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FRONTAGE HOLDINGS CORPORATION

方達控股公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1521)

CONNECTED TRANSACTION

SALE OF 45% EQUITY INTEREST IN TIGERMED-BDM, INC. TO THE CONTROLLING SHAREHOLDER OF FRONTAGE HOLDINGS CORPORATION

STOCK PURCHASE AGREEMENT

The Board is pleased to announce that, on June 30, 2019, Frontage Labs, the Company, entered into the Stock Purchase Agreement with Tigermed, pursuant to which Frontage Labs agreed to sell, and Tigermed agreed to purchase, all of Frontage Lab's 45% equity interests in BDM, an independent contract research organization ("CRO") specializing in biostatistics, data management and statistical programming.

LISTING RULES IMPLICATIONS

Tigermed holds 51.45% of the issued share capital in the Company and is the controlling shareholder of the Company and hence a connected person of the Company. Accordingly, the transactions contemplated under the Stock Purchase Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratios in respect of the transactions contemplated under the Stock Purchase Agreement is more than 0.1% but all of them are less than 5%, the Stock Purchase Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements, but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE STOCK PURCHASE AGREEMENT

The Board is pleased to announce that, on June 30, 2019, Frontage Labs, entered into the Stock Purchase Agreement with Tigermed, pursuant to which Frontage Labs agreed to sell, and Tigermed agreed to purchase, all of Frontage Labs' 45% equity interest in BDM at the Consideration of USD7,200,000.00. The principal terms of the Stock Purchase Agreement are set out below:

Date of the Stock Purchase Agreement and Closing Date	June 30, 2019
Parties	Frontage Labs as the seller Tigermed as the buyer
Subject Matter	Pursuant to the Stock Purchase Agreement, Frontage Labs agreed to sell, and Tigermed agreed to purchase, 45% equity interest in BDM.
Consideration	USD7,200,000 The Consideration was determined after arm's length negotiations between parties to the Stock Purchase Agreement after taking into consideration the financial performance, financial position and business prospect of BDM.
Payment of Consideration	The Consideration shall be satisfied by payment to Frontage Labs in cash and promissory note in the following manner: (i) an amount of USD3,600,000 shall be paid in cash within 10 days of the Closing Date; and (ii) the remaining balance of the Consideration in the principal amount of USD3,600,000 and in the form of promissory note, shall be paid within five (5) months from the Closing Date and an interest rate of 10 percent (10%) per annum. The interest rate was determined based on normal commercial terms based on prevailing interest rate of similar promissory notes.

REASONS FOR THE CONNECTED TRANSACTION

BDM is an independent CRO specializing in biostatistics, data management and statistical programming which are not the Group's core business. In early June 2019, Tigermed approached the Group and proposed to acquire the minority interest in BDM held by the Group. The Board believes that the disposal of its equity interest in BDM will enable the Group to invest more resources in the development of its core business, streamline its corporate structure and reduce the administrative overhead associated with its holding of such equity interest.

In light of the aforesaid, the Company and Tigermed, after the good faith discussion with each other, Tigermed has agreed to acquire from all of the 45% equity interest in BDM under the Stock Purchase Agreement. The expected gain from the disposal of BDM is approximately USD125,000.00 and the Company intended to apply the proceeds from the Consideration for general working capital.

The Directors are of the view that entering into the Stock Purchase Agreement will not cause any material adverse impact to the Group's business and operational activities. In addition, the Directors (including the independent non-executive Directors) consider that the Stock Purchase Agreement were negotiated on an arm's length basis, and are on normal commercial terms, which are fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

Upon completion of the Stock Purchase Agreement, the Company will cease to hold any interest in BDM.

DIRECTOR'S VOTING

Mr. Jun Gao ("Mr. Gao") is the non-executive Director of the Company and the Chief Financial Officer of Tigermed Group. Accordingly, Mr. Gao is materially interested in the Stock Purchase Agreement and has abstained from voting on the relevant Board resolutions of the Company.

Save as the aforementioned, none of the Directors has a material interest in the transaction contemplated under the Stock Purchase Agreement and is required to abstain from voting on the relevant resolutions.

INFORMATION ON THE GROUP, TIGERMED GROUP, TIGERMED-BDM, INC.

THE GROUP

Frontage Labs is a company incorporated under the laws of Pennsylvania, United States on April 21, 2004 and is a wholly-owned subsidiary of the Company.

The Company has incorporated under the laws of the Cayman Islands with limited liability on April 16, 2018.

The Group is a CRO providing integrated, scientifically-driven research, analytical and development services throughout the drug discovery and development process to enable pharmaceutical companies to achieve their drug development goals. The services we provide in the United States include DMPK, safety and toxicology, and CMC, in each case, throughout the drug discovery and development process. Our bioanalytical services, are offered throughout the drug discovery and development process in both the United States and in China. We also provide bioequivalence and related services in China. Certain of our services are also offered to agrochemical companies.

TIGERMED GROUP

Tigermed is a wholly owned subsidiary of Hangzhou Tigermed Consulting Co., Ltd., which is the controlling shareholder of the Company. Its principal business is the provisions of: (a) clinical trial services involving studies on humans (conducted in hospitals or clinical centres), (b) registration services for drugs or medical instruments or medical devices that have successfully completed clinical trials, (c) clinical trial support services, including site management services and (d) biometrics services.

BDM

BDM is a corporation incorporated in New Jersey and an independent CRO specializing in biostatistics, data management and statistical programming. On September 18, 2013, Tigermed acquired a 55% equity interest in BDM. On March 13, 2015, Frontage Labs acquired a 45.00% equity interest in BDM.

FINANCIAL INFORMATION OF BDM

Pursuant to the audited financial statements of the Group for the year ended December 31, 2018, the net asset of BDM was USD2,766,000 as at December 31 2018 and the net profits of BDM (before and after taxation and extraordinary items) for the years ended 31 December 2017 and 2018 were as follows:

	Net profits before taxation and extraordinary items (if any) USD'000	Net profits after taxation and extraordinary items (if any) USD'000
For the year ended December 31 2018	1,947	1,351
For the year ended December 31 2017	1,220	711

LISTING RULES IMPLICATIONS

Tigermed holds 51.45% of the issued share capital in the Company and is the controlling shareholder of the Company and hence a connected person of the Company. Accordingly, the transactions contemplated under the Stock Purchase Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratios (other than profits ratio) in respect of the transactions contemplated under the Stock Purchase Agreement is more than 0.1% but all of them are less than 5%, the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITION

In this announcement, unless the context otherwise requires, the following terms shall have the meanings ascribed to them below:

Term	Definition
“associate”	has the meaning ascribed to it in the Listing Rules
“agrochemical”	chemicals developed for use in agriculture, including pesticides and fertilizers
“BDM”	Tigermed-BDM, Inc, an independent CRO specializing in biostatistics, data management and statistical programming. It was held as to 55% by Tigermed and 45% by Frontage Labs immediately before the completion of the Stock Purchase Agreement

“bioanalytical”	The analytical and quantitative chemistry of certain compounds in biological systems; covering biotics (macromolecules, proteins, DNA, large molecule drugs and metabolites) and xenobiotics
“bioequivalence”	studies to assess the expected in vivo equivalence of two preparations of a drug. If two products are said to be bioequivalent, it means that there is an absence of a significant difference in the rate and extent to which the active ingredient or active moiety in products becomes available at the site of drug action when administered at the same molar dose under similar conditions in an appropriately designed study
“Board”	the board of Directors from time to time
“Closing Date”	the date of the Stock Purchase Agreement
“CMC”	Chemistry, Manufacturing and Controls, an important and detailed section detailing the characteristics of a therapeutic and its manufacturing and quality testing process in a dossier used to support clinical studies and marketing applications
“Company”	Frontage Holdings Corporation (方達控股公司*), a company incorporated in Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 1521)
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“controlling shareholder”	has the meaning given to it in the Listing Rules
“Consideration”	the consideration of USD7,200,000 to be paid by Tigermed to Frontage Labs for the transfer of 45% equity interests in BDM pursuant to the Stock Purchase Agreement
“CRO”	Contract research organization
“Director(s)”	directors of the Company or any one of them
“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
“Frontage Labs”	Frontage Laboratories, Inc., a company incorporated under the laws of Pennsylvania, United States on April 21, 2004 and a wholly-owned subsidiary of the Company
“Group”, “we”, “our” or “us”	the Company and its subsidiaries from time to time

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Shareholder(s)”	holder(s) of Shares
“Share(s)”	ordinary shares(s) with nominal value USD0.00001 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Stock Purchase Agreement”	the stock purchase agreement dated June 30, 2019 entered into between Frontage Labs and Tigermed
“Tigermed”	Hong Kong Tigermed Co., Limited, a wholly owned subsidiary of Hangzhou Tigermed Consulting Co. Ltd., a company listed on the ChiNext market of the Shenzhen Stock Exchange (stock code 300347)
“Tigermed Group”	Hangzhou Tigermed Consulting Co. Ltd. and its subsidiaries (other than the Company)
“USD”	United States Dollars, the lawful currency of the United States of America
“%”	per cent

By order of the Board
Frontage Holdings Corporation
Dr. Zhihe Li
Chairman

Hong Kong, June 30, 2019

As at the date of this announcement, the Board comprises Dr. Zhihe Li as executive director; Mr. Jun Gao as non-executive director; and Mr. Yifan Li, Mr. Erh Fei Liu and Dr. Jingsong Wang as independent non-executive directors.

* *For identification purpose only*