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FRONTAGE HOLDINGS CORPORATION

方達控股公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1521)

VOLUNTARY ANNOUNCEMENT ACQUISITION OF RMI LABORATORIES, LLC

This announcement is made by Frontage Holdings Corporation (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis.

The board of directors (the “**Board**”) of the Company wishes to disclose the information on the acquisition by the Group of RMI Laboratories, LLC (“**RMI**”) to the shareholders and potential investors of the Company.

Acquisition

On October 31, 2019, Frontage Laboratories, Inc. (“**Frontage Labs**”), a wholly-owned subsidiary of the Company, entered into an equity purchase agreement (the “**Purchase Agreement**”) with Dr. Phillip Tiller and Dr. Xiao (Sean) Yu, who are the equity holders of RMI, pursuant to which Frontage Labs agreed to purchase the entire equity interest, presently held by the equity holders of RMI in exchange for the consideration of not more than US\$5,550,000, the actual amount of which will be determined based on the performance of RMI in the next three consecutive years and in accordance with the formulae stipulated in the Purchase Agreement (the “**Acquisition**”).

To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, the equity holders of RMI are independent third parties to the Company and the Company’s connected persons.

Background of RMI

RMI is a Contract Research Organization (“**CRO**”) located in Pennsylvania, USA, principally engaged in providing quantitative and qualitative drug metabolism services for pharmaceutical and biotechnology companies.

RMI offers a variety of services to its customer base, including a full range of metabolite profiling and identification (“**ID**”) services, such as early discovery soft spot analysis, late discovery cross species comparison, and pre-clinical animal radiolabeled mass balance studies. RMI utilizes state-of-the-art techniques such as high-resolution mass spectrometry to conduct these highly specialized and high-demand studies for new therapeutic agents in both discovery and development stages. In addition to providing core metabolite ID/profiling services, the operation also conducts other metabolism-related studies including but not limited to discovery bioanalytical (small and large molecules), metabolic stability, CYP/UGT phenotyping and inhibition studies.

Reasons and Benefits for the Acquisition

Established more than 10 years ago, RMI has a reputation of a “go-to” organization for metabolite profiling/identification needs by clients. In completing the Acquisition, the Group will expand its capacity with additional scientists, equipment, and facilities to be used in the provision of existing and novel services to its customers, effectively expand the current client base that the Group currently serves in this specific field, with the potential to increase the Group’s revenue generated through this highly specialized service.

Dr. Phillip Tiller and Dr. Xiao (Sean) Yu, are renowned drug metabolism scientists and have created a solid client base in the U.S. They will stay with the Company after the Acquisition and assist the Group in establishing in China the services acquired from RMI. This Acquisition will accelerate the creation of “Centers of Excellence in Drug Metabolism” within the Group in both the U.S. and China. The combined resources will advance the Group’s progress in becoming a global leader in providing metabolism services to its existing and new clients in the pharmaceutical industry.

Listing Rules Implications

As all the applicable percentage ratios (as defined under Rule 14.07 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) of the Acquisition are lower than 5%, the Acquisition does not constitute a notifiable transaction under Chapter 14 of the Listing Rules. As the equity holders of RMI are independent third parties of the Company and its connected persons, and none of the circumstances set out in Rule 14A.28 of the Listing Rules is relevant to the Acquisition, the Acquisition does not constitute a connected transaction under Chapter 14A of the Listing Rules.

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

Hong Kong, November 4, 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*