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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Frontage Holdings Corporation, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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FRONTAGE HOLDINGS CORPORATION

方達控股公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1521)

(1) PROPOSED RE-ELECTION OF DIRECTORS
**(2) PROPOSED GRANTING OF GENERAL MANDATES TO
REPURCHASE SHARES AND ISSUE SHARES**
**(3) PROPOSED GRANTING OF ANNUAL MANDATE UNDER
THE 2018 SHARE INCENTIVE PLAN**
**(4) CONNECTED TRANSACTION INVOLVING THE GRANT,
ALLOTMENT AND ISSUE OF NEW SHARES
TO CONNECTED PERSONS UNDER THE 2021
SHARE AWARD SCHEME PURSUANT TO SPECIFIC MANDATE
AND**
(5) NOTICE OF ANNUAL GENERAL MEETING

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



A notice convening the Annual General Meeting to be held at 1227 Zhangheng Road, Building 2, Zhangjiang Hi-Tech Park, Shanghai, China on Thursday, May 27, 2021 at 10:00 a.m. is set out on pages AGM-1 to AGM-6 of this circular. A form of proxy for use at the Annual General Meeting is also enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited and the Company.

Whether or not you are able to attend the Annual General Meeting in person, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the Annual General Meeting (i.e. no later than 10:00 a.m. on Tuesday, May 25, 2021 (Hong Kong time)) or any adjournment of such meeting (as the case may be). Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the Annual General Meeting if they so wish. If you attend and vote at the Annual General Meeting, the authority of your proxy will be revoked.

* For identification purposes only

April 23, 2021

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DEFINITIONS

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

“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
“2018 Share Incentive Plan”	the post-IPO share incentive plan approved by the Company on May 11, 2019
“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
“Annual General Meeting”	the annual general meeting of the Company to be held at 1227 Zhangheng Road, Building 2, Zhangjiang Hi-Tech Park, Shanghai, China on Thursday, May 27, 2021 at 10:00 a.m., to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages AGM-1 to AGM-6 of this circular, or any adjournment thereof
“Articles of Association”	the articles of association of the Company, as amended from time to time
“Audit and Risk Management Committee”	the audit and risk management committee of the Board
“Award(s)”	options, RSUs and any other type of share incentive award under the 2018 Share Incentive Plan
“Award Participants”	the selected participants awarded the Awarded Shares under the 2021 Share Award Scheme
“Awarded Share(s)”	the 22,950,500 Shares granted by the Company to the Award Participants pursuant to the terms of the 2021 Share Award Scheme
“Board”	the board of Directors

DEFINITIONS

“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
“Company”	Frontage Holdings Corporation, a company incorporated on April 16, 2018 under the laws of the Cayman Islands with limited liability, and the Shares of which are listed on the Main Board of the Stock Exchange
“Connected Award Participants”	the Award Participants who are connected with the Company or connected persons of the Company
“Connected Awarded Shares”	3,100,000 Awarded Shares granted by the Company to the Connected Award Participants
“connected persons”	has the same meaning ascribed to it under the Listing Rules
“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
“Frontage Labs”	Frontage Laboratories, Inc., a company incorporated under the laws of Pennsylvania, United States on April 21, 2004 and the wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries

DEFINITIONS

“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 and on the Main Board of the Hong Kong Stock Exchange with stock code 3347, which is one of the controlling shareholders of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hongkong 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 of the Company
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors to advise the Independent Shareholders in respect of the grant of the Awarded Shares to the Award Participants and the Specific Mandate
“Independent Financial Adviser”	Innovax Capital Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the allotment and issue of Connected Awarded Shares and the Specific Mandate
“Independent Shareholders”	independent Shareholders other than the Connected Award Participants and their respective associates
“Issuance Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise the power of the Company to allot, issue or otherwise deal with additional Shares of not exceeding 20% of the total number of the Shares in issue as at the date of passing of relevant resolution at the Annual General Meeting

DEFINITIONS

“Latest Practicable Date”	April 15, 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Date”	May 30, 2019, being the date on which the Shares were listed on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“Nomination Committee”	the nomination committee of the Board
“Non-connected Award Participants”	the Award Participants who are not connected with the Company or connected persons of the Company
“PRC” or “China”	the People’s Republic of China, but for the purposes of this circular only, except where the context requires, references to the PRC or China exclude Hong Kong, Macau and Taiwan
“Remuneration Committee”	the remuneration committee of the Board
“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise the power of the Company to repurchase Shares of not exceeding 10% of the total number of the Shares in issue as at the date of passing the relevant resolution at the Annual General Meeting
“RMB”	Renminbi, the lawful currency of the PRC
“RSUs”	a restricted share unit, being a contingent right to receive Shares pursuant to the 2018 Share Incentive Plan
“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

DEFINITIONS

“Share(s)”	ordinary share(s) of US\$0.00001 each in the issued capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Specific Mandate”	the specific mandate to allot and issue the Connected Awarded Shares to the Connected Award Participants, which is subject to the approval by the Independent Shareholders at the Annual General Meeting
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission of Hong Kong, as amended from time to time
“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 a trust deed to be entered into between the Company and Computershare Hong Kong Trustees Limited (as restated, supplemented and amended from time to time), which is independent and not connected with the Group
“United States”	the United States of America
“US\$”	Dollars, the lawful currency of the United States
“%”	per cent

LETTER FROM THE BOARD



FRONTAGE HOLDINGS CORPORATION
方達控股公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1521)

Executive Directors:

Dr. Song Li (*Chairman and
Chief Executive Officer*)
Dr. Zhihe Li

Non-executive Director:

Mr. Jun Gao

Independent non-executive Directors:

Mr. Yifan Li
Mr. Erh Fei Liu
Dr. Jingsong Wang

Registered Office:

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Principal Place of Business in

Hong Kong:

Level 54, Hopewell Centre 183
Queen's Road East
Hong Kong

April 23, 2021

To the Shareholders

Dear Sir/Madam,

- (1) PROPOSED RE-ELECTION OF DIRECTORS**
**(2) PROPOSED GRANTING OF GENERAL MANDATES TO
REPURCHASE SHARES AND ISSUE SHARES**
**(3) PROPOSED GRANTING OF ANNUAL MANDATE UNDER
THE 2018 SHARE INCENTIVE PLAN**
**(4) CONNECTED TRANSACTION INVOLVING THE GRANT,
ALLOTMENT AND ISSUE OF NEW SHARES
TO CONNECTED PERSONS UNDER THE 2021
SHARE AWARD SCHEME PURSUANT TO SPECIFIC MANDATE
AND**
(5) NOTICE OF ANNUAL GENERAL MEETING

1. INTRODUCTION

The purpose of this circular is to provide the Shareholders with information in respect of certain resolutions to be proposed at the Annual General Meeting to be held on Thursday, May 27, 2021.

LETTER FROM THE BOARD

2. PROPOSED RE-ELECTION OF DIRECTORS

Pursuant to Article 83(3) of the Articles of Association, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the Company after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Dr. Song Li was appointed as a Director by way of directors' resolution on February 10, 2021. Accordingly, pursuant to Article 83(3) of the Articles of Association, Dr. Song Li will hold office until the Annual General Meeting and, being eligible, offer himself for re-election at the Annual General Meeting.

Pursuant to Article 84(1) of the Articles of Association, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Pursuant to Article 84(2) of the Articles of Association, a retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires and any Director appointed by the Board pursuant to Article 83(3) shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

Accordingly, pursuant to Article 84 of the Articles of Association, Mr. Jun Gao and Mr. Yifan Li will hold office until the Annual General Meeting and, being eligible, offer themselves for re-election at the Annual General Meeting.

The Nomination Committee has reviewed the structure and composition of the Board, the confirmations and disclosures given by the Directors, the qualifications, skills and experience, time commitment and contribution of the retiring Directors with reference to the nomination principles and criteria set out in the Company's Board Diversity Policy and Director Nomination Policy as well as the Company's corporate strategy, and the independence of all independent non-executive Directors. The Nomination Committee has recommended to the Board on the re-election of Mr. Yifan Li as independent non-executive Director at the Annual General Meeting. As a good corporate governance practice, each of the retiring Directors abstained from voting at the relevant Board meeting on the respective propositions of their recommendations for re-election by the Shareholders at the Annual General Meeting.

LETTER FROM THE BOARD

Mr. Yifan Li, an independent non-executive Director, has provided valuable contributions to the Company and has demonstrated his ability to exercise independent judgment and provide a balanced and objective view in relation to the Company's affairs. He has also confirmed that they will continue to devote sufficient time for the discharge of their functions and responsibilities as an independent non-executive Director. With his relevant background and experience, Mr. Yifan Li is fully aware of the responsibilities and expected time involvements in the Company. Based on the foregoing, the Board believes that the positions of Mr. Yifan Li outside the Company will not affect him in maintaining his current roles in, and his functions and responsibilities for, the Company.

In proposing Mr. Yifan Li to be re-elected as independent non-executive Director at the Annual General Meeting, the Board has considered, among others, the valuable business experience, knowledge and professionalism of Mr. Yifan Li, as further described in his details in Appendix I to this circular, and the requirements as set out in Code Provision A.5.5 of Appendix 14 to the Listing Rules.

With his unique background, the Board considers that Mr. Yifan Li is a highly valued and respected member of the Board, and can contribute to the diversity of the Board, in particular, with his strong and diversified educational background and professional experience in his expertise, including his in-depth knowledge in commercial and general management, professional accounting and auditing, international experience, investment strategies and connections in various industries.

Notwithstanding Mr. Yifan Li's directorship in eleven other listed companies, all such directorships are non-executive in nature. Mr. Li has maintained his professionalism in various directorships of listed companies he has served, and has actively participated in Board meetings and Audit and Risk Management Committee meetings in 2020. Accordingly, the Board is of the view that he is able to devote sufficient time and attention to perform his duties as an independent non-executive Director.

Accordingly, the Nomination Committee has recommended to the Board on the re-election of all the retiring Directors, including the aforesaid independent non-executive Director who is due to retire at the Annual General Meeting. The Company considers that the retiring independent non-executive Director is independent in accordance with the independence guidelines set out in the Listing Rules and will continue to bring valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning and diversity.

The biographical details of the retiring Directors offering themselves for re-election at the Annual General Meeting are set out in Appendix I to this circular.

The procedures and process for the nomination of Directors are set out in the section headed "Corporate Governance Report" in the annual report of the Company for the year ended December 31, 2020.

LETTER FROM THE BOARD

3. PROPOSED GRANTING OF GENERAL MANDATE TO REPURCHASE SHARES

At the annual general meeting of the Company held on May 28, 2020, a general mandate was granted to the Directors to repurchase Shares. Such mandate will lapse at the conclusion of the Annual General Meeting. In order to give the Company the flexibility to repurchase Shares if and when appropriate, an ordinary resolution will be proposed at the Annual General Meeting to approve the granting of the Repurchase Mandate to the Directors to exercise the power of the Company to repurchase Shares of not exceeding 10% of the total number of Shares in issue as at the date of passing of the proposed ordinary resolution numbered 4 in the notice of the Annual General Meeting as set out on pages AGM-1 to AGM-6 of this circular (i.e. a total of 204,787,591 Shares, based on 2,047,875,910 Shares in issue as at the Latest Practicable Date and assuming that no Shares will be issued or repurchased prior to the Annual General Meeting).

An explanatory statement required by the Listing Rules to provide the Shareholders with requisite information reasonably necessary for them to make an informed decision on whether to vote for or against the ordinary resolution in relation to the granting of the Repurchase Mandate is set out in Appendix II to this circular.

4. PROPOSED GRANTING OF GENERAL MANDATE TO ISSUE SHARES

At the annual general meeting of the Company held on May 28, 2020, a general mandate was granted to the Directors to issue Shares. Such mandate will lapse at the conclusion of the Annual General Meeting. In order to give the Company the flexibility to issue Shares if and when appropriate, an ordinary resolution will be proposed at the Annual General Meeting to approve the granting of the Issuance Mandate to the Directors to exercise the power of the Company to allot, issue or otherwise deal with additional Shares not exceeding 20% of the total number of Shares in issue as at the date of passing of the proposed ordinary resolution numbered 5 in the notice of the Annual General Meeting as set out on pages AGM-1 to AGM-6 of this circular (i.e. a total of 409,575,182 Shares, based on 2,047,875,910 Shares in issue as at the Latest Practicable Date and assuming that no Shares will be issued or repurchased prior to the Annual General Meeting).

An ordinary resolution to extend the Issuance Mandate by adding the number of Shares repurchased by the Company pursuant to the Repurchase Mandate will also be proposed at the Annual General Meeting.

LETTER FROM THE BOARD

5. PROPOSED GRANTING OF ANNUAL MANDATE UNDER THE 2018 SHARE INCENTIVE PLAN

Background of the 2018 Share Incentive Plan

The 2018 Share Incentive Plan was approved and adopted by the Shareholders on May 11, 2019. Apart from the 2018 Share Incentive Plan, the other share option schemes currently in force include the 2015 Share Incentive Plan and the pre-IPO share incentive plan approved by Frontage Labs in 2008 and assumed by the Company on April 17, 2018.

The purpose of the 2018 Share Incentive Plan is to advance the interests of the Company's shareholders by enhancing the Company's ability to attract, retain and motivate skilled and experienced personnel who are expected to make important contributions to the Group. In particular, the 2018 Share Incentive Plan aims to motivate personnel to strive for the future development and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company. Please refer to the prospectus of the Company dated May 17, 2019 for further details on the 2018 Share Incentive Plan.

2018 Share Incentive Plan

Pursuant to the 2018 Share Incentive Plan, if the Company proposes to grant Awards under the 2018 Share Incentive Plan during the period between one annual general meeting and the subsequent annual general meeting of the Company which may be satisfied by the Company allotting and issuing new Shares upon the vesting of the Awards, the Company shall, at the Annual General Meeting, propose for the Shareholders to consider and, if thought fit, approve an ordinary resolution granting a mandate authorizing the Board to grant Awards pursuant to the 2018 Share Incentive Plan during the Applicable Period and that the Board shall have the power to allot, issue and deal with Shares in respect of Awards granted during the Applicable Period as and when the Awards vest, provided that the maximum number of new Shares in respect of which awards may be granted under the 2018 Share Incentive Plan during the Applicable Period shall not exceed 200,764,091 Shares, being 9.80% of the total number of Shares in issue as at the date of passing this resolution pursuant to paragraph 8.4 of the 2018 Share Incentive Plan (the "**Annual Mandate**").

The "Applicable Period" during which the Annual Mandate will be effective is from the period from the passing of the ordinary resolution granting the mandate until the earliest of (a) the conclusion of the next annual general meeting of the Company; (b) the end of the period within which the Company is required by any applicable laws or by the bye-laws of the Company to hold the next annual general meeting of the Company; and (c) the variation or revocation of such mandate by an ordinary resolution of the Shareholders in a general meeting.

LETTER FROM THE BOARD

Pursuant to the 2018 Share Incentive Plan, the maximum aggregate number of Shares with respect to which Awards may be granted under the 2018 Share Incentive Plan is 200,764,091 Shares, which represented 10% of the then total issued Shares at the Listing Date. As at the Latest Practicable Date, no Awards have been granted under the 2018 Share Incentive Plan. The Directors are of the view that in order to provide incentives and rewards to the eligible participants for their contribution or potential contribution to the Group by granting share options to them, the Annual Mandate shall be approved to allow the Board to grant Awards under the 2018 Share Incentive Plan during the Applicable Period. The Directors further consider that the granting of the Annual Mandate is in the interest of the Group and Shareholders as a whole as it enables the Company to reward appropriately and motivate the eligible participants.

At the Annual General Meeting, an ordinary resolution will be proposed to the Shareholders to approve the Annual Mandate so as to allow the Company to grant further Awards under the 2018 Share Incentive Plan for subscription of up to 10% of the Shares in issue as at the Listing Date.

Proposed Granting of the Annual Mandate

If the Annual Mandate is approved by the Shareholders at the Annual General Meeting, the Board will be authorized to grant Awards for subscription of up to a total of 200,764,091 Shares, representing 10% of the Shares in issue as at the Listing Date. As at the Latest Practicable Date, no Award has been granted or agreed to be granted by the Company pursuant to the 2018 Share Incentive Plan.

At the Annual General Meeting, an ordinary resolution will be proposed to the Shareholders to approve the Annual Mandate so as to allow the Company to grant Awards under the 2018 Share Incentive Plan for subscription of up to a total of 200,764,091 Shares, representing 9.80% of the Shares in issue as at the date of passing the resolution. The scheme mandate limit, being the total number of Shares in respect of which Awards may be granted under the 2018 Share Incentive Plan and as originally approved by the then shareholders on May 11, 2019, remains unchanged and in effect.

Conditions of the Granting of the Annual Mandate

The Annual Mandate is conditional upon the Shareholders passing the relevant ordinary resolution at the Annual General Meeting.

LETTER FROM THE BOARD

6. CONNECTED TRANSACTION INVOLVING THE GRANT, ALLOTMENT AND ISSUE OF NEW SHARES TO CONNECTED PERSONS UNDER THE 2021 SHARE AWARD SCHEME PURSUANT TO SPECIFIC MANDATE

Introduction

Reference is made to (i) the announcement of the Company dated January 22, 2021 regarding the adoption of the 2021 Share Award Scheme; and (ii) the announcement of the Company dated January 26, 2021 in relation to, among others, the grant of the Connected Awarded Shares to the Connected Award Participants, which shall be satisfied by the grant, allotment and issue of new Shares to the Trustee pursuant to the Specific Mandate (the “**Announcement**”).

This circular provides you with, among others, (i) further details of the proposed grant of Connected Awarded Shares and the Specific Mandate; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the grant, allotment and issue of Connected Awarded Shares to the Connected Award Participants.

Innovax Capital Limited has been appointed as Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the award of the Connected Awarded Shares to the Connected Award Participants.

Grant of Awarded Shares pursuant to the 2021 Share Award Scheme and issue of new Awarded Shares

On January 25, 2021 (New York time), the Company granted a total of 22,950,500 new Awarded Shares to 184 Award Participants pursuant to the terms of the 2021 Share Award Scheme, in order to recognize the contributions of the Award Participants and retain them for the continual operation and development of the Group. Of the 22,950,500 new Awarded Shares, (i) 19,850,500 Awarded Shares were granted to 182 Non-connected Award Participants, which shall be satisfied by the grant, allotment and issue of new Shares pursuant to the general mandate granted to the Directors to allot and issue Shares at the Annual General Meeting; and (ii) 3,100,000 Awarded Shares were granted to two Connected Award Participants, who are both executive Directors, which shall be satisfied by the grant, allotment and issue of new Shares pursuant to the Specific Mandate. The grant of the Connected Awarded Shares to the Connected Award Participants is subject to the terms of the 2021 Share Award Scheme and the grant letters issued by the Company to the Connected Award Participants, namely Dr. Zhihe Li and Dr. Song Li.

Under 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 (i.e. January 22, 2021 (Hong Kong time), the “**Adoption Date**”).

LETTER FROM THE BOARD

The Connected Awarded Shares shall be allotted and issued to the Trustee at the nominal value of USD0.00001 each for nil consideration. The aggregate nominal value of the Connected Awarded Shares is USD31.00. The average closing price of the Shares for the five consecutive trading days immediately preceding the date of the Announcement as quoted on the Stock Exchange was approximately HK\$5.48 per Share.

Upon the allotment and issue of the new Awarded Shares, the Trustee will hold the new Shares on trust for the Award Participants and such new Awarded Shares shall be transferred to the Award Participants at no consideration on the vesting dates. As such, no funds will be raised by the Company as a result of the allotment and issue of the Awarded Shares.

Upon the grant, allotment and issue of the Connected Awarded Shares, the Trustee will hold the new Shares on trust for the Connected Award Participants and such Connected Awarded Shares shall be vested as set out below.

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:

- (a) 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.
- (b) 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.
- (c) 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; (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'

LETTER FROM THE BOARD

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.

Vesting dates

The new Awarded Shares shall be vested in four tranches in accordance with the following dates: (i) one-fourth shall be vested on January 24, 2022; (ii) one-fourth shall be vested on January 24, 2023; (iii) one-fourth shall be vested on January 24, 2024; and (iv) the remaining one-fourth shall be vested on January 24, 2025, or an earlier date as approved by the Board. The vesting of the Awarded Shares is subject to the conditions as set out in the 2021 Share Award Scheme and the fulfillment of such conditions as specified by the Board.

Ranking of the Connected Awarded Shares

The Connected Awarded Shares, when issued and fully paid, shall rank *pari passu* among themselves and with those Shares in issue, with the right to receive all dividends and other distributions declared, made or paid on or after the allotment date.

Conditions precedent

The grant, allotment and issue of the Connected Awarded Shares to the Connected Award Participants shall be subject to:

- (a) the approval by the Independent Shareholders at the Annual General Meeting in respect of the grant, allotment and issue of the Connected Awarded Shares, the Specific Mandate and the transactions contemplated thereunder pursuant to the terms of the 2021 Share Award Scheme and the grant letters issued by the Company to the Connected Award Participants, namely Dr. Zhihe Li and Dr. Song Li; and
- (b) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in the Connected Awarded Shares.

LETTER FROM THE BOARD

Application for listing

An application will be made by the Company to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the aggregate of 3,100,000 Connected Awarded Shares.

The Connected Awarded Shares will be allotted and issued to the Connected Award Participants with details as follows:

Connected Award Participants	Number of Connected Awarded Shares granted to the Connected Award Participants	Approximate market value of the Connected Awarded Shares as at the date of the Announcement <i>HK\$</i> <i>(Note 1)</i>	Approximate market value of the Connected Awarded Shares as at the Latest Practicable Date <i>HK\$</i> <i>(Note 2)</i>	Approximate percentage of total Shares in issue as of the Latest Practicable Date <i>(Note 3)</i>
Dr. Zhihe Li	1,250,000	7,512,500	6,187,500	0.06%
Dr. Song Li	1,850,000	11,118,500	9,157,500	0.09%
Total Connected Awarded Shares	3,100,000	18,631,000	15,345,000	0.15%

Notes:

- (1) The market value of the Connected Awarded Shares is calculated based on the closing market price per Share of HK\$6.01 as of January 26, 2021, being the date of the Announcement.
- (2) The market value of the Connected Awarded Shares is calculated based on the closing market price per Share of HK\$4.95 as of April 15, 2021, being the Latest Practicable Date.
- (3) As of the Latest Practicable Date, the total number of Shares in issue is 2,047,875,910.

Issue of Connected Awarded Shares to Connected Award Participants

The aggregate of 3,100,000 Connected Awarded Shares to be allotted and issued by the Company to the Connected Award Participants, represent (i) approximately 0.15% of the total number of Shares in issue as of the Latest Practicable Date; and (ii) approximately 0.15% of the total number of Shares in issue as enlarged by the allotment and issue of the Connected Awarded Shares (assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to the allotment date of the new Shares, other than the allotment and issue of the Connected Awarded Shares).

LETTER FROM THE BOARD

The grant of the Connected Awarded Shares to the Connected Award Participants has been approved by all members of the Remuneration Committee. The Board determined the Award Participants (including the Connected Award Participants) and the number of Awarded Shares granted to each of them with reference to their respective roles, responsibilities, years of services, work experience, contributions and remuneration packages.

The position, roles and responsibilities of the Connected Award Participants are set out as follows:

Name of Connected Award Participants	Position	Responsibilities and contributions to the Group
Dr. Zhihe Li	Executive Director and senior vice president of Frontage Labs	Reports to the Chief Executive Officer of the Company, and is responsible for creating, communicating, and implementing strategic plans in accordance with the Group's vision, mission, and overall directions; evaluating the success of the Group in reaching its goals, looking at potential merger and acquisition deals under circumstances that will enhance Shareholders' values. Represents the Group for civic and professional association responsibilities and activities in the local community, the state, and at the national level. Participates in industry-related events or associations that will enhance the Group's reputation.

LETTER FROM THE BOARD

Name of Connected Award Participants	Position	Responsibilities and contributions to the Group
Dr. Song Li	Executive Director, chairman of the Board, the Chief Executive Officer of the Company and the chief executive officer of Frontage Labs	Leads the senior management in the day-to-day management of the Group's business in accordance with the business plans and within the budgets approved by the Board; provides overall leadership for the Group; implements (with the support of the senior management) the strategies and policies as approved by the Board and its committees in pursuit of the Group's objectives and promotes the highest standards of integrity, probity and corporate governance within the Group; oversees all operating segments/support functions of the Group and the performance, strategy and alignment of all departments within the Group. Responsible for creating, communicating, and implementing strategic plans in accordance with the Group's vision, mission, and overall directions. Responsible for evaluating the success of the Group in reaching its goals, looking at potential merger and acquisition deals under circumstances that will enhance Shareholders' values. Represents the Group for civic and professional association responsibilities and activities in the local community, the state, and at the national level. Participates in industry-related events or associations that will enhance the Group's reputation.

LETTER FROM THE BOARD

The shareholding structure of the Company as of the Latest Practicable Date and immediately after the allotment, issue and full vesting of the Awarded Shares (assuming no other change in the issued share capital of the Company other than the allotment, issue and full vesting of the Awarded Shares) is as follows:

Name of Shareholder	As at the Latest Practicable Date		Immediately after the issuance, allotment and full vesting of the Awarded Shares (including the Connected Awarded Shares and assuming no other actual or potential change in the issued share capital of the Company)	
	Number	%	Number	%
Hongkong Tigermed ⁽¹⁾	1,032,964,090	50.44%	1,032,964,090	49.88%
Hangzhou Tigermed ⁽¹⁾	1,032,964,090	50.44%	1,032,964,090	49.88%
Hillhouse Capital Advisors, Ltd. ⁽²⁾	122,632,000	5.99%	122,632,000	5.92%
Gaoling Fund, L.P. ⁽²⁾	115,152,000	5.62%	115,152,000	5.56%
Sub-total	1,155,596,090	56.43%	1,155,596,090	55.80%
Connected Award Participants				
Dr. Zhihe Li ⁽³⁾	16,083,187	0.79%	17,333,187	0.83%
Dr. Song Li ⁽⁴⁾	161,891,320	7.91%	163,741,320	7.91%
Non-connected Award Participants				
	Nil	Nil	19,850,500	0.96%
Sub-total	177,974,507	8.70%	200,925,007	9.70%
Other public shareholders	714,305,313	34.87%	714,305,313	34.50%
Total	2,047,875,910	100%	2,070,826,410	100%

Notes:

- (1) Hangzhou Tigermed is deemed to be interested in the 1,032,964,090 Shares which Hongkong Tigermed, its wholly-owned subsidiary, is interested in as beneficial owner of Hongkong Tigermed. Hongkong Tigermed is legally and beneficially owned as to 100% by Hangzhou Tigermed. Hongkong Tigermed is the beneficial owner of 957,678,090 Shares and is a lender under a stock borrowing agreement in relation to the loaning of 75,286,000 Shares, which it has a long interest in and will be returned to Hongkong Tigermed.

LETTER FROM THE BOARD

- (2) Hillhouse Capital Advisors, Ltd. is the sole investment manager and the general partner of Gaoling Fund, L.P. and YHG Investment, L.P. respectively. Hillhouse Capital Advisors, Ltd. is deemed to be interested in the aggregate number of 122,632,000 Shares held by Gaoling Fund, L.P. and YHG Investment, L.P.
- (3) As at the Latest Practicable Date, Dr. Zhihe Li had interests in 16,083,187 Shares and in 4,500,000 share options granted under the 2015 Share Incentive Plan on February 28, 2019, in aggregate representing approximately 1.01% of the issued Shares within the meaning of Part XV of the SFO. In addition, on January 25, 2021, the Board resolved to grant 1,250,000 Awarded Shares to Dr. Zhihe Li pursuant to the 2021 Share Award Scheme adopted by the Company on January 22, 2021. Such grant remains subject to the fulfillment of the applicable requirements under Chapter 14A of the Listing Rules, as disclosed in this circular.
- (4) As at the Latest Practicable Date, Dr. Song Li had interests in 161,891,320 Shares and in 4,700,000 share options granted under the 2015 Share Incentive Plan on February 28, 2019, representing approximately 8.13% of the issued Shares within the meaning of Part XV of the SFO. He is the beneficial owner of 25,083,050 Shares and is the founder and a trustee of each of The Linna Li GST Exempt Trust, The Wendy Li GST Exempt Trust and The Yue Monica Li GST Exempt Trust, which hold 45,600,090 Shares, 45,602,090 Shares and 45,606,090 Shares, respectively. In addition, on January 25, 2021, the Board resolved to grant 1,850,000 Awarded Shares to Dr. Song Li pursuant to the 2021 Share Award Scheme adopted by the Company on January 22, 2021. Such grant remains subject to the fulfillment of the applicable requirements under Chapter 14A of the Listing Rules, as disclosed in this circular.

Equity fund raising activities of the Company in the past 12 months

The Company has not conducted any equity fund raising activities in the past 12 months immediately preceding the Latest Practicable Date.

Reasons for the award of the Connected Awarded Shares

The Group is principally engaged in integrated, scientifically-driven research, analytical and development services throughout the drug discovery and development process to enable biopharmaceutical and life science companies to achieve their product development goals. The Group's Chemistry, DMPK, Bioanalytical and Biologics, and CMC services are offered throughout the drug discovery and development process both in North America and in China. The Group also provides Safety and Toxicology services in North America and Bioequivalence and related services in China.

The Board considers that the award of the Awarded Shares to the Award Participants recognizes and motivates the contributions by the Award Participants and to give incentives thereto in order to retain them for the continual operation and development of the Group. Furthermore, there will not be any cash outflow and cash can be preserved by the Group under the award of the Awarded Shares to provide incentives to the Award Participants. In this regard, the Directors consider that the terms and conditions of the grant, allotment and issue of new Awarded Shares are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Upon the allotment and issue of the new Awarded Shares, the Trustee will hold the new Shares on trust for the Award Participants and such new Awarded Shares shall be transferred to the Award Participants at no consideration on the vesting dates. As such, no funds will be raised by the Company as a result of the allotment and issue of the Awarded Shares.

Listing Rules implications

As the Connected Award Participants consist of two executive Directors of the Company, the Connected Award Participants are connected persons of the Company. Therefore, the grant, allotment and issue of Connected Awarded Shares to the Connected Award Participants under the 2021 Share Award Scheme shall constitute a connected transaction for the Company under Chapter 14A of the Listing Rules and shall be subject to, among others, the approval by the Independent Shareholders at a general meeting of the Company.

To the best of the knowledge, information and belief of the Directors, save for the Connected Award Participants and their respective associates who are in aggregate holding 177,974,507 Shares as at the date of this circular, no other Shareholder is required to abstain from voting on the resolutions to approve the grant, allotment and issue of the Connected Awarded Shares to the Connected Award Participants and the transactions contemplated thereunder at the annual general meeting to be convened by the Company.

Dr. Zhihe Li and Dr. Song Li have abstained from approving the relevant Board resolution on the grant, allotment and issue of the Connected Awarded Shares to them under the 2021 Share Award Scheme.

7. CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Monday, May 24, 2021 to Thursday, May 27, 2021, both dates inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, all share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, May 21, 2021.

8. ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT

The notice of the Annual General Meeting is set out on pages AGM-1 to AGM-6 of this circular. Pursuant to Rule 13.39(4) of the Listing Rules and article 66 of the Articles of Association, any vote of Shareholders at a general meeting must be taken by poll except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands. An announcement on the poll results will be published by the Company after the Annual General Meeting in the manner prescribed under Rule 13.39(5) of the Listing Rules.

LETTER FROM THE BOARD

A form of proxy for use at the Annual General Meeting is enclosed with this circular and such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.frontagelab.com). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority at the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the Annual General Meeting (i.e. no later than 10:00 a.m. on Tuesday, May 25, 2021 (Hong Kong time)) or the adjourned meeting (as the case may be). Completion and delivery of the form of proxy will not preclude you from attending and voting at the Annual General Meeting if you so wish. If you attend and vote at the Annual General Meeting, the authority of your proxy will be revoked.

9. VOTING BY WAY OF POLL

Pursuant to the Articles of Association, a resolution put to the vote of a meeting shall be decided by way of a poll. It is also the requirement under Rule 13.39(4) of the Listing Rules that any vote of Shareholders at a general meeting must be taken by poll. Therefore, the chairman of the meeting will demand a poll for every resolution put to the vote at the Annual General Meeting, save that the chairman of the meeting may in good faith allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

As at the Latest Practicable Date, Dr. Song Li holds 161,891,320 Shares and Dr. Zhihe Li holds 16,083,187 Shares. Dr. Song Li and Dr. Zhihe Li will be granted 1,850,000 and 1,250,000 Connected Award Shares respectively upon approval of the resolutions in relation to the connected transaction involving the grant, allotment and issue of new Shares to connected persons under the 2021 Share Award Scheme pursuant to the Specific Mandate, and are therefore required under the Listing Rules to abstain from voting on the abovementioned relevant resolutions. Please refer to Appendix III to this circular for further details.

To the best of the knowledge, information and belief of the Directors, save as disclosed above, none of the Shareholders are required to abstain from voting on any of the resolutions to be proposed at the Annual General Meeting.

The Company will announce the results of the poll after the Annual General Meeting in the manner prescribed under Rule 13.39(5) of the Listing Rules.

LETTER FROM THE BOARD

10. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

11. GENERAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

12. RECOMMENDATION

The Directors consider that the proposed re-election of Directors, granting of the Repurchase Mandate and the Issuance Mandate and the extension of the Issuance Mandate by adding to it the number of Shares repurchased pursuant to the Repurchase Mandate and proposed granting of the Annual Mandate under the 2018 Share Incentive Plan are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favor of the relevant resolutions to be proposed at the Annual General Meeting.

The Directors (including the Independent Board Committee after considering the advice of the Independent Financial Adviser) consider that the grant, allotment and issue of the Connected Awarded Shares and the Specific Mandate are incidental to the Group's development of its ordinary and usual course of business though not in the ordinary course of business of the Group and on normal commercial terms but are fair and reasonable, and in the interests of the Group and the Shareholders as a whole and accordingly recommend the Independent Shareholders to vote in favour of the resolution in relation to the grant, allotment and issue of the Connected Awarded Shares, the Specific Mandate, and the transactions contemplated thereunder pursuant to the 2021 Share Award Scheme at the Annual General Meeting.

Yours faithfully,
On behalf of the Board
Frontage Holdings Corporation
Dr. Song Li
Chairman



FRONTAGE HOLDINGS CORPORATION
方達控股公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1521)

April 23, 2021

To the Independent Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION INVOLVING THE GRANT, ALLOTMENT AND
ISSUE OF NEW SHARES TO CONNECTED PERSONS UNDER THE 2021
SHARE AWARD SCHEME PURSUANT TO SPECIFIC MANDATE**

We refer to the circular (the “**Circular**”) dated April 23, 2021 issued by the Company of which this letter forms part. Capitalized terms used in this letter have the same meanings as those defined in the Circular unless specified otherwise.

We have been formed to advise the Independent Shareholders in relation to the allotment and issue of Connected Awarded Shares and the Specific Mandate. Innovax Capital Limited has been appointed by the Company as the independent financial adviser (the “**Independent Financial Adviser**”) to advise us in this regard. Details of its advice, together with the principal factors and reasons it has taken into consideration in giving its advice, are contained in its letter set out on pages 24 to 43 of the Circular. Your attention is also drawn to the letter from the Board, letter from the Independent Financial Adviser and the additional information set out in the appendices of the Circular.

After taking into account the factors and reasons considered by the Independent Financial Adviser and its conclusion and advice, we concur with its views and consider that the grant, allotment and issue of the Connected Awarded Shares and the Specific Mandate are (i) fair and reasonable so far as the Company and the Shareholders are concerned and in the interests of the Company and the Shareholders as a whole; and (ii) incidental to the Group’s development of its ordinary and usual course of business though not in the ordinary course of business of the Group and on normal commercial terms. Accordingly, we recommend that the Independent Shareholders should vote in favor of the resolutions to be proposed at the Annual General Meeting to approve the grant, allotment and issue of the Connected Awarded Shares, the Specific Mandate, and the transactions contemplated thereunder pursuant to the terms of the 2021 Share Award Scheme and the grant letters issued by the Company to the Connected Award Participants, namely Dr. Zhihe Li and Dr. Song Li.

Yours faithfully,
For and on behalf of the
Independent Board Committee of
Frontage Holdings Corporation

Mr. Yifan Li

Mr. Erh Fei Liu

Dr. Jingsong Wang

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from Innovax Capital Limited to the Independent Board Committee and the Independent Shareholders prepared for the purpose of inclusion in this circular.



April 23, 2021

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

**CONNECTED TRANSACTION INVOLVING THE GRANT, ALLOTMENT AND
ISSUE OF NEW SHARES TO CONNECTED PERSONS UNDER THE 2021 SHARE
AWARD SCHEME PURSUANT TO SPECIFIC MANDATE**

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the grant, allotment and issue of the new Shares to connected persons under the 2021 Share Award Scheme pursuant to the specific mandate, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in this Circular dated April 23, 2021 issued by the Company, of which this letter forms part. Capitalized terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

Reference is made to the announcement of the Company dated January 22, 2021 in relation to the adoption of the 2021 Share Award Scheme, the announcements of the Company dated January 26, 2021 and February 5, 2021 in relation to (1) the grant of Awarded Shares pursuant to the 2021 Share Award Scheme and (2) the connected transaction involving grant of Award Shares to connected persons under the 2021 Share Award Scheme.

On January 25, 2021 (New York time) (“**Date of Grant**”), the Company granted a total of 22,950,500 new Awarded Shares to 184 Award Participants pursuant to the terms of the 2021 Share Award Scheme, in order to recognize the contributions of the Award Participants and retain them for the continual operation and development of the Group. Of the 22,950,500 new Awarded Shares, (i) 19,850,500 Awarded Shares were granted to 182 Non-connected Award Participants, which shall be satisfied by the grant, allotment and issue of new Shares pursuant to the general mandate granted to the Directors to allot and issue Shares at the Annual General Meeting; and (ii) 3,100,000 Awarded Shares were granted to two Connected Award Participants, who are both executive Directors, which shall be satisfied by the grant, allotment and issue of new Shares pursuant to the Specific Mandate. The grant of the Connected Awarded Shares to the Connected Award Participants is subject to the terms of the 2021 Share Award Scheme and the grant letters issued by the Company to the Connected Award Participants, namely Dr. Zhihe Li and Dr. Song Li.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As the Connected Award Participants consist of two executive Directors of the Company, the Connected Award Participants are connected persons of the Company. Therefore, the grant, allotment and issue of Connected Awarded Shares to the Connected Award Participants under the 2021 Share Award Scheme shall constitute a connected transaction for the Company under Chapter 14A of the Listing Rules and shall be subject to, among others, the approval by the Independent Shareholders at a general meeting of the Company.

The Company will put forward, among other things, ordinary resolutions to approve the grant, allotment and issue of the Connected Awarded Shares to the Connected Award Participants pursuant to Specific Mandate and the transactions contemplated therein at a general meeting to be convened by the Company for the Independent Shareholders' consideration and approval.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the grant, allotment and issue of the new Shares to the Connected Award Participants.

We, Innovax Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the grant, allotment and issue of the Connected Awarded Shares to the Connected Award Participants pursuant to Specific Mandate. As at the Latest Practicable Date, we are not connected with the Directors, chief executive and substantial Shareholders of the Company or any of their respective subsidiaries or associates and are therefore considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders. During the last two years, we were not engaged as an independent financial adviser to the Company. Apart from normal professional fees payable to us by the Company in connection with the current appointment, no arrangement exists whereby we have received or will receive any fees or benefits from the Company or the Directors, chief executive and substantial Shareholders of the Company or any of their respective subsidiaries or associates or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Circular and have assumed that all information and representations made or referred to in the Circular were true, accurate and complete in all material respects at the time they were made and continue to be true, accurate and complete in all material respects at the date of this Circular. We have also relied on our discussion with the management (the "**Management**") of the Company and its representatives regarding the Group and the respective terms of the grant, allotment and issue of the Connected Awarded Shares to the Connected Award Participants and pursuant to Specific Mandate, including the information and representations contained in the Circular. We have also assumed that all statements of belief, opinion and intention made by the Management and its representatives respectively in the Circular were reasonably made after due enquiry.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in the Circular nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the Management and its representatives. We have not, however, conducted an independent in-depth investigation into the business and affairs of the Group or their respective associates, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the grant, allotment and issue of the Connected Awarded Shares to the Connected Award Participants and pursuant to Specific Mandate, we have taken into consideration the following principal factors and reasons:

1. Background of the Group

Principal business of the Group

The Group is principally engaged in integrated, scientifically-driven research, analytical and development services throughout the drug discovery and development process to enable biopharmaceutical and life science companies to achieve their product development goals. The Group's Chemistry, DMPK, Bioanalytical and Biologics, and CMC services are offered throughout the drug discovery and development process both in North America and in China. The Group also provides Safety and Toxicology services in North America and Bioequivalence and related services in China.

Historical financial performance

Set forth below are the financial information of the Group for the three years ended December 31, 2020, as extracted from the annual report of the Company for the year ended December 31, 2019 (the "2019 Annual Report") and the annual report of the Company for the year ended December 31, 2020 (the "2020 Annual Report").

	For the year ended/As at December 31,				
	2018	2019	change	2020	change
	US\$'000	US\$'000	%	US\$'000	%
	(audited)	(audited)		(audited)	
Revenue	83,114	100,415	20.8	125,811	25.3
Gross Profit	33,898	37,291	10.0	41,485	11.2
Net Profit for the year	11,241	18,432	64.0	17,415	(5.5)
Adjusted net profit for the year ^(Note)	16,629	21,397	28.7	20,364	(4.8)
Cash and cash equivalents	16,306	207,752	1174.1	212,087	2.1
Net assets	43,634	265,278	508.0	288,872	8.9

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Note: Calculation of adjusted net profit for the year is modified and calculated by excluding the share-based compensation expenses, listing expenses, gain on disposal of associates or subsidiaries, bargain purchase gain, impairment of investment in an associate and gain arising from fair value change of previously held interest in an associate and amortization of acquired intangible assets from mergers and acquisitions from the profit for the year to better reflect the financial results of the Group's principal business operations.

As extracted from the 2019 Annual Report, the revenue of the Group increased by approximately 20.8% from approximately US\$83.1 million for the year ended December 31, 2018 to approximately US\$100.4 million for the year ended December 31, 2019. Revenue from operations in North America increased by approximately 33.1% from approximately US\$54.7 million for the year ended December 31, 2018 to approximately US\$72.8 million for the year ended December 31, 2019. Excluding the impact of currency translation, the revenue from operations in China increased by approximately 1.0% from approximately RMB188.5 million (equivalent to approximately US\$28.5 million) for the year ended December 31, 2018 to approximately RMB190.3 million (equivalent to approximately US\$27.7 million) for the year ended December 31, 2019. The growth of revenue from operations in North America was mainly attributable to (i) the marketing efforts made by the Group, resulting in robust marketing performance in North America; and (ii) a gradual increase in the toxicology lab services in the Group's site in Concord. The slow increase in the China market was mainly due to the delay of some bioequivalence projects in the second half of 2019 which negatively impacted the Group's bioequivalence and bioanalytical related services in China.

The gross profit of the Group increased by approximately 10.0% from approximately US\$33.9 million for the year ended December 31, 2018 to approximately US\$37.3 million for the year ended December 31, 2019, which mainly attributed to the Group's revenue growth. The adjusted net profit for the year of the Group increased by approximately 28.7% from approximately US\$16.6 million for the year ended December 31, 2018 to approximately US\$21.4 million for the year ended December 31, 2019. The increase of adjusted net profit for the year was mainly attributable to the increase in revenue as discussed above and the increase in other income of approximately US\$5.5 million, mainly in relation to interest income and income from rendering technical support services.

The Group's cash and cash equivalent increased significantly to approximately US\$207.8 million as at December 31, 2019, from approximately US\$16.3 million as at December 31, 2018, mainly as a result of the net proceeds from the issuance of ordinary shares in May 2019 of approximately US\$193.2 million and cash generated from operating activities; partially offset by the payments for the purchase of plant and equipment and acquisition of subsidiaries.

As extracted from the 2020 Annual Report, the revenue of the Group increased by approximately 25.3% from approximately US\$100.4 million for the year ended December 31, 2019 to approximately US\$125.8 million for the year ended December 31, 2020. Revenue from operations in North America increased by approximately 20.7% from approximately US\$72.8 million for the year ended December 31, 2019 to approximately US\$87.9 million for the year ended December 31, 2020. Excluding the impact of currency translation, the revenue from operations in China increased by approximately 36.6% from approximately RMB190.3 million

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(equivalent to approximately US\$27.7 million) for the year ended December 31, 2019 to approximately RMB259.9 million (equivalent to approximately US\$37.9 million) for the year ended December 31, 2020. The growth of revenue from operations in North America was mainly attributable to (i) the marketing efforts made by the Group, resulting in robust marketing performance in North America; and (ii) the positive synergies effect created by the acquisitions of RMI Laboratories, LLC (“**RMI**”), BRI Biopharmaceutical Research, Inc. (“**BRI**”) and Biotranex, LLC, of which RMI and BRI were newly acquired in the second half of 2019. The revenue increase in the China market was mainly due to (i) the expansion of CMC capabilities and business in China; (ii) the thriving large molecules business in China; and (iii) the revenue generated from newly acquired chemistry service due to the acquisition of Acme Bioscience, Inc..

The gross profit of the Group increased by approximately 11.3% from approximately US\$37.3 million for the year ended December 31, 2019 to approximately US\$41.5 million for the year ended December 31, 2020, mainly attributable to the increase in revenue. The Group’s gross profit margin decreased from approximately 37.1% for the year ended December 31, 2019 to approximately 33.0% for the year ended December 31, 2020. The decrease in the gross profit margin were mainly attributable to the COVID-19 pandemic, in particular in the first half of 2020. The COVID-19 pandemic has negatively affected the Group’s customers’ business and reduced their demand for the Group’s services due to the suspension of clinical trials. As the outbreak of the COVID-19 pandemic reached its peak in February 2020 in China, limited medical staff and facility resources were available for the conduct of clinical trials as hospitals and clinical sites had to divert significant healthcare resources away from the conduct of clinical trials to focus on mitigating the impacts of the COVID-19 pandemic in China. In addition, patients became less willing to participate in clinical trials out of concern for potential infection at clinical services. Also, the widespread lockdowns, closure of workplaces and travel bans across China during the COVID-19 pandemic caused temporary interruption of the Group’s onsite services in general.

However, the impact of COVID-19 reduced from the second half of 2020 onwards, as the Group have been actively taking measures to ensure its facilities in North America continue to operate at a stable utilization rate and normalize the Group’s operations, resulting in the recovery of gross profit margin for the second half of 2020. In particular, the gross profit margin in North America increased from approximately 24.6% for the first half of 2020 to approximately 33.0% for the second half of 2020. The gross profit margin in China increased from approximately 40.0% for the first half of 2020 to approximately 41.6% for the second half of 2020.

As a result of the above, the profit for the year of the Group decreased by approximately 5.5% from approximately US\$18.4 million for the year ended December 31, 2019 to approximately US\$17.4 million for the year ended December 31, 2020. The net profit margin of the Group for the year ended December 31, 2020 was approximately 13.8%, compared to approximately 18.4% for the year ended December 31, 2019. The lower profit for the year and net profit margin for the year ended December 31, 2020 compared to those for the year ended December 31, 2019 were primarily due to the impact of the COVID-19 pandemic especially in

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the first half of 2020, in particular, the Group's operations both in North America and China were adversely impacted by the pandemic. However, with the strong recovery of the Group's global operations, the Group's profit for the second half of 2020 increased by approximately 42.9% from approximately US\$9.1 million for the second half of 2019 to approximately US\$13.0 million for the second half of 2020, resulting in the increase in net profit margin of the Group from approximately 8.8% for the first half of 2020 to approximately 17.2% for the second half of 2020.

Prospects

As set out in the Company's 2020 Annual Report and advised by the Management, the global economy faced unprecedented challenges in 2020 due to the COVID-19 pandemic, and the Group's businesses experienced a short-term impact on delivery efficiency caused by COVID-19 related disruptions, primarily in the first half of 2020. Nevertheless, the Group was also benefited from persistent customer demand across its businesses, driven by robust biotech funding and continued innovation that is generating scientific breakthroughs across multiple therapeutic areas, including for COVID-19 therapeutics. The Group intends to leverage its existing strengths and expand its capacities by recruiting additional scientists, continuing to invest in state-of-the-art equipment and technologies, expanding or enhancing its existing facilities, and adding new facilities, so as to pursue opportunities from anticipated increase in outsourcing of the pharmaceutical industry and the related demand for its services. Moreover, the Group intends to strategically extend the range of its services to offer customers a more integrated solution through organic growth and potential acquisitions and aims to pursue a range of opportunities arising from the growing demand for contract research organization services. In particular, the Group has continued to enhance its effort in research and development activities focused on developing technologies and methodologies to continue to enhance the quality and efficiency of the Group's services. During the year ended December 31, 2020, the Group had incurred research and development expenses of approximately US\$1.8 million, compared to US\$1.5 million for the year ended December 31, 2019, representing an increase of approximately 20.3%. In view of the solid research and development establishment as mentioned above, the Management is confident in the future development of the Group.

Despite the hard time faced by the Group during the COVID-19 pandemic, the Board appreciates the efforts contributed by the employees and senior management team over the years and considers that the grant of the Awarded Shares to the Award Participants will continue to motivate the Award Participants to create a higher value for the Company and its Shareholders, and is consistent with market practice.

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2. Reasons for the adoption of the 2021 Share Award Scheme and the award of the Awarded Shares

As set out in the Board Letter, the Board considers that the award of the Awarded Shares to the Award Participants recognizes and motivates the contributions by the Award Participants and to give incentives thereto in order to retain them for the continual operation and development of the Group. Furthermore, there will not be any cash outflow and cash can be preserved by the Group under the award of the Awarded Shares providing incentives to the Award Participants. In this regard, the Directors consider that the terms and conditions of the grant, allotment and issue of new Awarded Shares are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

3. Details of the Connected Award Participants

The table below sets forth the details of the Connected Award Participants:

Name	Position	Number of Connected Awarded Shares granted to the Connected Award Participants	Approximate market value of the Connected Awarded Shares as at the date of the Announcement ^(Note 1) HK\$	Approximate market value of the Connected Awarded Shares as at the Latest Practicable Date ^(Note 2) HK\$	Approximate percentage of total Shares in issue as at the Latest Practical Date ^(Note 3)
Dr. Zhihe Li	Executive Director and senior vice president of Frontage Labs	1,250,000	7,512,500	6,187,500	0.06%
Dr. Song Li	Executive Director, chairman of the Board and the chief executive officer of Frontage Labs	1,850,000	11,118,500	9,157,500	0.09%
Total		<u>3,100,000</u>	<u>18,631,000</u>	<u>15,345,000</u>	<u>0.15%</u>

Notes:

- (1) The market value of the Connected Awarded Shares is calculated based on the closing market price per share of HK\$6.01 as of January 26, 2021, being the date of the Announcement.
- (2) The market value of the Connected Awarded Share is calculated based on the closing market price per Share of HK\$4.95 on the Latest Practicable Date.
- (3) As of the Latest Practicable Date, the total number of Shares in issue is 2,047,875,910.

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We have reviewed the professional background information of Dr. Song Li and Dr. Zhihe Li, being the Connected Award Participants.

Dr. Song Li

Dr. Song Li, as the founder of the Group, has been serving as the executive Director, chairman of the Board, and the Chief Executive Officer of the Company since February 10, 2021, responsible for corporate strategies and global operations. He is also a member of the Remuneration Committee and Nomination Committee. In 2001, he founded Frontage Labs and has been the chief executive officer ever since and has led the Group's strategic, technical and commercial success. His visionary leadership of Frontage Labs has earned him widespread respect in the industry and within the Group. Prior to joining the Group, Dr. Song Li held management positions at Great Valley Pharmaceuticals and Wyeth. During this time, he led numerous projects related to the development of pharmaceutical products. Dr. Song Li was formerly a director in the second session and the third session of the board of director of Hangzhou Tigermed Consulting Co., Ltd., a company listed on the Shenzhen Stock Exchange under stock code 300347 and on the Main Board of The Stock Exchange of Hong Kong Limited under stock code 3347, from August 2014 to April 2018. Dr. Song Li has authored numerous scientific publications spanning a wide range of topics, including chiral separations, drug-protein interactions, pharmacokinetics, and analytical chemistry. He has been the recipient of numerous awards, including the Healthcare CEO award from Philadelphia Alliance for Capital and Technologies, the Ernst & Yong Entrepreneur of the Year Award, the "Realizing the American Dream" award from the Pennsylvania Welcoming society, and the Outstanding 50 Asian Americans in Business Award from the Asian American Business Development Centre. Dr. Song Li received his PhD degree in analytical chemistry from McGill University, Canada in 1992 and a Bachelor of Science in Chemistry from Zhengzhou University, China.

Dr. Zhihe Li

Dr. Zhihe Li joined the Group in 2007. He has been serving in the Board since April 16, 2018 and was the chief executive officer of the Company from April 17, 2018 to February 10, 2021. He is responsible for corporate strategies and global operations of the Group. He has also served as the senior vice president of Frontage Labs since April 2007, responsible for its China operations. Before joining the Group, he worked at Scios Inc. (subsequently acquired by Johnson & Johnson in 2003) as a senior scientist. Prior to that, he worked at Megabios Corporation (Valentis, Inc) as a scientist. He possesses extensive academic experience. He was a scientist at the National Institutes of Health, United States. He received his M.D. degree majoring in medicine from Norman Bethune University of Medical Sciences, China in August 1978 and his PhD degree from McGill University, Canada in May 1993. He received the Merit Award for Outstanding Research from the National Institutes of Health, United States, in September 1995. He is an owner of two medical patents and has contributed to many scientific publications.

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Upon our inquiry, we understand from the Management that both Dr. Song Li and Dr. Zhihe Li are responsible for the performance, strategy and alignment of all departments within the Group. They are responsible for creating, communicating, and implementing strategic plans in accordance with the Group's vision, mission, and overall directions. They are responsible for evaluating the success of the Group in reaching its goals, looking at potential acquisitions or the sale of the company under circumstances that will enhance shareholders' values. Dr. Song Li and Dr. Zhihe Li represent the Group for civic and professional association responsibilities and activities in the local community, the state, and at the national level. They also participate in industry-related events or associations that will enhance the Group's reputation.

From the above, we are of the view that Dr. Song Li and Dr. Zhihe Li, being the Connected Award Participants, have the experience and the professional knowledge to facilitate the continual operation and development of the Group and the Group will benefit from the retention of them through the Awarded Shares.

Upon our enquiry with the Management, we understand that its remuneration package of employees generally includes salary and bonus elements. In general, the Group determines the remuneration package based on the qualifications, position and performance of its employees. The Group also makes contributions to pension schemes, social insurance fund, 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 also 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.

As discussed with the Management, we are given to understand that the Company has considered other methods of providing incentives to the Connected Award Participants, including lump sum cash bonuses and remuneration increment. After careful consideration of various alternatives, the Directors consider the Connected Awarded Shares to be an appropriate incentive measure given that, as opposed to the other alternatives, the Connected Awarded Shares will enable the Company to prevent cash outflow of the Group, which can be retained for business development of the Group, and to retain talents in key positions for the continual operation and development of the Group with the objective to increase the value of the Company in a long run.

4. Principal terms of the grant of Connected Awarded Shares

Number of Connected Awarded Shares	:	3,100,000
Market value of the Connected Awarded Shares ^(Note)	:	HK\$15,345,000

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- Consideration : Nil
- Vesting dates : The Connected Awarded Shares shall be vested in four tranches in accordance with the following dates: (i) one-fourth shall be vested on January 24, 2022; (ii) one-fourth shall be vested on January 24, 2023; (iii) one-fourth shall be vested on January 24, 2024; and (iv) the remaining one-fourth shall be vested on January 24, 2025 or an earlier date as approved by the Board.
- Conditions precedent : The grant, allotment and issue of the 3,100,000 Connected Awarded Shares to be Connected Award Participants shall be subject to (i) the approval by the Independent Shareholders at the Annual General Meeting to be convened by the Company in respect of the grant, allotment and issue of the Connected Awarded Shares, the Specific Mandate and the transactions contemplated therein; and (ii) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in the Connected Awarded Shares.

Note: The market value of the Connected Awarded Shares is calculated as the multiple of the closing market price per Share of HK\$4.95 as at the Latest Practicable Date and the number of the Connected Awarded Shares (i.e. 3,100,000 Shares).

5. Assessment in relation to the principal terms of the grant of Connected Awarded Shares

To assess the fairness and reasonableness of the principal terms of the grant of Connected Awarded Shares, we have, to our best effort basis and knowledge, identified 10 precedent awards in relation to the grant of shares under various share award schemes to their respective employees and directors involving awarding shares to connected persons (the “**Comparable Grants**”) as noted in the relevant announcements on the Stock Exchange from August 1, 2020 up to the Date of Grant (the “**Review Period**”).

Shareholders should note that the business, operations and financial performance of the companies offering the Comparable Grants are not the same as the Company and we have not conducted any in-depth investigation into the businesses and operations of the companies offering the Comparable Grants. However, we consider that the Comparable Grants could provide the Independent Shareholders with a general reference of companies listed on the Main Board of the Stock Exchange granting awarded shares. The list of comparable is an exhaustive list and we are of the opinion that the list covering approximately six months is fair, sufficient and representative to illustrate the recent trend and terms under common market practice.

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Set forth below is a comparison of the Comparable Grants during the Review Period:

	Company Name	Stock code	Date of announcement	Principal Business	Market capitalization as at the date of relevant announcement	Vesting period/dates, assuming the fulfillment of conditions precedent	Consideration (per awarded share)	Performance target	Number of award shares to connected participants	Value of total award shares to connected participants as at the date of relevant announcement	Value of total award shares to connected participants over market capitalization at the date of the relevant announcement
					<i>Approximate HK\$ million</i>					<i>Approximate HK\$ million</i>	
1	Razer Inc.	1337	September 1, 2020	Designs and builds gamer-focused ecosystem of hardware, software and services	15,611.8	25% commencing on October 1, 2021; 25% commencing on October 1, 2022; 25% commencing on October 1, 2023; and 25% commencing on October 1, 2024	Nil	No	4,801,518	8.4	0.05%
2	3SBio Inc.	1530	September 8, 2020	Development, production, marketing and sale of pharmaceutical products	21,900.0	Immediate	Nil	No	10,000,000	86.1	0.39%
3	Powerlong Commercial Management Holdings Limited	9909	September 10, 2020	Provision of commercial operation services and residential property Management services	16,127.9	50% in the third anniversary of the date of grate (i.e. June 1, 2023); and 50% in the fifth anniversary of the date of grate (i.e. June 1, 2025)	Nil	No	11,250,000	291.9	1.81%

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Company Name	Stock code	Date of announcement	Principal Business	Market capitalization as at the date of announcement relevant to the vesting period/dates, assuming the fulfilment of conditions precedent	Consideration (per awarded share)	Performance target	Number of award shares to connected participants	Value of total award shares to connected participants as at the date of relevant announcement	Value of total award shares to connected participants over market capitalization at the date of the relevant announcement
				<i>Approximate HK\$ million</i>				<i>Approximate HK\$ million</i>	
4 Goldstream Investment Limited	1328	September 21, 2020	Development of outlets-backed integrated property and investment holding business	13,615.8	Ranged from nil consideration to HK\$0.0345 ^(Note 1)	Yes ^(Note 2)	334,720,000	401.7	2.95%
5 Shanghai Kindly Medical Instruments Co. Ltd.	1501	September 21, 2020	Research, development, production and sales of interventional medical devices	2,274.7	30% on 31 December 2020; 30% on 31 December 2021; 40% on 31 December 2022	Yes ^(Note 4)	5,000,000	247.3	10.87%
6 Home Control International Limited	1747	October 5, 2020	Develops and offers remote controls for a range of set-top box (STBs) of multiple system operator (MSO) and over-the-top (OTT) devices as well as smart TVs	356.2	50% in the second anniversary of the date of grant (i.e. 5 October 2022); and 50% of the third anniversary of the date of grant (i.e. 5 October 2023)	No	2,382,760	1.7	0.48%

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Company Name	Stock code	Date of announcement	Principal Business	Market capitalization as at the date of announcement relevant to the vesting period/dates, assuming the fulfillment of conditions precedent	Consideration (per awarded share)	Performance target	Number of award shares to connected participants	Value of total award shares to connected participants as at the date of relevant announcement	Value of total award shares to connected participants over market capitalization at the date of the relevant announcement
7 Times Neighborhood Holdings Limited	9928	November 13, 2020	Provision of property management and other related services	7,747.4	Nil	Yes ^(Note 2)	3,350,000	26.3	0.34%
				<i>Approximate HK\$' million</i>				<i>Approximate HK\$' million</i>	
8 Shandong Weigao Group Medical Polymer Company Limited	1066	December 14, 2020	Research and development, production and sale of single-use medical devices	64,940.7	RMB3.58 ^(note 5)	Yes ^(Note 6)	21,000,000	301.6	0.46%
				100% in the third anniversary of the date of grant (i.e. March 31, 2024)					
				20% on the first anniversary of the date of grant (i.e. December 14, 2021); 20% on the second anniversary of the date of grant (i.e. December 14, 2022); 20% on the third anniversary of the date of grant (i.e. December 14, 2023); 20% on the fourth anniversary of the date of grant (i.e. December 14, 2024); and 20% on the fifth anniversary of the date of grant (i.e. December 14, 2025)					

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Company Name	Stock code	Date of announcement	Principal Business	Market capitalization as at the date of announcement relevant to the vesting period/dates, assuming the fulfillment of conditions precedent	Consideration (per awarded share)	Performance target	Number of award shares to connected participants	Value of total award shares to connected participants as at the date of relevant announcement	Value of total award shares to connected participants over market capitalization at the date of the relevant announcement
9 WuXi AppTec Co., Ltd.	2359	December 16, 2020	Provision of new drug research and development (R&D), production and supporting services, and related technology platform services	40,882.3 <i>Approximate HK\$' million</i>	Nil	No	372,152	49.6 <i>Approximate HK\$' million</i>	0.12%

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Company Name	Stock code	Date of announcement	Principal Business	Market capitalization as at the date of relevant announcement	Vesting period/dates, assuming the fulfilment of conditions precedent	Consideration (per awarded share)	Performance target	Number of award shares to connected participants	Value of total award shares to connected participants as at the date of relevant announcement	Value of total award shares to connected participants over market capitalization at the date of the relevant announcement
10 Dashan Education Holdings Ltd	9986	January 14, 2021	Provision of primary and secondary after-school education services	768.0	40% on the first trading date upon expiry of seven days after the publication of the annual results announcement for the financial year ending 31 December 2021; 30% on the first trading date upon expiry of seven days after the publication of the annual results announcement for the financial year ending 31 December 2022; and 30% on the first trading date upon expiry of seven days after the publication of the annual results announcement for the financial year ending 31 December 2023	Nil	Yes ^(Note 7)	17,670,000	17.0	2.21%
				<i>Approximate HK\$' million</i>					<i>Approximate HK\$' million</i>	
										Maximum 10.87% Minimum 0.05%

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Company Name	Stock code	Date of announcement	Principal Business	Market capitalization as at the date of relevant announcement	Vesting period/dates, assuming the fulfilment of conditions precedent	Consideration (per awarded share)	Performance target	Number of award shares to connected participants	Value of total award shares to connected participants as at the date of relevant announcement	Value of total award shares to connected participants over market capitalization at the date of the relevant announcement
The Company	1521	January 26, 2021	Provides integrated, scientifically-driven research, analytical and development services throughout the drug discovery and development process for pharmaceutical companies	12,307.4	25% on the first anniversary of the grant date (i.e. on January 24, 2022); 25% on the second anniversary of the grant date (i.e. on January 24, 2023); 25% on the third anniversary of the grant date (i.e. on January 24, 2024); and 25% on the fourth anniversary of the grant date (i.e. on January 24, 2025)	Nil	No	3,100,000	Average 18.6	1.97% 0.15%

Source: Announcements of the relevant companies involved in the Comparable Grants on the website of the Stock Exchange

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Notes:

1. The consideration of HK\$0.0345 per share is approximately 50% of the average closing price for the five business days immediately preceding the date of grant of approximately HK\$0.069 per share of Goldstream Investment Limited.
2. Details of the performance target is not disclosed.
3. The grant price was determined by the board of directors of Shanghai Kindly Medical Instruments Co. Ltd. after taking into consideration, among others, (1) the net asset value per share of Shanghai Kindly Medical Instruments Co. Ltd. as of 31 December 2019 of RMB7.44, (2) the nature of the awarded shares which are domestic shares and are not freely transferrable, and (3) the equity incentive nature of the awarded shares.
4. Performance targets mainly include group net profit and individual performance review.
5. The consideration of RMB3.58 per share is equivalent to the net asset value per H Share as set out in the audited consolidated financial statements of the Shandong Weigao Group Medical Polymer Company Limited in the last financial year immediately preceding the date of grant. The closing price on the date of grant and average closing price of the H Shares for the five consecutive trading days immediately preceding the date of grant of the H Shares of Shandong Weigao Group Medical Polymer Company Limited was approximately HK\$14.36 per H Share. and approximately HK\$14.32 per H Share, respectively.
6. The performance targets for each grantee include overall performance targets and personal performance targets. The overall performance targets include the company recording year-on-year growth in net profit (excluding extraordinary items). The personal performance targets include reaching a number of KPI points as set by the remuneration committee of Shandong Weigao Group Medical Polymer Company Limited annually.
7. Performance targets mainly include group revenue and individual performance review.

As shown from the above table, we observed that:

- (i) the vesting period of the Comparable Grants ranged from immediate to five years. Under the grant of Connected Awarded Shares, the vesting period is four years, which is within and close to the longest period of the aforesaid range. We consider that the four years vesting period can encourage and retain the Connected Award Participants to contribute to the long-term development of the Group;
- (ii) seven out of the total ten Comparable Grants issued the shares to grantees at nil consideration, while the issue price of the remaining three Comparable Grants were also set at a deep discount to their respective shares' closing price. Under the grant of Connected Awarded Shares, the Shares will be allotted and issued at nil consideration, which is in line with the market practice;
- (iii) the values of the Connected Awarded Shares to the Company's market capitalization as at the Date of Grant are 0.15%, which is within the range of the Comparable Grants from approximately 0.05% to approximately 10.87% and lower than the average of the Comparable Grants of approximately 1.97%; and
- (iv) there were certain performance related vesting conditions for five out of the total ten Comparable Grants. Under the grant of Connected Awarded Shares, the Shares will be allotted and issued without vesting condition. Upon enquiry with the Management, we understand that the Board has considered, among others, the historical contributions and job responsibilities of the Connected Award Participants as well as the Connected Award Participants' continuing contribution to the Group's

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future development and whether the grant is a sufficient motivation for their continuing contribution to the Group, which are not uncommon and also similar to the circumstances of the remaining five Comparable Grants without performance related vesting condition.

Accordingly, we concur with the Directors' view that the principal terms of the grant of Connected Awarded Shares are fair and reasonable so far as the Independent Shareholders are concerned.

8. Financial impacts on the issue of Connected Awarded Shares

Assets

Given the fact that the Connected Awarded Shares shall be allotted and issued to the Trustee at a immaterial nominal value of US\$0.00001 each, there will be no material impact on the Group's cash and cash equivalent in respect of the Group's cash contribution to the Trustee for the subscription of 3,100,000 Connected Awarded Shares by the Trustee from the Company. The issue and allotment of the Connected Awarded Shares will have no impact on other assets of the Group.

Earnings

The Company estimated that the relevant costs or expenses of the issue of the Connected Awarded Shares would be recognized as administrative expenses on the consolidated financial statements of the Company for the relevant financial year during the vesting period and will in turn lead to a decrease in earnings of the Company.

Assuming (i) all of the Connected Awarded Shares are vested over the vesting period without any lapse and cancellation; and (ii) the grants are made upon expiry at each of the vesting period, the estimated expenses to be charged on the Company's consolidated financial statements will be as follow:

Year ending December 31,	Estimated expenses (Note)	
	HK\$'000	US\$'000
2021	6,483.4	831.2
2022	5,036.4	645.7
2023	2,600.7	333.4
2024	1,139.3	146.1
2025	85.3	10.9
Total	15,345.1	1,967.3

Note: Calculated based on the closing market price per Share of HK\$4.95 per Share as at the Latest Practicable Date and the exchange rate of HK\$1 to US\$7.8 as at the Latest Practicable Date.

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For illustrative purpose, the Group is expected to incur expenses of a maximum of approximately US\$0.8 million in relation to the issue of the Connected Awarded Shares during each of the year ending 31 December 2021 to 2025, which is immaterial compared to the Group's net profit of US\$17.4 million for the year ended 31 December 2020. Therefore, we concur with the Management that the issue of the Connected Awarded Shares would not materially impact the Group's profitability and is in the interest of the Company and the Independent Shareholders as a whole.

9. Effect on the shareholding structure of the Company

As stated in the Board Letter, the shareholding structure of the Company as of the Latest Practicable Date and immediately after the allotment, issue and full vesting of the Awarded Shares (assuming no other actual or potential change in the issued share capital of the Company other than the allotment, issue and full vesting of the Awarded Shares) is as follows:

Name of Shareholder	As at the Latest Practicable Date		Immediately after the issuance, allotment and full vesting of the Awarded Shares (including the Connected Awarded Shares and assuming no other actual or potential change in the issued share capital of the Company)	
	Number	%	Number	%
Hongkong Tigermed ^(Note 1)	1,032,964,090	50.44	1,032,964,090	49.88
Hangzhou Tigermed ^(Note 1)	1,032,964,090	50.44	1,032,964,090	49.88
Hillhouse Capital Advisors, Ltd. ^(Note 2)	122,632,000	5.99	122,632,000	5.92
Gaoling Fund, L.P. ^(Note 2)	115,152,000	5.62	115,152,000	5.56
Sub-total	1,155,596,090	56.43	1,155,596,090	55.80
Connected Award Participants				
Dr. Zhihe Li ^(Note 3)	16,083,187	0.79	17,333,187	0.83
Dr. Song Li ^(Note 4)	161,891,320	7.91	163,741,320	7.91
Non-connected Award Participants	Nil	Nil	19,850,500	0.96
Sub-total	177,974,507	8.70	200,925,007	9.70
Other public shareholders	714,305,313	34.87	714,305,313	34.50
Total	2,047,875,910	100	2,070,826,410	100

Notes:

- Hangzhou Tigermed is deemed to be interested in the 1,032,964,090 Shares which Hongkong Tigermed, its wholly-owned subsidiary, is interested in as beneficial owner of Hongkong Tigermed. Hongkong Tigermed is legally and beneficially owned as to 100% by Hangzhou Tigermed. Hongkong Tigermed is the beneficial owner of 957,678,090 Shares and is a lender under a stock borrowing agreement in relation to the loaning of 75,286,000 Shares, which it has a long interest in and will be returned to Hongkong Tigermed.

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2. Hillhouse Capital Advisors, Ltd. is the sole investment manager and the general partner of Gaoling Fund, L.P. and YHG Investment, L.P. respectively. Hillhouse Capital Advisors, Ltd. is deemed to be interested in the aggregate number of 122,632,000 Shares held by Gaoling Fund, L.P. and YHG Investment, L.P.
3. As at the Latest Practicable Date, Dr. Zhihe Li had interests in 16,083,187 Shares and in 4,500,000 share options granted under the 2015 Share Incentive Plan on February 28, 2019, in aggregate representing approximately 1.01% of the issued Shares within the meaning of Part XV of the SFO. In addition, on January 25, 2021, the Board resolved to grant 1,250,000 awarded shares to Dr. Zhihe Li pursuant to the 2021 Share Award Scheme adopted by the Company on January 22, 2021. Such grant remains subject to the fulfillment of the applicable requirements under Chapter 14A of the Listing Rules, as disclosed in this circular.
4. As at the Latest Practicable Date, Dr. Song Li had interests in 161,891,320 Shares and in 4,700,000 share options granted under the 2015 Share Incentive Plan on February 28, 2019, representing approximately 8.13% of the issued Shares within the meaning of Part XV of the SFO. He is the beneficial owner of 25,083,050 Shares and is the founder and a trustee of each of The Linna Li GST Exempt Trust, The Wendy Li GST Exempt Trust and The Yue Monica Li GST Exempt Trust, which hold 45,600,090 Shares, 45,602,090 Shares and 45,606,090 Shares, respectively. In addition, on January 25, 2021, the Board resolved to grant 1,850,000 Awarded Shares to Dr. Song Li pursuant to the 2021 Share Award Scheme adopted by the Company on January 22, 2021. Such grant remains subject to the fulfillment of the applicable requirements under Chapter 14A of the Listing Rules, as disclosed in this circular.

Immediately after the issue, allotment and full vesting of the Awarded Shares, the shareholding of the Company's existing public shareholders will be diluted from 34.87% to 34.50%. Having considered the immaterial dilution effect on the shareholding of the Company's public shareholders as well as the reasons and benefits of the issue of Connected Awarded Shares, we are of the opinion that the potential dilution of the Independent Shareholders is acceptable.

RECOMMENDATION

Having considered the above principal factors and reasons, we concur with the Directors' view that, the grant, allotment and issue of the Connected Awarded Shares to the Connected Award Participants and the Specific Mandate are fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company as a whole, and incidental to the Group's development of its ordinary and usual course of business though not in ordinary course of business of the Group and on normal commercial terms. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to, and also recommend the Independent Shareholders to, vote in favor of the relevant resolutions in relation to the grant, allotment and issue of the Connected Awarded Shares to the Connected Award Participants and the Specific Mandate at the forthcoming Annual General Meeting.

Yours faithfully,

For and on behalf of

Innovax Capital Limited

Richard, Chu Sai Tak

Peter, Ng Kai Pong

Managing Director

Director

Note: Richard, Chu Sai Tak and Peter, Ng Kai Pong are licensed persons under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and regarded as responsible officers of Innovax Capital Limited. Richard, Chu Sai Tak and Peter, Ng Kai Pong have over 15 years and 10 years of experience in corporate finance industry, respectively.

The following are the details of the Directors proposed to be re-elected at the Annual General Meeting.

EXECUTIVE DIRECTOR**(1) DR. SONG LI**

Dr. Song Li, aged 63, was appointed as an executive Director on February 10, 2021. He has been the chairman of the Board and the Chief Executive Officer of the Company since February 10, 2021, responsible for corporate strategies and global operations. He is also a member of the Remuneration Committee and Nomination Committee.

Dr. Song Li is the chief executive officer of Frontage Labs. In 2001, he founded Frontage Labs and has been the chief executive officer ever since and has led the Group's strategic, technical and commercial success. His visionary leadership of Frontage Labs has earned him widespread respect in the industry and within the Group.

Prior to joining the Group, Dr. Song Li held management positions at Great Valley Pharmaceuticals and Wyeth. During this time, he led numerous projects related to the development of pharmaceutical products. Dr. Song Li was formerly a director in the second session and the third session of the board of directors of Hangzhou Tigermed from August 2014 to April 2018.

Dr. Song Li has authored numerous scientific publications spanning a wide range of topics, including chiral separations, drug-protein interactions, pharmacokinetics, and analytical chemistry. Dr. Song Li has been the recipient of numerous awards, including the Healthcare CEO award from Philadelphia Alliance for Capital and Technologies, the Ernst & Young Entrepreneur of the Year Award, the "Realizing the American Dream" award from the Pennsylvania Welcoming Society, and the Outstanding 50 Asian Americans in Business Award from the Asian American Business Development Center.

Dr. Song Li received his PhD degree in analytical chemistry from McGill University, Canada in 1992 and a Bachelor of Science in Chemistry from Zhengzhou University, China.

Dr. Song Li's remuneration includes a base salary of US\$735,000 per annum, which was determined based on his extensive experience, his duties and responsibilities with the Group, prevailing market rates and following approval by the Board and the remuneration committee of the Board. Dr. Song Li's bonus is determined by the Board and the remuneration committee of the Board. The Company has entered into a director appointment letter with Dr. Song Li relating to his service as a director for a term of three years commencing from February 10, 2021, pursuant to which he will not be entitled to any additional remuneration. Dr. Song Li's appointment to the Board is subject to retirement by rotation and re-election at annual general meetings pursuant to the articles of association of the Company. Except pursuant to the said service contract, Dr. Song Li is not entitled to receive any other director's fee.

As at the Latest Practicable Date, Dr. Song Li had interests in 161,891,320 Shares, representing approximately 7.91% of the issued Shares within the meaning of Part XV of the SFO. He is the beneficial owner of 25,083,050 Shares and is the founder and a trustee of each of The Linna Li GST Exempt Trust, The Wendy Li GST Exempt Trust and The Yue Monica Li GST Exempt Trust, which hold 45,600,090 Shares, 45,602,090 Shares and 45,606,090 Shares, respectively. On February 28, 2019, the Board resolved to grant 4,700,000 share options to Dr. Song Li pursuant to the 2015 Share Incentive Plan. In addition, on January 25, 2021, the Board resolved to grant 1,850,000 awarded shares to Dr. Song Li pursuant to the 2021 Share Award Scheme adopted by the Company on January 22, 2021. Such grant remains subject to the fulfillment of the applicable requirements under Chapter 14A of the Listing Rules, as disclosed in this circular.

Save as disclosed above, as at the Latest Practicable Date, Dr. Song Li (i) did not hold any other position with the Company and other members of the Group; (ii) did not hold any directorship in the last three years prior to the Latest Practicable Date in public companies, the securities of which are listed on any securities market in Hong Kong or overseas; and (iii) did not have any relationship with any Directors, senior management or substantial or controlling shareholders (as defined in the Listing Rules) of the Company.

Save as disclosed above, there is no other information in relation to Dr. Song Li required to be disclosed pursuant to any of the requirements of Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, nor are there other matters concerning Dr. Song Li that need to be brought to the attention of the Shareholders.

NON-EXECUTIVE DIRECTOR

(2) MR. JUN GAO

Mr. Jun Gao (“**Mr. Gao**”), aged 45, was appointed as a Director on April 17, 2018 and designated as a non-executive Director on June 20, 2018. He is a member of the Audit and Risk Management Committee.

Mr. Gao has been working at Hangzhou Tigermed as the senior vice president and chief financial officer since November 2016, heading finance and investment, and has been in the position of Board secretary of Hangzhou Tigermed since April 30, 2019. Prior to this and until October 2016, he was the chief financial officer and board secretary of Shanghai Xiaoi Robot Technology Corporation Limited, a company that was listed on the National Equities Exchange and Quotations in the PRC with stock code 834869. From May 2011 to December 2015, he was the chief financial officer and board secretary of McWong Environmental Technology Corporation Limited. Prior to that, Mr. Gao held various positions in Hong Kong Shanghai Alliance Holdings Limited, formerly known as Van Shun Chong Holdings Limited, a company listed on the Hong Kong Stock Exchange with stock code 1001, City North Infrastructure Pty Ltd., Rio Tinto Group, a company listed on the London Stock Exchange, Australian Securities Exchange and New York Stock Exchange with stock code RIO, and Felix Resources Ltd, a

company that was listed on the Australian Securities Exchange with stock code FLX. From May 2001 to June 2007, he worked at Foster Wheeler AG, a company listed on NASDAQ with stock code FWLT, taking up different roles including the China finance manager, chief compliance officer and project control director. Prior to that, he worked in the business assurance and advisory section of PricewaterhouseCoopers Business Consulting (Shanghai) Co., Limited.

Mr. Gao received his bachelor's degree from Shanghai University of Finance & Economics, China in June 1997, majoring in international accounting. He is a Certified Public Accountant in China, an internationally accredited Certified Internal Auditor, an Associate of the Chartered Institute of Management Accountants (UK), a member of the Association of International Certified Professional Accountants (US & UK) and a Fellow of the Association of Chartered Certified Accountants (UK).

Mr. Gao entered into a letter of appointment with the Company for a term of three years commencing from March 29, 2021, subject to retirement by rotation and re-election at annual general meetings pursuant to the Articles of Association. Under the letter of appointment, Mr. Gao is entitled to a director's fee of RMB150,000 per annum in respect of his service as a non-executive Director. Mr. Gao's annual remuneration as non-executive Director is determined by the Board based on the recommendation from the Remuneration Committee with reference to the Company's performance, his duties and responsibilities with the Company and prevailing market conditions.

As far as the Directors are aware, as at the Latest Practicable Date, Mr. Gao had interests in 2,000,000 share options granted under the 2015 Share Incentive Plan on February 28, 2019, representing approximately 0.10% of the issued Shares within the meaning of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, Mr. Gao (i) did not hold any other position with the Company and other members of the Group; (ii) did not hold any directorship in the last three years prior to the Latest Practicable Date in public companies, the securities of which are listed on any securities market in Hong Kong or overseas; and (iii) did not have any relationship with any Directors, senior management or substantial or controlling shareholders (as defined in the Listing Rules) of the Company.

Save as disclosed above, there is no other information in relation to Mr. Gao required to be disclosed pursuant to any of the requirements of Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, nor are there other matters concerning Mr. Gao that need to be brought to the attention of the Shareholders.

INDEPENDENT NON-EXECUTIVE DIRECTOR

(3) MR. YIFAN LI

Mr. Yifan Li (“**Mr. Li**”), aged 53, was appointed as an independent non-executive Director on April 17, 2018. He is the chairman of the Audit and Risk Management Committee and a member of the Remuneration Committee.

Mr. Li has extensive experience in corporate financial management. His experience spans across various industries such as automotive, insurance, port operations, environmental services, online financing and real estate development and management in both the United States and China.

Mr. Li has been the vice president of Zhejiang Geely Holding Group (“**Geely**”) since October 2013, responsible for the strategic investments and new business. Prior to joining Geely, he had held the role of chief financial officer in China Zenix Auto International Limited (stock code: ZXAIY) from December 2010 to February 2014, which is a company listed on the New York Stock Exchange. Mr. Li was also a director of Zhejiang Qianjiang Motorcycle Co., Ltd. (stock code: 000913) from November 2016 to April 2018, a company listed on the Shenzhen Stock Exchange.

Mr. Li received his MBA from the University of Chicago Booth School of Business, United States, in June 2000, his Master of Science in Accounting from University of Texas at Dallas, United States, in May 1994, and his Bachelor of Economics in World Economy from Fudan University, China, in July 1989.

Mr. Li has been an independent non-executive director of Everest Medicines Limited (stock code: 1952) since September 2020, Xinyuan Property Management Service (Cayman) Ltd. (stock code: 1895) since September 2019 and ZhongAn Online P & C Insurance Co., Ltd. (stock code: 6060) since December 2016 (which are companies listed on the Hong Kong Stock Exchange), Shanghai Jinqiao Export Processing Zone Development Co., Ltd. (stock codes: 600639 (A shares), 900911 (B shares)) since June 2019, Shanghai International Port Group Co., Ltd. (stock code: 600018) since September 2015 and Heilongjiang Interchina Water Treatment Co., Ltd. (stock code: 600187) since May 2015 (which are companies listed on the Shanghai Stock Exchange), Zhejiang Tiantie Industry Co., Ltd. (stock code: 300587) since December 2017 (which is listed on the Shenzhen Stock Exchange), and 36Kr Holdings Inc. (stock code: KRKR) since November 2019 (which is listed on NASDAQ), Sunlands Technology Group (stock code: STG) since July 2019, Qudian Inc. (stock code: QD) since October 2017 and Xinyuan Real Estate Co., Ltd. (stock code: XIN) since February 2017, which are companies listed on the New York Stock Exchange.

Mr. Li entered into a letter of appointment with the Company for a term of three years commencing from March 29, 2021, subject to retirement by rotation and re-election at annual general meetings pursuant to the Articles of Association. Under the letter of appointment, Mr. Li is entitled to a director's fee of RMB310,000 per annum in respect of his service as an independent non-executive Director. Mr. Li's annual remuneration as independent non-executive Director is determined by the Board based on the recommendation from the Remuneration Committee with reference to the Company's performance, his duties and responsibilities with the Company and prevailing market conditions.

Save as disclosed above, as at the Latest Practicable Date, Mr. Li (i) did not have any interests in Shares within the meaning of Part XV of the SFO; (ii) did not hold any other position with the Company and other members of the Group; (iii) did not hold any directorship in the last three years prior to the Latest Practicable Date in public companies, the securities of which are listed on any securities market in Hong Kong or overseas; and (iv) did not have any relationship with any Directors, senior management or substantial or controlling shareholders (as defined in the Listing Rules) of the Company.

Save as disclosed above, there is no other information in relation to Mr. Li required to be disclosed pursuant to any of the requirements of Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, nor are there other matters concerning Mr. Li that need to be brought to the attention of the Shareholders.

The following serves as an explanatory statement required by the Listing Rules to provide the Shareholders with requisite information reasonably necessary for them to make an informed decision on whether to vote for or against the ordinary resolution to be proposed at the Annual General Meeting in relation to the granting of the Repurchase Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 2,047,875,910 Shares.

Subject to the passing of the ordinary resolution set out in resolution no. 4 of the notice of the Annual General Meeting in respect of the granting of the Repurchase Mandate and on the basis that the issued share capital of the Company remains unchanged on the date of the Annual General Meeting, i.e. being 2,047,875,910 Shares, the Directors would be authorized under the Repurchase Mandate to repurchase, during the period in which the Repurchase Mandate remains in force, a total of 204,787,591 Shares, representing 10% of the total number of Shares in issue as at the date of the Annual General Meeting.

2. REASONS FOR SHARE REPURCHASES

The Directors believe that the granting of the Repurchase Mandate is in the best interests of the Company and the Shareholders as a whole.

Repurchases of Shares may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders.

3. FUNDING OF REPURCHASES

Share repurchases pursuant to the Repurchase Mandate would be funded out of funds legally available for such purposes in accordance with the Company's memorandum of association, Articles of Association, the laws of the Cayman Islands and/or any other applicable laws, as the case may be. Subject to the foregoing, any repurchases by the Company may be made out of profits of the Company, out of the Company's share premium account, out of proceeds of a new issue of Shares made for the purpose of the repurchase or, if authorized by the Articles of Association and subject to the Companies Law, out of capital. Any amount of premium payable on the purchase over the par value of the Shares to be repurchased must be paid out of profits of the Company or from sums standing to the credit of the Company's share premium account or, if authorized by the Articles of Association and subject to the Companies Law, out of capital.

4. IMPACT OF REPURCHASES

There might be a material adverse impact on the working capital and/or gearing position of the Company (as compared with the position disclosed in the audited consolidated financial statements contained in the annual report of the Company for the year ended December 31, 2020) in the event that the Repurchase Mandate was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not intend to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

5. MARKET PRICES OF SHARES

The highest and lowest prices per Share at which Shares have traded on the Stock Exchange in each of the twelve months preceding and up to and including the Latest Practicable Date were as follows:

Month	Highest HK\$	Lowest HK\$
2020		
April	4.110	3.000
May	4.630	3.330
June	5.040	4.080
July	5.390	3.950
August	4.260	3.600
September	4.180	3.440
October	3.980	3.360
November	4.280	3.320
December	4.630	3.580
2021		
January	6.590	3.900
February	7.140	4.880
March	5.300	3.980
April (<i>up to the Latest Practicable Date</i>)	5.110	4.680

6. GENERAL

To the best of their knowledge and having made all reasonable enquiries, none of the Directors nor any of their respective close associates (as defined in the Listing Rules) have any present intention to sell any Shares to the Company in the event that the granting of the Repurchase Mandate is approved by the Shareholders.

The Company has not been notified by any core connected persons (as defined in the Listing Rules) of the Company that they have a present intention to sell any Shares to the Company, or that they have undertaken not to sell any Shares held by them to the Company in the event that the granting of the Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make repurchases of Shares pursuant to the Repurchase Mandate in accordance with the Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands.

7. TAKEOVERS CODE

If as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the Shareholder's interest, could obtain or consolidate control of the Company and thereby become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

To the best knowledge of the Company, as at the Latest Practicable Date, the controlling shareholders (as defined in the Listing Rules) of the Company are Hangzhou Tigermed and Hongkong Tigermed (collectively, the "**Controlling Shareholders**"), were interested in 1,032,964,090 Shares, representing approximately 50.44% of the issued share capital of the Company.

In the event that the Directors exercise the proposed Repurchase Mandate in full, the shareholding of the Controlling Shareholders would be increased to approximately 56.05% of the issued share capital of the Company. The Directors consider that such increase in shareholding would not give rise to an obligation to make a mandatory offer under Rules 26 and 32 of the Takeovers Code.

8. REPURCHASE OF SHARES MADE BY THE COMPANY

During the six months prior to the Latest Practicable Date, the Company had not repurchased any of the Shares (whether on the Stock Exchange or otherwise).

1. DISCLOSURE OF INTERESTS OF DIRECTORS

As of the Latest Practicable Date, the interests and short positions of the Directors and chief executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, were as follows:

Long positions in shares and underlying shares of the Company:

Name of director	Personal interests (held as beneficial owner)	Family	Corporate interests (interests of a controlled corporation)	Other interests	Total	Approximate % of the issued share capital ⁽¹⁾
		interests (interests of spouse or child under 18)				
Dr. Zhihe Li ⁽²⁾	16,083,187	–	–	4,500,000	20,583,187	1.01%
Dr. Song Li ⁽³⁾	25,083,050	136,808,270	–	4,700,000	166,591,320	8.13%
Mr. Jun Gao ⁽⁴⁾	–	–	–	2,000,000	2,000,000	0.10%

Notes:

- (1) The approximate percentages were calculated based on 2,047,875,910 Shares in issue as at the Latest Practicable Date.
- (2) As at the Latest Practicable Date, Dr. Zhihe Li had interests in 16,083,187 Shares and in 4,500,000 share options granted under the 2015 Share Incentive Plan on February 28, 2019, in aggregate representing approximately 1.01% of the issued Shares within the meaning of Part XV of the SFO. In addition, on January 25, 2021, the Board resolved to grant 1,250,000 Awarded Shares to Dr. Zhihe Li pursuant to the 2021 Share Award Scheme adopted by the Company on January 22, 2021. Such grant remains subject to the fulfillment of the applicable requirements under Chapter 14A of the Listing Rules, as disclosed in this circular.
- (3) As at the Latest Practicable Date, Dr. Song Li had interests in 161,891,320 Shares and in 4,700,000 share options granted under the 2015 Share Incentive Plan on February 28, 2019, representing approximately 8.13% of the issued Shares within the meaning of Part XV of the SFO. He is the beneficial owner of 25,083,050 Shares and is the founder and a trustee of each of The Linna Li GST Exempt Trust, The Wendy Li GST Exempt Trust and The Yue Monica Li GST Exempt Trust, which hold 45,600,090 Shares, 45,602,090 Shares and 45,606,090 Shares, respectively. In addition, on January 25, 2021, the Board resolved to grant 1,850,000 Awarded Shares to Dr. Song Li pursuant to the 2021 Share Award Scheme adopted by the Company on January 22, 2021. Such grant remains subject to the fulfillment of the applicable requirements under Chapter 14A of the Listing Rules, as disclosed in this circular.
- (4) Mr. Jun Gao was granted 2,000,000 share options pursuant to the 2015 Share Incentive Plan on February 28, 2019.

As of the Latest Practicable Date, save as disclosed above, none of the Directors nor chief executive of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and shorts position which the directors and chief executive were deemed or taken to have under provisions of the SFO); (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; and (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules.

2. OTHER INTERESTS OF THE DIRECTORS

- (a) None of the Directors has any direct or indirect interest in any assets which have been, since December 31, 2020, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to, or which are proposed to be acquired or disposed of by, or leased to, any member of the Group.
- (b) None of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date and which was significant in relation to the business of the Group.
- (c) None of the Directors or chief executive of the Company and their respective close associates (as defined in the Listing Rules) has any competing interests which would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them was a controlling shareholder of the Company.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has any existing or proposed service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

4. DISCLOSURE OF INTERESTS OF SUBSTANTIAL SHAREHOLDERS

Interests in the Shares of the Company

So far as is known to any Directors or chief executive of the Company, as of the Latest Practicable Date, other than the interests and short positions of the Directors or chief executive of the Company as disclosed in the section "Disclosure of Interests of Directors" above, the following persons had interests or short positions in the shares or underlying shares of the

Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

Name of substantial shareholder	Capacity/Nature of interest	Number of Shares	Approximate percentage of shareholding interest
Hongkong Tigermed ⁽¹⁾	Beneficial owner/Other ⁽²⁾	1,032,964,090	50.44%
Hangzhou Tigermed ⁽¹⁾	Interest of controlled corporation	1,032,964,090	50.44%
Hillhouse Capital Advisors, Ltd. ⁽³⁾	Investment manager	122,632,000	5.99%
Gaoling Fund, L.P. ⁽³⁾	Beneficial owner	115,152,000	5.62%

Notes:

- (1) Hangzhou Tigermed is deemed to be interested in the 1,032,964,090 Shares which Hongkong Tigermed, its wholly-owned subsidiary, is interested in as beneficial owner of Hongkong Tigermed.
- (2) Hongkong Tigermed is the beneficial owner of 957,678,090 Shares and is a lender under a stock borrowing agreement in relation to the loaning of 75,286,000 Shares, which it has a long interest in and will be returned to Hongkong Tigermed.
- (3) Hillhouse Capital Advisors, Ltd. is the sole investment manager and the general partner of Gaoling Fund, L.P. and YHG Investment, L.P. respectively. Hillhouse Capital Advisors, Ltd. is deemed to be interested in the aggregate number of 122,632,000 Shares held by Gaoling Fund, L.P. and YHG Investment, L.P.

Save as disclosed above, as of the Latest Practicable Date, there was no other persons (other than the Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

5. MATERIAL ADVERSE CHANGE

As of the Latest Practicable Date, the Directors confirmed that there was not any material adverse change in the financial or trading position of the Group since December 31, 2020, the date to which the latest published audited consolidated financial statements of the Company were made up.

6. MATERIAL LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries were engaged in any litigation or arbitration proceedings of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

7. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given opinion or advice, which are contained or referred to in this circular:

Name	Qualification
Innovax Capital Limited	A corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

As of the Latest Practicable Date, the Independent Financial Adviser did not have (i) any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group and (ii) any direct or indirect interest in any assets which had, since December 31, 2020 (being the date to which the latest published audited consolidated financial statements of the Company were made up), been acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to any member of the Group. The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name in the form and context in which it appears.

8. GENERAL

- (a) The authorized share capital of the Company is US\$50,000.
- (b) The principal share registrar and transfer agent of the Company is Conyers Trust Company (Cayman) Limited at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The company secretary of the Company is Ms. Karen Ying Lung Chang, who is a solicitor qualified in Hong Kong.
- (e) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the principal place of business in Hong Kong at Level 54, Hopewell Centre 183 Queen's Road East, Hong Kong from the date of this circular up to and including the date of the Annual General Meeting:

- (a) the 2021 Share Award Scheme;
- (b) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out in the section headed "Letter from the Independent Board Committee" in this circular;
- (c) the letter from the Independent Financial Adviser to the Independent Shareholders in respect of the allotment and issue of the Connected Awarded Shares to the Connected Award Participants and the Specific Mandate, the text of which is set out in the section headed "Letter from the Independent Financial Adviser" in this circular;
- (d) the letter of consent referred to in the paragraph headed "Qualification and Consent of Expert" in this appendix; and
- (e) this circular.

NOTICE OF ANNUAL GENERAL MEETING



FRONTAGE HOLDINGS CORPORATION

方達控股公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1521)

NOTICE IS HEREBY GIVEN that the annual general meeting of Frontage Holdings Corporation (the “**Company**”) will be held at 1227 Zhangheng Road, Building 2, Zhangjiang Hi-Tech Park, Shanghai, China on Thursday, May 27, 2021 at 10:00 a.m. to consider and if thought fit, transact the following resolutions as ordinary resolutions of the Company:

1. To receive and adopt the audited consolidated financial statements of the Company and the reports of the directors (the “**Directors**”) and auditor of the Company for the year ended December 31, 2020.
2.
 - (a) To re-elect Dr. Song Li as an executive Director;
 - (b) To re-elect Mr. Jun Gao as a non-executive Director;
 - (c) To re-elect Mr. Yifan Li as an independent non-executive Director; and
 - (d) To authorize the board of Directors (the “**Board**”) to fix the respective Directors’ remuneration.
3. To appoint BDO Limited as the Company’s auditor and to authorize the Board to fix their remuneration.
4. As special business, to consider and, if thought fit, pass the following resolution, with or without amendments, as an ordinary resolution:

“THAT:

- (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period (as defined in paragraph (c) below) of all the powers of the Company to repurchase the issued shares of the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or any other stock exchange on which the shares in the capital of the Company may be listed and recognized by the Securities and Futures Commission of Hong Kong and the Stock Exchange for such purpose, and subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) or any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;

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- (b) the total number of shares of the Company which may be repurchased or agreed to be repurchased by the Company pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed 10% of the total number of the issued shares of the Company as at the date of passing of this resolution (subject to adjustment in the case of any consolidation or subdivision of shares of the Company after the date of passing of this resolution); and
- (c) for the purposes of this resolution:

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.”

5. As special business, to consider and, if thought fit, pass the following resolution, with or without amendments, as an ordinary resolution:

“**THAT:**

- (a) subject to paragraph (c) below, pursuant to the Listing Rules, the exercise by the Directors during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to allot, issue and deal with additional shares in the share capital of the Company, and to make or grant any offers, agreements and options which would or might require the exercise of such powers, be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorize the Directors to make or grant any offers, agreements and options during the Relevant Period which would or might require the exercise of such powers after the end of the Relevant Period;

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- (c) the aggregate number of shares allotted, issued or dealt with or agreed conditionally or unconditionally to be allotted, issued or dealt with by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to:
- (i) a Rights Issue (as defined in paragraph (d) below);
 - (ii) the exercise of options under a share option scheme of the Company;
 - (iii) any scrip dividend scheme or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company and other relevant regulations in force from time to time; or
 - (iv) any issue of shares in the Company upon the exercise of rights of subscription or conversion under the terms of any securities of the Company which carry the rights to subscribe for or are convertible into shares of the Company,

shall not exceed 20% of the total number of issued shares of the Company as at the date of passing of this resolution (subject to adjustment in the case of any consolidation or subdivision of shares of the Company after the date of passing of this resolution); and

- (d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares in the Company or offer or issue of warrants, options or other securities giving rights to subscribe for shares open for a period fixed by the Directors to holders of shares in the Company on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary for expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, or any recognized regulatory body or any stock exchange in any territory applicable to the Company).”

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6. Consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

“THAT

- (a) the Board is authorized to grant Awards (as defined in paragraph (b) below) pursuant to the share incentive scheme adopted by the Company on May 11, 2019 (the **“2018 Share Incentive Plan”**) during the Applicable Period (as defined in paragraph (b) below) and that the Board shall have the power to allot, issue and deal with shares of USD0.00001 each in the issued share capital of the Company (**“Share(s)”**) in respect of the Awards granted during the Applicable Period as and when the Awards vest, provided that the maximum number of new Shares in respect of which awards may be granted under the 2018 Share Incentive Plan during the Applicable Period shall not exceed 200,764,091 Shares, being 9.80% of the total number of Shares in issue as at the date of passing this resolution pursuant to paragraph 8.4 of the 2018 Share Incentive Plan.

- (b) for the purposes of this resolution:

“Applicable Period” means the period from the passing of the ordinary resolution granting the mandate until the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the end of the period within which the Company is required by any applicable laws or by the bye-laws of the Company to hold the next annual general meeting of the Company; and
- (iii) the variation or revocation of such mandate by an ordinary resolution of the shareholders of the Company in a general meeting.

“Awards” means options, RSUs and any other type of share incentive award under the 2018 Share Incentive Plan.

“RSU” means a restricted share unit, being a contingent right to receive Shares pursuant to the 2018 Share Incentive Plan.”

7. **“THAT**

- (a) conditional upon the Stock Exchange granting the listing of and permission to deal in an aggregate of 3,100,000 new shares of the Company (the **“Connected Awarded Shares”**), the Directors be and are hereby granted a specific mandate (the **“Specific Mandate”**) for the allotment and issue of the Connected Awarded Shares to Computershare Hong Kong Trustees Limited to hold on

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trust for selected employees who are Directors and/or directors of certain subsidiaries of the Company or Directors in the last 12 months, accordingly connected persons (as defined in Chapter 14A of the Listing Rules) of the Company, and are selected by the Board for participation in the 2021 share award scheme (the “**2021 Share Award Scheme**”) adopted by the Company on January 22, 2021 (Hong Kong time) (a copy of which has been produced at the annual general meeting marked “A” and signed by the chairman of the annual general meeting for the purpose of identification); and

- (b) any one of the Directors be and is hereby authorized for and on behalf of the Company to take any action and execute such other documents as he/she considers necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the allotment and issue of the Connected Awarded Shares under the Specific Mandate and the transactions contemplated thereunder.”
8. “**THAT** the grant of 1,250,000 Connected Awarded Shares pursuant to the 2021 Share Award Scheme and the grant letter issued by the Company to Dr. Zhihe Li, subject to the terms and conditions of the 2021 Share Award Scheme and the said grant letter, be and is hereby approved and confirmed.”
9. “**THAT** the grant of 1,850,000 Connected Awarded Shares pursuant to the 2021 Share Award Scheme and the grant letter issued by the Company to Dr. Song Li, subject to the terms and conditions of the 2021 Share Award Scheme and the said grant letter, be and is hereby approved and confirmed.”
10. As special business, to consider and, if thought fit, pass the following resolution, with or without amendments, as an ordinary resolution:

“**THAT** conditional upon the passing of the resolutions nos. 4 and 5 above, the unconditional general mandate referred to in the resolution no. 5 above be and is hereby extended by the addition to the aggregate number of shares which may be allotted, issued or dealt with or agreed conditionally or unconditionally to be allotted, issued or dealt with by the Directors pursuant to such general mandate of the number of shares repurchased by the Company pursuant to the mandate granted under the resolution no. 4 above, provided that such amount shall not exceed 10% of the total number of issued shares of the Company as at the date of passing of this resolution.”

By order of the Board
Frontage Holdings Corporation
Dr. Song Li
Chairman

Hong Kong, April 23, 2021

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Notes:

1. All resolutions at the meeting will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Listing Rules. The results of the poll will be published on the websites of the Stock Exchange and the Company in accordance with the Listing Rules.
2. Any shareholder of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him/her. A member who is the holder of two or more shares may appoint more than one proxy to represent him/her to attend and vote on his/her behalf. A proxy need not be a shareholder of the Company.

If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. Every shareholder present in person or by proxy shall be entitled to one vote for each share held by him/her.

3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for the holding of the annual general meeting of the Company (i.e. no later than 10:00 a.m. on Tuesday, May 25, 2021 (Hong Kong time)) or any adjourned meeting (as the case may be). Delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. For the purpose of determining the entitlement of shareholders to attend and vote at the above meeting, the register of members of the Company will be closed from Monday, May 24, 2021 to Thursday, May 27, 2021, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the meeting, all share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, May 21, 2021.

In the event that the Annual General Meeting is adjourned to a date later than May 27, 2021 because of bad weather or other reasons, the book closure period and record date for determination of entitlement to attend and vote at the above meeting will remain the same as stated above.

5. Where there are joint holders of any shares carrying voting rights, any one of such joint holders may vote, either in person or by proxy, in respect of such Share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at any meeting the vote of the most senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names of the joint holders appear in the register of members of the Company in respect of the joint holding.
6. A circular containing resolutions nos. 2, 4 to 10 set out in the above notice will be sent to all shareholders of the Company.
7. In the case of any inconsistency between the Chinese translation and the English text hereof, the English text shall prevail.

As at the date of this notice, the Board comprises Dr. Song Li and Dr. Zhihe Li as executive directors; 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 purposes only*