

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 RENEWAL OF SERVICES FRAMEWORK AGREEMENT

SUMMARY

References are made to the Prospectus in relation to the Services Framework Agreement and the announcement of the Company dated 25 August 2023 in relation to the revision of annual caps for relevant services to be provided under the then renewed Services Framework Agreement. As the current term of the Services Framework Agreement will expire on 31 December 2024, on 28 August 2024, the Board resolved to renew the Services Framework Agreement and set the annual caps in relation to the transactions under the Renewed Services Framework Agreement for each of the three years ending 31 December 2027.

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 proposed 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 proposed 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

References are made to the Prospectus in relation to the Services Framework Agreement and the announcement of the Company dated 25 August 2023 in relation to the revision of annual caps for relevant services to be provided under the then renewed Services Framework Agreement.

RENEWAL OF THE SERVICES FRAMEWORK AGREEMENT

As disclosed in the announcement of the Company dated 25 August 2023, the current term of the Services Framework Agreement will expire on 31 December 2024 and will be 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. On 28 August 2024, the Board resolved to renew the Services Framework Agreement and set the annual caps in relation to the transactions under the Renewed Services Framework Agreement for each of the three years ending 31 December 2027.

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

Date	:	11 May 2019
Parties	:	(1) Company; and (2) Hangzhou Tigermed
Term (as renewed)	:	From 1 January 2025 to 31 December 2027, 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.

ANNUAL CAPS FOR THE RENEWED SERVICES FRAMEWORK AGREEMENT

For the purpose of the Listing Rules, the Board resolved to set the Annual Caps in relation to the relevant services to be provided under the Renewed Services Framework Agreement as follows:

	For the year ending 31 December		
	2025 (US\$'000)	2026 (US\$'000)	2027 (US\$'000)
Revenue to be received from providing laboratory and bioequivalence studies services to the Tigermed Group (i.e. the Sales Annual Caps)	3,000	3,600	4,300
Fees to be paid for biometrics services, electronic data capture software services and clinical site management organization services provided by the Tigermed Group (i.e. the Purchase Annual Caps)	1,200	1,500	1,700

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 years ended 31 December 2022 and 31 December 2023 and the six months ended 30 June 2024 are as follows:

	For the	For the	For the
	year ended 31 December 2022 (US\$'000)	year ended 31 December 2023 (US\$'000)	six months ended 30 June 2024 (US\$'000)
Revenue to be received from providing laboratory and bioequivalence studies services to the Tigermed Group	329	1,286	708
Fees to be paid for biometrics services, electronic data capture software services and clinical site management organization services provided by the Tigermed Group	341	403	172

The proposed 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, (ii) the currently expected increased types and volume of services required by each of the Group and the Tigermed Group in the current year and for the term of the Renewed Services Framework Agreement, 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 North America, Europe and China, and (iv) the expected growth of the other respective businesses of the Group and the Tigermed Group.

REASONS AND BENEFITS OF THE RENEWED SERVICES FRAMEWORK AGREEMENT

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 believes that the Renewed Services Framework Agreement will enable the Group to better leverage the synergies between the two groups, expand its service offerings to clients, and enhance its competitive position in the global CRO market.

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 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 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, Europe and China, the Group provides a comprehensive portfolio of product discovery and development services ranging from drug discovery, preclinical development, to early phase clinical development. The Group also offers extensive laboratory testing support to clients worldwide involved in drug development.

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 proposed 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 proposed 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:

“Annual Caps”	the Purchase Annual Caps and the Sales Annual Caps
“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
“Prospectus”	the prospectus of the Company dated 17 May 2019
“Purchase Annual Cap(s)”	the proposed 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 three years ending 31 December 2027
“Renewed Services Framework Agreement”	the services framework agreement entered into between the Company and Hangzhou Tigermed dated 11 May 2019, as to be renewed for another term of three years ending 31 December 2027 upon the expiration of the current term on 31 December 2024
“Sales Annual Cap(s)”	the proposed 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 three years ending 31 December 2027
“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\$”	United States Dollars, the lawful currency of the U.S.
%	per cent.

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

Hong Kong, 28 August 2024

As at the date of this announcement, the Board comprises 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*