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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Dr. Song Li
(Chief Executive Officer and Chairman)

Non-executive Directors
Ms. Zhuan Yin
Mr. Hao Wu
Dr. Zhihe Li

Independent Non-executive Directors
Mr. Yifan Li
Mr. Erh Fei Liu
Dr. Jingsong Wang

MEMBERS OF AUDIT AND RISK MANAGEMENT COMMITTEE
Mr. Yifan Li *(Chairman)*
Mr. Erh Fei Liu
Mr. Hao Wu

MEMBERS OF REMUNERATION COMMITTEE
Dr. Jingsong Wang *(Chairman)*
Mr. Yifan Li
Dr. Song Li

MEMBERS OF NOMINATION COMMITTEE
Dr. Jingsong Wang *(Chairman)*
Mr. Erh Fei Liu
Dr. Song Li

COMPANY SECRETARY
Ms. Karen Ying Lung Chang
(Hong Kong Solicitor)

AUTHORISED REPRESENTATIVES
Dr. Song Li
Ms. Karen Ying Lung Chang

AUDITOR
BDO Limited
Certified Public Accountants

PRINCIPAL BANKER
Wells Fargo Bank, N.A.

LEGAL ADVISERS
As to Hong Kong laws:
Morgan, Lewis & Bockius

As to Cayman Islands laws:
Conyers Dill & Pearman

REGISTERED OFFICE
Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEAD OFFICE
700 Pennsylvania Drive
Exton, PA 19341, USA

PRINCIPAL PLACE OF BUSINESS IN USA
700 Pennsylvania Drive
Exton, PA 19341, USA

PRINCIPAL PLACE OF BUSINESS IN HONG KONG
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348 Kwun Tong Road, Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

STOCK CODE
1521

COMPANY WEBSITE
www.frontagelab.com

FINANCIAL HIGHLIGHTS

	Six months ended June 30,	
	2022	2021
	USD'000	*USD'000*
	(Unaudited)	(Unaudited)
Operating results		
Revenue	**118,933**	85,125
Gross profit	**44,200**	29,661
Profit before tax	**17,930**	11,470
Net profit	**13,102**	9,059
Adjusted net profit[1]	**18,768**	14,543
Profitability		
Gross profit margin (%)	**37.2%**	34.8%
Net profit margin (%)	**11.0%**	10.6%
Adjusted net profit margin (%)[1]	**15.8%**	17.1%

	As at June 30, 2022	As at December 31, 2021
	USD'000	*USD'000*
	(Unaudited)	(Audited)
Financial position		
Total assets	**492,916**	475,842
Total equity	**327,991**	323,084
Total liabilities	**164,925**	152,758
Cash and cash equivalents	**67,834**	144,629

The Board has resolved not to declare an interim dividend for the six months ended June 30, 2022.

(1) Calculation of adjusted net profit is modified and calculated as net profit for the Reporting Period, excluding the share-based compensation expenses, amortization of acquired intangible assets from mergers and acquisitions and gain or loss arising from financial liabilities measured as fair value through profit or loss to better reflect the Company's current business and operations.

FINANCIAL HIGHLIGHTS

Non-IFRS Measures

To supplement the Group's consolidated financial statements which are presented in accordance with the IFRSs, the Company has provided adjusted net profit, adjusted net profit margin and adjusted basic and diluted earnings per share (excluding the share-based compensation expenses, amortization of acquired intangible assets from mergers and acquisitions and gain or loss arising from financial liabilities measured as fair value through profit or loss) as additional financial measures, which are not required by, or presented in accordance with, the IFRSs. The Company believes that the adjusted financial measures are useful for understanding and assessing underlying business performance and operating trends, and that the Company's management and investors may benefit from referring to these adjusted financial measures in assessing the Group's financial performance by eliminating the impact of certain unusual, non-recurring, non-cash and/or non-operating items that the Group does not consider indicative of the performance of the Group's business. However, the presentation of these non-IFRSs financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with the IFRSs. The adjusted results should not be viewed on a stand-alone basis or as a substitute for results under IFRSs.

BUSINESS REVIEW

Overview

We are a CRO engaged in the provision of research, analytical and development services throughout the product discovery and development continuum. We provide integrated, scientifically-driven support that enables biopharmaceutical and life science companies to achieve their product development goals. We have operations in both North America (including the U.S. and Canada) and China, and are well-placed to capture growth opportunities in these markets. In North America and China, the Group provides a comprehensive portfolio of product discovery and development services throughout the discovery and development continuum, which includes discovery and preclinical research (comprised of DMPK, safety and toxicology, ADME, and compound screening and lead optimization), laboratory testing (comprised of bioanalytical and biologics, and central laboratory), chemistry, and CMC. In addition, in China, the Group provides a suite of bioequivalence and related services (such as pharmacology, medical writing and regulatory support) to support our customers with regulatory submissions.

We seek to leverage our growing portfolio of expertise and capabilities to become a global CRO providing high-quality services to our customers and rewarding career opportunities for our employees. Our client base includes small, mid-sized, and large biopharmaceutical companies, biotechnology companies, CROs, agricultural and industrial chemical companies, life science companies, contract manufacturing companies, and diagnostic and other commercial entities, as well as hospitals, academic institutions, and government agencies. Additionally, our customer base is geographically diverse with well-established relationships in North America, China, Europe, India, Japan, South Korea and Australia. We currently operate in 22 facilities in three countries and have over 1,500 employees worldwide.

During the Reporting Period, revenue of the Group increased by 39.7% from approximately US$85.1 million for the six months ended June 30, 2021 to approximately US$118.9 million for the six months ended June 30, 2022. The Group's contract future revenue, which represents future service revenues from work not yet completed or performed under all signed contracts or customer's purchase orders in effect at that time, achieved approximately US$315.3 million as at June 30, 2022, representing an increase of 44.4% compared to approximately US$218.4 million as at June 30, 2021 and an increase of 30.4% compared to approximately US$241.8 million as at December 31, 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

COVID-19 PANDEMIC AND EFFECTS ON OUR BUSINESS

Our operations in North America were not adversely impacted by the COVID-19 pandemic during the Reporting Period as our customers continued to increase investment in their product development endeavors and outsourced significant portions of their drug discovery, development, and manufacturing processes to CROs like us for our flexible solutions and comprehensive scientific capabilities. This positively impacted revenue, operating income, operating income margins, and cash flows, which continued throughout the Reporting Period.

During the Reporting Period, the ongoing COVID-19 pandemic coupled with the resurgence of COVID-19 cases in many Chinese provinces, along with the associated economic repercussions had material adverse effects on our business, results of operations, or financial condition in China.

In March 2022, the COVID-19 variant Omicron spread across China with Shanghai at the center of the outbreak. In response, authorities of the city implemented rapid lockdowns, mass COVID-19 testing, and long quarantines.

Our Laboratory Testing and Chemistry units located in Shanghai, China were adversely impacted due to the extended physical lockdown and shutdown of our facilities between mid-March to the end of April in Shanghai.

By the end of April 2022, our facilities in Shanghai were permitted to resume operations pursuant to the “Shanghai Whitelist of Enterprises Resuming Work and Production”. Subject to the “closed-loop” containment system required by local authorities, we set up on-site housing at our facilities to meet such requirement; at one point, we effectively accommodated over 80 laboratory scientists and technical personnel to work and live onsite at our facilities.

COVID-19 PANDEMIC AND EFFECTS ON OUR BUSINESS *(Continued)*

Since June 1, 2022, with the gradual lifting of Shanghai's lockdown mandate, the delivery efficiency and capacity utilization rate of our facilities in Shanghai, China have gradually returned to normal levels. The outbreak caused substantial economic and social disruption across Shanghai which resulted in direct and indirect adverse effects on our industry, suppliers, customers and ultimately our business, results of operations and financial condition in China. Effects of the COVID-19 pandemic in China, and the various governmental, industry actions related thereto, have included, or may in the future include, among others:

- deterioration of worldwide, regional or national economic conditions and activity, which adversely affects global demand for our products and services;
- temporary and partial closures of our facilities or the facilities of our customers and third-party service providers;
- constraints on our human capital resources and productivity;
- regional lockdowns and temporary closure of highway entrances and exits, which further challenges industrial operations and logistics transportation;
- interruption of the operations of regional, domestic and global supply chains and those of our suppliers;
- disruptions to distribution channels, liquidity and capital or financial markets;
- disruptions to our business from, or additional costs related to, new regulations, directives or practices implemented in response to the pandemic, such as travel restrictions, full or partial lockdowns, increased inspection regimes, hygiene measures (such as quarantining and physical distancing) or increased implementation of remote working arrangements;

COVID-19 PANDEMIC AND EFFECTS ON OUR BUSINESS *(Continued)*

- constraints on international routes for shipment of products and materials impact timelines to support client demands; and

- delays in the commencement of, or the suspension or cancelation of, clients' studies or projects.

Despite the new challenges presented to us during the Reporting Period, our teams demonstrated resilience and continued to employ various mitigation measures to minimize the adverse impacts of the COVID-19 pandemic in China on our ongoing projects, customer relationships, and procurement of supplies and materials. These measures include: 1) leveraging virtual, cloud-based technologies to facilitate teleworking, devoting extra resources to manage business continuity plans and accelerating the execution of delayed projects while ensuring high-quality services and data protection; 2) implementing regional-specific contingency plans for our employees to work remotely and onsite with protective masks, sanitization supplies, and living accommodations; 3) establishing stringent safety protocols at our operating sites; and 4) managing our response to the pandemic through a combination of enterprise-wide and regional governance teams, with particular focus on the scientific, information technology, human capital, legal, and financial impacts of the pandemic on our business. These efforts were further supported by extensive internal and external communications making all stakeholders aware of the precautions taken to protect the health and safety of our employees and their families, our customers, business partners, and communities.

Although disruption and effects from the COVID-19 pandemic in China may be temporary, given the dynamic nature of these circumstances and the worldwide nature of our business and operations, the duration of any business disruption and the related financial impact to us cannot be reasonably estimated at this time but could materially affect our business, results of operations and financial condition. Our business and operations in China have been and may in the future be adversely affected by the COVID-19 pandemic.

ENHANCED CAPABILITIES AND EXPERTISE

North America

During the Reporting Period, we completed the construction of the 25,000-square-foot facility in Hayward, CA. The Hayward facility will provide our customers with LC-MS bioanalytical, biologics bioassay, and biomarker services for both non-regulated and regulated studies. This new state-of-the-art facility has been operating since May 2022. Our central laboratory unit procured cutting-edge high-throughput equipment and laboratory information systems ("**LIS**") with an emphasis on similar procedures across our central laboratory facilities to ensure laboratory data consistency both worldwide and over time. The cloud-based LIS system allows supporting functions such as laboratory workflow, sample management, logistics, data regulatory compliance, and data analysis, including artificial intelligence-guided data mining. Additionally, our central laboratory unit has more than 1,000 tests that are available in the following safety and specialty testing categories: hematology, specialty hematology, urinalysis, chemistry, coagulation, immunology, allergen and autoimmune, infectious disease, molecular, and diagnostic flow cytometry assays. Our central laboratory unit's overall capacity has reached more than 10,000 samples per day and has teamed up with Medicover as our European partner laboratory which will further strengthen our testing and logistic capabilities for conducting global clinical trials including European countries.

ENHANCED CAPABILITIES AND EXPERTISE *(Continued)*

Acquisition of 100% of the membership interests in Experimur LLC, Experimur Intermediate LLC & Experimur Properties LLC ("Experimur Acquisition")

During the Reporting Period, we continued to expand our portfolio of services through the Experimur Acquisition, which was closed on January 10, 2022. For details, please refer to the Company's announcements dated December 30, 2021 and January 11, 2022.

Experimur, a CRO located in Chicago, Illinois, U.S. provides full service, GLP-compliant toxicology and related non-clinical development services supporting the pharmaceutical and biotechnology industries. In addition to IND- and NDA-enabling toxicology studies, Experimur's experience spans extensive developmental, reproductive, and juvenile toxicology, as well as safety pharmacology, transgenic & routine carcinogenicity and general toxicology in all major laboratory species. Its complimentary in-house support services include histology, diagnostic pathology, clinical pathology, and analytical chemistry. The expertise Experimur brings, along with its state-of-the-art 40-room facility and technologically-advanced equipment, significantly expands the Group's capabilities in pharmacological safety assessment, toxicology services, and other ancillary drug discovery and development services, providing us with the competencies to support our customers' drug-development programs beyond Investigational New Drug ("**IND**") and into developmental and reproductive toxicology ("**DART**") and carcinogenicity studies.

China

During the Reporting Period, though our operations in China experienced a short-term impact on delivery efficiency caused by COVID-19 related disruptions, we persisted on our strategy to develop our comprehensive drug discovery and development services platform for additional projects, especially for innovative drugs. In addition to enhancing our existing capabilities and expertise in bioanalytical and biologics, chemistry, CMC and bioequivalence, we actively engaged in introducing new service offerings such as compound screening, DMPK, safety and toxicology and central laboratory to our portfolio of services. Revenue from projects related to innovative drugs contributed over 65% of our revenue for the six months ended June 30, 2022 in China, and contract future revenue from innovative drugs contributed nearly 80% of our total contract future revenue as at June 30, 2022 in China, compared to that of approximately 65% as at December 31, 2021 and approximately 50% as at December 31, 2020.

ENHANCED CAPABILITIES AND EXPERTISE *(Continued)*

Laboratory Testing

During the Reporting Period, we continued to improve the service capacities and collaborative efforts of bioanalytical and biologics in China, and to integrate our platform for biological and biomarker analysis technology. We also further expanded our offerings for genomics services and biomarker services. In addition, we have a dedicated project management team managing the global clinical trials and facilitating the communication with the sponsors.

While securing our traditional leading positions in the areas such as ADC, liposomal compounds, and endogenous compounds analysis, we are also building new platforms in oligonucleotides (such as ASO), gene and cell therapy, protein/peptide, and insulin bioanalyses. With the establishment of our pre-clinical toxicology and safety pharmacology capabilities in Suzhou, we also set up a GLP bioanalytical lab within the pre-clinical business unit to support TK sample analyses. To meet the increased demand on biologics businesses, we have dedicated more than 20,000-square-foot new lab space in Lin-Gang Special Area, Shanghai, for large molecules bioanalysis. We are setting up the facility and we anticipate that it will become fully operational by the end of September 2022.

During the Reporting Period, we continued to expand our central laboratory services in China. Our central laboratory unit in Shanghai has completed the installation, configuration, and computerized system validation of the LIS system. With the assistance of biobanking module of the LIS system, we started to provide electronic sample management services to our clients. From April to May, 2022, our facilities in Shanghai were closed due to the resurgence of COVID-19 pandemic. During this period, we implemented our business continuity plan. With additional support from our facilities in Suzhou and Zhengzhou, the supply of consumables in more than 80 clinical sites was guaranteed without any delay or issue. We have also distributed laboratory manuals and launched training programs during the period of lockdown. For laboratory testing, we have established detection platforms and methods including blood, biochemical immunity, flow cytometry detection and pathological detection, and completed the methodological verification of some detection items. It can support the detection of relevant biomarkers of cardiovascular, endocrine, metabolic diseases, immunology, oncology and other research projects. In the first half of 2022, we commenced the provision of Histology, H&E staining and IHC staining services, as well as safety tests such as CBC with diff, coagulation tests, and HbA1C etc.

ENHANCED CAPABILITIES AND EXPERTISE *(Continued)*

Chemistry

During the Reporting Period, our chemistry unit in China experienced a rapid growth in our talent pool and service capability. Our chemistry unit has more than 290 employees in China, with an aggregate experience of more than 30,000 lead compounds synthesis, and possess a series of technological research and development (the "**R&D**") platforms such as small molecule nucleic acid drug, nucleoside analog and boron containing small molecule drug.

The construction of the 7,000-square-foot good manufacturing practice ("**GMP**") kilogram laboratory in Shanghai was completed and the GMP kilogram laboratory became fully operational during the Reporting Period. The new GMP kilogram laboratory enables us to provide our customers with non-GLP/GLP/GMP batch production, further enhancing our chemistry expertise from discovery to development, milligram to kilogram, medicinal chemistry to API synthesis.

At the same time, our medicinal chemistry unit continued to upgrade its manufacturing capacity to meet our customers' demands. Our 17,000-square-foot medicinal chemistry facility in Shanghai became fully operational by the end of last year.

During the Reporting Period, Cheng Hong Pharma, an associate in which we hold a 48.57% equity interest, initiated the construction of CDMO plant for API manufacturing on a facility situated on a 12-acre land. With this investment, we will be able to provide a full spectrum of chemistry service offerings from kilogram laboratories to commercial manufacturing.

To expand our medicinal chemistry services, we have leased 200,000-square-foot space in Biolake, Wuhan. The site is expected to be partially operational by the first quarter of 2023. The phase I construction can hold over 500 scientists.

ENHANCED CAPABILITIES AND EXPERTISE *(Continued)*

CMC

During the Reporting Period, our CMC unit in China continued to improve its overall capability and quality of its formulation R&D services.

The construction of our new 89,000-square-feet facility in Suzhou is nearing completion and this facility is expected to become operational by the fourth quarter of 2022. In addition to the enhanced manufacturing capacity of our CMC formulation R&D analytical services, this facility will include an oral formulation workshop, sterile injection workshop, topical formulation workshop, and analytical testing laboratory which will augment our capability in clinical trial sample/material production in various dosage forms such as injections, semi-solid preparations and eye drops. We are committed to expand this facility into a premier CDMO partner with international standard quality system to meet our customers' product needs from concept to commercialization.

Preclinical Research

During the Reporting Period, we commenced operations at our 215,000-square-foot safety assessment facility in Suzhou, China. In January 2022, we obtained the "Laboratory Animal Facility Use License" for this facility and implemented the establishment of the GLP system. We will be able to perform GLP verification test at our safety assessment center by the second half of this year. We plan to submit GLP certification applications to NMPA (National Medical Products Administration of the PRC) by the end of this year. To meet the application needs of customers for new drug research and development, we have also submitted an application for AAALAC (Association for Assessment and Accreditation of Laboratory Animal Care) certification to the AAALAC committee, and will host on-site inspections by AAALAC international certification experts in the second half of this year.

In addition, with the new animal facility put into operation in Suzhou, DMPK business are running in life pharmacokinetics ("**PK**") using the new facility now, with rodents and large animals in our vivarium for routine PK studies.

ENHANCED CAPABILITIES AND EXPERTISE *(Continued)*

Preclinical Research *(Continued)*

During the Reporting Period, we completed the construction of our new 34,000-square-foot compound screening facility in Wuhan, China and the new compound screening facility became operational. The new facility includes a 10,000-level cell room, a P2 laboratory, a biochemical laboratory and will expand the application of SPR technology, Protac technology, ion channels, GPCR targets, intracellular kinase binding assessment and high-content technology detection platforms. It will cover a broad range of therapeutic areas, including neuropathies, metabolic diseases, inflammation, cancer and safety assessment targets.

In addition, we have added services such as electrophysiological testing platform and animal pharmacodynamic model validation to our compound screening business, and continuously improved our in vitro and in vivo pharmacodynamic screening services.

Bioequivalence

During the Reporting Period, we continued to improve our bioequivalence ("**BE**") service capabilities through enhancing our skills: (i) in the management of complex BE projects that require clinical research in patient populations, including but not limited to cancer and schizophrenia patients; (ii) in the execution of drug-drug interaction (DDI) research capabilities as required in the approval process of generic drugs; and (iii) in regulatory submission expertise in order to facilitate the development of generic drugs for customers.

THE GROUP'S FACILITIES

As of June 30, 2022, the Group had eleven (11) facilities in North America, consisting of:

- three (3) facilities in Exton, PA, USA;
- two (2) facilities in Hayward, CA, USA;
- one (1) facility in Concord, OH, USA;
- one (1) facility in Monmouth Junction, NJ, USA;
- one (1) facility in Deerfield, FL, USA;
- one (1) facility in Palo Alto, CA, USA;
- one (1) facility in Chicago, IL; and
- one (1) facility in Vancouver, Canada.

In addition, as of June 30, 2022, the Group had eleven (11) facilities in China, consisting of:

- four (4) facilities in Shanghai;
- four (4) facilities in Suzhou, Jiangsu Province;
- one (1) facility in Zhengzhou, Henan Province; and
- two (2) facilities in Wuhan, Hubei Province.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The revenue of the Group increased by 39.7% from approximately US$85.1 million for the six months ended June 30, 2021 to approximately US$118.9 million for the six months ended June 30, 2022. Revenue from operations in North America increased by 67.7% from approximately US$56.3 million for the six months ended June 30, 2021 to approximately US$94.4 million for the six months ended June 30, 2022. Excluding the impact of currency translation, the revenue from operations in China decreased by 14.7% from approximately RMB186.7 million (equivalent to approximately US$28.8 million) for the six months ended June 30, 2021 to approximately RMB159.3 million (equivalent to approximately US$24.5 million) for the six months ended June 30, 2022. Specifically, the growth of revenue from operations in North America was mainly attributable to (i) marketing efforts made by the Group, resulting in robust marketing performance in North America; and (ii) positive synergistic effect in the preclinical segment brought by the acquisition of Quintara and Experimur. The decrease in operational revenue in the China market was mainly due to the adverse effects on delivery efficiency caused by COVID-19 primarily in Shanghai in the first half of 2022.

The revenue of the Group, as a whole, recorded strong growth during the Reporting Period. The Group derived a vast majority of its revenue from providing services to customers headquartered in the United States and China. In particular, revenue from customers in the U.S. substantially increased for the six months ended June 30, 2022 compared to that for the six months ended June 30, 2021.

FINANCIAL REVIEW *(Continued)*

Revenue *(Continued)*

The following table sets forth a breakdown of our revenue by type of service during the Reporting Period:

	For the six months ended June 30,	
	2022	2021
	US$'000	*US$'000*
Laboratory testing	**45,867**	39,374
CMC	**13,191**	14,289
Preclinical research	**48,878**	17,992
Bioequivalence	**3,448**	5,762
Chemistry	**7,549**	7,708
	118,933	85,125

An analysis of the Group's revenue from external customers, analyzed by the customer's respective country/region of operation, is presented below:

	For the six months ended June 30,			
	2022		2021	
Revenue	***US$'000***	***%***	*US$'000*	*%*
– USA	**89,113**	**74.9**	53,477	62.8
– China	**20,759**	**17.5**	25,578	30.0
– Rest of the world*(Note)*	**9,061**	**7.6**	6,070	7.2
Total	**118,933**	**100.0**	85,125	100.0

Note: Rest of the world primarily includes Europe, India, Japan, South Korea and Australia.

Top 5 customers' revenue increased by 2.8% from approximately US$21.3 million for the six months ended June 30, 2021 to approximately US$21.9 million for the six months ended June 30, 2022, accounting for 18.4% of total revenue for the six months ended June 30, 2022 as compared to 25.0% for the six months ended June 30, 2021.

FINANCIAL REVIEW *(Continued)*

Revenue *(Continued)*

Top 10 customers' revenue increased by 11.6% from approximately US$26.8 million for the six months ended June 30, 2021 to approximately US$29.9 million for the six months ended June 30, 2022, accounting for 25.1% of total revenue for the six months ended June 30, 2022, as compared to 31.5% for the six months ended June 30, 2021.

Cost of Services

The cost of services of the Group increased by 34.6% from approximately US$55.5 million for the six months ended June 30, 2021 to approximately US$74.7 million for the six months ended June 30, 2022. The increase of the cost of services was mainly attributed to the mergers and acquisitions and the expansion of our capacity in North America and China which led to an increase in depreciation and employee compensation as more scientists were hired.

The cost of services of the Group consists of direct labor costs, cost of raw materials and overhead. Direct labor costs primarily consist of salaries, bonuses and social security costs for the employees in the Group's business units. Cost of raw materials primarily consists of costs incurred for the purchase of raw materials used in rendering of our services. Overhead primarily consists of depreciation charges of the facilities and equipment used in rendering the Group's services, utilities and maintenance.

Gross Profit and Gross Profit Margin

The gross profit of the Group increased by 48.8% from approximately US$29.7 million for the six months ended June 30, 2021 to approximately US$44.2 million for the six months ended June 30, 2022. The Group's gross profit margin increased from approximately 34.8% for the six months ended June 30, 2021 to approximately 37.2% for the six months ended June 30, 2022, which is primarily due to the successful implementation of the Company's strategies to extend the range of its services to offer its customers more integrated solutions through organic growth and potential acquisition. In particular, gross profit margin in North America increased from approximately 34.3% for the six months ended June 30, 2021 to approximately 41.8% for the six months ended June 30, 2022. Whereas gross profit margin in China decreased from approximately 35.8% for the six months ended June 30, 2021 to approximately 19.4% for the six months ended June 30, 2022, effected by (i) the adverse effects of COVID-19 primarily in Shanghai in the first half of 2022; (ii) the expansion of our capacity in both our professional teams and our new lab facilities; and (iii) the investment in establishing our pre-clinical and central laboratory business.

FINANCIAL REVIEW *(Continued)*

Other Income

The other income of the Group decreased by 21.1% from approximately US$1.9 million for the six months ended June 30, 2021 to approximately US$1.5 million for the six months ended June 30, 2022, primarily due to the decrease of interest income as a result of the Group's active utilization of proceeds from the Global Offering and internal resources to finance our expansion, investments and business operation.

Selling and Marketing Expenses

Selling and marketing expenses of the Group increased by 21.4% from approximately US$2.8 million for the six months ended June 30, 2021 to approximately US$3.4 million for the six months ended June 30, 2022, which demonstrated our continuous efforts in enhancing our capabilities in business development to capture the growing demand in the CRO industry.

Administrative Expenses

The Group's administrative expenses increased by 55.4% from approximately US$13.9 million for the six months ended June 30, 2021 to approximately US$21.6 million for the six months ended June 30, 2022. Excluding share-based compensation expense and amortization of intangible assets acquired from mergers and acquisitions, the Group's administrative expenses increased by 68.8% from approximately US$9.3 million for the six months ended June 30, 2021 to approximately US$15.7 million for the six months ended June 30, 2022, primarily due to (i) workforce expansion to facilitate the smooth operation and support the Group's growing business and its long-term development; and (ii) an increase in office administration costs and other operational costs, which are in line with the Group's business growth and headcount growth.

Research and Development Expenses

Our research and development activities mainly focused on (i) developing technologies and methodologies to continue to enhance our services; and (ii) improving the quality and efficiency of our services.

The Group's research and development expenses increased by 60.0% from approximately US$1.0 million for the six months ended June 30, 2021 to approximately US$1.6 million for the six months ended June 30, 2022, primarily due to our efforts in enhancing investment in new technologies and platforms.

FINANCIAL REVIEW *(Continued)*

Finance Costs

The Group's finance costs increased by 16.7% from approximately US$1.2 million for the six months ended June 30, 2021 to approximately US$1.4 million for the six months ended June 30, 2022, primarily due to interest expenses on lease liabilities and bank borrowings.

Income Tax Expense

The income tax expense of the Group increased by 100.0% from approximately US$2.4 million for the six months ended June 30, 2021 to approximately US$4.8 million for the six months ended June 30, 2022, primarily due to a combined increase in pretax income and effective tax rate. The Company's effective income tax rates were 26.9% and 21.1% for the six months ended June 30, 2022 and 2021, respectively.

Net Profit and Net Profit Margin

The net profit of the Group increased by 44.0% from approximately US$9.1 million for the six months ended June 30, 2021 to approximately US$13.1 million for the six months ended June 30, 2022. The net profit margin of the Group for the six months ended June 30, 2022 was 11.0%, compared to 10.6% for the six months ended June 30, 2021. The higher net profit and net profit margin compared to the six months ended June 30, 2021 was primarily due to the solid revenue growth as a result of the Group's continuing position as a leader in the CRO industry and competitive execution track record, coupled with efficiency in business operations and enhanced capacity utilization in North America, partially offset by a lower net profit margin in China caused by the adverse effects of COVID-19.

FINANCIAL REVIEW *(Continued)*

Adjusted Net Profit

The following table presents a reconciliation of adjusted net profit to the net profit for the periods, the most directly comparable IFRS measure, for each of the periods indicated:

	For the six months ended June 30,	
	2022	2021
	US$'000	*US$'000*
Net Profit	**13,102**	9,059
Add: Share – based compensation expense	**2,473**	3,291
Amortization of acquired intangible assets from mergers and acquisitions	**3,438**	1,349
(Gain)/loss arising from financial liabilities measured as fair value through profit or loss	**(245)**	844
Adjusted Net Profit	**18,768**	14,543
Adjusted Net Profit Margin	**15.8%**	17.1%

The adjusted net profit of the Group increased by 29.7% from approximately US$14.5 million for the six months ended June 30, 2021 to approximately US$18.8 million for the six months ended June 30, 2022. The adjusted net profit margin of the Group for the six months ended June 30, 2022 was 15.8%, compared to 17.1% for the six months ended June 30, 2021. The lower adjusted net profit margin of the Group for the six months ended June 30, 2022 was primarily due to a lower net profit margin in China caused by the adverse effects of COVID-19.

FINANCIAL REVIEW *(Continued)*

EBITDA

The EBITDA[1] of the Group increased by 51.2% from approximately US$21.5 million for the six months ended June 30, 2021 to approximately US$32.5 million for the six months ended June 30, 2022. The EBITDA margin of the Group for the six months ended June 30, 2022 was 27.3%, compared to 25.3% for the six months ended June 30, 2021. The higher EBITDA margin of the Group for the six months ended June 30, 2022 was primarily due to a higher net profit margin as discussed above.

Adjusted EBITDA

The adjusted EBITDA[2] of the Group increased by 35.0% from approximately US$25.7 million for the six months ended June 30, 2021 to approximately US$34.7 million for the six months ended June 30, 2022. The adjusted EBITDA margin of the Group decreased from 30.1% for the six months ended June 30, 2021 to 29.2% for the six months ended June 30, 2022. The decrease of the adjusted EBITDA margin was primarily due to a lower adjusted net profit margin as discussed above.

Basic and Diluted Earnings Per Share

The basic earnings per share of the Group increased by 46.5% from US$0.0043 for the six months ended June 30, 2021 to US$0.0063 for the six months ended June 30, 2022. The diluted earnings per share of the Group increased by 45.2% from US$0.0042 for the six months ended June 30, 2021 to US$0.0061 for the six months ended June 30, 2022. The increase in the basic and diluted earnings per share was primarily due to the increase in the net profit as discussed above.

The adjusted basic earnings per share for the six months ended June 30, 2022 amounted to US$0.0091, representing an increase of 30.0% as compared with that of US$0.0070 for the six months ended June 30, 2021. The adjusted diluted earnings per share of the Group for the six months ended June 30, 2022 amounted to US$0.0088 when compared with that of US$0.0068 for the six months ended June 30, 2021. The increase in both the adjusted basic and the adjusted diluted earnings per share was primarily due to the increase in the adjusted net profit as discussed in the above section headed “Net Profit and Net Profit Margin”.

1 EBITDA represents net profit before (i) interest expenses; (ii) income tax expenses; and (iii) amortization and depreciation.

2 Calculation of adjusted EBITDA is modified and calculated as EBITDA for the Reporting Period, excluding the share-based compensation expenses, and gain or loss arising from financial liabilities measured as fair value through profit or loss to better reflect the Company’s current business and operations.

FINANCIAL REVIEW *(Continued)*

Non-IFRS Measures

To supplement the Group's consolidated financial statements which are presented in accordance with the IFRS, the Company has provided adjusted net profit, adjusted net profit margin, and adjusted basic and diluted earnings per share (excluding the share-based compensation expenses, amortization of acquired intangible assets from mergers and acquisitions and gain or loss arising from financial liabilities measured as fair value through profit or loss) as additional financial measures, which are not required by, or presented in accordance with, the IFRS. The Company believes that the adjusted financial measures are useful for understanding and assessing underlying business performance and operating trends, and that the Company's management and investors may benefit from referring to these adjusted financial measures in assessing the Group's financial performance by eliminating the impact of certain unusual, non-recurring, non-cash and/or non-operating items that the Group does not consider indicative of the performance of the Group's business. However, the presentation of these non-IFRS financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with the IFRS. The adjusted results should not be viewed on a stand-alone basis or as a substitute for results under IFRS.

Property, Plant and Equipment

The plant and equipment of the Group increased by 15.0% from approximately US$90.7 million as at December 31, 2021 to approximately US$104.3 million as at June 30, 2022, primarily as a result of the expansion of research, development and manufacturing capacities.

FINANCIAL REVIEW *(Continued)*

Right-of-Use Assets

The Group recorded approximately US$53.2 million right-of-use assets as at June 30, 2022, which decreased by 4.1% from approximately US$55.5 million as at December 31, 2021. The decrease was mainly due to the depreciation charges of existing leases.

Goodwill

The goodwill of the Group increased by 88.8% from approximately US$71.5 million as at December 31, 2021 to approximately US$135.0 million as at June 30, 2022, which was primarily due to the goodwill arising from the Acquisition of Experimur.

Intangible Assets

The Group recorded approximately US$35.9 million intangible assets as at June 30, 2022, compared to US$31.7 million as at December 31, 2021, primarily consisting of customer relationship and customer backlog acquired through business combinations.

Trade and Other Receivables and Prepayment

The trade and other receivables and prepayment of the Group increased by 19.8% from approximately US$42.5 million as at December 31, 2021 to approximately US$50.9 million as at June 30, 2022, primarily due to the growth of the Group's business.

Unbilled Revenue

The Group has recorded 11.4% increase in unbilled revenue from to approximately US$12.3 million as at December 31, 2021 to approximately US$13.7 million as at June 30, 2022, primarily due to the growth of the Group's business.

Structured Deposits

As at June 30, 2022, the Group recorded approximately US$4.5 million structured deposits to improve the return of available cash balance.

FINANCIAL REVIEW *(Continued)*

Trade and Other Payables

The trade and other payables of the Group decreased by 12.0% from approximately US$37.5 million as at December 31, 2021 to approximately US$33.0 million as at June 30, 2022, primarily due to the payments for purchase of property, plant and equipment related to capability expansion in China.

Advances from Customers

The Group has recorded an increase of 22.0% in advance from customers along with its business growth.

Liquidity and Capital Resources

The Group's bank balances and cash amounted to approximately US$67.8 million in total as at June 30, 2022, as compared to approximately US$144.6 million as at December 31, 2021, as a result of payments for purchase of property, plant and equipment and payments related to acquisition of subsidiaries. The cash and cash equivalents held by the Company are composed of RMB, HK$, CAD and US$. Currently, the Group follows a set of funding and treasury policies to manage its capital resources and prevent risks involved.

The following table sets forth a condensed summary of the Group's consolidated statements of cash flows for the periods indicated and analysis of balances of cash and cash equivalents for the periods indicated:

	For the six months ended June 30,	
	2022	2021
	US$'000	*US$'000*
Net cash generated from operating activities	**24,511**	12,424
Net cash used in investing activities	**(102,412)**	(40,815)
Net cash generated from/(used in) financing activities	**2,280**	(1,443)
Net decrease in cash and cash equivalents	**(75,621)**	(29,834)
Cash and cash equivalents at the beginning of the period	**144,629**	212,087
Effect of exchange rate changes	**(1,174)**	354
Cash and cash equivalents at the end of the period	**67,834**	182,607

FINANCIAL REVIEW *(Continued)*

Capital Expenditures

Our principal capital expenditures relate primarily to purchases of property, plant and equipment, and intangible assets relation to the expansion and enhancement of our facilities and purchases of equipment and intangible assets used in providing our services. Approximately US$20.8 million of capital expenditures were incurred for the six months ended June 30, 2022, which was decreased by 27.3% when compared to approximately US$28.6 million for the six months ended June 30, 2021, primarily due to the decreased expenditures for enhancement of facilities in North America.

Indebtedness

Borrowings

The Group had total bank borrowings of US$11.3 million as at June 30, 2022 compared to US$0.01 million as at December 31, 2021. On June 30, 2022, the effective interest rate of the Group's bank borrowings ranged from 3.75% to 4.45%. Bank borrowings of the Group were denominated in RMB. As at 30 June 2022, bank borrowings of US$11.3 million were secured by Frontage Shanghai, as compared to 31 December 2021 during which bank borrowings of US$0.01 million were secured by Frontage Shanghai.

Lease Liabilities

The Group leased some of our equipment and facilities under lease agreements with lease terms of three to twenty-five years and right-of-use assets agreements. The Group recorded approximately US$56.0 million lease liabilities as at June 30, 2022, compared to approximately US$57.8 million as at December 31, 2021 due to the payments for existing leases.

FINANCIAL REVIEW *(Continued)*

Indebtedness *(Continued)*

Contingent Liabilities and Guarantees

As at June 30, 2022, the Group did not have any material contingent liabilities or guarantees.

Currency Risk

The functional currency of the Company and the operating subsidiaries incorporated in the USA is US$. The functional currency of the PRC operating subsidiaries is RMB. The functional currency of the operating subsidiary incorporated in Canada is CAD. Particularly, the PRC operating subsidiaries have foreign currency sales and purchases, which expose the Group to foreign currency risk.

The PRC operating subsidiaries are mainly exposed to foreign currencies of US$ and Euro. The Group does not use any derivative contracts to hedge against its exposure to currency risk. The Group seeks to limit its exposure to foreign currency risk by closely monitoring and minimizing its net foreign currency position.

Gearing Ratio

The gearing ratio is calculated using interest-bearing borrowings less cash and cash equivalents and structured deposits divided by total equity and multiplied by 100%. The gearing ratios were -1.5% and -28.1% as at June 30, 2022 and December 31, 2021. Our gearing ratios were negative as at June 30, 2022 and December 31, 2021, because our cash and cash equivalents and structured deposits exceeded our interest-bearing borrowings.

FINANCIAL REVIEW *(Continued)*

Employees and Remuneration Policies

As at June 30, 2022, the Group had a total of 1,505 employees, of whom 660 were located in North America and 845 were located in China; 1,233 were scientific and technical support staff and 272 were sales, general and administrative staff. Approximately 81% of employees hold a bachelor's degree or above, and we have 499 employees that hold an advanced degree (a master's level degree or higher such as Ph.D, M.D. or other doctorate level degrees).

The staff costs, including Directors' emoluments but excluding any contributions to retirement benefit scheme contributions and share-based compensation expenses, were approximately US$48.8 million for the six months ended June 30, 2022, as compared to approximately US$33.1 million for the six months ended June 30, 2021. The remuneration packages of employees generally include salary and bonus elements. In general, the Group determines the remuneration packages based on the qualifications, position and performance of its employees. The Group also makes contributions to pension schemes, social insurance funds, including basic pension insurance, medical insurance, unemployment insurance, childbirth insurance, work-related injury insurance funds, and housing reserve fund as applicable to the countries where the Group operates.

As at the date of this report, the Group has adopted the Pre-IPO Share Incentive Plans, the 2018 Share Incentive Plan and the 2021 Share Award Scheme to provide incentives or rewards to eligible participants for their contribution or potential contribution to the Group.

In addition, the Group has training systems, including orientation and on-the-job training for all staff, to accelerate the learning progress and improve the knowledge and skill levels of its workforce. The Group also has a training program for senior management that focuses on management skills, conflict resolution and effective communication skills and sessions on how to recruit and retain talent. The orientation process covers corporate culture and policies, work ethics, introduction to the drugs development process, quality management and occupational safety. The periodic on-the-job training covers certain technical aspects of the Group's services, environmental, health and safety management systems and mandatory training required by applicable laws and regulations.

EVENTS AFTER THE REPORTING PERIOD

On July 27, 2022 (New York time), Frontage Labs entered into the Share Purchase Agreement ("**Share Purchase Agreement**") with shareholders of the Frontage Clinical Services Inc. ("**Target**") ("**Sellers**"), representative of the Sellers, Target, pursuant to which Sellers agreed to sell and Frontage Labs agreed to purchase 88.1% of the equity interest in Target ("**Acquired Shares**") for a cash consideration of approximately US$13,215,000 (equivalent to approximately HK$103,737,000) in accordance with the terms and conditions of the Share Purchase Agreement. The total consideration ("**Consideration**") for the Acquired Shares generally represents the value of the Sellers' pro rata share of equity in Target by reference to the Base Purchase Price (i.e. US$15 million) on a cash-free debt-free basis, subject to adjustment for the difference between the targeted amount of net working capital and the actual amount of net working capital at the time of the Closing (if any) and transaction expense. For further details, please refer to the Company's announcements dated July 28, 2022 and August 2, 2022.

Target was incorporated in Delaware, USA with its clinical trial facility located in Secaucus, New Jersey, USA. Target is experienced in executing comprehensive Phase I-IIa studies; it offers a complete suite of services from study design to the delivery of final reports including study design, protocol and ICF generation, IRB submission, clinical study execution, clinical pharmacology, BE/BA studies, data and project management, programming and statistical analysis, and medical writing. Target also provides comprehensive services in drug metabolism and pharmacokinetics (DMPK), formulation development, analytical testing, bioanalysis, preclinical safety and toxicology and early phase clinical studies.

PROSPECTS

Looking forward, we will continue to advance our objective as a value-added partner with a focus on solving our customers' most significant and complex product discovery and development challenges. We believe that our comprehensive services, broad scientific and technical expertise, sophisticated equipment and technology, and experience in global drug development and product launch services, represent our core strengths.

We believe one of the largest opportunities to increase our market share is to broaden and enhance our collaborations with larger biopharmaceutical companies. We expect they will also continue to be conservative in re-building infrastructure and expertise. This should lead to more opportunities for strategic outsourcing as larger pharmaceutical customers choose to utilize external resources rather than invest in internal infrastructure. We believe that the evolving large biopharmaceutical R&D business model will make our essential products and services even more relevant to our customers, and allow them to leverage our integrated offerings and expertise to drive their research development and manufacturing efficiency and cost effectiveness. We also intend to continue to develop and broaden our relationships in the small and mid-sized biopharmaceutical market, which is the fastest growing segment of the market, and we believe there is further opportunity to grow this segment. Our organic growth and acquisitions during the Reporting Period further enhanced our value-added position for serving our customers, diversifying our customer base and expanding support to high-growth emerging biopharmaceutical companies. Small and mid-sized biopharmaceutical companies typically have fewer internal resources, less existing infrastructure, and less clinical development and commercialization experience, the need for a full suite of product development services is particularly strong with small to mid-sized customers.

USE OF PROCEEDS FROM LISTING

The total proceeds from the issue of new Shares by the Company in its Listing (after deducting the underwriting fees and related Listing expenses) amounted to approximately US$193.2 million, and the balance of unutilized net proceeds was approximately US$28.8 million as at June 30, 2022.

The net proceeds from the Listing (adjusted on a pro rata basis based on the actual net proceeds) have been and will be utilized in accordance with the purposes set out in the Prospectus. The table below sets out the planned applications of the net proceeds and actual usage up to June 30, 2022:

Use of proceeds	Adjusted on a pro rata basis based on the actual net proceeds *(US$ million)*	Percentage of total net proceeds	Actual use of proceeds as at June 30, 2022 *(US$ million)*	Net proceeds brought forward for the Reporting Period	Unutilized net proceeds as at June 30, 2022 *(US$ million)*	Expected Timeline of utilizing the utilized proceeds
Expand and enhance existing capacities to meet anticipated increased demand for services	38.6	20%	35.9	6.5	2.7	On or before December 31, 2022
Expand and broaden range of capabilities and services organically	77.3	40%	51.8	42.3	25.5	On or before December 31, 2022
Expand capacity and/or capabilities through potential acquisitions	58.0	30%	58.0	–	–	On or before December 31, 2022
Working capital and general corporate purposes	19.3	10%	18.7	6.9	0.6	On or before December 31, 2022
Total	**193.2**	**100%**	**164.4**	**55.7**	**28.8**	

CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended June 30, 2022 (six months ended June 30, 2021: nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

As at June 30, 2022, save for the Experimur Acquisition, there were no significant investments held by the Company, nor were there any material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period. The details of the Experimur Acquisition are set out in the section headed "Management Discussion and Analysis – Acquisition of 100% of the membership interests in Experimur LLC, Experimur Intermediate LLC & Experimur Properties LLC ("**Experimur Acquisition**")" in this report.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

For the six months ended June 30, 2022, the Company repurchased a total of 11,688,000 Shares (the "**Shares Repurchased**") on the Stock Exchange at an aggregate consideration (including transaction cost) of approximately HK$35,243,000. The repurchased Shares shall be subsequently cancelled. The repurchase was effected because the Board considered that a share repurchase in the then conditions demonstrates the Company's confidence in its own business outlook and prospects and would, in the long term, benefit the Company and create value to the Shareholders.

Particulars of the Shares Repurchased for the six months ended June 30, 2022 are as follows:

Month of repurchase	No. of Shares repurchased	Highest price paid per Share *(HK$)*	Lowest price paid per Share *(HK$)*	Aggregate consideration *(HK$'000)*
June	11,688,000	3.27	2.72	35,243
Total	**11,688,000**	**3.27**	**2.72**	**35,243**

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct regarding securities transactions by the Directors. Having made specific enquiries with all the Directors, all the Directors confirmed that they had complied with the required standard of dealings as set out in the Model Code during the six months ended June 30, 2022.

CORPORATE GOVERNANCE CODE

During the six months ended June 30, 2022, the Company has followed the principles and complied with the code provisions set out in the CG Code, except for the deviation from code provision C.2.1 of the CG Code.

Pursuant to code provision C.2.1 of the CG Code, the responsibilities between the chairman and the chief executive officer should be separate and should not be performed by the same individual. However, Dr. Song Li, the executive Director, currently performs these two roles in the Company. The Board believes that Dr. Song Li is a suitable candidate to, in effect, assume the responsibilities and executive roles of the chairman and the chief executive officer of the Company and the above arrangement can help improve the efficiency of the decision-making and execution process of the Company. The Company has put in place an appropriate check-and-balance mechanism through the Board and the independent non-executive Directors. Considering the above, the Board is of the view that the deviation from code provision C.2.1 of the CG Code is appropriate in the circumstances of the Company.

CHANGES IN INFORMATION OF DIRECTORS

Changes in the information of Directors since the publication of the annual report of the Company for the year ended December 31, 2021 and up to June 30, 2022, which are required to be disclosed under Rule 13.51B(1) of the Listing Rules are set out below:–

- Mr. Jun Gao has resigned as a non-executive Director and a member of the Audit and Risk Management Committee of the Company with effect from June 1, 2022 in order to devote more time to his other commitments.

- Ms. Zhuan Yin has been appointed as a non-executive Director with effect from June 1, 2022.

- Mr. Hao Wu has been appointed as a non-executive Director and a member of the Audit and Risk Management Committee of the Company with effect from June 1, 2022.

In addition, Dr. Zhihe Li has retired from his Senior Vice President role from Frontage Labs and has been redesignated from an executive Director to a non-executive Director of the Company with effect from July 1, 2022.

Dr. Zhihe Li has ceased to be an Authorised Representative of the Company with effect from June 1, 2022.

Dr. Song Li has been appointed as an Authorised Representative of the Company with effect from June 1, 2022.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee has adopted written terms in order to comply with Rule 3.21 of the Listing Rules. The primary duties of the Audit and Risk Management Committee are to review and supervise the Company's financial reporting process, internal controls and risk management. The Audit and Risk Management Committee comprises Mr. Yifan Li, Mr. Erh Fei Liu, both independent non-executive Directors, and Mr. Hao Wu, a non-executive Director. Mr. Yifan Li is the chairman of the Audit and Risk Management Committee.

REVIEW BY AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee has reviewed together with the Company's management and BDO Limited, the Company's external auditor, the accounting principles and policies, internal controls, risk management and financial reporting adopted by the Group, the unaudited condensed consolidated financial statements, interim results announcement and interim report of the Group for the Reporting Period. The Audit and Risk Management Committee is satisfied that the unaudited condensed consolidated financial statements, interim results announcement and interim report of the Group for the Reporting Period were prepared in accordance with the applicable accounting standards and fairly present the Group's financial position and results for the Reporting Period and that adequate disclosures had been made in accordance with the requirements of the Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at June 30, 2022, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS *(Continued)*

Long Positions in the Shares and underlying Shares

Name of director	Capacity/Nature of Interest	Number of Shares and underlying shares	Approximate percentage of shareholding interest[(3)]
Dr. Song Li[(1)]	Beneficial owner/Trustee	169,941,320	8.19%
Dr. Zhihe Li[(2)]	Beneficial owner	21,833,187	1.05%

Notes:

(1) Dr. Song Li was granted 4,700,000 share options pursuant to the 2015 Share Incentive Plan on February 28, 2019. In addition, on January 25, 2021, 1,850,000 awarded shares were granted to Dr. Song Li pursuant to the 2021 Share Award Scheme. As at June 30, 2022, Dr. Song Li is the beneficial owner of 33,133,050 Shares and is the founder and a trustee of each of The Linna Li GST Exempt Trust, The Wendy Li GST Exempt Trust and The Yue Monica Li GST Exempt Trust, which, as at June 30, 2022, hold 45,600,090 Shares, 45,602,090 Shares and 45,606,090 Shares respectively.

(2) Dr. Zhihe Li was granted 4,500,000 share options pursuant to the 2015 Share Incentive Plan on February 28, 2019 and 1,250,000 awarded shares pursuant to the 2021 Share Award Scheme on January 25, 2021.

(3) The percentage is for illustrative purpose only, subject to rounding error, and is calculated based on the number of 2,075,310,910 Shares in issue as at June 30, 2022.

Save as disclosed above and to the best knowledge of the Directors, as at June 30, 2022, none of the Directors or the chief executives of the Company had any interests and/or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at June 30, 2022, so far as the Directors are aware, the following persons (other than a Director or chief executive of the Company) and entities had interests or short positions in the Shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which recorded in the register required to be kept by the Company under section 336 of the SFO:

Interests and Long Positions in Shares

Name of substantial Shareholder	Capacity/Nature of interest	Number of Shares	Approximate percentage of shareholding interest[(2)]
Hongkong Tigermed[(1)]	Beneficial owner	1,032,964,090	49.77%
Hangzhou Tigermed[(1)]	Beneficial owner/ Interest of controlled corporation	1,062,964,090	51.22%

Notes:

(1) Hangzhou Tigermed is deemed to be interested in the 1,032,964,090 Shares which Hongkong Tigermed, its wholly-owned subsidiary, is interested in as beneficial owner of Hongkong Tigermed, and the 30,000,000 Shares held by itself.

(2) The percentage is for illustrative purpose only, subject to rounding error, and is calculated based on the number of 2,075,310,910 Shares in issue as at June 30, 2022.

Save as disclosed above and to the best knowledge of the Directors, as at June 30, 2022, no other persons (other than a Director or chief executive of the Company) or entities had any interests or short positions in the Shares or underlying shares of the Company, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

Pre-IPO Share Incentive Plans

Frontage Labs has adopted the Pre-IPO Share Incentive Plans for the primary purpose of attracting, retaining and motivating the directors of Frontage Labs and employees of the Group. Under such plans, the directors of Frontage Labs may grant up to 9,434,434 share options under the 2008 Share Incentive Plan and 12,000,000 share options under the 2015 Share Incentive Plan to eligible employees, including the directors of Frontage Labs and employees of the Group, to subscribe for shares in Frontage Labs. Each option granted has a contractual term of 5 to 10 years and vests one calendar year after the grant date.

On April 17, 2018, Frontage Labs assigned and the Company assumed and adopted the rights and obligations of Frontage Labs under the Pre-IPO Share Incentive Plans. The total outstanding share options under Pre-IPO Share Incentive Plans as at December 31, 2018 were 4,035,000 shares.

On February 28, 2019, the Company granted a total of 7,990,000 share options under the 2015 Share Incentive Plan to the eligible employees at an exercise price of US$2.00.

On May 11, 2019, upon the completion of the Capitalization Issue, the number of options granted to an eligible employee under the Pre-IPO Share Incentive Plans were adjusted to ten times of the original number of options held by that grantee. Accordingly, the exercise price was adjusted to 10% of the original exercise price.

SHARE OPTION SCHEME *(Continued)*

Pre-IPO Share Incentive Plans *(Continued)*

Set out below are details of the movements of the outstanding options granted during the Reporting Period:

Category of participants	Date of grant	Exercise price per Share *(US$)*	Outstanding as at January 1, 2022	Granted during the Reporting Period	Exercised during the Reporting Period	Forfeited/ Lapsed during the Reporting Period	Outstanding as at June 30, 2022	Vesting period
Directors								
Dr. Song Li	February 28, 2019	0.200	4,700,000	–	–	–	4,700,000	• 50% on December 31, 2019; • 25% on December 31, 2020; and • 25% on December 31, 2021(1)
Dr. Zhihe Li	February 28, 2019	0.200	4,500,000	–	–	–	4,500,000	• 50% on December 31, 2019; • 25% on December 31, 2020; and • 25% on December 31, 2021(1)

SHARE OPTION SCHEME *(Continued)*

Pre-IPO Share Incentive Plans *(Continued)*

Category of participants	Date of grant	Exercise price per Share *(US$)*	Outstanding as at January 1, 2022	Granted during the Reporting Period	Exercised during the Reporting Period	Forfeited/ Lapsed during the Reporting Period	Outstanding as at June 30, 2022	Vesting period
Senior management and other employees	March 31, 2010	0.016	–	–	–	–	–	March 31, 2011 (at 20%) and then at 5% on June 30, September 30, December 31 and March 31 of each year until options are fully exercisable(2)
	September 30, 2010	0.016	–	–	–	–	–	exercisable at any time(2)
	January 21, 2014	0.016	130,000	–	–	–	130,000	exercisable at any time(2)
	June 16, 2016	0.049	6,650,000	–	–	–	6,650,000	exercisable at any time(2)
	September 14, 2017	0.057	10,350,000	–	400,000	–	9,950,000	exercisable at any time(2)
	February 28, 2019	0.200	40,668,000	–	505,000	500,000	39,663,000	• 50% on December 31, 2019; • 25% on December 31, 2020; and • 25% on December 31, 2021(1)
Total			66,998,000	–	905,000	500,000	65,593,000	

Notes:

(1) The option exercise period is five years from the date of grant.

(2) The option exercise period is ten years from the date of grant.

SHARE OPTION SCHEME *(Continued)*

Pre-IPO Share Incentive Plans *(Continued)*

The exercise price of options outstanding ranges from US$0.016 to US$0.200.

The Group recognized total expenses of approximately US$nil for the six months ended June 30, 2022 (six months ended June 30, 2021: approximately US$191,000) in relation to share options granted by the Company.

2018 Share Incentive Plan

On May 11, 2019, for the primary purpose of attracting, retaining and motivating the personnel of the Group, the Board of Directors approved a post-IPO incentive plan to grant share options, restricted share units and any other types of award to eligible employees, including the Directors and the employees of the Group. The total number of shares in respect of which the awards may be granted pursuant to the 2018 Share Incentive Plan and any other equity-based incentive plans of the Company is 200,764,091, being 9.67% of the Shares in issue as at the date of this report. No awards have been granted under the 2018 Share Incentive Plan as at June 30, 2022.

2021 Share Award Scheme

The Company adopted the 2021 Share Award Scheme on January 22, 2021 (Hong Kong time). The purposes of the 2021 Share Award Scheme are to recognize the contributions by certain employees of the Company, to give incentives thereto in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group. The 2021 Share Award Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules and is a discretionary scheme of the Company. No Shareholders' approval is required for the adoption of the 2021 Share Award Scheme.

The total number of the Shares to be awarded pursuant to the 2021 Share Award Scheme shall not exceed 204,782,591 Shares, being 10% of the total issued share capital of the Company as at its adoption date. The maximum number of Shares which may be awarded to a selected grantee shall not in aggregate exceed 1% of the issued share capital of the Company as at the adoption date. Details of the 2021 Share Award Scheme are set out in the announcement of the Company dated January 22, 2021.

SHARE OPTION SCHEME *(Continued)*

2021 Share Award Scheme *(Continued)*

On January 25, 2021 (New York time), the Board resolved to grant a total of 22,950,500 awarded shares to 184 Award Participants pursuant to the terms of the 2021 Share Award Scheme. Of the 22,950,500 awarded shares, (i) 19,850,500 awarded shares were granted to 182 Non-connected Award Participants, all being employees of the Group who are not connected persons of the Company; and (ii) 3,100,000 Awarded Shares were granted to two Connected Award Participants, namely Dr. Zhihe Li and Dr. Song Li and were approved by the independent shareholders of the Company at the 2021 AGM. Please refer to the announcements of the Company dated January 26, 2021 and May 27, 2021 for further details.

The table below shows the details of movements of the awarded shares granted under the 2021 Share Award Scheme during the Reporting Period:–

		Number of Awarded Shares					
Category of Participants	Date of Grant	As at January 1, 2022	Granted during the Reporting Period	Vested during the Reporting Period	Forfeited during the Reporting Period	As at June 30, 2022	Vesting Period
Directors							
Dr. Song Li	January 25, 2021	1,850,000	–	462,500	–	1,387,500	25% on January 24, 2022, 25% on January 24, 2023, 25% on January 24, 2024, and 25% on January 24, 2025
Dr. Zhihe Li	January 25, 2021	1,250,000	–	312,500	–	937,500	25% on January 24, 2022, 25% on January 24, 2023, 25% on January 24, 2024, and 25% on January 24, 2025

SHARE OPTION SCHEME *(Continued)*

2021 Share Award Scheme *(Continued)*

		Number of Awarded Shares					
Category of Participants	Date of Grant	As at January 1, 2022	Granted during the Reporting Period	Vested during the Reporting Period	Forfeited during the Reporting Period	As at June 30, 2022	Vesting Period
Other grantees							
182 employees	January 25, 2021	18,389,500	–	4,587,374	825,625	12,976,501	25% on January 24, 2022, 25% on January 24, 2023, 25% on January 24, 2024, and 25% on January 24, 2025
		21,489,500	**–**	**5,362,374**	**825,625**	**15,301,501**	

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TO THE BOARD OF DIRECTORS OF FRONTAGE HOLDINGS CORPORATION
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements set out on page 45 to page 91 which comprise the condensed consolidated statement of financial position of Frontage Holdings Corporation (the "Company") and its subsidiaries (collectively referred to as the "Group") as of June 30, 2022 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes (the "condensed consolidated financial statements"). The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). The directors of the Company are responsible for the preparation and presentation of the condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on the condensed consolidated financial statements based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("HKSRE 2410") issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

BDO Limited
Certified Public Accountants
Alfred Lee
Practising Certificate Number P04960

Hong Kong, August 25, 2022

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended June 30, 2022

	NOTES	Six months ended 6/30/2022 US$'000 (Unaudited)	6/30/2021 US$'000 (Unaudited)
Revenue	3	**118,933**	85,125
Cost of services		**(74,733)**	(55,464)
Gross profit		**44,200**	29,661
Other income	5	**1,493**	1,895
Other gains and losses, net	6	**460**	(858)
Research and development expenses		**(1,586)**	(965)
Impairment losses recognized on			
– trade receivables		**(245)**	(268)
– unbilled revenue		**(61)**	(95)
Selling and marketing expenses		**(3,441)**	(2,786)
Administrative expenses		**(21,628)**	(13,904)
Share of profit of associates		**153**	–
Finance costs	7	**(1,415)**	(1,210)
Profit before tax	8	**17,930**	11,470
Income tax expense	9	**(4,828)**	(2,411)
Profit for the period		**13,102**	9,059
Other comprehensive income/(expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation of foreign operations		**(4,694)**	815
Total comprehensive income for the period		**8,408**	9,874
Profit for the period attributable to:			
Owners of the Company		**12,945**	8,836
Non-controlling interests		**157**	223
		13,102	9,059
Total comprehensive income for the period attributable to:			
Owners of the Company		**8,417**	9,641
Non-controlling interests		**(9)**	233
		8,408	9,874
Earnings per share	10		
– Basic (US$)		**0.0063**	0.0043
– Diluted (US$)		**0.0061**	0.0042

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2022

	NOTES	As at 6/30/2022 US$'000 (Unaudited)	As at 12/31/2021 US$'000 (Audited)
Non-current Assets			
Property, plant and equipment	*12*	**104,297**	90,715
Right-of-use assets	*12*	**53,184**	55,520
Goodwill	*13*	**134,985**	71,453
Intangible assets		**35,885**	31,693
Interests in associates		**5,223**	5,342
Deferred tax assets		**4,902**	7,651
Financial assets at fair value through profit or loss ("FVTPL")		**3,725**	1,568
Restricted bank deposits	*16*	**300**	300
Other long-term deposits		**436**	436
Other non-current assets		**–**	94
		342,937	264,772
Current Assets			
Inventories		**2,517**	946
Trade and other receivables and prepayment	*14*	**50,903**	42,543
Unbilled revenue	*15*	**13,654**	12,299
Structured deposits		**4,470**	4,078
Tax recoverable		**9,404**	5,232
Restricted bank deposits	*16*	**1,197**	1,343
Bank balances and cash	*16*	**67,834**	144,629
		149,979	211,070
Current Liabilities			
Trade and other payables	*17*	**33,029**	37,478
Advances from customers	*18*	**28,785**	23,632
Bank borrowings	*19*	**6,109**	11
Income tax payable		**6,831**	4,373
Amounts due to shareholders		**210**	210
Lease liabilities		**7,967**	7,289
		82,931	72,993
Net Current Assets		**67,048**	138,077
Total Assets less Current Liabilities		**409,985**	402,849

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

As at June 30, 2022

	NOTES	**As at 6/30/2022 *US$'000* (Unaudited)**	As at 12/31/2021 *US$'000* (Audited)
Non-current Liabilities			
Bank borrowings	*19*	**5,210**	–
Deferred government grant		**2,154**	–
Deferred tax liabilities		**11,871**	11,197
Lease liabilities		**48,060**	50,550
Other long-term liabilities	*20*	**14,699**	18,018
		81,994	79,765
Net Assets		**327,991**	323,084
Capital and Reserves			
Share capital	*21*	**21**	20
Treasury shares	*22*	**(4,510)**	–
Reserves		**329,247**	319,822
Equity attributable to owners of the Company		**324,758**	319,842
Non-controlling interests		**3,233**	3,242
Total Equity		**327,991**	323,084

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2022

	Share capital US$'000	Treasury Shares US$'000	Reserves: Share premium US$'000	Reserves: Statutory reserve US$'000 (Note)	Reserves: Foreign currency translation reserve US$'000	Reserves: Equity-settled share based compensation reserve US$'000	Reserves: Reorganization reserve US$'000	Reserves: Capital reserve US$'000	Reserves: Accumulated profit US$'000	Reserves: Subtotal reserves US$'000	Non-controlling interests US$'000	Total US$'000
As at January 1, 2022 (unaudited)	20	–	227,152	2,572	4,169	20,874	(9,531)	3,050	71,536	319,822	3,242	323,084
Profit for the period	–	–	–	–	–	–	–	–	12,945	12,945	157	13,102
Other comprehensive expense for the period	–	–	–	–	(4,528)	–	–	–	–	(4,528)	(166)	(4,694)
Total comprehensive income for the period	–	–	–	–	(4,528)	–	–	–	12,945	8,417	(9)	8,408
Issue of shares under 2021 Frontage Share Awards Scheme	1	(1)	–	–	–	–	–	–	–	–	–	–
Repurchase of shares	–	(4,509)	–	–	–	–	–	–	–	–	–	(4,509)
Exercise of share options	–	–	169	–	–	(59)	–	–	–	110	–	110
Vesting of share awards	–	–	4,142	–	–	(4,142)	–	–	–	–	–	–
Recognition of deferred tax assets related to equity-settled share-based compensation	–	–	–	–	–	(1,575)	–	–	–	(1,575)	–	(1,575)
Recognition of equity-settled share-based compensation	–	–	–	–	–	2,473	–	–	–	2,473	–	2,473
As at June 30, 2022 (Unaudited)	**21**	**(4,510)**	**231,463**	**2,572**	**(359)**	**17,571**	**(9,531)**	**3,050**	**84,481**	**329,247**	**3,233**	**327,991**

	Share capital US$'000	Reserves: Share premium US$'000	Reserves: Statutory reserve US$'000 (Note)	Reserves: Foreign currency translation reserve US$'000	Reserves: Equity-settled share based compensation reserve US$'000	Reserves: Reorganization reserve US$'000	Reserves: Capital reserve US$'000	Reserves: Accumulated profit US$'000	Reserves: Subtotal reserves US$'000	Non-controlling interests US$'000	Total US$'000
As at January 1, 2021 (unaudited)	20	224,092	2,572	2,431	12,127	(9,531)	3,050	53,108	287,849	1,003	288,872
Profit for the period	–	–	–	–	–	–	–	8,836	8,836	223	9,059
Other comprehensive expense for the period	–	–	–	805	–	–	–	–	805	10	815
Total comprehensive income for the period	–	–	–	805	–	–	–	8,836	9,641	233	9,874
Exercise of share options	–	3,034	–	–	(797)	–	–	–	2,237	–	2,237
Recognition of deferred tax assets related to equity-settled share-based compensation	–	–	–	–	6,869	–	–	–	6,869	–	6,869
Recognition of equity-settled share-based compensation	–	–	–	–	3,291	–	–	–	3,291	–	3,291
As at June 30, 2021 (Unaudited)	20	227,126	2,572	3,236	21,490	(9,531)	3,050	61,944	309,887	1,236	311,143

Note: In accordance with the Articles of Association of all subsidiaries established in the People's Republic of China (the "PRC"), those subsidiaries are required to transfer 10% of the profit after taxation to the statutory reserve until the reserve reaches 50% of the registered capital. Transfer to this reserve must be made before distributing dividends to equity holders. The statutory reserve can be used to make up for previous years' losses, expand the existing operations or convert into additional capital of the subsidiaries.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2022

	Six months ended	
	6/30/2022	6/30/2021
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
NET CASH FROM OPERATING ACTIVITIES	**24,511**	12,424
NET CASH USED IN INVESTING ACTIVITIES		
Proceeds from disposal of an associate	**–**	75
Purchase of property, plant and equipment	**(20,861)**	(28,228)
Decrease/(increase) in prepayment for acquisition of property, plant and equipment	**94**	(269)
Proceeds from disposal of property, plant and equipment	**31**	–
Interest received	**246**	959
Purchase of financial assets at fair value through profit or loss	**(2,306)**	(1,548)
Placement of structured deposits	**(520)**	(6,812)
Acquisition of a subsidiary, net of cash acquired	**(74,911)**	(1,000)
Payment for prior year acquisition of subsidiaries	**(4,264)**	(3,685)
Proceed/(placement) of restricted bank deposits	**146**	(155)
Purchase of intangible assets	**(67)**	(152)
	(102,412)	(40,815)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES		
Repayment of bank borrowings	**(77)**	–
Proceeds from bank borrowings	**11,743**	–
Interest paid on bank borrowings	**(54)**	–
Repayment of lease liabilities	**(3,572)**	(2,470)
Interest paid on lease liabilities	**(1,361)**	(1,210)
Repurchase of shares	**(4,509)**	–
Proceeds from exercise of share options	**110**	2,237
	2,280	(1,443)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(75,621)**	(29,834)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**144,629**	212,087
Effects of exchange rate changes	**(1,174)**	354
CASH AND CASH EQUIVALENTS AT END OF PERIOD, REPRESENTED BY BANK BALANCES AND CASH	**67,834**	182,607

1. GENERAL INFORMATION

Frontage Holdings Corporation (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability on April 16, 2018 under the Company Law of the Cayman Islands, and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since May 30, 2019. The immediate holding company of the Company is Hongkong Tigermed Co., Limited, a company incorporated under the laws of Hong Kong with limited liability ("Hongkong Tigermed"). The ultimate holding company of the Company is Hangzhou Tigermed Consulting Co., Ltd. ("Hangzhou Tigermed"), a company established in Hangzhou, the PRC and whose shares have been listed on the ChiNext market of the Shenzhen Stock Exchange and the Main Board of The Stock Exchange.

The Company is a holding company. The principal activities of the Company and its subsidiaries (collectively the "Group") are to provide laboratory and related services to pharmaceutical and agrochemical companies as well as bioequivalence clinical and chemical services. The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111 Cayman Islands. The principal place of business in the United States of America (the "USA") and Hong Kong is 700 Pennsylvania Drive, Exton, PA 19341, USA and 5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong, respectively.

The functional currency of the Company and the operating subsidiaries incorporated in the USA is US dollars ("US$"). The functional currency of the PRC operating subsidiaries is Renminbi ("RMB"). The functional currency of the operating subsidiary incorporated in Canada is Canadian dollars ("CAD"). The reporting currency used for the presentation of the condensed consolidated financial statements is US$, which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

(a) Basis of preparation of the financial statements

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange.

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value.

Except as described below, these condensed consolidated financial statements should be read in conjunction with the annual financial statements of the Group for the year ended December 31, 2021.

Treasury shares

Own equity instruments which held by the Company or the Group (treasury shares) are recognized directly in equity at cost. No gain or loss is recognized in the condensed consolidated statement of profit or loss and other comprehensive income on the purchase, sale, issue or cancelation of the Group's own equity instruments.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(b) Application of amendments to IFRSs – effective for annual period beginning on or after January 1, 2022

In the current interim period, the Group has applied the following amendments to IFRSs issued by the International Accounting Standard Board, for the first time, which are mandatory effective for the annual period beginning on or after January 1, 2022 for the preparation of the Group's condensed consolidated financial statements:

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

The application of the amendments to IFRS in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Amendments to IAS 16 "Proceeds before Intended Use"

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognized in profit or loss.

Amendments to IAS 37 "Onerous Contracts – Cost of Fulfilling a Contract"

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labor and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(b) Application of amendments to IFRSs – effective for annual period beginning on or after January 1, 2022 *(Continued)*

Amendments to IFRS 3 "Reference to the Conceptual Framework"

The amendments update IFRS 3 "Business Combinations" so that it refers to the revised Conceptual Framework for Financial Reporting 2018 instead of the version issued in 2010.

The amendments add to IFRS 3 a requirement that, for obligations within the scope of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 "Levies", the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

Amendments to IFRS 16 "COVID-19-Related Rent Concessions beyond June 30, 2021"

IFRS 16 "Lease" was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria:

(a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) The reduction is lease payments affects only payments originally due on or before 30 June 2021; and

(c) There is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means the lessee does not assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in IFRS 16 in accounting for the concession.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(b) Application of amendments to IFRSs – effective for annual period beginning on or after January 1, 2022 *(Continued)*

Annual Improvements to IFRSs 2018-2020

The annual improvements amends a number of standards, including:

- IFRS 1 "First-time Adoption of International Financial Reporting Standards", which permit a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.

- IFRS 9 "Financial Instruments", which clarify the fees included in the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other's behalf are included.

- IFRS 16, which amend Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

- IAS 41 "Agriculture" which remove the requirement to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

3. REVENUE

The Group's revenue streams are categorized as follows:

– Laboratory testing services consist of providing method development and validation as well as sample analysis services and central laboratory services.

– Chemistry, Manufacturing and Control ("CMC") services involve assisting the customers with drug product development, analysis, and clinical trial materials' delivery and supply.

– Preclinical research services consist of Drug Metabolism and Pharmacokinetic ("DMPK") services and Safety and Toxicology Service, absorption, distribution, metabolism and excretion and compound screening services. The services include study designs, execution of studies, and interpretation of the data through structural optimization in early discovery, pharmacokinetic studies in rodents, non-GLP bioanalytical studies, etc. It also includes in-vitro and in-vivo studies, to help identify toxicology issues and devise testing plans to address the determination of a safe starting dose in humans in clinical studies.

– Bioequivalence services consist of bioequivalence studies designed, coordinated, and reported by the Group to the customers.

– Chemistry services consist of providing contract research and custom synthesis services for biopharmaceutical company specializing in drug discovery and development.

3. REVENUE *(Continued)*

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

	Six months ended	
	6/30/2022	6/30/2021
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Laboratory testing	**45,867**	39,374
CMC	**13,191**	14,289
Preclinical research	**48,878**	17,992
Bioequivalence	**3,448**	5,762
Chemistry	**7,549**	7,708
	118,933	85,125

All revenue of the Group listed above are recognized over time as the Group's performance does not create an asset with an alternative future use since the Group cannot redirect the asset for use on another customer, and the contract terms specify the Group has an enforceable right to payment for performance completed to date.

4. SEGMENT INFORMATION

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

The Group's consolidated revenue and results are primarily attributable to the markets in the USA and Canada (together as "North America") and the PRC (country of domicile) and all of the Group's consolidated assets and liabilities are either located in North America or the PRC.

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

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

– North America segment, including laboratory testing, CMC, preclinical research and chemistry services in the USA and Canada.

– PRC segment, including laboratory testing, CMC, preclinical research, bioequivalence and chemistry services in the PRC.

4. SEGMENT INFORMATION (Continued)

Segment revenues and results

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

For the six months ended June 30, 2022 (Unaudited)

	North America US$'000	PRC US$'000	Total US$'000
Revenue			
– Laboratory testing	36,541	9,326	45,867
– CMC	9,767	3,424	13,191
– Preclinical research	46,677	2,201	48,878
– Bioequivalence	–	3,448	3,448
– Chemistry	1,463	6,086	7,549
	94,448	24,485	118,933
Cost of services	(54,988)	(19,745)	(74,733)
Other income	292	1,201	1,493
Other gains and losses, net	243	217	460
Research and development expenses	–	(1,586)	(1,586)
Impairment losses recognized on trade and other receivables and unbilled revenue	(135)	(171)	(306)
Selling and marketing expenses	(2,436)	(1,005)	(3,441)
Administrative expenses	(17,982)	(3,646)	(21,628)
Share of profit of associates	–	153	153
Finance costs	(954)	(461)	(1,415)
Segment profit/(loss)	18,488	(558)	
Profit before tax			17,930

4. SEGMENT INFORMATION (Continued)

Segment revenues and results *(Continued)*

For the six months ended June 30, 2021 (Unaudited)

	North America *US$'000*	PRC *US$'000*	Total *US$'000*
Revenue			
– Laboratory testing	25,397	13,977	39,374
– CMC	10,903	3,386	14,289
– Preclinical research	17,710	282	17,992
– Bioequivalence	–	5,762	5,762
– Chemistry	2,283	5,425	7,708
	56,293	28,832	85,125
Cost of services	(36,959)	(18,505)	(55,464)
Other income	776	1,119	1,895
Other gains and losses, net	(827)	(31)	(858)
Research and development expenses	–	(965)	(965)
Impairment losses recognized on trade receivables and unbilled revenue	(130)	(233)	(363)
Selling and marketing expenses	(2,247)	(539)	(2,786)
Administrative expenses	(11,593)	(2,311)	(13,904)
Finance costs	(920)	(290)	(1,210)
Segment profit	4,393	7,077	
Profit before tax			11,470

The accounting policies of reportable segments are the same as the Group's accounting policies.

4. SEGMENT INFORMATION *(Continued)*

Geographical information

The Group's operations and non-current assets are located in North America and the PRC.

An analysis of the Group's revenue from external customers, analyzed by the customer's respective country/region of operation, is presented below:

	Six months ended	
	6/30/2022	6/30/2021
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Revenue from external customers		
– USA	**89,113**	53,477
– PRC	**20,759**	25,578
– Rest of the world	**9,061**	6,070
	118,933	85,125

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

	6/30/2022	12/31/2021
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Non-current assets excluding financial assets and deferred tax assets		
– North America	**253,888**	180,067
– PRC	**79,686**	74,750
	333,574	254,817

4. SEGMENT INFORMATION *(Continued)*

Geographical information *(Continued)*

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group is as follows:

	Six months ended	
	6/30/2022	6/30/2021
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Company A	**N/A***	12,784

* The customer contributed less than 10% of the group's total revenue during the six months ended June 30, 2022.

5. OTHER INCOME

	Six months ended	
	6/30/2022	6/30/2021
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Interest income	**246**	959
Government grants related to income	**377**	258
Income from rendering technical support service	**870**	678
	1,493	1,895

6. OTHER GAINS AND LOSSES, NET

	Six months ended	
	6/30/2022	6/30/2021
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Gain/(loss) arising on financial liabilities measured as fair value through profit or loss	**245**	(844)
(Loss)/gain on disposal of property, plant and equipment	**(25)**	2
Net foreign exchange gain/(loss)	**238**	(146)
Others	**2**	130
	460	(858)

7. FINANCE COSTS

	Six months ended	
	6/30/2022	6/30/2021
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Interest expense on lease liabilities	**1,361**	1,210
Interest expense on bank borrowings	**54**	–
	1,415	1,210

8. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	Six months ended	
	6/30/2022	6/30/2021
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Staff costs (including directors' emoluments):		
– Salaries and other benefits	**48,772**	33,054
– Retirement benefit scheme contributions	**2,636**	601
– Share-based payment expense	**2,473**	3,291
	53,881	36,946
Depreciation of property, plant and equipment	**5,843**	4,478
Depreciation of right-of-use assets	**3,692**	2,836
Amortization of intangible assets	**3,637**	1,533

9. INCOME TAX EXPENSE

	Six months ended	
	6/30/2022	6/30/2021
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Current tax:		
– PRC Enterprise Income Tax ("EIT")	**145**	1,070
– U.S. Federal Tax	**1,661**	67
– U.S. State Tax	**999**	297
Under-provision of EIT, U.S. Federal Tax and U.S. State Tax in prior year	**31**	151
	2,836	1,585
Deferred tax:		
– Current period	**1,992**	826
Total income tax expense	**4,828**	2,411

9. INCOME TAX EXPENSE *(Continued)*

The Company and U.S. subsidiaries are subject to U.S. Federal and State Income taxes, with the combined income tax rate being 24.62% for the six months ended June 30, 2022 (the six months ended June 30, 2021: 25.50%).

BRI Biopharmaceutical Research, Inc. ("BRI"), a wholly owned subsidiary of the Group and as a non-Canadian-controlled private corporation ("CCPC") and engaged in active business in British Columbia, Canada, has been subject a flat tax rate of 27%.

Under the law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the EIT rate of the PRC subsidiaries is 25% unless subject to tax exemption set out below.

Frontage Laboratories (Shanghai) Co., Ltd. ("Frontage Shanghai"), a wholly owned subsidiary of the Group in the PRC, was accredited as a "High and New Technology Enterprise" in November 2017 and was entitled to a preferential tax rate of 15% for a three-year period commencing from 2017. Frontage Shanghai renewed its status in November 2020 and has thereafter been entitled to a preferential tax rate of 15% for another three-year period commencing from the beginning of 2020.

Frontage Laboratories (Suzhou) Co., Ltd. ("Frontage Suzhou"), a 75% owned subsidiary of the Group in the PRC, was accredited as a "High and New Technology Enterprise" in November 2018 and was entitled to a preferential tax rate of 15% for a three-year period commencing from the beginning of 2018. Frontage Suzhou renewed its status in November 2021 and has thereafter been entitled to a preferential tax rate of 15% for a three-year period commencing from the beginning of 2021.

Acme Biopharma Co. (Shanghai) Ltd. ("Acme Shanghai"), a wholly owned subsidiary of the Group in the PRC, was accredited as an "Advanced Technology Enterprise" in December 2019 and was entitled to a preferential tax rate of 15% for a three-year period commencing from the beginning of 2019. Tax rate of 15% was applied for current interim period as management was confident to renew the "Advanced Technology Enterprise" upon expiry in 2022.

Wuhan Heyan Biomedical Technology Co., Ltd. ("Heyan Biotech"), a 70% owned subsidiary of the Group in the PRC, was accredited as a "High and New Technology Enterprise" in December 2020 and was entitled to a preferential tax rate of 15% for a three-year period commencing from the beginning of 2020.

9. INCOME TAX EXPENSE (Continued)

The group entities incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% on the estimated assessable profits for the six months ended June 30, 2022 and 2021. On March 21, 2018, the Hong Kong Legislative Council passed the Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazette on the following day. Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of qualifying corporations will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%. The two-tiered profits tax rates regime is applicable to the Group's Hong Kong subsidiaries with estimated assessable profits for its annual reporting periods ending on or after April 1, 2018.

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

10. EARNINGS PER SHARE

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

	Six months ended	
	6/30/2022	6/30/2021
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Earnings:		
Earnings for the purpose of calculating basic and diluted earnings per share	**12,945**	8,836

10. EARNINGS PER SHARE *(Continued)*

Number of Shares:

	Six months ended	
	6/30/2022	6/30/2021
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**2,055,448,261**	2,047,270,202
Effect of dilutive potential ordinary shares:		
Share options	**39,199,783**	54,180,109
Share awards	**10,884,092**	10,466,061
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**2,105,532,136**	2,111,916,372

Note:

(i) The weighted average number of ordinary shares shown above has been adjusted for issue of new shares as set out in Note 21 and treasury shares as set out in Note 22.

11. DIVIDENDS

No dividends were paid, declared or proposed during the current interim period. The directors of the Company have determined that no dividend will be paid in respect of the current interim period (six months ended June 30, 2021: Nil).

12. PROPERTY, PLANT AND EQUIPMENT, AND RIGHT-OF-USE ASSETS

During the current interim period, the Group acquired approximately US$3,812,000 (six months ended June 30, 2021: US$7,306,000) for furniture, fixtures and equipment, US$13,108,000 (six months ended June 30, 2021: US$9,407,000) for constructions in progress, and US$256,000 (six months ended June 30, 2021: US$9,951,000) for leasehold improvements.

During the current interim period, the Group entered into several new lease agreements with lease terms ranged from 2 to 5 years. During the current interim period, for the use of laboratory equipment and buildings. On commencement date of the leases, the Group recognized additional right-of-use assets and lease liabilities amounting to US$2,503,000 (six months ended June 30, 2021: US$7,022,000).

13. GOODWILL

	US$'000
COST AND CARRYING VALUE	
At January 1, 2021	24,907
Arising on acquisition of subsidiaries	46,411
Exchange adjustments	135
At December 31, 2021 (Audited) and January 1, 2022 (Unaudited)	71,453
Arising on acquisition of subsidiaries *(Note 26)*	63,883
Exchange adjustments	(351)
At June 30, 2022 (Unaudited)	134,985

14. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	6/30/2022	12/31/2021
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Trade receivables		
– third parties	**43,398**	37,465
– related parties	**415**	242
Less: loss allowance for trade receivables	**(3,888)**	(3,684)
	39,925	34,023
Other receivables		
– third parties	**2,093**	1,983
– related parties	**189**	590
	2,282	2,573
Notes receivables		
– third parties	**302**	105
Prepayments		
– third parties	**4,999**	3,627
Value-added tax recoverable	**3,395**	2,215
	50,903	42,543

Details of the trade and other receivables due from related parties are set out in Note 27.

14. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS *(Continued)*

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

	6/30/2022 ***US$'000*** **(Unaudited)**	12/31/2021 *US$'000* (Audited)
Within 90 days	**32,153**	26,141
91 to 180 days	**4,786**	3,770
181 days to 1 year	**1,735**	2,877
Over 1 year	**1,251**	1,235
	39,925	34,023

15. UNBILLED REVENUE

	6/30/2022 ***US$'000*** **(Unaudited)**	12/31/2021 *US$'000* (Audited)
Unbilled revenue		
– third parties	**14,263**	12,651
– related parties	**–**	224
Less: loss allowance for unbilled revenue	**(609)**	(576)
	13,654	12,299

Generally, significant payment terms are disclosed within the contents of a given contract and are in the form of either milestone payment terms representing a percentage of the total budgeted contract price or corresponding directly with the value to the customer of the Group's performance. Revenues recognized in excess of billings are recognized as contract assets and disclosed in the condensed consolidated statement of financial position as unbilled revenue.

Details of the unbilled revenue due from related parties are set out in Note 27.

16. BANK BALANCES AND CASH/RESTRICTED BANK DEPOSITS

At the end of each reporting period, cash and cash equivalents of the Group comprised of bank balances and cash held. Bank balances held in the PRC carried interest at prevailing market interest rates which ranged from 0.1% to 2.1% per annum as at June 30, 2022 (December 31, 2021: from 0.3% to 3.25% per annum).

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

On March 3, 2021, a cash deposit of RMB1,000,000 (equivalent to approximately US$155,000) was required by Shanghai Customs District P.R. China in the PRC for import value-added tax in China, and the amount is restricted. As at June 30, 2022, the remaining amount in the escrow account was RMB600,000 (equivalent to approximately US$89,000) (December 31, 2021: RMB1,000,000 (equivalent to approximately US$157,000)), which has been included in restricted bank deposits.

As at June 30, 2022, certain bank deposits with balances of approximately RMB5,000,000 (equivalent to approximately US$745,000) (December 31, 2021: RMB5,259,000 (equivalent to approximately US$825,000)) were pledged to secure bills payable of approximately RMB5,000,000 (equivalent to approximately US$745,000) (December 31, 2021: RMB22,118,000 (equivalent to approximately US$3,469,000)).

As at June 30, 2022, a cash deposit of US$353,000 (December 31, 2021: US$353,000 was required by Pennsylvania dept of environmental protection, Bureau of radiation protection in the USA for radiology license in USA, and the amount is restricted. As at June 30, 2022, the remaining amount in the collateral account was US$353,000 (December 31, 2021: US$353,000), which has been included in restricted bank deposits.

17. TRADE AND OTHER PAYABLES

	6/30/2022	12/31/2021
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Trade payables		
– third parties	**10,945**	11,425
– related parties *(note (a))*	**72**	38
	11,017	11,463
Bills payables		
– third parties *(note (b))*	**745**	3,469
Other payables		
– third parties	**1,160**	1,495
– related parties *(note (a))*	**–**	5
	1,160	1,500
Contingent consideration payables	**11,438**	9,618
Consideration payable	**737**	750
Salary and bonus payables	**7,051**	10,228
Other taxes payable	**881**	450
	33,029	37,478

Notes:

(a) Details of the trade and other payable due to related parties are set out in Note 27.

(b) As at June 30, 2022, bills payable were arranged with banks under secured credit facilities. The Group's bills payable were secured by pledged deposits of approximately RMB5,000,000 (equivalent to approximately US$745,000) (December 31, 2021: RMB5,259,000 (equivalent to approximately US$825,000)).

17. TRADE AND OTHER PAYABLES *(Continued)*

Payment terms with suppliers are mainly on credit ranging from 30 to 90 days from the invoice date. The following is an age analysis of trade payables, presented based on invoice date, at the end of each reporting period:

	6/30/2022	12/31/2021
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Within 90 days	**9,823**	8,002
91 days to 1 year	**1,062**	3,447
Over 1 year	**132**	14
	11,017	11,463

18. ADVANCES FROM CUSTOMERS

	6/30/2022	12/31/2021
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Advances from customers		
– third parties	**28,388**	23,247
– related parties	**397**	385
	28,785	23,632

Amounts received in accordance with contracted payment schedules but in excess of revenues earned are recognized as contract liabilities and disclosed in the condensed consolidated statement of financial position as advances from customers. Changes in advances from customers primarily relate to the Group's performance of services under the related contracts.

Details of the advances from customers which are related parties are set out in Note 27.

19. BANK BORROWINGS

Bank Loans

	6/30/2022 US$'000 (Unaudited)	12/31/2021 US$'000 (Audited)
Secured and unguaranteed bank loans	**11,319**	11

	6/30/2022 US$'000 (Unaudited)	12/31/2021 US$'000 (Audited)
Within one year	**6,109**	11
More than one year, but not exceeding two years	**223**	–
More than two years, but not exceeding five years	**2,130**	–
More than five years	**2,857**	–
	11,319	11
Less: Amount shown under current liabilities	**(6,109)**	(11)
Amount shown under non-current liabilities	**5,210**	–

Bank Facilities

The Group has used certain restricted bank deposits, to aggregate banking facilities of RMB280,000,000 (equivalent to approximately US$41,720,000) (December 31, 2021: RMB120,000,000 (equivalent to approximately US$18,821,000)) acquired from the bankers, of which US$nil (December 31, 2021: RMB22,118,000 (equivalent to approximately US$3,469,000)) and RMB76,466,000 (equivalent to approximately US$11,393,000) (December 31, 2021: RMB70,000 (equivalent to approximately US$11,000)) were utilized as bills payable and borrowing respectively, as at June 30, 2022.

On May 31, 2022, Frontage Labs entered into a three-year committed senior secured revolving credit agreement with a bank under which the bank has agreed to extend to Frontage Labs a revolving line of credit in the maximum principal amount of US$25,000,000 (subject to an uncommitted increase of up to but not exceeding US$45,000,000). Frontage Labs is obligated to grant to the bank security interest in and to the collateral of some of its designated subsidiaries in the U.S.

The Group had aggregated banking facilities of RMB203,534,000 (equivalent to approximately US$30,327,000) and US$25,000,000 (December 31, 2021: RMB97,812,000 (equivalent to approximately US$15,341,000)) which were unutilized as at June 30, 2022.

20. OTHER LONG-TERM LIABILITIES

	6/30/2022	12/31/2021
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Bonus accrual	**3,000**	–
Contingent consideration payables related to:		
– Acquisition of Quintara Discovery, Inc. (“Quintara”)	**11,699**	11,420
– Acquisition of ACME	**–**	5,458
– Acquisition of RMI Laboratories, LLC. (“RMI”)	**–**	725
– Acquisition of Biotranex LLC. (“Biotranex”)	**–**	192
– Acquisition of BRI	**–**	223
	14,699	18,018

21. SHARE CAPITAL

	Number of shares	Amount
		US$
Ordinary shares of US$0.00001 each		
Authorized:		
As at January 1, 2021, December 31, 2021, January 1, 2022 and June 30, 2022	5,000,000,000	50,000

	Number of shares	Amount	Show in the financial statements as
		US$	*US$'000*
Issued and fully paid:			
As at January 1, 2021	2,037,477,910	20,376	20
Exercise of share options	13,977,500	140	–
As at December 31, 2021 (Audited) and January 1, 2022 (Unaudited)	2,051,455,410	20,516	20
Issue of shares under 2021 Frontage Share Awards Scheme *(Note 24)*	22,950,500	230	1
Exercise of share options	905,000	9	–
As at June 30, 2022 (Unaudited)	2,075,310,910	20,755	21

22. TREASURY SHARES

	Six months ended June 30, 2022	
	Number of shares	Cost of acquisition
		US$'000
	(Unaudited)	(Unaudited)
Balance brought forward	–	–
Repurchase of shares *(note)*	11,688,000	4,509
Issue of shares under 2021 Frontage Share Award Scheme	22,950,500	1
Vesting of share awards	(5,362,374)	–
Balance carried forward	29,276,126	4,510

Note: The Company acquired its own shares in the open market which are held as treasury shares.

23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. In estimating the fair value, the Group uses market-observable data to the extent it is available.

Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period.

Financial assets at fair value

The financial assets subsequently measured at fair value represents structured deposits and unlisted equity investment.

The fair value of structured deposit is determined using Level 2 inputs. The fair value of financial assets in Level 2 is determined by discounted cash flow as at the end of the reporting period.

The fair value of unlisted equity investment is determined using Level 3 inputs.

Latest transaction prices/consideration for shares transfer in similar equity interest was used to capture the fair value of the financial assets. The significant unobservable input is consideration due to timing, condition of sale and terms of agreements, size and nature of similar business to derive estimated value.

23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis *(Continued)*

Financial liability at fair value

The financial liability subsequently measured at fair value represents contingent consideration relating to the acquisition of Quintara, ACME, Biotranex, RMI and BRI.

The fair value of contingent consideration for business combination is determined using Level 3 inputs.

Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the Group arising from the contingent consideration, based on an appropriate discount rate. The significant unobservable inputs are discount rate and probability-adjusted revenues.

Detail of reconciliation of financial assets and financial liabilities at fair value through profit and loss measured at Level 3 fair value measurement are set out below:

	Unlisted equity investment *US$'000*	Contingent consideration for business combinations *US$'000*
As at January 1, 2021	–	12,203
Acquisition through business combinations	–	17,156
Acquisition	1,568	–
Changes in fair value	–	1,725
Transfer to consideration payables	–	(750)
Payment of contingent consideration	–	(2,698)
As at December 31, 2021 (Audited) and January 1, 2022 (Unaudited)	1,568	27,636
Acquisition	2,306	–
Changes in fair value	–	(245)
Transfer to consideration payables	–	(737)
Payment of contingent consideration	–	(3,514)
Exchange adjustment	(149)	(3)
As at June 30, 2022 (Unaudited)	3,725	23,137

23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis *(Continued)*

Financial liability at fair value (Continued)

Notes:

(i) Discount rate

A 1% increase/decrease in the discount rate while holding all other variables constant would decrease/increase the fair value of the contingent consideration for business combination by US$228,000/US$213,000 as at June 30, 2022 (December 31, 2021: US$330,000/US$338,000) in the Group.

(ii) Probability-adjusted revenues

A 5% increase/decrease in the probability-adjusted revenues while holding all other variables constant would increase/decrease the fair value of the contingent consideration for business combination by nil/nil as at June 30, 2022 (December 31, 2021: nil/US$847,000) in the Group.

Financial instruments not measured at fair value on a recurring basis

Financial instruments not measured at fair value on a recurring basis includes cash and cash equivalents, trade and other receivables, restricted bank deposits, trade and other payables, lease liabilities and amounts due to shareholders.

The fair value of these financial assets and financial liabilities measured at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the condensed consolidated financial statements approximate their fair values.

24. SHARE-BASED PAYMENTS

2021 Frontage Share Award Scheme

On January 22, 2021 (the "Adoption Date"), the board of directors approved the adoption of the share award scheme ("2021 Frontage Share Award Scheme") to recognize the contributions by certain employees of the Group, to give incentives thereto in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group. Under the 2021 Frontage Share Award Scheme, the directors may grant up to 1% of the issued share capital of the Company on the Adoption Date of the 2021 Frontage Share Award Scheme. Each award granted has a contractual terms of 10 years and vesting on the one calendar year after grant date. Under 2021 Frontage Share Award Scheme, a trust has set up for the scheme and a third party trustee was engaged by the Company to administrate the scheme. The trustee will hold the award shares in trust for the awardees until such shares are rested with the awardees. The trustee shall not exercise the voting rights in respect of any share held under the trust.

On January 25, 2021, the board of directors has resolved to grant a total of 22,950,500 awarded shares.

Set out below are details of the movements of the outstanding awarded shares granted under the 2021 Frontage Share Awards Scheme during the current period:

	Six months ended	
	6/30/2022	6/30/2021
	Number	Number
	(Unaudited)	(Unaudited)
Outstanding at beginning of period	**21,489,500**	–
Vested during the period	**(5,362,374)**	–
Canceled during the period	**(825,625)**	–
Granted during the period	**–**	22,950,500
Outstanding at end of period	**15,301,501**	22,950,500

Each award share granted generally vested over a four-year period with an agreed award vesting on the anniversary one year after grant date.

The estimated fair value was approximately US$16,120,000 for the awarded shares. The fair value was calculated by reference to the closing share price of the Company at the date of grant, which was HK$6.02 (equivalent to US$0.78) per share.

Changes in variables and assumptions may result in changes in the fair values of the share options.

24. SHARE-BASED PAYMENTS *(Continued)*

2021 Frontage Share Award Scheme *(Continued)*

During the six months ended June 30, 2022, 22,950,500 shares of the Company was issued for the 2021 Frontage Share Award Scheme (six months ended June 30, 2021: nil). As at June 30, 2022, there are 17,588,126 shares (six months ended June 30, 2021: nil) held for such scheme with carrying amount of US$1,000 (six months ended June 30, 2021: nil) accumulated in equity under the heading of "Treasury Shares".

The Group recognized total expense of approximately US$2,473,000 for the six months ended June 30, 2022 (six months ended June 30, 2021: US$3,100,000) in relation to share award granted under the 2021 Frontage Share Award Scheme.

Pre-IPO share incentive plans

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

On April 17, 2018, the Company, Frontage Labs and corresponding employees have entered into an agreement pursuant to which Frontage Labs has assigned, and the Company has assumed, the rights and obligations of Frontage Labs under the Pre-IPO share incentive plans.

On February 28, 2019, the Company granted a total 7,990,000 share options under the 2015 share incentive plans to the eligible employees at an exercise price of US$2.00.

On May 11, 2019, upon the completion of the capitalization issue, the number of options granted to an eligible employee under the Pre-IPO share incentive plans were adjusted to ten times of the original number of options held by that grantee. Accordingly, the exercise price was adjusted to 10% of the original exercise price.

24. SHARE-BASED PAYMENTS *(Continued)*

Pre-IPO share incentive plans *(Continued)*

Set out below are details of the movements of the outstanding options granted during the current and prior interim period:

	Six months ended			
	6/30/2022		6/30/2021	
	Weighted average exercise price *(US$)* (Unaudited)	**Number (Unaudited)**	Weighted average exercise price *(US$)* (Unaudited)	Number (Unaudited)
Outstanding as at beginning of period	**0.16**	**66,998,000**	0.16	81,463,000
Forfeited during the period	**0.20**	**(500,000)**	0.20	(262,500)
Exercised during the period	**0.14**	**(905,000)**	0.13	(13,802,500)
Outstanding as at end of period	**0.16**	**65,593,000**	0.16	67,398,000
Options exercisable		**65,593,000**		50,348,000
Weighted average contractual life (years)		**2.35**		3.45

The exercise price of options outstanding ranges from US$0.016 to US$0.200.

The weighted average closing price of the share of the Company immediately before the dates on which the option were exercised was HK$3.57 (equivalent to US$0.46) (six months ended June 30, 2021: HK$4.61, equivalent to US$0.58).

The Group recognized total expenses of approximately nil (six months ended June 30, 2021: US$191,000) in relation to share options granted by the Company.

2018 share incentive plan

On May 11, 2019, the board of directors approved an incentive plan to grant share options, restricted share units and any other types of award to eligible employees, including the directors of the Company and the employees of the Group. The total number of shares in respect of which the awards may be granted pursuant to the 2018 share incentive plan and any other equity-based incentive plans of the Company, being 10% of the shares of the Company. No awards have been granted under the 2018 share incentive plan by June 30, 2022.

25. CAPITAL COMMITMENTS

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

	6/30/2022	12/31/2021
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Acquisition of subsidiaries	**13,215**	76,000
Acquisition of FVTPL	**–**	2,353
Purchase of property, plant and equipment	**11,503**	7,342
	24,718	85,695

26. ACQUISITION OF BUSINESSES

On December 29, 2021, Frontage Labs entered into a Membership Interest Purchase Agreement (the "Agreement") with (i) shareholders of Experimur LLC ("OpCo") and of Experimur Properties LLC ("PropertyCo") ("collectively as the Sellers"), (ii) Nabil Hatoum (being Sellers' Representative), (iii) Experimur Holdings, and (iv) OpCo, Experimur Intermediate LLC ("Experimur Intermediate"), and PropertyCo (collectively as the "Targets"), pursuant to which Sellers agreed to sell and Frontage Labs agreed to purchase 100% of the equity interests of Targets for a cash consideration of US$76,000,000 payable and subject to an upward or downward adjustments in respect of Targets' net working capital as of the closing date in accordance with the terms and conditions of the Agreement (the "Experimur Acquisition"). The Experimur Acquisition was completed on January 10, 2022.

Targets are principally engaged in providing toxicology testing, research, and laboratory services for biopharmaceutical companies specializing in drug discovery and development. In completing the Experimur Acquisition, the Group will expand the Group's capabilities in pharmacological safety assessment, toxicology services, and other ancillary drug discovery and development services and will increase the Group's capacity to provide such services through additional scientists, equipment and facilities. The acquisition has been accounted for as acquisition of business using the acquisition method.

The purchase price has been preliminarily allocated based on the estimated fair value of net assets acquired and liabilities assumed at the date of the acquisition. The preliminary purchase price allocation is subject to further refinement and may require adjustments to arrive at the final purchase price allocation. These adjustments will primarily relate to intangible assets and income tax-related items. Management expects the purchase price allocation to be completed in the first quarter of 2023.

26. ACQUISITION OF BUSINESSES *(Continued)*

Details of the preliminary fair value of identifiable assets and liabilities, purchase consideration and goodwill recognized are as follows:

	Fair value
	US$'000
Property, plant and equipment	**4,429**
Intangible assets	**7,900**
Trade and other receivables	**1,201**
Unbilled revenue	**1,095**
Deferred tax assets	**333**
Cash and cash equivalents	**2,503**
Trade and other payables	**(344)**
Advances from customers	**(1,235)**
Deferred tax liabilities	**(167)**
Deferred government grant	**(2,184)**
Net assets acquired	**13,531**

	US$'000
Cash consideration paid	**77,414**
Total transferred consideration	**77,414**
Less: Fair value of net assets acquired	**(13,531)**
Goodwill	**63,883**
Net cash outflow arising on acquisition of a subsidiary:	
Cash consideration paid	**77,414**
Less: Cash and cash equivalents acquired	**(2,503)**
	74,911

26. ACQUISITION OF BUSINESSES *(Continued)*

Acquisition-related costs amounting to US$458,000 are excluded from the consideration transferred and have been recognized as an expense in the current year, within the administrative expenses in the condensed consolidated statement of profit or loss and other comprehensive income.

The fair value of trade and other receivables at the date of acquisition amounted to US$1,201,000. The gross contractual amounts of those trade and other receivables acquired amounted to US$1,201,000 at the date of acquisition. The best estimate at acquisition date of the contractual cash flows not expected to be collected was nil.

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

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

Included in the profit for the period is US$3,713,000 attributable to the additional business generated by Targets. Revenue for the period includes US$10,462,000 generated from Targets.

Had the acquisition been completed on January 1, 2022, revenue for the current period of the Group would have been US$119,072,000, and profit for the current period of the Group would have been US$13,052,000. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2022, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had Targets been acquired at the beginning of the current period, the directors calculated amortization of intangible assets acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognized in the pre-acquisition financial statements.

27. RELATED PARTY TRANSACTIONS AND BALANCES

The Group had the following significant transactions and balances with related parties during the interim periods:

(1) Related party transactions:

(a) Laboratory and Bioequivalence service income from related parties

		Six months ended	
		6/30/2022	6/30/2021
		US$'000	*US$'000*
	Relationship	**(Unaudited)**	(Unaudited)
Frontage Clinical Services, Inc. ("Frontage Clinical")	Associate	**42**	89
Hangzhou Tigermed	Ultimate holding company	**158**	204
Frontida BioPharm, Inc. ("Frontida") *(note (i))*	Entity controlled by a substantial shareholder	**50**	2
		250	295

27. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(1) Related party transactions: *(Continued)*

(b) Fees paid to related parties for Laboratory service, Biometrics service, Electronic Data Capture Software service and Clinical Site Management Organization service

	Relationship	Six months ended 6/30/2022 US$'000 (Unaudited)	Six months ended 6/30/2021 US$'000 (Unaudited)
Frontage Clinical	Associate	**34**	76
Jiaxing Tigermed Data Management Co., Ltd.	Fellow subsidiary	**216**	184
Mosim Co., Ltd.	Fellow subsidiary	**40**	–
Jyton-Kannel Medical Technology Co., Ltd.	Fellow subsidiary	**–**	8
Jiaxing EDC Computer Technology Co., Ltd.	Fellow subsidiary	**–**	69
Hangzhou Simo Laboratories Co., Ltd.	Fellow subsidiary	**–**	28
Hangzhou Tigermed	Ultimate holding company	**1**	68
		291	433

(c) Administrative services provided to related parties

	Relationship	Six months ended 6/30/2022 US$'000 (Unaudited)	Six months ended 6/30/2021 US$'000 (Unaudited)
Frontage Clinical	Associate	**155**	97
Hangzhou Tigermed	Ultimate holding company	**4**	–
		159	97

27. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(2) Related party balances:

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

	Relationship	6/30/2022 US$'000 (Unaudited)	12/31/2021 US$'000 (Audited)
Trade receivables			
Frontida *(note (i))*	Entity controlled by a substantial shareholder	**59**	81
Shanghai Tigermed Medical Consulting Co., Ltd.	Fellow subsidiary	**2**	–
Taiwan Tigermed Consulting Co., Ltd	Fellow subsidiary	**9**	9
Frontage Clinical	Associate	**–**	139
Hangzhou Tigermed	Ultimate holding company	**345**	13
		415	242
Other receivables			
Frontida *(note (i))*	Entity controlled by a substantial shareholder	**159**	246
Hangzhou Tigermed	Ultimate holding company	**4**	–
Frontage Clinical	Associate	**26**	344
		189	590

27. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(2) Related party balances: *(Continued)*

	Relationship	6/30/2022 US$'000 (Unaudited)	12/31/2021 US$'000 (Audited)
Unbilled revenue			
Hangzhou Tigermed	Ultimate holding company	–	222
Shanghai Tigermed Technology Co., Ltd.	Fellow subsidiary	–	2
		–	224
Trade payables			
Frontage Clinical	Associate	25	–
Mosim Co., Ltd.	Fellow subsidiary	10	–
Jiaxing Tigermed Data Management Co., Ltd.	Fellow subsidiary	26	29
Hangzhou Tigermed	Ultimate holding company	11	9
		72	38

27. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(2) Related party balances: *(Continued)*

	Relationship	6/30/2022 US$'000 (Unaudited)	12/31/2021 US$'000 (Audited)
Other payables			
Frontage Clinical	Associate	–	5
Advances from customers			
Hangzhou Tigermed	Ultimate holding company	**397**	385

Notes:

(i) Frontida is considered as a related party of the Group because Dr. Song Li, the substantive shareholder and executive director of the Company, is Frontida's controlling shareholder.

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

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

27. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(3) Compensation of key management personnel

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

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

	Six months ended	
	6/30/2022	6/30/2021
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Salaries and other benefits	**1,854**	1,958
Share-based compensation	**1,109**	100
Performance-based bonus	**176**	353
Retirement benefits scheme contributions	**28**	26
	3,167	2,437

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

28. SUBSEQUENT EVENTS

On July 27, 2022 (New York time), Frontage Labs, a wholly owned subsidiary of the Company, entered into a share purchase agreement with shareholder of Frontage Clinical, an associate of the Company, pursuant to which Frontage Labs agreed to purchase and the shareholder of Frontage Clinical agreed to sell 88.1% of the equity Interests in Frontage Clinical for a cash consideration of approximately USD13,215,000 in accordance with the terms and conditions of the share purchase agreement.

Immediately following the completion of acquisition, Frontage Clinical becomes an indirect subsidiary of the Company and the financial results, assets and liabilities of Frontage Clinical will be consolidated into the consolidated financial statements of the Group.

For details, please refer to the Company's announcements dated July 28, 2022 and August 2, 2022.

In the moment, it is not practicable to provide an estimate of financial effect of the above acquisition until the Group performed a detailed review.

DEFINITIONS

"2008 Share Incentive Plan"	the pre-IPO share incentive plan approved by Frontage Labs in 2008 and assumed by the Company on April 17, 2018
"2015 Share Incentive Plan"	the pre-IPO share incentive plan approved by Frontage Labs in 2015 and assumed by the Company on April 17, 2018
"2018 Share Incentive Plan"	the post-IPO share incentive plan adopted by the Company on May 11, 2019
"2021 Share Award Scheme"	the "2021 Share Award Scheme" constituted by the rules adopted on January 22, 2021, in its present form or as amended from time to time in accordance with the provisions therein
"Audit and Risk Management Committee"	the audit and risk management committee of the Board
"Award Participants"	the selected participants who were awarded the Awarded Shares under the 2021 Share Award Scheme
"Awarded Shares"	the 22,950,500 Shares granted by the Company to the Award Participants pursuant to the terms of the 2021 Share Award Scheme
"Board of Directors" or "Board"	the board of directors of the Company from time to time
"Base Purchase Price"	USD15,000,000
"BRI"	BRI Biopharmaceutical Research, Inc., a company incorporated under the laws of Canada on February 18, 2003, and a subsidiary of the Company
"Capitalization Issue"	the issue of 1,355,157,819 Shares to the Shareholders to be made upon capitalization of certain sums standing to the credit of the share premium account of the Company

"CDMO"	contract development and manufacturing company
"CG Code"	the Corporate Governance Code as set out in Part 2 of Appendix 14 to the Listing Rules
"CMC"	stands for Chemistry, Manufacturing and Controls. The Group's portfolio of CMC services spans from drug discovery to the post-approval phase, including lead compound quantification and analytical testing for the discovery phase, formulation development, Good Laboratory Practice toxicology batch studies, release and product testing, stability testing, Clinical Trial Materials and Good Manufacturing Practice manufacturing, extractability and leachability studies and commercial product release following approval of an application
"CODM"	the chief operating decision maker of the Group
"Company"	Frontage Holdings Corporation, a company incorporated under the laws of the Cayman Islands with limited liability on April 16, 2018
"Connected Award Participants"	the Award Participants who are connected with the Company or connected persons of the Company
"Controlling Shareholder(s)"	has the meaning given to it under the Listing Rules and unless the context requires otherwise, refers to Hangzhou Tigermed and Hongkong Tigermed
"CRO"	Contract research organization
"Director(s)"	the director(s) of the Company from time to time
"DMPK"	Drug Metabolism and Pharmacokinetics, refers to studies designed to determine the absorption and distribution of an administered drug, the rate at which a drug takes effect, the duration a drug maintains its effects and what happens to the drug after being metabolized by the body

DEFINITIONS

"EIT"	PRC Enterprise Income Tax
"EIT Law"	Enterprise Income Tax Law of the PRC
"Frontage Labs"	Frontage Laboratories, Inc., a company incorporated under the laws of Pennsylvania, United States on April 21, 2004 and the wholly-owned subsidiary of the Company
"Frontage Shanghai"	Frontage Laboratories (Shanghai) Co., Ltd., a company established in the PRC on August 2, 2005 and a subsidiary of the Company
"Frontage Suzhou"	Frontage Laboratories (Suzhou) Co, Ltd., a company established in the PRC on January 7, 2014, and an associate of the Company
"Global Offering"	the Hong Kong Public Offering (as defined in the Prospectus) and the International Offering (as defined in the Prospectus)
"Group", "We", "Our" or "Us"	the Company and its subsidiaries
"Hangzhou Tigermed"	Hangzhou Tigermed Consulting Co., Ltd., a company established in the PRC on December 15, 2004 with its shares being listed on ChiNext market of the Shenzhen Stock Exchange with stock code 300347 and on the Main Board of the Hong Kong Stock Exchange with stock code 3347, which is one of the controlling shareholders of the Company
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hongkong Tigermed"	Hongkong Tigermed Co., Limited, a company incorporated under the laws of Hong Kong with limited liability on September 14, 2011 and which is a wholly-owned subsidiary of Hangzhou Tigermed and one of the Controlling Shareholders of the Company

"IFRSs"	International Financial Reporting Standards
"IPO"	initial public offering
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	May 30, 2019, being the date of Listing
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"Non-connected Award Participants"	the Award Participants who are not connected with the Company or connected persons of the Company
"PRC" or "China"	the People's Republic of China, but for the purposes of this report only, except where the context requires, references to the PRC or China exclude Hong Kong, Macau and Taiwan
"Pre-IPO Share Incentive Plans"	the 2008 Share Incentive Plan and the 2015 Share Incentive Plan
"Prospectus"	the prospectus of the Company dated May 17, 2019
"Relevant Employees"	the employees of the Group who, because of their office or employment, are likely to possess inside information in relation to the Company or its securities
"Reporting Period"	the six months ended June 30, 2022
"RMB"	Renminbi, the lawful currency of the PRC
"RMI"	RMI Laboratories, LLC, a limited liability company established under the laws of Pennsylvania, United States on September 22, 2008, and a subsidiary of the Company

DEFINITIONS

"Share(s)"	ordinary share(s) with nominal value USD0.00001 each in the issued share capital of the Company
"Shareholder(s)"	holder(s) of Share(s)
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"US$" or "USD"	United States Dollars, the lawful currency of the U.S.
"USA", the "United States" or the "U.S."	the United States of America
%	per cent

In this report, the terms "associate", "connected person", "controlling shareholder" and "subsidiary" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.