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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 TIGER-XINZE MEDICAL TECHNOLOGY (JIAXING) CO., LTD. TO THE CONTROLLING SHAREHOLDER OF FRONTAGE HOLDINGS CORPORATION

STOCK TRANSFER AGREEMENT

The Board is pleased to announce that, on June 30, 2019, Frontage Shanghai entered into the Stock Transfer Agreement with Tigermed, pursuant to which Frontage Shanghai agreed to sell, and Tigermed agreed to purchase, all of Frontage Shanghai's 45% equity interests in Xinze, a company engaged in the business of 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 Xinze Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. The Xinze Disposal and the BDM Disposal constitute a series of transactions made within a 12-month period and shall be aggregated pursuant to Rule 14.22 of the Listing Rules.

As the highest applicable percentage ratios in respect of the Xinze Disposal, when aggregated with the BDM Disposal, is more than 0.1% but all of them are less than 5%, the Xinze Disposal is 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 TRANSFER AGREEMENT

The Board is pleased to announce that, on June 30, 2019, Frontage Shanghai entered into the Stock Transfer Agreement with Tigermed, pursuant to which Frontage Shanghai agreed to sell, and Tigermed agreed to purchase, all of Frontage Shanghai's 45% equity interests in Xinze, at the Consideration of RMB4,791,420 (equivalent to approximately USD697,431). The principal terms of the Stock Transfer Agreement are set out below:

Date of the Stock Transfer Agreement	June 30, 2019
Parties	Frontage Shanghai as the seller Tigermed as the buyer Xinze as the target company
Subject Matter	Pursuant to the Stock Transfer Agreement, Frontage Shanghai agreed to sell, and Tigermed agreed to purchase, 45% equity interest in the target company, Xinze.
Consideration	RMB4,791,420 (equivalent to approximately USD697,431) The Consideration is determined after arm's length negotiations between parties to the Stock Transfer Agreement after taking into consideration the financial performance, financial position and business prospect of Xinze.
Payment of Consideration	The Consideration shall be satisfied by payment to Frontage Shanghai in the amount of RMB4,791,420 in cash within 10 days of the closing date.
Conditions Precedent	The obligations of the parties to consummate the Xinze Disposal shall be subject to the fulfillment at or prior to the closing of the following conditions: (1) Xinze and Frontage Shanghai having provided Tigermed with all the necessary legal documents to effect the implementation of the Xinze Disposal and Tigermed having been satisfied with the results thereof. (2) Frontage Shanghai having obtained the necessary internal and external approval for the Xinze Disposal, and the legal documents having been formally executed and made effective by Xinze.

- (3) The shareholders of Xinze having formally passed the necessary resolution approving the Xinze Disposal and having provided a copy of the shareholder resolution to Tigermed.
- (4) Frontage Shanghai having provided Tigermed with all the documents, materials, and information required, and such documents, materials and information are true, accurate and complete, and there is no omission or misleading.
- (5) Frontage Shanghai having fulfilled all the actual payment obligations and having provided the corresponding written documents to Tigermed.
- (6) Frontage Shanghai having warranted that no third party has signed an agreement or other arrangement that conflicts with the Xinze Disposal, or that Frontage Shanghai having obtained written consent from the third party regarding the Xinze Disposal.
- (7) The commitments, representations and warranties having made by Frontage Shanghai in the Stock Transfer Agreement shall be true, accurate, and complete and not misleading in all material respects as of the execution date of the Stock Transfer Agreement and the corresponding closing date.
- (8) As of the closing date, (a) there are no pending nor potential actions or procedures against Xinze or the Xinze Disposal by any governmental entity in China, that would limit or prohibit the completion of the contemplated Transaction or any other transactions accompanying such Transaction; and (b) consummation of the Transaction or all or part of the articles of association of Xinze shall not have been restrained, enjoined or otherwise prohibited or made illegal by any applicable law by any governmental entity in China.
- (9) As of the closing date, Xinze has not incurred any material adverse impact on its operations, financial position or assets or based on its reasonable forecasts.

REASONS FOR THE CONNECTED TRANSACTION

Xinze is a company 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 Xinze held by the Group. The Group believes that the disposal of its equity interest in Xinze 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, Frontage Shanghai and Tigermed, after the good faith discussion with each other, Tigermed has agreed to acquire from all of the 45% equity interest in Xinze under the Stock Transfer Agreement. The Group expects no significant gain or loss would be incurred from the Xinze Disposal. The Group intended to apply the proceeds from the Consideration is for general working capital.

The Directors are of the view that entering into the Stock Transfer 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 Transfer 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 Transfer Agreement, the Company will cease to hold any interest in Xinze.

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 Transfer Agreement and have 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 Transfer Agreement and is required to abstain from voting on the relevant resolutions.

INFORMATION ON THE GROUP, TIGERMED GROUP AND XINZE

THE GROUP

Frontage Shanghai is a company established in the PRC on August 2, 2005 and a subsidiary of the Company.

The Company was 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

Tigermed is 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 is the controlling shareholder of the Company. Tigermed's 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.

XINZE

Tiger-Xinze Medical Technology (Jiaxing) Co., Ltd., a company established in the PRC on December 25, 2013 and an associate of the Company. In June 2015, Frontage Shanghai acquired a 45.00% equity interest in Xinze. The remaining 55.00% of Xinze is held by Tigermed. Xinze offers biostatistics services and is also engaged in the business of medicinal technology.

FINANCIAL INFORMATION OF XINZE

Pursuant to the audited financial statements of the Group for the year ended December 31, 2018, the net asset of Xinze was RMB10,657,000 (equivalent to approximately USD1,551,000) and the net profits of Xinze (before and after taxation and extraordinary items) for the years ended December 31, 2017 and 2018 were as follows:

	Net profits before taxation and extraordinary items (if any) RMB'000	Net profits after taxation and extraordinary items (if any) RMB'000
For the year ended December 31, 2018	910 (equivalent to approximately USD132,000)	669 (equivalent to approximately USD97,000)
For the year ended December 31, 2017	12 (equivalent to approximately USD2,000)	7 (equivalent to approximately USD1,000)

LISTING RULES IMPLICATIONS

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As the highest applicable percentage ratios in respect of the Xinze Disposal, when aggregated with the BDM Disposal, is more than 0.1% but all of them are less than 5%, the Xinze Disposal is 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 Disposal”	the entering into of the stock purchase agreement dated June 30, 2019 between Frontage Laboratories Inc., a wholly-owned subsidiary of the Company, and Tigermed in relation to the disposal of 45% equity interest in Tigermed-BDM, Inc. held by Frontage Laboratories Inc. to Tigermed.
“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
“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 RMB4,791,420 (equivalent to approximately USD697,431) to be paid by Tigermed to Frontage Shanghai for the transfer of 45% equity interests in Xinze pursuant to the Stock Transfer 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 Shanghai”	Frontage Laboratories (Shanghai) Co., Ltd. and a wholly-owned subsidiary of the Company in China
“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
“PRC” or “China”	the People’s Republic of China, and for the purpose of this announcement only, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Shareholder(s)”	holder(s) of Shares
“Share(s)”	ordinary shares(s) with nominal value \$0.00001 USD each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Stock Transfer Agreement”	the stock transfer agreement dated June 30, 2019 entered into between Frontage Shanghai and Tigermed
“Tigermed”	Hangzhou Tigermed Consulting Co. Ltd., a company listed on the ChiNext market of the Shenzhen Stock Exchange (stock code 300347)
“RMB”	Renminbi, the lawful currency of the PRC
“USD”	United States Dollars, the lawful currency of the United States of America

“Xinze”	Tiger-Xinze Medical Technology (Jiaxing) Co., Ltd., a company established in the PRC on December 25, 2013 and an associate of the Company
“Xinze Disposal”	the disposal of the 45% equity interests in Xinze by Frontage Shanghai to Tigermed pursuant to the Stock Transfer Agreement
“%”	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*