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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](http://www.fsgroup.com)      [www.irasia.com/listco/hk/frontier](http://www.irasia.com/listco/hk/frontier)

**(Stock Code: 00500)**

**FINAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 2020, together with the comparative figure for the year ended 31 December 2019. The final results of the Group have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

\* *For identification purposes only*

## CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2020

		2020	2019
	Note	HK\$'000	HK\$'000
Revenue from contracts with customers	3	605,246	725,920
Cost of direct materials and job expenses		(152,467)	(200,120)
Cost of aircraft management services		(81,520)	(97,689)
Data costs		(5,907)	(5,999)
Employee benefit expenses		(238,984)	(240,896)
Sub-contracting charges		(166,942)	(268,622)
Rental expenses	6	(12,692)	(17,606)
Repair and maintenance costs		(21,694)	(17,759)
Depreciation and amortisation	6	(53,569)	(56,460)
Loss on disposal of subsidiaries	11	(486)	—
Other income and other gains, net	6	4,263	6,947
Other operating expenses	6	(72,105)	(118,323)
Provision for impairment of property, plant and equipment and assets held-for-sale		—	(64,509)
Impairment losses on financial assets		(14,266)	(14,286)
Operating loss		(211,123)	(369,402)
Interest income		3,702	12,045
Finance costs	4	(19,485)	(10,360)
Share of losses of associates and a joint venture, net		(2,478)	(3,760)
Provision for impairment of interest in an associate		(8,693)	—
Loss before income tax		(238,077)	(371,477)
Income tax credit	5	9,491	14,730
<b>LOSS FOR THE YEAR</b>	6	<b>(228,586)</b>	<b>(356,747)</b>
Attributable to:			
Equity holders of the Company		(228,029)	(354,793)
Non-controlling interests		(557)	(1,954)
		<b>(228,586)</b>	<b>(356,747)</b>
<b>LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>			
Basic and diluted loss per share	7	<b>(9.72) cents</b>	<b>(15.13) cents</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>LOSS FOR THE YEAR</b>	<b>(228,586)</b>	<b>(356,747)</b>
<b>Other comprehensive income/(loss)</b>		
Items that have been reclassified or may be subsequently reclassified to profit or loss		
— Foreign exchange differences	3,275	(3,330)
— Release of exchange reserve upon disposal of subsidiaries	<u>1,591</u>	<u>—</u>
Other comprehensive income/(loss) for the year, net of tax	<u>4,866</u>	<u>(3,330)</u>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>	<b><u>(223,720)</u></b>	<b><u>(360,077)</u></b>
Attributable to:		
Equity holders of the Company	(223,141)	(358,039)
Non-controlling interests	<u>(579)</u>	<u>(2,038)</u>
	<b><u>(223,720)</u></b>	<b><u>(360,077)</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	<i>Note</i>	<b>2020</b> <b>HK\$'000</b>	2019 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		75,929	85,987
Right-of-use assets		144,421	157,205
Goodwill and other intangibles		7,646	14,407
Interests in associates		39,401	53,885
Interest in a joint venture		983	—
Deferred income tax assets		17,635	9,380
Non-current prepayments		54,917	54,156
Financial assets at fair value through other comprehensive income		<u>4</u>	<u>4</u>
Total non-current assets		<u>340,936</u>	<u>375,024</u>
<b>CURRENT ASSETS</b>			
Inventories		3,216	5,183
Trade and bills receivables	9	155,460	251,587
Prepayments, deposits and other receivables		110,485	118,584
Tax receivables		1,041	1,307
Restricted cash		—	7,090
Pledged bank deposits		—	104,936
Cash and cash equivalents		<u>318,681</u>	<u>353,503</u>
		<b>588,883</b>	842,190
Assets held-for-sale		<u>10,099</u>	<u>6,209</u>
Total current assets		<u>598,982</u>	<u>848,399</u>
Total assets		<u>939,918</u>	<u>1,223,423</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)***As at 31 December 2020*

	<i>Note</i>	<b>2020</b> <b>HK\$'000</b>	2019 HK\$'000
<b>CURRENT LIABILITIES</b>			
Trade payables	<i>10</i>	<b>60,223</b>	81,305
Other payables and accruals		<b>91,012</b>	138,116
Contract liabilities		<b>4,725</b>	10,888
Borrowings		<b>18,443</b>	4,512
Lease liabilities		<b>54,584</b>	63,397
Tax payables		<b>103</b>	883
		<hr/>	<hr/>
Total current liabilities		<b>229,090</b>	299,101
		<hr/>	<hr/>
Net current assets		<b>369,892</b>	549,298
		<hr/>	<hr/>
Total assets less current liabilities		<b>710,828</b>	924,322
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		<b>51,436</b>	48,267
Deferred income tax liabilities		<b>32,708</b>	32,442
		<hr/>	<hr/>
Total non-current liabilities		<b>84,144</b>	80,709
		<hr/>	<hr/>
Total liabilities		<b>313,234</b>	379,810
		<hr/>	<hr/>
Net assets		<b>626,684</b>	843,613
		<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>			
Equity attributable to the Company's equity holders			
Share capital		<b>234,482</b>	234,482
Reserves		<b>274,184</b>	484,256
		<hr/>	<hr/>
		<b>508,666</b>	718,738
Non-controlling interests		<b>118,018</b>	124,875
		<hr/>	<hr/>
Total equity		<b>626,684</b>	843,613
		<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 2020 have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), a collective term 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 2020 have been prepared on a historical cost basis, except for (i) certain financial assets and liabilities, which are carried at fair value and (ii) the assets held-for-sale which are measured at fair value less costs to sell.

### 1.2 IMPACT OF NEW, AMENDED AND REVISED HKFRSs

In the current year, the Group has adopted all the following standards, amendments and interpretation for the first time for the accounting period beginning on 1 January 2020:

Amendments to HKFRS 3	Definition of a Business
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Interest Rate Benchmark Reform — Phase 1

The adoption of these standards does not have any material impact on the Group’s consolidated financial statements for the year ended 31 December 2020.

The following new and amended HKFRSs have been issued, but are not effective for the Group's accounting period beginning on 1 January 2020 and have not been adopted early:

		<b>Effective for accounting periods beginning on or after</b>
Amendments to HKFRS 16	COVID-19 Related Rent Concession	1 June 2020
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2	1 January 2021
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37	Onerous Contracts — Costs of Fulfilling a Contract	1 January 2022
Annual Improvements to HKFRS Standards 2018-2020 Cycle	Amendments to HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41	1 January 2022
Amendments to Accounting Guideline 5	Merger Accounting for Common Control Combinations	1 January 2022
HKFRS 17 and Amendments to HKFRS 17	Insurance Contracts	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to Hong Kong Interpretation 5	Classification by the Borrower of a Term Loan That Contains a Repayment on Demand Clause	1 January 2023
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 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 performance and the financial position under each operating segments are summarised as follows:

- (i) Aviation and Logistics Business (“**AL Business**”) — Provision of aviation and logistics related services;
- (ii) Security, Insurance and Infrastructure Business (“**SII Business**”) — Provision of security, insurance and infrastructure related services; and
- (iii) Financial Market Information Business (“**FMI Business**”) — Provision of online financial market information.

Others include corporate income and expenses and others.

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



An analysis of the Group's revenue, results and certain assets, liabilities and expenditure information for the year ended 31 December 2020 by operating segments is as follows:

	<b>AL</b> <b>Business</b> <b>HK\$'000</b>	<b>SII</b> <b>Business</b> <b>HK\$'000</b>	<b>FMI</b> <b>Business</b> <b>HK\$'000</b>	<b>Others</b> <b>HK\$'000</b>	<b>Total</b> <b>HK\$'000</b>
Revenue from contracts with customers (from external customers)	<u>510,443</u>	<u>80,120</u>	<u>14,480</u>	<u>203</u>	<u>605,246</u>
Depreciation	44,098	3,387	555	3,840	51,880
Amortisation	1,604	85	—	—	1,689
Impairment losses on financial assets	<u>14,232</u>	<u>—</u>	<u>34</u>	<u>—</u>	<u>14,266</u>
Operating loss	<u>(59,090)</u>	<u>(38,368)</u>	<u>(292)</u>	<u>(113,373)</u>	(211,123)
Interest income					3,702
Finance costs					(19,485)
Share of losses of associates and a joint venture, net					(2,478)
Provision for impairment of interest in an associate					<u>(8,693)</u>
Loss before income tax					(238,077)
Income tax credit					<u>9,491</u>
Loss for the year					<u>(228,586)</u>
Total assets	<u>522,934</u>	<u>122,387</u>	<u>3,453</u>	<u>291,144</u>	<u>939,918</u>
Total assets include:					
Interests in associates	—	37,458	—	1,943	39,401
Interest in a joint venture	<u>—</u>	<u>—</u>	<u>—</u>	<u>983</u>	<u>983</u>
Total liabilities	<u>197,044</u>	<u>48,037</u>	<u>6,914</u>	<u>61,239</u>	<u>313,234</u>
Capital expenditure	<u>14,920</u>	<u>5,009</u>	<u>13</u>	<u>3,249</u>	<u>23,191</u>

An analysis of the Group's revenue, results and certain assets, liabilities and expenditure information for the year ended 31 December 2019 by operating segments is as follows:

	AL Business HK\$'000	SII Business HK\$'000	FMI Business HK\$'000	Others HK\$'000	Total HK\$'000
Revenue from contracts with customers (from external customers)	<u>682,497</u>	<u>27,463</u>	<u>15,960</u>	<u>—</u>	<u>725,920</u>
Depreciation	49,950	4,163	556	172	54,841
Amortisation	1,605	14	—	—	1,619
Provision for impairment of property, plant and equipment and assets held-for-sale	64,509	—	—	—	64,509
Impairment losses on financial assets	<u>14,286</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>14,286</u>
Operating loss	<u>(178,139)</u>	<u>(86,094)</u>	<u>(778)</u>	<u>(104,391)</u>	<u>(369,402)</u>
Interest income					12,045
Finance costs					(10,360)
Share of losses of associates					<u>(3,760)</u>
Loss before income tax					(371,477)
Income tax credit					<u>14,730</u>
Loss for the year					<u>(356,747)</u>
Total assets	<u>650,371</u>	<u>175,880</u>	<u>2,524</u>	<u>394,648</u>	<u>1,223,423</u>
Total assets include:					
Interests in associates	<u>—</u>	<u>52,059</u>	<u>—</u>	<u>1,826</u>	<u>53,885</u>
Total liabilities	<u>285,710</u>	<u>64,024</u>	<u>6,230</u>	<u>23,846</u>	<u>379,810</u>
Capital expenditure	<u>14,773</u>	<u>8,139</u>	<u>53</u>	<u>1,661</u>	<u>24,626</u>

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

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Africa	<b>366,738</b>	462,903
Europe	<b>104,364</b>	115,375
The People's Republic of China ("PRC")		
— Mainland China	<b>69,987</b>	102,494
— Hong Kong	<b>12,063</b>	33,910
South East Asia and Middle-East	<b>52,094</b>	11,238
	<b>605,246</b>	725,920

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

	Operating segment	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Customer A	AL business	<b>78,588</b>	186,954

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

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Africa	<b>241,526</b>	270,699
Europe	<b>28,803</b>	40,941
The PRC		
— Mainland China	<b>17,907</b>	20,523
— Hong Kong	<b>5,252</b>	4,651
South East Asia and Middle-East	<b>29,809</b>	28,826
	<b>323,297</b>	365,640

### 3 REVENUE FROM CONTRACTS WITH CUSTOMERS

An analysis of revenue is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue from provision of aviation and logistics services	510,443	682,497
Revenue from provision of security, insurance and infrastructure services	80,120	27,463
Revenue from provision of online financial market information	14,480	15,960
Others	203	—
	<u>605,246</u>	<u>725,920</u>

Disaggregation of revenue from contracts with customers:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Timing of revenue recognition		
At a point in time	492,497	669,540
Over time	112,749	56,380
	<u>605,246</u>	<u>725,920</u>
Revenue (from external customers)	<u>605,246</u>	<u>725,920</u>

### 4 FINANCE COSTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interests on:		
Bank and other loans	1,893	944
Lease Liabilities	15,494	7,566
Financing arrangement fee	771	1,916
Net exchange loss/(gain) on borrowings	1,327	(66)
	<u>19,485</u>	<u>10,360</u>

## 5 INCOME TAX CREDIT

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current income tax		
— Outside Hong Kong		
— Provision for the year	(29)	(79)
— Adjustment in respect of prior years	<u>210</u>	<u>(201)</u>
	<b>181</b>	(280)
Deferred income tax		
— Outside Hong Kong	<u>9,310</u>	<u>15,010</u>
	<u><b>9,491</b></u>	<u>14,730</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.

No provision for Hong Kong profit tax has been provided because the Group did not generate any assessable profits in Hong Kong during the year.

## 6 LOSS FOR THE YEAR

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>(a) Rental expenses</b>		
Rentals on land and buildings	7,150	14,029
Rentals on equipment	4,809	3,177
Rentals on motor vehicle	733	400
	<u>12,692</u>	<u>17,606</u>
<b>(b) Depreciation and amortisation</b>		
Depreciation of right-of-use assets	33,483	32,868
Depreciation of property, plant and equipment	18,397	21,973
Amortisation of other intangibles	1,689	1,619
	<u>53,569</u>	<u>56,460</u>
<b>(c) Other operating expenses</b>		
Professional and consultancy fee	11,085	16,410
Travelling expenses	7,789	17,563
Net exchange losses	3,738	12,267
Auditor's remuneration		
Audit services	2,800	3,080
Non-audit services	—	395
Provision for inventories	1,032	1,456
Write-off of purchase option in an associate	—	3,907
Others	45,661	63,245
	<u>72,105</u>	<u>118,323</u>
<b>(d) Other income and other gains, net</b>		
Warehouse income	(2,344)	(4,512)
Write-back of other payables	—	(798)
Net loss/(gain) on disposal of property, plant and equipment	768	(1,048)
Others	(2,687)	(589)
	<u>(4,263)</u>	<u>(6,947)</u>

## 7 LOSS PER SHARE

The calculation of the basic loss per share for the year 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 the year.

The basic and diluted loss per share for the year ended 31 December 2020 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 and the exercise of the outstanding share options, during the year was anti-dilutive.

The weighted average number of ordinary shares in issue during the both years were the number of ordinary shares in issue.

During both years, there were no new ordinary shares issued under the share option schemes.

	2020	2019
Weighted average number of ordinary shares in issue	<u>2,344,818,660</u>	<u>2,344,818,660</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Group's loss attributable to the equity holders of the Company	<u>(228,029)</u>	<u>(354,793)</u>

## 8 DIVIDENDS

The Board of the Company does not recommend the payment of any dividend for the year ended 31 December 2020 (2019: Nil).

## 9 TRADE AND BILLS RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables from contracts with customers	147,170	265,469
Bills receivable	24,927	—
Less: loss allowance	<u>(16,637)</u>	<u>(13,882)</u>
	<b><u>155,460</u></b>	<b><u>251,587</u></b>

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 1 month	55,809	73,576
1 – 2 months	33,154	28,048
2 – 3 months	6,814	11,934
Over 3 months	<u>51,393</u>	<u>151,911</u>
	<b><u>147,170</u></b>	<b><u>265,469</u></b>

As at 31 December 2020, aging analysis of bills receivable based on the bills receiving date is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 1 month	2,970	—
1 – 2 months	7,129	—
2 – 3 months	3,922	—
Over 3 months	<u>10,906</u>	<u>—</u>
	<b><u>24,927</u></b>	<b><u>—</u></b>

The fair value of trade and bills 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:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 1 month	32,409	38,330
1-2 months	14,134	10,967
2-3 months	4,908	6,059
Over 3 months	8,772	25,949
	<u>60,223</u>	<u>81,305</u>

The fair value of trade payables approximates its carrying amount.

## 11 DISPOSAL OF SUBSIDIARIES

During the year ended 31 December 2019 and up to 15 December 2020, the Group owned 51% equity interest in Maleth Aero Limited (“**Maleth**”) and its subsidiaries (together, the “**Maleth Group**”) through its wholly-owned subsidiary, Frontier Services Limited (“**FSL**”). Maleth Group was principally engaged in the provision of aircraft management services and insurance, maintenance, charter and regulatory-related services to owners and operators of private and commercial aircraft registered in Malta and other countries.

On 15 December 2020, FSL entered into a stock purchase agreement (the “**Agreement**”) with Aircraft Engine Lease Finance Inc. (the “**Maleth Purchaser**”), pursuant to which FSL agreed to sell and the Maleth Purchaser agreed to acquire approximately 51% equity interest in Maleth Group for an aggregate cash consideration of US\$1,050,000 (equivalent to HK\$8,142,000). The transaction was completed on 15 December 2020. Upon the completion, Maleth Group ceased to be subsidiaries of the Group. The disposal resulted in a loss on disposal of subsidiaries of HK\$486,000.

Pursuant to the Agreement, the right to purchase the remaining 49% equity interest in Maleth Group at an option price ranging between EUR1,000,000 (equivalent to approximately HK\$9,501,000) and EUR10,000,000 (equivalent to approximately HK\$95,005,000) effective from 6 July 2020 onward attached to the symmetrical put and call option agreement entered into between FSL and the non-controlling interests of Maleth Group on 3 February 2016 was also terminated on 15 December 2020. The respective liability previously recorded in other payables in the consolidated statement of financial position was derecognised and credited to the equity instrument reserve.

Financial information relating to the Maleth Group for the period from 1 January 2020 to the date of disposal is set out below:

*(a) Financial performance*

	<b>From 1 January 2020 to 15 December 2020 HK\$'000</b>	2019 HK\$'000
Revenue	104,364	115,375
Other income	1,715	1,605
Expenses	<u>(108,605)</u>	<u>(123,587)</u>
Loss before income tax	(2,526)	(6,607)
Income tax expense	<u>235</u>	<u>2,215</u>
Loss after income tax	<u><u>(2,291)</u></u>	<u><u>(4,392)</u></u>

*(b) Details of the disposal of subsidiaries*

	<b>2020 HK\$'000</b>
Consideration received	8,142
Carrying amount of net assets sold	(13,360)
Derecognition of non-controlling interests	6,323
Release of foreign currency translation reserve	<u>(1,591)</u>
Loss on disposal	<u><u>(486)</u></u>

The carrying amounts of assets and liabilities as at the date of disposal (15 December 2020) were:

	<b>2020</b> <b><i>HK\$'000</i></b>
Property, plant and equipment	<b>904</b>
Goodwill and other intangible assets	<b>5,071</b>
Trade receivables	<b>61,608</b>
Cash and cash equivalents	<b>6,508</b>
Other assets	<b>22,028</b>
	<hr/>
Total assets	<b>96,119</b>
	<hr/> <hr/>
Trade and other payables	<b>65,505</b>
Other liabilities	<b>17,254</b>
	<hr/>
Total liabilities	<b>82,759</b>
	<hr/> <hr/>
Net assets	<b>13,360</b>
	<hr/> <hr/>

## MANAGEMENT DISCUSSION AND ANALYSIS

### REVIEW OF RESULTS

#### Overall Performance

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue from contracts with customers	<b>605,246</b>	725,920
Cost of direct materials and job expenses	<b>(152,467)</b>	(200,120)
Cost of aircraft management services	<b>(81,520)</b>	(97,689)
Data costs	<b>(5,907)</b>	(5,999)
Employee benefit expenses	<b>(238,984)</b>	(240,896)
Sub-contracting charges	<b>(166,942)</b>	(268,622)
Rental expenses	<b>(12,692)</b>	(17,606)
Repair and maintenance costs	<b>(21,694)</b>	(17,759)
Depreciation and amortisation	<b>(53,569)</b>	(56,460)
Loss on disposal of subsidiaries	<b>(486)</b>	—
Other income and other gains, net	<b>4,263</b>	6,947
Other operating expenses	<b>(72,105)</b>	(118,323)
Provision for impairment of property, plant and equipment and assets held for sale	—	(64,509)
Impairment losses on financial assets	<b>(14,266)</b>	(14,286)
Operating loss	<b>(211,123)</b>	(369,402)
Interest income	<b>3,702</b>	12,045
Finance costs	<b>(19,485)</b>	(10,360)
Share of losses of associates and a joint venture, net	<b>(2,478)</b>	(3,760)
Provision for impairment of interest in an associate	<b>(8,693)</b>	—
Loss before income tax	<b>(238,077)</b>	(371,477)
Income tax credit	<b>9,491</b>	14,730
Loss for the year	<b><u>(228,586)</u></b>	<b><u>(356,747)</u></b>

During 2020, the operation of the Group was impacted by the COVID-19 pandemic. Despite our continuous commitments delivering to our customers, disruption to supply chains around the world, lockdowns, travel restrictions, project suspensions or delays were found everywhere. All these led to the shrinkage of the Group's operation. The Group reported a consolidated revenue of HK\$605,246,000 (2019: HK\$725,920,000) for the year ended 31 December 2020, representing a decrease of 17%. For the year ended 31 December 2020, the Group reported a loss of HK\$228,586,000 (2019: HK\$356,747,000). The decrease in loss was due to less impairment provision made in 2020. In 2019, the Group had made impairment provisions against the Group's property, plant and equipment of HK\$64,509,000 and some of the Group's financial assets of HK\$14,286,000, while in 2020, impairment provisions were only made against an interest in an associate of HK\$8,693,000 and some of the Group's financial assets of HK\$14,266,000. Throughout the year, cost cut measures were undertaken to better control the Group's operating costs.

### Financial Key Performance Indicators

	<b>Year ended 31 December</b>	
	<b>2020</b>	<b>2019</b>
Basic loss per share	<b><u>(9.72) cents</u></b>	<b><u>(15.13) cents</u></b>
	<b>As at 31 December</b>	
	<b>2020</b>	<b>2019</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Total assets	<b>939,918</b>	1,223,423
Shareholders' equity	<b>508,666</b>	718,738
Net asset value per share (excluding non-controlling interests)	<b>22 cents</b>	31 cents
Cash and bank balances	<b>318,681</b>	465,529
Current ratio	<b>2.61</b>	2.84
Total liabilities-to-total assets ratio	<b>0.33</b>	0.31
Price to book ratio	<b><u>2.90</u></b>	<b><u>2.28</u></b>

The reduction in total assets and cash and bank balances by HK\$283,505,000 and HK\$146,848,000 was mainly due to the net cash used in operating activities of HK\$159,107,000, the repayment of principal elements of lease liabilities of HK\$26,668,000, and the purchases of property, plant and equipment of HK\$14,801,000.

### Revenue from contracts with customers

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Aviation and logistics business	510,443	682,497
Security, insurance and infrastructure business	80,120	27,463
Financial market information business	14,480	15,960
Others	203	—
	<u>605,246</u>	<u>725,920</u>

The Group's revenue for the year ended 31 December 2020 reduced by 17%, which was mainly due to the reduction in revenue from (i) Transit Freight Forwarding (Pty) Ltd (“**TFF**”), a South African based warehouse and logistic company, whose revenue had dropped from HK\$353,895,000 in 2019 to HK\$202,981,000 in 2020; (ii) Frontier Logistics (Shanghai) Company Limited and Frontier Project Logistics Limited (“**SH Logistics**”), a China-based logistics business, whose revenue had also dropped from HK\$124,069,000 in 2019 to HK\$68,524,000 in 2020; and (iii) Maleth, a Malta based aircraft management services company, whose revenue had reduced from HK\$115,375,000 in 2019 to HK\$104,364,000 in 2020. Lockdowns across borders, restrictions on travelling, delay of projects of Chinese enterprises in overseas and suspension of production lines posed a significant impact to the Group's revenue on aviation and logistics business. This segment's revenue dropped by almost 25% when compared with the prior year.

Revenue from security, insurance and infrastructure business segment for the year ended 31 December 2020 reported a further growth. It has mainly resulted from those revenue generated from the provision of security services to entities for their projects in countries such as Myanmar, Cambodia, Laos, Nigeria and the Democratic Republic of the Congo (“**DRC**”).

TFF has remained as the major contributor of the Group's revenue, representing approximately 34% of the total revenue (2019: 49%). Its revenue dropped by 43% due to the utilisation rate of its warehouse capacity dropped significantly during the first and second quarters when the pandemic was hard-hit in South Africa by that time. For the year ended 31 December 2020, TFF's operating result was worsened because of the drop in freight rate and rental charge from warehousing. The continuous depreciation of Rand against Hong Kong dollar also had an impact. As a result, TFF reported a net loss of HK\$25,924,000 (2019: net profit of HK\$1,107,000).

SH Logistics also recorded a decline in revenue of 45% because of the slowdown or the suspension of infrastructure projects for Chinese entities in overseas. During the year, SH Logistics managed to improve its gross profit margin and lower its loss by focusing on those projects which were in line with the Group's strategy.

Maleth reported a decline in revenue by 10% during 2020 mainly due to the fact that the number of aircraft available for Maleth's management reduced as a result of lockdowns and restrictions on travelling imposed in Europe during the outbreak of COVID-19. In order to enhance the utilisation rate of aircraft, more cargo carriers were conducted during the year for the delivery of medical equipment and goods to other countries in Europe such that the loss incurred by Maleth for 2020 could be kept at minimum. The Group had disposed of its 51% stake in Maleth to an independent third party in December 2020, further details of which are set out in note 11 of this announcement and under the heading "**Material Acquisition and Disposal of Subsidiaries and Associates**" below, as well as in the Company's announcement dated 15 December 2020.

Phoenix Aviation Limited ("**PAL**"), a Kenyan aviation company based in Nairobi, reported a significant improvement in revenue. Its revenue climbed up from HK\$37,766,000 in 2019 to HK\$87,760,000 in 2020, representing an increment of 132%. During 2020, the overall flying hours improved because of PAL's securing guaranteed revenue servicing contracts. In March 2020, the pandemic in Kenya resulted in restrictions on cross border flying, the grant of relief in May 2020 by the Civil Aviation Authority of Kenya had enabled PAL's operations to survive the difficult time. The establishment of air ambulance capacity by PAL provided additional synergies to its existing business. Flights specifically used for delivery of COVID-19 patients are in service. This provided additional source of revenue to PAL during 2020. As a result, not only the improvement in revenue, PAL also managed to report a net profit of HK\$2,394,000 in 2020 as compared to a recorded net loss of HK\$22,992,000 for 2019. The management of PAL will continue to use their best endeavour to improve the operating performance of PAL in 2021.

With continuous effort and resources put on developing other businesses in South East Asia and African countries, the performance of the Group's security, insurance and infrastructure business segment has gradually picked up in 2021, in particular, the security business. During 2020, the Group had rendered security services to Chinese entities and multinational companies, which covered Chinese entities in banking, mining and oil logistics sectors, in Hong Kong, Myanmar, Cambodia, Nigeria and DRC. Some security contracts that the Group had obtained cover a servicing period of one to two years, which can provide the Group with stable source of income in the near future. In 2020, the security business in the DRC reported a growth in revenue from HK\$5,857,000 in 2019 to HK\$44,344,000 in 2020 due to the fact that it has secured two sizable security contracts from Chinese mining companies.

Other than security, the Group's associated company, Global Pioneer Assurance S.A. (“GPA”), an insurance company jointly set up between the Group and other investors in the DRC, had commenced its operation in March 2020. GPA almost managed to achieve breakeven in 2020 and the Group expects this investment to bring in additional source of income to the Group in 2021.

### **Provision for Impairment Loss of Property, Plant and Equipment, and Interest in an Associated Company**

In 2020, the Group made an impairment provision of HK\$8,693,000 against its 47% equity interest in an associated company because of its continuous dissatisfactory business performance. That associated company was involved in the provision of security training in Beijing, China. Owing to the pandemic, most of the training courses were cancelled because of keeping social distancing. Impairment test against this associated company was carried out by comparing its carrying value with its recoverable amount as at 31 December 2020. The recoverable amount was determined by reference to the best available offer price provided by one of its existing equity holders of this associated company (the “ISDC Buyer”). On 8 December 2020, an equity repurchase agreement was entered into between the Group and the ISDC Buyer pursuant to which the Group agreed to sell its 47% equity interest in that associated company and to assign the outstanding loan due by that associated company to the Group to the ISDC Buyer at an aggregate consideration of RMB8,500,000 (equivalent to approximately HK\$10,099,000). Further details in relation to the disposal of 47% equity interest in this associated company are set out under the heading “**Material Acquisition and Disposal of Subsidiaries and Associates**”.

### **Assets Held-For-Sale**

As at 31 December 2020, the Group has reclassified its 47% equity interest in an associated company as assets held-for-sale, further details of which are set out under the heading “**Material Acquisitions and Disposal of Subsidiaries and Associates**” below.

In February 2020, the Group completed the disposal of three helicopters to an independent third party at a net consideration of US\$797,000 (equivalent to HK\$6,209,000). Provision for impairment loss of HK\$38,926,000 was made in the prior year to write down their carrying values to their recoverable amount. The recoverable amount of these three helicopters of HK\$6,209,000 was reclassified from non-current assets to assets held-for-sale as at 31 December 2019.

## **PROSPECTS**

Entering into 2021, the COVID-19 pandemic has not yet been under control around the world. However, the roll out of the COVID-19 vaccine in China and some other countries and extensive stimulus in other economies have driven a rebound in global economic activity. Hopefully, the number of people being vaccinated would be continuously increasing, people's activities, international business, trading activities, and overseas infrastructure projects are expected to gradually return to normal. Despite the fact that the global economy recovery is foreseeable, it is still difficult for us to predict how the recovery could look like and how long the globe has to take to get back to the situation before the pandemic and so for the Group's business development.



Recently, the political instability in Myanmar being caused by military coup would pose a threat to investors who have investments there. Fortunately, the Group's investment in Myanmar is very minimum but those projects such as energy and infrastructure being invested by foreign investors are now putting on hold or has been delayed. This might indirectly affect the development of the Group's businesses in Myanmar in the years to come.

Although COVID-related uncertainty remains, every team member of the Group stays focus and is still fighting hard toward the Group's missions in different parts of the world and serving the Group's customers to their satisfaction. With the Group's effort, resources and commitments putting on cultivating those new markets during the past two years in developing the Group's businesses in South East Asia and Africa, some of our business units start generating and delivering benefits to the Group. In the last quarter of 2020, we have successfully secured an engineering, procurement and construction contract with a government body in Laos and that contract will last for at least 2 years. At the same time, we successfully obtained a security servicing contract with a Chinese and Nigerian joint venture in Nigeria and the servicing period is at least two years. All these are our returns for our efforts contributed in the past. In 2020, one of the Group's principal subsidiaries, PAL, is also benefiting from high demands on medical evacuation services during these troubled times through the successful transformation from VIP chartering into the rendering of air ambulance or medevac services in Africa. We believe that our medevac capability in Africa is among the best and can grow further under the pandemic.

With the Group's unique business modelling and shareholding structure and our continued focuses put on developing our businesses along those economic corridors, the Group can gain much more new businesses in the near future. Together with our presences in different countries of different segments, the Group can grasp any opportunities in front of us provided that our management team stay focus and closely monitor the development, implement the most appropriate measures and to adopt to any required changes whenever necessary.

Under this stressful environment, this has presented a daunting challenge to the Group. All leaders and members of the Group as well as our frontline team members will continue to use their best efforts in identifying opportunities under such environment based on our established strategic layout, thereby realise their commitments owing to the Board and shareholders. In this regard, the Group remains optimistic that with the guidance and support from the Board, our excellent team can overcome every challenge and difficulty we encounter in order to attain our mission and vision. Implementing cost saving measure is one hand while getting more new wins is another, we believe that the Group will become much stronger and get out from the dark under these challenging times. We remain cautious for 2021.

## **EMPLOYEES**

The Group has developed its human resources policies and procedures based on performance and merit. 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 provides on-the-job training to its employees in addition to retirement benefit schemes and medical insurance. Employees are offered discretionary year-end bonus based on individual merit.

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible directors and employees of the Group to recognise their contribution to the success of the Group. The Company has not granted any share options under its share option scheme during the year ended 31 December 2020 (2019: 23,448,186 share options).

The Company also operates a share award scheme to recognise the contributions by certain employees and persons to the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group. The Company has not granted any share under its share award scheme during the year ended 31 December 2020 (2019: Nil).

The total number of employees of the Group as at 31 December 2020 was 1,125 (2019: 625).

## **FINANCIAL REVIEW**

### **Liquidity and Financial Resources**

As at 31 December 2020, the Group recorded total assets of HK\$939,918,000 (2019: HK\$1,223,423,000) which were financed by liabilities of HK\$313,234,000 (2019: HK\$379,810,000), non-controlling interests of HK\$118,018,000 (2019: HK\$124,875,000) and shareholders' equity of HK\$508,666,000 (2019: HK\$718,738,000). The Group's net asset value per share (excluding non-controlling interests) as at 31 December 2020 amounted to HK\$0.22 (2019: HK\$0.31) per share.

As at 31 December 2020, the Group's available cash and bank balances were HK\$318,681,000 (2019: HK\$465,529,000) with a total borrowings of HK\$124,463,000 (2019: HK\$116,176,000). The Group's total borrowings mainly represented lease liabilities for aircraft amounting to HK\$34,072,000 (2019: HK\$43,847,000), lease liabilities for properties, equipment and trailers amounting to HK\$71,948,000 (2019: HK\$67,817,000), bank loans amounting to HK\$18,443,000 (2019: bank loans amounting to HK\$4,172,000 and other loans amounting to HK\$340,000). As at 31 December 2020, the Group's borrowings were mainly denominated in Hong Kong dollars ("HK\$"), Renminbi ("RMB"), United States dollars ("US\$") and South Africa Rand ("ZAR"). Excluding the lease liabilities in relation to property leases, the repayment terms of the Group's borrowings are ranging from 1 to 4 years (2019: 1 to 4 years). The Group, therefore, managed to maintain a surplus net cash and bank position of HK\$194,218,000 (2019: HK\$349,353,000) (total available cash and bank balances minus total borrowings).

As at 31 December 2020, the gearing ratio (ratio of the sum of total borrowings to the total assets) was approximately 13.2% (2019: 9.5%).

In May 2018, net proceeds of HK\$830,567,000 were raised through a subscription of shares under general mandate, as detailed in the Company’s circular date 2 May 2018 (the “Circular”). Subsequent to the subscription and the announcement made in relation to the change of intended use of proceeds from the subscription of the Company on 24 March 2020, the intended use of net proceeds and actual usage up to 31 December 2020 are set out below:

	<b>Intended use of net proceeds set out in the Circular HK\$'000</b>	<b>Intended use of net proceeds after the change announced on 24 March 2020 HK\$'000</b>	<b>Actual use of net proceeds up to 31 December 2020 HK\$'000</b>	<b>Unutilised net proceeds as at 31 December 2020 HK\$'000</b>
Setting up businesses in Myanmar, Laos and Cambodia	130,000	130,000	65,925	64,075
Setting up businesses in Pakistan and Xinjiang, China	120,800	20,800	13,080	7,720
Expansion of businesses in Africa and Middle East	70,767	170,767	144,960	25,807
General working capital for the Group’s existing business	288,000	288,000	288,000	—
Working capital for establishment of new offices along Belt and Road regions	41,000	41,000	41,000	—
Repayment of the Group’s indebtedness	<u>180,000</u>	<u>180,000</u>	<u>180,000</u>	<u>—</u>
<b>Total</b>	<b><u>830,567</u></b>	<b><u>830,567</u></b>	<b><u>732,965</u></b>	<b><u>97,602</u></b>

The outbreak of COVID-19 has affected and disrupted the Group’s business development activities. The intended use of the unutilised net proceeds are expected to be utilised by 31 December 2021. The expected timeline for the intended use of the unutilised net proceeds, which is subject to further adjustments if required, is based on the best estimation of the Company taking into account, among others, the prevailing and future market conditions and business developments and needs.

## **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, US\$ and EUR. 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, Europe and Mainland China including Hong Kong.

For operations in Africa, most of the transactions are denominated in US\$, Kenyan Shillings (“**KES**”) and ZAR. The exchange rates of KES and ZAR against HK\$ have decreased by 7.6% and decreased by 4.4% respectively during the year ended 31 December 2020. 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 ZAR 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 Europe, most of the transactions are denominated in Euro (“**EUR**”) and US\$. The exchange rate of EUR against HK\$ has increased by 8.8% during the year ended 31 December 2020. No financial instrument was used for hedging purposes for the year. The Group is closely monitoring the currency exchange risk of EUR and will consider the use of financial instrument for hedging purposes, if necessary.

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.

## Material Acquisitions and Disposals of Subsidiaries and Associates

### *Disposal of 47% equity interest in Xinyang Liliang Security Consulting Company Limited (“ISDC”)*

On 8 December 2020, the Group entered into an equity repurchase agreement with ISDC Buyer for the disposal of 47% equity interest in ISDC and the assignment of loan due by ISDC to the Group to the ISDC Buyer at an aggregate consideration of RMB8,500,000 (equivalent to approximately HK\$10,099,000). The consideration for the ISDC disposal is to be settled by the ISDC Buyer in two instalments, out of which an amount of RMB5,500,000 is to be payable on 8 June 2021 and the remaining balance of RMB3,000,000 is to be payable on 8 December 2021. The completion of the disposal of ISDC and the assignment of loan to the ISDC Buyer is conditional upon these two instalments are to be received by the Group on schedule. As at 31 December 2020, the Group has reclassified its equity interests in ISDC as well as the loan to ISDC as assets held-for-sale. An impairment provision of HK\$8,693,000 was made against the Group’s interest in ISDC.

### *Disposal of 51% equity interest in Maleth*

On 15 December 2020, the Group entered into a stock purchase agreement with an independent third party (the “**Maleth Buyer**”) for the disposal of 51% equity interests in Maleth Aero Limited at a consideration of US\$1,050,000 (the “**Disposal**”). The consideration was determined after arm’s length negotiations between the Group and the Maleth Buyer by reference to the business performance and future prospect of Maleth. At the same time, the put and call option agreement dated 3 February 2016 entered into among the Group, MoB Holdings Limited and Mr. Michael O’Brien, Maleth Aero Limited and Maleth Aero AOC Limited in respect of the rights to purchase the 49% interests in Maleth Aero Limited and Maleth Aero AOC Limited held by MOB Holding Limited was terminated and cancelled (the “**Termination of Call Put Agreement**”). The Disposal constituted a discloseable transaction of the Company under Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange Hong Kong Limited (the “**Listing Rules**”) and the Termination of Call Put Agreement constituted a connected transaction under Chapter 14A of the Listing Rules. Further details of the Disposal and the Termination of Call Put Agreement are set out in the Company’s announcement dated 15 December 2020. The Disposal was completed on 15 December 2020 and resulted in a loss on disposal of HK\$486,000.

Other than the above mentioned, the Group did not have any material acquisitions or disposals of subsidiaries and associates during the year ended 31 December 2020.

## Charges on Assets

As at 31 December 2020, the Group had certain trade receivables of HK\$34,012,000 (2019: HK\$36,592,000) were pledged to banks as securities for banking facilities. As at 31 December 2020, the Group do not have any pledged bank deposit (2019: HK\$104,936,000).

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

On 3 December 2019, the Group entered into a shareholders' agreement with Rainbow Sea Limited (“RSL”), an indirect wholly-owned subsidiary of CITIC Capital Holdings Limited in relation to the establishment of a joint venture company, Frontier Strategic Resources Holding Ltd. (the “JV Company”). On the same date, the Group entered into a limited partnership agreement and the subscription agreement pursuant to which the Group and RSL shall commit to a contribution of US\$25,000,000 each to the investment fund (the “Fund”) managed by the JV Company and the JV Company's subsidiaries. Further details in relation to the Fund are set out in the Company's announcement dated 3 December 2019. As at 31 December 2020, the Group had capital expenditure commitment for investment in the fund of US\$24,711,640 (equivalent to HK\$191,614,000) (2019: US\$25,000,000 (equivalent to HK\$194,775,000)). In the opinion of the Company's Directors, no capital call is expected to be asked by the Fund in the next 12 months.

As at 31 December 2020, the Group also had a capital expenditure commitment for purchase of land-use-rights amounting to HK\$11,882,000 (2019: HK\$11,163,000). Subsequent to 31 December 2020, this amount has been paid out by the Group in full.

Apart from the aforesaid, the Group did not have any concrete future plans for material investments or capital assets and material capital expenditure commitments as at 31 December 2020.

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**

Save as disclosed under the heading “Charges on Assets”, the Group does not have material contingent liability as at 31 December 2020.

## **Subsequent Events**

There are no material subsequent events undertaken by the Company or by the Group after 31 December 2020 and up to the date of this announcement.

## **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 2020. 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 2020.



## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Throughout the year ended 31 December 2020, the Board of the Company has reviewed the Group's corporate governance practices and is satisfied that the Company has complied with the code provisions of the Corporate Governance Code and Corporate Governance Report (the "CG Code") from time to time, as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), except that not all the independent non-executive directors had attended the special general meeting of the Company in accordance with code provision A.6.7 due to their other engagements.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules to regulate the directors' securities transactions. Having made specific enquiry by the Company, all directors have confirmed that they have complied with the Model Code regarding directors' securities transactions throughout the year ended 31 December 2020.

## CHANGE OF DIRECTORS

On 23 June 2020, Mr. Cui Liguu was appointed as an independent non-executive Director. On 21 August 2020, Mr. Cui took up the positions as a member of the audit committee and remuneration committee of the Company, and the chairman of the nomination committee of the Company.

On 29 July 2020, Professor Lee Hau Leung resigned as an independent non-executive Director and all his positions in the audit committee, nomination committee and remuneration committee of the Company.

On 28 October 2020, Mr. Hooi Hing Lee was appointed as an independent non-executive Director.

On 28 February 2021, Mr. Chan Kai Kong was appointed as a non-executive Director, and on the same date Mr. Zhang Yichen resigned as a non-executive Director.

On 10 March 2021, Dr. Hua Dongyi resigned all his positions as an executive Director, the Chief Executive Officer, a member and the chairman of risk committee of the Company.

## INCREASE IN AUTHORISED SHARE CAPITAL

The authorised share capital of the Company has been increased from HK\$300,000,000 divided into 3,000,000,000 shares of HK\$0.10 each (the "Shares") to HK\$600,000,000 divided into 6,000,000,000 Shares by the creation of an additional 3,000,000,000 Shares, all of which will rank pari passu with all existing shares of the Company. The increase in authorised share capital was approved by the shareholders of the Company at the special general meeting of the Company by way of a special resolution on 17 September 2020.

## **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 2020 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 draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance 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](http://www.hkexnews.hk) and the Company's website at [www.fsgroup.com](http://www.fsgroup.com). The 2020 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, Dr. Harold O. Demuren and Mr. Cui Liguu. 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 final results for the year ended 31 December 2020 have been reviewed by the Audit Committee.

By Order of the Board  
**Frontier Services Group Limited**  
**Chang Zhenming**  
*Chairman*

Hong Kong, 30 March 2021

*At the date of this announcement, the Board of the Company comprises the non-executive directors of Mr. Chang Zhenming (Chairman), Mr. Fei Yiping and Mr. Chan Kai Kong; executive directors of Mr. Erik D. Prince (Deputy Chairman), 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, Dr. Harold O. Demuren, Mr. Hooi Hing Lee and Mr. Cui Liguu.*