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FRONTIER SERVICES GROUP LIMITED

先豐服務集團有限公司 *

(Incorporated in Bermuda with limited liability)

Website: www.fsgroup.com www.irasia.com/listco/hk/frontier

(Stock Code: 00500)

**FINAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025**

The board of directors (the “**Board**”) of Frontier Services Group Limited (the “**Company**”) announces the final results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2025, together with the comparative figure for the year ended 31 December 2024. The final consolidated results of the Group have been reviewed by the audit committee of the Company (the “**Audit Committee**”) and agreed by the Company’s auditor, PricewaterhouseCoopers.

** For identification purposes only*

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2025

	Note	2025 HK\$'000	2024 HK\$'000 (Restated)
Continuing operations			
Revenue from contracts with customers	3	651,466	737,132
Cost of direct materials and services and sub-contracting charges		(248,233)	(316,803)
Data costs		—	(2,177)
Employee benefit expenses		(306,600)	(307,115)
Rental expenses	6	(23,293)	(4,344)
Repair and maintenance costs		(17,017)	(6,655)
Depreciation and amortisation	6	(29,461)	(36,334)
Other expenses	6	(116,231)	(67,770)
Other income and other gains/(losses), net	6	8,475	(4,330)
Decrease in fair value of contingent consideration payable		—	6,016
Provision for impairment of property, plant and equipment and right-of-use assets		(3,313)	(2,256)
Provision for impairment of goodwill and other intangibles	8	(80,813)	(35,018)
Provision for impairment of financial assets		(24,484)	(9,994)
Operating loss		(189,504)	(49,648)
Interest income		1,976	4,515
Finance costs	4	(11,933)	(21,168)
Share of profits of associates		96	58
Loss before income tax from continuing operations		(199,365)	(66,243)
Income tax expense	5	(639)	(8,942)
Loss for the year from continuing operations		(200,004)	(75,185)
Discontinued operation			
Loss for the year from discontinued operations		(6,002)	(24,811)
LOSS FOR THE YEAR		(206,006)	(99,996)
(Loss)/profit attributable to:			
Equity holders of the Company		(204,499)	(103,882)
Non-controlling interests		(1,507)	3,886
		(206,006)	(99,996)

	<i>Note</i>	2025 HK\$'000	2024 HK\$'000 (Restated)
Loss attributable to equity holders of the Company arises from:			
– Continuing operations		(198,497)	(79,071)
– Discontinued operation		<u>(6,002)</u>	<u>(24,811)</u>
		<u>(204,499)</u>	<u>(103,882)</u>
 Loss per share from continuing operations attributable to equity holders of the Company:			
– Basic and diluted loss per share	7	<u>(8.26) cents</u>	<u>(3.29) cents</u>
 LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Basic and diluted loss per share	7	<u>(8.51) cents</u>	<u>(4.32) cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	<i>Note</i>	2025	2024
		<i>HK\$'000</i>	<i>HK\$'000</i>
			(Restated)
LOSS FOR THE YEAR		<u>(206,006)</u>	<u>(99,996)</u>
Other comprehensive income/(loss)			
Item that may be reclassified to profit or loss			
— Foreign exchange differences		19,460	(2,615)
— Release of exchange reserve upon deconsolidation of subsidiaries		(105)	—
— Release of exchange reserve upon disposal of a subsidiary		—	(908)
Item that will not be reclassified to profit or loss			
— Foreign exchange differences		<u>(1,278)</u>	<u>(336)</u>
Other comprehensive income/(loss) for the year, net of tax		<u>18,077</u>	<u>(3,859)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u><u>(187,929)</u></u>	<u><u>(103,855)</u></u>
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		(185,144)	(107,405)
Non-controlling interests		<u>(2,785)</u>	<u>3,550</u>
Total comprehensive loss for the year		<u><u>(187,929)</u></u>	<u><u>(103,855)</u></u>
Total comprehensive (loss)/income attributable to equity holders of the Company arises from:			
— Continuing operations		(179,142)	(82,594)
— Discontinued operation		<u>(6,002)</u>	<u>(24,811)</u>
Total comprehensive loss for the year		<u><u>(185,144)</u></u>	<u><u>(107,405)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	<i>Note</i>	2025 HK\$'000	2024 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		89,208	114,453
Right-of-use assets		37,281	40,536
Goodwill and other intangibles	8	106,772	195,757
Interests in associates		—	11,224
Deferred tax assets		232	—
Non-current prepayments		5,850	34,290
Financial assets at fair value through profit or loss		13,017	—
Financial assets at fair value through other comprehensive income		4	4
		<hr/>	<hr/>
Total non-current assets		252,364	396,264
CURRENT ASSETS			
Inventories		6,181	5,614
Trade receivables	9	208,392	245,632
Prepayments, deposits and other receivables		75,076	55,806
Tax receivables		2,865	3,001
Pledged bank deposits		1,256	2,907
Cash and cash equivalents		152,593	163,857
		<hr/>	<hr/>
		446,363	476,817
Assets held-for-sale		—	37,942
		<hr/>	<hr/>
Total current assets		446,363	514,759
		<hr/>	<hr/>
Total assets		698,727	911,023
CURRENT LIABILITIES			
Trade payables	10	98,454	95,122
Other payables and accruals		148,440	217,654
Provision		9,087	4,956
Borrowings	11	7,000	140,000
Lease liabilities		4,098	7,753
Tax payables		10,485	16,443
		<hr/>	<hr/>
Total current liabilities		277,564	481,928
		<hr/>	<hr/>
Net current assets		168,799	32,831
		<hr/>	<hr/>
Total assets less current liabilities		421,163	429,095

	<i>Note</i>	2025 HK\$'000	2024 <i>HK\$'000</i>
NON-CURRENT LIABILITIES			
Interest payables		9,457	—
Borrowings	<i>11</i>	170,000	—
Lease liabilities		2,569	752
Deferred income tax liabilities		29,815	31,092
		<hr/>	<hr/>
Total non-current liabilities		211,841	31,844
		<hr/>	<hr/>
Total liabilities		489,405	513,772
		<hr/>	<hr/>
Net assets		209,322	397,251
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to the Company's equity holders			
Share capital		240,339	240,339
Reserves		(151,832)	33,312
		<hr/>	<hr/>
		88,507	273,651
Non-controlling interests		120,815	123,600
		<hr/>	<hr/>
Total equity		209,322	397,251
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1.1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The consolidated financial statements of the Group for the year ended 31 December 2025 have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), a collective term that includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). These consolidated financial statements comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The consolidated financial statements for the year ended 31 December 2025 have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss, and certain financial assets and liabilities, which are carried at fair value.

1.2 IMPACT OF NEW, AMENDED AND REVISED HKFRSs

In the current year, the Group has adopted all the following new standards and amendments to standards for the first time for the accounting period beginning on 1 January 2025:

Amendments to HKAS21 and HKFRS 1 Lack of exchangeability

The adoption of these amended HKFRSs does not have any material impact on the Group’s consolidated financial statements for the year ended 31 December 2025.

In September 2023, HKICPA amended HKAS21 to help entities to determine whether a currency is exchangeable into another currency, and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. These new requirements will apply for annual reporting periods beginning on or after 1 January 2025. These amendments do not have a material impact on its operations or financial statements.

The following new and amended HKFRSs have been issued, but are not effective for the Group's accounting period beginning on 1 January 2025 and have not been adopted early:

		Effective for accounting periods beginning on or after
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
HKFRS 9 and HKFRS 7	Contracts Referencing Nature dependent Electricity (amendments)	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HKFRS 19	Amendments to HKFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HK Int 5	Hong Kong Interpretation 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group will adopt the above new or revised standards as and when they become effective. Management has performed preliminary assessment and does not anticipate any significant impact on the Group's financial position and results of operations upon adopting these standards.

2 SEGMENT INFORMATION

The chief operating decision maker has been identified as the Board of Directors of the Company. Management has determined the operating segments based on the internal reports reviewed by the Board of the Company that are used to assess performance and allocate resources. The Group's operating segments are structured and managed separately according to the services provided by different strategic business units, and the services offered are subject to risks and returns that are different from those of the other operating segments.

The operating segments of the Group are as follows:

- (i) Security and Insurance Business (“**SI Business**”) — Provision of security and insurance related services;
- (ii) Aviation and Logistics Business (“**AL Business**”) — Provision of aviation and logistics related services; and
- (iii) Healthcare Business (“**HC Business**”) — Provision of healthcare services and sales of healthcare products. During the year, companies comprising of this business segments went into voluntary liquidation on 15 April 2025 and the entire business of this segment was terminated. On the same date, the entire segment was taken over by the appointed liquidators. Accordingly, this segment is accounted for as a discontinued operation.

Others for the year ended 31 December 2025 only include the provision of asset recovery services, corporate income and expenses, corporate assets and liabilities, direct investments and others after the disposal of the provision of online financial market information and airport management services businesses during 2024.

Two or more operating units with similar economic characteristics in terms of the services provided were aggregated into a single operating segment for segment reporting purpose.

The Board of Directors of the Company assesses segment performance based on reportable operating result.

An analysis of the Group's revenue, results, assets, liabilities and expenditure for the year ended 31 December 2025 by operating segments is as follows:

	Continuing operations			Discontinued operation	Total HK\$'000
	SI Business HK\$'000	AL Business HK\$'000	Others HK\$'000	HC Business HK\$'000	
Revenue from contracts with customers	<u>484,706</u>	<u>163,873</u>	<u>2,887</u>	<u>-</u>	<u>651,466</u>
Cost of direct materials and services and sub-contracting charges	177,694	70,531	8	-	248,233
Employee benefit expenses	235,948	47,450	23,202	658	307,258
Depreciation	11,590	9,458	241	51	21,340
Amortisation	8,077	95	-	-	8,172
Provision for impairment of goodwill and other intangibles	80,813	-	-	-	80,813
Provision for impairment of property, plant and equipment and right-of-use assets	2,601	712	-	-	3,313
Provision for/(reversal of) impairment of financial assets, net	16,949	9,826	(2,291)	-	24,484
Loss on disposal of property, plant and equipment	48	7,086	-	-	7,134
Loss on deconsolidation of subsidiaries	1,701	-	-	5,279	6,980
Gain on disposal of associates	(13,538)	-	-	-	(13,538)
Loss on disposal of an associate	-	72	-	-	72
Fair value gain on financial assets at fair value through profit or loss	<u>(3,512)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,512)</u>
Operating loss	<u>(116,236)</u>	<u>(44,252)</u>	<u>(29,016)</u>	<u>(6,002)</u>	<u>(195,506)</u>
Interest income					1,976
Finance costs					(11,933)
Share of profits of associates					96
Loss before income tax					(205,367)
Income tax expense					(639)
Loss for the year					<u>(206,006)</u>
Total assets	<u>499,227</u>	<u>146,268</u>	<u>53,232</u>	<u>-</u>	<u>698,727</u>
Total liabilities	<u>205,724</u>	<u>37,377</u>	<u>246,304</u>	<u>-</u>	<u>489,405</u>
Capital expenditure	<u>5,141</u>	<u>5,749</u>	<u>34</u>	<u>-</u>	<u>10,924</u>

An analysis of the Group's revenue, results, assets, liabilities and expenditure for the year ended 31 December 2024 by operating segments is as follows:

	Continuing operations			Discontinued operation	Total HK\$'000
	SI Business HK\$'000	AL Business HK\$'000	Others HK\$'000	HC Business HK\$'000	
Revenue from contracts with customers	<u>500,018</u>	<u>225,587</u>	<u>11,527</u>	<u>16,423</u>	<u>753,555</u>
Cost of direct materials and services and sub-contracting charges	170,664	143,190	2,949	14,643	331,446
Employee benefit expenses	200,716	38,861	67,538	5,253	312,368
Depreciation	5,954	18,356	1,345	340	25,995
Amortisation	10,598	80	–	269	10,947
Gain on disposal of subsidiaries	–	–	(3,582)	–	(3,582)
Provision for impairment of goodwill and other intangibles	35,018	–	–	17,230	52,248
Provision for impairment of property, plant and equipment	–	–	2,256	759	3,015
Provision for/(reversal of) impairment of financial assets, net	7,363	4,103	(1,472)	(1,800)	8,194
(Gain)/loss on disposal of property, plant and equipment	(1,157)	10,792	–	–	9,635
Decrease in fair value of contingent consideration payable	<u>–</u>	<u>–</u>	<u>(6,016)</u>	<u>–</u>	<u>(6,016)</u>
Operating profit/(loss)	<u>9,944</u>	<u>(7,087)</u>	<u>(52,505)</u>	<u>(24,799)</u>	<u>(74,447)</u>
Interest income					4,553
Finance costs					(21,171)
Share of profits of associates					58
Loss before income tax					(91,007)
Income tax expense					(8,989)
Loss for the year					<u>(99,996)</u>
Total assets	<u>631,384</u>	<u>234,329</u>	<u>39,789</u>	<u>5,521</u>	<u>911,023</u>
Total assets include:					
Interests in associates	<u>9,486</u>	<u>1,738</u>	<u>–</u>	<u>–</u>	<u>11,224</u>
Total liabilities	<u>213,216</u>	<u>67,240</u>	<u>226,616</u>	<u>6,700</u>	<u>513,772</u>
Capital expenditure	<u>8,952</u>	<u>67,039</u>	<u>130</u>	<u>–</u>	<u>76,121</u>

The Company is domiciled in Hong Kong. The Group's revenue from external customers by geographical regions is as follows:

	2025 HK\$'000	2024 <i>HK\$'000</i> <i>(Restated)</i>
Continuing operations:		
The Democratic Republic of the Congo (“DRC”)	275,211	204,800
The People's Republic of China (“PRC”)		
Hong Kong	143,087	184,159
Mainland China	40,138	127,871
Kenya	138,113	125,213
Nigeria	20,226	40,250
Laos	6,729	19,060
Others	27,962	35,779
	651,466	737,132
Discontinued operation:		
Hong Kong	–	16,423

Revenue derived from external customers with amounts equal to or above 10% of the Group's revenue is as follows:

	Operating segment	2025 HK\$'000	2024 <i>HK\$'000</i>
Customer A	SI business	98,858	99,974

The total of non-current assets other than financial instruments and deferred income tax assets by geographical regions is as follows:

	2025 HK\$'000	2024 <i>HK\$'000</i>
Hong Kong	106,188	200,153
Kenya	81,023	116,720
Laos	31,189	36,837
The DRC	13,892	23,532
Nigeria	5,717	6,774
Others	1,102	12,244
	239,111	396,260

3 REVENUE FROM CONTRACTS WITH CUSTOMERS

An analysis of revenue is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Continuing operations		
Revenue from provision of security services	484,706	500,018
Revenue from provision of aviation and logistics services	163,873	225,587
Others	2,887	11,527
	<u>651,466</u>	<u>737,132</u>
Discontinued operation		
Revenue from provision of healthcare services and sales of healthcare products	<u>—</u>	<u>16,423</u>

Disaggregation of revenue from contracts with customers:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Continuing operations		
Timing of revenue recognition		
At a point in time	—	2,825
Over time	651,466	734,307
	<u>651,466</u>	<u>737,132</u>
Revenue from external customers	<u>651,466</u>	<u>737,132</u>
Discontinued operation		
Timing of revenue recognition		
At a point of time	<u>—</u>	<u>16,423</u>

4 FINANCE COSTS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Continuing operations		
Interests on:		
Other loans	10,472	1,850
Lease liabilities	497	665
Convertible bonds	—	16,701
Financing components of a contract with a supplier	964	1,952
	<u>11,933</u>	<u>21,168</u>
Discontinued operation		
Interests on:		
Lease liabilities	<u>—</u>	<u>3</u>

5 INCOME TAX EXPENSE

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i> <i>(Restated)</i>
Continuing operations		
Current income tax		
Hong Kong		
Provision for the year	934	2,575
Over-provision in prior years	–	(150)
Outside Hong Kong		
Provision for the year	6,190	6,266
Over-provision in prior years	<u>(4,518)</u>	<u>–</u>
	2,606	8,691
Deferred income tax	<u>(1,967)</u>	<u>251</u>
Income tax expense from continuing operations	<u>639</u>	<u>8,942</u>
Discontinued operation		
Current income tax		
Hong Kong	<u>–</u>	<u>110</u>
Deferred income tax	<u>–</u>	<u>(63)</u>
Income tax expense from discontinued operation	<u>–</u>	<u>47</u>
Total income tax expense from continuing operations and discontinued operation	<u>639</u>	<u>8,989</u>

Taxation on profits has been calculated on the estimated assessable profits for the year at the applicable rates of taxation prevailing in the countries/places in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

6 LOSS FOR THE YEAR

The Group's loss for the year is arrived at after charging/(crediting):

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i> <i>(Restated)</i>
Continuing operations		
(a) Rental expenses		
Rentals on aircrafts	20,322	–
Rentals on land and buildings	2,971	4,344
	<u>23,293</u>	<u>4,344</u>
(b) Depreciation and amortisation		
Depreciation of property, plant and equipment	16,304	20,015
Depreciation of right-of-use assets	4,985	5,640
Amortisation of other intangibles	8,172	10,679
	<u>29,461</u>	<u>36,334</u>
(c) Other expenses		
Professional and compliance related expenses	21,364	14,634
Travelling expenses	10,647	11,805
Marketing and distribution costs	10,327	13,328
Auditor's remuneration		
– Audit services	4,682	4,190
– Non-audit services	800	52
Insurance expenses	4,605	4,927
Net exchange losses/(gains)	5,560	(2,436)
Office maintenance and consumables expenses	4,710	3,758
Bank charges	2,592	2,241
Business registration expenses	2,073	1,502
Provision for impairment of inventories	175	1,444
Provision for a claim from litigation	15,399	3,356
Tax surcharge	10,437	–
Others	22,860	8,969
	<u>116,231</u>	<u>67,770</u>

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i> <i>(Restated)</i>
(d) Other income and other (gains)/losses, net		
Net loss on disposal of property, plant and equipment	7,134	9,635
Gain on disposal of an associate assets classified as held-for-sale	(13,538)	–
Gain on disposal of subsidiaries	–	(3,582)
Loss on deconsolidation of subsidiaries	1,701	–
Fair value gain on financial assets at FVPL	(3,512)	–
Loss on disposal of an associate	72	–
Others	(332)	(1,723)
	<u>(8,475)</u>	<u>4,330</u>
	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i> <i>(Restated)</i>
Discontinued operation		
(a) Rental expenses		
Rentals on land and buildings	<u>–</u>	<u>666</u>
(b) Depreciation and amortisation		
Depreciation of property, plant and equipment	51	340
Amortisation of other intangibles	–	268
	<u>51</u>	<u>608</u>
(c) Other expenses		
Professional and compliance related expenses	–	307
Travelling expenses	–	685
Administrative and office expenses	–	203
Others	14	2,754
	<u>14</u>	<u>3,949</u>
(d) Other income and other gains/(loss), net		
Loss on deconsolidation of subsidiaries	5,279	–
Others	–	(87)
	<u>–</u>	<u>(87)</u>

7 LOSS PER SHARE

(a) Basic

The calculation of the basic loss per share for both years is based on the Group's loss attributable to the equity holders of the Company and the weighted average number of ordinary shares in issue during both years.

The weighted average number of ordinary shares in issue during the years ended 31 December 2025 and 2024 was the same as the outstanding number of ordinary shares in issue.

(b) Diluted

The basic and diluted loss per share for the years ended 31 December 2025 and 2024 were the same because the effect of the assumed conversion of all dilutive potential ordinary shares outstanding, including the conversion of the exchangeable preference shares (2024: the conversion of the exchangeable preference shares and convertible bonds, the contingently issuable shares arising from the acquisition happened in 2021 and the exercise of the outstanding share options), during the year was anti-dilutive.

	2025	2024 (Restated)
Loss for the year attributable to equity holders of the Company (<i>HK\$'000</i>)	(204,499)	(103,882)
Add: Loss for the year from discontinued operation (<i>HK\$'000</i>)	<u>6,002</u>	<u>24,811</u>
Loss for the year from continuing operations attributable to equity holders of the Company (<i>HK\$'000</i>)	<u>(198,497)</u>	<u>(79,071)</u>
Weighted average number of ordinary shares in issue	<u>2,403,385,881</u>	<u>2,403,385,881</u>
Loss per share from continuing operations attributable to equity holders of the Company (<i>HK cents</i>) Basic and diluted (per share)	<u>(8.26)</u>	<u>(3.29)</u>
Loss per share attributable to equity holders of the Company (<i>HK cents</i>) Basic and diluted (per share)	<u>(8.51)</u>	<u>(4.32)</u>

8 GOODWILL AND OTHER INTANGIBLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
At 1 January	195,757	256,627
Additions and transfers	—	2,325
Amortisation of other intangibles	(8,172)	(10,947)
Provision for impairment of goodwill	(72,309)	(51,691)
Provision for impairment of other intangibles	(8,504)	(557)
	<u>106,772</u>	<u>195,757</u>
At 31 December	<u>106,772</u>	<u>195,757</u>

Impairment assessment for each cash-generating unit (“CGU”) containing goodwill

Goodwill is regularly monitored by the management of each CGU within the relevant operating segments with reference to the business performance based on geography and nature of business activities.

A goodwill impairment assessment was conducted by the management at each CGU or operating segment as of 31 December 2025. The recoverable amounts of the CGUs were determined based on a value-in-use approach (2024: same methodology applied). This calculation was made with the use of discounted cash flow model, based on financial budgets endorsed by the management of each CGU, covering a 5-year period. Cash flow beyond the 5-year period was extrapolated using the terminal growth rate.

Management determined estimated annual revenue growth rates based on past performance and its expectation of market development, taking into account business activities as well as available contracts signed to date. The terminal growth rate is determined with reference to the industry of respective CGU and country in which the CGU operates. The discount rates were determined with reference to specific risks relating to the relevant segments and countries in which they operated.

Owing to the change in management team, the loss of major customers and the intensive price competition encountered by one of the CGUs in Hong Kong, management of the Group considered that all these factors would affect the future performance of that CGU. By reference to the latest result of the annual impairment test, an impairment provision against its goodwill and other intangible assets of that CGU of HK\$80,813,000 was set aside for the year ended 31 December 2025.

9 TRADE RECEIVABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade receivables from contracts with customers	243,290	279,286
Less: loss allowance	<u>(34,898)</u>	<u>(33,654)</u>
	<u>208,392</u>	<u>245,632</u>

An aging analysis, based on the invoice date, of the trade receivables as at the date of statement of financial position is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within 1 month	51,458	154,609
1-2 months	32,914	36,287
2-3 months	10,502	21,982
Over 3 months	<u>148,416</u>	<u>66,408</u>
	<u>243,290</u>	<u>279,286</u>

The fair value of trade receivables approximates its carrying amount.

Credit terms of one to three months from invoice date are generally granted to major customers. The Group seeks to maintain strict control over its outstanding receivables. The Group performs ongoing credit evaluation of its customers and makes frequent contact with its customers, if necessary.

10 TRADE PAYABLES

An aging analysis, based on invoice date, of the trade payables as at the date of statement of financial position is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within 1 month	31,775	82,788
1-2 months	1,102	588
2-3 months	5	831
Over 3 months	<u>65,572</u>	<u>10,915</u>
	<u>98,454</u>	<u>95,122</u>

The fair value of trade payables approximates its carrying amount.

11. BORROWINGS

On 21 October 2024 (the drawdown date), the Company entered into an unsecured term loan facility with the existing shareholder of the Company (the “**Lender**”). Pursuant to the term loan facility agreement (the “**Loan Facility Agreement**”), the Lender agreed to grant HK\$100 million term loan (the “**Loan**”) to the Company. The Loan will be repayable on the third anniversary date from the drawdown date, and it bears interests at a rate of the higher of HIBOR plus 2.10% per annum and 5.10% per annum. The Loan does not require the Company to provide any asset pledge or guarantee.

Pursuant to the Loan Facility Agreement, the Lender reserved the unfettered right of terminating the Loan Facility Agreement and/or requiring the Company to repay in full the Loan to the Lender at any time by notice in writing to the Company (the “**Unfettered Right**”). In this connection, the Loan was classified as a current liability as at 31 December 2024.

On 13 February 2025, a deed of amendment was entered into between the Lender and the Company to remove the Unfettered Right clause included in the Loan Facility Agreement. With this amendment, the Loan will only be repayable by the Company to the Lender on the third anniversary date from the drawdown date and is classified as non-current liability as at 31 December 2025.

Pursuant to the Loan Facility Agreement, the Lender may, at any time upon the occurrence of any event of default specified in the agreement, terminate the Loan and declare the principal, accrued interest, and all other amounts payable under the agreement to be immediately due and payable. During the year ended 31 December 2025, the Group appointed a liquidator in respect of the voluntary liquidation of certain subsidiaries, which constituted an event of default under the agreement.

On 31 December 2025, the Group has obtained waiver letter from the Lender confirming that the appointment of liquidator would not trigger the immediate demand for repayment of the loan balance. As a result, the Group has the right to defer settlement for at least twelve months after the reporting period. Accordingly, as at 31 December 2025, the loan is classified as a non-current liability.

Other than the above, the Group is not subject to other covenant.

On 21 October 2024, the Company also obtained unsecured short-term loan of HK\$40 million from two independent third parties for settlement of convertible bonds. These loans were repayable on 21 May 2025 and bore interest at a rate of 6.00% per annum.

During the year ended 31 December 2025, HK\$33 million of the loan was settled. The Company signed a supplementary agreement with one of the independent third parties regarding the remaining loan balance of HK\$7,000,000 to extend the repayment date to 21 April 2026 and adjust the interest rate from 6.00% per annum to 7.00% per annum.

During the year, the Company obtained unsecured short term loans from a director, who is also a shareholder of the Company of an aggregate amount of HK\$70 million, which bears interest at a rate of 6% per annum and is repayable on 30 June 2027 and therefore is classified as non-current liabilities as at 31 December 2025.

12. DECONSOLIDATION OF SUBSIDIARIES

On 15 April 2025, the HC Business segment (discontinued operation) and one of the subsidiaries under the security segment went into voluntary liquidation. Accordingly, the Group had deconsolidated the state of affairs of these subsidiaries during the year. Operations were ceased prior to the appointment of liquidators on 15 April 2025. A one-time non-cash loss on deconsolidation of subsidiaries of HK\$6,980,000 was recognised for the year ended 31 December 2025.

Assets and liabilities of these subsidiaries at the date of deconsolidation were set out as below:

	Continuing operations <i>HK\$'000</i>	Discontinued operation <i>HK\$'000</i>	Total <i>HK\$'000</i>
Assets			
Property, plant and equipment	602	6	608
Trade receivables	2,077	45	2,122
Prepayments, deposits and other receivables	923	1,742	2,665
Cash and cash equivalents	2	395	397
	<u>3,604</u>	<u>2,188</u>	<u>5,792</u>
Liabilities			
Trade payables	(74)	(5,172)	(5,246)
Other payables and accruals	(2,856)	(1,281)	(4,137)
	<u>(2,930)</u>	<u>(6,453)</u>	<u>(9,383)</u>
Total liabilities	<u>(2,930)</u>	<u>(6,453)</u>	<u>(9,383)</u>
Net assets/(liabilities)	674	(4,265)	(3,591)
Release of exchange reserve upon deconsolidation of subsidiaries	(113)	8	(105)
Recognition of receivables from former subsidiaries	–	(15,147)	(15,147)
Recognition of payables from former subsidiaries	1,140	24,683	25,823
	<u>1,701</u>	<u>5,279</u>	<u>6,980</u>
Loss on deconsolidation of subsidiaries	<u><u>1,701</u></u>	<u><u>5,279</u></u>	<u><u>6,980</u></u>

13. MATERIAL RELATED PARTY TRANSACTIONS

a. Transactions with related parties

Transactions between the Company and its subsidiaries, which are related parties to the Company, have been eliminated on consolidation and are not disclosed in this note. In addition to the transactions and balances disclosed elsewhere in this announcement, the Group entered into the following material transactions with related parties during the year:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Provision of security services to subsidiaries of a shareholder of the Company (<i>Note c 1(i)</i>)	1,231	1,401
Provision of asset recovery related services to a subsidiary of a shareholder of the Company (<i>Note c 1(i)</i>)	2,036	—
Provision of security services to a company beneficially owned by a director of the Company (<i>Note c 1(i)</i>)	—	432
Interests on loan from a shareholder and a director of the Company	2,730	—
Interests on loan from a shareholder of the Company	<u>5,450</u>	<u>1,277</u>

All the transactions were negotiated with related parties on normal commercial terms or in accordance with the agreements governing those transactions.

b. Other year-end balances

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade receivables		
Subsidiaries of a shareholder of the Company	311	—
A company beneficially owned by a director of the Company	—	409
Prepayments, deposits and other receivables[#]		
Associates	—	6,236
Other payables and accruals[#]		
Associate	—	38,870
A shareholder and a director of the Company	—	40,000
Other loans and interest payables		
A shareholder and a director of the Company (<i>Note c (2)</i>)	72,730	—
A shareholder of the Company (<i>Note 11</i>)	<u>106,727</u>	<u>101,277</u>

[#] Balances with associates classified under prepayments, deposits and other receivables, and other payables and accruals were unsecured, interest-free and repayable on demand as at 31 December 2024.

^{*} Balances with a shareholder and a director of the Company and a shareholder of the Company classified as other loans were unsecured, bore interest and had agreed terms of repayment as at 31 December 2025, further details of which are set out in Note 11 of this announcement.

c. Applicability of the listing rules relating to connected transactions

1. The related party transactions in (a) above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.
 - i. Provision of security services to subsidiaries of a shareholder of the Company constitute connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules but they are fully exempt from the disclosure requirements in Chapter 14A of the Listing Rules as they are below the de minimis threshold under Rule 14A.76(1).
 - ii. Provision of asset recovery related services to a subsidiary of a shareholder of the Company is relevant to a service agreement dated 10 April 2025 entered into between the Group and that subsidiary of a shareholder of the Company for a term of one year commencing from 10 April 2025 and ending on 9 April 2026. Such transaction constitutes a connected transaction under Chapter 14A of the Listing Rules and further details of which are set out in the Company's announcement dated 10 April 2025.
2. Other loans of HK\$70,000,000 in (b) above is a financial assistance received by the Company from a connected person under Chapter 14A of the Listing Rules but it is fully exempt as it is conducted on normal commercial terms or better and it is not secured by any assets of the Group under Rule 14A.90.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF RESULTS

Overall Performance

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue from contracts with customers	651,466	753,555
Cost of direct materials and services	(248,233)	(331,446)
Data costs	—	(2,177)
Employee benefit expenses	(307,258)	(312,368)
Rental expenses	(23,293)	(5,010)
Repair and maintenance costs	(17,017)	(6,655)
Depreciation and amortisation	(29,512)	(36,942)
Other expenses	(116,245)	(71,720)
Other income and other (losses)/gains, net	3,196	(4,243)
Decrease in fair value of contingent consideration payable	—	6,016
Provision for impairment of property, plant and equipment and right-of-use asset	(3,313)	(3,015)
Provision for impairment of goodwill and other intangibles	(80,813)	(52,248)
Provision for impairment of financial and contract assets	(24,484)	(8,194)
Operating loss	(195,506)	(74,447)
Interest income	1,976	4,553
Finance costs	(11,933)	(21,171)
Share of profits of associates, net	96	58
Loss before income tax	(205,367)	(91,007)
Income tax expense	(639)	(8,989)
Loss for the year [#]	<u>(206,006)</u>	<u>(99,996)</u>

[#] Loss for both years included the contribution from the discontinued operations of the healthcare business, which was a loss of HK\$6,002,000 for 2025 (2024: HK\$24,811,000).

Financial Key Performance Indicators

	Year ended 31 December	
	2025	2024
Basic loss per share	<u>8.51 cents</u>	<u>4.32 cents</u>

	As at 31 December	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets	698,727	911,023
Shareholders' funds	88,507	273,651
Net asset value per share (excluding non-controlling interests)	3.68 cents	11.39 cents
Cash and cash equivalents	152,593	163,857
Current ratio	1.61	1.06
Total liabilities-to-total assets ratio	<u>0.70</u>	<u>0.56</u>

The decrease in cash and cash equivalents mainly represented by the net cash used in operating activities.

During the year ended 31 December 2025, Frontier Services Group Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) still faced a lot of challenges and difficulties in its business development both internally and externally, which affected the operational performance of the Group. With the Group’s primary focus putting on security businesses, the Group has scaled down the operation of a number of segments such as insurance, logistics and healthcare during the year.

Revenue from contracts with customers

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Security, infrastructure and insurance business	484,706	500,018
Aviation and logistics business	163,873	225,587
Others	2,887	11,527
	<hr/>	<hr/>
Revenue from continuing operations	651,466	737,132
Healthcare business — revenue from discontinued operation	—	16,423
	<hr/>	<hr/>
	651,466	753,555
	<hr/> <hr/>	<hr/> <hr/>

For the year ended 31 December 2025 the Group's revenue reduced from HK\$753,555,000 in 2024 to HK\$651,466,000 in 2025, representing a decrease of HK\$102,089,000 or approximately 14%. The decrease in the Group's revenue was mainly due to (i) the scale down of operation of the logistics segment, which reported a decrease in revenue of HK\$61,714,000; and (ii) the close down of the healthcare segment owing to the departure of management personnel of that segment, which reported a decrease in revenue of HK\$16,423,000.

In 2025, the Group remained loss making, which was mainly due to the fact that additional impairment provisions against goodwill and other intangible assets of HK\$80,813,000 (2024: HK\$52,248,000) in relation to a security business unit of this segment were set aside. Also, during 2025, a claim against a subsidiary of the logistic segment was confirmed after the court issued a judgement against it, which resulted in a provision for a claim of HK\$15,399,000. For the year ended 31 December 2025, the Group has set aside additional provisions for impairment of financial assets amounting to HK\$24,484,000 (2024: HK\$8,194,000) so as to reflect the increase in credit risk as a result of delaying in making payments by some of its customers. In 2025, the Group disposed of certain aged property, plant and equipment so as to reduce its maintenance cost burden (2024: generate funds to support the repayment of convertible bonds), which resulted in a loss of HK\$7,134,000 (2024: loss of HK\$9,635,000).

In 2024, a gain on disposal of subsidiaries of HK\$3,582,000 and a change in fair value of contingent consideration payable of HK\$6,016,000 were recorded but no such non-cash gains were recorded except for there was only a loss on deconsolidation of subsidiaries of HK\$6,980,000 recognised in 2025. At the same time, there was net gain on disposal of associates of HK\$13,466,000 recognised in 2025 (2024: Nil).

In general, the overall operational performance of the Group was below expectation in 2025 as compared to 2024 because of the profitability level of overseas security projects dropped, which was either caused by intensive competition resulting in price reduction or certain existing projects in overseas have come to an end because of the completion of the underlying projects.

Overall Performance

Security and Infrastructure Segment

Security business remains the main driver of the Group's revenue and of this segment for the year ended 31 December 2025, while the profitability level of this segment dropped during 2025 due to the intense competition resulting in drop in price on its service income.

Security

During 2025, the Group's revenue of this segment mainly contributed from three operating units in Hong Kong and several operating units in overseas.

Hong Kong

In Hong Kong, competition for security businesses remains intensive and the industry itself was undergoing a period of intensive restructuring. With shortage of experienced security officers in the market, enterprises need to bear higher costs than usual in order to retain and reserve the required manpower to accommodate with our project needs. In order to maintain our competitiveness, importing security guards from Mainland provides a solution. Its revenue contribution in this segment dropped from 34% in 2024 to 29% in 2025 (from HK\$167,070,000 in 2024 to HK\$143,024,000 in 2025). It was mainly due to the fact that those two operating units acquired in 2021 dropped in business size and volume during the year. One is due to intense market competition for property management market and the slow-down of the construction and infrastructure industry in Hong Kong. The management team of that operating unit also changed. The second one is due to decrease in number of newly opened boutiques during the year, which resulting in drop in business volume. For our third base in Hong Kong, there are some breakthroughs achieved during 2025 by winning security projects for banking and commercial properties. This proved our competency and experience in the security industry after having successfully established our presence in Hong Kong for years.

During 2025, one of the operating units of this segment in Hong Kong underwent a change in management team. Together with the slowdown of infrastructure and property development projects in Hong Kong, loss of major customers and intensive price competition, the Group expects that the future performance of this operating unit will be worsened. In this connection, based on the annual impairment assessment towards this operating unit, management of the Group decided to set aside impairment provision of goodwill and other intangibles of HK\$80,813,000 against this operating unit, further details of which are explained under the heading "Goodwill Assessment and Impairment" below and are set out in Note 8 of this announcement.

Overseas

Similar to prior years, the Group also conduct its security businesses in Asia and Africa. During the year, the Group did not have any new start-up in overseas and focus more on developing those countries of which the Group already has presence such as Cambodia, Myanmar, Nigeria and Democratic Republic of the Congo (the “**DRC**”).

During the year ended 31 December 2025, the Group still managed to report a growth in revenue of 20% from its presence in Africa, in particular, the DRC. The security demand from mining companies in that country remained strong. Unfortunately, certain projects in Africa regions are close to an end offsetting the growing demand from mining companies. The profitability level in this region is relatively higher when compared with those in Asia.

The revenue contribution from Asian region dropped by 20% during the year as a result of the loss of a relatively sizeable project within this region.

During the year ended 31 December 2025, impairment provision of goodwill and other intangibles of HK\$80,813,000 (2024: HK\$19,490,000) was made of this segment, further details of which are set out in Note 8 of this announcement.

Infrastructure

On infrastructure segment, the Group did not have any new infrastructure project on hand during 2025. For the year ended 31 December 2025, an impairment provision against its accounts receivable of HK\$9,207,000 (2024: Nil) was set aside.

For the year ended 31 December 2025, the Group reported a revenue of HK\$484,706,000 (2024: HK\$500,018,000) and an operating loss of HK\$116,236,000 (2023: a profit of HK\$9,944,000) of this segment after considering impairment provisions made of HK\$100,363,000 (2024: HK\$42,381,000).

Aviation and Logistics Segment

During the year, this segment mainly comprised of our aviation arm in Kenya and the logistics base in China.

Aviation

The Kenyan aviation arm was loss-making during 2025. It had adjusted its fleet capacities by reducing the number of self-owned aircraft and then leasing the required aircraft when order demands are expected to be forthcoming. Although its revenue increased from HK\$119,023,000 in 2024 to HK\$130,900,000 in 2025, its gross profit reduced by approximately 11% in 2025 as compared to 2024. Its relatively high operational costs were caused by the repairs and maintenance costs incurred for keeping those aged aircraft to remain in good flying condition. Also, the reduction in flying rate on service income cancelled out the slight improvement in profitability level as a result of those contributions from standby contracts.

During the year, it had disposed of certain aged aircraft in order to lower down its maintenance burden in the coming future but resulting in a loss on disposal of HK\$7,086,000 (2024: HK\$10,792,000). During 2024, the Group disposed of certain of its aged aircraft with relatively low utilisation rate so as to generate additional funds and to avoid additional maintenance burden to the Group.

Logistics

During 2025, the Group continued to scale down its logistics operations. Its revenue dropped significantly from HK\$106,564,000 in 2024 to HK\$32,973,000 in 2025. The overall operational performance of the Group's logistics remained loss-making even the size of the operation has been substantially scaled down. The major task of this division is the collection of those outstanding receivables.

As disclosed in the Company's announcement dated 4 February 2026 and of this announcement, the logistic arm in China has an outstanding claim from a customer. On 31 July 2025, an initial conclusion was issued by the judge, which require it to make a compensation to its customer. With the assistance of the legal advisor, on 20 August 2025, management of the logistics arm filed an appeal to the high court in China against the initial conclusion. On 2 February 2026, the high court lodged the final judgement, which was similar to the initial conclusion. Therefore, the Group decided to set aside a provision for a claim of HK\$15,399,000 from that customer as at 31 December 2025.

For the year ended 31 December 2025, this segment reported a revenue of HK\$163,873,000 (2024: HK\$225,587,000) and an operating loss of HK\$44,252,000 (2024: an operating loss of HK\$7,087,000), which included impairment provisions of HK\$9,826,000 (2024: HK\$4,103,000) as well as a provision for a claim of HK\$15,399,000 (2024: HK\$3,356,000).

Provision for Impairment of Goodwill and Other Intangibles, Property, Plant and Equipment and Financial Assets

In addition to those impairment provisions set aside against the goodwill and other intangibles and financial assets as discussed in each of the business segment above, the Group has set aside impairment provision against property, plant and equipment for those loss-making entities amounting to HK\$3,313,000 (2024: HK\$3,015,000).

PROSPECTS

2025 remained a challenging year to the Group due to instability in both the global and Hong Kong economies. A significant ongoing challenge stemmed from the inclusion on an export control list since 2023. Financial resources were diverted from core business activities to address regulatory hurdles. The widened loss recorded in 2025 was mainly attributable to those impairment provisions against goodwill, other intangible assets and financial assets arising from transactions happened in the past as well as the changes of the demographics and operational dynamics of the security sector in Hong Kong, which was exactly relevant to its servicing customers' industry.

Looking ahead, the Group will continue to focus on business areas where its competitive advantage is clear and can sustain profitability potential. After years of involvement in security or private guarding sector, the security segment remains to be the Group's core business and primary source of and profitability driver. One of the primary goals for our presence in the market is to support Chinese enterprises operation overseas but also our international customers' based in Asia and Africa, which is the most viable path to grow. With the growing demand for comprehensive security solutions to safeguard international enterprises and personnel in complex international environments, we expect to achieve improved returns from our expanding global security operations in the foreseeable future.

In 2026, the Group will continuous to leverage existing security platforms in Hong Kong and overseas to provide tangible evidence of a turnaround. With our established subsidiaries, we are strategically positioned to expand our portfolio by securing high-value security projects and serving a more prominent clientele. Given those successes achieved both locally and internationally in the past, we remain committed to prioritizing our resources and expertises towards this segment and enhancing this business segment. Challenges in Hong Kong and overseas' guarding sector remain in existence, continuous intensive competition is expected together with shortage of youngster joining the industry resulting in shortage in experienced and skilled labour force. However, opportunities are still available for us to grasp and solutions are in place. Therefore, we expect that the operational performance of the security segment will become much better.

Aviation remains a strategic vital asset to the Group. The team has leveraged its fleet capabilities by disposing of those aged aircraft in order to lower than its foreseeable maintenance costs burden. Standby contracts with global organisations have been secured during the second half of 2025 and its profitability and competitiveness in the future are further guaranteed. With its international recognition and its reputation for reliability and safety, we believe the aviation segment is well-positioned to perform better in 2026.

In the last quarter of 2025, the Group had finally identified and appointed a competent candidate to fill in the Chief Executive Officer (“CEO”) vacancy, which had been left vacant since April 2024. His background and expertise knowledge would bring in additional catalyst to the Group's security business but also the newly established asset division of the Group. We expect that this division will contribute certain positive impacts to the Group in 2026.

The current conflict that is happening in Middle-East may pose additional uncertainties for the global economy in 2026, and the outlook now depends heavily on the duration and intensity of the conflict. Operational costs are expected to rise further. Nevertheless, we remain vigilant and optimistic, identifying opportunities amidst managing those challenges and uncertainties. Since our geographic focuses are in Asian and African nations, the Group's operations are expected to be affected only to a relatively limited extent. The Group is steadfast in enhancing its market competitiveness, including transforming its security business from a pure traditional security guard service into an advanced smart security risk management platform. With the unwavering support from its shareholders and its deep-rooted commitment to its mission, the Group believes it is well-positioned to navigate these turbulent times.

EMPLOYEES

The Group has crafted its human resources policies and procedures based on performance and meritocracy. The Group ensures that the pay level of its employees is competitive and employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus systems. The Group also places a strong emphasis on professional development, offering comprehensive on-the-job training, retirement benefit plans and medical insurance to support our employees' long-term well-being. Furthermore, we recognise individual achievements with the provision of discretionary year-end bonus, rewarding merit and dedication to excellence.

On 28 June 2023, the Company passed an ordinary resolution in the Annual General Meeting to approve the adoption of a new share scheme of the Company (the "**Share Scheme**") with a term of 10 years from its adoption date and shall expire on 27 June 2033. The adoption aligns with the updated requirements of Chapter 17 of the Listing Rules pertaining to share schemes, which took effect on 1 January 2023.

The purpose of the Share Scheme is to enable the Company to grant share options and/or share awards to the participants who have contributed or may contribute to the Group, and to provide incentives to help the Group recruit or retaining its valued employees, and to provide them with a direct interest in attaining the long-term business objectives of the Group. Further details in relation to the adoption of the Share Scheme and its principal terms are set out in the Company's circular dated 5 June 2023.

The scheme mandate limit under the Share Scheme is 240,338,588 shares, representing 10% of the issued shares of the Company as at the adoption date, and the service provider sublimit is 24,033,858 shares, representing 1% of the issued shares of the Company as at the adoption date.

The number of shares available for grant under the scheme mandate limit as at 1 January 2025 and 31 December 2025 was 240,338,588 shares, representing approximately 10% of the issued shares of the Company as at 31 December 2025.

During the year ended 31 December 2025, no share options or share awards were granted, exercised, cancelled or lapsed under the Share Scheme. Accordingly, no shares were issued or issuable under the Share Scheme during the year.

As at 1 January 2025 and 31 December 2025, there were no outstanding share options or share awards under the Share Scheme.

As at 31 December 2025 and up to the date of this announcement, no share options nor share awards have been granted under the Share Scheme since its adoption.

The number of shares that may be issued in respect of options and awards granted under the Share Scheme during the year ended 31 December 2025 divided by the weighted average number of shares of the Company in issue for the year was 0%.

The Company previously operated a share option scheme which was expired on 28 March 2022. The number of outstanding share options under the share option scheme as at 31 December 2025 was Nil (31 December 2024: Nil) as they were cancelled following the resignation of an executive director on 25 April 2024.

The Company also operated a share award scheme (the “**Share Award Scheme**”) since 10 December 2015. The Share Award Scheme was terminated and replaced by the new Share Scheme on 28 June 2023. As at 31 December 2025, there was no unvested shares remained under the Share Award Scheme (31 December 2024: Nil).

The total number of employees of the Group as at 31 December 2025 was 1,966 (2024: 2,176).

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 31 December 2025, the Group recorded total assets of HK\$698,727,000 (2024: HK\$911,023,000) which were financed by liabilities of HK\$489,405,000 (2024: HK\$513,772,000), non-controlling interests of HK\$120,815,000 (2024: HK\$123,600,000) and shareholders’ equity of HK\$88,507,000 (2024: HK\$273,651,000). The Group’s net asset value per share (excluding non-controlling interests) as at 31 December 2025 amounted to HK\$0.03 (2024: HK\$0.11) per share.

As at 31 December 2025, the Group’s available cash and bank balances were HK\$152,593,000 (2024: HK\$163,857,000) with total borrowings in the form of other loans of HK\$177,000,000 (2024: HK\$140,000,000). As at 31 December 2025, the Group’s other loans are repayable in accordance with the repayment terms as stipulated in the respective loan documents.

As at 31 December 2025, the gearing ratio (ratio of the sum of total borrowings excluding lease liabilities to the total assets) was approximately 25.3% (2024: 15.4%).

Treasury Policies

The Group adopts conservative treasury policies and has tight controls over its cash management. The Group's cash and bank balances are held mainly in HK\$, RMB, United States dollars ("US\$") and Kenyan Shillings ("KES"). Other than the bank deposits pledged for the Group's bank borrowings, surplus cash is generally placed on term deposits and investments depending on the Group's funding requirements.

Exposure to Fluctuations in Exchange Rates and Related Hedges

The Group currently operates mainly in Africa, South East Asia and Mainland China including Hong Kong.

For operations in Africa, most of the transactions are denominated in US\$, KES and Nigerian Naira ("NGN"). The exchange rates of KES and NGN against HK\$ have increased by 20% and decreased by 42% respectively during the year ended 31 December 2025. No financial instrument was used for hedging purposes for the year due to the prohibitive cost of available hedging opportunities. The Group is closely monitoring the currency exchange risk of KES and NGN and will consider the use of financial instrument for hedging purposes, if necessary.

For operations in South East Asia, majority of the transactions are denominated in US\$ while only some of the operating expenses are denominated in the respective local currency such as Burmese Kyat ("MMK"), Cambodian Riel ("KHR"), Bangladeshi Taka ("BDT") and Lao Kip ("LAK"). The Group manages its currency exchange risk of the above currencies by close monitoring the fluctuation in exchange rates on MMK, KHR, BDT and LAK.

For operations in Mainland China, most of the transactions are denominated in RMB. The conversion of RMB into foreign currencies is subject to the rules and regulations of the foreign exchange controls promulgated by the Chinese government. No financial instrument was used for hedging purposes for the year. The Group is closely monitoring the currency exchange risk of RMB and is looking for any opportunities to mitigate the currency exchange risk of RMB.

For operations in Hong Kong, most of the transactions are denominated in HK\$ and US\$. The exchange rate of US\$ against HK\$ is relatively stable, and the related currency exchange risk is considered minimal.

Significant Investments Held and Material Acquisitions

The Group did not have any significant investments held nor there were any other material acquisitions or disposals of subsidiaries, associates or joint venture during the year ended 31 December 2025.

Charges on Assets

As at 31 December 2025 and 2024, the Group did not have any assets pledged to banks as securities for banking facilities.

Future Plans for Material Investments or Capital Assets and Capital Expenditure Commitments

As at 31 December 2025, the Group did not have any concrete future plans for material investments or capital assets and material capital expenditure commitments.

However, the Group always seeks for new investment opportunities in order to broaden the revenue base, improve the Group's profitability and enhance shareholders' value in long term.

Contingent Liabilities and Litigation Matters

- (i) The Group and Aircraft Engine Leasing Finance Inc. (the "**Claimant**") entered into a stock purchase agreement dated 15 December 2020 (the "**Purchase Agreement**") pursuant to which the Claimant acquired the entire interests in Maleth Aero Limited and its subsidiaries ("**Maleth**"), a former subsidiary of the Group, from Frontier Services Limited, a wholly-owned subsidiary of the Company. On the same date, the Group and the Claimant entered into a settlement agreement (the "**Settlement Agreement**") to regulate the repayment of certain sums advanced by the Group to Maleth in those years prior to the signing of the Purchase Agreement. As of the date of this announcement, no sums have been repaid under the Settlement Agreement by Maleth.

On 4 November 2021, counsel for the Claimant wrote to the Group with a demand for indemnification, followed by several more indemnification demands notified on 2 December 2021, arising from the Purchase Agreement between the Claimant and the Group (the "**Indemnification Demands**"). The Indemnification Demands totaled approximately US\$5,800,000 (equivalent to HK\$45,500,000).

The Group has taken the view that the Indemnification Demands are untrue, unfounded and/or unsustainable; that no payments are due to the Claimant, and that the Indemnification Demands were made in order to forestall the payment of sums owed to the Group under the Settlement Agreement.

On 30 December 2022, the Group filed a civil lawsuit and an arbitration claim with the Civil Court of Malta and, following that, filed a separate notice of claim with the Malta Arbitration Centre, making contractual, tortious and equitable claims against the Claimant in an amount exceeding €10,000,000 (equivalent to HK\$83,300,000) (the "**FSG Claims**"). The FSG Claims are based on specific and documented breaches of the Claimant's obligations under the Purchase Agreement, the Settlement Agreement and applicable law.

The first hearing of the Malta Arbitration Centre was held on 31 January 2023, at which administrative and scheduling matters were discussed between the parties and the Malta Arbitration Centre. There has no further substantive update or progress since the first hearing and no conclusion has been reached yet as at 31 December 2025.

The Board of the Company, with the assistance of legal advisor, is of the opinion that the Group has reasonable grounds to its defense against the Indemnification Demands from the Claimant and that it is not probable, despite there remains a possibility, that the Group will incur damages resulting from the Indemnification Demands as at the date of these consolidated financial statements. Also, the Group has a reasonable and legally supported claim for specific performance and for the payment of substantial damages arising from a series of related contractual breaches, tortious actions, and potentially fraudulent conduct.

- (ii) During the year ended 31 December 2023, it was noted that a customer (the “**SH Claimant**”) of Frontier Logistics (Shanghai) Company Limited (“**SH Logistics**”), an indirectly wholly-owned subsidiary of the Company, filed a claim against it for an amount of RMB28,700,000 (equivalent to HK\$31,800,000) in relation to a logistic service contract conducted in 2021 (the “**SH Claims**”). At the same time, SH Logistics also filed a counterclaim against that customer for the outstanding amount due by that customer to the Group of RMB11,400,000 (equivalent to HK\$12,700,000) (the “**SH Counterclaims**”) on services rendered. Both claims were handled by Shanghai Maritime Affairs Court (the “**Maritime Court**”).

On 25 January 2024, the Maritime Court decided to combine the two claims together for consideration on that date. On 22 February and 10 April 2024, the first and the second hearing of the SH Claims were conducted.

On 20 November 2024, SH Logistics engaged another legal adviser (the “**Second Legal Advisor**”) to review both claims based on further information and evidence exchanged at the Second Hearing. The Second Legal Advisor considered that the initial settlement plan proposed by the judge at the Maritime Court were unfair. The settlement amount proposed by the Second Legal Advisor to SH Logistics should be limited to RMB4,500,000 (equivalent to HK\$4,956,000) because SH Logistics should have sufficient and reasonable ground to defend against those claims from the SH Claimant.

On 31 July 2025, SH Logistics has received an initial conclusion issued by the Maritime Court, pursuant to which SH Logistics is required to compensate the SH Claimant a sum of approximately RMB18,592,000 (equivalent to HK\$20,584,000). Such amount may be partially set off against the accounts receivable due from the SH Claimant to SH Logistics in the amount of approximately RMB10,383,000 (equivalent to HK\$11,497,000). After such set-off, SH Logistics is obligated to make a settlement payment of approximately RMB8,209,000 (equivalent to HK\$9,087,000) to the SH Claimant. After taking into account the provisions previously set aside, a further loss of approximately RMB14,092,000 (equivalent to HK\$15,399,000) is charged to the consolidated financial statements of the Group during the year ended 31 December 2025. With the assistance of the Second Legal Advisor, on 20 August 2025, management of SH Logistics had filed an appeal to the Shanghai High People’s Court against the initial decision and conclusion made by the judge at the Maritime Court. Subsequent to 31 December 2025, the Shanghai High People’s Court has lodged a judgment that the conclusion remained unchanged.

- (iii) During the year ended 31 December 2025, two of the Group’s subsidiaries in Kenya received additional tax assessments from the Kenya Revenue Authority with a total assessed amount of KES176,281,000 (approximately HK\$10,362,000). The Group has applied appeals in respect of these additional assessments. By reference to tax advisors’ inputs and management’s assessment, the board of directors of the Company are of the opinion that they have strong grounds for defense against the additional claimed amounts. As a result, no provision has been recognised (2024: Nil).

Save as disclosed above, the Group did not have any other significant contingent liabilities as at 31 December 2025 and 2024.

Subsequent Events

Except for as disclosed above, there are no material subsequent events undertaken by the Company or by the Group after 31 December 2025 and up to the date of this announcement.

Supplementary Information

On 12 June 2023, the Bureau of Industry and Security of the United States Department of Commerce (“**Bureau**”) added the Company to the export control list (the “**Entity List**”) for allegedly providing training to Chinese military pilots utilising Western and NATO resources, an action purportedly contrary to the United States’ national security and foreign policy objectives. In response, on the same date, the Board published a clarification announcement firmly denying any involvement in the alleged activities. The Board emphasised that the Company has neither engaged in such activities nor been approached by the Bureau regarding these allegations.

The Group’s principal operations are entirely unrelated to the accused activities, and its business is geographically confined to Africa, China (including Hong Kong), South-East Asia and the Middle-East, with no commercial presence in the United States.

A lawyer and a professional advisor have been engaged by the Company to address the matter with the Bureau since the occurrence of these accusations. On September 16, 2024, the lawyer submitted a petition for removal (the “**Petition**”) following the examination conducted by the professional advisor. The Company found no basis for the stated allegations and reported the same to the Bureau as part of the Petition. The Company has not yet received a response from the Bureau regarding the Petition and the request to remove the Company from the Entity List after repeated attempts to contact the Bureau.

As at 31 December 2025, the Company continues to retain legal and professional advisors for the resolution of the matter and has appointed an in-house compliance officer to further strengthen its compliance framework.

On 2 March 2026, the Company decided to file a complaint to the United States District Court for the District of Columbia against the Bureau in view of no responses are received from the Bureau after several attempts asking for response. The request for removal by the Company has been pending for more than two and a half years and the Company has not provided with any guidance and whether or when the Bureau will render a decision over the Company’s request.

DIVIDENDS

The Board does not recommend any dividend payment for the year ended 31 December 2025 (2024: Nil).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

The Company has not redeemed any of its listed securities during the year ended 31 December 2025. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company’s listed securities during the year ended 31 December 2025. The Company did not hold any treasury shares during the year ended 31 December 2025.

CORPORATE GOVERNANCE

Throughout the year ended 31 December 2025, the Board of the Company has reviewed the Group’s corporate governance practices and is satisfied that the Company has complied with all applicable code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules to regulate the directors’ securities transactions. Having made specific enquiry of all the Directors of the Company, the Company confirms that all Directors have complied with the Model Code regarding directors’ securities transactions throughout their tenure during the year ended 31 December 2025.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group’s consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in the preliminary announcement have been agreed by the Group’s auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This announcement is published on the Hong Kong Exchanges and Clearing Limited’s website (“**HKExnews website**”) at www.hkexnews.hk and the Company’s website at www.fsgroup.com. The 2025 annual report of the Company containing all the information required by Appendix 16 of the Listing Rules will be dispatched to the shareholders of the Company and published on the HKExnews website and the Company’s website in due course.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors, namely Mr. Yap Fat Suan, Henry, Mr. Cui Ligu and Mr. Hooi Hing Lee. Mr. Yap Fat Suan, Henry is the chairman of the Audit Committee. The Audit Committee has adopted the terms of reference which are in line with the CG Code. The Group’s consolidated financial statements for the year ended 31 December 2025 have been reviewed by the Audit Committee.

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

Hong Kong, 31 March 2026

At the date of this announcement, the Board of the Company comprises the non-executive director of Mr. Chang Zhenming (Chairman), Mr. Chan Kai Kong, Mr. Yang Feng, and Ms. Ye Ying; the executive directors of Mr. Ko Chun Shun, Johnson (Deputy Chairman) and Mr. Zhang Yi (Chief Executive Officer); and the independent non-executive directors of Mr. Yap Fat Suan, Henry, Mr. Hooi Hing Lee and Mr. Cui Ligu.