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FRONTAGE HOLDINGS CORPORATION

方達控股公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1521)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE CONNECTED TRANSACTION INVOLVING GRANT OF AWARDED SHARES TO CONNECTED PERSONS UNDER THE 2021 SHARE AWARD SCHEME

Reference is made to the announcement of Frontage Holdings Corporation (the “**Company**”) published on January 22, 2021 regarding the adoption of the 2021 Share Award Scheme and the announcement of the Company published on January 26, 2021 regarding the grant of Awarded Shares pursuant to the 2021 Share Award Scheme and the connected transaction involving grant of Awarded Shares to connected persons under the 2021 Share Award Scheme (the “**Announcements**”). The Company wishes to provide the Shareholders and the public with the following additional information on the role of the Trustee in the 2021 Share Award Scheme. Unless otherwise stated, terms defined in the Announcements shall have the same meanings when used herein.

As disclosed in the Announcements, certain Awarded Shares have been granted to the Connected Award Participants, subject to the fulfilment of the applicable requirements under Chapter 14A of the Listing Rules. If the applicable requirements under Chapter 14A of the Listing Rules in respect of the Connected Awarded Shares are fulfilled and the relevant Shares are allotted and issued to the Trustee in accordance with the 2021 Share Award Scheme, the Trustee will hold the new Shares on trust for the Connected Award Participants.

The Directors do not expect that the Trustee would become a connected person of the Company on the following basis:

1. The Trustee is currently not a connected person of the Company under Chapter 14A of the Listing Rules. To the Company’s knowledge and belief after making reasonable enquiries, the Trustee is a professional trustee to be engaged by the Company for the 2021 Share Award Scheme. The Trustee and its ultimate beneficial owner(s) are third parties independent of the Company.
2. As disclosed in the Announcements, the Trustee shall not exercise the voting rights in respect of any Shares held by it under the Trust and hence will not be a “substantial shareholder” of the Company for the purpose of the definition of “connected person” under Chapter 14A of the Listing Rules.

3. Pursuant to Rule 14A.12(1)(b) of the Listing Rules, a trustee of a trust which is an employees' share scheme or occupational pension scheme established for a wide scope of participants where the connected persons' aggregate interests in the scheme are less than 30% will not be regarded as an associate of a director of the Company or its subsidiaries by virtue of it being a trustee of a trust of such person. As (i) the 2021 Share Award Scheme is an employees' share scheme established for a wide scope of participants including Selected Employees who are not connected persons of the Company; and (ii) the total number of Awarded Shares to be granted under the 2021 Share Award Scheme must not exceed 10% of the issued share capital of the Company as at the Adoption Date; and (iii) the Connected Award Participants' aggregate interests in the 2021 Share Award Scheme would be less than 30% of the total number of Awarded Shares granted to all the Award Participants, the Trustee is not an associate of the Connected Award Participants pursuant to Rule 14A.12(1)(b) of the Listing Rules.

The Trustee will become a connected person of the Company if the number of Awarded Shares held by the Trustee for the benefit of the connected persons of the Company, including the Connected Award Participants, equals to or exceeds 30% of the aggregate number of Awarded Shares held by the Trustee. Save for the restrictions that (i) the maximum number of Shares which may be awarded to a Selected Employee under the 2021 Share Award Scheme shall not exceed one percent (1%) of the issued share capital of the Company on the Adoption Date; and (ii) 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, there is no other restriction in the 2021 Share Award Scheme on the aggregate interests of the Company's connected persons held by the Trustee. In the event that the Trustee becomes a connected person of the Company, the Company will comply with the relevant provisions under Chapter 14A of the Listing Rules where appropriate.

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

Hong Kong, February 5, 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*