. Specific principles**

If the outcome of the rendering of services transaction can be reliably estimated at the balance sheet date, the percentage of completion method shall be used to recognize revenue from the rendering of services. The progress of the completion of the rendering of services are recognised based on the proportion of the costs incurred to the estimated total cost.

The total revenue of rendering of services shall be determined in accordance with the contract or agreed price received or receivable, except that contract or agreed price received or receivable is unfair. At the balance sheet date, the total revenue of rendering of services multiplied by the completion progress and deducting the aggregate revenue of rendering of services recognised in previous accounting period shall be recognised as the revenue of rendering of services for current period.



Meanwhile, the cost of service for current period shall be recognised based on the cost incurred for current period.

If the outcome of the rendering of services transaction cannot be reliably estimated at the balance sheet date, the following treatment shall be applied:

(1) If the cost of rendering of services is expected to be compensated, the cost already incurred for rendering of services shall be recognised as revenue of rendering of services, and the same amount shall be transferred to cost of service.

(2) If the cost of rendering of services is not expected to be compensated, the cost already incurred for rendering of services shall be included in the profits and losses for the current period and shall not be recognised as revenue of rendering of services.

For clinical trial solutions, registration application services, phase I clinical trial services, phase I clinical bioanalysis testing services, GMP registration services, BE bioequivalence studies services, medical writing services, audit services, EDC services and pharmacovigilance services provided by the Company, revenue from rendering of services shall be recognised by percentage of completion method.

The progress of the completion of the rendering of services shall be determined using the following methods, respectively:

1. Clinical trial solutions, registration application services, phase I clinical bioanalysis testing services and GMP registration services provided by the Company shall be determined based on the proportion of the costs incurred to the estimated total cost.

2. Phase I clinical trial services, BE bioequivalence studies services, medical writing services, audit services, EDC services and pharmacovigilance services provided by the Company, which are divided into different stages of procedures and milestones according to the business processes, shall be determined taking into account the proportion of the amount of contract work completed to the total estimated amount of contract work.

3. For clinical trial statistical analysis services, training services, clinical evaluation services and academic promotion services provided by the Company, due to the short service cycle, revenue from rendering of services shall be recognised based on the amount of the service cost incurred before the completion of the service on the balance sheet date, and an equivalent amount is charged to profit or loss as service cost; when the service is completed, service revenue for the current period shall be recognised based on the amount of the settlement amount stipulated in the contract after deducting the accumulated service revenue recognised for work at that stage in previous accounting periods.

4. For medical testing services and medical imaging services provided by the Company, revenue shall be recognised when relevant service activities occur, and the recognised amount is the amount of work completed each month multiplied by the contract unit price.

5. For medical information translation services provided by the Company, which belong to service fees charged for providing repeated services to customers, revenue shall be recognised when relevant service activities occur, and the recognised amount is the amount of translations completed each month multiplied by the contract unit price.

6. For logistics and transportation services provided by the Company, revenue shall be recognised when the goods arrive and the Company signs for them. The recognised amount is the weight of the transportation target multiplied by the agreed unit price.

7. On-site clinical trial services provided by the Company shall be amortized and recognised using the straight-line method over the service duration based on the total contract price. For investment advisory services provided by the Company, revenue shall be recognised when relevant service activities occur, and shall be recognised evenly on a monthly basis within the advisory service period based on the contract amount.

8. Frontage Holdings, a subsidiary of the Company, implements the IFRS 15 “International Financial Reporting Standard 15 - Revenue from Contracts with Customers” standard. For bioequivalence services provided by the Company, revenue shall be recognised using the input method. For CMC, DMPK and bioanalysis services, revenue shall be recognised using the output method.

9. For SMO services provided by the Company, revenue shall be recognised based on the actual amount of work incurred,

and the recognised amount is the amount of work completed each month multiplied by the contract unit price.

## **27. Government grants**

### **1. Types**

Government grants are monetary assets or non-monetary assets obtained by the Company from the government for free, and are divided into government grants related to assets and government grants related to income.

Government grants related to assets are those obtained by the Company for the purposes of acquisition, construction or other project that forms a long-term asset. Government grants related to income refer to the government grants other than those related to assets.

The standard for the Company to classify the government grant as asset-related is: The explicit objects of subsidies indicated in the government document are long-term assets such as fixed assets or intangible assets.

The standard for the Company to classify the government grant as income-related is: No explicit objects of subsidies are indicated in the government document or the explicit objects of subsidies indicated in the government document are non-long-term assets.

### **2. Timing for recognition**

Assets-related government grants, when appropriated by bank transfer, shall be generally recognised in accordance with the account when actual amount received; when appropriated in the form of non-monetary assets, shall be recognised when the assets are actually acquired and the relevant transfer procedures are completed. Income-related government grants, when appropriated by bank transfer, shall be generally recognised in accordance with the account when actual amount received; only if there is sufficient evidence to show that the grants are allocated in accordance with fixed quotas, the grants shall be recognised when they become receivables and measured based on the amount receivable.

### **3. Accounting treatment**

Asset-related government grant shall be used to offset the carrying amount of relevant asset or recognised as deferred income. The amount recognised as deferred income shall be recorded in current profit or loss by installments in a reasonable and systematic way over the useful life of the relevant assets (the government grants related to the Company's daily activities shall be included in other income; and the government grants unrelated to the Company's daily activities shall be included in non-operating income);

Government grants related to income that are used to compensate relevant costs or losses of the Company in subsequent periods are recognised as deferred income and recorded in current profit or loss when such costs and losses are recognised (government grants related to the Company's daily activities shall be included in other income; government grants unrelated to the Company's daily activities shall be included in non-operating income) or offset relevant costs or losses; and the grants used to compensate relevant costs or losses that have incurred by the Company are recorded directly in current profit or loss (government grants related to the Company's daily activities shall be included in other income; government grants unrelated to the Company's daily activities shall be included in non-operating income) or offset relevant costs or losses.

The interest subsidies for policy-related preferential loans obtained by the Company are divided into two types and subject to accounting treatment separately:

(1) Where the interest subsidies are appropriated from the fiscal funds to the lending bank and then the bank provides loans to Company at a policy-based preferential interest rate, the Company will recognize the amount of borrowings received as

the initial value and calculate the borrowing costs according to the principal amount and the policy-based preferential interest rate.

(2) Where the interest subsidies are paid directly to the Company, the Company will use such interest subsidies to offset the corresponding borrowing costs.

## **28. Deferred income tax assets/deferred income tax liabilities**

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized. For deductible losses and tax credits that can be reversed in the future period, deferred tax assets shall be recognised to the extent that it is probable that taxable profit will be available in the future to offset the deductible losses and tax credits.

Save for exceptions, deferred income tax liabilities shall be recognised for the taxable temporary difference.

The exceptions for not recognition of deferred income tax assets and deferred income tax liabilities include: the initial recognition of the goodwill; other transactions or matters other than business combinations in which neither profit nor taxable income (or deductible loss) will be affected when transactions occur.

When the Group has a legally enforceable right to set-off and intends either to settle on a net basis or to acquire the income tax asset and settle the income tax liability simultaneously, current income tax assets and current income tax liabilities shall be presented as the net amount after offsetting.

When the Group has the legal right to set off current income tax assets and current income tax liabilities on a net basis, such deferred income tax assets and deferred income tax liabilities are related to income tax to be paid by the same entity liable to pay tax to the same tax authority, or related to different entities liable to pay tax but the relevant entities intend to settle on a net basis or to acquire the income tax assets and settle the income tax liabilities simultaneously in the future period in which significant deferred income tax assets and liabilities would be reversed, deferred income tax assets and liabilities shall be presented as the net amount after offsetting.

## **29. Lease**

### **(1) Accounting treatment of operating leases**

(1) Lease fees paid by the Company for leased asset shall be amortized at straight line method over the whole lease period (including rent-free period) and will be included in the current expenses. Initial direct costs relating to lease transactions paid by the Company shall be included in the current expenses.

If the expense related to the lease which shall be paid by the Company is assumed by the lessor of the asset, then such expenses shall be deducted from total lease fees, and the balances shall be amortized over the lease term s and charged to the current expenses.

(2) The Company's rental expenses collected for leased assets shall, within the whole lease term including the rent-free period, be amortized with the straight-line method and recognised as relevant rental income. Initial direct costs related to lease transactions paid by the Company are included in current expenses; in case of a large amount, such costs shall be capitalised and then included in the current revenue by stages at the same base as the recognition of rental income over the whole lease term.

When the Company bears costs related to the lease borne by the leasee, the Company shall deduct the part of expenses from the total rents and amortize the rents after deduction over the lease term.

## **(2) Accounting treatment of financing leases**

(1) Assets acquired under financing leases: At the commencement of the lease term, the company will use the lower of the fair value of the leased assets and the present value of the minimum lease payments as the book value of the leased assets, and the minimum lease payments as the book value of the long-term payables. The difference between the book value of the leased assets and the long-term payables is recorded as the unrecognised financing fee. The Company adopts effective interest rate method to amortize unrecognised financing expenses over the lease period of the asset and includes them into financial expenses. The initial direct costs incurred by the company are included in the value of the leased asset.

(2) Assets leased out under financing leases: At the commencement date of lease term, the Company recognizes the difference between the sum of financing lease receivable and the unguaranteed residual value, and the present value thereof as unrealized financing income, and recognizes the same as rental income over the periods when rent is received in the future. The Company's initial direct costs associated with rental transactions shall be included in the initial measurement of the finance lease receivables, and the amount of the income recognised during the lease term shall be reduced.

## **30. Other significant accounting policies and accounting estimates**

### **1. Discontinued operation**

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

- (1) represents a separate major line of business or geographical area of operations;
  - (2) is part of a single co-ordinate plan to dispose of a separate major line of business or geographical area of operations;
- and
- (3) is a subsidiary acquired exclusively with a view to resale.

### **2. Repurchase of the shares of the Company**

The Restricted Shares granted to Participants by the Company shall be subject to various Lock-up Periods, immediately from the Date of Grant, and the interval between the Date of Grant and the First Date of Unlocking shall not be less than 12 months. During the Lock-up Periods, no Restricted Share held by the Participants is allowed to be transferred, pledged or charged or used for debt repayment.

Upon the fulfillment of the Unlocking Conditions, the Company shall handle all matters required for the grant and unlocking of Restricted Shares in accordance with the relevant regulations once the Participants have fulfilled the conditions for unlocking the Restricted Shares. All of the Restricted Shares held by Participants who have not satisfied the conditions for unlocking the Restricted Shares shall not be unlocked or shall be deferred to the next period for unlocking and shall be repurchased and cancelled by the Company at the grant price.

Cash dividends to be received by Participants from the Restricted Shares granted shall be held in escrow by the Company and shall be distributed to the Participants upon unlocking; the Company shall however forfeit the dividends if the Restricted Shares cannot be unlocked in accordance with the Restricted Share Incentive Scheme. Restricted Shares granted to the Participants issued upon capitalisation issue, bonus issue, subdivision of share capital shall remain unlocked and shall not be disposed of or transferred in any manner in the secondary market, subject to the same unlock period as the Restricted Shares; in the event that the Restricted Shares under the Restricted Share Incentive Scheme cannot be unlocked, the shares shall be repurchased and cancelled by the Company.

In case of termination of the Restricted Share Incentive Scheme, the Company shall repurchase all Restricted Shares that are still locked up and deal with such repurchased shares in accordance with the Company Law.

### 31. Changes in significant accounting policies and accounting estimates

#### (1) Changes in significant accounting policies

√ Applicable ☐ Not applicable

Contents and reasons for changes in accounting policies	Examination and approval procedure	Remarks
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#### 1. Changes in significant accounting policies

(1) Implementation of the “Notice of the MOF on the Revised Format of 2019 Financial Statements for General Enterprises (Cai Kuai [2019] No. 6)” and the “Notice of the MOF on the Revised Format of Consolidated Financial Statements (2019 version)”

The Ministry of Finance (“MOF”) released the Notice of the MOF on the Revised Format of 2019 Financial Statements for General Enterprises (Cai Kuai [2019] No. 6) in April 30, 2019, and the Notice of the MOF on the Revised Format of Consolidated Financial Statements (Cai Kuai [2019] No.16) in September 19, 2019.

Main influences incurred by the implementation of such standard by the Company are as follows:

Contents and reasons for changes in accounting policies	Examination and approval procedure	Influenced statement item name and amount	
		Consolidated	Parent
(1) The “bills receivables and accounts receivables” in the balance sheet are separately listed as “bills receivables” and “accounts receivables”; “Notes payable and accounts payable” are separately listed as “notes payables” and “accounts payables”. Comparative data is adjusted accordingly.	According to the relevant policies of MOF	“Bills receivable and accounts receivable” are separately listed as “bills receivable” and “accounts receivable”. The closing balance of “bills receivable” at the end of previous year is 734,248.00 yuan, the closing balance of “accounts receivable” at the end of previous year is 780,938,723.13 yuan.	“Bills receivable and accounts receivable” are separately listed as “bills receivable” and “accounts receivable”. The closing balance of “bills receivable” at the end of previous year is 584,248.00 yuan, the closing balance of “accounts receivable” at the end of previous year is 353,651,431.06 yuan.

#### (2) Implementation of CAS No.22 – Financial Instruments: Recognition and Measurement, CAS No. 23 – Transfer of Financial Assets, CAS No.24 – Hedge Accounting and CAS No.37 – Presentation and Disclosures of Financial Instruments (Revised in 2017)

MOF revised CAS No.22 – Financial Instruments: Recognition and Measurement, CAS No. 23 – Transfer of Financial Assets, CAS No.24 – Hedge Accounting and CAS No.37 – Presentation and Disclosures of Financial Instruments in 2017. According to the revised standard, if the data relating to the prior period comparative financial statements are inconsistent with the revised standard, the financial instruments that existed before the first implementation date should be retrospectively adjusted. If the data relating to the prior period comparative financial statements are inconsistent with the revised standard, no adjustment is

required. The Company will adjust the retained earnings and other comprehensive income at the beginning of the year due to the cumulative impact of retrospective adjustments.

Based on the balance at the end of the previous year adjusted in accordance with the provisions of Caihui [2019] No. 6 and Caihui [2019] No. 16, main influences incurred by the implementation of such standard by the Company are as follows:

Contents and reasons for changes in accounting policies	Examination and approval procedure	Influenced statement item name and amount	
		Consolidated	Parent
( 1 ) Available-for-sale equity instrument investments are reclassified as "financial assets measured at fair value and whose changes are included in current profit or loss."	According to the relevant policies of MOF	Available-for-sale financial assets: a decrease of 1,221,827,232.44 yuan; other non-current financial assets: an increase of 1,481,093,167.41 yuan; deferred income tax liabilities: an increase of 17,487,828.68 yuan; other comprehensive income: decreased by 1,656,924.71 yuan; surplus reserve: increased by 10,589,769.58 yuan; undistributed profit: increased by 163,349,350.85 yuan. Minority equity: an increase of 69,495,910.57 yuan.	Available-for-sale financial assets: a decrease of 428,798,851.31 yuan; other non-current financial assets: an increase of 552,184,375.81 yuan; deferred income tax liabilities: an increase of 17,487,828.68 yuan; surplus reserve: an increase of 10,589,769.58 yuan; undistributed profits: an increase of 95,307,926.24 yuan.
( 2 ) Provision for expected credit loss is made for "financial assets measured at amortised cost" and "financial assets are classified as financial assets at fair value through comprehensive income (debt instrument)"	According to the relevant policies of MOF	Accounts receivable: an increase of 47,550,814.31 yuan; accounts receivable: an increase of 51,343,448.40 yuan; Undistributed profit: decreased by 1,124,053.88 yuan; minority equity: decreased by 2,668,580.21 yuan.	Accounts receivable: an increase of 26,718,495.70 yuan; advance receipts: an increase of 26,718,495.70 yuan.

(3) Implementation of CAS No. 21 – Lease (Revised in 2018)

MOF revised CAS No. 21 – Lease in 2018 ("New Lease Standard").

The main impact on the financial statements regarding the implementation of the New Lease Standard by the Company's subsidiaries Frontage Holdings Corporation and DreamCIS Inc. starting from January 1, 2019:

Contents and reasons for changes in accounting policies	Examination and approval procedure	Influenced statement item name and amount	
		Consolidated	Parent
(1) As a lessee, the Company adjusts the leases that existed before the first execution date	According to the relevant policies of MOF	Prepayments: decreased by 1,594,609.66 yuan; fixed assets: decreased by 40,717,230.40 yuan; Right-of-use assets: an increase of 133,692,062.02 yuan; non-current liabilities due in one year: an increase of 4,273,625.71 yuan; lease liabilities: an increase of 106,524,246.24 yuan; long-term payables; a decrease of 19,417,649.99 yuan.	

- (4) On July 5, 2017, the MOF issued Notice of the Ministry of Finance on Revising and Issuing the Accounting Standards for Business Enterprises No. 14—Revenue (Caihui [2017] No. 22) (referred to as "New Accounting Standard No. 14") to revise the revenue recognition model, which largely converged with IFRS No. 15 – Revenue from Contracts with Customers. Enterprises that implement this Standard for the first time shall adjust the retained earnings and the amount of other related items in the financial statements at the beginning of the year (in which this Standard is first implemented) in accordance with the cumulative effect of the first implementation of this Standard, whereby the information related to comparable period shall not be adjusted. If the parent company has not implemented this Standard and the subsidiary company has implemented this Standard, the parent company may adjust the subsidiary's financial statements in accordance with the parent company's accounting policies when preparing the consolidated financial statements, or directly merge the financial statements prepared by subsidiaries in accordance with this Standard. The main effects of the Company's implementation of the above are as follows:

Contents and reasons for changes in accounting policies	Examination and approval procedure	Influenced statement item name and amount	
		Consolidated	Parent
(1) Frontage Holdings Corporation and DreamCIS Inc., both subsidiaries of the Company, implement IFRS 15 "IFRS 15 - Revenue from Contracts with Customers"	According to the relevant policies of MOF	Accounts receivable: decreased by 69,469,617.55 yuan; contract assets: increased by 69,469,617.55 yuan; Accounts received in advance: decreased by 119,150,065.69 yuan; contract liabilities: increased by 119,150,065.69 yuan.	

- (2) Changes in significant accounting estimates

☐ Applicable ☒ Not applicable

- (3) Implementation of new financial instruments standards, new income standards or new lease standards from 2019 and

adjustment to related financial statements at the beginning of the year

✓ Applicable ☐ Not applicable

# Consolidated Balance Sheet

Unit: Yuan

Item	December 31, 2018	January 1, 2019	Ajusted Amount
Current assets:			
Monetary fund	704,487,091.56	704,487,091.56	
Settlement reserves			
Placements with banks and other financial institutions			
Trading financial assets			
Financial assets at fair value through profit or loss			
Derivatives financial assets	1,002,080.00	1,002,080.00	
Bills receivable	734,248.00	734,248.00	
Trade receivable	780,938,723.13	759,019,919.89	-21,918,803.24
Financing receivables			
Prepayments	47,157,740.45	45,563,130.79	-1,594,609.66
Premium receivables			
Receivables from reinsurers			
Deposits receivable from reinsurance			
Other receivables	53,105,221.78	53,105,221.78	
Including: Interests receivable	1,926,868.87	1,926,868.87	
Dividends receivable			
Financial assets held under resale agreements			
Inventories	518,892.98	518,892.98	
Contractual assets		69,469,617.55	69,469,617.55



Assets classified as available-for-sale			
Non-current assets due within one year			
Other current assets	15,303,714.88	15,303,714.88	
Total current assets	1,603,247,712.78	1,649,203,917.43	45,956,204.65
Non-current assets:			
Loans and advances granted			
Debt investments			
Financial assets available for sale	1,221,827,232.44		-1,221,827,232.44
Other debt investments			
Held-to-maturity investment			
Long-term receivables			
Long-term equity investments	103,293,443.20	103,293,443.20	
Other investments in equity instruments			
Other non-current financial assets		1,481,093,167.41	1,481,093,167.41
Investment properties			
Fixed assets	254,888,544.91	214,171,314.51	-40,717,230.40
Construction in progress			
Productive biological assets			
Oil and gas assets			
Right-to-use assets		133,692,062.02	133,692,062.02
Intangible assets	27,820,126.56	27,820,126.57	
Development expenses			
Goodwill	1,032,926,915.93	1,032,926,915.93	
Long-term deferred expenses	9,436,008.62	9,436,008.62	
Deferred income tax assets	19,153,227.31	19,153,227.31	
Other non-current assets	7,195,294.73	7,195,294.73	

Total non-current assets	2,676,540,793.70	3,028,781,560.29	352,240,766.59
Total assets	4,279,788,506.48	4,677,985,477.72	398,196,971.24
Current liabilities:			
Short-term borrowings	602,834,093.20	602,834,093.20	
Borrowings from central bank			
Placements from banks and other financial institutions			
Trading financial liabilities			
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Bills payable			
Trade payable	44,027,540.32	44,027,540.32	
Receipts in advance	329,449,892.03	261,643,274.74	-67,806,617.29
Contractual liabilities		119,150,065.69	119,150,065.69
Amount from sales of repurchased financial assets			
Deposit taking and deposit in inter-bank market			
Client money received for acting as securities trading agent			
Client money received for acting as securities trading agent			
Staff remuneration payable	67,948,673.56	67,948,673.56	
Taxes payable	78,942,327.91	78,942,327.91	
Other payables	44,050,711.91	44,050,711.91	
Including: Interests payable	1,788,386.25	1,788,386.25	
Dividends payable	1,443,558.82	1,443,558.82	

Handling charge and commissions payable			
Payables to reinsurers			
Liabilities classified as available-for-sale			
Non-current liabilities due within one year	41,388,921.21	45,662,546.92	4,273,625.71
Other current liabilities			
Total current liabilities	1,208,642,160.14	1,264,259,234.25	55,617,074.11
Non-current liabilities:			
Deposits for insurance contracts			
Long-term borrowings	3,431,702.95	3,431,702.95	
Debentures payable			
Including: Preference shares			
Perpetual bonds			
Lease liabilities		106,524,246.24	106,524,246.24
Long-term payables	19,417,649.99		-19,417,649.99
Long-term staff remuneration payable			
Estimated liabilities			
Deferred income			
Deferred income tax liabilities	14,137,234.36	31,625,063.04	17,487,828.68
Other non-current liabilities			
Total non-current liabilities	36,986,587.30	141,581,012.23	104,594,424.93
Total liabilities	1,245,628,747.44	1,405,840,246.48	160,211,499.04
Owners' equity:			
Share capital	500,176,537.00	500,176,537.00	
Other equity instruments			
Including: Preference shares			
Perpetual bonds			

Capital reserves	1,322,649,363.20	1,322,649,363.20	
Less: Treasury stock	248,124,987.77	248,124,987.77	
Other comprehensive income	-822,384.09	-2,479,308.80	-1,656,924.71
Special reserve			
Surplus reserve	84,003,316.49	94,593,086.07	10,589,769.58
General risk provision			
Undistributed profit	1,010,702,290.44	1,172,927,587.41	162,225,296.97
Total owners' equity attributable to the Parent Company	2,668,584,135.27	2,839,742,277.11	171,158,141.84
Minority interests	365,575,623.77	432,402,954.13	66,827,330.36
Total owners' equity	3,034,159,759.04	3,272,145,231.24	237,985,472.20
Total liabilities and owners' equity	4,279,788,506.48	4,677,985,477.72	398,196,971.24

Explanation of adjustment status

Balance Sheet of the Parent Company

Unit: Yuan

Item	December 31, 2018	January 1, 2019	Adjusted Amount
Current assets:			
Monetary fund	123,057,242.51	123,057,242.51	
Trading financial assets			
Financial assets at fair value through profit or loss			
Derivatives financial assets	1,002,080.00	1,002,080.00	
Bills receivable	584,248.00	584,248.00	
Trade receivable	353,651,431.06	380,369,926.76	26,718,495.70
Financing receivables			
Prepayments	5,846,369.92	5,846,369.92	
Other receivables	65,203,460.92	65,203,460.92	
Including: Interests receivable	1,060,780.97	1,060,780.97	
Dividends receivable	4,087,748.46	4,087,748.46	
Inventories			
Contractual assets			

Assets classified as available-for-sale			
Non-current assets due within one year			
Other current assets			
Total current assets	549,344,832.41	576,063,328.11	26,718,495.70
Non-current assets:			
Debt investments			
Financial assets available for sale	428,798,851.31		-428,798,851.31
Other debt investments			
Held-to-maturity investment			
Long-term receivables			
Long-term equity investments	2,112,016,831.68	2,112,016,831.68	
Other investments in equity instruments			
Other non-current financial assets		552,184,375.81	552,184,375.81
Investment properties			
Fixed assets	13,713,654.92	13,713,654.92	
Construction in progress			
Productive biological assets			
Oil and gas assets			
Right-to-use assets			
Intangible assets	2,160,179.39	2,160,179.39	
Development expenses			
Goodwill			
Long-term deferred expenses			
Deferred income tax assets	6,043,673.84	6,043,673.84	
Other non-current assets	973,200.00	973,200.00	
Total non-current assets	2,563,706,391.14	2,687,091,915.64	123,385,524.50
Total assets	3,113,051,223.55	3,263,155,243.75	150,104,020.20
Current liabilities:			
Short-term borrowings	591,094,093.20	591,094,093.20	
Trading financial liabilities			

Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Bills payable			
Trade payable	10,075,666.97	10,075,666.97	
Receipts in advance	99,013,397.65	125,731,893.35	26,718,495.70
Contractual liabilities			
Staff remuneration payable	9,956,851.74	9,956,851.74	
Taxes payable	25,753,804.32	25,753,804.32	
Other payables	316,601,859.60	316,601,859.60	
Including: Interests payable	1,771,550.32	1,771,550.32	
Dividends payable			
Liabilities classified as available-for-sale			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities	1,052,495,673.48	1,079,214,169.18	26,718,495.70
Non-current liabilities:			
Long-term borrowings			
Debentures payable			
Including: Preference shares			
Perpetual bonds			
Lease liabilities			
Long-term payables			
Long-term staff remuneration payable			
Estimated liabilities			
Deferred income			
Deferred income tax liabilities		17,487,828.68	17,487,828.68
Other non-current liabilities			
Total non-current liabilities		17,487,828.68	17,487,828.68
Total liabilities	1,052,495,673.48	1,096,701,997.86	44,206,324.38
Owners' equity:			
Share capital	500,176,537.00	500,176,537.00	

Other equity instruments			
Including: Preference shares			
Perpetual bonds			
Capital reserves	1,302,479,192.64	1,302,479,192.64	
Less: Treasury stock	248,124,987.77	248,124,987.77	
Other comprehensive income			
Special reserve			
Surplus reserve	83,683,032.73	94,272,802.31	10,589,769.58
Undistributed profit	422,341,775.47	517,649,701.71	95,307,926.24
Total owners' equity	2,060,555,550.07	2,166,453,245.89	105,897,695.82
Total liabilities and owners' equity	3,113,051,223.55	3,263,155,243.75	150,104,020.20

Explanation of adjustment status

**(4) Explanatory note on retrospective adjustment of implementation of new financial instrument standards or new lease standard from 2019**

☐ Applicable ☒ Not applicable

## VI. TAXES

### 1. Main taxes and tax rates

Types of taxes	Basis for tax assessment	Tax rate
Value-added Tax	Output VAT is calculated on taxable services income under tax laws. The remaining balance of output VAT, after deducting the deductible input VAT of the period, is VAT payable.	13% 、9% 、6% 、3% 、1%
City maintenance and construction tax	Based on the value-added tax and consumption tax	7% 、1%
Corporate income tax	Based on taxable income	25%
Education Surcharges (including local education surcharge)	Based on the value-added tax and consumption tax	5%

Notes on taxpayers subject to different enterprise income tax rates

Name of tax payer	Income tax rate
Tigermed and its domestic subsidiaries (except limited partnerships)	25%
Subsidiaries incorporated in Cayman Islands and BVI	0%

## 2. Tax Preference

### 1. Value-added tax

In accordance with the Notice on VAT Zerorating or VAT Exemption for Taxable Services (关于应税服务适用增值税零税率和免税政策的通知) (Caishui [2011] No.13) issued by the Ministry of Finance and the State Administration of Taxation, the Company and its subsidiaries MacroStat (China) Clinical Research Co., Ltd (美斯達(上海)醫藥開發有限公司), Jiaxing Clinflash Computer Technology Co., Ltd. (嘉興易迪希電腦技術有限公司), Frontage Laboratories (Shanghai) Co., Ltd.(方達醫藥技術(上海)有限公司) are exempted from value-added tax.

### 2. Corporate income tax

(1) The Company obtained the High-tech Enterprise Certificate No. GR201733000372 jointly issued by the Zhejiang Provincial Department of Science and Technology, the Zhejiang Provincial Department of Finance, the Zhejiang State Taxation Bureau, and the Zhejiang Local Taxation Bureau on November 13, 2017, which is valid for three years. The Company is subject to a reduction in corporate income tax from 2017 to 2019.

(2) MacroStat (China) Clinical Research Co., Ltd (美斯達(上海)醫藥開發有限公司), a subsidiary of the Company, obtained the Technical Advanced Service Enterprise Certificate No.20193101150205 jointly issued by the Shanghai Science and Technology Commission, the Shanghai Municipal Commission of Commerce, the Shanghai Municipal Finance Bureau, the State Administration of Taxation Shanghai Taxation Bureau, and Shanghai Municipal Development and Reform Commission on December 16, 2019, which is valid for three years. The Company is subject to a 15% reduction in corporate income tax from 2019 to 2021.

(3) Hangzhou Simo Co., Ltd. (杭州思默醫藥科技有限公司), a subsidiary of the Company, obtained the High-tech Enterprise Certificate No. GR201733000635 jointly issued by the Zhejiang Provincial Department of Science and Technology, the Zhejiang Provincial Department of Finance, the Zhejiang State Taxation Bureau, and the Zhejiang Provincial Local Taxation Bureau on November 13, 2017, which is valid for three years. The Company is subject to a 15% reduction in corporate income tax from 2017 to 2019.

(4) Jiaxing Tigermed Data Management Co., Ltd. (嘉興泰格資料管理有限公司), a subsidiary of the Company, obtained the High-tech Enterprise Certificate No. GR201833003876 issued by the Zhejiang Provincial Department of Science and Technology, the Zhejiang Provincial Department of Finance and the Zhejiang Provincial Office of the State Administration of Taxation on November 30, 2018, which is valid for three years. The Company is subject to a 15% corporate income tax reduction from 2018 to 2020.

(5) Fantastic Bioimaging Co., Ltd. (杭州英放生物科技有限公司), a subsidiary of the Company, obtained the High-tech Enterprise Certificate No. GR201733003513 issued by the Zhejiang Provincial Department of Science and Technology, the Zhejiang Provincial Department of Finance, the Zhejiang State Taxation Bureau, and the Zhejiang Local Taxation Bureau on November 13, 2017, which is valid for three years. The Company is subject to a 15% reduction in corporate income tax from 2017 to 2019.

(6) Jiaxing Clinflash Computer Technology Co., Ltd. (嘉興易迪希電腦技術有限公司), a subsidiary of the Company, obtained the High-tech Enterprise Certificate No. GR201833003786 issued by the Zhejiang Provincial Department of Science and Technology, the Zhejiang Provincial Department of Finance, and the State Administration of Taxation Zhejiang Provincial Taxation Bureau on November 30, 2018, which is valid for three years. The Company is subject to a 15% reduction in corporate income tax from 2018 to 2020.

(7) Beijing Medical Development (Suzhou) Co., Ltd (仁智(蘇州)醫學研究有限公司), a subsidiary of the Company, obtained the High-tech Enterprise Certificate No. GR201832003833 jointly issued by the Jiangsu Provincial Department of Science and Technology, Jiangsu Provincial Department of Finance, Jiangsu State Taxation Bureau, and Jiangsu Provincial Local Taxation Bureau on November 28, 2018, which is valid for three years. The Company is subject to a 15% reduction in corporate income tax from 2018 to 2020.



(8) 捷通康信(北京)醫藥科技有限公司, a subsidiary of the Company, obtained the High-tech Enterprise Certificate No. GR201811006751 jointly issued by the Beijing Municipal Science and Technology Commission, the Beijing Municipal Finance Bureau, the Beijing National Taxation Bureau, and the Beijing Local Taxation Bureau on November 30, 2018, which is valid for three years. The Company is subject to a 15% reduction in corporate income tax from 2018 to 2020.

(9) Beijing Jyton and Kannel Medical Tech. Co., Ltd. (北京捷通康諾醫藥科技有限公司), a subsidiary of the Company, obtained the High-tech Enterprise Certificate No. GR201811007915 jointly issued by Beijing Municipal Science and Technology Commission, Beijing Municipal Finance Bureau, Beijing National Taxation Bureau, and Beijing Local Taxation Bureau on November 30, 2018, which is valid for three years. The Company is subject to a 15% reduction in corporate income tax from 2018 to 2020.

(10) 捷通埃默高(北京)醫藥科技有限公司, a subsidiary of the Company, obtained the High-tech Enterprise Certificate No. GR201811008621, jointly issued by the Beijing Municipal Science and Technology Commission, Beijing Municipal Finance Bureau, Beijing National Taxation Bureau, and Beijing Local Taxation Bureau on November 30, 2018, which is valid for three years. The Company is subject to a 15% reduction in corporate income tax from 2018 to 2020.

(11) Beijing Ejyton Tech. Co., Ltd. (北京醫捷通科技有限公司), a subsidiary of the Company, obtained the High-tech Enterprise Certificate No. GR201711004868, jointly issued by Beijing Municipal Science and Technology Commission, Beijing Municipal Finance Bureau, Beijing National Taxation Bureau, and Beijing Local Taxation Bureau on December 6, 2017, which is valid for three years. The Company is subject to a 15% reduction in corporate income tax from 2017 to 2019.

(12) Frontage Laboratories (Shanghai) Co., Ltd. (方達醫藥技術(上海)有限公司), a subsidiary of the Company, obtained the High-tech Enterprise Certificate No. GR201731001442, issued by the Shanghai Science and Technology Commission, Shanghai Municipal Finance Bureau, Shanghai State Taxation Bureau, and Shanghai Local Taxation Bureau on November 23, 2017, which is valid for three years. The Company is subject to a 15% reduction in corporate income tax from 2017 to 2019.

(13) Frontage Laboratories (Suzhou) Co, Ltd (方達醫藥技術(蘇州)有限公司), a subsidiary of the Company, obtained the High-tech Enterprise Certificate No. GR201832003991, issued by Jiangsu Provincial Department of Science and Technology, Jiangsu Provincial Department of Finance, and State Administration of Taxation Jiangsu Provincial Taxation Bureau on November 28, 2018, which is valid for three years. The Company is subject to a 15% reduction in corporate income tax from 2018 to 2020.

(14) 北京雅信誠醫學資訊科技有限公司, a subsidiary of the Company, obtained the High-tech Enterprise Certificate No. GR201711002276, jointly issued by the Beijing Municipal Science and Technology Commission, Beijing Municipal Finance Bureau, Beijing State Taxation Bureau, and Beijing Local Taxation Bureau on October 25, 2017, which is valid for three years. The Company is subject to a 15% reduction in corporate income tax from 2017 to 2019.

### 3. Others

Hong Kong corporate income tax rate :

Taxable income	Tax payable
Below HKD2 million	8.25%
Over HKD2 million	16.50%

U.S. corporate income tax

Federal income tax

The federal income tax adopts a gradual tax rate according to different income levels, as follows:

Unit: USD

Taxable income	Tax payable
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0 to 50,000	Taxable income *15%
50,000 to 75,000	7,500+(Taxable income -50,000)*25%
75,000 to 100,000	13,750+(Taxable income-75,000)*34%
100,000 to 335,000	22,250+(Taxable income-100,000)*39%
335,000 to 10,000,000	113,900+(Taxable income-335,000)*34%
10,000,000 to 15,000,000	3,400,000+(Taxable income-10,000,000)*35%
15,000,000 to 18,333,333	5,150,000+(Taxable income-15,000,000)*38%
Over 18,333,333	Taxable income*35%

#### State income tax

方達醫藥 is located in Pennsylvania and is based on 5.66% of taxable income.

Tigermed-BDM is located in New Jersey and is based on 9% of taxable income.

Tigermed MacroStat is located in California and based on 8.65% of taxable income.

Concord is subject to 2.38% of the taxable income.

#### Canadian corporate income tax

Federal income tax rate: 15%

#### State income tax

Tigermed Clinical is located in British Columbia, Canada, and is based on 11% of taxable income.

Australian corporate income tax rate: 30% of total profits;

Malaysian corporate income tax rate: 28% of total profits;

#### Singapore corporate income tax rate:

Taxable income (gain)	Newly established company (first three years)	Taxable income (gain)	Existing company (more than three years)
First SGD100,000	Nil	First SGD100,000	4.25%
SGD 100,001 to SGD 300,000	8.50%	SGD 100,001 to SGD 300,000	8.50%
Over SGD300,000	17%	Over SGD300,000	17%

#### Taiwan corporate income tax

Profit-making enterprises with taxable income of less than 120,000 yuan for the whole year are exempted from income tax for profit-making enterprises.

For profit-making enterprises whose taxable income exceeds 120,000 yuan throughout the year, 20% of the total taxable income will be levied.

Switzerland: based on 17.77% of total profits;

Indian corporate income tax rate: 25% of taxable income;

Romania: For small and micro enterprises, 1% of income;

Korean corporate income tax rate:

Taxable income	Tax payable
Basic income tax rate	22%
Under 200 million Won	11%
Over 20 billion Won	24.20%

## VII. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS

### 1. Monetary fund

Unit: yuan

Item	Closing balance	Opening balance
Cash	52,029.89	88,274.65
Bank deposit	2,005,976,226.21	696,243,743.42
Other cash and bank balance	36,277,567.73	8,155,073.49
Total	2,042,305,823.83	704,487,091.56
Including: the balances of deposits overseas	1,574,402,824.51	211,591,633.70
Cash and bank balance which is restricted by deposit, pledge or freeze	5,219,757.13	6,300,712.13

Cash and bank balance which is restricted by deposit, pledge or freeze and repatriation from abroad is shown below:

Item	Closing balance	Balance at the end of previous year
Frozen for litigation		2,700,000.00
Foreign exchange swap margin		1,441,272.00
Lease deposit	2,092,860.00	2,058,960.00
Bank custody account	3,126,897.13	100,480.13
Total	5,219,757.13	6,300,712.13

### 2. Derivatives financial assets

Unit: Yuan

Item	Closing balance	Opening balance
USD to RMB swap		1,002,080.00

Total		1,002,080.00
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### 3、Bills receivable

#### (1) Bills receivable

Unit: Yuan

Item	Closing balance	Opening balance
Bank acceptance bill	4,118,028.75	734,248.00
Commercial acceptance bill	1,979,641.60	
Bad debt provision	-427,456.21	
Total	5,670,214.14	734,248.00

Note: Concord Biosciences, LLC, a subsidiary of the Company, accrued credit impairment losses of 427,456.21 yuan.

If provision for bad debts of bills receivable was made using the general approach of expected credit loss, please disclose the information on provision for bad debts with reference to the disclosures of other receivables:

☐ Applicable ☒ Not applicable

### 4. Trade receivable

#### (1) Trade receivable disclosed by classification

Unit: Yuan

Type	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Value	Percentage	Value	Percentage		Value	Percentage	Value	Percentage	
Trade receivable with individual accrual	2,812,207.08	0.24%	2,812,207.08	100.00%						
Including :										
Trade receivable with individual insignificance but individually accruing bad debt provision	2,812,207.08	0.24%	2,812,207.08	100.00%						

Trade receivable for which allowance for bad debts is made on group basis	1,159,425,357.75	99.76%	84,703,197.72	7.31%	1,074,722,160.03	821,267,649.84	100.00%	62,247,729.95	7.58%	759,019,919.89
Including :										
Trade receivable for which provision for bad debts is made on credit risk characteristics basis	1,159,425,357.75	99.76%	84,703,197.72	7.31%	1,074,722,160.03	821,267,649.84	100.00%	62,247,729.95	7.58%	759,019,919.89
Total	1,162,237,564.83	100.00%	87,515,404.80		1,074,722,160.03	821,267,649.84	100.00%	62,247,729.95	7.58%	759,019,919.89

Trade receivable with individual accrual :

Unit: Yuan

Name	Closing			
	Book balance	Provision for bad debt	Percentage	Reasons
Company 1	1,092,538.25	1,092,538.25	100.00%	Expected not to be recovered
Company 2	926,137.00	926,137.00	100.00%	Expected not to be recovered
Company 3	482,385.07	482,385.07	100.00%	Expected not to be recovered
Company 4	283,348.00	283,348.00	100.00%	Expected not to be recovered
Company 5	27,798.76	27,798.76	100.00%	Expected not to be recovered
Total	2,812,207.08	2,812,207.08	--	--

If provision for bad debts of trade receivable was made using the general approach of expected credit loss, please disclose the information on provision for bad debts with reference to the disclosures of other receivables:

☐ Applicable ☒ Not applicable

Disclosure by age

Unit: Yuan

Ageing	Book balance
Under 90 days	309,488,379.58

90 to 180 days	34,021,795.44
180 days to 1 year	16,867,774.87
Above 1 year	25,438,629.36
Not yet invoiced	773,608,778.50
Trade receivable with individual insignificance but individually accruing bad debt provision	2,812,207.08
<b>Total</b>	<b>1,162,237,564.83</b>

**(2) Provision, retrieval and reversal of provision for bad debts for the period**

Provisions for bad debts for the period:

Unit: Yuan

Type	Opening balance	Movement during the period				Closing balance
		Provision	Retrieval and reversal	Write-off	Others	
Trade receivable for which provision for bad debts is made on credit risk characteristics basis	62,247,729.95	22,353,957.85			101,509.92	84,703,197.72
Trade receivable with individual insignificance but individually accruing bad debt provision		2,812,207.08				2,812,207.08
<b>Total</b>	<b>62,247,729.95</b>	<b>25,166,164.93</b>			<b>101,509.92</b>	<b>87,515,404.80</b>

**(3) Top five other receivables according to closing balance of debtors**

Unit: Yuan

Name of debtor	Closing balance	Percentage of closing balance of total other receivables	Name of debtor
Debtor 1	72,379,685.69	6.23%	5,589,793.57
Debtor 2	69,461,663.10	5.98%	3,509,929.65
Debtor 3	36,490,249.60	3.14%	1,823,693.17

Debtor 4	26,555,943.55	2.28%	1,436,977.70
Debtor 5	25,752,213.28	2.22%	1,284,909.94
Total	230,639,755.22	19.85%	

## 5. Prepayment

### (1) Prepayment categorised by age

Unit: Yuan

Ageing	Closing balance		Opening balance	
	Amount	Percentage	Amount	Percentage
Within 1 year	23,282,356.21	89.27%	44,175,653.91	96.96%
1 to 2 years	2,651,436.28	10.17%	479,796.25	1.05%
2 to 3 years	145,847.75	0.56%	279,300.33	0.61%
Over 3 years			628,380.30	1.38%
Total	26,079,640.24	--	45,563,130.79	--

Note: DreamCIS Inc., our subsidiary in Korea, accrued provision for credit loss impairment due within one year amounted to 486,173.81 yuan, net.

### (2) Prepayments with top five ending balance collected as per the subject for prepayment

Name	Closing balance	Percentage of closing balance of total prepayment(%)
Company 1	4,243,865.71	16.27
Company 2	2,432,680.00	9.33
Company 3	700,000.00	2.68
Company 4	416,223.43	1.60
Company 5	397,409.96	1.52
Total	8,190,179.10	31.40

## 6. Other receivables

Unit : Yuan

Item	Closing balance	Opening balance
Interests receivable	5,598,786.55	1,926,868.87

Dividends receivable	3,960,000.00	
Other receivables	46,227,258.48	51,178,352.91
Total	55,786,045.03	53,105,221.78

**(1) Interests receivable**

**1) Classification of interests receivable**

Unit : Yuan

Item	Closing balance	Opening balance
Time deposits	5,598,786.55	804,748.44
Corporate loans		1,122,120.43
Total	5,598,786.55	1,926,868.87

**(2) Dividends receivable**

**1) Classification of dividends receivable**

Unit : Yuan

Item (or investee)	Closing balance	Opening balance
Mosim Co., Ltd.	3,960,000.00	
Total	3,960,000.00	

**(3) Other receivables**

**1) Classification of other receivables by nature**

Unit : Yuan

Nature	Closing book balance	Opening book balance
Current account	29,998,763.19	46,393,472.85
Security	8,908,701.91	5,067,817.28
Petty cash	3,085,558.49	4,115,541.69
Deposits	7,601,926.14	7,544,650.03
Others	4,224,013.21	3,341,520.52
Total	53,818,962.94	66,463,002.37

**2) Provisions for bad debts**

Unit : Yuan



Provisions for bad debts	First stage	Second stage	Third stage	Total
	Expected credit losses over the next 12 months	Expected credit losses over the whole subsisting period (not credit-impaired)	Expected credit losses over the whole subsisting period (credit-impaired)	
Balance as at January 1, 2019	14,664,649.46		620,000.00	15,284,649.46
Amounts due for the period as at January 1, 2019	—	—	—	—
Provisions for the period	-8,603,445.00		910,500.00	-7,692,945.00
Balance as at December 31, 2019	6,061,204.46		1,530,500.00	7,591,704.46

Changes in book balance of provisions for losses with significant changes in the current period

☐ Applicable ☒ Not applicable

Disclosure by aging

Unit : Yuan

Aging	Carrying amount
Within 1 year (inclusive)	35,289,184.87
1 to 2 years	8,205,733.04
2 to 3 years	4,979,832.66
Over 3 years	5,344,212.37
3 to 4 years	2,584,287.51
4 to 5 years	774,672.61
Over 5 years	1,985,252.25
Total	53,818,962.94

### 3) Details of provision, retrieval or reversal of bad debts for the period

Details of provision for bad debts during the period:

Unit : Yuan

Type	Opening balance	Changes for the period				Closing balance
		Provision	Retrieval or reversal	Write off	Others	

Other receivables of which the provision for bad debts is made by portfolio of credit risk characteristics	14,664,649.46	-6,662,909.56			-1,940,535.44	6,061,204.46
Other receivables that are individually insignificant but are provided for bad debts on individual basis	620,000.00	910,500.00				1,530,500.00
Total	15,284,649.46	-5,752,409.56			-1,940,535.44	7,591,704.46

4) Top five other receivables by debtors as at the end of the period

Unit : Yuan

Name of company	Nature	Closing balance	Aging	Percentage in total balance of other receivables at the end of the period	Balance of provisions for bad debts at the end of the period
Company 1	Current account	6,450,000.00	Within 1 year	11.98%	322,500.00
Company 2	Security	3,235,857.35	Within 1 year	6.01%	161,792.87
Company 3	Security	2,891,766.12	Within 1 year	5.37%	144,588.31
Company 4	Current account	2,741,965.00	1 to 2 years	5.09%	274,196.50
Company 5	Others	2,607,879.67	Within 1 year	4.85%	130,393.98
Total	--	17,927,468.14	--	33.31%	1,033,471.66

7. Inventories

Whether the New ASBEs on Revenue have been adopted

☐ Yes ☒ No

(1) Classification of inventories

Unit : Yuan

Item	Closing balance	Opening balance
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	Carrying amount	Allowance for impairment	Book value	Carrying amount	Allowance for impairment	Book value
Raw materials	1,205,608.56		1,205,608.56	518,892.98		518,892.98
Total	1,205,608.56		1,205,608.56	518,892.98		518,892.98

## 8. Contractual assets

Unit : Yuan

Item	Closing balance			Opening balance		
	Carrying amount	Provision for impairment	Book value	Carrying amount	Provision for impairment	Book value
Contractual assets with provision for bad debts according to the general model of expected credit losses	85,924,076.82	2,466,778.63	83,457,298.19	71,077,664.24	1,608,046.69	69,469,617.55
Total	85,924,076.82	2,466,778.63	83,457,298.19	71,077,664.24	1,608,046.69	69,469,617.55

Other notes: The Company's contractual assets are comprised of subsidiaries: Frontage Holdings Corporation and DreamCIS Inc.

If the provision for bad debts of contractual assets is made in accordance with the general model of expected credit losses, please disclose the information about provision for bad debts with reference to the way of disclosure of other receivables:

☐ Applicable ☒ Not applicable

Provisions for impairment of contractual assets in the period

Unit : Yuan

Item	Provision for the period	Reversal for the period	Cancellation or write-off for the period	Reason
Contractual assets with provision for bad debts made by portfolio of credit risk characteristics	858,731.94			
Total	858,731.94			--

## 9. Other current assets

Whether the New ASBEs on Revenue have been adopted

☐ Yes ☒ No

Unit : Yuan

Item	Closing balance	Opening balance
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Remaining VAT credit, input tax to be credited, input tax to be certified	2,373,381.90	4,082,012.71
Prepaid corporate income tax	8,066,286.67	10,634,302.17
Wealth management products	68,827,202.74	587,400.00
Other prepaid taxes	1,466,094.52	
<b>Total</b>	<b>80,732,965.83</b>	<b>15,303,714.88</b>

## 10. Long-term equity investments

Unite : Yuan

Investee	Opening balance (book value)	Changes in the period								Closing balance (book value)	Balance of provision for impairment at the end of the period
		Increased investment	Decreased investment	Profit/loss for investment by equity method	Adjustment to other comprehensive income	Other changes to equity	Declared cash dividend or profit	Provision for impairment	Others		
I. Joint Venture											
II. Associate											
Frontage Laboratories (Suzhou) Co., Ltd.	8,443,802.40		10,925,629.34	2,481,826.94							
FJ Pharma LLC	4,758,032.96			-1,053,761.19	69,735.15					3,774,006.92	
Teddy Lab	18,284,826.43		400,000.00	5,376,844.36						23,261,670.79	
Hangzhou Yibai Healthcare Co., Ltd.	46,905,872.19		10,687,500.00	-23,355,563.72						12,862,808.47	
EPS Tigermed (Suzhou) Co., Ltd.	9,464,740.49			-127,445.68						9,337,294.81	

EPS											
Tigermed (Nantong) Co., Ltd.	15,436,16 8.73			167,507.0 4						15,603,67 5.77	
Mosim Co., Ltd.		42,090,21 2.10		6,742,908 .62			3,960,000 .00			44,873,12 0.72	
Sub-total	103,293,4 43.20	42,090,21 2.10	22,013,12 9.34	-9,767,68 3.63	69,735.15		3,960,000 .00			109,712,5 77.48	
Total	103,293,4 43.20	42,090,21 2.10	22,013,12 9.34	-9,767,68 3.63	69,735.15		3,960,000 .00			109,712,5 77.48	

## 11. Other non-current financial assets

Unit : Yuan

Item	Closing balance	Opening balance
Financial assets at fair value through profit or loss	2,250,473,669.34	1,481,093,167.41
Including: Shares in listed companies	134,957,845.68	12,643,481.41
Medical funds	1,075,212,505.72	806,852,568.11
Equity in non-listed companies	1,040,303,317.94	661,597,117.89
Designated financial assets at fair value through profit or loss		
Including: Investment in debt instruments		
Others		
Total	2,250,473,669.34	1,481,093,167.41

## 12. Fixed assets

Unit : Yuan

Item	Closing balance	Opening balance
Fixed assets	252,236,673.28	214,171,314.51
Total	252,236,673.28	214,171,314.51

### (1) Fixed assets

Unit : Yuan

Item	Buildings	General equipment	Special equipment	Transportation equipment	Total
I. Book value :					
1. Opening balance	106,129,538.68	57,864,340.54	241,876,110.45	9,800,027.55	415,670,017.22
2. Increment	17,347,771.88	8,597,083.81	85,408,480.06	1,113,008.37	112,466,344.12
(1) Purchase		4,982,655.06	47,117,232.27	466,303.33	52,566,190.66
(2) Transferred from construction in progress		295,921.27	3,459,789.32		3,755,710.59
(3) Increment from business combination	17,076,571.88	3,240,889.35	31,204,895.58	649,997.43	52,172,354.24
(4) Exchange differences arising from the translation of a foreign operation	271,200.00	77,618.13	3,626,562.89	-3,292.39	3,972,088.63
3. Decrement		3,781,169.43	12,589,476.14	4,053,530.55	20,424,176.12
(1) Disposal or write-off		2,773,854.18	8,792,696.39	489,356.02	12,055,906.59
(2) Decrease from business disposal		1,007,315.25	3,796,779.75	3,564,174.53	8,368,269.53
4. Closing balance	123,477,310.56	62,680,254.92	314,695,114.37	6,859,505.37	507,712,185.22
II. Accumulated depreciation					
1. Opening balance	13,489,819.91	34,083,026.84	147,714,389.39	6,211,466.57	201,498,702.71
2. Increment	5,595,320.58	8,883,987.70	53,702,034.65	1,483,067.04	69,664,409.97
(1) Provision	3,761,487.04	6,327,173.95	26,302,138.93	1,104,444.62	37,495,244.54
(2) Increment from business combination	1,820,951.54	2,588,731.81	24,794,195.89	382,170.18	29,586,049.42
(3) Exchange differences arising from the translation of a foreign operation	12,882.00	-31,918.06	2,605,699.83	-3,547.76	2,583,116.01
3. Decrement		2,005,232.17	9,738,322.24	3,944,046.33	15,687,600.74

(1) Disposal or write-off		1,819,827.88	8,642,495.88	969,532.81	11,431,856.57
(2) Decrease from business disposal		185,404.29	1,095,826.36	2,974,513.52	4,255,744.17
4. Closing balance	19,085,140.49	40,961,782.37	191,678,101.80	3,750,487.28	255,475,511.94
III. Provision for impairment					
1. Opening balance					
2. Increment					
(1) Provision					
3. Decrement					
(1) Disposal or write-off					
4. Closing balance					
IV. Book value					
1. Book balance at the end of the period	104,392,170.07	21,718,472.55	123,017,012.57	3,109,018.09	252,236,673.28
2. Book balance at the beginning of the period	92,639,718.77	23,781,313.70	94,161,721.06	3,588,560.98	214,171,314.51

### 13. Construction in progress

Unit : Yuan

Item	Closing balance	Opening balance
Construction in progress	22,309,114.80	
Total	22,309,114.80	

#### (1) Construction in progress

Unit : Yuan

Item	Closing balance	Opening balance
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	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Equipment to be installed	22,309,114.80		22,309,114.80			
Total	22,309,114.80		22,309,114.80			

#### 14. Right-of-use assets

Unit : Yuan

Item	Special equipment	Venue lease	Total
1 · Original book value			
( 1 ) Opening balance	57,623,696.10	92,974,828.06	150,598,524.16
( 2 ) Increment	4,604,322.88	21,116,462.18	25,720,785.06
— Purchase	3,655,570.45	20,520,288.04	24,175,858.49
—Exchange differences arising from the translation of a foreign operation	948,752.43	596,174.14	1,544,926.57
( 3 ) Decrement			
—Disposal or write-off			
( 4 ) Closing balance	62,228,018.98	116,691,142.59	178,919,161.57
2 · Accumulated depreciation			
( 1 ) Opening balance	16,906,462.14		16,906,462.14
( 2 ) Increment	4,486,689.23	6,259,613.67	10,746,302.90
—Provision	4,134,502.23	6,208,917.27	10,343,419.50
— Exchange differences arising from the translation of a foreign operation	352,187.00	50,696.40	402,883.40
( 3 ) Decrement			
—Disposal or write-off			
( 4 ) Closing balance	21,393,151.37	6,259,613.67	27,652,765.04
3 · Provision for impairment			
( 1 ) Opening balance			
( 2 ) Increment			
—Provision			
( 3 ) Decrement			
—Disposal or write-off			
( 4 ) Closing balance			
4 · Book value			



(1) Book value at the end of the period	40,834,867.61	110,431,528.92	151,266,396.53
(2) Book value at the beginning of the period	40,717,233.96	92,974,828.06	133,692,062.02

## 15. Intangible assets

### (1) Intangible assets

Unit : Yuan

Item	Lad use rights	Patent	Non-patent technology	Others	Customer relations	Total
I. Original book value						
1. Opening balance	18,989,327.59			33,553,536.56		52,542,864.15
2. Increment	206,790.41			35,551,050.90	40,926,000.00	76,683,841.31
(1) Purchase				13,717,258.58		13,717,258.58
(2) Internal R&D						
(3) Increment from business combination				21,875,198.34	40,926,000.00	62,801,198.34
(4) Exchange differences arising from the translation of a foreign operation	206,790.41			-41,406.02		165,384.39
3. Decrement						
(1) Disposal						
4. Closing balance	19,196,118.00			69,104,587.46	40,926,000.00	129,226,705.46
II. Accumulated amortisation						
1. Opening balance	1,020,927.38			23,701,810.21		24,722,737.59

2. Increment	130,331.16			6,872,878.36	1,051,794.40	8,055,003.92
(1) Provision	130,331.16			4,586,017.17	1,051,794.40	5,768,142.73
(2) Increment from business combination				2,305,103.47		2,305,103.47
(3) Exchange differences arising from the translation of a foreign operation				-18,242.28		-18,242.28
3. Decrement						
(1) Disposal						
4. Closing balance	1,151,258.54			30,574,688.57	1,051,794.40	32,777,741.51
III. Provision for impairment						
1. Opening balance						
2. Increment						
(1) Provision						
3. Decrement						
(1) Disposal						
4. Closing balance						
IV. Book value						
1. Book value at the end of the period	18,044,859.46			38,529,898.89	39,874,205.60	96,448,963.95

2. Book value at the beginning of the period	17,968,400.21			9,851,726.35		27,820,126.56
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The intangible assets through internal R&D of the Company as a proportion to the balance of intangible assets at the end of the period

## 16. Goodwill

### (1) Original book value of goodwill

Unit : Yuan

Investee or item generating goodwill	Opening balance	Increment due to		Decrement due to		Closing balance
		Business combination	Exchange differences arising from the translation of a foreign operation	Disposal	Others	
Business combination with MacroStat, which is not under common control	11,512,365.34					11,512,365.34
Business combination of the subsidiary Hongkong Tigermed with Taiwan Tigermed, which is not under common control	872,275.08					872,275.08
Business combination of the subsidiary Hongkong Tigermed with Tigermed-BDM, which is not under common control	15,090,831.90					15,090,831.90

Business combination of the subsidiary Hongkong Tigermed with Frontage Holdings, which is not under common control	268,001,862.20					268,001,862.20
Business combination with Taizhou Kanglihua, which is not under common control	24,527,230.75					24,527,230.75
Business combination with Suntone, which is not under common control	18,956,442.52			18,956,442.52		
Business combination with DreamCIS, which is not under common control	133,700,419.06					133,700,419.06
Business combination with BMD, which is not under common control	141,620,000.48					141,620,000.48
Business combination with Tigermed-Jyton, which is not under common control	456,865,395.18					456,865,395.18
Business combination with Opera, which is not under common control	2,900,093.42					2,900,093.42

Business combination with Beijing Yaxincheng, which is not under common control		99,349,722.56				99,349,722.56
Business combination with Frontage Suzhou, which is not under common control		27,645,694.99				27,645,694.99
Business combination with BRI, which is not under common control		6,988,171.96				6,988,171.96
Business combination with RMI, which is not under common control		8,876,809.88				8,876,809.88
Total	1,074,046,915.93	142,860,399.39		18,956,442.52		1,197,950,872.80

(2) Provision for impairment of goodwill

Unit : Yuan

Investee or item generating goodwill	Opening balance	Increment due to		Decrement due to		Closing balance
		Provision		Disposal		
Business combination with Taizhou Kanglihua, which is not under common control	6,120,000.00					6,120,000.00
Business combination with Suntone, which is not under common control	1,000,000.00			1,000,000.00		

Business combination with DreamCIS Inc., which is not under common control	5,000,000.00					5,000,000.00
Business combination with BMD, which is not under common control	29,000,000.00					29,000,000.00
Total	41,120,000.00			1,000,000.00		40,120,000.00

Information about the asset group or combination of asset groups to which the goodwill belongs

(1) The scope of appraisal of MacroStat on the appraisal base date is the asset group related to goodwill of MacroStat, which is consistent with the asset group determined at the goodwill impairment test on the acquisition date. The scope of the appraisal covers assets related to goodwill.

(2) The scope of appraisal of Taiwan Tigermed Consulting Co., Ltd. on the appraisal base date is the asset group related to goodwill of Taiwan Tigermed Consulting Co., Ltd., which is consistent with the asset group determined at the goodwill impairment test on the acquisition date. The scope of the appraisal covers assets related to goodwill.

(3) The scope of the appraisal of Tigermed-BDM on the appraisal base date is the asset group related to goodwill of Tigermed-BDM, which is consistent with the asset group determined at the goodwill impairment test on the acquisition date. The scope of the appraisal covers assets related to goodwill.

(4) The scope of appraisal of Frontage Holdings on the appraisal base date is the asset group related to goodwill of Frontage Holdings, which is consistent with the asset group determined at the goodwill impairment test on the acquisition date. The scope of the appraisal covers assets related to goodwill.

(5) The scope of appraisal of Taizhou Kanglihua on the appraisal base date is the asset group related to goodwill of Taizhou Kanglihua, which is consistent with the asset group determined at the goodwill impairment test on the acquisition date. The scope of the appraisal covers assets related to goodwill.

(6) The scope of appraisal of DreamCIS Inc. on the appraisal base date is the asset group related to goodwill of DreamCIS Inc., which is consistent with the asset group determined at the goodwill impairment test on the acquisition date. The scope of the appraisal covers assets related to goodwill.

(7) The scope of appraisal of BMD on the appraisal base date is the asset group related to goodwill of BMD, which is consistent with the asset group determined at the goodwill impairment test on the acquisition date. The scope of the appraisal covers assets related to goodwill.

(8) The scope of appraisal of Tigermed-Jyton on the appraisal base date is the asset group related to goodwill of Tigermed-Jyton, which is consistent with the asset group determined at the goodwill impairment test on the acquisition date. The scope of the appraisal covers assets related to goodwill.

(9) The scope of appraisal of Opera on the appraisal base date is the asset group related to goodwill of Opera, which is consistent with the asset group determined at the goodwill impairment test on the acquisition date. The scope of the appraisal covers assets related to goodwill.

(10) The scope of appraisal of Beijing Yaxincheng on the appraisal base date is the asset group related to goodwill of Beijing Yaxincheng, which is consistent with the asset group determined at the goodwill impairment test on the acquisition date. The scope of the appraisal covers assets related to goodwill.

(11) The scope of appraisal of Frontage Suzhou on the appraisal base date is the asset group related to goodwill of Frontage Suzhou, which is consistent with the asset group determined at the goodwill impairment test on the acquisition date. The scope of the appraisal covers assets related to goodwill.

(12) The scope of appraisal of RMI Laboratories, LLC on the appraisal base date is the asset group related to goodwill of RMI Laboratories, LLC, which is consistent with the asset group determined at the goodwill impairment test on the acquisition date. The scope of the appraisal covers assets related to goodwill.

(13) The scope of the appraisal of BRI Biopharmaceutical Research, Inc on the appraisal base date is the asset group related to goodwill of BRI Biopharmaceutical Research, Inc, which is consistent with the asset group determined at the goodwill impairment test on the acquisition date. The scope of the appraisal covers assets related to goodwill.

Process of goodwill impairment test, key parameters (such as forecast growth rate, steady growth rate, profit margin, discount rate, forecast period, etc. in estimating the present value of future cash flows) and recognition of goodwill impairment are illustrated as follows:

On the balance sheet date, the Company conducted impairment test on the goodwill formed by the above business combinations with and acquisitions of enterprises not under common control, and adopted the asset group related to goodwill to estimate its future cash flow present value method and fair value method in estimating the recoverable amount. The Company's management prepares cash flow forecasts derived from the most recent financial budgets for the next five years (the "Budget Period") and extrapolates cash flows for the following years. The cash flows beyond the Budget Period are assumed to be stable. In estimating the future cash flows, the Company makes estimates based on the future strategic objectives, business development and operation plans of the asset group, and takes into account factors including historical sales data, expected changes in market demand and expected changes in product prices. In determining the discount rate adopted for the recoverable amount, the Company has taken into account the factors including the industry return on assets of the asset group and the expected changes in the risk interest rate of external funds, and adjusted and determined through analysis of the relevant data from the selected comparable companies.

(1) At the end of the period, the Company performed impairment test on the goodwill arising from the acquisition of MacroStat. After testing, the goodwill arising from the acquisition of the above subsidiary was not impaired at the end of the period.

(2) At the end of the period, the Company performed impairment test on the goodwill arising from the acquisition of Taiwan Tigermed Consulting Co., Ltd. After testing, the goodwill arising from the acquisition of the above subsidiary was not impaired at the end of the period.

(3) At the end of the period, the Company performed impairment test on the goodwill arising from the acquisition of Tigermed-BDM. After testing, the goodwill arising from the acquisition of the above subsidiary was not impaired at the end of the period.

(4) At the end of the period, the Company performed impairment test on the goodwill arising from the acquisition of Frontage Holdings. After testing, the goodwill arising from the acquisition of the above subsidiary was not impaired at the end of the period.

(5) At the end of the period, the Company performed impairment test on the goodwill arising from the acquisition of Taizhou Kanglihua. After testing, the goodwill arising from the acquisition of the above subsidiary was not impaired at the end of the period.

(6) At the end of the period, the Company performed impairment test on the goodwill arising from the acquisition of DreamCIS Inc. After testing, the goodwill arising from the acquisition of the above subsidiary was not impaired at the end of the period.

(7) At the end of the period, the Company performed impairment test on the goodwill arising from the acquisition of BMD. After testing, the goodwill arising from the acquisition of the above subsidiary was not impaired at the end of the period.

(8) At the end of the period, the Company performed impairment test on the goodwill arising from the acquisition of Tigermed-Jyton. After testing, the goodwill arising from the acquisition of the above subsidiary was not impaired at the end of the period.

(9) At the end of the period, the Company performed impairment test on the goodwill arising from the acquisition of Opera. After testing, the goodwill arising from the acquisition of the above subsidiary was not impaired at the end of the period.

(10) At the end of the period, the Company performed impairment test on the goodwill arising from the acquisition of Beijing Yaxincheng. After testing, the goodwill arising from the acquisition of the above subsidiary was not impaired at the end of the period.

(11) At the end of the period, the Company performed impairment test on the goodwill arising from the acquisition of Frontage Suzhou. After testing, the goodwill arising from the acquisition of the above subsidiaries was not impaired at the end of the period.

(12) At the end of the period, the Company performed impairment test on the goodwill arising from the acquisition of RMI Laboratories, LLC. After testing, the goodwill arising from the acquisition of the above subsidiary was not impaired at the end of the period.

(13) At the end of the period, the Company performed impairment test on the goodwill arising from the acquisition of BRI Biopharmaceutical Research, Inc. After testing, the goodwill arising from the acquisition of the above subsidiary was not impaired at the end of the period.

#### 17. Long-term deferred expenses

Unit : Yuan

Item	Opening Balance	Increment	Amount of amortisation	Other decreases	Closing balance
Costs of improvements to fixed assets under leases	8,388,383.48	16,427,331.40	3,446,999.87	1,981,575.25	19,387,139.76
Technology usage expenses	964,225.14		537,627.12		426,598.02
Rental fees	83,400.00		3,200.00	80,200.00	
Total	9,436,008.62	16,427,331.40	3,987,826.99	2,061,775.25	19,813,737.78

#### 18. Deferred income tax assets / deferred income tax liabilities

##### (1) Non-offset deferred income tax assets

Unit : Yuan

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Provision for impairment of assets	91,530,587.21	16,360,233.44	68,530,483.68	14,021,859.77



Share-based payment	202,955,330.26	53,815,201.31		
Accrued expenses	17,099,907.37	2,478,430.22	6,595,260.47	989,289.07
Deferred income	13,952,902.29	3,648,596.69		
Others	52,903,863.82	15,173,639.63	15,529,573.27	4,142,078.47
Total	378,442,590.95	91,476,101.29	90,655,317.42	19,153,227.31

**(2) Non-offset deferred income tax liabilities**

Unit : Yuan

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Assets evaluation increment from business combination of enterprises not under common control	69,450,458.65	13,123,399.78		
Changes in fair value of other non-current financial assets	120,859,120.66	18,128,868.10	116,585,524.53	17,487,828.68
Accelerated depreciation of fixed assets permitted by tax laws	73,449,909.18	14,465,413.28	49,323,990.79	12,007,748.11
Gains on investment			7,886,986.08	2,129,486.25
Total	263,759,488.49	45,717,681.16	173,796,501.40	31,625,063.04

**(3) Deferred income tax assets or liabilities presented on a net basis after offsetting**

Unit : Yuan

Item	Offsetting amount of deferred income tax assets and liabilities at the end of the reporting	Closing balance of deferred income tax assets or liabilities after offsetting	Offsetting amount of deferred income tax assets and liabilities at the beginning of the reporting	Opening balance of deferred income tax assets or liabilities after offsetting
Deferred income tax assets		91,476,101.29		19,153,227.31
Deferred income tax liabilities		45,717,681.16		31,625,063.04

## 19. Other non-current assets

Whether the New ASBEs on Revenue have been adopted

☐ Yes ☒ No

Unit : Yuan

Item	Closing balance	Opening balance
Prepaid purchases of fixed assets and intangible assets	9,605,518.89	6,414,357.23
Others	783,032.40	780,937.50
Long-term receivables	734,762.13	
Total	11,123,313.42	7,195,294.73

Other notes :

Long-term receivables will expire on May 31, 2021 at an interest rate of 6%.

## 20. Short-term borrowings

### (1) Classification of short-term borrowings

Unit : Yuan

Item	Closing balance	Opening balance
Secured borrowings	350,029,223.19	
Unsecured borrowings	513,742,523.36	602,834,093.20
Total	863,771,746.55	602,834,093.20

## 21. Trade payable

### (1) Trade payable

Unit : Yuan

Item	Closing balance	Opening balance
Cost of trade payable	74,122,075.34	43,081,478.04
Long-term assets	1,069,387.60	946,062.28
Total	75,191,462.94	44,027,540.32

### (2) Significant trade payable aged over one year

Unit : Yuan

Item	Closing balance	Reasons for default or carry forward
Company 1	137,986.20	Unsettled

Company 2	191,702.55	Unsettled
Company 3	144,860.44	Unsettled
Total	474,549.19	--

## 22. Receipts in advance

Whether the New ASBEs on Revenue have been adopted

☐ Yes ☒ No

### (1) Receipts in advance

Unit : Yuan

Item	Closing balance	Opening balance
Service payment	257,952,288.76	261,643,274.74
Total	257,952,288.76	261,643,274.74

### (2) Significant receipts in advance with an aging of over 1 year

Unit : Yuan

Item	Closing balance	Reasons for default or carry forward
Company 1	12,125,289.44	The amount of receipt in advance is greater than the project progress
Company 2	2,287,144.08	The amount of receipt in advance is greater than the project progress
Company 3	2,010,301.67	The amount of receipt in advance is greater than the project progress
Company 4	1,445,798.96	The amount of receipt in advance is greater than the project progress
Company 5	1,414,119.26	The amount of receipt in advance is greater than the project progress
Total	19,282,653.41	--

## 23. Contractual liabilities

Unit : Yuan

Item	Closing balance	Opening balance
Obligation to transfer goods or provide services to a customer due to a consideration received or receivable	140,288,059.36	119,150,065.69

Total	140,288,059.36	119,150,065.69
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## 24. Staff remuneration payable

### (1) Staff remuneration payable

Unit : Yuan

Item	Opening balance	Increment	Decrement	Closing balance
I. Short-term remuneration	66,636,727.93	1,080,178,044.21	1,025,491,640.73	121,323,131.41
II. Post-employment benefit – Defined Contribution Plan	1,311,945.63	59,316,132.03	59,297,755.51	1,330,322.15
Total	67,948,673.56	1,139,494,176.24	1,084,789,396.24	122,653,453.56

### (2) Short-term remuneration

Unit : Yuan

Item	Opening balance	Increment	Decrement	Closing balance
1. Salaries, bonuses, allowances, and subsidies	55,432,134.90	968,968,667.65	914,764,096.52	109,636,706.03
2. Staff welfare	77,530.21	31,733,299.83	31,788,826.90	22,003.14
3. Social security contributions	494,578.19	28,323,946.24	27,574,281.71	1,244,242.72
Including: Medical insurance	439,760.47	25,333,620.76	24,638,661.62	1,134,719.61
Work injury insurance	12,850.32	1,073,385.16	1,059,400.30	26,835.18
Maternity insurance	41,967.40	1,916,940.32	1,876,219.79	82,687.93
4. Housing fund	573,346.97	34,779,669.75	34,767,227.72	585,789.00
5. Union fund and staff education fund	9,525,342.61	13,782,587.09	13,556,655.87	9,751,273.83
6. Short-term absences paid	530,807.99	273,735.87	804,543.86	
7. Other short-term remuneration	2,987.06	2,316,137.78	2,236,008.15	83,116.69
Total	66,636,727.93	1,080,178,044.21	1,025,491,640.73	121,323,131.41

**(3) Defined Contribution Plan**

Unit : Yuan

Item	Opening balance	Increment	Decrement	Closing balance
1. Primary endowment insurance	1,289,068.66	58,055,523.52	58,068,871.75	1,275,720.43
2. Unemployment insurance	22,876.97	1,260,608.51	1,228,883.76	54,601.72
Total	1,311,945.63	59,316,132.03	59,297,755.51	1,330,322.15

**25. Taxes payable**

Unit : Yuan

Item	Closing balance	Opening balance
VAT	28,226,972.43	16,242,635.49
Corporate income tax payable	70,292,967.23	56,861,637.25
Individual income tax payable	8,908,776.10	3,070,382.99
City maintenance and construction tax payable	1,895,211.77	778,601.32
Housing property tax	1,563,281.60	1,224,335.56
Education surcharge tax	1,477,516.04	621,286.40
Land appreciation tax		48,960.00
Stamp duty	22,242.62	94,488.90
Total	112,386,967.79	78,942,327.91

**26. Other payables**

Unit : Yuan

Item	Closing balance	Opening balance
Interests payable		1,788,386.25
Dividends payable	2,753,709.82	1,443,558.82
Other payables	182,327,741.75	40,818,766.84
Total	185,081,451.57	44,050,711.91

**(1) Interests payable**

Unit : Yuan

Item	Closing balance	Opening balance
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Interests of short-term borrowings		1,788,386.25
Total		1,788,386.25

**(2) Dividends payable**

Unit : Yuan

Item	Closing balance	Opening balance
Ordinary shares dividends	1,467,326.47	1,443,558.82
Restricted shares dividends	1,286,383.35	
Total	2,753,709.82	1,443,558.82

**(3) Other payables**

**1) Other payables by nature**

Unit : Yuan

Item	Closing balance	Opening balance
From entity	21,379,320.13	31,043,932.01
From individual	7,390,866.32	6,398,205.87
Security	299,447.50	353,590.00
Others	6,867,682.57	3,023,038.96
Restricted stock repurchase	146,390,425.23	
Total	182,327,741.75	40,818,766.84

**2) Other significant payables with aging over 1 year**

Unit : Yuan

Item	Closing balance	Reasons for default or carry forward
Company 1	4,971,205.24	Unsettled
Company 2	1,622,763.35	Unsettled
Company 3	360,000.00	Unsettled
Company 4	200,000.00	Unsettled
Company 5	116,193.40	Unsettled
Total	7,270,161.99	--

## 27. Non-current liabilities due within one year

Unit : Yuan

Item	Closing balance	Opening balance
Long-term borrowings due within one year	4,542,631.72	18,301,820.91
Lease liabilities due within one year	28,824,234.41	17,065,926.01
Other long-term liabilities due within one year		10,294,800.00
Total	33,366,866.13	45,662,546.92

Other notes :

(1) For details of RMB1,054,427.08 which is part of the long-term borrowings due within one year, please see Note 7 under section (28) Long-term borrowings.

(2) RMB3,488,204.64, which is part of the long-term borrowings due within one year, was mainly borrowed by Frontage Holdings, a subsidiary of the Company, from Wells Fargo Bank on September 20, 2017 for a loan term of three years and the repayment method of US\$666,660.00 per year. The balance of non-current liabilities due within one year amounted to \$500,015, which was equivalent to RMB3,488,204.64;

(3) For details of RMB28,824,234.41, which is part of the lease liabilities due within one year, please refer to Note 7 under section (29) Lease liabilities.

## 28. Long-term borrowings

### (1) Classification of long-term borrowings

Unit : Yuan

Item	Closing balance	Opening balance
Secured borrowings		3,431,702.95
Unsecured borrowings	36,500,000.00	
Total	36,500,000.00	3,431,702.95

Explanation on classification of long-term borrowings :

The Company borrowed RMB37,500,000.00 from Hangzhou Kaiyuan Sub-branch of Industrial and Commercial Bank of China Limited on August 16, 2019 with a loan term of three years and repayment method was to repay the principal of RMB1,000,000.00 and the principal of 35,500,000.00 in the first year and in the third year respectively. The balance of long-term borrowings stood at RMB36,500,000.00, and the balance of non-current liabilities due within one year amounted to RMB1,054,427.08 (interest inclusive).

## 29. Lease liabilities

Unit : Yuan

Item	Closing balance	Opening balance
Lease liabilities	146,574,634.91	123,590,172.25
Non-current liabilities due within one year	-28,824,234.41	-17,065,926.01
Total	117,750,400.50	106,524,246.24

### 30. Long-term payables

Unit : Yuan

Item	Closing balance	Opening balance
Long-term payables	20,342,856.26	
Total	20,342,856.26	

#### (1) Long-term payables by nature

Unit : Yuan

Item	Closing balance	Opening balance
Sean Yu	8,745,066.09	
Philip Tiller	7,155,054.07	
David and J&J	4,442,736.10	
Total	20,342,856.26	

Other notes :

As of December 31, 2019, long-term payables are the fair value of contingent consideration for BRI and RMI laboratories acquired for biopharmaceutical research.

### 31. Share capital

Unit : Yuan

	Opening balance	Increase / decrease in the period ( + 、 - )					Closing balance
		Issue of new shares	Bonus issue	Conversion of capital reserves into share capital	Others	Sub-total	
Total shares	500,176,537.00			249,559,635.00	-228,573.00	249,331,062.00	749,507,599.00

Other notes :

(1) The Company issued bonus shares to all shareholders by way of 5 shares for every 10 shares held by them, thus increasing its share capital by RMB249,559,635.00.

(2) The Company cancelled restricted shares due to resignation of employees, thus reducing its share capital by RMB228,573.00.



## 32. Capital reserves

Unit : Yuan

Item	Opening balance	Increment	Decrement	Closing balance
Capital premium ( Share premium )	1,315,398,965.71	624,051,991.21	291,230,791.89	1,648,220,165.03
Other capital reserves	7,250,397.49	52,832,595.44		60,082,992.93
Total	1,322,649,363.20	676,884,586.65	291,230,791.89	1,708,303,157.96

Other notes, including the increase or decrease in the current period and explanation of the reasons for the change :

### 1. Changes in capital premium :

- (1) The Company issued bonus shares to all shareholders by way of 5 shares for every 10 shares held by them, thus reducing its capital reserves by RMB249,559,635.00 ;
- (2) The listing of the subsidiary Frontage Holdings has resulted in increased capital reserves by RMB614,890,531.85 ;
- (3) The acquisition of minority interests in the subsidiary Tiger-Xinze has resulted in increased capital reserves by RMB1,616,977.98 ;
- (4) The acquisition of minority interests in the subsidiary Tigermed-BDM has resulted in increased capital reserves by RMB6,745,033.66 ;
- (5) The acquisition of minority interests in the subsidiary Tigermed-IntelliPV has resulted in reduced capital reserves by RMB11,381,764.39 ;
- (6) The acquisition of minority interests in the subsidiary Fantastic Bioimaging has resulted in reduced capital reserves by RMB5,555,586.38; the minority in Fantastic Bioimaging increased their capital and reduced their capital reserves by RMB1,372,885.14.
- (7) Acquisition of minority interests in subsidiary Beijing Kanglihua, increasing capital reserves by RMB760,479.35 ;
- (8) Acquisition of minority interests in subsidiary Tigermed Swiss AG, reducing capital reserves by RMB 103,538.33 ;
- (9) Acquisition of minority interests in subsidiary Hangzhou Yuding, increasing capital reserves by RMB38,968.37 ;
- (10) Dilution of equity through increase of capital by minority shareholders of subsidiary Shehezi Tai'er, reducing capital reserves by RMB14,363.28 ;
- (11) Dilution of equity through increase of capital by minority shareholders of subsidiary Taiyu Phase II, reducing capital reserves by RMB513,842.54.
- (12) Cancellation of restricted shares due to resignation of employees, reducing the capital reserves by RMB5,840,802.06 ;
- (13) The reissue of treasury stocks was used as the initial restricted stock equity incentive of 3,827,763.00 shares,

with the average stock price of RMB44.24/share and the grant price of RMB39.83, reducing the capital reserves by RMB16,888,374.77.

2. Other notes on changes in capital reserves: the Company's equity-settled share-based payment increased the capital reserves by RMB52,832,595.44.

### 33. Treasury stocks

Unit : Yuan

Item	Opening balance	Increment	Decrement	Closing balance
Repurchased shares	248,124,987.77	61,847,562.40	263,193,707.81	46,778,842.36
Restricted shares		152,459,800.29	6,069,375.06	146,390,425.23
Total	248,124,987.77	214,307,362.69	269,263,082.87	193,169,267.59

Other notes, including the increase or decrease in the current period and explanation of the reasons for the change :

(1) The aggregate number of shares repurchased by the Company through centralised bidding was 1,572,959, with a total payment of RMB61,847,562.40 ;

(2) The Company reissued treasury shares to employees under the first restricted shares and employee stock ownership plan, and wrote off RMB263,193,707.81 of treasury stock in the current period ;

(3) According to the 19th meeting of the third session the board of directors in 2019, 3,827,763 restricted shares were granted to the incentive participants, with a grant price of RMB39.83 per share, totalling RMB152,459,800.29 ;

(4) This year, the Company had 18 first-time incentive participants who resigned and were no longer qualified to participate incentive. The Company repurchased and cancelled those restricted shares that have been granted but not unlocked, which totalled RMB6,069,375.06.

### 34. Other comprehensive income

Unit : Yuan

Item	Opening balance	Amount in current period						Closing balance
		Amount for the period before tax	Less: transferred amount into income statement from other comprehensive income	Less : transferred amount into retained income from other comprehensive income	Less: income tax expense	The after-tax amount attributed to the parent company	The after-tax amount attributed to minority shareholders	
II. Other comprehensive income to be reclassified to profit or loss	-2,479,308.80	38,413,151.55				28,778,690.27	9,634,461.28	26,299,381.47

The differences from translation of foreign currencies in financial statements	-2,479,308.80	38,413,151.55				28,778,690.27	9,634,461.28	26,299,381.47
Other comprehensive income	-2,479,308.80	38,413,151.55				28,778,690.27	9,634,461.28	26,299,381.47

### 35. Surplus reserve

Unit : Yuan

Item	Opening balance	Increment	Decrement	Closing balance
Statutory surplus reserve	94,593,086.07	43,959,651.32		138,552,737.39
Total	94,593,086.07	43,959,651.32		138,552,737.39

### 36. Undistributed profit

Unit : RMB

Item	Current period	Previous period
Closing balance before the adjustment	1,010,702,290.44	668,973,483.95
Adjustment on opening balance (“+” for increase, “-” for decrease)	162,225,296.97	-12,489,325.03
Opening balance after the adjustment	1,172,927,587.41	656,484,158.92
Add: net profit for the year attributable to the shareholders of the parent company	841,634,823.38	472,183,931.65
Less: statutory surplus reserve	43,959,651.32	17,930,492.73
Ordinary shares dividends payable	174,638,411.15	100,035,307.40
Undistributed profit at the end of the period	1,795,964,348.32	1,010,702,290.44

Notes on adjustments to undistributed profit at the beginning of the period :

- 1) Due to retroactive adjustment of ASBEs and related new regulations, undistributed profits at the beginning of the period were affected by RMB162,225,296.97.
- 2) Due to changes in accounting policies, undistributed profits at the beginning of the period were affected by RMB0.00.
- 3) Due to correction of significant accounting errors, undistributed profit at the beginning of the period was affected by RMB0.00.
- 4) Due to changes of consolidation scope being under common control, undistributed profit at the beginning of the period was affected by RMB0.00.
- 5) Due to other adjustments, undistributed profit at the beginning of the period was affected by RMB0.00.

### 37. Operating income and operating costs

Unit : Yuan

Item	Amount in current period		Amount in previous period	
	Income	Cost	Income	Cost
Main business	2,793,154,006.76	1,499,646,811.12	2,298,030,160.69	1,306,532,943.56
Other businesses	10,155,280.89	758,730.92	2,629,545.93	2,380,410.68
Total	2,803,309,287.65	1,500,405,542.04	2,300,659,706.62	1,308,913,354.24

Whether the New ASBEs on Revenue have been adopted

☐ Yes ☒ No

### 38. Taxes and surcharges

Unit : Yuan

Item	Amount in current period	Amount in previous period
City maintenance and construction tax	5,003,088.95	3,259,441.38
Education surcharge	3,930,436.10	2,674,976.06
Property tax	434,641.71	1,256,072.26
Land use tax		97,920.00
Vehicle and vessel tax	360.00	120.00
Stamp duty	1,634,533.73	1,996,854.16
Total	11,003,060.49	9,285,383.86

### 39. Selling expenses

Unit : Yuan

Item	Amount in current period	Amount in previous period
Staff remuneration	55,597,916.09	36,184,767.11
Business promotion	13,092,049.23	8,017,223.50
Travel expenses	2,560,626.08	2,532,489.73
Entertainment expenses	1,827,815.43	1,954,255.81
Service expenses	450,769.65	147,892.14
Other expenses	7,542,346.95	5,617,804.06
Total	81,071,523.43	54,454,432.35

### 40. Management expenses

Unit : Yuan

Item	Amount in current period	Amount in previous period
Staff remuneration	145,076,150.62	132,303,866.55

Office facilities and site expenses	35,313,721.66	37,830,438.52
Depreciation and amortisation	11,432,575.92	7,437,288.58
Travel expenses	12,843,703.61	12,077,944.42
Consulting fees	38,905,520.29	52,701,905.40
System usage fees	7,176,783.56	7,964,291.96
Office expenses	6,505,030.87	6,263,019.14
Entertainment expenses	10,804,922.15	7,302,108.06
Insurance premiums	5,026,169.99	6,424,183.25
Communication expenses	4,521,749.02	3,157,705.60
Amortisation of intangible assets	2,344,215.15	1,766,635.59
Service expenses	3,514,116.80	3,290,915.70
Other expenses	29,429,806.50	33,064,827.85
Share-based payment	36,748,463.29	2,612,718.83
Total	349,642,929.43	314,197,849.45

#### 41. Research and development expenses

Unit : Yuan

Item	Amount in current period	Amount in previous period
Staff remuneration	114,839,286.81	81,557,883.82
Depreciation and amortisation	3,894,058.47	3,562,710.93
Service expenses	902,857.65	190,509.46
Other expenses	4,413,105.34	2,714,249.12
Total	124,049,308.27	88,025,353.33

#### 42. Financial expenses

Unit : Yuan

Item	Amount in current period	Amount in previous period
Interest expenses	40,403,063.38	19,364,580.03
Interest income	-25,461,633.69	-7,801,808.04
Exchange gains and losses	-6,271,755.86	-4,749,843.81
Others	888,270.93	579,870.29
Total	9,557,944.76	7,392,798.47

### 43. Other income

Unit : Yuan

Source of other income	Amount in current period	Amount in previous period
Special Fund for Talent Reward	734,802.00	1,596,593.00
Rent Subsidy		870,500.00
5050 Plan Subsidy		2,100,000.00
2018 Gazelle Company Grants	4,645,100.00	
Special Fund for Central Foreign Trade Development in 2019 (Development of International Service Outsourcing)	1,675,500.00	
Special Fund for Industrial Development	628,950.00	
The Provincial Key Enterprise Research Institute Supporting Subsidy Fund	500,000.00	
Xuhui Government Tax Refund	490,000.00	
2018 Subsidies for R&D Investments of SMEs in Hangzhou	452,000.00	
Municipal Subsidy for Service Industry Fund Development	300,000.00	
2018 Special Financial Fund for Industrial and Information Development of Provinces and Cities	138,750.00	
Industrial Innovation Support Fund Subsidy	20,000.00	
Tax Contribution Award	20,000.00	
Job Stability Fund	11,496.00	
Reward for Outsourcing Offshore Business	14,200.00	
Subsidy for 2019 R&D Institutions of Key Enterprises Of Pudong New Area Science and Technology Development Fund	1,600,000.00	
VAT Input Tax Deduction	2,385,424.54	
Handling Charges Deducted for Individual Income Tax	198,365.86	
Total	13,814,588.40	4,567,093.00

### 44. Gains on investment

Unit : Yuan

Item	Amount in current period	Amount in previous period
From long-term equity investment accounted for under the equity method	-9,767,683.63	-4,462,980.73
From disposal of long-term equity investment	44,122,151.65	4,624,054.38
From disposal of financial assets available for sale		116,136,725.97
From remeasurement of remaining equity interest upon loss of control at fair value	32,444,545.45	
From the excess of the fair value of the identifiable net assets of investee companies on acquisition of the investment over the cost of investment in the Company's subsidiaries, associates, and joint ventures	41,488,162.45	
From investments in financial assets at fair value through profit or loss for the current period		1,011,579.53
From other non-current financial assets	17,601,866.43	
From disposal of other non-current financial assets	52,567,172.86	
From wealth management products	1,371,800.46	1,544,444.66
Total	179,828,015.67	118,853,823.81

#### 45. Gains from change in fair value

Unit : Yuan

Sources of income from changes in fair value	Amount in current period	Amount in previous period
Trading financial assets		3,703,624.11
Including : from derivative financial instruments		3,703,624.11
Trading financial liabilities		1,450,500.00
Other non-current financial assets at fair value through profit or loss	184,996,027.19	
Total	184,996,027.19	5,154,124.11

#### 46. Impairment loss of credit

Unit : Yuan

Item	Amount in current period	Amount in previous period
Bad debt loss of other receivables	5,752,409.56	
Bad debt loss of bills receivables	-427,456.21	
Bad debt loss of trade receivable	-25,166,164.93	
Bad debt loss of prepayments	-486,173.81	
Bad debt loss of contractual assets	-858,731.94	
Total	-21,186,117.33	

#### 47. Impairment loss of assets

Whether the New ASBEs on Revenue have been adopted

☐ Yes ☒ No

Unit : Yuan

Item	Amount in current period	Amount in previous period
I. Losses of bad debts		-17,962,641.19
III. Impairment loss of financial assets available for sale		-14,000,000.00
XIII. Impairment loss of goodwill		-19,000,000.00
Total		-50,962,641.19

#### 48. Gains from disposal of assets

Unit : Yuan

Source of gains from disposal of assets	Amount in current period	Amount in previous period
From disposal of fixed assets	-384,766.63	-151,707.39

#### 49. Non-operating income

Unit : Yuan

Item	Amount in current period	Amount in previous period	Amounts included in current non-recurring profit and loss
Government subsidies	4,985,391.63	6,003,005.10	4,985,391.63
Business combination cost less than the portion of fair value of the identifiable net assets obtained -concord		4,925,994.57	
Others	914,976.28	1,191,571.03	914,976.28
Total	5,900,367.91	12,120,570.70	5,900,367.91



Government subsidies included in current profits and losses :

Unit : Yuan

Subsidy items	Issuing body	Reason for issuing	Nature	Whether the subsidy had an effect on profits/losses of the year	Whether it was a special subsidy	Amount incurred in the current period	Amount incurred in the previous period	Pertinent to assets/Pertinent to revenue
Special Fund of the Finance Bureau for Enterprise Development	Shanghai Municipal Finance Bureau	Subsidy	Due to compliance with local government policies such as attracting investment and other local support policies	No	No		230,000.00	Pertinent to revenue
Binjiang Finance Bureau 2017 Annual Science and Technology Innovation Award Funds	Hangzhou Binjiang District State Taxation Bureau	Subsidy	Due to compliance with local government policies such as attracting investment and other local support policies	No	No		200,000.00	Pertinent to revenue
Enterprise Scale Award Subsidy	Jiaxing Municipal Development and Reform Commission	Subsidy	Government subsidies granted as incentive for listing	No	No		100,000.00	Pertinent to revenue
Jiaxing Municipal Service Industry Development Fund Subsidy	Jiaxing Municipal Development and Reform Commission	Subsidy	Due to compliance with local government policies such as attracting investment and other local support policies	No	No		50,000.00	Pertinent to assets

Subsidies for Top Ten Innovation Awards	Jiaxing Municipal Development and Reform Commission	Subsidy	Due to compliance with local government policies such as attracting investment and other local support policies	No	No		50,000.00	Pertinent to revenue
2017 Award for Tax Contribution of over 5 Million	Jiaxing Technology Management Committee	Subsidy	Due to compliance with local government policies such as attracting investment and other local support policies	No	No		20,000.00	Pertinent to revenue
Hangzhou Employment Administration Stable Employment Subsidy	Hangzhou Employment Management Service Bureau	Subsidy	Due to compliance with local government policies such as attracting investment and other local support policies	No	No	100,347.45	27,211.70	Pertinent to revenue
Funding for Gazelle Companies	Hangzhou Binjiang District Development, Reform and Economic Bureau	Subsidy	Due to compliance with local government policies such as attracting investment and other local support policies	No	No		750,500.00	Pertinent to revenue

Subsidies for High Growth Enterprises in the 13th Five-Year Plan	Pudong New Area	Subsidy	Subsidies for engaging in specific sectors and industries encouraged and supported by the state (obtained in accordance with the provisions of national policies)	No	No		1,450,000.00	Pertinent to revenue
Special Financial Subsidy for the 13th Five-Year Plan of Pudong New Area Expo Area Development Management Committee	Special Fund Account of Shanghai Pudong New Area Expo Area Development Management Committee	Subsidy	Subsidies obtained for R&D, technological update and transformation	No	No		980,000.00	Pertinent to revenue
Discount Fund for Technology Export	Shanghai Municipal Commission of Commerce	Subsidy	为避免上市公司亏损而给予的政府补助	No	No		580,000.00	Pertinent to revenue
Incubation Support Fund	Hangzhou High-tech Industrial Development Zone Technology Entrepreneurship Service Center	Subsidy	Subsidies obtained for R&D, technological update and transformation	No	No		564,300.00	Pertinent to revenue

Municipal Finance Bureau 2018 Import Discount Subsidy	Shanghai Municipal Commission of Commerce	Subsidy	Government subsidies to avoid losses of listed companies	No	No		229,583.00	Pertinent to revenue
Refund of withholding fees	Hangzhou Local Taxation Bureau Hi-tech (Binjiang) Taxation Bureau	Subsidy	Due to compliance with local government policies such as attracting investment and other local support policies	No	No	28,044.89	557,959.25	Pertinent to revenue
2017 Rent Subsidy for Incubators in Entrepreneurship Development Arena	Hangzhou Municipal Finance Bureau	Subsidy	Due to compliance with local government policies such as attracting investment and other local support policies	No	No		113,800.00	Pertinent to revenue
Stable Social Employment Insurance Subsidy	Hangzhou Employment Management Service Bureau	Subsidy	Government subsidies to avoid losses of listed companies	No	No		75,531.15	Pertinent to revenue
2017 Enterprise Growth Promotion Awards	CPC Working Committee of Puyan Street, Binjiang District, Hangzhou City	Subsidy	Government incentives for listed companies	No	No		10,000.00	Pertinent to revenue

2017 Puyan Street Key Enterprise Award	CPC Working Committee of Puyan Street, Binjiang District, Hangzhou City	Subsidy	Due to compliance with local government policies such as attracting investment and other local support policies	No	No		10,000.00	Pertinent to revenue
Sponsorship Fee of Shanghai Copyright Association	Shanghai Copyright Association	Subsidy	Due to compliance with local government policies such as attracting investment and other local support policies	No	No		2,520.00	Pertinent to revenue
VAT Billing System Maintenance Fee Return	Hangzhou Binjiang District State Taxation Bureau	Subsidy	Due to compliance with local government policies such as attracting investment and other local support policies	No	No	560.00	1,600.00	Pertinent to revenue
Binjiang District Accounting Settlement Center Industry Support Fund	Binjiang District Accounting and Settlement Center	Subsidy	Due to compliance with local government policies such as attracting investment and other local support policies	No	No	1,362,900.00		Pertinent to revenue

Financial Support for Promoting the Development of Trade and Service Industry in Pudong New Area during the 13th Five-Year Plan	Shanghai Pudong New Area Expo Area Development Management Committee	Subsidy	Subsidies for engaging in specific sectors and industries encouraged and supported by the state (obtained in accordance with the provisions of national policies)	No	No	1,230,000.00		Pertinent to revenue
2018 Special Fund for Foreign Trade Development	Shanghai Municipal Finance Bureau	Subsidy	Subsidies for engaging in specific sectors and industries encouraged and supported by the state (obtained in accordance with the provisions of national policies)	No	No	660,000.00		Pertinent to revenue
Special Funds for Talent Incentive	Hangzhou High-tech Industrial Development Zone (Binjiang) Finance Bureau	Subsidy	Due to compliance with local government policies such as attracting investment and other local support policies	No	No	197,946.00		Pertinent to revenue

The Sixth Batch of National High-tech Enterprise Recognition Awards in 2019 by Technology and Information Bureau	Suzhou Industrial Park Enterprise Development Service Center	Subsidy	Due to compliance with local government policies such as attracting investment and other local support policies	No	No	100,000.00		Pertinent to revenue
Special Finance Fund for Industry and Information Development	Economic and Information Bureau of Hangzhou High-tech Industrial Development Zone	Subsidy	Due to compliance with local government policies such as attracting investment and other local support policies	No	No	11,250.00		Pertinent to revenue
Supporting Funds for Biopharmaceutical Industry Development Project Area	Economic and Information Bureau of Hangzhou High-tech Industrial Development Zone	Subsidy	Government subsidies to avoid losses of listed companies	No	No	11,250.00		Pertinent to revenue

Binjiang District Economic and Information Bureau Industrial Support Special Account Biomedical Project Municipal Support	Binjiang Economic and Information Bureau	Subsidy	Due to compliance with local government policies such as attracting investment and other local support policies	No	No	8,175.00		Pertinent to revenue
Wuzhong District Social Security Bureau Stable Job Subsidy	Suzhou Municipal Bureau of Human Resources and Social Security	Subsidy	Due to compliance with local government policies such as attracting investment and other local support policies	No	No	10,270.29		Pertinent to revenue
Social Security Household Stable Job Subsidy	Shanghai Municipal Human Resources and Social Security Bureau	Subsidy	Due to compliance with local government policies such as attracting investment and other local support policies	No	No	54,648.00		Pertinent to revenue



Financial Support Funds for Pudong New Area's Economic Development	Shanghai Zhangjiang High-tech Park Administrative Committee	Subsidy	Due to compliance with local government policies such as attracting investment and other local support policies	No	No	1,180,000.00		Pertinent to revenue
State Service Trade Subsidy in 2019	Shanghai Municipal Commission of Commerce	Subsidy	Subsidies for engaging in specific sectors and industries encouraged and supported by the state (obtained in accordance with the provisions of national policies)	No	No	30,000.00		Pertinent to revenue

## 50. Non-operating expenses

Unit : Yuan

Item	Amount in current period	Amount in previous period	Amounts included in current non-recurring profit and loss
External donation	1,030,000.00	1,180,000.00	1,030,000.00
Others	355,263.13	719,550.11	355,263.13
Total	1,385,263.13	1,899,550.11	1,385,263.13

## 51. Income tax expenses

### (1) Income tax expense statement

Unit : Yuan

Item	Amount in current period	Amount in previous period
Income tax expense for the period	137,484,344.18	95,251,852.52
Deferred income tax expense	-23,644,869.56	4,023,227.17
Total	113,839,474.62	99,275,079.69

**(2) Adjustment process between accounting profit and income tax expense**

Unit : Yuan

Item	Amount in current period
Total profit	1,089,161,831.31
Income tax expense calculated in accordance with statutory/applicable tax rate	135,582,749.87
Effect of different tax rate applicable to subsidiaries	-7,966,316.66
Effect of adjustments to previous years' income tax	7,393,450.93
Effect of current unrecognised deductible temporary difference or deductible loss arising from deferred tax income assets	-7,214,862.34
Effect of additional deductible expenses	-13,955,547.18
Income tax expenses	113,839,474.62

**52. Other comprehensive income**

For details, please refer to Note 34 under Section 12.XII.

**53. Items in cash flow statement**

**(1) Other cash received relating to operating activities**

Unit : Yuan

Item	Amount in current period	Amount in previous period
Interest income	21,789,716.01	4,030,235.56
Government subsidy	16,414,555.49	10,570,098.10
Non-operating income	914,976.28	1,191,571.03
Other income	14,153,610.01	43,064,730.66
Rental income	56,250.02	115,666.67
Total	53,329,107.81	58,972,302.02

**(2) Other cash paid relating to operating activities**

Unit : Yuan

Item	Amount in current period	Amount in previous period
Selling, management, and R&D expenses	165,235,766.30	137,225,498.67
Financial expenses	888,270.93	579,870.29
Other expenses	4,665,269.77	39,156,918.22
Non-operating expenses	1,385,263.13	1,899,550.11
Total	172,174,570.13	178,861,837.29

**(3) Other cash received relating to investment activities**

Unit : Yuan

Item	Amount in current period	Amount in previous period
Recovered restricted Monetary fund at the beginning of the year		8,323,973.87
Interest income from borrowings between enterprises		2,649,452.05
Total		10,973,425.92

**(4) Other cash received relating to financing activities**

Unit : Yuan

Item	Amount in current period	Amount in previous period
From ESOP payment	93,845,532.75	
From restricted stock payment	152,459,800.29	
From recovery of loans	13,632,772.48	
Total	259,938,105.52	

**(5) Other cash paid relating to financing activities**

Unit : Yuan

Item	Amount in current period	Amount in previous period
Cash paid for capital deduction	30,163,321.60	14,269,906.85
Cash paid for share repurchase	67,916,937.46	248,124,987.77
Listing expenses	69,190,036.33	
Finance lease	13,046,968.27	
Total	180,317,263.66	262,394,894.62

## 54. Supplemental information on cash flow statement

### (1) Supplemental information on cash flow statement

Unit : Yuan

Supplemental information	Amount in current period	Amount in previous period
1 · Net profit adjusted to cash flows relating to operating activities :	--	--
Net profit	975,322,356.69	506,797,168.16
Add : Credit impairment loss	21,186,117.33	
Provision for impairment of assets		50,962,641.19
Depreciation of fixed assets, depletion of oil and gas assets and depreciation of productive biological assets	37,495,244.54	53,104,645.56
Amortisation of intangible assets	5,768,142.73	5,089,381.46
Amortisation of long-term deferred expenses	3,987,826.99	3,007,747.27
Loss on disposals of fixed assets, intangible and other long-term assets (gain is represented by “-“)	384,766.63	151,707.39
Loss on change in fair value (gain is represented by “-“)	-184,996,027.19	-5,154,124.11
Financial expenses (gain is represented by “-“)	34,131,307.52	14,614,736.22
Loss on investment (gain is represented by “-“)	-179,828,015.67	-118,853,823.81
Decrease in deferred income tax assets (increase is represented by “-“)	-72,178,479.09	2,554,171.48
Increase in deferred income tax liabilities (decrease is represented by “-“)	14,092,618.12	1,469,055.69
Decrease in inventory (increase is represented by “-“)	-504,694.09	-504,863.79
Decrease in operating receivables (increase is represented by “-“)	-282,891,298.67	-180,702,324.19
Increase in operating payables (decrease is represented by “-“)	114,818,274.99	189,579,098.99
Others	40,769,794.68	127,501.14
Net cash flows from operating activities	527,557,935.51	522,242,718.65

2 · Significant investing and financing activities not involving cash receipts and payment :	--	--
3 · Net movement in cash and cash equivalents :	--	--
Cash at the end of the period	2,037,086,066.70	698,186,379.43
Less : Cash at the beginning of the period	698,186,379.43	525,226,190.29
Net increase in cash and cash equivalents	1,338,899,687.27	172,960,189.14

**(2) Net cash paid for acquisition of subsidiaries in the current period**

Unit : Yuan

	Amount
Cash or cash equivalents paid for business combination in the current period	89,119,410.00
Including :	--
Beijing Yaxincheng	43,200,000.00
Frontage Suzhou	14,433,800.00
BRI	15,570,300.00
RMI	15,915,310.00
Less : Cash and cash equivalents held by the subsidiary on the date of acquisition	17,173,146.27
Including :	--
Beijing Yaxincheng	5,836,825.21
Frontage Suzhou	10,241,927.66
BRI	421,957.45
RMI	672,435.95
Including :	--
Net cash paid for acquisition of subsidiaries	71,946,263.73

**(3) Net cash received from disposal of subsidiaries in the current period**

Unit : Yuan

	Amount
Cash or cash equivalents received from disposal of subsidiaries in the current period	38,000,000.00

Including :	--
Jyton Testing	10,000,000.00
Suntone	28,000,000.00
Antengene Investment Limited	
uniAcme	
Less : Cash and cash equivalents held by subsidiaries on the date of loss of control	5,097,058.23
Including :	--
Jyton Testing	186,904.78
Shanghai Shengtong	3,377,561.63
Antengene Investment Limited	1,331,578.35
uniAcme	201,013.47
Including :	--
Net cash received from disposal of subsidiaries	32,902,941.77

#### (4) Composition of cash and cash equivalents

Unit : Yuan

Item	Closing balance	Opening balance
I. Cash	2,037,086,066.70	698,186,379.43
Including : Cash on hand	52,029.89	88,274.65
Bank deposits readily available on demand	2,005,976,226.21	696,243,743.42
Other Monetary fund available on demand	31,057,810.60	1,854,361.36
III. Balance of cash and cash equivalents at the end of the period	2,037,086,066.70	698,186,379.43

#### 55. Assets with restriction on ownership or right of use

Item	Closing book value ( Yuan 、 number of shares )	Reason for restriction
Monetary fund	2,092,860.00	Lease security deposit
Bills receivable	26,474,679.00	Secured by Frontage Laboratories, Inc.
Fixed assets	45,281,768.51	Secured by Frontage Laboratories, Inc.
Intangible assets	4,408,476.97	Secured by Frontage Laboratories, Inc.

Monetary fund	3,126,897.13	Lease security deposit
Monetary fund	25,399,915.30	Secured by Frontage Laboratories, Inc.
Trade receivable	95,875,948.14	Secured by Frontage Laboratories, Inc.
Prepayments	4,996,026.84	Secured by Frontage Laboratories, Inc.
Other receivables	8,275,456.84	Secured by Frontage Laboratories, Inc.
Other current assets	28,531,691.52	Secured by Frontage Laboratories, Inc.
Long-term equity investments	130,160,182.57	Secured by Frontage Laboratories, Inc.
Construction in progress	14,970,985.33	Secured by Frontage Laboratories, Inc.
Right-of-use assets	92,016,901.05	Secured by Frontage Laboratories, Inc.
Deferred income tax assets	66,994,879.60	Secured by Frontage Laboratories, Inc.
Other non-current financial assets	1,400,000.00 shares	Equity secured by EPS Holdings Inc.
Long-term equity investments	308,040,085.00 shares	Equity secured by Frontage Holdings Corporation

## 56. Monetary assets in foreign currencies

### (1) Monetary assets in foreign currencies

Unit : Yuan

Item	Closing balance in foreign currency	Translation rate	Closing balance translated in to RMB
Monetary fund	--	--	1,602,837,747.12
Including : US dollar	222,016,237.85	6.9762	1,548,829,677.11
Euro	330,800.54	7.8155	2,585,371.60
Hong Kong dollar	1,077,771.31	0.8958	965,467.54
Korean won	5,825,332,832.00	0.0060	35,138,407.64
Indian rupee	6,245,450.84	0.0979	611,429.64
Taiwan dollar	6,049,185.79	0.2326	1,407,040.61
Swiss franc	70,459.39	7.2028	507,504.89
Singapore dollar	109,684.66	5.1739	567,497.46
Australian dollar	220,078.50	4.8843	1,074,929.42
Canadian dollar	2,048,908.52	5.3421	10,945,474.21
Romanian leu	57,484.41	1.6337	93,912.28
Malaysian ringgit	65,368.37	1.6986	111,034.72
Trade receivable	--	--	391,720,889.72
Including : US dollar	41,970,918.78	6.9762	292,797,523.57

Euro			
Hong Kong dollar	10,675,932.36	0.8958	9,563,500.21
Korean won	9,884,444,667.00	0.0060	59,622,970.23
Indian rupee	17,274,145.30	0.0979	1,691,138.82
Taiwan dollar	39,030,011.14	0.2326	9,078,380.59
Australian dollar	3,032,605.47	4.8843	14,812,154.90
Romanian leu	511,619.79	1.6337	835,833.25
Canadian dollar	621,363.91	5.3421	3,319,388.15
Other receivables			17,983,636.48
Including : US dollar	1,306,993.62	6.9762	9,117,848.89
Korean won	968,256,672.67	0.0060	5,840,524.25
Hong Kong dollar	95,632.04	0.8958	85,667.18
Indian rupee	2,492,673.14	0.0979	244,032.70
Taiwan dollar	334,975.00	0.2326	77,915.19
Australian dollar	2,000.00	4.8843	9,768.60
Canadian dollar	488,175.00	5.3421	2,607,879.67
Interests receivable			5,229,264.57
Including : US dollar	749,586.39	6.9762	5,229,264.57
Short-term borrowings			350,029,223.19
Including : US dollar	50,174,768.96	6.9762	350,029,223.19
Trade payable			35,976,506.13
Including : US dollar	4,625,421.57	6.9762	32,267,865.95
Korean won	449,626,223.00	0.0060	2,712,145.38
Hong Kong dollar	214,001.51	0.8958	191,702.55
Taiwan dollar	19,000.00	0.2326	4,419.40
Australian dollar	64,048.90	4.8843	312,834.04
Romanian leu	163,116.03	1.6337	266,482.66
Canadian dollar	41,380.01	5.3421	221,056.15
Staff remuneration payable			26,972,988.07
Including : US dollar	2,440,796.93	6.9762	17,027,487.52
Romanian leu	69,830.00	1.6337	114,081.27
Korean won	1,579,428,027.19	0.0060	9,527,109.86
Hong Kong dollar	339,706.86	0.8958	304,309.42
Other payables			12,771,032.03



Including : US dollar	1,038,856.18	6.9762	7,247,268.49
Korean won	402,960,750.31	0.0060	2,430,659.25
Indian rupee	56,240.20	0.0979	5,505.92
Taiwan dollar	1,910,437.00	0.2326	444,367.65
Australian dollar	7,237.69	4.8843	35,351.05
Canadian dollar	488,175.00	5.3421	2,607,879.67
Dividends payable			1,467,326.47
Including : US dollar	210,333.20	6.9762	1,467,326.47
Non-current liabilities due within one year			32,312,439.05
Including : US dollar	4,186,798.63	6.9762	29,207,944.59
Korean won	514,670,832.23	0.0060	3,104,494.46
Long-term payables			20,342,856.26
Including : US dollar	2,916,036.85	6.9762	20,342,856.26
Long-term borrowings	--	--	
Including : US dollar			
Euro			
Hong Kong dollar			

**(2) Description of overseas business entities, including for material overseas business entities, disclosure of their overseas principle place of business, functional currencies and the basis of selection thereof; and where any change in the functional currencies, disclosure of the reasons therefore.**

√ Applicable □ Not applicable

(1) Hong Kong Tigermed, a wholly-owned subsidiary established by the Company, mainly operates in Hong Kong, and its functional currency is Hong Kong dollar.

(2) HK Healthcare a wholly-owned subsidiary established by the Company, mainly operates in Hong Kong, and its functional currency is Hong Kong dollar.

(3) Tigermed MacroStat llc, a subsidiary established by Hong Kong Tigermed, mainly operates in the USA, and its functional currency is US dollar.

(4) Tigermed Clinical Research Co. Ltd., a subsidiary established by Hong Kong Tigermed, mainly operates in Canada, and its functional currency is Canadian dollar.

(5) Tigermed Australia Pty Ltd, a subsidiary established by Hong Kong Tigermed, mainly operates in Australia, and its functional currency is Australian dollar.

(6) Tigermed Malaysia SDN BHD, a subsidiary established by Hong Kong Tigermed, mainly operates in Australia, and its functional currency is Malaysian ringgit.

(7) Singapore Tigermed PTE. LTD., a subsidiary established by Hong Kong Tigermed, mainly operates in Singapore, and its functional currency is Singaporean dollar.

(8) Tigermed Taiwan, a subsidiary acquired by Hong Kong Tigermed, mainly operates in Taiwan, and its functional currency is Taiwanese dollar.

(9) Bright Sky Resources Investment Ltd., a subsidiary established by Hong Kong Tigermed, mainly operates in BVI, and its functional currency is US dollar.

(10) Blue Sky Resources Investment Ltd., a subsidiary established by Hong Kong Tigermed, mainly operates in BVI, and its functional currency is US dollar.

(11) TG Sky Investment Ltd., a subsidiary established by Hong Kong Tigermed, mainly operates in BVI, and its functional currency is US dollar.

(12) Tigermed Swiss AG, a subsidiary established by Hong Kong Tigermed, mainly operates in Switzerland, and its functional currency is Swiss franc.

(13) Tigermed India Pvt. Ltd., a subsidiary established by Hong Kong Tigermed, mainly operates in India, and its functional currency is Indian rupee.

(14) Tigermed-BDM, a subsidiary acquired by Hong Kong Tigermed, mainly operates in New Jersey, USA, and its functional currency is US dollar.

(15) Opera Contract Research Organization S.R.L., a subsidiary acquired by Hong Kong Tigermed, mainly operates in Romania, and its functional currency is Romanian leu.

(16) DreamCIS, a subsidiary acquired by Hong Kong Tigermed, mainly operates in South Korea, and its functional currency is Korean won.

(17) Tigermed USA INC., a wholly-owned subsidiary established by the Company, mainly operates in the USA, and its functional currency is US dollar.

(18) Frontage Holdings, a company Hong Kong Tigermed holds shares of, mainly operates in the USA, and its functional currency is US dollar.

(19) TG Mountain Investment Co., a company Hong Kong Tigermed holds shares of, mainly operates in BVI, and its functional currency is US dollar.

(20) TG Sky Growth Investment Ltd., a company Hong Kong Tigermed holds shares of, mainly operates in BVI, and its functional currency is US dollar.

## 57. Government subsidies

### (1) Information on government subsidies

Unit : Yuan

Type	Amount	Item presented	Amount included in the current profit or loss
Special Fund for Talent Reward	734,802.00	Other income	734,802.00
Refund for Withholding Fees	28,044.89	Non-operating income	28,044.89
Hangzhou Employment Administration Stable Employment Subsidy	100,347.45	Non-operating income	100,347.45

VAT Billing System Maintenance Fee Return	560.00	Non-operating income	560.00
2018 Gazelle Company Grants	4,645,100.00	Other income	4,645,100.00
Special Fund for Central Foreign Trade Development in 2019 (Development of International Service Outsourcing)	1,675,500.00	Other income	1,675,500.00
The Second Batch of 2019 Subsidies for R&D Institutions of Key Enterprises of Pudong New Area Science and Technology Development Fund	800,000.00	Other income	800,000.00
The Third Batch of 2019 Subsidies for R&D Institutions of Key Enterprises of Pudong New Area Science and Technology Development Fund	800,000.00	Other income	800,000.00
Special Fund for Industrial Development	628,950.00	Other income	628,950.00
The Provincial Key Enterprise Research Institute Supporting Subsidy Fund	500,000.00	Other income	500,000.00
Xuhui Government Tax Refund	490,000.00	Other income	490,000.00
2018 Subsidies for R&D Investments of SMEs in Hangzhou	452,000.00	Other income	452,000.00
Municipal Subsidy for Service Industry Fund Development	300,000.00	Other income	300,000.00
2018 Special Financial Fund for Industrial and Information Development of Provinces and Cities	138,750.00	Other income	138,750.00
Industrial Innovation Support Fund Subsidy	20,000.00	Other income	20,000.00
Tax Contribution Award	20,000.00	Other income	20,000.00
Job Stability Fund	11,496.00	Other income	11,496.00
Reward for Outsourcing Offshore Business	9,100.00	Other income	9,100.00

Binjiang District Accounting Settlement Center Industry Support Fund	1,362,900.00	Non-operating income	1,362,900.00
Financial Support for Promoting the Development of Trade and Service Industry in Pudong New Area during the 13th Five-Year Plan	1,230,000.00	Non-operating income	1,230,000.00
2018 Special Fund for Foreign Trade Development	660,000.00	Non-operating income	660,000.00
Special Funds for Talent Incentive	197,946.00	Non-operating income	197,946.00
The Sixth Batch of National High-tech Enterprise Recognition Awards in 2019 by Technology and Information Bureau	100,000.00	Non-operating income	100,000.00
Special Finance Fund for Industry and Information Development	11,250.00	Non-operating income	11,250.00
Supporting Funds for Biopharmaceutical Industry Development Project Area	11,250.00	Non-operating income	11,250.00
Binjiang District Economic and Information Bureau Industrial Support Special Account Biomedical Project Municipal Support	8,175.00	Non-operating income	8,175.00
Reward for Outsourcing Offshore Business	5,100.00	Other income	5,100.00
Wuzhong District Social Security Bureau Stable Job Subsidy	10,270.29	Non-operating income	10,270.29
Social Security Household Stable Job Subsidy	54,648.00	Non-operating income	54,648.00
Financial Support Funds for Pudong New Area's Economic Development	1,180,000.00	Non-operating income	1,180,000.00
State Service Trade Subsidy in 2019	30,000.00	Non-operating income	30,000.00

## VIII. Change in scope of business combination

### 1. Business combination of enterprises not under common control

#### (1) Business combination of enterprises not under common control in the current period

Unit : Yuan

Acquiree	Time of equity acquisition	Cost of equity acquisition	Shareholding ratio	Method of equity acquisition	Acquisition date	Basis of date of acquisition	Income of the acquiree from acquisition date to the end of the period	Net profit of the acquiree from acquisition date to the end of the period
Beijing Yaxincheng Medical InfoTech Co., Ltd.	July 31, 2019	106,560,000.00	55.00%	Cash	July 31, 2019	Payment of acquisition fee and business registration	31,377,785.57	5,550,273.92
Frontage Laboratories (Suzhou) Co, Ltd.	October 31, 2019	14,433,800.00	75.00%	Cash	October 31, 2019	Payment of acquisition fee and business registration	5,417,607.11	541,785.63
RMI Laboratories, LLC	October 31, 2019	16,045,260.00	100.00%	Cash	October 31, 2019	Payment of acquisition fee	2,885,384.48	1,502,417.05
BRI Biopharmaceutical Research, Inc	December 13 2019	15,859,804.70	100.00%	Cash	December 31, 2019	Payment of acquisition fee	486,083.80	-99,428.04

#### (2) Cost of business combination and goodwill

Unit : Yuan

Cost of business combination	Beijing Yaxincheng	Frontage Suzhou	RMI	BRI
-- Cash	43,200,000.00	14,433,800.00	16,045,260.00	15,859,804.70
-- Contingent fair value			15,900,122.25	4,396,582.62

-- Fair value as at acquisition date of equity held prior to acquisition date	75,600,000.00	27,266,315.56		
Total cost of business combination	118,800,000.00	41,700,115.56	31,945,382.25	20,256,387.32
Less: Share of fair value of the identifiable net assets acquired	19,450,277.44	14,054,420.57	23,068,566.88	13,340,824.44
Amount of goodwill / cost of business combination less than the share of fair value of the identifiable net assets acquired	99,349,722.56	27,645,694.99	8,876,815.37	6,915,562.88

**(3) Identifiable assets and liabilities of acquirees as at the acquisition dates**

Unit : Yuan

	Beijing Yaxincheng		Frontage Suzhou		RMI		BRI	
	Fair value as at acquisition date	Book value as at acquisition date	Fair value as at acquisition date	Book value as at acquisition date	Fair value as at acquisition date	Book value as at acquisition date	Fair value as at acquisition date	Book value as at acquisition date
Assets :	53,505,853.16	28,525,581.28	44,310,402.84	30,810,402.84	28,552,439.41	5,530,979.41	19,440,275.77	867,073.61
Monetary fund	5,836,825.21	5,836,825.21	10,241,927.66	10,241,927.66	672,435.95	672,435.95	421,957.45	421,957.45
Receivables	16,127,779.49	16,127,779.49	6,498,167.88	7,305,637.53	3,782,780.14	3,782,780.14	2,051,962.73	2,051,962.73
Inventories							204,709.61	204,709.61
Fixed assets	16,353,923.23	5,673,651.35	9,722,806.99	9,722,806.99	1,075,763.32	1,075,763.32	2,384,367.49	2,384,367.49
Intangible assets	14,300,000.00		13,674,539.30	174,539.30	23,021,460.00		10,581,137.40	7,935.24
Contractual assets							1,215,351.71	1,215,351.71
Prepayments	813,206.76	813,206.76						
Other receivables	74,118.47	74,118.47	3,307,815.27	3,307,815.27			2,580,789.38	2,580,789.38

Deferred income tax assets			865,145.74	57,676.09				
Liabilities :	18,141,712.36	14,394,671.58	25,571,175.42	23,546,175.42	5,483,867.04	263,380.64	6,172,060.41	3,774,419.42
Payables	1,671,883.17	1,671,883.17	12,428,727.02	12,428,727.02	263,380.64	263,380.64	3,391,940.06	3,391,940.06
Deferred income tax liabilities	3,747,040.78		2,025,000.00		5,220,486.40		2,406,719.24	9,078.25
Receipts in advance	4,097,732.97	4,097,732.97						
Staff remuneration payable	51,970.13	51,970.13						
Taxes payable	957,510.56	957,510.56	123,859.79	123,859.79				
Other payables	7,615,574.75	7,615,574.75	775,585.48	775,585.48				
Contractual liabilities			10,218,003.12	10,218,003.12			373,401.11	373,401.11
Net assets	35,364,140.80	14,130,909.70	18,739,227.42	7,264,227.42	23,068,572.37	5,267,598.77	13,268,215.36	5,092,654.19
Less : minority interests	15,913,863.36	6,358,909.37	4,684,806.86	1,816,056.86				
Net assets acquired	19,450,277.44	7,772,000.34	14,054,420.57	5,448,170.57	23,068,572.37	5,267,598.77	13,268,215.36	5,092,654.19

**(4) Gains or losses arising from remeasurement of equity held before the acquisition date at fair value**

Whether there was transaction for achieving combination of enterprises through several transactions in stages resulting in obtaining control during the reporting period

☐ Yes ☒ No

**2. Disposal of subsidiaries**

Whether there was loss of control over subsidiaries on a single disposal

☒ Yes ☐ No

Unit : Yuan

Name of subsidiary	Consideration for disposal of equity	Proportion of equity disposal	Way of equity disposal	Date of losing right of control	Basis for determining the date of losing right of control	The difference between the disposal price and the share of the subsidiary's net assets at the level of the consolidated financial statement corresponding to the disposal of the investment	Proportion of remaining stocks at the date of loss of control	Book value of remaining equity on the date of losing control	Fair value of remaining equity on the date of losing control	Gains or losses arising from remeasurement of remaining equity at fair value	Basis for determining the fair value of remaining equity at the date of losing control and major assumption	Amount of gains or losses transferring from other comprehensive income relating to equity investment of former subsidiary
上海晨通國際物流有限公司 Shanghai Shengtong International Logistics Co., Ltd.	28,000,000.00	20.00%	Sales of equity	February 28, 2019	Receipt of equity payment and business registration	25,739,261.16	35.00%	19,555,454.55	49,000,000.00	29,444,545.45	Transaction price	



Hangzhou Tigermed Jietong Inspection Technology Co., Ltd.	10,000,000.00	50.00%	Disposal of equity interests	June 30, 2019	Receive equity payment, business registration	13,046,962.86	30.00%	3,000,000.00	6,000,000.00	3,000,000.00	Transaction price	
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Whether there was disposal of investment in subsidiary through several transactions in stages resulting in loss of control during the reporting period

☐ Yes ☒ No

### 3. Changes in scope of consolidation for other reasons

Explain the changes in the scope of consolidation caused by other reasons (for example, establishment if new subsidiaries, liquidation of subsidiaries, etc.) and related circumstances:

1. In January 2019, the Company transferred 100% equity interests of Antengene Investment Limited;
2. In February 2019, the Company invested in the establishment of Tigermed USA INC., in which the Company has a shareholding of 100.00%;
3. In February 2019, the Company's subsidiary Tigermed USA INC. invested in the establishment Tigermed America LLC, in which the Company has a shareholding of 100.00%;
4. In September 2019, the Company invested in the establishment of HK Healthcare, in which the Company has a shareholding of 100.00%;
5. In September 2019, the Company's subsidiary Hongkong Tigermed invested in the establishment of TG Mountain Investment Co, in which the Company has a shareholding of 100.00%;
6. In September 2019, the Company's subsidiary Hongkong Tigermed invested in the establishment of TG Sky Growth Investment Ltd, in which the Company has a shareholding of 100.00% ;
7. In October 2019, the Company's subsidiary Frontage Holdings invested in the establishment of Frontage Luohe, in which Frontage Holdings' has a shareholding of 100.00% ;
8. In October 2019, the Company transferred 100% equity interests of Hangzhou Tigermed Cloud Hospital Management Co., Ltd. (杭州泰格雲醫院管理有限公司).

## IX. INTERESTS IN OTHER ENTITIES

### 1. Interests in subsidiaries

#### (1) Composition of enterprise Groups

Namer of subsidiary	Principal place of business	Place of registration	Business nature	Shareholding		Method of acquisition
				Direct	Indirect	

美斯達（上海） 醫藥開發有限公司 MacroStat (China) Clinical Research Co., Ltd ("MacroStat")	Shanghai	Room 801, 802, 901, 902, No. 232 Liangjing Road, China (Shanghai) Pilot Free Trade Zone	Data analysis	100.00%		Business combination of enterprises not under common control
杭州思默醫藥科 技有限公司 Hangzhou Simo Co., Ltd.	Hangzhou	Room 1503, 15th Floor Dongguan Building, No. 618 Jiangnan Avenue, Changhe Street, Binjiang District, Hangzhou, Zhejiang Province (independent declaration)	SMO services	100.00%		Establishment
嘉興泰格數據管 理有限公司 Jiaxing Tigermed Data Management Co., Ltd.	Jiaxing	No. 28 Huixin Road, Nanhu District, Jiaxing City, Zhejiang Province	Data management and statistical analysis	100.00%		Establishment
上海泰格醫藥科 技有限公司 Shanghai Tigermed Consulting Co Ltd	Shanghai	Room 206, No. 10, Alley 225, Chaling Road, Xuhui District, Shanghai	Technology development, consulting, transfer	100.00%		Business combination of enterprises under common control
廣州泰格醫學研 究所有限公司 Tigermed Research Institute Co., Ltd.	Guangzhou	Room B, 3rd Floor, Yueyun Building, No. 3 Zhongshan 2nd Road, Yuexiu District, Guangzhou	Central laboratory service	100.00%		Establishment
杭州泰格益坦醫 藥科技有限公司 Hangzhou Tigermed-IntelliP V Co., Ltd	Hangzhou	Room 9412, Building 9, No. 1, Weiye Road, Puyan Street, Binjiang District, Hangzhou	Pharmacovigilan ce and drug safety services	100.00%		Establishment

泰格新澤醫藥技術（嘉興）有限公司 Tiger-Xinze Medical Technology (Jiaxing) Co., Ltd.	Jiaxing	7th Floor, Building 1, No. 28, Huixin Road, Daqiao Town, Nanhu District, Jiaxing City, Zhejiang Province	Technology development, technology consultation	100.00%		Establishment
無錫泰格醫藥科技有限公司 Wuxi Tigermed Consulting Co., Ltd.	Wuxi	D401-4, Building 530, University Science Park, No. 18 Qingyuan Road, Xinwu District, Wuxi City	Clinical research service R&D ; technology development, technology consultation, technology transfer ; translation service ; data processing	100.00%		Establishment
泰州康利華醫藥科技有限公司 Taizhou Kanglihua Pharmaceutical Technology Co., Ltd	Taizhou	No. C004, 9th Floor, Building G26, East Side of Tai Road, North Side of Xinyang Road, China Medical City, Taizhou	Pharmaceutical R&D	100.00%		Business combination of enterprises not under common control
北醫仁智（北京）醫學科技發展有限公司 Beijing Medical Development Co., Ltd	Beijing	810, 8th Floor, Building 1, No. 20 Chaoyangmenwai Street, Chaoyang District, Beijing	Medical research	100.00%		Establishment
泰州泰格捷通醫藥科技有限公司 Taizhou Tigermed-Jyton Medical Tech. Co. Ltd.	Taizhou	No. A002, 9th Floor, Building G26, East Side of Tai Road, North Side of Xinyang Road, China Medical City, Taizhou	Drug development, medical device technology development and services	100.00%		Business combination of enterprises not under common control

杭州泰格股權投資合夥企業（有限合夥） Hangzhou Tigermed Equity Investment Partnership	Hangzhou	Room 915, 9th Floor, Main Building, Hengxin Building, 588 Jiangnan Avenue, Binjiang District, Hangzhou	Business services, equity investment, venture capital	99.40%	0.60%	Establishment
杭州泰蘭醫藥科技有限公司 Hangzhou Talent MedConsulting Co., Ltd.	Hangzhou	Room 1507, 15th Floor, Dongguan Building, 618 Jiangnan Avenue, Changhe Street, Binjiang District, Hangzhou, Zhejiang Province	Third-party training and audit services	85.00%		Establishment
杭州英放生物科技有限公司 Fantastic Bioimaging Co., Ltd.	Hangzhou	Room 1605, Dongguan Building, No. 618, Jiangnan Avenue, Changhe Street, Binjiang District, Hangzhou, Zhejiang Province (independent declaration)	Medical imaging data analysis and judgement services	67.50%		Establishment
北京雅信誠醫學信息科技有限公司 Beijing Yaxincheng Medical InfoTech Co., Ltd.	Beijing	102, 1st Floor, Building 1, Courtyard 1, No.20A, Xidawang Road, Chaoyang District, Beijing	Medical translation	55.00%		Business combination of enterprises not under common control
嘉興易迪希計算機技術有限公司 Jiaxing Clinflash Computer Technology Co., Ltd.	Jiaxing	3rd Floor, Building 1, No. 28, Huixin Road, Nanhu District, Jiaxing City, Zhejiang Province	Clinical trials management software R&D	50.10%		Establishment

杭州泰煜投資諮詢有限公司 Hangzhou Taiyu Investment Consulting Co., Ltd.	Hangzhou	Room 1504, 15th Floor, Dongguan Building, 618 Jiangnan Avenue, Binjiang District, Hangzhou	Investment consultation, investment management	51.00%		Establishment
嘉興益新泰格醫藥科技有限公司 EPS Tigermed (Jiaxing) Co., Ltd.	Jiaxing	Building 1, No. 28, Huixin Road, Nanhu District, Jiaxing City, Zhejiang Province	Clinical research service R&D	51.00%		Establishment
北京泰格興融投資管理有限公司 Beijing Tigermed Xingrong Investment Management Co., Ltd.	Beijing	9-18, Building 6, Ronghui Garden, Core Economic Zone, Shunyi District, Beijing	Equity investment management and consulting	51.00%	9.69%	Establishment
北京康利華諮詢服務有限公司 Beijing Canny Consulting Inc.	Beijing	Room 2405, Building 60, Middle East Fourth Ring Road, Chaoyang District, Beijing	Investment consultation, medical technology consultation	39.57%	51.00%	Business combination of enterprises not under common control
杭州煜鼎股權投資管理合夥企業（有限合夥） Hangzhou Yuding Equity Investment Management Partnership (Limited Partnership)	Hangzhou	Room 2125, 21st Floor, Chuagxin Building, 3850 Jiangnan Avenue, Puyan Street, Binjiang District, Hangzhou	Equity investment management and consulting		45.90%	Establishment

漯河泰煜安康投資管理中心（有限合夥） Luohe Taiyu Ankang Investment Management Center (Limited Partnership)	Henan	North of Xin'an Street, Xin'an Town, Wuyang County	Equity investment management and consulting		35.70%	Establishment
石河子市泰爾股權投資合夥企業（有限合夥） Shihezi Tai'er Equity Investment Partnership	Xinjiang	No. 20370, No. 21 Beiba Road, Shihezi Development Zone, Xinjiang	Equity investment, venture capital investment		0.06%	Establishment
杭州泰譽二期股權投資基金合夥企業（有限合夥） Hangzhou Taiyu Phase II Equity Investment Partnership	Hangzhou	Room 226, Building 2, Xiaocheng Tiandi Commercial Center, Hangzhou Economic and Technological Development Zone, Zhejiang Province	Equity investment, venture capital investment		28.84%	Establishment
仁智（蘇州）醫學研究有限公司 Beijing Medical Development (Suzhou) Co., Ltd	Suzhou	G26, 3rd Floor, A1 North Building, 218 Xinghu Street, Suzhou Industrial Park	Medical R&D		100.00%	Business combination of enterprises not under common control
北京捷通康諾醫藥科技有限公司 Beijing Jyton and Kannel Medical Tech. Co., Ltd.	Beijing	811B, 8th Floor, Building 1, No. 20 Chaoyangmenwai Avenue, Chaoyang District, Beijing	Drug development, medical device technology development and services		100.00%	Business combination of enterprises not under common control

JYTON-GOWIN MEDICAL TECHNOLOGY CO.,LTD	Beijing	807, 8th Floor, Building 1, No. 20 Chaoyangmenwai Avenue, Chaoyang District, Beijing	Drug development, medical device technology development and services		100.00%	Business combination of enterprises not under common control
Jyton Emergo (Beijing) Medical Technology Co., Ltd.	Beijing	804, 8th Floor, Building 1, No. 20 Chaoyangmenwai Avenue, Chaoyang District, Beijing	Drug development, medical device technology development and services		100.00%	Business combination of enterprises not under common control
北京醫捷通科技有限公司 Beijing Ejyton Tech. Co., Ltd.	Beijing	809, 8th Floor, Building 1, No. 20 Chaoyangmenwai Avenue, Chaoyang District, Beijing	Drug development, medical device technology development and services		100.00%	Business combination of enterprises not under common control
Beijing Yaxincheng Business Service Co., Ltd.	Beijing	102-02, 1st Floor, Building 1, Courtyard 1, No. 20A, Xidawang Road, Chaoyang District, Beijing	Medical translation		55.00%	Business combination of enterprises not under common control
Khorgas Yaxincheng Information Technology Co., Ltd.	Xinjiang	Room 206, 2nd Floor, Building 6, Huayang Community, Horgoslan New Road, Horgo, Ili Prefecture, Xinjiang	Medical translation		55.00%	Business combination of enterprises not under common control

Xi'an Laisai Translation Co., Ltd.	Xian	Room 1702&1703, 17th Floor, Unit 2, Building 1, Wangzuo International City, No. 1, Tangyan Road, High-tech Zone, Xi'an, Shaanxi Province	Medical translation		55.00%	Business combination of enterprises not under common control
Luohe Yukang Investment Center Partnership	Henan	Xin'an Street, Xin'an Town, Wuyang County	Equity investment, venture capital investment	25.64%	0.61%	Establishment
Shihezhishi Taiyu Equity Investment Partnership	Xinjiang	No. 20339, No. 21 Beiba Road, Shihezi Development Zone, Xinjiang	Equity investment, venture capital investment	13.33%	0.46%	Establishment
Frontage Laboratories (Shanghai) Co., Ltd.	Shanghai	No. 13, Alley 67, Li Bing Road, China (Shanghai) Pilot Free Trade Zone	Bioanalytical services, clinical research services		51.45%	Business combination of enterprises not under common control
Frontage Laboratories (Luohe) Co., Ltd.	Henan	200 meters south of the intersection of Taibaishan Road and Longjiang Road, Yuncheng District, Luohe City	CMC services		51.45%	Business combination of enterprises not under common control
Frontage Laboratories (Suzhou) Co., Ltd.	Suzhou	Building 2, No. 1336 Yuehu Road, Yuexi Street, Wuzhong Economic Development Zone, Suzhou	CMC services		38.59%	Business combination of enterprises not under common control



Chengdu Xinsheng Tigermed Technology Company Limited	Chengdu	Chengdu Tianfu International Biological City (No. 18, Section 2, Biological City Middle Road, Shuangliu District)	Clinical research service R&D	100.00%		Establishment
Hongkong Tigermed Co.,Limited	Hong Kong	Hong Kong	Technology development, services, consultation and clinical trials, data management and statistical analysis	100.00%		Establishment
Hong Kong Tigermed Healthcare Technology Co., Limited	Hong Kong	Hong Kong	Equity investment management and consulting	100.00%		Establishment
Tigermed USA INC.	USA	USA	Consultation	100.00%		Establishment
Tigermed America LLC	USA	USA	Consultation		100.00%	Establishment
Frontage Holdings Corporation	Cayman Islands	Cayman Islands	Drug clinical research, biologics, bioanalytical		51.45%	Business combination of enterprises not under common control
Frontage Laboratories, Inc.	USA	USA	Bioanalytical, CMC and DMPK services		51.45%	Business combination of enterprises not under common control
Croley Martell Holdings, Inc	USA	USA	Investment holding		51.45%	Business combination of enterprises not under common control

Concord Holdings, LLC	USA	USA	Investment holding		51.45%	Business combination of enterprises not under common control
Concord Biosciences, LLC	USA	USA	Safety and toxicology services		51.45%	Business combination of enterprises not under common control
RMI Laboratories, LLC	USA	USA	Safety and toxicology services		51.45%	Business combination of enterprises not under common control
11736655 Canada, Ltd	Canada	Canada	Clinical trial research services		51.45%	Business combination of enterprises not under common control
BRI Biopharmaceutical Research, Inc	Canada	Canada	Clinical trial research services		51.45%	Business combination of enterprises not under common control
DreamCIS Inc.	Korea	Korea	Clinical trial research services&EDC		87.75%	Business combination of enterprises not under common control
Taiwan International Pharmaceutical Co., Ltd	Taiwan	Taiwan	Biotechnology services and R&D		87.50%	Business combination of enterprises not under common control
Tigermid-BDM Inc.	USA	USA	Data management, data statistical, SAS management		100.00%	Business combination of enterprises not under common control

Tigermed India Data Solutions Private Limited	India	India	Clinical research service R&D		51.00%	Establishment
Opera Contract Research Organization S.R.L.	Romania	Romania	Clinical research service R&D		51.17%	Business combination of enterprises not under common control
Tigermed Clinical Research Co., Ltd.	Canada	Canada	Clinical research service R&D		100.00%	Establishment
Tigermed Australia Pty Limited	Australia	Australia	Clinical research service R&D		100.00%	Establishment
Tigermed Malaysia SDN. BHD.	Malaysia	Malaysia	Clinical research service R&D		99.00%	Establishment
Singapore Tigermed Pte. Ltd.	Singapore	Singapore	Clinical research service R&D		100.00%	Establishment
Tigermed Swiss AG	Switzerland	Switzerland	Clinical research service R&D		100.00%	Establishment
Bright Sky Resources Investment Ltd	BVI	BVI	Equity investment management and consulting		100.00%	Establishment
Blue Sky Resources Investment Ltd.	BVI	BVI	Equity investment management and consulting		100.00%	Establishment
TG Sky Investment Ltd.	BVI	BVI	Equity investment management and consulting		100.00%	Establishment
TG Mountain Investment Co	Cayman Islands	Cayman Islands	Equity investment management and consulting		100.00%	Establishment

TG Sky Growth Investment Ltd	BVI	BVI	Equity investment management and consulting		100.00%	Establishment
Tigermid macrostat llc	USA	USA	Clinical research service R&D		100.00%	Establishment

(2) Significant non-wholly owned subsidiaries

Unit : RMB

Name of subsidiary	Shareholding proportion of minority shareholders	Profits and losses attributable to minority shareholders in the current period	Dividends declared for payment to minority shareholders in the current period	Closing balance of minority interests
Frontage Holdings Corporation	48.55%	48,817,251.55		898,216,975.45
DreamCIS Inc.	12.25%	3,096,334.02		7,903,455.74

(3) Key financial information of significant non-wholly owned subsidiaries

Unit : Yuan

Name of subsidiary	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Frontage Holdings Corporation	1,696,504,625.69	536,482,326.66	2,232,986,952.35	202,290,295.09	175,807,952.23	378,098,247.32	300,612,329.37	243,508,701.39	544,121,030.76	183,298,378.22	37,682,485.12	220,980,863.34
DreamCIS Inc	138,294,018.68	12,325,012.52	150,619,031.20	83,680,891.87	2,406,436.73	86,087,328.60	102,080,147.84	3,594,016.21	105,674,164.05	68,482,424.91		68,482,424.91

Unit : Yuan

Name of subsidiary	Current period				Preceding period			
	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities
Frontage Holdings Corporation	703,366,906.48	114,034,262.43	133,953,058.60	132,447,929.01	562,644,530.92	59,032,879.63	70,583,896.16	178,019,993.47
DreamCIS Inc	134,388,993.97	25,281,562.00	24,488,651.14	23,039,356.73	118,943,272.66	23,150,686.90	23,217,396.90	30,409,616.18

## 2. Transactions resulting in changes in shares of owners' equity in subsidiaries while remaining control over the subsidiaries

### (1) Explanation of changes in shares of owners' equity in subsidiaries

1. Acquisition of 16.69% minority interests in IntelliPV, a subsidiary of the Company;
2. Acquisition of 4.50% minority interests in Fantastic Bioimaging, a subsidiary of the Company.

### (2) Impact on minority interests and owners' equity attributable to the Parent Company

Unit : Yuan

	Fantastic Bioimaging	IntelliPV
--Cash	6,753,240.00	13,440,000.00
Total acquisition cost/disposal consideration	6,753,240.00	13,440,000.00
Less: Share of net assets of subsidiary based on acquired/disposed equity ratio	1,197,653.62	2,058,235.61
Differences	5,555,586.38	11,381,764.39
Including: Adjustment to capital reserve	5,555,586.38	11,381,764.39

## 3. Interests in joint venture arrangements or associates

### (1) Combined financial information of immaterial joint ventures and associates

Unit : Yuan

	Closing balance/balance for the current period	Opening balance/ balance for the preceding period
Joint ventures :	--	--

Total carrying amount of investment	109,712,577.48	103,293,443.20
Total of the following items calculated by shareholding ratio	--	--
Associates:	--	--
Total of the following items calculated by shareholding ratio	--	--
-- Net profit	-9,767,683.63	-4,462,980.73
-- Total comprehensive income	-9,767,683.63	-4,462,980.73

## X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

The Company is exposed to various financial risks in the course of operation: credit risks, market risks and liquidity risks. The Board of Directors is responsible for the overall risk management objectives and policies and assumes ultimate responsibility for risk management objectives and policies. The Board of Directors checks the effectiveness of the procedures which have been implemented and the reasonability of the overall risk management objectives and policies. The internal auditors also audit the risk management objectives and policies and record the results to the audit committee. The objective of the Company's overall risk management is to strike a proper balance between risk and profit, to minimise the negative impact of risk on operating results.

### (I) Credit risks

Credit risk refers to the risk that one party to a financial instrument fails to perform its obligations and causes financial losses to the other. The Company is mainly facing customer credit risk caused by credit sales. Before the signing of the new contract, the Company will evaluate the credit risk of the new customer, including the external credit rating and, in some cases, the bank credit certificate (when this information is available). The company sets a credit limit for each customer, which is the maximum amount that does not require additional approval.

The Company ensures that the Company's overall credit risk is within control of the Company through quarterly monitoring of existing customer credit ratings and monthly review of trade receivable aging analysis. When monitoring the customer's credit risk, they are grouped according to their credit characteristics. Customers rated as "high-risk" will be placed on the list of restricted customers, and the Company can only sell them on the premise of additional approval, otherwise they must be required to pay in advance.

### (II) Market risks

The market risk of financial instruments refers to the risk that the fair value of financial instruments or future cash flows fluctuate due to changes in market prices, including foreign exchange risk and interest rate risk.

#### (1) Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows fluctuate due to changes in market interest rates. The interest rate risk faced by the Company mainly comes from long-term bank loans and bonds payable. The Company's current policy is to repay in advance as much as possible given adequate recovered funds. To maintain this ratio, the Company may use interest rate swaps to achieve the expected interest rate structure. Although the policy does not enable the Company to completely avoid the risk that the interest rate paid exceeds the current market interest rate, nor can it completely eliminate the cash flow risk associated with fluctuations in interest payments, however the management believes that the policy achieves a reasonable balance between these risks.

As of December 31, 2019, given other variables remaining unchanged, if the borrowing rate calculated at floating rates rises

or falls by 100 basis points, the Company's net profit will decrease or increase by 4,040,306.34 yuan. The management believes that the 100 basis points reasonably reflect the reasonable range in which interest rates may change in the coming year.

(2) Foreign exchange risk

Foreign exchange risk refers to the risk that the fair value of financial instruments or future cash flows fluctuate due to changes in foreign exchange rates. The Company tries to match the revenue and cost in foreign currencies in order to reduce the exchange rate risk. In addition, the Company may also sign forward foreign exchange contracts or currency swap contracts to achieve the purpose of avoiding exchange rate risk. In current and previous period, the Company does not sign any contract of forward exchange agreement and currency swap agreement.

The main foreign exchange risk is the financial assets and financial liabilities denominated in USD. The amount of the financial assets and liabilities in foreign currencies converted into RMB is as follows:

Item	Closing balance			Opening balance		
	USD equivalent of RMB	Won equivalent of RMB	Total	USD equivalent of RMB	Won equivalent of RMB	Total
Monetary fund	1,548,829,677.11	35,138,407.64	1,583,968,084.75	165,545,698.52	43,230,384.86	208,776,083.38
Trade receivable	292,797,523.57	59,622,970.23	352,420,493.80	194,040,785.00	47,825,868.84	241,866,653.84
Other receivables	9,117,848.87	5,840,524.25	14,958,373.12	19,659,360.91	4,573,542.88	24,232,903.79
Interests receivable	5,229,264.57		5,229,264.57	815,862.90	50,225.00	866,087.90
Sub-total of financial assets in major foreign currencies	1,855,974,314.12	100,601,902.12	1,956,576,216.24	380,061,707.33	95,680,021.58	475,741,728.91
Short-term borrowings	350,029,223.19		350,029,223.19			
Trade payable	32,267,868.74	2,712,145.38	34,980,014.12	18,145,905.06	5,628,770.16	23,774,675.22
Staff remuneration payable	16,710,692.49	9,527,109.86	26,237,802.35	9,822,106.71	8,155,102.06	17,977,208.77
Other payables	7,247,268.49	2,430,659.25	9,677,927.74	13,166,911.83	1,011,631.83	14,178,543.66
Dividends payables	1,467,326.47		1,467,326.47	1,443,558.82		1,443,558.82

Non-current liabilities due within one year	29,207,944.59	3,104,494.46	32,312,439.05	28,596,620.91		28,596,620.91
Long-term borrowings				3,431,702.95		3,431,702.95
Long-term payables	20,342,856.26		20,342,856.26	19,417,649.99		19,417,649.99
Sub-total of financial liabilities in major foreign currencies	457,273,180.23	17,774,408.95	475,047,589.18	94,024,456.27	14,795,504.05	108,819,960.32
Total	1,398,701,133.89	82,827,493.17	1,481,528,627.06	286,037,251.06	80,884,517.53	366,921,768.59

As of December 31, 2019, given all other variables remaining unchanged, if RMB to USD appreciates or depreciates by 5%, the Company's net profit will increase or decrease by 74,076,431.35 Yuan. The management considers that 5% reasonably reflects the reasonable range in which RMB to USD may change in the coming year.

### (3) Other price risks

The Company holds equity investments in other listed companies, and the management is of the view that the market price risks arising from such investment activities are tolerable.

The Company holds equity investments in other listed companies as follows:

Item	Closing balance	Opening balance
Other non-current financial assets	2,250,473,669.34	1,481,093,167.41
Total	2,250,473,669.34	1,481,093,167.41

As of December 31, 2019, given all other variables remaining unchanged, if the value of the equity instruments increase or decrease by 5%, the net profit of the Company will increase or decrease by 112,523,683.47 Yuan. The management considers that 5% reasonably reflects the reasonable range in which the value of equity instruments may change in the coming year.

### (III) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in meeting obligations that are settled by delivering cash or another financial asset. The Company's policy is to ensure it has sufficient cash to settle the debts when they fall due. The Company's finance department centralised control on liquidity risk. Through monitoring cash balance, readily realizable marketable securities and the rolling forecasts of cash flow for the next 12 months, the finance department will ensure it has sufficient fund to settle its debts under all reasonable foreseeable circumstances.

The maturity profile of the Company's financial assets and financial liabilities at each balance sheet date based on



contractual undiscounted payments is analysed below:

Unit : RMB0,000

Item	Closing balance		
	Within one year	Above one year	Total
Short-term borrowings	86,377.17		86,377.17
Trade payable	6,872.77	646.38	7,519.15
Other payables	17,324.27	908.50	18,232.77
Non-current liabilities due within one year	3,336.69		3,336.69
Long-term borrowings	3,650.00		3,650.00
Long-term payables	2,034.29		2,034.29
Total	119,595.19	1,554.88	121,150.07
Item	Opening balance		
	Within one year	Above one year	Total
Short-term borrowings	60,283.41		60,283.41
Trade payable	4,298.31	104.44	4,402.75
Other payables	3,966.84	438.23	4,405.07
Non-current liabilities due within one year	4,566.25		4,566.25
Long-term borrowings		343.17	343.17
Total	73,114.82	885.84	74,000.66

## XI. FAIR VALUE DISCLOSURE

### 1. Closing fair value of assets and liabilities measured at fair value

Unit: RMB

Item	Fair value at the end of the period			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Continuing fair value measurement	--	--	--	--
(1) Other non-current financial assets	134,957,845.68		2,115,515,823.66	2,250,473,669.34
1. Financial assets at fair value through profit or loss	134,957,845.68		2,115,515,823.66	2,250,473,669.34
(2) Investments in equity instruments	134,957,845.68		2,115,515,823.66	2,250,473,669.34
Total assets continuously measured at fair value	134,957,845.68		2,115,515,823.66	2,250,473,669.34

II. Non-continuing fair value measurement	--	--	--	--
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## 2. Basis for determining the market value of items continuously and non-continuously measured at Level 1 fair value

Level 1 fair value measurement refers to measurement based on the quoted price for identical assets or liabilities in an active market.

## 3. For items continuously and non-continuously measured at Level 2 fair value, the valuation techniques used as well as qualitative and quantitative information on important parameters

Item	Closing fair value	Valuation techniques	Unobservable input value	Correlation between changes in unobservable input value and fair value
Investment in equity instruments	1,040,303,317.94	Market multiple adjusted after discount for lack of marketability	Discount for lack of marketability	The higher the discount, the lower the valuation
		Equity value distribution model	Priority, probability of initial public offering	The higher the priority, the higher the valuation of preferred stocks; the higher the probability, the higher the valuation of common stocks
		Recent transaction price inversion method	Due to timing, sales conditions and agreement terms, differences in the size and nature of similar businesses may cause the fair value estimate of the price to vary substantially	The higher the value of similar transactions, the higher the valuation
Investment in unlisted funds measured at fair value	1,075,212,505.72	Net asset value of related investments	Net assets	The higher the net asset value, the higher the valuation

**4. For items continuously measured at Level 3 fair value, adjustment between opening and closing carrying amount as well as sensitivity analysis on unobservable parameters**

Item	Opening balance	Gains (losses) recognised in the period	Purchase, exchange rate change, selling and settlement			Closing balance	For assets held at the end of the reporting period, unrealised gains or changes for the current period included in profit or loss
		Change of fair value through profit or loss	Purchase	Exchange changes	Selling		
◆Other non-current financial assets	1,468,449,686.00	187,706,407.70	625,136,891.15	2,825,050.35	168,602,211.54	2,115,515,823.66	187,706,407.70
Financial assets at fair value through profit or loss	1,468,449,686.00	187,706,407.70	625,136,891.15	2,825,050.35	168,602,211.54	2,115,515,823.66	187,706,407.70
—Investments in equity instruments	1,468,449,686.00	187,706,407.70	625,136,891.15	2,825,050.35	168,602,211.54	2,115,515,823.66	187,706,407.70
Total	1,468,449,686.00	187,706,407.70	625,136,891.15	2,825,050.35	168,602,211.54	2,115,515,823.66	187,706,407.70
Including: Profit or loss relating to financial assets		187,706,407.70					187,706,407.70

**5. Fair value of assets and liabilities not measured at fair value**

As of December 31, 2019, the Management of the Company considered that financial assets and liabilities measured at amortised cost in the financial statements mainly include: bills receivable, trade receivable, other receivables, short-term borrowings, trade payable, other payables, long-term borrowings etc.

The Management of the Company was of the opinion that the carrying amount of non-long-term financial assets and financial liabilities in the financial statements approximated the fair value of those assets and liabilities.

## XII. RELATED PARTIES AND RELATED PARTIES TRANSACTIONS

### 1. Parent Company of the Company

Name of Parent Company	Place of registration	Business nature	Registered capital	Percentage of shareholding in the Company held by the Parent Company	Percentage of voting rights in the Company held by the Parent Company
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Information of the Parent Company of the Company

The de facto controller of the Company are Mr. Ye Xiaoping (葉小平) and Ms. Cao Xiaochun (曹曉春): Mr. Ye Xiaoping (葉小平) holds 177,239,541.00 shares in the Company representing a shareholding of 23.65%; Ms. Cao Xiaochun (曹曉春) holds 64,161,774.00 shares in the Company representing a shareholding of 8.56%.

### 2. Subsidiaries of the Company

Please refer to Note “IX. Interests in other entities” for details of subsidiaries of the Company.

### 3. Joint ventures and associates of the Company

Please refer to Note “IX. Interests in other entities” for details of material joint ventures and associates of the Company.

Information of the Company’s other joint ventures or associates that had transactions with the Company in current period, or balances resulted from transactions with the Company in the prior period is as follows:

Name	Relationship with the Company
上海觀合醫藥科技有限公司Teddy Clinical Research Laboratory (Shanghai) Limited	Associate
FJ Pharma LLC	Associate
上海謀思醫藥科技有限公司 Mosim Co., Ltd.	Associate
杭州頤柏健康管理有限公司 Hangzhou Yibai Health Management Co., Ltd.	Associate
蘇州益新泰格醫藥科技有限公司 EPS Tigermed (Suzhou) Co., Ltd.	Associate
益新泰格（南通）醫藥科技有限公司 EPS Tigermed (Nantong) Co., Ltd.	Associate

### 4. Information of other related parties

Name	Relationship with the Company
Hangzhou Wangji Health Technology Co., Ltd.	Investee
蘇州康乃德生物醫藥有限公司 Suzhou Connect Biopharmaceuticals, Limited	Ye Xiaoping (葉小平), the de facto controller, acts as its director

Hangzhou Wangji Cloud Hospital Management Co., Ltd.	Cao Xiaochun (曹曉春), the de facto controller, acts as its executive director
杭州帕琦斯醫藥科技有限公司	Cao Xiaochun (曹曉春), the de facto controller, acts as its executive director
金華康潤生物技術有限公司	Cao Xiaochun (曹曉春), the de facto controller, acts as its executive director
Frontage Clinical Services, Inc.	Investee of Frontage Labs, a subsidiary of the Company
Song Li (李松)	Chief executive of Frontage Labs, a subsidiary of the Company
Kang Pengcheng (康鵬程)	Shareholder of Beijing Canny Consulting Inc.(北京康利華), a level II subsidiary of the Company
Shanghai Shengtong International Logistics Co., Ltd	Investee
Shanghai Shengtong Pharmaceutical Supply Chain Management Co., Ltd.	Investee
Hangzhou Tigermed Jietong Inspection Technology Co., Ltd.	Investee
Hangzhou Tigermed Cloud Hospital Management Co., Ltd.	Cao Xiaochun (曹曉春), the de facto controller, acts as its executive director
Coland Pharmaceutical Company Limited	Ye Xiaoping (葉小平), the de facto controller, acts as its executive supervisor
蘇州滬雲新藥研發股份有限公司	Cao Xiaochun (曹曉春), the de facto controller, acts as its director (resigned)
蘇州澤璟生物製藥股份有限公司 Suzhou Zelgen Biopharmaceuticals Co., Ltd.	Cao Xiaochun (曹曉春), the de facto controller, acts as its director (resigned in February 2019)

## 5. Related parties transactions

### (1) Related party transactions for purchase and sales of goods/receipt and provision of services

Purchase of goods/receipt of services

Unit: Yuan

Related party	Type of transaction	Amount for the current period	Approved transaction limit	Whether the transaction limit has been exceeded or not	Amount for the prior period
上海觀合醫藥科技有限公司Teddy Clinical Research Laboratory (Shanghai) Limited	Clinical trial solutions, clinical-related and laboratory services	8,512,896.94		No	6,382,380.04

FJ Pharma, LLC.	Clinical trial solutions, clinical-related and laboratory services	518,977.50		No	
Frontage Clinical Services, Inc.	Clinical trial solutions, clinical-related and laboratory services	7,473,276.00		No	3,644,092.80
Shanghai Shengtong Pharmaceutical Supply Chain Management Co., Ltd.	Clinical trial solutions, clinical-related and laboratory services	640,202.83		No	
上海謀思醫藥科技有限公司 Mosim Co., Ltd.	Clinical trial solutions, clinical-related and laboratory services	13,520,153.40		No	

Sales of goods/ provision of services

Unit: Yuan

Related party	Type of transaction	Amount for the current period	Amount for the prior period
上海國創醫藥有限公司 Coland Pharmaceutical Company Limited	clinical trial solutions, clinical-related and laboratory services	3,372,374.11	4,931,543.66
杭州望吉健康科技有限公司	clinical trial solutions, clinical-related and laboratory services	2,663,793.64	3,547,496.03
蘇州康乃德生物醫藥有限公司 Suzhou Connect Biopharmaceuticals, Limited	clinical trial solutions, clinical-related and laboratory services	6,577,219.87	1,839,832.37
Hangzhou Wangji Health Technology Co., Ltd.	clinical trial solutions, clinical-related and laboratory services		12,051.63
杭州帕琦斯醫藥科技有限公司	clinical trial solutions, clinical-related and laboratory services		5,821.70
蘇州澤璟生物製藥股份有限公司 Suzhou Zelgen Biopharmaceuticals Co., Ltd.	clinical trial solutions, clinical-related and laboratory services	17,539,468.50	20,049,165.90

上海觀合醫藥科技有限公司 Teddy Clinical Research Laboratory (Shanghai) Limited	clinical trial solutions, clinical-related and laboratory services	51,420.64	
上海謀思醫藥科技有限公司 Mosim Co., Ltd.	clinical trial solutions, clinical-related and laboratory services	496,557.43	
蘇州益新泰格醫藥科技有限公 司(Suzhou) Tigermed	clinical trial solutions, clinical-related and laboratory services	3,068.18	
蘇州滬雲新藥研發股份有限公 司	clinical trial solutions, clinical-related and laboratory services	529,230.63	
Frontage Clinical Services, Inc	clinical trial solutions, clinical-related and laboratory services	488,724.58	484,427.21

## (2) Lease in related party transaction

The Company as lessee:

Unit: Yuan

Lessor	Type of leased assets	Rental income recognised for the current period	Rental income recognised for the prior period
Kang Pengcheng (康鵬程)	Office buildings	731,275.97	710,286.00

## (3) Guarantee in related party transactions

The Company as guarantor

Unit: Yuan

Guaranteed party	Guaranteed amount	Commencement date	Maturity date	Whether the guarantee has been executed
上海晟通國際物流有限 公司 Shanghai Shengtong International Logistics Co., Ltd	2,780,000.00	June 27, 2019	January 26, 2020	No
上海晟通國際物流有限 公司 Shanghai Shengtong International Logistics Co., Ltd	3,090,000.00	July 16, 2019	January 20, 2020	No

上海晟通國際物流有限公司 Shanghai Shengtong International Logistics Co., Ltd	3,000,000.00	July 23, 2019	January 20, 2020	No
上海晟通國際物流有限公司 Shanghai Shengtong International Logistics Co., Ltd	490,000.00	July 26, 2019	January 20, 2020	No
上海晟通國際物流有限公司 Shanghai Shengtong International Logistics Co., Ltd	2,380,000.00	July 25, 2019	January 20, 2020	No

#### (4) Borrowings from or lending to related parties

Unit: Yuan

Related party	Borrowed/lent amount	Commencement date	Maturity date	Remarks
Borrowed amount				
Song Li (李松)	10,294,800.00	August 11, 2014	May 18, 2019	Repaid
Lent amount				
Hangzhou Tigermed Jietong Inspection Technology Co., Ltd.	8,740,000.00	May 21, 2018	December 31, 2019	Repaid
Hangzhou Tigermed Jietong Inspection Technology Co., Ltd.	1,260,000.00	January 21, 2019	December 31, 2019	Repaid
Frontage Clinical Services, Inc.	17,648,446.40	September 29, 2016	September 1, 2019	Repaid

#### 6. Balance due to or from related parties

##### (1) Balance due from related parties

Unit: Yuan

Item	Related party	Closing balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivable					



	上海國創醫藥有限公司 Coland Pharmaceutical Company Limited	4,051,464.56	202,482.26	3,771,212.91	254,518.37
	FJ Pharma, LLC.			118,761.50	5,938.07
	杭州望吉健康科技有限公司	6,188,928.98	3,044,135.98	4,146,138.45	254,601.75
	蘇州康乃德生物醫藥有限公司 Suzhou Connect Biopharmaceuticals, Limited	1,166,881.51	58,317.88	6,712.24	335.61
	Hangzhou Wangji Health Technology Co., Ltd.	24,720.00	11,829.56	24,730.86	1,870.50
	Frontage Clinical Services, Inc	3,109,425.24	2,517,797.99	4,079,286.29	795,011.08
	杭州帕琦斯醫藥科技有限公司	6,171.00	308.41		
	上海謀思醫藥科技有限公司 Mosim Co., Ltd.	20,000.02	999.56		
	蘇州澤璟生物製藥股份有限公司 Suzhou Zelgen Biopharmaceuticals Co., Ltd.	19,964,879.72	996,040.85	23,416,340.92	1,456,248.21
Prepayments					
	Kang Pengcheng (康鵬程)			4.57	
	Shanghai Shengtong Pharmaceutical Supply Chain Management Co., Ltd.	2,432,680.00			
Other receivables					

	Shanghai Shengtong Pharmaceutical Supply Chain Management Co., Ltd.	2,741,965.00	274,196.50		
	FJ Pharma, LLC.	123,149.46	6,157.47		
	上海晟通國際物流有限公司 Shanghai Shengtong International Logistics Co., Ltd	38,329.83	16,855.64		
	Hangzhou Wangji Health Technology Co., Ltd.	1,000,000.00	198,800.00	11,310,000.00	3,774,000.00
	Frontage Clinical Services, Inc	3,260,302.67	163,015.13	17,650,675.77	3,529,800.75

(2) Payables

Unit: Yuan

Item	Related party	Closing balance	Opening balance
Trade payable			
	上海觀合醫藥科技有限公司 Teddy Clinical Research Laboratory (Shanghai) Limited	2,481,696.82	1,550,184.96
	Frontage Clinical Services, Inc	10,275.94	27,267.49
Other payables			
	上海觀合醫藥科技有限公司 Teddy Clinical Research Laboratory (Shanghai) Limited	853,781.31	2,475,819.61
	Shanghai Shengtong Pharmaceutical Supply Chain Management Co., Ltd.	4,035.00	
Receipts in advance			
	上海觀合醫藥科技有限公司 Teddy Clinical Research Laboratory (Shanghai) Limited	10,000.00	10,000.00
	上海國創醫藥有限公司 Coland Pharmaceutical Company Limited	2,410,854.63	61,124.35

	Hangzhou Wangji Health Technology Co., Ltd.	211,575.80	500,000.02
	蘇州康乃德生物醫藥有限公司 Suzhou Connect Biopharmaceuticals, Limited	2,312,360.25	3,434,554.63
	杭州帕琦斯醫藥科技有限公司	121,080.50	114,909.50
	金華康潤生物技術有限公司		78,192.20
	蘇州澤璟生物製藥股份有限公司 Suzhou Zelgen Biopharmaceuticals Co., Ltd.	234,435.86	
Non-current liabilities due within one year			
	Song Li		10,294,800.00

### XIII. SHARE-BASED PAYMENT

#### 1. Overall share-based payment

√ Applicable ☐ Not applicable

Unit: Yuan

Total equity instruments granted during the period	367,336,445.02
Total equity instruments exercised during the period	0.00
Total equity instruments expired during the period	10,385,499.61

#### 2. Equity-settled share-based payment

√ Applicable ☐ Not applicable

Unit: Yuan

Method for determining the fair value of equity instruments on the date of grant	The Black-Scholes model is used for determining the fair value of equity instruments on the date of grant by Hangzhou Tigermed, Fantastic Bioimaging, and Frontage Holdings Corporation, and the average method is used for determining the fair value of equity instruments on the date of grant by DreamCis Inc.
Basis for determining the number of available equity instruments	At each balance sheet date during the vesting period, the best estimate is made based on the latest information such as changes in the number of exercisable rights, and the number of equity instruments with expected exercisable rights is revised.

Reasons for significant difference between estimation made during the current period and the previous period	Nil
Accumulated amount of equity-settled share-based payment included in capital reserve	94,465,866.52
Total expenses recognised for the period arising from equity-settled share-based payment	40,769,736.63

#### XIV. COMMITMENTS AND CONTINGENCIES

##### 1. Significant commitments

Significant commitments subsisting at balance sheet date

(1) Hongkong Tigermed, a subsidiary of the Company, entered into a loan contract and a pledge contract dated December 11 2019 with Goldman Sachs International Bank for an amount USD50,000,000.00, of which USD17,845,068.00 was used to purchase shares of EPS Holdings, which was secured by pledges of 308,040,085 shares of Frontage Holdings (1521.HK) and 1,400,000 shares of EPS Holdings (4282.JP).

(2) Frontage Holdings, a subsidiary of the Company, borrowed USD2 million from 美國國富銀行 on September 20, 2017, for a period of three years. The annual repayable amount for the loan was USD666,660.00. The balance of non-current liabilities due within one year was USD500,015.00, which was equivalent to RMB3,488,204.64.

##### 2. Contingencies

###### (1) Significant contingencies subsisting on the balance sheet date

On August 29, 2019, 浙江天松醫療器械股份有限公司 (Zhejiang Tiansong Medical Equipment Company Limited) (hereinafter referred to as "Tiansong Medical") filed a lawsuit against 捷通康諾 (Jyton and Kannel) as a defendant, arguing that 捷通康諾 (Jyton and Kannel) delayed implementation of the "Agreement" signed by both parties. It applied for the judgment that 捷通康諾 (Jyton and Kannel) returned the advance payment of 744,000 yuan and compensated the loss of 1,586,659 yuan. On November 10, 2019, the Tonglu County People's Court issued a "Civil Judgment" ([2019] Zhe 0122 Minchu No. 2583), ruling that 捷通康諾 (Jyton and Kannel) returned Tiansong Medical's advance payment of 600,000 yuan. 捷通康諾 (Jyton and Kannel) filed an appeal with the Hangzhou Intermediate People's Court on November 28, 2019. The case is still pending for the second trial.

###### (2) The Company should also indicate even if it has no significant contingencies for disclosure

There was no material contingency to be disclosed.

## XV. SUBSEQUENT EVENTS

### 1. Profit distribution

Unit: RMB

Profits or dividends proposed for distribution	208,069,192.57
Profits or dividends declared for distribution after consideration and approval	208,069,192.57

### 2. Descriptions of other subsequent events

(1) On April 2, 2020, the Company convened the third extraordinary general meeting for 2020, at which the "Proposal on the Company's Issuance of H Shares and Listing on the Main Board of The Stock Exchange of Hong Kong Limited and Conversion to Joint Stock Limited Company Through Overseas Offering of Shares (《關於公司發行H股股票並在香港聯合交易所有限公司主機板上市及轉為境外募集股份有限公司的議案》)" and the "Proposal on the Company's Plan for Issuance of H Shares and Listing on the Main Board of The Stock Exchange of Hong Kong Limited (《關於公司發行H股股票並在香港聯合交易所有限公司主機板上市方案的議案》)" were reviewed and approved.

(2) DreamCIS Inc., a subsidiary of the Company, received a notice from the Korea Stock Exchange on March 26, 2020 in the effect that DreamCIS Inc. had been approved for listing by the Korea Stock Exchange.

(3) In January 2020, the Company entered into an equity transfer agreement with Yang Jin, Liu Jili and 南京謀康科技合夥企業(有限公司). Pursuant to the agreement, the Company agreed to acquire 27% interests in 上海謀思醫藥科技有限公司 (Mosim Co., Ltd.). Following the share transfer, the Company holds 60% interests and has completed the business registration for the transfer. The Company has consolidated 上海謀思醫藥科技有限公司 (Mosim Co., Ltd.) in its financial statements.

## XVI. NOTES TO PRINCIPAL ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS

### 1. Trade receivable

#### (1) Trade receivable shown by classification

Unit: RMB

Type	Closing balance					Opening balance				
	Book balance		Bad debt provision		Carrying value	Book balance		Bad debt provision		Carrying value
	Amount	Percentage	Amount	Provision ratio		Amount	Percentage	Amount	Provision ratio	
Including :										

Trade receivable for which provision for bad debt is made on group basis	655,966,035.61	100.00%	37,085,802.61	5.65%	618,880,233.00	392,377,214.99	100.00%	12,007,288.23	3.06%	380,369,926.76
Including :										
Trade receivable for which provision for bad debt is made on credit risk characteristic basis	655,966,035.61	100.00%	37,085,802.61	5.65%	618,880,233.00	392,377,214.99	100.00%	12,007,288.23	3.06%	380,369,926.76
Total	655,966,035.61	100.00%	37,085,802.61	5.65%	618,880,233.00	392,377,214.99	100.00%	12,007,288.23	3.06%	380,369,926.76

Provision for bad debts made on group basis:

Unit: RMB

Name	Closing balance		
	Book balance	Provision for bad debt	Provision ratio
Trade receivable for which provision for bad debt is made on credit risk characteristic basis	655,966,035.61	37,085,802.61	5.65%
Total	655,966,035.61	37,085,802.61	--

If provision for bad debts of trade receivable was made using the general approach of expected credit loss, please disclose the information on provision for bad debts with reference to the disclosures of other trade receivable:

☒ Applicable ☐ Not applicable

Disclosure by age

Unit: RMB

Aging	Book balance
Within 90 days	79,219,860.91
90 to 180 days	10,312,895.97
180 days to 1 year	2,554,216.12
Above 1 year	3,503,833.28
Not yet invoiced	560,375,229.33
Total	655,966,035.61

## (2) Provision, retrieval and reversal of provision for bad debts for the period

Provisions for bad debts for the period:

Unit: RMB

Type	Opening balance	Movement during the period				Closing balance
		Provision	Retrieval and reversal	Write-off	Others	
Trade receivable for which provision for bad debts is made on credit risk characteristics basis	30,118,567.59	6,967,235.02				37,085,802.61
Total	30,118,567.59	6,967,235.02				37,085,802.61

**(3) Top five trade receivable according to closing balance of debtors**

Unit: RMB

Name of debtor	Closing balance	Percentage of closing balance of total trade receivable	Balance of bad debt allowance
Debtor 1	67,621,389.51	10.31%	3,417,957.29
Debtor 2	58,038,171.51	8.85%	2,900,605.46
Debtor 3	36,490,249.60	5.56%	1,823,693.17
Debtor 4	35,491,547.78	5.41%	2,111,528.16
Debtor 5	23,398,053.50	3.57%	1,169,377.32
Total	221,039,411.90	33.70%	

**2. Other receivables**

Unit: RMB

Item	Closing balance	Opening balance
Interests receivable		1,060,780.97
Dividends receivable	3,960,000.00	4,087,748.46
Other receivables	41,224,571.45	60,054,931.49
Total	45,184,571.45	65,203,460.92

**(1) Interests receivable**

**1) Classification of interests receivable**

Unit: RMB

Item	Closing balance	Opening balance
Fixed deposits		754,523.44
Other interests		306,257.53
Total		1,060,780.97

**2) Provision for bad debt**

☐ Applicable; ☒ Not applicable

**(2) Dividends receivable**

**1) Classification of dividends receivable**

Unit: RMB

Item (or investee company)	Closing balance	Opening balance
泰州康利華醫藥科技有限公司 Taizhou Kanglihua Pharmaceutical Technology Co., Ltd		4,087,748.46
上海謀思醫藥科技有限公司 Mosim Co., Ltd.	3,960,000.00	
Total	3,960,000.00	4,087,748.46

**2) Provision for bad debt**

☐ Applicable ☒ Not applicable

**(3) Other receivables**

**1) Classification of other receivables by nature**

Unit: RMB

Nature	Closing book balance	Opening book balance
Current account	43,061,527.17	64,123,643.93
Security	3,869,550.08	3,104,458.71
Reserve	785,787.47	1,576,162.06



Others	1,758,109.22	1,423,258.10
Total	49,474,973.94	70,227,522.80

## 2) Provision for bad debts

Unit: RMB

Bad debt provision	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss for the next 12-month	Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	
Balance at January 1, 2019	10,172,591.31			10,172,591.31
Balance at January 1, 2019 during the period	—	—	—	—
Provision for the period	-1,922,188.82			-1,922,188.82
Balance at December 31, 2019	8,250,402.49			8,250,402.49

Movement of book balance of significant change in provision for the period

☐ Applicable ☒ Not applicable

Disclosure by age

Unit: RMB

Aging	Book balance
1 year (inclusive)	14,038,918.22
1 to 2 years	6,122,072.30
2 to 3 years	27,033,896.75
Above 3 years	2,280,086.67
3 to 4 years	1,064,068.49
4 to 5 years	560,877.95
Above 5 years	655,140.23
Total	49,474,973.94

## 3) Provision, retrieval or reversal of provision for bad debts for the period

Provisions for bad debts for the period:

Unit: RMB

Type	Opening balance	Movement during the period				Closing balance
		Provision	Retrieval or reversal	Write-off	Others	

Other receivables for which provision for bad debts is made on credit risk characteristics basis	10,172,591.31	-1,922,188.82				8,250,402.49
Total	10,172,591.31	-1,922,188.82				8,250,402.49

#### 4) Balance of top five other receivables at the end of the period by debtor

Unit: RMB

Name	Nature	Closing balance	Aging	Proportion to the total amount of closing balance of other receivables	The balance of provision for bad debts as at the end of period
Debtor 1	Current account	27,434,811.88	Within 3 years	55.45%	1,371,740.59
Debtor 2	Current account	6,450,000.00	Within 1 year	13.04%	322,500.00
Debtor 3	Current account	2,741,965.00	Within 2 years	5.54%	137,098.25
Debtor 4	Current account	1,818,771.12	Within 2 years	3.68%	90,938.56
Debtor 5	Security	1,282,040.10	Above 1 year	2.59%	64,102.01
Total	--	39,727,588.10	--	80.30%	1,986,379.41

### 3. Long-term equity investment

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investment in subsidiaries	2,395,933,778.59	35,120,000.00	2,360,813,778.59	2,058,045,223.84	36,120,000.00	2,021,925,223.84
Investment in associates and joint ventures	105,938,570.56		105,938,570.56	90,091,607.84		90,091,607.84
Other equity instruments	8,557,214.34		8,557,214.34			
Total	2,510,429,563.49	35,120,000.00	2,475,309,563.49	2,148,136,831.68	36,120,000.00	2,112,016,831.68

(1) Investment in subsidiaries

Unit: RMB

Investee	Opening balance (Carrying amount)	Increase/Decrease				Closing balance (Carrying amount)	Closing balance of provision for impairment
		Investments increased	Investments decreased	Provision for impairment	Others		
上海泰格醫藥 科技有限公司 Frontage Shanghai, Shanghai Tigermed Co Ltd	6,820,979.79					6,820,979.79	
嘉興泰格數據 管理有限公司 Jiaxing Tigermed Data Management Co., Ltd.	176,083,600.00					176,083,600.00	
美斯達（上海） 醫藥開發有限 公司 MacroStat (China) Clinical Research Co., Ltd	26,231,806.00					26,231,806.00	
杭州思默醫藥 科技有限公司 Hangzhou Simo Co.,Ltd.	17,627,000.00					17,627,000.00	
廣州泰格醫學 研究所有限公 司 Tigermed Research Institute Co., Ltd.	10,055,000.00					10,055,000.00	
Hongkong Tigermed Co., Limited	526,381,265.18					526,381,265.18	

上海晟通國際 物流有限公司 Shanghai Shengtong International Logistics Co., Ltd	29,730,000.00		30,730,000.00	-1,000,000.00			
杭州英放生物 科技有限公司 Fantastic Bioimaging Co., Ltd.	2,940,000.00	6,753,240.00				9,693,240.00	
杭州泰蘭醫藥 科技有限公司 Hangzhou Talent MedConsulting Co., Ltd.	5,857,749.24		878,662.38			4,979,086.86	
Jiaxing Clinflash Computer Technology Co., Ltd.	501,000.00					501,000.00	
泰格新澤醫藥 技術（嘉興）有 限公司 Tiger-Xinze Medical Technology (Jiaxing) Co., Ltd.	1,018,132.50	4,791,420.00				5,809,552.50	
泰州康利華醫 藥科技有限公 司 Taizhou Kanglihua Pharmaceutical Technology Co., Ltd	19,380,000.00					19,380,000.00	6,120,000.00

杭州泰格益坦 醫藥科技有限 公司 Hangzhou Tigermed-Intelli PV Co., Ltd	10,274,000.00	13,440,000.00				23,714,000.00	
杭州泰煜投資 諮詢有限公司 Hangzhou Taiyu Investment Consulting Co., Ltd.	1,020,000.00					1,020,000.00	
石河子泰譽股 權投資合夥企 業（有限合夥） Shihezi Taiyu Equity Investment Partnership	18,097,991.13		1,123,810.70			16,974,180.43	
北醫仁智（北 京）醫學科技發 展有限公司 Beijing Medical Development Co., Ltd.	125,000,000.0 0					125,000,000.00	29,000,000.00
Hangzhou Tigermed Jietong Inspection Technology Co., Ltd.	8,000,000.00		8,000,000.00				
漯河煜康投資 中心（有限合 夥） Luohe Yukang Investment Center Partnership	30,000,000.00		8,096,735.77			21,903,264.23	

杭州泰格股權 投資合夥企業 (有限合夥) Hangzhou Tigermed Equity Investment Partnership	464,156,700.0 0	242,082,653.6 0				706,239,353.60	
泰州泰格捷通 醫藥科技有限 公司 Taizhou Tigermed-Jyton Medical Tech. Co., Ltd.	540,000,000.0 0					540,000,000.00	
Hangzhou Tigermed Cloud Hospital Management Co., Ltd.	200,000.00		200,000.00				
嘉興益新泰格 醫藥科技有限 公司 EPS Tigermed (Jiaxing) Co., Ltd.	1,530,000.00					1,530,000.00	
北京泰格興融 投資管理有限 公司 Beijing Tigermed Xingrong Investment Management Co., Ltd.	1,020,000.00					1,020,000.00	
北京雅信誠醫 學信息科技有 限公司 Beijing Yaxincheng Medical InfoTech Co., Ltd.		118,800,000.0 0				118,800,000.00	
Tigermed USA Inc		1,050,450.00				1,050,450.00	

Total	2,021,925,223.84	386,917,763.60	49,029,208.85	-1,000,000.00		2,360,813,778.59	35,120,000.00
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(2) Investment in associates and joint ventures

Unit: RMB

Investee	Opening balance (Book value)	Increase/Decrease								Closing balance(Book value)	Closing balance of provision for impairment
		Investments increased	Investments decreased	Investment income or loss recognised under equity method	Adjustments to other comprehensive income	Other changes in equity	Cash dividends or profits declared	Provision for impairment	Others		
I. Joint ventures											
II. Associates											
杭州頤柏健康管理有限公司 Hangzhou Yibai Health Management Co., Ltd.	46,905,872.19		10,687,500.00	-23,355,563.72						12,862,808.47	
蘇州益新泰格醫藥科技有限公司 (Suzhou) Tigermed	9,464,740.49			-127,445.68						9,337,294.81	
益新泰格（南通）醫藥科技有限公司 EPS Tigermed	15,436,168.73			167,507.04						15,603,675.77	

上海觀合醫藥科技有限公司 Teddy Clinical Research Laboratory (Shanghai) Limited	18,284,826.43		400,000.00	5,376,844.36						23,261,670.79	
上海謀思醫藥科技有限公司 Mosim Co., Ltd.		42,090,212.10		6,742,908.62			3,960,000.00			44,873,120.72	
Sub-total	90,091,607.84	42,090,212.10	11,087,500.00	-11,195,749.38			3,960,000.00			105,938,570.56	
Total	90,091,607.84	42,090,212.10	11,087,500.00	-11,195,749.38			3,960,000.00			105,938,570.56	

#### 4. Operating income and operating cost

Unit: RMB

Item	Current period		Preceding period	
	Revenue	Cost	Revenue	Cost
Main operation	1,158,795,430.23	789,418,727.44	889,760,768.78	620,985,342.98
Other operation	18,496,570.19	13,930,843.50	7,409,938.26	6,174,268.49
total	1,177,292,000.42	803,349,570.94	897,170,707.04	627,159,611.47

Whether new revenue standard been applied or not

☐ Yes ☒ No

#### 5. Investment income

Unit: RMB

Item	Current period	Preceding period
Investment income from long-term equity investments under cost method	188,420,577.80	88,550,064.83
Investment income from long-term equity investments under equity method	-11,195,749.38	7,813,623.94



Investment income from disposal of long-term equity investments	23,649,650.15	792,000.00
Investment income from disposal of available-for-sale financial assets		5,045,284.88
Gains from remeasurement of the remaining equity at fair value after the loss of control	32,444,545.45	
Gains arising from the difference between the investment cost for acquisition of subsidiaries, associates and joint ventures by an enterprise and the fair value of the identifiable net assets of the invested entity at the time of acquisition	12,240,000.00	
Investment income from financial assets at fair value through profit or loss		1,785,179.53
Investment income from other non-current financial assets through profit or loss	5,551,606.40	
Investment income from disposal of other non-current financial assets	24,457,445.50	
Total	275,568,075.92	103,986,153.18

## XVII. SUPPLEMENTAL INFORMATION

### 1. Breakdown of non-recurring profit or loss for the current period

√ Applicable ☐ Not applicable

Unit: RMB

Item	Amount	Explanation
Profit/loss on disposal of non-current assets	43,737,385.02	Mainly due to the disposal of long-term equity investments and fixed assets and other long-term assets during the reporting period.
Government grant recognised in current profit or loss, except for those acquired in the ordinary course of business and granted on fixed amount basis or enjoyed on continuous fixed amount basis subject to certain standards	16,216,189.63	Mainly due to the government subsidies received during the reporting period.

Gains arising from the difference between the investment cost for acquisition of subsidiaries, associates and joint ventures by an enterprise and the fair value of the identifiable net assets of the invested entity at the time of acquisition	41,488,162.45	Mainly attributable to the investment income generated from the Company's newly added subsidiaries during the reporting period.
Profit/loss from entrusted investment or management of assets	1,371,800.46	Mainly attributable to the income generated from the Company's wealth management products during the reporting period.
Apart from hedging instruments relating to the normal operations of the Company, profit or loss from change in fair value of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities and derivative financial liabilities, and investment income from disposal of held-for-sale financial assets, derivative financial assets, held-for-sale financial liabilities, derivative financial liabilities and other debt investment	277,841,928.30	Mainly due to the investment income recognised during the holding and disposal of other non-current financial assets of the Company during the reporting period, the gains from changes in fair value of other non-current assets; after losing control, the remaining equity is remeasured at fair value.
Other non-operating income and expenses save for the above	-470,286.85	
Less: Effect of income tax	23,682,926.62	
Effect of minority interests	72,987,320.63	
Total	283,514,931.76	--

Notes for the Company's non-recurring gains or losses as defined in the *Explanatory Announcement on Information*

*Disclosure for Companies Offering Their Securities to the Public No.1 – Non-recurring Gains or Losses* and the nonrecurring

gains or losses as illustrated in the *Explanatory Announcement on Information Disclosure for Companies*

*Offering Their Securities to the Public No.1 – Non-recurring Gains or Losses* defined as its recurring gains or losses.

☐ Applicable ☒ Not applicable

## 2. ROE and earning per share

Profit for the reporting period	Weighted-average return on net assets	Earning per share	
		Basic earning per share (yuan/share)	Diluted earning per share (yuan/share)
Net profit attributable to common stockholders of the Company	23.65%	1.13	1.13

Net profit attributable to common stockholders of the Company after non-recurring profit or loss	15.69%	0.75	0.75
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## **Section 13 Documents available for Inspection**

1. The financial statements bearing signatures and seals of Ms. Cao Xiaochun, legal representative, Mr. Gao Jun, person-in-charge of accounting affairs and Mr. Yu Guoyun, head of accounting department.
2. Originals of auditors' reports bearing seals of the accounting firm and signatures and seals of the certified public accountants.
3. The text of 2019 annual report signed by Ms. Cao Xiaochun, legal representative.
4. Originals of all the Company's documents and originals of announcements, which have been disclosed on the websites designated by CSRC during the reporting period.
5. Other relevant information.