

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.



FRONTIER SERVICES GROUP LIMITED

先豐服務集團有限公司 *

(Incorporated in Bermuda with limited liability)

(Stock Code: 00500)

DISCLOSEABLE TRANSACTION DISPOSAL OF AN AIRCRAFT

On 21 May 2024 (after trading hours), the Seller, a wholly owned subsidiary of the Company, and the Purchaser entered into the Agreement, pursuant to which the Seller shall sell the Aircraft to the Purchaser, and the Purchaser shall purchase the Aircraft, for a consideration of US\$4,000,000 (equivalent to approximately HK\$31,280,000).

Based on all applicable percentage ratios (as defined under the Listing Rules), the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

The Board is pleased to announce that, on 21 May 2024 (after trading hours), the Seller, a wholly owned subsidiary of the Company, and the Purchaser entered into the Agreement regarding the Disposal. The principal terms of the Agreement are summarised below:

AGREEMENT

Date: 21 May 2024 (after trading hours)

Parties: FSG Aviation Limited (the “**Seller**”)

Roundle Aviation Limited (the “**Purchaser**”)

Asset to be disposed

The Aircraft is a Cessna Citation C680 Sovereign business jet, which is legally and beneficially owned by the Seller. As of 30 April 2024, the unaudited net book value of the Aircraft is approximately HK\$40,867,000.

Consideration

The Purchaser shall deposit the consideration for the Disposal of US\$4,000,000 to the Seller's designated bank account no later than one Business Day prior to the Delivery Date.

The consideration was determined through arm's length negotiation between the Seller and the Purchaser, taking into account (i) the unaudited net book value of the Aircraft; (ii) the recent market price and transaction price of similar aircrafts; (iii) the quality and condition of the Aircraft; and (iv) the factors set out in the section headed "Reasons for and benefits of the Agreement".

Conditions precedent

Conditions precedent for the Seller

The Seller's obligation to sell and deliver the Aircraft to the Purchaser under the Agreement is subject to the satisfaction of the following conditions precedent:

- (a) the Purchaser has performed all of its obligations required under the Agreement to be performed by it on or prior to the Delivery Date or, as the case may be, the Delivery;
- (b) after the date of the Agreement, there has been no change in any applicable law, and no judgment, decree, order, writ, award, injunction or determination by any government entity has been issued that would make it a violation of law for the Seller to sell the Aircraft or otherwise perform its obligations under the Agreement; and
- (c) for the Seller, no action or proceeding has been instituted, nor has any action been threatened, before any government entity, nor has any order, judgment or decree been issued or proposed to be issued by a government entity, to set aside, restrain, enjoin or prevent the completion and consummation of all or and part of the Agreement or any other documents for the Disposal.

The above conditions precedent for the Seller may be waived or deferred by the Seller in whole or in part, with or without conditions. The Seller has no present intention to waive conditions (b) and (c) above.

Conditions precedent for the Purchaser

The Purchaser's obligation to purchase the Aircraft from the Seller under the Agreement is subject to, among others, the satisfaction of the following conditions precedent:

- (a) the Seller's representations and warranties under the Agreement are true and accurate as at Delivery;
- (b) the Seller has performed all of its obligations required under the Agreement to be performed by it on or prior to the Delivery Date or, as the case may be, the Delivery;
- (c) the Purchaser has received a letter from each of Kenya Airports Authority and Kenya Civil Aviation Authority confirming that there are no outstanding charges due from the Seller with respect to the Aircraft (as applicable);
- (d) since the date of the Agreement, there has been no change in any applicable law and no judgment, decree, order, writ, award, injunction or determination by any government entity has been issued that would make it a violation of law for the Purchaser to purchase the Aircraft or otherwise perform its obligations under the Agreement; and
- (e) no action or proceeding has been instituted, nor has any action been threatened, before any government entity, nor has any order, judgment or decree been issued or proposed to be issued by a government entity, to set aside, restrain, enjoin or prevent the completion and consummation of all or and part of the Agreement or any other documents for the Disposal.

The above conditions precedent for the Purchaser may be waived or deferred by the Purchaser in whole or in part, with or without conditions.

Delivery

Subject to the Aircraft being in the delivery condition set out in the Agreement and the satisfaction or waiver of the conditions precedent for the Purchaser, the Aircraft shall be delivered by the Seller to the Purchaser on the Delivery Date at Wilson Airport, Nairobi or any other airport agreed upon in writing by both parties.

At Delivery, the Purchaser will release and deliver to the Seller the signed and dated the acceptance certificate acknowledging that as of the Delivery Date the Aircraft is in the delivery condition set out in the Agreement.

Notwithstanding anything to the contrary under the Agreement or any other documents for the Disposal, if the Seller fails to fulfill any conditions precedent in the Agreement, the Purchaser shall not be obliged to complete the sale of the Aircraft under the Agreement.

If the Aircraft is tendered to the Purchaser in the delivery condition set out in the Agreement on or before the Scheduled Delivery Date and Delivery does not occur on or before the Scheduled Delivery Date due to the Purchaser's failure to accept the Aircraft or to make payment as required under the Agreement, the Agreement shall terminate and the parties shall have no further rights under the Agreement.

INFORMATION ON THE PARTIES TO THE AGREEMENT

Seller

The Seller, a company incorporated in Bermuda, is principally engaged in aircraft holding and provision of aviation and logistics services. It is a wholly owned subsidiary of the Company.

Purchaser

The Purchaser, a company incorporated in the Isle of Man, is principally engaged in aircraft holding. It is owned as to approximately 66.67% by Amalfi FZE and approximately 33.33% by Greenart Investment Holdings Limited.

Amalfi FZE, a company incorporated in the United Arab Emirates, is wholly and beneficially owned by Mr. Frederick Peter Browne ("**Mr. Browne**"). Mr. Browne is currently the chief executive officer of an aircraft leasing company based in Ireland.

Greenart Investment Holdings Limited, a company incorporated in the Isle of Man, is wholly and beneficially owned by Mr. Aidan Phelan ("**Mr. Phelan**"). Mr. Phelan is a businessman and a former director of the same aircraft leasing company where Mr. Browne is currently employed.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

FINANCIAL EFFECTS OF THE DISPOSAL AND PROPOSED USE OF PROCEEDS

Based on (i) the consideration of US\$4,000,000 (equivalent to approximately HK\$31,280,000); and (ii) the unaudited net book value of the Aircraft of approximately HK\$40,867,000 as at 30 April 2024, it is estimated that the Group will record a loss of approximately HK\$9,587,000 from the Disposal. This loss represents the difference between the consideration and the unaudited net book value of the Aircraft as at 30 April 2024. This calculation is an estimate provided for illustrative purposes, and the actual financial effect in respect of the Disposal is subject to review by the auditors of the Company.

The Company intends to use the proceeds from the Disposal as general working capital of the Group.

REASONS FOR AND BENEFITS OF THE AGREEMENT

The Group is principally engaged in (i) provision of security, insurance and infrastructure services; (ii) provision of aviation and logistics services; and (iii) provision of healthcare services and sales of healthcare products.

The Disposal represents a strategic opportunity for the Group to dispose of the Aircraft to obtain short-term working capital to finance the Group's security business activities, particularly to support the Group's overseas security operations, which can generate a relatively high profit margin to the Group.

Given the above, the Directors consider that the terms of the Agreement are fair and reasonable and that the Agreement is in the best interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

Based on all applicable percentage ratios, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Agreement”	the aircraft sale agreement dated 21 May 2024 entered into between the Seller and the Purchaser in respect of the Disposal
“Aircraft”	a Cessna Citation C680 Sovereign attached with the manufacturer's programme
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday or Sunday) on which banks are open for business in Nairobi, Kenya
“Company”	Frontier Services Group Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00500)
“Delivery”	the tender of the Aircraft by the Seller to the Purchaser and the acceptance of the Aircraft under the Agreement
“Delivery Date”	the actual date on which Delivery is effected being such date as shall be agreed by the Seller and the Purchaser

“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Aircraft under the Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Scheduled Delivery Date”	the Business Day falling after 30 calendar days from the date of the Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollar, the lawful currency of the United States
“%”	per cent.

By Order of the Board
Frontier Services Group Limited
Chan Kam Kwan, Jason
Company Secretary

Hong Kong, 21 May 2024

For the purposes of illustration only, amounts denominated in US\$ in this announcement have been translated into HK\$ at the rate of US\$1.00 = HK\$7.82. Such translation should not be constructed as a representation that the amounts in question have been, could have been or could be converted at any particular rate at all.

At the date of this announcement, the Board of the Company comprises the non-executive director of Mr. Chang Zhenming (Chairman), Mr. Fei Yiping, Mr. Chan Kai Kong, Mr. Dorian Barak and Mr. Zhang Yukuan; the executive directors of Mr. Ko Chun Shun, Johnson (Deputy Chairman) and Mr. Luo Ning (Deputy Chairman); and the independent non-executive directors of Mr. Yap Fat Suan, Henry, Mr. Hooi Hing Lee, Mr. Cui Liguang and Dr. Chan Wing Mui Helen.

** For identification purposes only*