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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 BRI BIOPHARMACEUTICAL RESEARCH, INC.

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

The board of directors (the “Board”) of the Company wishes to disclose the information of the acquisition by the Group of BRI Biopharmaceutical Research, Inc. in Vancouver, Canada (“BRI” or the “Target”) to the shareholders and potential investors of the Company.

Acquisition

On December 13, 2019, 11736655 CANADA LTD., an indirectly wholly-owned, Canadian subsidiary of the Company through Frontage Laboratories, Inc., entered into a Share Purchase Agreement (the “Purchase Agreement”) with J&J Corporate Services, Inc. (the “Vendor”), pursuant to which 11736655 CANADA LTD. agreed to purchase all of the outstanding shares of BRI, presently held by the Vendor, for the consideration of CAD \$4,200,000 (equivalent to approximately US\$3,192,702), CAD \$1,200,000 (equivalent to approximately US\$912,201) of which will be subject to performance targets for the three years ending December 31, 2022 as set out in the Purchase Agreement (the “Acquisition”).

To the best of the knowledge, information and belief of the directors of the Company, and having made all reasonable enquiries, the Vendor is an independent third party of the Company and the Company’s connected persons.

Background of the Target

The Target, BRI, is a Contract Research Organization (“CRO”) that was established by its current president and founder, Dr. David Kwok, more than 20 years ago in Vancouver, Canada. BRI is engaged in providing science-driven drug discovery and IND/NDA-enabling studies for pharmaceutical and biotechnology companies.

As a CRO, BRI offers a variety of services to its customer base, including but not limited to bioanalytical assays for measurement of drug candidates, metabolites and biomarkers, *in-vitro* drug metabolism/ADME, *in vivo* DMPK/ADME, formulation development, DS/DP stability and analytical CMC assays, and anticancer drug pharmacology assessment.

Reasons and Benefits for the Acquisition

The Company believes that outsourcing by the pharmaceutical industry is expected to continue to increase in North America and in China. The Acquisition can leverage our existing strengths and expand our capacity to pursue opportunities from the anticipated increase in outsourcing by the pharmaceutical industry and the related demand for our services. Upon completion of the Acquisition, the Company will expand its capacity with additional scientists, equipment, and facilities to be used in the provision of existing and novel services to our customers.

Expanding our geographic foothold into Canada and the west coast of North America will allow the Group to offer our clients proximal access to our DMPK and Bioanalytical Services.

The Acquisition will effectively increase the client base that the Group currently serves in this specific field, with the potential to increase the Group's revenue generated through these highly specialized services.

In addition, the Acquisition would extend the Group's current contract research services into human tumor xenograft mouse efficacy models, obesity/diabetes rodent metabolic disease models, and the growing research market in human gut microbiome metabolism and biomarker assays. These services will further complement the Group's current scientific expertise, capabilities and service portfolio to meet the needs of its broad client base.

The combined resources will enable the Group to become a global leader in providing DMPK services to our existing and new clients in pharmaceutical and agrochemical industries, and further our goal to establish new centers of excellence in DMPK throughout North America and China.

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 Vendor is an independent third party 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, December 16, 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*