FRONTAGE HOLDINGS CORPORATION
方達控股公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1521)

ANNOUNCEMENT ON INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2019

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the six months ended June 30, 2019 was US$49.7 million, representing an increase of 34.0% compared to US$37.1 million for the six months ended June 30, 2018.

- Gross profit of the Group for the six months ended June 30, 2019 was US$19.2 million, representing an increase of 39.3% compared to US$13.8 million for the six months ended June 30, 2018.

- Net profit of the Group for the six months ended June 30, 2019 was US$9.3 million, representing an increase of 233.1% compared to US$2.8 million for the six months ended June 30, 2018. Adjusted net profit of the Group for the six months ended June 30, 2019 was US$12.1 million, representing an increase of 138.6% compared to US$5.1 million for the six months ended June 30, 2018.

- Basic and diluted earnings per share for the six months ended June 30, 2019 amounted to US$0.006, which increased significantly from US$0.002 as that for the six months ended June 30, 2018.

- The adjusted diluted earnings per share for the six months ended June 30, 2019 amounted to US$0.007, which increased significantly from US$0.003 as that for the six months ended June 30, 2018.

Non-IFRS Measures

To supplement the Group's condensed consolidated financial statements which are presented in accordance with the IFRSs, the Company has provided adjusted net profit, adjusted net profit margin, and adjusted diluted earnings per share (excluding the share-based compensation expenses, Listing expenses and gain on disposal of associates or subsidiary, and bargain purchase gain) 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 and non-recurring 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.

The Board of the Company is pleased to announce the unaudited condensed consolidated interim results of the Group for the Reporting Period together with comparative figures for the corresponding period in 2018 as set out below:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended June 30, 2019

	NOTES	**Six months ended** **6/30/2019** ***US$'000*** **(Unaudited)**	6/30/2018 *US$'000* (Unaudited)
Revenue	*3*	**49,689**	37,088
Cost of services		**(30,440)**	(23,267)
Gross profit		**19,249**	13,821
Other income	*5*	**1,255**	248
Other gains and losses, net	*6*	**46**	50
Research and development expenses		**(649)**	(1,135)
Impairment losses recognized on			
– trade receivables		**(148)**	(804)
– unbilled revenue		**(78)**	(124)
Selling and marketing expenses		**(1,726)**	(1,163)
Listing expenses		**(1,544)**	(3,443)
Gain on disposal of an associate	*10*	**56**	437
Gain on disposal of subsidiaries		**–**	143
Bargain purchase gain		**–**	788
Administrative expenses		**(6,239)**	(4,825)
Share of profit (loss) of associates		**384**	(406)
Finance cost	*7*	**(588)**	(217)
Profit before tax	*8*	**10,018**	3,370
Income tax expense	*9*	**(724)**	(580)
Profit for the period attributable to the owners of the Company		**9,294**	2,790
Other comprehensive expense			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation of foreign operations		**(103)**	(261)
Total comprehensive income for the period attributable to the owners of the Company		**9,191**	2,529
Earnings per share	*11*		
– Basic (US$)		**0.0058**	0.0019
– Diluted (US$)		**0.0057**	0.0018

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2019

	NOTES	**As at June 30, 2019 US$'000 (Unaudited)**	As at December 31, 2018 US$'000 (Audited)
Non-current assets			
Property, plant and equipment	*13*	**19,750**	22,884
Right-of-use assets	*13*	**17,739**	–
Intangible assets		**669**	25
Investments in associates	*14*	**2,388**	9,879
Deferred tax assets		**129**	68
Restricted bank deposits		**300**	300
Other long-term deposits		**120**	120
		41,095	33,276
Current assets			
Inventories		**89**	73
Trade and other receivables and prepayment	*15*	**26,912**	19,456
Unbilled revenue	*16*	**8,391**	7,129
Tax recoverable		**656**	1,209
Restricted bank deposits		**8**	15
Bank balances and cash	*17*	**212,601**	16,306
		248,657	44,188
Assets classified as held for sale	*18*	**726**	–
		249,383	44,188
Current liabilities			
Trade and other payables	*19*	**11,842**	11,050
Advances from customers	*20*	**10,663**	11,350
Bank borrowings	*21*	**2,167**	2,667
Loans from related parties	*25*	**–**	1,500
Income tax payable		**605**	1,093
Amounts due to shareholders	*25*	**210**	210
Lease liabilities/obligations under finance leases		**4,061**	1,864
		29,548	29,734
Net current assets		**219,109**	14,454
Total assets less current liabilities		**260,930**	47,730

	NOTES	As at June 30, 2019 US$'000 (Unaudited)	As at December 31, 2018 US$'000 (Audited)
Non-current liabilities			
Bank borrowings	*21*	**167**	500
Deferred tax liabilities		**303**	767
Lease liabilities/obligations under finance leases		**13,152**	2,311
Other long-term liabilities		**–**	518
		13,622	4,096
Net assets		**247,308**	43,634
Capital and reserves			
Share capital	*22*	**20**	2
Reserves		**247,288**	43,632
Total equity		**247,308**	43,634

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended June 30, 2019

	Six months ended June 30,	
	2019	2018
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
NET CASH FROM OPERATING ACTIVITIES	**8,458**	8,619
NET CASH USED IN INVESTING ACTIVITIES		
Net cash outflow from disposal of subsidiaries	**–**	(2,774)
Net proceeds from disposal of an associate	**–**	367
Purchase of property, plant and equipment	**(3,942)**	(3,090)
Proceeds from disposal of property, plant and equipment	**–**	1
Interest received	**382**	87
Acquisition of a subsidiary, net of cash acquired	**–**	(4,188)
Withdraw (placement) of restricted bank deposits	**7**	(618)
Purchases of intangible assets	**(553)**	–
Other investing cash flows	**(1,102)**	–
	(5,208)	(10,215)
NET CASH GENERATED FROM FINANCING ACTIVITIES		
Proceeds from bank borrowings	**3,000**	1,000
Repayment of bank borrowings	**(3,833)**	(649)
Interest paid on bank borrowings	**(83)**	(59)
Repayment of lease liabilities/obligations under finance leases	**(1,740)**	(971)
Interest paid on lease liabilities/obligations under finance leases	**(490)**	(114)
Proceeds from loans from related parties	**–**	5,000
Loan repayment to related parties	**(1,500)**	–
Interest paid on loans from related parties	**(15)**	(44)
Proceeds from exercise of share options	**–**	49
Proceeds from issue of ordinary shares	**204,475**	–
Issue costs paid	**(6,702)**	(306)
NET CASH GENERATED FROM FINANCING ACTIVITIES	**193,112**	3,906
NET INCREASE IN CASH AND CASH EQUIVALENTS	**196,362**	2,310
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**16,306**	4,339
Effects of exchange rate changes	**(67)**	(226)
CASH AND CASH EQUIVALENTS AT END OF PERIOD, REPRESENTED BY BANK BALANCES AND CASH	**212,601**	6,423

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2019

1. GENERAL INFORMATION AND BASIS OF PREPARATION

1.1 General information

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 Stock Exchange since May 30, 2019. The immediate holding company of the Company is Hong Kong Tigermed. The ultimate holding company of the Company is Hangzhou Tigermed, a company established in Hangzhou, PRC and whose shares have been listed on the ChiNext market of the Shenzhen Stock Exchange.

The Company is a holding company. The principal activities of the Group are to provide laboratory and related services to pharmaceutical and agrochemical companies as well as bioequivalence studies.

The functional currency of the Company and the operating subsidiaries incorporated in the United States is US$ or USD. The functional currency of the PRC operating subsidiaries is RMB.

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.

1.2 Basis of preparation and presentation of the condensed consolidated financial statements

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" 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 of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Other than changes in accounting policies resulting from application of new and amendments to IFRSs, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2019 are the same as those presented in the Group's consolidated financial statements for each of the 3 years ended December 31, 2018 underlying the preparation of historical financial information included in the Accountants' Report presented in the Prospectus of the Company dated May 17, 2019.

Application of new and amendments to IFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRSs issued by the International Accounting Standard Board which are mandatory effective for the annual period beginning on or after January 1, 2019 for the preparation of the Group's condensed consolidated financial statements:

IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRSs 2015-2017 Cycle

Except as described below, the application of the new and amendments to IFRSs 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.

2.1 Impacts and changes in accounting policies of application on IFRS 16 Leases

The following adjustments were made to the amounts recognized in the condensed consolidated statement of financial position as at January 1, 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported as at December 31, 2018 *US$'000*	**Adjustments** *US$'000*	**Carrying amounts under IFRS 16 as at January 1, 2019** *US$'000*
Non-current Assets			
Property, plant and equipment	22,884	(5,721)	17,163
Right-of-use assets	–	18,739	18,739
Current Assets			
Trade and other receivables			
– Advance lease payments	232	(232)	–
Current Liabilities			
Trade and other payables			
– Accrued lease liabilities	61	(61)	–
– Lease liabilities	–	3,542	3,542
Obligations under finance leases	1,864	(1,864)	–
Non-current liabilities			
Lease liabilities	–	13,998	13,998
Other long-term liabilities	518	(518)	–
Obligations under finance leases	2,311	(2,311)	–

3. **REVENUE**

The Group's revenue streams are categorized as follows:

– Bioanalytical services consist of providing method development and validation as well as sample analysis services.

– CMC services involve assisting the customers with drug product development, analysis, and clinical trial materials' delivery and supply.

– DMPK services include study designs, execution of studies, and interpretation of the data through structural optimisation in early discovery, pharmacokinetic studies in rodents, non-GLP bioanalytical studies, etc.

– Safety and Toxicology services include *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.

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

	Six months ended	
	6/30/2019	6/30/2018
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Bioanalytical	**25,800**	20,626
CMC	**8,346**	6,738
DMPK	**5,636**	3,420
Safety and Toxicology	**4,591**	2,142
Bioequivalence	**5,316**	4,162
	49,689	37,088

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 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 (country of domicile) and the PRC and all of the Group's consolidated assets and liabilities are either located in the USA or the PRC.

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

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

– USA segment, including Bioanalytical, CMC, DMPK and Safety and Toxicology services in the USA

– PRC segment, including Bioanalytical, Bioequivalence services in the PRC

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, 2019 (unaudited)

	USA *US$'000*	**PRC** *US$'000*	**Total** *US$'000*
Revenue			
– Bioanalytical	**15,986**	**9,814**	**25,800**
– CMC	**8,346**	**–**	**8,346**
– DMPK	**5,636**	**–**	**5,636**
– Safety and Toxicology	**4,591**	**–**	**4,591**
– Bioequivalence	**–**	**5,316**	**5,316**
	34,559	**15,130**	**49,689**
Cost of services	**(23,146)**	**(7,294)**	**(30,440)**
Other income	**288**	**967**	**1,255**
Other gains and losses, net	**7**	**39**	**46**
Research and development expenses	**–**	**(649)**	**(649)**
Impairment losses recognized on trade receivables and unbilled revenue	**(133)**	**(93)**	**(226)**
Selling and marketing expenses	**(1,315)**	**(411)**	**(1,726)**
Gain on disposal of an associate	**56**	**–**	**56**
Administrative expenses	**(4,945)**	**(1,294)**	**(6,239)**
Finance cost	**(349)**	**(239)**	**(588)**
Share of profit of associates	**286**	**98**	**384**
Segment profit	**5,308**	**6,254**	**11,562**
Unallocated listing expenses			**(1,544)**
Profit before tax			**10,018**

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

For the six months ended June 30, 2018 (unaudited)

	USA *US$'000*	PRC *US$'000*	Total *US$'000*
Revenue			
– Bioanalytical	12,775	7,851	20,626
– CMC	6,738	–	6,738
– DMPK	3,420	–	3,420
– Safety and Toxicology	2,142	–	2,142
– Bioequivalence	–	4,162	4,162
	25,075	12,013	37,088
Cost of services	(17,374)	(5,893)	(23,267)
Other income	84	164	248
Other gains and losses, net	(12)	62	50
Research and development expenses	–	(1,135)	(1,135)
Impairment (losses) gains recognized on trade receivables and unbilled revenue	(537)	(391)	(928)
Selling and marketing expenses	(1,014)	(149)	(1,163)
Gain on disposal of an associate	437	–	437
Gain on disposal of subsidiaries	–	143	143
Bargain purchase gain	788	–	788
Administrative expenses	(4,226)	(599)	(4,825)
Finance cost	(209)	(8)	(217)
Share of (loss) profit of associates	(487)	81	(406)
Segment profit	2,525	4,288	6,813
Unallocated listing expenses			(3,443)
Profit before tax			3,370

Geographical information

The Group's operations and non-current assets are located in the USA 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	
	6/30/2019 ***US$'000*** **(Unaudited)**	6/30/2018 *US$'000* (Unaudited)
Revenue from external customers		
– USA	**29,364**	21,997
– PRC	**15,606**	12,038
– Rest of the world	**4,719**	3,053
	49,689	37,088

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

	6/30/2019	12/31/2018
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Non-current assets excluding financial assets and deferred tax assets		
– USA	**24,176**	25,856
– PRC	**16,370**	6,932
	40,546	32,788

Information about major customers

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

	Six months ended	
	6/30/2019	6/30/2018
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Company A	**10,040**	N/A[1]

[1] The corresponding revenue did not contribute over 10% of the total revenue of the Group.

5. OTHER INCOME

	Six months ended	
	6/30/2019	6/30/2018
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Income from rendering technical support service	**691**	–
Interest income	**382**	87
Government grants related to income (note)	**182**	161
	1,255	248

Note: The government grants are mainly provided by Shanghai Zhangjiang High-tech Park Management Committee, for the financial support for the emerging strategic industry. It is not related to a specific property, so it is not considered to be an assets-related government grant and recognized when actually received.

6. OTHER GAINS AND LOSSES, NET

	Six months ended 6/30/2019 US$'000 (Unaudited)	6/30/2018 US$'000 (Unaudited)
Net foreign exchange gain	**38**	78
Loss on disposal of property, plant and equipment	**(11)**	(19)
Others	**19**	(9)
	46	50

7. FINANCE COST

	Six months ended 6/30/2019 US$'000 (Unaudited)	6/30/2018 US$'000 (Unaudited)
Interest on lease liabilities/financing lease	**490**	114
Interest expense on bank borrowings	**83**	59
Interest expense on loans from related parties	**15**	44
	588	217

8. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	Six months ended 6/30/2019 US$'000 (Unaudited)	6/30/2018 US$'000 (Unaudited)
Staff cost (including directors' emoluments):		
– Salaries and other benefits	**23,157**	14,581
– Retirement benefit scheme contributions	**874**	542
– Share-based payment expense	**1,270**	186
	25,301	15,309
Depreciation for property, plant and equipment	**1,816**	1,937
Depreciation for right-of-use assets	**1,667**	–
Amortisation of intangible assets	**30**	25

9. INCOME TAX EXPENSE

	Six months ended 6/30/2019 US$'000 (Unaudited)	6/30/2018 US$'000 (Unaudited)
Current tax:		
– PRC Enterprise Income Tax ("**EIT**")	**856**	726
– U.S. Federal Tax	**1,245**	1,939
– U.S. State Tax	**182**	256
Over provision of EIT, U.S. Federal Tax and U.S. State Tax in prior year	**(1,034)**	(329)
	1,249	2,592
Deferred tax:		
– Current period	**44**	(2,012)
– Over provision in prior year	**(569)**	–
	(525)	(2,012)
Total income tax expense	**724**	580

Under the law of the PRC on EIT Law and Implementation Regulation of the EIT Law, the EIT rate of the PRC subsidiaries is 25% unless subject to tax exemptions set out below.

方達醫藥技術(上海)有限公司 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 therefore is entitled to a preferential tax rate of 15% for a three-year period commencing from the beginning of 2017.

Frontage Labs is subject to U.S. federal and state income taxes with the effective combined income tax rate being 26.49% for the six months ended June 30, 2019 and 28.92% for the six months ended June 30, 2018 respectively. The 2017 Tax Act was signed into law on December 22, 2017, which includes the Transition Tax. The U.S. entities are subject to Transition Tax for the six months ended June 30, 2019 and June 30, 2018, which is included in the U.S. federal tax expense above.

10. DISPOSAL OF AN ASSOCIATE

On June 30, 2019, the Group disposed all its 45% interest in Tigermed-BDM to Hong Kong Tigermed in consideration of US$7,200,000 note receivables. Before the disposal, the Group owned a 45% interest in Tigermed-BDM and the investment was previously accounted for as an investment in an associate using the equity method of accounting. This transaction has resulted in the Group recognizing a gain of US$56,000 in profit or loss, calculated as follows:

	US$' 000
Proceeds	7,200
Less: carrying amount of the 45% investment on the date of loss of significant influence of Tigermed-BDM	7,144
Gain recognized in profit or loss	56

11. 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	
	6/30/2019	6/30/2018
	US$' 000	*US$' 000*
	(Unaudited)	(Unaudited)
Earnings:		
Earnings for the purpose of calculating basic and diluted earnings per share	**9,294**	2,790

Number of Shares:

	Six months ended	
	6/30/2019	6/30/2018
	US$' 000	*US$' 000*
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**1,594,466,380**	1,505,266,822
Effect of dilutive potential ordinary shares:		
Share options	**29,950,666**	12,629,927
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,624,417,046**	1,517,896,749

The computation of basic and diluted earnings per share for the six months ended June 30, 2018 is based on weighted average number of shares assumed to be in issue after taking into account the retrospective adjustments on the assumption that the Reorganization and the Capitalization Issue as disclosed in Note 22 had been in effect on January 1, 2018.

The computation of diluted earnings per share for the six months ended June 30, 2019, and June 30, 2018 is based on weighted average number of shares assumed to be in issue after taking into account the retrospective adjustments on the assumption that the Pre-IPO Share Incentive Plans as disclosed in Note 23 adopted by Frontage Labs and assumed by the Company on April 17, 2018 had been in effect on January 1, 2018.

The computation of diluted earnings per share in current year does not assume the exercise of the Company's over-allotment options granted pursuant to the listing of the Company's shares in the Hong Kong Stock Exchange as the exercise price of the options was higher than the average market price for the shares during the outstanding period.

12. DIVIDENDS

No dividends were paid, declared or proposed during the interim period. The directors of the Company have determined that no dividend will be paid in respect of the interim period.

13. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS

During the current interim period, the Group paid approximately US$2,284,000 for furniture, fixtures and equipment, and US$1,658,000 for constructions in progress related with leasehold improvements.

During the current interim period, the Group entered into several new lease agreements for the use of laboratory equipment. On the commencement date of the leases, the Group recognized right-of-use assets and lease liabilities amounting to US$1,459,000.

14. INVESTMENTS IN ASSOCIATES

	6/30/2019 ***US$'000*** **(Unaudited)**	12/31/2018 *US$'000* (Audited)
Cost of unlisted investments in associates	**2,620**	7,879
Share of post-acquisition profits	**577**	2,078
Exchange adjustments	**(83)**	(78)
	3,114	9,879

15. TRADE AND OTHER RECEIVABLES AND PREPAYMENT

	6/30/2019 ***US$'000*** **(Unaudited)**	12/31/2018 *US$'000* (Audited)
Trade receivables		
– related parties	**750**	571
– third parties	**15,655**	16,348
Less: loss allowance for trade receivables	**(2,443)**	(2,315)
	13,962	14,604
Note receivable		
– a related party	**7,200**	–
Other receivables		
– related parties	**3,236**	1,347
– third parties	**1,094**	160
	4,330	1,507
Prepayments		
– third parties	**1,286**	1,073
Deferred issue costs	**–**	2,206
Value added tax recoverable	**134**	66
	26,912	19,456

Details of the trade and other receivables due from related parties are set out in Note 25.

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 the reporting period:

	6/30/2019	12/31/2018
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Within 90 days	**10,764**	12,630
91 to 180 days	**1,401**	1,387
181 days to 1 year	**1,427**	366
Over 1 year	**370**	221
	13,962	14,604

Movement in lifetime expected credit loss that has been recognized for trade receivables in accordance with the simplified approach set out in IFRS 9 for the six months ended June 30, 2019 and year ended December 31, 2018:

	Six months ended 6/30/2019	Year ended 12/31/2018
	US$'000	*US$'000*
	(Unaudited)	(Audited)
At the beginning of period	**(2,315)**	(1,816)
ECL provided	**(148)**	(727)
Reversal of ECL (note)	**–**	119
Write off	**18**	85
Exchange effect	**2**	24
At the end of period	**(2,443)**	(2,315)

Note: Reversal of allowance of ECL is due to the Group recovery of receivables.

16. UNBILLED REVENUE

	6/30/2019	12/31/2018
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Unbilled revenue		
– related parties	**744**	572
– third parties	**8,045**	6,879
Less: loss allowance for unbilled revenue	**(398)**	(322)
	8,391	7,129

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 consolidation statements of financial position as unbilled reveune.

Details of the unbilled revenue due from related parties are set out in Note 25.

Movement in lifetime expected credit loss that has been recognized for unbilled revenue in accordance with the simplified approach set out in IFRS 9 for the six months ended June 30, 2019 and year ended December 31, 2018:

	Six months ended 6/30/2019 ***US$'000*** **(Unaudited)**	Year ended 12/31/2018 *US$'000* (Audited)
At the beginning of period	(322)	(556)
ECL provided	(78)	(39)
Derecognized on disposal of subsidiaries	–	279
Exchange effect	2	(6)
At the end of period	(398)	(322)

17. BANK BALANCES AND CASH

Bank balances and cash comprise of cash held by the Group; and short-term bank deposits with an original maturity of three months or less. The bank deposits carry interest at market rates which ranged from 0% to 2.50% per annum as at June 30, 2019 (December 31, 2018: from 0% to 0.385% per annum).

18. ASSET CLASSIFIED AS HELD FOR SALE

On June 28, 2019, the directors of the Company resolved to dispose the investment in Xinze, of which the Group held 45% share interests, to Hangzhou Tigermed at a total consideration of US$0.7 million. The assets attributable to the investment that are expected to be sold within twelve months from the end of the current interim period have been classified as a disposal group held for sales and are separately presented in the condensed consolidated statement of financial position.

	6/30/2019 ***US$'000*** **(Audited)**
Investments in associates	**726**
Total assets classified as held for sale	**726**

19. TRADE AND OTHER PAYABLES

	6/30/2019 ***US$'000*** **(Unaudited)**	12/31/2018 *US$'000* (Audited)
Trade payables		
– related parties	**690**	688
– third parties	**2,199**	2,885
	2,889	3,573
Other payables		
– a related party	**–**	4
– third parties	**1,405**	1,077
	1,405	1,081
Accrued listing expenses and issue costs	**4,956**	3,455
Salary and bonus payables	**2,020**	2,354
Other taxes payable	**572**	587
	11,842	11,050

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:

	6/30/2019	12/31/2018
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Within 90 days	**1,735**	2,577
91 days to 1 year	**302**	453
Over 1 year	**852**	543
	2,889	3,573

20. ADVANCES FROM CUSTOMERS

	6/30/2019	12/31/2018
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Advances from customers		
– related parties	**481**	563
– third parties	**10,182**	10,787
	10,663	11,350

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

21. BANK BORROWINGS

	6/30/2019	12/31/2018
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Secured and unguaranteed bank loans	**2,334**	3,167

The carrying amount repayable based on the scheduled repayment date set out in the loan agreements were as follows:

	6/30/2019	12/31/2018
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Within one year	**2,167**	2,667
Within a period of more than one year but not exceed two years	**167**	500
	2,334	3,167
Less: Amounts due within one year shown under current liabilities	**(2,167)**	(2,667)
	167	500

The bank borrowings are secured by all assets of the Frontage Labs and all its existing and future US subsidiaries and carry interest at a variable rate of LIBOR plus 1.75% to 1.85% per annum.

22. SHARE CAPITAL

	Number of shares	Amount
		US$'000
Ordinary shares of US$0.00001 each		
Authorized:		
As at January 1, 2019 and June 30, 2019 (Unaudited)	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, 2019	150,573,091	1,506	2
Capitalization issue (Note i)	1,355,157,819	13,553	13
Issue of ordinary shares (Note ii)	501,910,000	5,019	5
As at June 30, 2019 (Unaudited)	**2,007,640,910**	**20,078**	**20**

i) Pursuant to a shareholders' resolution passed on May 11, 2019, 1,355,157,819 ordinary shares of the Company were allotted and issued to the shareholders on the register of members or the principal share register of the Company at the close of business on the date immediately preceding May 30, 2019, being the Listing Date in proportion to their then respective shareholdings in the Company by way of the Capitalization Issue.

ii) On May 30, 2019, the Company issued a total of 501,910,000 ordinary shares at the price of HK$3.20 per share by means of the Global Offering.

23. SHARE OPTION PAYMENTS

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 terms of 5 to 10 years and vesting on the calender one year after grant date.

On April 17, 2018, Frontage Labs has assigned and the Company has 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.

Set out below are details of the movements of the outstanding options granted during the six months period ended June 30, 2019 by taking into account of the Capitalization Issue:

	Weighted average exercise price (US$)	**Number**
Outstanding as at 1/1/2019 (audited)	0.05	40,350,000
Granted during the period	0.20	79,900,000
Forfeited during the period	0.10	3,900,000
Outstanding as at 6/30/2019 (unaudited)	0.14	116,350,000
Options exercisable		31,200,000
Weighted average contractual life (years)		5.55

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

The estimated fair value of the share options granted under the 2015 Share Incentive Plan in 2019 was approximately US$5,001,000. The fair value was calculated using the Black-Scholes model. The major inputs into the model are as follows:

Grant date	**2/28/2019**
Share price (US$)	0.22
Exercise price (US$)	0.20
Expected volatility	30.0%
Expected life (years)	5
Risk-free interest rate	2.5%
Expected dividend yield	–

Share price is determined as the total fair value of the Company's equity divided by the total number of shares. To determine the fair value of the Company's equity value as of grant date, the Group used primarily the discounted cash flow method under the income approach, using cash flow projections based on financial forecasts approved by management covering a five-year period as appropriate and a discount rate of 18% for the options granted on February 28, 2019. Management's assessment is that the Group will arrive at a stable growth stage after a five-year period. Cash flow beyond that five-year period has been extrapolated using a steady 3% growth rate. This growth rate does not exceed the long-term average growth rate for the market in which the Group operates. The result from the income approach was cross checked with the market approach, which incorporates certain assumptions, including the market performance of comparable listed companies, as well as the financial results and growth trends of the Group, to derive the total equity of the Group.

The risk-free interest rate was based on market yield rate of U.S. government bonds with the term corresponding to the contractual life of the options. Expected volatility was determined by using the historical volatility of the comparable companies.

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

The Group recognized total expenses of approximately US$1,270,000 and US$186,000 for the six months ended June 30, 2019 and June 30, 2018 in relation to share options granted by the Company.

2018 Share Incentive Plan

On May 11, 2019, 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, included 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 as at June 30, 2019.

24. CONTINGENCIES AND COMMITMENTS

On August 1, 2018, the Group and an independent financial institution that engages in providing guarantee services entered into one-year guarantee contracts in relation to a loan provided by a commercial bank in China to Frontage Suzhou. In respect of the guarantee provided by the independent financial institution, Frontage Shanghai agreed to provide a counter-guarantee (pursuant to which it assumes joint liability in respect of all obligations of Frontage Suzhou) in favor of the independent financial institution, which covers a maximum amount of RMB4,000,000 (equivalent to US$586,000, including both the principal and the interest). As at June 30, 2019, the total loan drawn down by Frontage Suzhou and the related unpaid interest amounted to RMB3,000,000 (equivalent to US$436,383) and RMB4,713 (equivalent to US$686), respectively. The Group considered the possibility of any outflow to settle such guarantee is remote and therefore the fair value of the financial guarantee as at inception date is minimal.

25. 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	
	6/30/2019	6/30/2018
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Hangzhou Tigermed	**1,907**	212
Shanghai Tigermed Technology Co., Ltd.	**37**	386
Frontage Suzhou	**7**	16
TigerMed India Data Solutions PVT. Ltd.	**–**	4
	1,951	618

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

	Six months ended	
	6/30/2019	6/30/2018
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Frontage Clinical Services, Inc.	**274**	37
Tigermed-BDM	**44**	–
Jiaxing EDC Computer Technology Co., Ltd.	**15**	54
Frontida Biopharm, Inc.	**11**	7
Hangzhou Tigermed	**8**	78
Jyton-Kannel Medical Technology Co., Ltd.	**5**	–
Hangzhou Simo Laboratories Co., Ltd.	**–**	9
Jiaxing Tigermed Data Management Co., Ltd.	**–**	135
	357	320

(c) Interest expense on loans from related parties

	Six months ended	
	6/30/2019	6/30/2018
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Dr. Song Li	**15**	22
Tigermed-BDM	**–**	22
	15	44

(d) Administrative services provided to related parties

	Six months ended	
	6/30/2019	6/30/2018
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Frontage Suzhou	**442**	2
Frontage Clinical Services, Inc.	**260**	245
FJ Pharma LLC	**125**	105
Frontida Biopharm, Inc.	**44**	–
Tigermed MacroStat, LLC	**–**	163
Hangzhou Tigermed	**–**	53
	871	568

(2) Related party balances:

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

	6/30/2019	12/31/2018
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Trade receivables		
Frontage Suzhou	**517**	92
Hangzhou Tigermed	**151**	397
Frontida Biopharm, Inc.	**77**	77
Shanghai Tigermed Technology Co., Ltd.	**5**	5
	750	571
Note receivable		
Hong Kong Tigermed	**7,200**	–
Other receivables		
Frontage Clinical Services, Inc.	**1,547**	221
Frontage Suzhou	**970**	682
Frontida Biopharm, Inc.	**481**	347
Tigermed-BDM	**221**	80
FJ Pharma LLC	**17**	17
	3,236	1,347
Unbilled revenue		
Hangzhou Tigermed	**742**	572
Shanghai Tigermed Technology Co., Ltd.	**2**	–
	744	572
Trade payables		
Tigermed-BDM	**569**	525
Jiaxing Tigermed Data Management Co., Ltd.	**97**	92
Jyton-Kannel Medical Technology Co., Ltd.	**5**	–
Jiaxing EDC Computer Technology Co., Ltd.	**15**	15
Hangzhou Simo Laboratories Co., Ltd.	**4**	23
Frontage Clinical Services, Inc.	**–**	3
Frontida Biopharm, Inc.	**–**	30
	690	688

	6/30/2019	12/31/2018
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Other payables		
Dr. Song Li	**–**	4
Advance from customers		
Hangzhou Tigermed	**481**	543
Shanghai Tigermed Technology Co., Ltd.	**–**	20
	481	563
Loans from related parties		
Dr. Song Li	**–**	1,500

All the above balances with related parties are unsecured and interest free, except for the loans from the related parties, which is unsecured and carrying interest at the fixed rate of 3% per annum.

Hangzhou Tigermed is the ultimate holding company of the Company. Dr. Song Li is the largest individual shareholder of the Company. Frontage Suzhou, Frontage Clinical Services, Inc. and FJ Pharma LLC are associates of the Group. Frontida Biopharm, Inc. ("**Frontida**") was an associate of the Group prior to March 1, 2018 before the Group disposed its shares. After March 1, 2018, Frontida is still considered as a related party of the Group because Dr. Song Li is Frontida's controlling shareholder. Tigermed-BDM was an associate of the Company and now is a subsidiary of Hong Kong Tigermed, and the Company and Tigermed-BDM are now fellow subsidiaries of Hong Kong Tigermed after Tigermed-BDM was disposed to Hong Kong Tigermed on June 30, 2019. Save as disclosed in this paragraph, all of the other abovementioned related parties are the fellow subsidiaries of Hangzhou Tigermed.

(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 Reporting Period were as follows:

	Six months ended	
	6/30/2019	6/30/2018
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Salaries and other benefits	**1,302**	806
Share-based compensation	**690**	143
Performance-based bonus	**321**	–
Retirement benefits scheme contributions	**20**	19
	2,333	968

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

26. SUBSEQUENT EVENTS

On July 12, 2019, the Group received US$3.6 million cash from Hong Kong Tigermed, representing 50% of total consideration for the disposal of Tigermed-BDM as disclosed in Note 10.

On July 22, 2019, the Group completed the disposal of Xinze, of which the Group held 45% equity interest in, to Hangzhou Tigermed at a total consideration of RMB4,791,420 (equivalent to approximately US$697,431). As at June 30, 2019, the investment balance to Xinze was classified as asset held for sale.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Reporting Period, the Group completed the Listing on the Stock Exchange and has continued to implement its "Two Countries, One System" strategy and its commitment to deliver high quality services to its clients in their drug discovery and development endeavors in the U.S. and China and achieved strong revenue growth.

The Directors are delighted to report the Group's continual progress as a fast-growing CRO engaged in the provision of 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 the Group provide in the U.S. include DMPK, safety and toxicology, and CMC, in each case, throughout the drug discovery and development process. The Group's bioanalytical services are offered throughout the drug discovery and development process both in the U.S. and in China. The Group also provides bioequivalence and related services in China. Certain types of the Group's services are also offered to agrochemical companies.

During the Reporting Period, the Group continued to position itself as a value-add partner with a focus on solving its customers' most significant and complex drug discovery and development challenges. The Group's scientific knowledge base, technical expertise and reputation for high quality services have been integral to its ability to enter into strong long-term strategic relationships and partnerships with our key customers. Revenue of the Group for the six months ended June 30, 2019 was US$49.7 million, representing an increase of 34.0% compared to US$37.1 million for the six months ended June 30, 2018. The Group's contract future revenue (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) was approximately US$87.0 million as at June 30, 2019, representing an increase of 18.1% compared to US$73.7 million as at December 31, 2018.

THE GROUP'S FACILITIES

As at June 30, 2019, the Group currently has four facilities in the U.S., consisting of (i) two facilities in Exton, Pennsylvania; (ii) one facility in Concord, Ohio; and (iii) one facility in Princeton, New Jersey as well as four facilities in China, consisting of (i) two in Shanghai; (ii) one in Zhengzhou, Henan Province; and (iii) one in Suzhou, Jiangsu Province.

QUALITY MANAGEMENT

The Group believes that an effective quality management system is critical to ensure the quality of our services and maintain our reputation and success. We have established an in-house quality management system consisting of quality control and quality assurance programs. During the Reporting Period, the Group sought to ensure that its services consistently met the high industry standards and regulatory requirements applicable to us.

During the Reporting Period, our facilities were inspected by the U.S. Department of Agriculture (USDA), U.S. Environmental Protection Agency (EPA), and The National Medical Products Administration (NMPA). None of these inspections resulted in any materially adverse issues being identified. Any questions that have been raised have consistently been addressed to the satisfaction of the relevant regulatory authorities, demonstrating that we met or exceeded the high standards placed on our industry.

SALES AND MARKETING

During the Reporting Period, the Group continued to procure business from new customers through the business development efforts of our scientists, word-of-mouth referrals by customers and the role played by our marketing, business development and sales teams.

The Group marketed its services directly to pharmaceutical and biotechnology companies through regular meetings with their representatives and senior management. In addition, the Group's sales team actively participated in trade conferences, trade shows and scientific conferences.

The Group aimed to broaden its customer base by targeting pharmaceutical and biotechnology companies that recognize the efficiency and cost-effectiveness of outsourcing their discovery, development and commercial manufacturing to the Group. The Group also targeted customers that lack in-house research and development capabilities and view outsourcing as an attractive option to achieve their objectives.

Our growth strategies include to:

- Continue to expand capacities to meet an increased demand for our services;
- Strategically extend the range of our services to offer our customers more integrated solutions through organic growth and potential acquisitions;
- Continue to capitalize on China's growing outsourcing market;
- Maintain and deepen our strong relationships with existing customers to secure new projects;
- Attract new customers and expand our customer base by leveraging our existing market position and reputation; and
- Continue to attract and retain talent to support our growth.

CONNECTED TRANSACTIONS

BDM Disposal

On June 30, 2019, Frontage Labs entered into a stock purchase agreement with Hong Kong Tigermed, the controlling shareholder of the Company, pursuant to which Frontage Labs agreed to sell, and Hong Kong Tigermed agreed to purchase, all of Frontage Labs' 45% equity interest in BDM, an independent CRO specializing in biostatistics, data management and statistical programming, at a consideration of US$7,200,000. The gain from the disposal of BDM is approximately US$56,000. On July 12, 2019, the Group received US$3.6 million cash from Hong Kong Tigermed, representing 50% of the total consideration for the disposal of BDM.

For further details of the disposal of BDM, please refer to the announcement of the Company dated June 30, 2019.

Xinze Disposal

On June 30, 2019, Frontage Shanghai, an indirectly wholly-owned subsidiary of the Company, entered into a stock transfer agreement with Hangzhou Tigermed, pursuant to which Frontage Shanghai agreed to sell, and Hangzhou Tigermed agreed to purchase, all of Frontage Shanghai's 45% equity interest in Xinze, a company specializing in biostatistics, data management and statistical programming, at a consideration of RMB4,791,420 (equivalent to approximately US$697,431). No material gain from the disposal of Xinze was incurred. As at the end of the Reporting Period, the business administration formalities were not completed and the disposal of Xinze was completed on July 22, 2019.

For further details of the disposal of Xinze, please refer to the announcement of the Company dated June 30, 2019.

Save as disclosed above, the Group had no other material acquisition and disposals of subsidiaries, associates and joint ventures during the period from the date of the Listing to June 30, 2019.

MAJOR ACHIEVEMENTS DURING THE REPORTING PERIOD

1. Net profit of the Group for the six months ended June 30, 2019 was US$9.3 million, representing an increase of 233.1% compared to US$2.8 million for the six months ended June 30, 2018. Adjusted net profit of the Group for the six months ended June 30, 2019 was US$12.1 million, representing an increase of 138.6% compared to US$5.1 million for the six months ended June 30, 2018.

2. The Group is expanding approximately 42,000 square feet of laboratory space in its Zhangjiang Hi-Tech Park laboratory in Shanghai to expand its business. The new laboratory space is ready for operation as at the date of this announcement.

3. The Group is expanding approximately 10,000 square feet of laboratory space to its facility at 700 Pennsylvania Drive, Exton, PA to expand its business. The new laboratory space is expected to be operational in the first quarter of 2020.

4. The Company's shares were listed on the Stock Exchange on May 30, 2019.

5. Frontage Labs has once again been named as a CRO Leadership Awards recipient by *Life Science Leader* magazine. The publication annually asks pharmaceutical and biopharmaceutical companies to rate the capability and performance of CROs. Frontage Labs has won awards with Life Science Leader since 2014.

EVENTS AFTER THE REPORTING PERIOD

On June 30, 2019, Frontage Labs entered into a stock purchase agreement with Hong Kong Tigermed, the controlling shareholder of the Company, pursuant to which Frontage Labs agreed to sell, and Hong Kong Tigermed agreed to purchase, all of Frontage Labs' 45% equity interest in BDM. On July 12, 2019, the Group received US$3.6 million cash from Hong Kong Tigermed, representing 50% of the total consideration for the disposal of BDM. For further details, please refer to the section headed "Management Discussion and Analysis – Connected Transactions – BDM Disposal".

On June 30, 2019, Frontage Shanghai entered into a stock transfer agreement with Hangzhou Tigermed, pursuant to which Frontage Shanghai agreed to sell, and Hangzhou Tigermed agreed to purchase, all of Frontage Shanghai's 45% equity interest in Xinze. The disposal of Xinze was completed on July 22, 2019. For further details, please refer to the section headed "Management Discussion and Analysis – Connected Transactions – Xinze Disposal".

PROSPECTS

The United States and China are the two largest pharmaceutical markets in the world in terms of market size in 2018, accounting for 38.7% and 18.3% of the global market respectively.

The need to reduce the overall cost through the use of CRO services by large pharmaceutical companies and the need for comprehensive services by start-up and small pharmaceutical companies continue to contribute to the increasing use of CROs by pharmaceutical companies. The United States is the world's largest pharmaceutical market. It is anticipated that within the next five years, the size of the pharmaceutical CRO market in the U.S. is expected to grow at a compound annual growth rate of approximately 8.8%. The rate of penetration of the total U.S. research and development expenditure by outsourcing services has continued to grow from 38.9% in 2014 to 43.2% in 2018 and is expected to grow to 54.1% in 2023.

China ranked second in global pharmaceutical markets. Several policies have been issued by governmental authorities to promote drug qualities and encourage drug innovation, which have resulted in an increase in demand for CRO services. It is anticipated that within the next five years, the size of the pharmaceutical CRO market in China is expected to grow at a compound annual growth rate of approximately 28.3%. The rate of penetration of the total research and development expenditure by outsourcing services in China has continued to grow from 26.2% in 2014 to 32.3% in 2018 and is expected to grow to 46.7% in 2023.

Being a fast-growing CRO company, the Group will benefit from the favorable government policies and increased business demand, continue to expand its capacities and extend its capabilities as well as enhance its technical expertise to achieve sustainable growth in the future.

FINANCIAL REVIEW

Revenue

The revenue of the Group increased by 34.0% from approximately US$37.1 million for the six months ended June 30, 2018 to approximately US$49.7 million for the six months ended June 30, 2019. Revenue from operations in the U.S. increased by 37.8% from approximately US$25.1 million for the six months ended June 30, 2018 to approximately US$34.6 million for the six months ended June 30, 2019. Revenue from operations in China increased by 25.9% from approximately US$12.0 million for the six months ended June 30, 2018 to approximately US$15.1 million for the six months ended June 30, 2019. Due to the appreciation of the U.S. dollar against the Renminbi during the Reporting Period, excluding the impact of currency translation, the revenue from operations in China increased by 33.8% from approximately RMB76.7 million for the six months ended June 30, 2018 to approximately RMB102.6 million for the six months ended June 30, 2019. The growth of revenue was mainly attributable to (i) marketing efforts made by the Group, resulting in robust marketing performance in the U.S. and China; and (ii) a gradual increase in the toxicology lab services.

The revenue of the Group has maintained a strong growth during the Reporting Period. The Group derived a vast majority of its revenue from providing services to customers operating in the U.S. and China.

The following table sets forth a breakdown of our revenue by geographical location of our customers during the Reporting Period:

	For the financial period ended June 30,	
	2019	2018
	US$ '000	*US$ '000*
U.S.	**29,364**	21,997
China	**15,606**	12,038
Rest of the world	**4,719**	3,053

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

	For the financial period ended June 30,	
	2019	2018
	US$ '000	*US$ '000*
Bioanalytical	**25,800**	20,626
DMPK	**5,636**	3,420
Safety and Toxicology	**4,591**	2,142
CMC	**8,346**	6,738
Bioequivalence	**5,316**	4,162

Cost of Services

The cost of services of the Group increased by 30.8% from approximately US$23.3 million for the six months ended June 30, 2018 to approximately US$30.4 million for the six months ended June 30, 2019. The increase of the cost of services was mainly attributed to the growth of our business.

Our cost of services consists of direct labor costs, direct materials, direct service expenses, depreciation charges to property, plant and equipment and other direct costs related to providing services. Direct labor costs primarily consist of salaries, bonuses, and benefits for the employees in the Group's business units. Cost of materials primarily consists of costs incurred for the purchase of materials used in rendering of our services. Direct service expenses include laboratory maintenance costs and repair and equipment maintenance costs.

Gross Profit and Gross Profit Margin

The gross profit of the Group increased by 39.3% from approximately US$13.8 million for the six months ended June 30, 2018 to approximately US$19.2 million for the six months ended June 30, 2019. The Group's gross profit margin increased from approximately 37.3% for the six months ended June 30, 2018 to approximately 38.7% for the six months ended June 30, 2019. Gross profit margin in the U.S. and China increased from approximately 30.7% and 50.9% for the six months ended June 30, 2018 to approximately 33.0% and 51.8% for the six months ended June 30, 2019, respectively. The increase in the gross profit and gross profit margin were mainly attributable to (i) the growth of the Group's business; and (ii) the improvement in the performance of the toxicology and safety services businesses conducted by the Company's indirectly wholly-owned subsidiary, Croley Martell Holdings, Inc. and its subsidiaries, acquired by the Group in April 2018. Such business has started to contribute to the Group's gross profit in the first half year of 2019.

Other Income

The other income of the Group increased significantly by 406.0% from approximately US$0.2 million for the six months ended June 30, 2018 to approximately US$1.3 million for the six months ended June 30, 2019, primarily due to increase in interest income, service income and government grants and subsidies.

Selling and Marketing Expenses

The selling and marketing expenses of the Group increased by 48.4% from approximately US$1.2 million for the six months ended June 30, 2018 to approximately US$1.7 million for the six months ended June 30, 2019, primarily because (i) the Group enhanced its sales and marketing presence in the U.S. and China by hiring more business development experts; and (ii) the Group incurred higher marketing expenses for marketing activities in the U.S. and Asian countries, including attending industry conventions and publishing advertisements.

Administrative Expenses

The administrative expenses of the Group increased by 29.3% from approximately US$4.8 million for the six months ended June 30, 2018 to approximately US$6.2 million for the six months ended June 30, 2019, primarily due to an increase in its administrative staff costs. The administrative staff costs of the Group increased by 42.1% from approximately US$2.3 million for the six months ended June 30, 2018 to approximately US$3.3 million for the six months ended June 30, 2019, primarily due to increase in the headcount of the Group's administrative personnel in light of the growth of its business. Although the administrative expenses increased year over year, the growth of the revenue has outpaced the growth of administrative expenses of the Group.

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 research and development expenses of the Group decreased by 42.8% from approximately US$1.1 million for the six months ended June 30, 2018 to approximately US$0.6 million for the six months ended June 30, 2019, primarily as the Group incurred additional expenses associated with data systems development in the first half year of 2018 which generated greater than normal research and development expenses during the period.

Listing Expenses

Listing expenses are primarily comprised of professional fees to legal, accounting and other advisers for their services rendered in relation to the Listing on May 30, 2019. Listing expenses of the Group decreased by 55.2% from approximately US$3.4 million for the six months ended June 30, 2018 to approximately US$1.5 million for the six months ended June 30, 2019, as the Listing expenses incurred were greater when the preparation for the Listing commenced in the first half of 2018 as compared to the first half of 2019.

Finance Cost

The finance cost of the Group increased significantly by 171.0% from approximately US$0.2 million for the six months ended June 30, 2018 to approximately US$0.6 million for the six months ended June 30, 2019, due to the first adoption of IFRS 16 since January 1, 2019 which led to an increase in interest expenses associated with right of use assets.

Income Tax Expense

The income tax expense of the Group increased by 24.8% from approximately US$0.6 million for the six months ended June 30, 2018 to approximately US$0.7 million for the six months ended June 30, 2019, primarily due to the growth of the Group's business.

Net Profit and Net Profit Margin

As a result of the foregoing, the net profit of the Group increased significantly by 233.1% from approximately US$2.8 million for the six months ended June 30, 2018 to approximately US$9.3 million for the six months ended June 30, 2019. The net profit margin of the Group for the six months ended June 30, 2019 was 18.7%, compared to 7.5% for the six months ended June 30, 2018. The higher net profit and net profit margin compared to the six months ended June 30, 2018 was primarily due to (i) the significant growth in revenue driven by an increased demand for our services and implementation of the Group's "Two Countries, One System" Strategy; (ii) a higher gross margin; (iii) efficiency enhancement of the Group's business operation; and (iv) lower Listing expenses.

The adjusted net profit of the group increased by 138.6% from approximately US$5.1 million for the six months ended June 30, 2018 to approximately US$12.1 million for the six months ended June 30, 2019. The adjusted net profit margin of the Group for the six months ended June 30, 2019 was 24.3%, compared to 13.6% for the six months ended June 30, 2018. The higher adjusted net profit margin of the Group for the six months ended June 30, 2019 was primarily due to (i) the significant growth in revenue driven by an increased demand for our services and implementation of the Group's "Two Countries, One System" Strategy; (ii) a higher gross margin; and (iii) efficiency enhancement of the Group's business operation.

Basic and Diluted Earnings Per Share

The basic and diluted earnings per share of the Group for the six months ended June 30, 2019 amounted to US$0.006, which increased significantly from US$0.002 as that for the six months ended June 30, 2018. Please refer to Note 11 to the condensed consolidated financial statements in this announcement.

The adjusted diluted earnings per share of the Group for the six months ended June 30, 2019 amounted to US$0.007 when compared with that of US$0.003 for the six months ended June 30, 2018. The increase in the adjusted diluted earnings per share was primarily due to the increase in the adjusted net profit margin resulting from the strong business growth of the Group.

Trade and Other Receivables and Prepayment

The trade and other receivables and prepayment of the Group increased by 38.3% from approximately US$19.5 million as at December 31, 2018 to approximately US$26.9 million as at June 30, 2019, primarily due to the increase in a note receivable, amounting to US$7.2 million, from a related party upon the disposal of BDM.

Unbilled Revenue

The unbilled revenue of the Group increased by 17.7% from approximately US$7.1 million as at December 31, 2018 to approximately US$8.4 million as at June 30, 2019, primarily due to the growth of our business.

Trade and Other Payables

The trade and other payables, excluding accrued Listing expenses and issue costs, of the Group decreased by 9.3% from approximately US$7.6 million as at December 31, 2018 to approximately US$6.9 million as at June 30, 2019, primarily due to the growth of our business and partially offset by the timely payment to vendors which led to the decrease in the trade payables within 90 days.

Liquidity and Capital Resources

The Group's primary uses of cash are to fund working capital and to pay for the purchase of property, plant and equipment and other recurring expenses. During the Reporting Period, the Group funded its working capital and other capital expenditure requirements through a combination of cash generated from operations and bank loans. In May 2019, the Group received total proceeds of approximately US$204.5 million (equivalent to approximately HKD1,606.1 million at the time of Listing) from the Listing, after deducting the underwriting fees, commissions and related Listing fee, the net proceeds is approximately US$193.8 million (equivalent to approximately HKD1,517.6 million). The net proceeds would be further used to fund working capital and pay for the purchase of plant and equipment and other recurring expenses.

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, 2019 ***US$ '000***	For the six months ended June 30, 2018 *US$ '000*
Net cash generated from operating activities	**8,458**	8,619
Net cash used in investing activities	**5,208**	10,215
Net cash generated from financing activities	**193,112**	3,906
Effect of exchange rate changes	**(67)**	(226)
Net increase in cash and cash equivalents	**196,362**	2,310
Cash and cash equivalents at the beginning of the period	**16,306**	4,339
Cash and cash equivalents at the end of the period	**212,601**	6,423

Capital Expenditures

Our principal capital expenditures relate primarily to purchases of property, plant and equipment in relation to the expansion and enhancement of our facilities and purchases of equipment used in providing our services. The following table sets forth a breakdown of the Group's capital expenditure for the periods indicated:

	For the six months ended June 30, 2019 ***US$ '000***	For the six months ended June 30, 2018 *US$ '000*
Furniture, Fixtures and Equipment	**2,238**	2,891
Building and Leasehold improvements	**1,704**	199
Total	**3,942**	3,090

Significant Investments, Material Acquisitions and Disposals

As at June 30, 2019, there were no significant investments held by the Company. For the six months ended June 30, 2019 the Group disposed BDM at a consideration of US$7.2 million. Please refer to the section headed "Management Discussion and Analysis – Connected Transactions" for more information.

Indebtedness

Borrowings

The Group recorded approximately US$2.3 million bank borrowings as at June 30, 2019, compared to approximately US$3.2 million as at December 31, 2018. The Group recorded no related party loans from Dr. Song Li as at June 30, 2019, compared to approximately US$1.5 million as at December 31, 2018. The Group repaid a part of the bank borrowings and repaid the related party loan in full using its own cash flow generated from business.

The bank borrowings are secured by all assets of Frontage Labs and all its existing and future U.S. subsidiaries and carry interest at a variable rate of LIBOR plus 1.75% to 1.85% per annum.

Lease Liabilities/Obligation under Finance Leases

The Group leased some of our equipment and facilities under finance lease agreements with lease terms of three to five years and right-of-use assets agreements, which will expire at various times through November 19, 2028. The Group recorded approximately US$17.2 million lease liabilities/obligation under finance leases as at June 30, 2019, compared to approximately US$4.2 million as at December 31, 2018 due to the newly adopted IFRS 16. Please refer to Note 2.1 to the condensed consolidated financial statements in this announcement.

Contingent Liabilities and Guarantees

As at June 30, 2019, the Group provides a counter-guarantee in favor of an independent financial institution who provides guarantee services for Frontage Suzhou, of which the Group had approximately 49.04% equity interest, which covers a maximum amount of US$0.6 million, including both the principal and the interest. The Group considers the possibility of any outflow to settle such guarantee is remote and therefore the fair value of the financial guarantee as at inception date is minimal. Please refer to Note 24 to the condensed consolidated financial statements in this announcement.

Currency Risk

The Group principally operates in the U.S. with most of its transactions being settled in US$, which is the functional currency of most of the Group's entities. The Group also has certain entities that have RMB and EUR sales and purchases, expenses, assets and liabilities and net investments, which expose the Group to foreign currency risks. The Group seeks to limit its exposure to foreign currency risks by closely monitoring and minimizing its net foreign currency position. We did not use any derivative contracts to hedge against our exposure to currency risks during the Reporting Period.

Gearing Ratio

The gearing ratio is calculated using interest-bearing borrowings less cash and cash equivalents divided by total equity and multiplied by 100%. As at June 30, 2019, the Group was in a net cash position and thus, the gearing ratio is not applicable (December 31, 2018: not applicable).

Employees and Remuneration Policies

As at June 30, 2019, the Group had a total of 644 employees, of whom 363 were located in the U.S. and 281 were located in China. The staff costs, including Directors' emoluments but excluding any contributions to retirement benefit scheme contributions and share-based compensation expenses, were approximately US$23.2 million for the six months ended June 30, 2019, as compared to approximately US$14.6 million for the six months ended June 30, 2018. 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.

The Group has adopted the Pre-IPO Share Incentive Plans and the 2018 Share Incentive Plan to provide incentives or rewards to eligible participants for their contribution or potential contribution to the Group. Details of the Pre-IPO Share Incentive Plans are set out in Note 23 to the condensed consolidated financial statements in this announcement.

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.

Non-IFRSs Measures

To supplement the Group's condensed consolidated financial statements which are presented in accordance with the IFRSs, the Company has provided adjusted net profit, adjusted net profit margin, and adjusted diluted earnings per share (excluding the share-based compensation expenses, Listing expenses and gain on disposal of associates or subsidiary, and bargain purchase gain) 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 and non-recurring 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.

INTERIM DIVIDEND

The Board does not recommend any payment of an interim dividend for the six months ended June 30, 2019.

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 USD184.8 million which remain unutilized and was kept at the bank accounts of the Group as at June 30, 2019.

The net proceeds from the Listing (adjusted on a pro rata basis based on the actual net proceeds) will be utilized in accordance with the purposes set out in the Prospectus.

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

The shares of the Company were listed on the Listing Date by way of a Global Offering. Pursuant to the Global Offering, 501,910,000 shares (25% of the then total number of shares of the Company of 2,007,640,910) were issued to the public. The gross proceeds received by the Company from the Global Offering were approximately US$204.5 million (equivalent to approximately HKD1,606.1 million at the time of Listing).

Please refer to the Prospectus and the announcements of the Company dated May 17, 2019 and June 23, 2019 for further details about the Global Offering.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities from the Listing Date to June 30, 2019.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 from the Listing Date up to June 30, 2019.

CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions set out in the CG Code contained in Appendix 14 to the Listing Rules. The Board will continuously review and improve the corporate governance practices and standards of the Company to ensure that business activities and decision-making processes are regulated in a proper and prudent manner.

During the period from the Listing Date up to June 30, 2019, the Company has fully complied with the requirements under the CG Code, except for the deviation from code provision A.2.1 of the CG Code.

Pursuant to code provision A.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. Zhihe Li, the executive Director, currently performs these two roles in the Company. The Board believes that Dr. Zhihe 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. In light of the above, the Board considers that the deviation from code provision A.2.1 of the CG Code is appropriate in the circumstances of the Company.

REVIEW OF INTERIM RESULTS BY THE AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit And Risk Management Committee has reviewed together with the Company's management and Deloitte Touche Tohmatsu, the Company's external auditor, the accounting principles and policies, internal controls, risk management and financial reporting adopted by the Group, and the unaudited condensed consolidated financial statements of the Group for the Reporting Period. The Audit and Risk Management Committee is satisfied that the unaudited condensed consolidated financial statements 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.

PUBLICATION OF THE 2019 INTERIM RESULTS ANNOUNCEMENT AND 2019 INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.frontagelab.com). The interim report of the Company for the Reporting Period containing all the information required under the Listing Rules will be published on the aforesaid websites of the Stock Exchange and the Company and will be dispatched to the Company's shareholders in due course.

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
"2017 Tax Act" or "Transition Tax"	The Tax Cuts and Jobs Act was signed into law on December 22, 2017, has resulted in significant changes to the U.S. corporate income tax system. These changes reduce tax rates and modify policies, credits and deductions for businesses. The 2017 Tax Act also transitions the U.S. international taxation from a worldwide system to a modified territorial system and includes base erosion prevention measures on non-U.S. earnings, which could result in subjecting certain earnings of Frontage Shanghai to U.S. taxation. These changes are effective beginning in 2018. The 2017 Tax Act also includes a tax on the mandatory deemed repatriation of accumulated previously untaxed foreign earnings of Frontage Shanghai (the "Transition Tax")
"2018 Share Incentive Plan"	the post-IPO share incentive plan adopted by the Company on May 11, 2019
"Audit and Risk Management Committee"	audit and risk management committee of the Board
"Board of Directors" or "Board"	the board of directors of the Company from time to time
"Capitalization Issue"	the issue of 1,355,157,819 Shares to the Shareholders to be made upon capitalisation of certain sums standing to the credit of the share premium account of the Company
"CG Code"	the Corporate Governance Code as set out in 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
"Controlling Shareholder(s)"	has the meaning given to it under the Listing Rules and unless the context requires otherwise, refers to Hangzhou Tigermed and Hong Kong 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
"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 a 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, which is one of the Controlling Shareholders
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"Hong Kong 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
"IFRSs"	International Financial Reporting Standards
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	May 30, 2019, being the date of the Listing
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, 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
"PRC" or "China"	the People's Republic of China, but for the purposes of this announcement 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
"Reporting Period"	the six months ended June 30, 2019
"RMB"	*Renminbi*, the lawful currency of the PRC
"Shareholders"	holder(s) of Shares
"Shares"	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
"Tigermed-BDM" or "BDM"	Tigermed-BDM, Inc., a company incorporated under the laws of New Jersey, United States, and was a former associate of the Company
"US$" or "US dollars"	Dollars, the lawful currency of the U.S.

"USA", the "United States" or the "U.S."	the United States of America
"Xinze"	Tiger-Xinze Medical Technology (Jiaxing) Co., Ltd., a company established in the PRC on December 25, 2013 and was a former associate of the Company

In this announcement, 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.

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

Hong Kong, August 20, 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*