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FRONTAGE HOLDINGS CORPORATION

方達控股公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1521)

ADOPTION OF 2021 SHARE AWARD SCHEME

The Board is pleased to announce that it has approved the adoption of the 2021 Share Award Scheme on January 22, 2021 (Hong Kong time). The purposes of the 2021 Share Award Scheme are to recognize the contributions by certain Employees, to give incentives thereto in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

The 2021 Share Award Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules and is a discretionary scheme of the Company. No Shareholders' approval is required for the adoption of the 2021 Share Award Scheme.

THE 2021 SHARE AWARD SCHEME

The Board is pleased to announce that it approved the adoption of the 2021 Share Award Scheme on January 22, 2021 (Hong Kong time). A summary of the principal terms of the 2021 Share Award Scheme is set out in this announcement.

Purposes and objectives

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Administration

The 2021 Share Award Scheme shall be subject to the administration of the Board and the Trustee in accordance with the rules and the Trust Deed. The decision of the Board with respect to any matter arising under the 2021 Share Award Scheme (including the interpretation of any provision) shall be final and binding. The Trustee shall hold the Trust Fund in accordance with the terms of the Trust Deed.

Eligibility

Under the rules of the 2021 Share Award Scheme, the individuals eligible to be granted Award(s) thereunder include any director, senior management, employee, or consultant of the Company or its subsidiaries, but at the discretion of the Board, excluding the following persons: (i) any seconded employee or part-time employee or non-full time employee of the Group; and (ii) any employee of the Group who at the relevant time has given or been given notice terminating his office or directorship as the case may be. Employees who are resident in a place where the award of the Awarded Shares and/or the vesting and transfer of the Awarded Shares pursuant to the terms of the 2021 Share Award Scheme is not permitted under the laws or regulations of such place or where in the view of the Board or the Trustee (as the case may be), compliance with applicable laws or regulations in such place makes it necessary or expedient to exclude such Employee, are excluded from the 2021 Share Award Scheme (the “**Excluded Employees**”).

Grant of Awards

The Board may from time to time at its absolute discretion select any Employee who is eligible to participate in the 2021 Share Award Scheme as a Selected Employee for participation in the 2021 Share Award Scheme.

Subject to the limit on the size of the 2021 Share Award Scheme as set out below, the Board shall determine such number of Awarded Shares granted to any Selected Employee in such number and on and subject to such terms and conditions as it may in its absolute discretion deems appropriate with respect to the vesting of the Awarded Shares on the Selected Employees, and shall inform the Trustee and such Selected Employee the relevant conditions of the Award and the Awarded Shares. Notwithstanding any other provisions of the 2021 Share Award Scheme, subject to applicable laws and regulations, the Board shall be at liberty to waive any of the aforementioned vesting conditions.

Where any grant of Awarded Shares is proposed to be made to any person who is a connected person of the Company within the meaning of the Listing Rules, such grant shall be subject to approval by the independent shareholders of the Company, and the Company shall comply with such provisions of the Listing Rules as may be applicable, including any reporting, announcement and/or shareholders’ approval requirements, unless otherwise exempted under the Listing Rules.

In addition, where any grant of Awarded Shares is proposed to be made to any Selected Employee who is a Director (including an independent non-executive Director), such grant shall be subject to prior approval by all the members of the Remuneration Committee, or in the case where the grant is proposed to be made to any member of the Remuneration Committee, by all of the other members of the Remuneration Committee.

The Board shall notify a Selected Employee of the terms and conditions of any Award, including any vesting schedule, by a grant notice (in physical or electronic form) in any manner as determined by the Board (a “**Grant Notice**”), and such Award shall be deemed to be accepted by the Selected Employee when the Company receives the acceptance form attached to the Grant Notice or any other acceptance method as determined by the Board within such a period as specified in the Grant Notice. If the Employee fails to sign and return the acceptance form attached to the Grant Notice or indicate in any other manner as determined by the Board of its acceptance of the Awarded Shares before the expiry of the Acceptance Period, the grant of the Awarded Shares to such Employee shall lapse forthwith and the Awarded Shares shall remain as part of the Trust Fund.

Any Awards made under the 2021 Share Award Scheme shall be personal to the Selected Employee to whom it is made and shall not be assignable and no Employee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favor of any other person over or in relation to either the Awarded Shares referable to him pursuant to such Award.

Subscription or purchase of Shares by Trustee

For the purpose of satisfying Awards granted under the 2021 Share Award Scheme, the Board may from time to time cause to be paid a Contributed Amount to the Trust by way of settlement or otherwise contributed by the Company or any Subsidiary as directed by the Board which shall constitute part of the Trust Fund, for the purchase or subscription (as the case may be) of Shares and other purposes set out in the 2021 Share Award Scheme and the Trust Deed.

The Board may from time to time instruct the Trustee in writing to subscribe for new Shares pursuant to any General Mandate or Specific Mandate. In the event that the Awarded Shares are to be allotted and issued as new Shares under the General Mandate or Specific Mandate for the purpose of the Trust, the Board shall cause an amount equal to the subscription price for such new Shares to be allotted and issued be contributed by the Company to the Trust (by way of payment or otherwise) prior to or upon the allotment and issuance of such Shares to reflect the amount of the subscription monies for the new Shares and cause to issue and allot such new Shares to the Trustee, which shall be held upon trust for the relevant Selected Employee subject to the terms and conditions set out herein and in the Trust Deed. The Company shall comply with the relevant Listing Rules when allotting and issuing any new Shares under General Mandate or Specific Mandate, as applicable, and application shall be made to the Stock Exchange for the granting of the listing of, and permission to deal in the new Shares to be issued at the time of offer the Shares.

The Board may also from time to time instruct the Trustee in writing to purchase Shares on the Stock Exchange. Once purchased, the Shares are to be held by the Trustee for the benefit of the Employees under the Trust and subject to the terms and conditions of the 2021 Share Award Scheme and the Trust Deed. On each occasion when the Board instructs the Trustee to purchase Shares on the Stock Exchange, it shall specify the maximum amount of funds to be used and the maximum price at or below which such Shares are to be purchased. The Trustee may not incur more than the maximum amount of funds or purchase any Shares at a price falling outside the maximum price so specified unless with the prior written consent of the Board.

As soon as practicable after receiving the notice setting out the instructions from the Company with respect to the purchase of the Shares on the Stock Exchange and during such period until being notified by the Board to suspend or cease the purchase, the Trustee shall apply such amount of Residual Cash towards the purchase of such maximum board lot of Shares at the prevailing market price according to the instructions set out in the notice. The Trustee shall also pay the related purchase expenses (including for the time being, the brokerage fee, stamp duty, the Securities and Futures Commission transaction levy and Stock Exchange trading fee) and such other necessary expenses required for the completion of the purchase of the Shares out of the Residual Cash. For the avoidance of doubt, the Shares so purchased and the remaining balance of any Residual Cash shall form part of the Trust Fund. The Trustee is not obliged to purchase any Shares unless the prevailing market price of the Shares does not exceed the maximum price specified by the Board and that the Trustee has sufficient funds in the Trust to undertake the purchase of such Shares.

The Trustee shall keep the Board informed from time to time of the number of Shares purchased and the price at which those Shares have been purchased. If, for any reason, the Trustee has not been able to purchase any or all of the Shares with the maximum amount of funds (where maximum price at which such Shares are to be purchased has been specified by the Board) so specified in the notice on which the trading of the Shares has not been suspended or halted on the Stock Exchange after being instructed by the Board to do so, the Trustee shall notify the Board in writing. The Board shall then decide on whether to instruct the Trustee to continue with such purchase and the conditions thereof.

The Trustee shall not exercise the voting rights in respect of any Shares held by it under the Trust (if any) (including but not limited to the Awarded Shares, and any bonus Shares and script Shares derived therefrom).

Vesting

The respective Awarded Shares held by the Trustee on behalf of Selected Employee(s) as specified in the 2021 Share Award Scheme and the Grant Notice shall vest in such Selected Employee(s) in accordance with the vesting schedule (if any) as set out in the Grant Notice, and the Trustee shall cause the Awarded Shares to be transferred to such Selected Employee(s) on the Vesting Date, provided that:

- (i) prior to or on the Vesting Date, the Selected Employee does not become an Excluded Employee or is deemed to cease to be an Employee pursuant to the terms of the 2021 Share Award Scheme; and
- (ii) none of the following events has arisen under which a person shall be treated as having ceased to be an Employee shall include, without limitation and unless otherwise determined by the authorized Director or the Board (as applicable), the following:
 - (a) where such person has committed any act of theft, embezzlement, fraud dishonesty, ethical breach or other similar acts or commission of serious misconduct, whether or not in connection with his employment or engagement by any member of the Group and whether or not it has resulted in his employment or engagement being terminated by the relevant member of the Group;
 - (b) material breach of any agreement or understanding between such Person and the Group, including any applicable invention assignment, employment, non-competition, confidentiality, restrictive covenants, or other similar agreement;
 - (c) misrepresentation or omission of any material fact in connection with such person's employment agreement or service agreement or equivalent;
 - (d) a material failure to perform the customary duties of an employee of the Group (where relevant), to obey the reasonable directions of a supervisor or to abide by the policies or codes of conduct of the Group or any member of the Group;

- (e) any conduct that is or is reasonably likely to be materially adverse to the name, reputation or interests of the Group;
- (f) where such person has been declared or adjudged to be bankrupt by a competent court or governmental body or has failed to pay his debts as they fall due (after the expiry of any applicable grace period) or has entered into any arrangement or composition with his creditors generally or an administrator has taken possession of any of his assets;
- (g) where such person has been convicted of any criminal offence;
- (h) where such person has been convicted of or is being held liable for any offence under or any breach of the SFO or other securities laws or regulations in Hong Kong or any other applicable laws or regulations in force from time to time;
- (i) where such person becomes an officer, director, employee, consultant, adviser, partner of, or a shareholder or other proprietor owning more than a five percent (5%) interest in any Competitor; or
- (j) where such person knowingly performs any act that may confer any competitive benefit or advantage upon any Competitor.

If a Selected Employee ceases to be an Employee and becomes an employee of an affiliate prior to the Vesting Date of any Award, such Award shall lapse on the date on which the Selected Employee ceases to be an Employee, unless the authorized director or the Board, as applicable, determines otherwise in advance. If the Selected Employee retires by agreement prior to the Vesting Date of any Award, the Award shall lapse with effect from the date on which the Selected Employee's employment, service or engagement is terminated, unless otherwise stipulated in the relevant agreement concerning his/her retirement between him/her and the Group as approved by the authorized Director or the Board, as applicable.

Unless the authorized Director in his sole discretion determines otherwise, in respect of a Selected Employee who died or resigned due to a Disability with a member of the Group at any time prior to or on the Vesting Date, all the Awarded Shares of the relevant Selected Employee shall vest (in the estate of the deceased Selected Employee where applicable) in accordance with the vesting schedule (if any) as set out in the Grant Notice, notwithstanding the Selected Employee having ceased to be an Employee, provided that:

- a) in the event of the death of a Selected Employee, the Trustee shall transfer the vested Awarded Shares ("**Benefits**") to the legal personal representative(s) of the Selected Employee in such capacity upon vesting of the relevant Award Shares; or
- b) if the Benefits would otherwise become *bona vacantia*, the Benefits shall be forfeited and cease to be transferable and such Benefits shall remain part of the Trust Fund.

If the Selected Employee's employment, service or engagement with a member of the Group is terminated by reason of the Selected Employee's resignation, termination of a Selected Employee's employment by the Group or non-renewal of the employment or service agreement (or equivalent) upon its expiration) prior to the Vesting Date of any Award, the Award shall lapse with effect from the date on which notice of such termination is actually given to the Selected Employee or the Group, as applicable, or on date of the termination if there is no such notice, unless the authorized Director or the Board, as applicable, determines otherwise in advance.

If the Selected Employee ceases to be an Employee for any reason other than as set forth above prior to the Vesting Date of any Award, the Award shall lapse with effect from the date on which the Selected Employee ceases to be an Employee, unless otherwise determined by the authorized Director or the Board, as applicable, in advance. For the avoidance of doubt, under the circumstances as set out above where a person ceases to be an Employee, the authorized Director or the Board, as applicable, shall have the power to determine in his/her/its absolute discretion whether the relevant Award shall vest, the extent to which it shall vest and the vesting schedule and conditions subject to which such Award (or part thereof) shall vest.

Unless otherwise agreed between the Board, and the Trustee, at least thirty (30) Business Days prior to the Vesting Date, the Board shall send to the relevant Selected Employee (with a copy to the Trustee) a vesting notice (the “**Vesting Notice**”) together with any prescribed transfer documents as determined by the Board which the Selected Employee is required to execute or otherwise complete in the manner as determined by the Board to effect the vesting and transfer of the Awarded Shares.

The Board may at its discretion, with or without further conditions, grant additional Shares out of the Trust Fund declared by the Company during the period from the date of Award to the Vesting Date to a Selected Employee upon the vesting of any Awarded Shares. In such case the Board shall deliver a Grant Notice to the Selected Employee and the Trustee specifying the number of additional Shares to be granted to the Selected Employee. The Trustee shall transfer the specified number of additional Shares, together with the Awarded Shares, to the Selected Employee on the Vesting Date.

Where any Shares acquired by or allotted and issued to the Trustee pursuant to the 2021 Share Award Scheme which are referable to any Selected Employee and (a) are not accepted by such Selected Employee within the stipulated time set out in the Grant Notice; or (b) do not vest in accordance with the terms of the 2021 Share Award Scheme and the relevant Grant Notice, the Trustee shall hold such Share(s) (the “**Returned Share(s)**”) and all income derived therefrom for the benefit of all or one or more Selected Employee in such manners and under such conditions in accordance with the instructions from the Board.

Right of Selected Employees before Vesting

A Selected Employee will have no interest or rights in respect of any Shares subject to an Award (including any income, dividends, other distributions or voting rights) until the Shares are vested in him pursuant to the 2021 Share Award Scheme on the relevant Vesting Date.

Black-out period

No Award shall be made by the Board and no instructions to acquire any Shares shall be given to the Trustees under the 2021 Share Award Scheme where dealings in the Shares are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time. Without limiting the generality of the foregoing, no such instruction is to be given and no such grant is to be made:

- (i) after an event involving inside information in relation to affairs or securities of the Company has occurred or a matter involving inside information in relation to the securities of the Company has been the subject of a decision, until such inside information has been publicly announced in accordance with the application laws and the Listing Rules;
- (ii) during the period of 60 days immediately preceding the publication date of the annual results for any financial period of the Company or, if shorter, the period from the end of the relevant financial period up to the publication date of the results;
- (iii) during the period of 30 days immediately preceding the publication date of the interim results for any financial period of the Company or, if shorter, the period from the end of the relevant half-year period of the financial period up to the publication date of the results; or
- (iv) in any circumstance which is prohibited under the Listing Rules, the SFO or any other law or regulation or where any requisite approval from any governmental or regulatory authority has not been granted.

Lapse of Awards

In the event that prior to or on the Vesting Date, a Selected Employee is found to be an Excluded Employee under the terms of the 2021 Share Award Scheme or is deemed to cease to be an Employee, the relevant Award made to such Selected Employee shall automatically lapse forthwith and the relevant Awarded Shares shall not vest on the relevant Vesting Date but shall remain part of the Trust Fund. Such Employee shall have no right or claim against the Company, any other member of the Group, the Board, the Trust or the Trustee or with respect to those or any other Shares or any right thereto or interest therein in any way.

If the Employee fails to sign and return the acceptance form attached to the Grant Notice or indicate in any other manner as determined by the Board of its acceptance of the Awarded Shares before the expiry of the Acceptance Period, the grant of the Awarded Shares to such Employee shall lapse forthwith and the Awarded Shares shall remain as part of the Trust Fund. Such Employee shall have no right or claim against the Company, any other member of the Group, the Board, the Trust or the Trustee or with respect to those or any other Shares or any right thereto or interest therein in any way. In such instance, the Board shall notify the Trustee of the lapse of the grant of such Awarded Shares as soon as practicable after the expiration of the Acceptance Period.

Size of the 2021 Share Award Scheme

The Board shall not make any further award of Awarded Shares which will result in the nominal value of the Shares awarded by the Board under the 2021 Share Award Scheme exceeding ten percent (10%) of the issued share capital of the Company on the Adoption Date of the 2021 Share Award Scheme.

The maximum number of Awarded Shares which may be awarded to a Selected Employee shall not in aggregate exceed one percent (1%) of the issued share capital of the Company as at the Adoption Date of the 2021 Share Award Scheme.

Duration and termination of the 2021 Share Award Scheme

The 2021 Share Award Scheme shall terminate on the earlier of (i) the tenth (10th) anniversary date of the Adoption Date; and (ii) such date of early termination as determined by the Board by a resolution of the Board, provided that such termination shall not affect any subsisting rights of any Selected Employee hereunder.

Other information

The 2021 Share Award Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules and is a discretionary scheme of the Company. No Shareholders' approval is required for the adoption of the 2021 Share Award Scheme.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“2021 Share Award Scheme” the “2021 Share Award Scheme” constituted by the rules adopted on January 22, 2021 (Hong Kong time), in its present form or as amended from time to time in accordance with the provisions therein

“Acceptance Period” the period specified in the Grant Notice within which the Selected Employee shall confirm acceptance of the Awarded Shares

“Adoption Date” January 22, 2021, being the date on which the 2021 Share Award Scheme is adopted by the Company

“Award(s)” an award of the Awarded Shares by the Board pursuant to the 2021 Share Award Scheme to a Selected Employee

“Awarded Share(s)” in respect of a Selected Employee, such number of Shares as awarded by the Board

“Board” the board of directors of the Company from time to time

“Business Day(s)” a day (other than Saturday, Sunday or public holiday) on which the Stock Exchange is open for trading and on which banks are open for business in Hong Kong

“Company”	Frontage Holdings Corporation, a company incorporated under the laws of the Cayman Islands with limited liability on April 16, 2018
“Competitor”	any corporation, partnership, joint venture, trust, individual proprietorship, firm, governmental unit or other enterprise (including any of their respective affiliates) that carries on activities for profit or is engaged in or is about to become engaged in any activities of any nature that compete (directly or indirectly) with a product, process, technique, procedure, device or service of the Group
“Contributed Amount”	cash paid or made available to the Trust by way of settlement or otherwise contributed by the Company and/or its Subsidiaries as permitted under the 2021 Share Award Scheme to the Trust as determined by the Board from time to time
“Director(s)”	the director(s) of the Company from time to time
“Disability”	a disability, whether temporary or permanent, partial or total as determined by the Board in its absolute discretion
“Employee(s)”	any director, senior management, employee, or consultants of the Company or its subsidiaries, but at the discretion of the Board, excluding the following persons: (i) any seconded employee or part-time employee or non-full time employee of the Group; and (ii) any employee of the Group who at the relevant time has given or been given notice terminating his office or directorship as the case may be
“General Mandate”	general mandate granted or to be granted by the Shareholders at general meetings from time to time authorizing the Board to, among other things, allot and issue Shares of up to a specific amount during a period of time
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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
“PRC”	the People’s Republic of China, but for the purposes of this announcement only, except where the context requires, references to the PRC exclude Hong Kong, Macau and Taiwan
“Remuneration Committee”	the remuneration committee of the Company
“Residual Cash”	cash in the Trust Fund (including without limitation (i) any Contributed Amount or any remaining amount thereof; (ii) any cash income or dividends derived from Shares held under the Trust; (iii) other cash income or net proceeds of sale of non-cash and non-scrip distribution derived from or in respect of the Shares held under the Trust; and (iv) all interest or income derived from deposits maintained with licensed banks in Hong Kong) which has not been applied in the acquisition of any Shares

“Selected Employee(s)”	Employee(s) selected by the Board pursuant to the 2021 Share Award Scheme for participation in the 2021 Share Award Scheme
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Share(s)”	ordinary shares(s) with nominal value USD0.00001 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Specific Mandate”	specific mandate granted or to be granted by the Shareholders at any general meeting authorizing a specific issuance of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trust”	the trust constituted by the Trust Deed
“Trust Deed”	a trust deed to be entered into between the Company and the Trustee (as restated, supplemented and amended from time to time)
“Trust Fund”	<p>the funds and properties held under the Trust and managed by the Trustee for the benefit of the Employees (other than the Excluded Employees), including without limitation:</p> <ul style="list-style-type: none"> (a) all Shares acquired by the Trustee for the purpose of the Trust out of the Residual Cash and such other scrip income (including but not limited to bonus Shares and scrip dividends declared by the Company) derived from the Shares held upon the Trust; (b) any Residual Cash; (c) any Awarded Shares or other property to be vested or not vested with the Selected Employee under the terms of the 2021 Share Award Scheme; and (d) all other properties from time to time representing (a), (b) and (c) above.
“Trustee”	Computershare Hong Kong Trustees Limited, and any additional or replacement trustees, being the trustee or trustees for the time being of the trusts declared in the Trust Deed, which is independent and not connected with the Group

“Vesting Date” in respect of a Selected Employee, the date on which his entitlement to the Awarded Shares is vested in such Selected Employee in accordance with the terms of the 2021 Share Award Scheme

“%” per cent

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

Hong Kong, January 22, 2021

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*