

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **FRONTAGE HOLDINGS CORPORATION**

**方達控股公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1521)**

### **CONTINUING CONNECTED TRANSACTIONS REVISION OF ANNUAL CAPS IN RELATION TO THE RENEWED SERVICES FRAMEWORK AGREEMENT**

#### **SUMMARY**

As disclosed in the Prospectus, the Company entered into a services framework agreement with Hangzhou Tigermed on 11 May 2019 to govern the existing and future provision of the relevant services between the Group and the Tigermed Group. Upon the expiry of its initial term, the Service Framework Agreement was renewed for a period of three years from 1 January 2022 to 31 December 2024.

On 25 August 2023, the Board resolved to revise the annual caps in relation to the relevant services to be provided under the Renewed Services Framework Agreement for each of the two years ending 31 December 2024.

#### **LISTING RULES IMPLICATIONS**

As at date of this announcement, Hangzhou Tigermed is a Controlling Shareholder and therefore, is a connected person of the Company. Accordingly, the transactions contemplated under the Renewed Services Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Based on the maximum Revised Sales Annual Cap, as the highest applicable percentage ratio in respect of the revenue to be received by the Group from providing the relevant services to the Tigermed Group under the Renewed Services Framework Agreement is, on an annual basis, more than 0.1% but less than 5.0% and the amount is more than HK\$3,000,000, the continuing connected transactions of the Group providing the relevant services to the Tigermed Group as described above will be subject to the reporting, announcement and annual review requirements but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Based on the maximum Revised Purchase Annual Cap, as the highest applicable percentage ratio in respect of the fees to be paid by the Group for the relevant services provided by the Tigermed Group under the Renewed Services Framework Agreement is, on an annual basis, more than 0.1% but less than 5.0% and the amount is more than HK\$3,000,000, the continuing connected transactions of the Group receiving the relevant services from the Tigermed Group as described above will be subject to the reporting, announcement and annual review requirements but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **BACKGROUND**

As disclosed in the Prospectus, the Company entered into a services framework agreement with Hangzhou Tigermed on 11 May 2019 to govern the existing and future provision of the relevant services between the Group and the Tigermed Group.

## **RENEWAL OF THE SERVICES FRAMEWORK AGREEMENT**

As disclosed in the Prospectus, the Services Framework Agreement expired on 31 December 2021 and was automatically renewable for successive periods of three years thereafter, subject to compliance with the then applicable provisions of the Listing Rules, unless terminated earlier by not less than six months' prior written notice or otherwise in accordance with the terms of the Services Framework Agreement.

Accordingly, upon expiry of the initial term of the Service Framework Agreement, it has been renewed for a period of three years from 1 January 2022 to 31 December 2024.

The principal terms of the Renewed Services Framework Agreement are set out below:

|                   |   |  |
|-------------------|---|--|
| Date              | : | 11 May 2019  |
| Parties           | : | (1) Company; and<br>(2) Hangzhou Tigermed  |
| Term (as renewed) | : | From 1 January 2022 to 31 December 2024, automatically renewable for successive periods of three years thereafter, subject to compliance with the then applicable provisions of the Listing Rules, unless terminated earlier by not less than six months' prior written notice or otherwise in accordance with the terms of the Renewed Services Framework Agreement.                |
| Subject           | : | The parties agreed that (i) the Group shall provide to the Tigermed Group certain laboratory and bioequivalence studies services in connection with services being provided by the Tigermed Group; and (ii) the Tigermed Group shall provide to the Group certain biometrics services, electronic data capture software services and clinical site management organisation services. |

The provision of various specified services by the Group to the Tigermed Group and by the Tigermed Group to the Group must be (i) in the ordinary and usual course of business of the Group and the Tigermed Group, (ii) on an arm's length basis, (iii) on normal commercial terms or better to the Group, (iv) on terms no less favourable than those offered by the Tigermed Group to Independent Third Parties for similar or comparable services (in respect of provision of the relevant services by the Tigermed Group to the Group) and on terms no less favourable than those offered by the Group to Independent Third Parties for similar services (in respect of the provision of the relevant services by the Group to the Tigermed Group), (v) in accordance with the specified pricing policies and (vi) in compliance with, among other things, the Listing Rules and applicable laws and regulations.

Pricing policy

- : The fees for the laboratory and bioequivalence studies services provided by the Group to the Tigermed Group are agreed and set out in the relevant service agreements which will be determined based on arm's length negotiations after taking into account various factors including (1) the actual cost and expenses incurred in providing such services, (2) the types and nature of the services provided, (3) the expected technical complexity of the required services and duration of the project involved, (4) the market rates for providing the relevant services of similar types and nature and (5) the expected commitment of resources required for providing the relevant services.

The fees for the biometrics services, electronic data capture software services and clinical site management organization services provided by the Tigermed Group to the Group are agreed and set out in the relevant service agreements which will be determined based on arm's length negotiations after taking into account various factors including (1) the requirements of the ultimate client, (2) the types and nature of the services provided, (3) the expected technical complexity of the required services and duration of the project involved, (4) the market rates for providing the relevant services of similar types and nature and (5) the expected commitment of resources required for providing the relevant services.

## REVISION OF ANNUAL CAPS FOR THE RENEWED SERVICES FRAMEWORK AGREEMENT

For the purpose of the Listing Rules, the Original Annual Caps were set for each of the three years ending 31 December 2024 upon renewal of the Services Framework Agreement. Due to the reasons mentioned in this announcement, on 25 August 2023, the Board resolved to revise the Original Annual Caps in relation to the relevant services to be provided under the Renewed Services Framework Agreement for each of the two years ending 31 December 2024.

The Original Annual Caps and the Revised Annual Caps in relation to the relevant services to be provided under the Renewed Services Framework Agreement are as follows:

|  | <b>For the year<br/>ended<br/>31 December<br/>2022<br/>(US\$'000)</b> | <b>For the year ending<br/>31 December 2023<br/>(US\$'000)</b> |                           | <b>For the year ending<br/>31 December 2024<br/>(US\$'000)</b> |                           |
|--|---|--|---------------------------|--|---------------------------|
|  | Original<br>Annual<br>Caps  | Original<br>Annual<br>Caps                                     | Revised<br>Annual<br>Caps | Original<br>Annual<br>Caps                                     | Revised<br>Annual<br>Caps |
| Revenue to be received from providing laboratory and bioequivalence studies services to the Tigermed Group   | 370 <sup>1</sup>  | 370  | 2,000                     | 370  | 2,500                     |
| Fees to be paid for biometrics services, electronic data capture software services and clinical site management organization services provided by the Tigermed Group | 370 <sup>2</sup>  | 370  | 840                       | 370  | 1,010                     |

<sup>1</sup> As the highest applicable percentage ratio in respect of the revenue to be received by the Group from providing the relevant services to the Tigermed Group was less than 5% and the amount was less than HK\$3,000,000, the transactions of the Group providing the relevant services to the Tigermed Group for the year ended 31 December 2022 constituted fully-exempt continuing connected transactions of the Company.

<sup>2</sup> As the highest applicable percentage ratio in respect of the fees to be paid by the Group for the relevant services provided by the Tigermed Group was less than 5% and the amount was less than HK\$3,000,000, the transactions of the Group receiving the relevant services from the Tigermed Group as described above constituted fully-exempt continuing connected transactions of the Company.

## Historical Transaction Amounts

The historical transaction amounts in respect of the relevant services referred to in the Services Framework Agreement and the Renewed Services Framework Agreement (as applicable) for each of the three years ended 31 December 2022 are as follows:

|  | For the year<br>ended<br>31 December<br>2020<br><i>(US\$'000)</i> | For the year<br>ended<br>31 December<br>2021<br><i>(US\$'000)</i> | For the year<br>ended<br>31 December<br>2022<br><i>(US\$'000)</i> |
|--|---|---|---|
| Revenue to be received from providing laboratory and bioequivalence studies services to the Tigermed Group   | 368   | 465   | 329   |
| Fees to be paid for biometrics services, electronic data capture software services and clinical site management organization services provided by the Tigermed Group | 110   | 437   | 341   |

## Basis for Determining the Revised Annual Caps

The proposed Revised Annual Caps were estimated based on (i) the respective historical fees for the relevant services paid by the Tigermed Group to the Group and paid by the Group to the Tigermed Group during the three years ended 31 December 2022, (ii) the currently expected increased types and volume of services required by each of the Group and the Tigermed Group in the current and next years, especially Suzhou Frontage New Drug Development Co., Ltd.'s completion of commissioning of the safety and toxicology facility in China, and the expected more business synergies between the Group and the Tigermed Group in preclinical services, (iii) organic market growth of the Group's existing lab testing and clinical business across the United States and China, and (iv) the expected growth of the other respective businesses of the Group and the Tigermed Group.

## REASONS AND BENEFITS OF THE ADOPTION OF REVISED ANNUAL CAPS

The Group and the Tigermed Group share complementary strengths in research integrity and reliability, which will benefit clients on a large scale. In view of (i) the plans to combine such strengths and align the Group's pre-clinical operations with the Tigermed Group's late phase clinical operations to serve clients looking for full-service and high quality global drug development services on a larger scale and (ii) the goal of increasing the Group's revenue base and strengthening the Groups' position as a global leader in the CRO industry, the Board envisages that the Original Annual Caps will not be sufficient to fulfil the additional unforeseen transactions that may take place under the Renewed Services Framework Agreement for the years ending 31 December 2023 and 2024 and therefore proposes to adopt the Revised Annual Caps.

The Directors (including the independent non-executive Directors) are of the view that (i) the terms of the Renewed Services Framework Agreement and the proposed Revised Annual Caps are fair and reasonable; (ii) the provision and receipt of the services by the Group under the Renewed Services Framework Agreement is in the ordinary and usual course of business of the Group and is on the commercial terms; and (iii) the Renewed Services Framework Agreement and the proposed Revised Annual Caps are in the interests of the Group and the Shareholders as a whole.

None of the Directors has any material interest in the Renewed Services Framework Agreement and the transactions thereunder and none of the Directors has abstained from voting on the Board resolution(s) for considering and approving the same.

## **INFORMATION ON THE PARTIES**

### **The Group**

The Group is engaged in the provision of research, analytical and development services throughout the product discovery and development continuum. The Group provides integrated, scientifically-driven support that enables biopharmaceutical and life science companies to achieve their product development goals. In North America and China, the Group provides a comprehensive portfolio of product discovery and development services throughout the discovery and development continuum, which includes chemistry, CMC, preclinical research (DMPK, safety and toxicology), laboratory testing (bioanalytical and biologics, and central laboratory). In addition, in China, the Group also provides a suite of bioequivalence and related services (such as pharmacology, medical writing and regulatory support) to support our customers with their regulatory submissions.

### **Hangzhou Tigermed**

Hangzhou Tigermed is a leading China-based provider of comprehensive biopharmaceutical research and development services, with an expanding global presence and is principally engaged in the provision of one-stop and professional clinical research services for innovative drugs, medical devices and biotechnology related products to domestic and international enterprises engaged in providing innovative drugs and medical devices. The A shares of Hangzhou Tigermed are listed on the ChiNext market of the Shenzhen Stock Exchange (stock code: 300347) and the H shares of Hangzhou Tigermed are listed on the Stock Exchange (stock code: 3347).

## **LISTING RULES IMPLICATIONS**

As at date of this announcement, Hangzhou Tigermed is a Controlling Shareholder and therefore, is a connected person of the Company. Accordingly, the transactions contemplated under the Renewed Services Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Based on the maximum Revised Sales Annual Cap, as the highest applicable percentage ratio in respect of the revenue to be received by the Group from providing the relevant services to the Tigermed Group under the Renewed Services Framework Agreement is, on an annual basis, more than 0.1% but less than 5.0% and the amount is more than HK\$3,000,000, the continuing connected transactions of the Group providing the relevant services to the Tigermed Group as described above will be subject to the reporting, announcement and annual review requirements but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Based on the maximum Revised Purchase Annual Cap, as the highest applicable percentage ratio in respect of the fees to be paid by the Group for the relevant services provided by the Tigermed Group under the Renewed Services Framework Agreement is, on an annual basis, more than 0.1% but less than 5.0% and the amount is more than HK\$3,000,000, the continuing connected transactions of the Group receiving the relevant services from the Tigermed Group as described above will be subject to the reporting, announcement and annual review requirements but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.



## DEFINITIONS

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

|                                  |   |
|----------------------------------|---|
| “Board”                          | the board of Directors  |
| “Company”                        | Frontage Holdings Corporation (方達控股公司*), a company incorporated under the laws of the Cayman Islands with limited liability on 16 April 2018, whose shares are listed on the Stock Exchange   |
| “Connected person”               | has the meaning ascribed to it in the Listing Rules   |
| “Controlling Shareholder(s)”     | has the meaning ascribed to it in the Listing Rules and unless the context requires otherwise, refers to the controlling shareholders of the Company  |
| “CRO”                            | contract research organization  |
| “Director(s)”                    | the director(s) of the Company  |
| “Group”                          | the Company and its subsidiaries  |
| “Hangzhou Tigermed”              | Hangzhou Tigermed Consulting Co., Ltd. (杭州泰格醫藥科技股份有限公司), a company established in the PRC on 15 December 2004 with its A shares being listed on ChiNext market of the Shenzhen Stock Exchange with stock code 300347 and its H shares being listed on the Stock Exchange with stock code 3347, which is one of the Controlling Shareholders |
| “HK\$”                           | Hong Kong dollars, the lawful currency of Hong Kong   |
| “Hong Kong”                      | the Hong Kong Special Administrative Region of the PRC  |
| “Independent Third Party(ies)”   | an individual(s) or a company(ies) not connected with us within the meaning of the Listing Rules  |
| “Listing Rules”                  | the Rules Governing the Listing of Securities on the Stock Exchange   |
| “PRC” or “China”                 | the People’s Republic of China  |
| “Revised Annual Caps”            | the Revised Purchase Annual Caps and the Revised Sales Annual Caps  |
| “Revised Purchase Annual Cap(s)” | the revised annual cap amount(s) in respect of the continuing connected transactions of the Group receiving the relevant services from the Tigermed Group under the Renewed Services Framework Agreement for each of the two years ending 31 December 2024  |

|  |  |
|--|--|
| “Revised Sales Annual Cap(s)”          | the revised annual cap amount(s) in respect of the continuing connected transactions of the Group providing the relevant services to the Tigermed Group under the Renewed Services Framework Agreement for each of the two years ending 31 December 2024   |
| “Original Annual Caps”                 | the original annual cap amounts in respect of (i) the continuing connected transactions of the Group receiving the relevant services from the Tigermed Group and (ii) the continuing connected transactions of the Group providing the relevant services to the Tigermed Group, under the Renewed Services Framework Agreement for each of the three years ending 31 December 2024 |
| “Prospectus”                           | the prospectus of the Company dated 17 May 2019  |
| “Renewed Services Framework Agreement” | the services framework agreement entered into between the Company and Hangzhou Tigermed dated 11 May 2019, which was automatically renewed for another three years up to 31 December 2024  |
| “Services Framework Agreement”         | the services framework agreement entered into between the Company and Hangzhou Tigermed dated 11 May 2019  |
| “Shareholders”                         | the shareholders of the Company  |
| “Stock Exchange”                       | The Stock Exchange of Hong Kong Limited  |
| “Subsidiary(ies)”                      | has the meaning ascribed to it under the Listing Rules   |
| “Tigermed Group”                       | Hangzhou Tigermed and its subsidiaries (excluding the Group)   |
| “US\$”                                 | Dollars, the lawful currency of the U.S.   |
| “%”                                    | per cent   |

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

Hong Kong, 25 August 2023

*As at the date of this announcement, the Board comprises of Dr. Song Li as executive Director; Dr. Zhihe Li, Ms. Zhuan Yin, and Mr. Hao Wu as non-executive Directors; and Mr. Yifan Li, Mr. Erh Fei Liu, and Dr. Jingsong Wang as independent non-executive Directors.*

\* *For identification purposes only*