THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular, you should consult a licensed securities dealer or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Frontier Services Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or other transferee or to the bank, licensed securities dealer or other agents through whom the sale or the transfer was effected for transmission to the purchaser or transferee.

FRONTIER SERVICES GROUP

FRONTIER SERVICES GROUP LIMITED

先豐服務集團有限公司 *

(incorporated in Bermuda with limited liability)

(Stock Code: 00500)

MAJOR TRANSACTION

INVESTMENT IN MALETH GROUP,

GRANT OF PUT AND CALL OPTIONS

AND

NOTICE OF SPECIAL GENERAL MEETING

A letter from the Board is set out on pages 6 to 25 of this circular.

A notice convening the SGM to be held at 10:00 a.m. on 8 April 2016, Friday at Suite 3902, 39/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong is set out on pages 92 to 94 of this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as practicable to the Hong Kong branch share registrar and transfer office of Frontier Services Group Limited, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong and in any event not later than 48 hours before the time of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM should you so wish.

18 March 2016

* *For identification purposes only*

CONTENTS

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

"Aero Shares"	ordinary shares of nominal value of EUR1.00 each in Maleth Aero
"Aero Subscription"	the subscription of 525,613 new Aero Shares by FSL pursuant to the terms of the Investment Agreement
"AOC"	Air Operator Certificate
"AOC Shares"	ordinary shares of nominal value of EUR1.00 each in Maleth AOC
"AOC Subscription"	the subscription of 40,000 new AOC Shares by MOB Holdings pursuant to the terms of the Investment Agreement
"Associate(s)"	has the meaning as ascribed to it in the Listing Rules
"Board"	the board of Directors
"Business"	the business of acting amongst others as an air service provider in terms of Regulation 1008/2008 EC (relating to common rules for the operation of air services in the EU) and the provision of services relating to the operation and management of aircraft, the carriage of passengers and cargo and related ancillary services
"Business Day"	a day (not being a Saturday, Sunday or gazette public holiday) on which banks are generally open for the conduct of banking business in Malta
"Call Option"	the option granted by MOB Holdings to FSL pursuant to the Put-Call Agreement which shall become effective at the Effective Date whereby FSL shall have the right to acquire from MOB Holdings all but not some of the Aero Shares and the AOC Shares held by it at the Option Price
"CHF"	Swiss Franc, being the lawful currency of Switzerland
"Company"	Frontier Services Group Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange

"Completion"	completion of the transactions contemplated under the Investment Agreement (including the Subscriptions) in accordance with the terms therein
"Completion Date"	being the date of Completion
"Connected Person(s)"	has the meaning as ascribed to it in the Listing Rules
"Director(s)"	the director(s) of the Company
"DKK"	Danish Krone, being the lawful currency of Denmark
"DRC"	the Democratic Republic of the Congo
"EBITDA"	earnings before interest, tax, depreciation and amortisation
"Effective Date"	such date following Completion when all of the documentation contemplated in the Investment Agreement is delivered for registration to the Registry of Companies of the Malta Financial Services Authority
"Enlarged Group"	the Group including the Maleth Group
"EU"	European Union
"EUR"	Euro, being the lawful currency of the EU
"Financial Year"	the financial year of Maleth Aero and Maleth AOC commencing on 1 July and ending on 30 June in any given year
"FSL"	Frontier Services Limited, a wholly-owned subsidiary of the Company
"GBP"	British Pounds, being the lawful currency of the United Kingdom
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong

"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Investment Agreement"	the investment agreement dated 3 February 2016 entered into among FSL, MOB Holdings, Maleth Aero and Maleth AOC in relation to the Subscriptions
"KIT"	Kazakhstani Tenge, being the lawful currency of the Kazakhstan
"Latest Practicable Date"	15 March 2016, being the latest practicable date prior to the printing of this circular for the purposes of ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Maleth Aero"	Maleth Aero Limited, a private limited liability company incorporated in Malta
"Maleth AOC"	Maleth Aero AOC Limited, a private limited liability company incorporated in Malta and a 99.96% owned subsidiary of Maleth Aero as at the date of this circular
"Maleth Group"	Maleth Aero and its subsidiary, Maleth AOC
"MOB Holdings"	MOB Holdings Limited, a company wholly owned and controlled by Mr. O'Brien
"Mr. O'Brien"	Michael O'Brien
"Option Price"	the option price as determined under the Put-Call Agreement and as set out under the section headed "Option Price" in this circular
"PAX"	number of passengers
"Put-Call Agreement"	the put and call option agreement entered into among FSL, MOB Holdings, Mr. O'Brien, Maleth Aero and Maleth AOC on 3 February 2016 in relation to the Put Option and the Call Option

"Put Option"	the option granted by FSL to MOB Holdings pursuant to the Put-Call Agreement which shall become effective at the Effective Date whereby MOB Holdings shall have the right to require FSL to purchase from it all but not some of the Aero Shares and the AOC Shares held by it at the Option Price
"SADC"	the Southern African Development Community, whose member states are: Angola, Botswana, DRC, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, United Republic of Tanzania, Zambia and Zimbabwe
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
"SGM"	the special general meeting of the Shareholders to be convened at 10:00 a.m. on 8 April 2016, Friday at Suite 3902, 39/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong for the purpose of allowing the Shareholders to consider and, if thought fit, approve the Investment Agreement and the transactions contemplated thereunder and the Put-Call Agreement including the Put Option as if it was exercised and FSL's acquisition of MOB Holdings' Aero Shares and AOC Shares following three years after the Trigger Date
"Share(s)"	the ordinary share(s) of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the issued Shares
"South Africa"	the Republic of South Africa
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Amount"	an amount equal to EUR1,001,871.79
"Subscriptions"	the Aero Subscription and the AOC Subscription
"TND"	Tunisian Dinar, being the lawful currency of Tunisia

"Transit Freight Coordinators Group"	collectively the entities operating the freight forwarding business acquired by the Group in November 2015, details of which were set out in the Company's announcement dated 14 August 2015 and circular dated 6 November 2015
"Trigger Date"	the date immediately after the lapse of four calendar years from the Effective Date
"USD"	United States dollars, being the lawful currency of the United States of America
"ZAR"	South African Rand, being the lawful currency of South Africa

For illustration purposes and unless otherwise stated, EUR is translated into HK$ at an exchange rate of EUR1.00 = HK$8.5675

FRONTIER SERVICES GROUP LIMITED
先豐服務集團有限公司 *

(incorporated in Bermuda with limited liability)

(Stock Code: 00500)

Executive Directors:
Mr. Erik D. Prince *(Chairman)*
Mr. Ko Chun Shun, Johnson *(Deputy Chairman)*
Mr. Luo Ning *(Deputy Chairman)*
Mr. Gregg H. Smith *(Chief Executive Officer)*
Mr. Hu Qinggang

Independent Non-executive Directors:
Mr. Yap Fat Suan, Henry
Professor Lee Hau Leung
Mr. William J. Fallon
Dr. Harold O. Demuren

Registered office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Principal place of business in Hong Kong:
Suite 3902, 39/F
Far East Finance Centre
16 Harcourt Road
Admiralty
Hong Kong

18 March 2016

To the Shareholders

Dear Sirs,

MAJOR TRANSACTION
INVESTMENT IN MALETH GROUP, GRANT OF PUT AND CALL OPTIONS AND NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

Reference is made to the announcement of the Company dated 3 February 2016.

On 3 February 2016 (after trading hours), (i) FSL (a wholly-owned subsidiary of the Company), MOB Holdings, Maleth Aero and Maleth AOC entered into the Investment Agreement, and (ii) FSL, MOB Holdings, Mr. O'Brien, Maleth Aero and Maleth AOC entered into the Put-Call Agreement in relation to the Group's investment in the Maleth Group.

* *For identification purposes only*

The transactions contemplated under the Investment Agreement and the Put-Call Agreement constitute a major transaction for the Company subject to Shareholders' approval under the Listing Rules. The purpose of this circular is to (i) provide you with further information on the Investment Agreement, the Put-Call Agreement and the Maleth Group; and (ii) seek approval from the Shareholders for the ordinary resolutions set out in the notice of the SGM on pages 92 to 94 of this circular.

THE INVESTMENT AGREEMENT

On 3 February 2016 (after trading hours), FSL entered into the Investment Agreement, the principal terms of which are set out below:

Date : 3 February 2016

Parties : (i) FSL;

(ii) MOB Holdings;

(iii) Maleth Aero; and

(iv) Maleth AOC.

As at the date of this circular, Maleth AOC is owned as to approximately 99.96% by Maleth Aero and approximately 0.04% by MOB Holdings, and Maleth Aero is wholly owned by MOB Holdings which in turn is wholly owned by Mr. O'Brien. MOB Holdings is an investment holding company while the principal activities of Maleth Aero and Maleth AOC are set out under the section headed "Information on the Maleth Group" in this circular. To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, other than the Group being a customer of the Maleth Group, Mr. O'Brien, MOB Holdings, Maleth Aero and Maleth AOC are third parties independent of the Company and its Connected Persons.

Subject matter : Pursuant to the Investment Agreement,

(i) FSL will subscribe for 525,613 new Aero Shares representing 51% of Maleth Aero's issued share capital at Completion (as enlarged by such new Aero Shares); and

(ii) MOB Holdings will subscribe for 40,000 new AOC Shares representing approximately 7.3% of Maleth AOC's issued share capital at Completion (as enlarged by such new AOC Shares). Upon Completion, MOB Holdings will hold in aggregate 40,200 AOC Shares (including the 200 AOC Shares currently held by MOB Holdings) representing approximately 7.4% of Maleth AOC's enlarged issued share capital.

Upon Completion, Maleth Aero will become an indirect 51% owned subsidiary of the Company and Maleth AOC will become an approximately 92.6% owned subsidiary of Maleth Aero.

Subscription price : FSL will subscribe for the new Aero Shares at an aggregate subscription price of EUR961,871.79 (equivalent to approximately HK$8.2 million) while MOB Holdings will subscribe for the new AOC Shares at an aggregate subscription price of EUR40,000 (equivalent to approximately HK$342,700). The subscription prices were determined after arm's length negotiation between Mr. O'Brien and FSL. In agreeing to the subscription prices, the Company has taken into account the consolidated net profit of the Maleth Group for the financial year ended 30 June 2015, the professional operational platform, future potential and current capabilities of the Maleth Group. Having considered the aforesaid factors, the Directors consider the subscription prices are fair and reasonable. The Subscription Amount is payable within four Business Days from the Completion Date and will be funded from the Group's internal financial resources.

Conditions precedent : Completion is conditional upon fulfillment (or waiver, where applicable) of the following conditions:

(a) receipt of any necessary third party, regulatory or governmental consents, approvals or licences;

(b) satisfactory completion of due diligence review of Maleth Aero and Maleth AOC by FSL (or its representatives) including but not limited to a review of financial, commercial and tax aspects and the results of such due diligence being to the satisfaction of FSL;

(c) the Company and FSL having received all necessary consents and approvals to the transactions including without limitation any necessary approvals from the Stock Exchange, and the approval of the Shareholders at the SGM;

(d) receipt by FSL of a legal opinion issued by FSL's Malta legal adviser outlining the satisfactory completion of all the necessary legal due diligence checks on both Maleth Aero and Maleth AOC and opining on certain regulatory, factual and corporate matters, which legal opinion shall be declared acceptable by FSL;

(e) execution of the necessary resolutions by Maleth Aero and Maleth AOC respectively covering all transactions contemplated under the Investment Agreement;

(f) adoption of the new memorandums and articles of association of Maleth Aero and Maleth AOC;

(g) execution of the Put-Call Agreement;

(h) the confirmation at Completion by Maleth Aero that Maleth AOC is in the possession of all current permits, licences and insurance cover required to conduct its Business;

(i) the compliance by Maleth AOC with all the conditions of the permits and licences issued to it;

(j) the representations and warranties in the Investment Agreement remaining true and accurate and not misleading in all material respects as at the Completion Date by reference to the facts, events and circumstances then existing; and

(k) there having occurred no material change in the Business, assets or financial condition of either Maleth Aero or Maleth AOC prior to the Completion Date.

FSL may waive any of the above conditions in its sole discretion provided such waiver is in compliance with all laws, regulations, directives, corporate actions, and listing requirements to which it is subject (including the Listing Rules). As at the Latest Practicable Date, conditions (a), (b), (d), (e), (g) and (i) above had been fulfilled.

Completion : Completion of the Subscriptions shall take place on the first Business Day falling five days after all of the above conditions precedent have been satisfied (or waived as applicable). Should Completion not occur by 30 June 2016, unless otherwise extended mutually by the parties, the terms of the Investment Agreement shall be deemed to be ineffective and none of the parties to the Investment Agreement shall be bound by any terms or undertakings in the Investment Agreement and any agreements, documents undertaking contemplated therein.

THE PUT-CALL AGREEMENT

As one of the conditions precedent to the Investment Agreement, FSL, MOB Holdings, Mr. O'Brien, Maleth Aero and Maleth AOC on 3 February 2016 entered into the Put-Call Agreement in relation to the granting of the Put Option and the Call Option, which Put-Call Agreement shall become effective at the Effective Date. The Put Option entitles MOB Holdings after the Trigger Date to require FSL to purchase all of the Aero Shares and the AOC Shares held by MOB Holdings at the Option Price while the Call Option entitles FSL after the Trigger Date to require MOB Holdings to sell all its Aero Shares and AOC Shares to FSL at the Option Price. Following three years after the Trigger Date, if MOB Holdings' Aero Shares and AOC Shares have not been sold and purchased, FSL shall be obliged to acquire the Aero Shares and the AOC Shares held by MOB Holdings and MOB Holdings shall be obliged to sell those shares at the Option Price.

FSL shall have the right to nominate any qualified person (irrespective of affiliation or relation to FSL) for the purposes of acting as acquirer of the Aero Shares and the AOC Shares under the terms of the Put-Call Agreement.

Upon the acquisition of the Aero Shares and the AOC Shares by FSL pursuant to the Put-Call Agreement, Maleth Aero and Maleth AOC will become wholly-owned subsidiaries of the Company, and unless otherwise agreed by FSL and Mr. O'Brien, Mr. O'Brien shall immediately resign from any position held with Maleth Aero and/or Maleth AOC (whether as director or otherwise as employee) and the parties agree that no compensation whatsoever shall be due to Mr. O'Brien pursuant to such resignation.

Option Price

The Option Price shall equal the higher of EUR1.0 million (equivalent to approximately HK$8.6 million) or 4.5 multiplied by the average consolidated EBITDA of Maleth Aero for the prior two Financial Years preceding the exercise of the Put Option or the Call Option (as the case may be) as determined in accordance with the audited financial statements of Maleth Aero and Maleth AOC for the prior two Financial Years. For the avoidance of doubt, the consolidated EBITDA of Maleth Aero shall consolidate the EBITDA of Maleth AOC. The Option Price shall be capped at EUR10.0 million (equivalent to approximately HK$85.7 million).

The Option Price was determined after arm's length negotiation between the parties having regard to the consolidated net profit of the Maleth Group for the financial year ended 30 June 2015, the professional operational platform, future potential and current capabilities of the Maleth Group.

Exercise Period

The Put Option and the Call Option can only be exercised after the lapse of four years from the Effective Date (i.e. the Trigger Date). Upon exercise, FSL shall be obliged to purchase (in the case of the exercise of the Put Option) and MOB Holdings shall be obliged to sell (in the case of the exercise of the Call Option) all the Aero Shares and the AOC Shares held by MOB Holdings within 60 Business Days from the day written notice as to the exercise of the Put Option or the Call Option (as the case may be) is provided.

Should Mr. O'Brien pass away or otherwise be declared incapacitated (by a competent court of law or other officially recognised state, medical or other board, commission or institution), FSL shall immediately have the right to exercise the Call Option irrespective of whether such event occurs prior to the Trigger Date.

The parties shall each take all the necessary steps and shall sign all necessary documentation (including but not limited to any required share transfer agreement and related documents) required in order to purchase and acquire the Aero Shares and the AOC Shares.

No Encumbrances

No shareholder of Maleth Aero or Maleth AOC shall create any encumbrance over its shares in the aforesaid companies except with the consent of the other shareholder.

INFORMATION ON THE MALETH GROUP

The Maleth Group is based in Malta, a member of the EU situated in the Mediterranean Sea between Europe, North Africa and the Middle East. The Maleth Group provides aircraft management services including aircraft flight operations, staffing of qualified pilots and crew, and the provision of insurance, maintenance, charter and regulatory-related services to owners and operators of private and commercial aircraft registered in Malta and elsewhere. The Maleth Group manages a range of small- and medium-sized business jets, such as the Cessna Bravo and Bombardier Global Express and Challenger series planes, and larger commercial airliners, including Boeing 737 aircraft, and its customers include the Group, private individuals, aircraft investors and global aviation brokers. The Group has placed three of its aircraft under the management of the Maleth Group. The Maleth Group also provides aircraft chartering services by deploying the fleet of aircraft under its management for short- and longer-term charter missions in Europe, the Middle East, Africa and Asia. In addition, the Maleth Group also offers services at Almaty and Astana airports in Kazakhstan, which include but are not limited to passenger permits into country, baggage handling, aircraft landing permits, aircraft cleaning and greet upon arrival.

Financial highlights in relation to the Maleth Group

The table below sets out the audited revenue and profit/(loss) before and after taxation of the Maleth Group for the three financial years ended 30 June 2013, 2014 and 2015 and for the three months ended 30 September 2014 and 2015 prepared in accordance with International Financial Reporting Standards:

	For the year ended 30 June						For the three months ended 30 September			
	2013		2014		2015		2014		2015	
	EUR'000	*HK$'000 equivalent*	*EUR'000*	*HK$'000 equivalent*	*EUR'000*	*HK$'000 equivalent*	*EUR'000*	*HK$'000 equivalent*	*EUR'000*	*HK$'000 equivalent*
Revenue	6,294	53,924	15,084	129,232	19,720	168,951	7,525	64,470	6,281	53,812
Profit/(loss) before taxation	(177)	(1,516)	77	660	257	2,202	357	3,059	(308)	(2,639)
Profit/(loss) after taxation	(121)	(1,037)	40	343	237	2,030	268	2,296	(208)	(1,782)

As at 30 September 2015, the Maleth Group had audited net assets of EUR368,146 (equivalent to approximately HK$3.2 million). Further details of the financial information of the Maleth Group are set out in Appendix I to this circular.

Sales

The Maleth Group reports across 5 main revenue segments.

Private and commercial aircraft management fees relate to the monthly fee charged by the Maleth Group to manage aircraft to its owners.

Charter revenue relates to revenue obtained from chartering aircraft under the Maleth Group's management. The Maleth Group will typically receive 5% of charter revenue when it sources the flight; if the aircraft owners organise the flight, the Maleth Group will receive 2% of the revenue generated while still managing the entire process.

Recharge disbursement invoicing relates to the operational cost for the aircraft (including but not limited to maintenance) and also costs for operating the trips (including but not limited to flight crew, pilot and fuel). The Maleth Group will pass all costs to the respective customer/aircraft owners at cost with no mark up.

Handling fees relate to services at Astana and Almaty airports in Kazakhstan. This is a small revenue segment and is originated from management's prior experience in Kazakhstan where an opportunity arose to provide services under the Maleth Group; it is not viewed as core to the operations.

Consultancy and mobilisation fees, which relate to ad-hoc advisory projects, represent a small proportion of overall revenue. This segment is likely to continue to contribute modestly to the overall business.

The Maleth Group's customers include the Group, private individuals, aircraft investors and global aviation brokers. For the years ended 30 June 2013, 2014 and 2015, the Maleth Group's largest customer accounted for approximately 57.8%, 29.8% and 29.9% of total revenue for the respective years. The Maleth Group's second largest customer accounted for approximately 21.4% of total revenue for the year ended 30 June 2015 with no revenue recorded in the prior years. The Maleth Group will continue to diversify its customer base and look to minimise customer concentration.

The Maleth Group has typically acquired customers based on word of mouth and reputation for high level of service, reliability and quality. It is expected that going forward, acquisitions of customers will include but not limited to business development initiatives, responding to contract tenders and initiation of marketing efforts. Post-Completion, the Company will work with the Maleth Group to holistically assess target (new and existing) clients and how best to engage with them.

The Group expects the Maleth Group to help link routes from north and west Africa to Asia, Europe, and beyond while adding a range of complementary services to the Group's diverse base of customers operating throughout north and west Africa.

The Maleth Group is expected to continue its growth organically. The Company will provide additional corporate, strategy, governance and management support. Given the low capital expenditure requirements of the Maleth Group's operations, it is envisaged that future organic expansion of operations will likely be financed through internal cash flows of the Maleth Group. The Maleth Group's business model means additional private and commercial aircraft can be added to the Maleth Group's management with minimal initial outlay and without a proportional rise in cost base. In this way, there is low capital expenditure required to finance growth. It is noted that the investment (through the Subscriptions) provides the Maleth Group with additional working capital upon Completion.

Other than the Subscriptions, the Company does not intend to provide further funding to the Maleth Group in the next 12 months. Should any further investment by the Company is potentially necessitated, a decision will be assessed in the context of existing capital allocation procedures that ensures resources are distributed across the Group's operations for the Shareholders' benefit.

Direct Costs

The Maleth Group's largest expenses are captured in direct costs in its consolidated financial statements and mainly relate to those incurred for charter revenue and recharge disbursement invoicing.

In regard to costs relating to charter revenue, these relate to those attributable to charter flights. The Maleth Group will incur costs specifically related to flights, including but not limited to, fuel and oils, direct maintenance costs, airport charges, landing, parking, overflight, aircraft handling, de-icing costs, catering and aircraft appearance, crew per diem, transport and accommodation and passenger service charge. In addition, it will also incur the aircraft standing costs relating to a particular charter flight, including but not limited to flight deck salaries, flying and direct engineers salaries, cabin staff salaries, aircraft leasing, aircraft insurance and crew training.

In regard to costs relating to recharge disbursement invoicing, these relate specifically to maintenance that is undertaken on aircraft under management, including but not limited to spare part replacement, labour hours, safety checks, engineer travel and transportation costs.

The Maleth Group uses a wide range of suppliers for its cost base and is not reliant on any particular vendor to provide services. It is noted however that as is common in the industry certain replacement parts have to be provided by aircraft approved vendors.

Aircraft under the management of the Maleth Group

As of 30 June 2015, the Maleth Group managed six small- and medium-sized aircraft, with details as below:

	Model	Maximum PAX
1	Bombardier Challenger 605	11
2	Boeing 737-300	60
3	Bombardier Global Vision	13
4	Boeing Business Jet	19
5	Cessna Citation Bravo	8
6	Boeing 737-300	133

Staff and employees

As of 30 September 2015, the Maleth Group had 13 staff comprising the following:

Function	Number of employees
Managing Director	1
Commercial	1
Engineering	3
Finance	3
Operations	4
Quality and Assurance	1
TOTAL	**13**

The Maleth Group also employs short term consultants across commercial, engineering, flight operations, operations and quality and assurance functions. The number of consultants employed at any one time is dependent on business conditions; during the 3 month period ended 30 September 2015, approximately 15-20 independent consultants had been under the Maleth Group's employment.

Mr. O'Brien is the managing director of the Maleth Group with over 30 years' experience in aircraft/fleet management, maintenance and charter activities. Mr. O'Brien started the Maleth Group in 2011 in Malta with previous experience including British Midland (United Kingdom), Hangar8 (United Kingdom), Arik Air (Nigeria) and Prime Aviation (Kazakhstan).

Upon Completion, Mr. O'Brien will remain director of the Maleth Group. In addition, it is contemplated that Mr. O'Brien will enter into a service agreement with the Group to provide certain strategic, management and operational advisory services to the Group in respect of its operations outside of Malta. None of the other employees of the Maleth Group will be affected by the transactions contemplated herein.

Neither Mr. O'Brien or any of his nominees will be appointed as a Director. Mr. O'Brien will continue to manage the Maleth Group on a day to day basis while the Company's management team, who are experienced in logistics in Africa, will oversee growth, strategy and corporate governance.

Licences and regulatory approvals

The application process for a Maltese AOC takes approximately 6 months. Once it has been granted, there is no renewal or expiry date. The regulatory authorities who issue the certificate monitor compliance with laws and regulations; if a breach should occur, they can retract or suspend the certificate subject to appeal. It is noted that the Maleth Group has not had a suspension of certificate to date.

The Maleth Group possesses the following material licences:

	Item	**Issuing authority**	**Description**	**Status**
1	AOC	Transport Malta, Civil Aviation Directorate	Certificate delivered to an undertaking confirming that the operator has the professional ability and the organisation to ensure the safety of operations specified in the certificate, as provided in the relevant provisions of the EU or national law as applicable.	Valid

	Item	Issuing authority	Description	Status
			Maltese AOC approvals are issued in accordance with European Commission Regulation (EC) No. 216/2008 and its implementing rules.	
2	Operating Licence	Transport Malta, Civil Aviation Directorate	Every AOC holder is required to obtain an Operating Licence in accordance with European Commission Regulation (EC) No. 1008/2008. It confirms the validity of the holder to be able to operate under common rules in regard to the operation of air services in the EU.	Valid
3	Continuing Airworthiness Management Organisation Approval Certificate	Transport Malta, Civil Aviation Directorate	Confirms the owner or operator of an aircraft adheres to European Commission Regulation (EC) No. 748/2012 which includes but is not limited to safety oversight in the field of initial and continuing airworthiness, aircraft maintenance, aircraft maintenance licensing and aircraft maintenance training.	Valid

It is incumbent on the Maleth Group to ensure that all licences and regulatory approvals remain compliant. To the best knowledge and belief of the Directors, there are no legal impediments for the Maleth Group's continued hold of required licences and regulatory approvals.

Intellectual properties

The Maleth Group holds the following intellectual properties:

(i) Brand name

The Maleth-Aero brand name is protected under Maltese law, where signs and logos used in the course of a trade are afforded basic protection of law:

Maleth-Aero

(ii) Website domain name

The following website address has been registered by Maleth Aero:

www.maleth-aero.com

RISK FACTORS

You should carefully consider all of the information in this circular, including risks and uncertainties described below, before deciding whether or not to vote for the resolutions regarding the Investment Agreement and the Put-Call Agreement at the SGM.

Dependence on key senior management

The Directors believe that the existing staff and management are important for the continuous development of the Maleth Group. Details of the the Maleth Group's personnel are set out in the section headed "Staff and employees" above. No impact on the employees after Completion is expected. However, there is no guarantee that such senior management and employees will continue their employment by the Maleth Group in the long term. While the Company intends to continue to grow the Maleth Group's personnel in addition to institutionalising knowledge and capabilities, the loss of any key personnel could adversely affect the Maleth Group, in particular until new, skilled and experienced personnel are hired.

Risks that the operations are far away from the headquarters in Hong Kong and may make it more difficult to manage than a Hong Kong based subsidiary

The Group is headquartered in Hong Kong while the Maleth Group's business operation is managed from Malta. While the Group has personnel in Malta, there may be difficulty for the Group to closely manage and monitor the Maleth Group due to the significant travelling distance between the Group's headquarters and the Maleth Group's location. The Group will look to initiate process and controls to ensure an enhanced degree of monitoring and oversight while the Group will have control over the composition of the Maleth Group's board of directors.

Business performance for the three months ended 30 September 2015

The Maleth Group made a net loss of approximately EUR0.2 million (equivalent to approximately HK$1.7 million) for the three months ended 30 September 2015. This was directly attributable to a specific aircraft, which was put under the Maleth Group's management by a lessor on a three-month rolling contract. The lessor defaulted in a payment to the aircraft owner resulting in the Maleth Group dealing directly with the aircraft owner. After three months of several major repairs, the aircraft was deemed not suitable for flight and the Maleth Group invoked the termination clause in the contract. This meant for a period the Maleth Group was paying the direct costs relating to charter flying including but not limited to crew overheads, insurance and lease costs with no revenue to cover these items. Management expects this to be a one off event and action was taken quickly to reduce risk by terminating the relevant contract.

Economic, political and social unrest

A negative economic landscape could depress activity. The Maleth Group, with the Company's support, aims to grow the customer base and diversify its geographic areas of focus.

Similarly, political or social unrest could inhibit business performance going forward. Discretionary management practices are continually exercised to stay abreast of developments and plan alternative routes where necessary. This helps to ensure any potential disruption to service level is minimised.

However, there is no assurance that the mitigating steps undertaken as described above will be successful and as a result, could adversely impact the operations, financial condition and results of the Maleth Group.

Dependence on major customers

The Maleth Group's largest customer accounted for approximately 57.8%, 29.8% and 29.9% of total revenue for the years ended 30 June 2013, 2014 and 2015 while the second largest customer accounted for approximately 21.4% of total revenue for the year ended 30 June 2015 with no revenue recorded in the prior years. There is no assurance that these two major customers will continue to contract the Maleth Group to manage their aircraft. If one or both of these major customers were to cease engaging the Maleth Group or reduce their requirements, as a result of the macro environment, their financial condition, regional developments or otherwise, the operations, financial condition and results of the Maleth Group could be adversely affected. It is noted that customer concentration has been reduced over the last three full financial years while growing top line revenue.

Competition risk

The aircraft management services sector remains reasonably fragmented with a number of small to medium sized enterprises in operation. Although the Maleth Group has established its reputation as a quality vendor in terms of service levels, track record and pricing, there can be no assurance that it would be able to compete against other firms or new competitors in servicing the Maleth Group's customers or operating segments.

Risks relating to Completion

Completion is subject to the satisfaction of the conditions precedent in the definitive documents, including among other things, obtaining all necessary consents including approval from the Shareholders at the SGM. There is no guarantee that such conditions precedent will be fulfilled and the Subscriptions shall be completed.

DUE DILIGENCE

The Company has engaged a professional services firm to undertake legal due diligence in relation to the Maleth Group. The Company has also engaged the reporting accountant to review and report on the financial information of the Maleth Group. The accountant's report is set out in Appendix I to this circular. In addition, the Company's senior management, who has extensive experience and expertise in logistics, has visited the Maleth Group's operations on several occasions to undertake due diligence that involved discussions with Mr. O'Brien regarding the operations, historical financial results and prospects of the Maleth Group, in addition to a general assessment of the operations. The due diligence review did not reveal any significant adverse findings that should reasonably prevent the completion of the transactions contemplated by the Investment Agreement.

The Company is satisfied that the Maleth Group holds the relevant regulatory approvals to carry out its principal business activities and the investment in the Maleth Group will immediately and substantially expand the size and reach of the Group's geographic and product offering in the transportation and logistics sector.

As further explained in the section "Reasons for and benefits of the transactions" below, the Directors consider the transactions contemplated under the Investment Agreement and the Put-Call Agreement to be in the interests of the Company and its Shareholders as a whole.

FINANCIAL EFFECTS OF THE TRANSACTIONS

Upon Completion, Maleth Aero will become an indirect 51% owned subsidiary of the Company and Maleth AOC will become an approximately 92.6% owned subsidiary of Maleth Aero. Following exercise of the Put Option, Maleth Aero and Maleth AOC will be wholly owned by the Company. The results and the assets and liabilities of the Maleth Group will be consolidated into the consolidated financial statements of the Company following Completion.

Based on the unaudited pro forma statement of assets and liabilities of the Enlarged Group set out in Appendix II to this circular, on the basis of the assets and liabilities of the Group as at 30 June 2015 and the assets and liabilities of the Maleth Group as at 30 September 2015, (i) assuming that completion of the Subscriptions had taken place as at 30 September 2015, before taking into account non-controlling interests, the Group's total assets as at 30 June 2015 of approximately HK$1,639.0 million would be increased to approximately HK$1,694.7 million for the Enlarged Group while the Group's total liabilities as at 30 June 2015 of approximately HK$637.1 million would be increased to approximately HK$696.4 million for the Enlarged Group; and (ii) assuming the exercise of the Put Option at the minimum Option Price of EUR1.0 million (equivalent to approximately HK$8.6 million) immediately after the lapse of four calendar years subsequent to the Subscriptions, before taking into account non-controlling interests, from the position upon Completion, the total assets of the Enlarged Group would then reduce to approximately HK$1,686.0 million while the total liabilities of the Enlarged Group would then reduce to approximately HK$688.3 million. If the exercise of the Put Option was at the maximum Option Price of EUR10.0 million (equivalent to approximately HK$85.7 million), the total assets of the Enlarged Group would further reduce by EUR9 million (equivalent to approximately HK$77.1 million) while there would be no further net impact on the total liabilities of the Enlarged Group after the exercise of the Put Option. Further details in respect of the impact of the Subscriptions and the exercise of the Put Option on the Group's assets and liabilities are set out in Appendix II to this circular.

The Maleth Group reported net profit of EUR237,111 (equivalent to approximately HK$2.0 million) for the year ended 30 June 2015. Upon Completion, the profit or loss of the Maleth Group would be consolidated into the consolidated income statement of the Group.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Group, principally engaged in the transportation and logistics business, is actively growing its geographic footprint and service offering. Further to the acquisition of the Transit Freight Coordinators Group (see the Company's announcement dated 14 August 2015 and circular dated 6 November 2015 for details), the Group has presence in ground logistics focused on southern Africa and an aviation base in East Africa. The Group's service proposition is to connect key commercial gateways across multiple modes of transportation and logistics. This is undertaken through our aviation, distribution and warehousing services across multiple countries and a diverse customer base.

The Directors believe that the investment (through the Subscriptions) in the Maleth Group is beneficial for the following reasons:

The Group's existing logistics business

The Directors believe the Maleth Group is a natural fit to expanding the Group's service offering towards a complete transportation and logistics solution across the African continent. Not only does it expand the services offered to the Group's existing customer base but also allows immediate ability to cross sell existing services to the Maleth Group's customers. In addition, the Maleth Group has ingrained experience in cargo operations providing the Group opportunity to link the Group's existing services into distribution and warehousing to offer bespoke solutions across the African continent. In this way, a larger potential client base can be accessed.

Management expertise

The Maleth Group has managed three of the Group's aircraft over the past 18 months. Mr. O'Brien has over 30 years of the experience in the aviation industry. The Group has been able to satisfy itself with the technical and commercial competence displayed by the Maleth Group. The Group appreciates the value add the Maleth Group has been able to deliver first hand resulting in improved aircraft utilisation and consequently improved financial return on the Group's fixed assets. The Directors believe that incorporating the Maleth Group into the Group has potential for further uplift on asset return and broader operations.

Business scalability

The Directors believe that the Maleth Group has low operating leverage and consequently its operation can be expanded over the medium term. In this way, the Maleth Group can add additional private and commercial aircraft under its management, generating more revenue and margin through management fees and charter revenue, without a proportional rise in cost base. It is noted that the Maleth Group started operations from a low base in 2011 and remains in early stage of its life cycle; the Directors believe the timing of the investment (through the Subscriptions) in the Maleth Group is opportune to capitalise on this momentum.

In addition, the Directors believe that with the Group's complementary oversight of strategy, growth objectives and corporate governance, the Maleth Group will be able to expand more strategically with access to a larger customer base with streamlined processes and corporate infrastructure (including but not limited to management and reporting tools) that have not been previously available.

Geographic expansion

The Directors believe Malta is a key locale in terms of geography. As a globally recognised aviation hub, Malta has a large body of qualified aviation professionals on which the Maleth Group can draw to solidify and expand its business going forward.

Furthermore, given full member status of the EU, Malta is an European Aviation Safety Agency jurisdiction providing one of the highest standards of regulatory aviation oversight in the world. The Maleth Group's compliance under this EU agency validates the high standard of aviation competence which is a strong differentiator to clients, in particular multi-national ones, who wish to operate in Africa.

In addition, Malta is a key area of air ambulance missions between North and West Africa and the rest of the world in addition to being a transit area for significant cargo volume. By establishing an aviation base, the Group will be strategically positioned to capitalise on volumes and trade routes.

The Directors consider that the terms of the Investment Agreement, including the subscription prices, and the Put-Call Agreement to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Given the exercise of the Put Option is not at the discretion of the Company, the Put Option will be treated as if it was exercised for the purposes of compliance under the Listing Rules. Based on the applicable percentage ratios, the transactions contemplated under the Investment Agreement and the Put-Call Agreement including the Put Option as if it was exercised and FSL's acquisition of MOB Holdings' Aero Shares and AOC Shares following three years after the Trigger Date constitute a major transaction for the Company subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Investment Agreement, the Put-Call Agreement and the transactions contemplated thereunder including the Put Option as if it was exercised and FSL's acquisition of MOB Holdings' Aero Shares and AOC Shares following three years after the Trigger Date.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, (i) other than the Group being a customer of the Maleth Group, MOB Holdings, Mr. O'Brien, Maleth Aero and Maleth AOC are third parties independent of the Company and its Connected Persons; and (ii) MOB Holdings and Mr. O'Brien and their respective Associates did not hold any Shares, or options or securities convertible or exchangeable into Shares as at the Latest Practicable Date. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the transactions contemplated under the Investment Agreement and the Put-Call Agreement which is different from the other Shareholders. Therefore, no Shareholder is required to abstain from voting on the relevant resolutions to be proposed at the SGM to approve the Investment Agreement and the Put-Call Agreement and the transactions contemplated thereunder including the Put Option as if it was exercised and FSL's acquisition of MOB Holdings' Aero Shares and AOC Shares following three years after the Trigger Date. If MOB Holdings, Mr. O'Brien, Maleth Aero and Maleth AOC and their respective Associates hold any Shares on the date of the SGM, they will be required to abstain from voting on the aforesaid resolutions to be proposed at the SGM.

As the Call Option is exercisable at the discretion of the Company after the Trigger Date and involves the acquisition of the Aero Shares and the AOC Shares from MOB Holdings, which upon Completion will become a Connected Person of the Company, the Company will comply with the relevant requirements under Chapter 14 and Chapter 14A of the Listing Rules when it determines to exercise the Call Option.

SGM

A notice convening the SGM to be held at 10:00 a.m. on 8 April 2016, Friday at Suite 3902, 39/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong is set out in this circular. At the SGM, ordinary resolutions will be proposed for the Shareholders to consider and, if thought fit, to approve the Investment Agreement, the Put-Call Agreement and the transactions contemplated thereunder including the Put Option as if it was exercised and FSL's acquisition of MOB Holdings' Aero Shares and AOC Shares following three years after the Trigger Date.

A form of proxy for use by the Shareholders at the SGM is enclosed. Whether or not you intend to attend and vote at the SGM in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong branch share registrar and transfer office of the Company, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable but in any event not less than 48 hours before the time appointed for holding the SGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment meeting thereof should you so wish.

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the terms of the Investment Agreement and the Put-Call Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole, and unanimously recommend the Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

By Order of the Board
Frontier Services Group Limited
Mr. Erik D. Prince
Chairman

(A) ACCOUNTANT'S REPORT ON THE MALETH GROUP

The following is the text of a report for the sole purpose of inclusion in this circular, from the independent reporting accountants, PKF, Certified Public Accountants, Hong Kong.

PKF
Accountants &
business advisers

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18 March 2016

The Directors
Frontier Services Group Limited

Dear Sirs,

We report on the financial information of Maleth Aero Limited (the "Target Company") and its subsidiary (collectively referred to as the "Target Group") which comprises the consolidated statements of financial position of the Target Group as at 30 June 2013, 2014 and 2015 and 30 September 2015 and the consolidated income statements and statements of other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 30 June 2013, 2014 and 2015 and the three months ended 30 September 2015 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory information (the "Financial Information"). This Financial Information has been prepared by the directors of Frontier Services Group Limited (the "Company") and is set out in Sections I to III below for inclusion in Appendix I to the circular of the Company dated 18 March 2016 (the "Circular") in connection with the proposed acquisition of the Target Company.

The Target Company was incorporated in Malta on 9 December 2011 with limited liability under the Companies Act, 1995 of the Laws of Malta. The details of the Target Company's subsidiary are set out in Note 22 of Section II below. All of these companies are private companies incorporated outside Hong Kong and have substantially the same characteristics as a Hong Kong incorporated private company.

The audited financial statements of the companies comprising the Target Group for which there are statutory audit requirements have been prepared in accordance with the relevant accounting principles generally accepted in their places of incorporation. The details of the statutory auditors of these companies are set out in Note 22 of Section II below.

The sole director of the Target Company is responsible for the preparation of the consolidated financial statements of the Target Group for the Relevant Periods that give a true and fair view in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (the "Underlying Financial Statements") and for such internal control as the sole director of the Target Group determine is necessary to enable the preparation of the Underlying Financial Statements that are free from material misstatement, whether due to fraud or error. We have audited the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information has been prepared based on the Underlying Financial Statements, with no adjustment made thereon, and on the basis set out in Note 2.1 of Section II below.

Directors' responsibility for the Financial Information

The directors of the Company are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with HKFRSs and the accounting policies adopted by the Company and its subsidiaries as set out on pages 45 to 66 of the annual report of the Company for the year ended 31 December 2014.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Financial Information and to report our opinion to you. We carried out our procedures in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

Opinion

In our opinion, for the purpose of this report, the Financial Information, presented on the basis set out in Note 2.1 of Section II below, gives a true and fair view of the consolidated financial position of the Target Group as at 30 June 2013, 2014 and 2015 and 30 September 2015 and of the Target Group's financial performance and cash flows for the Relevant Periods then ended.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Target Group set out in Sections I to II below included in Appendix I to the Circular which comprises the consolidated income statements and statements of other comprehensive income, the consolidated statement of changes in equity and the consolidated statements of cash flows of the Target Group for the three months ended 30 September 2014 and a summary of significant accounting policies and other explanatory information (the "Stub Period Comparative Financial Information").

The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of presentation set out in Note 2.1 of Section II below and the accounting policies set out in Note 2 of Section II below.

Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of the Stub Period Comparative Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an opinion.

Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purpose of this report and presented on the basis set out in Note 2.1 of Section II below, has not been prepared, in all material respects, in accordance with the accounting policies set out in Note 2 of Section II below.

I. *Financial Information of the Target Group*

The following is the Financial Information of the Target Group prepared by the directors of the Company as at 30 June 2013, 2014 and 2015 and 30 September 2015 and for each of the years ended 30 June 2013, 2014 and 2015 and the three months ended 30 September 2015.

Consolidated Income Statements and Statements of Other Comprehensive Income

		Year ended 30 June			Three months ended 30 September	
		2013	**2014**	**2015**	**2015**	**2014**
	Note	€	€	€	€	€
						(Unaudited)
Revenue	*4*	6,293,922	15,084,103	19,720,175	6,281,402	7,524,699
Direct costs		(5,881,993)	(14,056,846)	(18,619,946)	(6,259,116)	(7,016,476)
Gross profit		411,929	1,027,257	1,100,229	22,286	508,223
Other income	*4*	395	463	199,998	—	105,590
Administrative expenses and other operating expenses		(589,488)	(950,752)	(1,036,336)	(326,948)	(256,914)
		(177,164)	76,968	263,891	(304,662)	356,899
Finance costs	*5*	—	—	(6,811)	(3,002)	—
(Loss)/profit before income tax	*6*	(177,164)	76,968	257,080	(307,664)	356,899
Income tax credit/(expenses)	*8*	56,260	(36,854)	(19,969)	99,512	(88,412)
(Loss)/profit and total comprehensive (loss)/income for the year/period attributable to the equity holders of the Target Company		(120,904)	40,114	237,111	(208,152)	268,487

Consolidated Statements of Financial Position

		At 30 June			At 30 September
		2013	2014	2015	2015
	Note	*€*	*€*	*€*	*€*
NON-CURRENT ASSETS					
Property, plant and equipment	*9*	73,851	237,074	204,041	195,211
Deferred income tax assets	*16*	101,616	64,775	44,806	144,318
Total non-current assets		175,467	301,849	248,847	339,529
CURRENT ASSETS					
Trade receivables	*10*	863,133	1,873,029	2,704,819	3,748,583
Prepayments, deposits and other receivables	*11*	337,335	752,055	866,867	898,558
Cash and bank balances	*12*	571,860	1,678,721	1,812,735	1,176,483
		1,772,328	4,303,805	5,384,421	5,823,624
CURRENT LIABILITIES					
Trade payables	*13*	597,365	2,006,556	1,913,157	3,093,434
Other payables	*14*	1,051,357	2,119,911	3,024,341	2,589,174
Borrowings	*15*	—	20,528	44,248	45,364
		1,648,722	4,146,995	4,981,746	5,727,972
Net current assets		123,606	156,810	402,675	95,652
TOTAL ASSETS LESS CURRENT LIABILITIES		299,073	458,659	651,522	435,181
NON-CURRENT LIABILITIES					
Borrowings	*15*	—	119,472	75,224	67,035
Net assets		299,073	339,187	576,298	368,146
EQUITY					
Equity attributable to the Target Company's equity holders					
Share capital	*17*	505,000	505,000	505,000	505,000
Reserves	*18*	(205,927)	(165,813)	71,298	(136,854)
Total equity		299,073	339,187	576,298	368,146

Consolidated Statements of Changes in Equity

	Share capital	Reserves	Total
	€	€	€
At 1.7.2012	505,000	(85,023)	419,977
Loss and total comprehensive loss for the year	—	(120,904)	(120,904)
At 30.6.2013 and 1.7.2013	505,000	(205,927)	299,073
Profit and total comprehensive income for the year	—	40,114	40,114
At 30.6.2014 and 1.7.2014	505,000	(165,813)	339,187
Profit and total comprehensive income for the year	—	237,111	237,111
At 30.6.2015 and 1.7.2015	505,000	71,298	576,298
Loss and total comprehensive loss for the period	—	(208,152)	(208,152)
At 30.9.2015	505,000	(136,854)	368,146
At 30.6.2014 and 1.7.2014	505,000	(165,813)	339,187
Profit and total comprehensive income for the period	—	268,487	268,487
At 30.9.2014	505,000	102,674	607,674

Consolidated Statements of Cash Flows

	Year ended 30 June			Three months ended 30 September	
	2013	2014	2015	2015	2014
	€	€	€	€	€
					(Unaudited)
Cash flows from operating activities					
(Loss)/profit before income tax	(177,164)	76,968	257,080	(307,664)	356,899
Adjustments for:					
Interest income	(395)	(463)	(311)	—	(40)
Interest expenses	—	—	6,811	3,002	—
Depreciation	19,027	25,618	42,114	10,842	10,527
Operating (loss)/profit before changes in working capital	(158,532)	102,123	305,694	(293,820)	367,386
Increase in trade and other receivables	(790,986)	(1,424,616)	(946,602)	(1,075,455)	(1,710,784)
Increase in trade and other payables	1,006,224	2,477,745	811,031	745,110	1,201,797
Cash generated from/(used in) operations	56,706	1,155,252	170,123	(624,165)	(141,601)
Income tax paid	(10)	(13)	—	—	—
Net cash generated from/(used in) operating activities	56,696	1,155,239	170,123	(624,165)	(141,601)
Cash flows from investing activities					
Purchase of property, plant and equipment	(44,552)	(188,841)	(9,081)	(2,012)	(3,931)
Interest received	395	463	311	—	40
Net cash used in investing activities	(44,157)	(188,378)	(8,770)	(2,012)	(3,891)
Cash flows from financing activities					
Proceeds on loan from a related party	—	140,000	—	—	—
Repayment of loan from a related party	—	—	(20,528)	(7,073)	—
Interest paid	—	—	(6,811)	(3,002)	—
Net cash generated from/(used in) financing activities	—	140,000	(27,339)	(10,075)	—

	Year ended 30 June			Three months ended 30 September	
	2013	2014	2015	2015	2014
	€	€	€	€	€
					(Unaudited)
Net increase/(decrease) in cash and cash equivalents	12,539	1,106,861	134,014	(636,252)	(145,492)
Cash and cash equivalents at beginning of year/period	559,321	571,860	1,678,721	1,812,735	1,678,721
Cash and cash equivalents at end of year/period	571,860	1,678,721	1,812,735	1,176,483	1,533,229
Analysis of cash and cash equivalents					
Cash and bank balances	571,860	1,678,721	1,812,735	1,176,483	1,533,229

II. Notes to the Financial Information

1. GENERAL INFORMATION

The Target Group is principally engaged in the provision of aircraft management services including aircraft flight operations, staffing of qualified pilots and crew, and the provision of insurance, maintenance, charter and regulatory-related services to owners and operators of private and commercial aircraft registered in Malta and elsewhere. Details of the companies comprising the Target Group is set out in Note 22.

The Financial Information is presented in Euro ("€"), unless otherwise stated.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Financial Information are set out below. These policies have been consistently applied to all the years/periods presented.

2.1 Basis of preparation

(a) The Financial Information has been prepared on the historical cost basis and in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the Relevant Periods. In addition, the requirements of Part 9 "Accounts and Audits" of the new Hong Kong Companies Ordinance (Cap. 622) have been early adopted in the preparation of the Financial Information.

(b) The Target Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the Financial Information for the Relevant Periods.

HKFRS 9 (2014)	Financial instruments[2]
HKFRS 14	Regulatory deferral amounts[1]
HKFRS 15	Revenue from contracts with customers[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception[1]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[1]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[1]
Amendments to HKAS 1	Disclosure initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants[1]
Amendments to HKAS 27	Equity method in separate financial statements[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012-2014 cycle[1]

[1] Effective for annual periods beginning on or after 1 July 2016
[2] Effective for annual periods beginning on or after 1 July 2018

The Target Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Target Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Target Group's results of operations and financial position.

2.2 Basis of consolidation

Subsidiaries

All entities comprising the Target Group are controlled by the Target Company. The Target Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Target Company has power, only substantive rights are considered.

The Target Group applies merger accounting to account for the business combinations (including acquisition of subsidiaries) under common control to present state of affairs and results of operations of the Target Group for the Relevant Periods. Non-controlling interests are presented in the consolidated statements of financial position within equity, separately from equity attributable to the equity shareholders of the Target Group. Non-controlling interests in the results of the Target Group are presented on the face of the consolidated income statements and statements of other comprehensive income for the year/period between non-controlling interests and the equity shareholders of the subsidiary.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of the subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Target Company.

2.3 Foreign currency translation

Items included in the financial information of each entity in the Target Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency").

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end/period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement and statements of other comprehensive income.

2.4 Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Target Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement and statements of other comprehensive income during the financial period in which they are incurred.

All property, plant and equipment are depreciated using the straight-line method to allocate their costs to their residual values over their estimated useful lives as follows:

Movable property	10 years
Furniture and fixtures	5 years
Office and computer equipment	5 years
Motor vehicles	5 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

2.5 Financial assets

The Target Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of the financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than twelve months after the financial position date classified as non-current assets. The Target Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position (Notes 2.8 and 2.9).

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Target Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired or have been legally transferred and the Target Group has transferred substantially all the risks and rewards of the financial asset.

2.6 Impairment of financial assets carried at amortised cost

The Target Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or a group of financial assets that can be reliably estimated.

The criteria that the Target Group uses to determine that there is objective evidence of an impairment loss include:

(i) Significant financial difficulty of the issuer or obligor;

(ii) A breach of contract, such as default or delinquency in interest or principal payments;

(iii) The Target Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

(iv) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

(v) The disappearance of an active market for that financial asset because of financial difficulties; or

(vi) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

- adverse changes in the payment status of borrowers in the portfolio;

- national or local economic conditions that correlate with defaults on the assets in the portfolio.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement and statements of other comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Target Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement and statements of other comprehensive income. Impairment testing of trade and other receivables is described in Note 2.8.

2.7 Financial liabilities

The Target Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. The Target Group's financial liabilities include trade payables and other payables and borrowings.

Financial liabilities are recognised when the Target Group becomes a party to the contractual provisions of the instrument. All financial liabilities are recognised initially at fair value, in the case of a financial liability not at fair value through profit or loss, less transaction costs that are directly attributable to the issue of the financial liability.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in the consolidated income statement and statements of other comprehensive income.

2.8 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets, except for those with maturities greater than twelve months after the financial position date are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Target Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the receivables is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated income statement and statements of other comprehensive income within other operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against other operating expenses in the consolidated income statement and statements of other comprehensive income.

2.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks.

2.10 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.11 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer) after the financial position date. If not, they are presented as non-current liabilities.

Trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

2.12 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any differences between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings, using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Target Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

2.13 Borrowings costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.14 Income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement and statements of other comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the financial position date in the country where the Target Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill or an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the taxable entity where there is an intention to settle the balances on a net basis.

2.15 Employee benefits

Salaries, annual bonuses, annual leave entitlements and the cost to the Target Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Target Group.

Obligations for contributions to retirement plans are recognised as an expense in profit or loss as incurred.

Termination benefits are recognised when, and only when, the Target Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

2.16 Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Target Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made.

Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2.17 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sales of goods and services in the ordinary course of the Target Group's activities. Revenue is shown net of value-added tax and discounts and after eliminating sales within the Target Group.

The Target Group recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Target Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

Service fees are recognised as revenue over the period during which the service is performed.

Reimbursement revenue of disbursement recharge is recognised when the service is performed and purchase invoices are received from respective supplier.

Interest is recognised, in profit or loss, using the effective interest rate method.

2.18 Dividend distribution

Dividend distribution to the Target Group's shareholders is recognised as a liability in the period in which the dividends are approved by the Target Group's shareholders.

2.19 Related parties

A party is considered to be related to the Target Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Target Group;
- (ii) has significant influence over the Target Group; or
- (iii) is a member of the key management personnel of the Target Group.

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Target Group are members of the same group;
- (ii) one entity is an associate or a joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Target Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

The Target Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Useful lives of property, plant and equipment

In determining the useful lives of items of property, plant and equipment, the Target Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in technology, or from a change in the market demand for the output of the asset, expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Target Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives of items of property, plant and equipment are different from previous estimation. Useful lives are reviewed at each financial position date based on changes in circumstances.

(b) Impairment of property, plant and equipment

Property, plant and equipment are reviewed for impairment whenever events or change in circumstances indicate that the carrying amounts may not be recoverable. The recoverable amounts have been determined based on the higher of value-in-use calculations or fair value less costs to sell calculations.

The calculations require the use of judgements and estimates. Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could affect the net present value used in the impairment test and as a result affect the Target Group's financial position and results of operations.

(c) Impairment on trade and other receivables

A provision for impairment of trade and other receivables is established when there is objective evidence that the Target Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivables are impaired.

(d) Income taxes

The Target Group is subject to income taxes in Malta. Significant judgement is required in determining the provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain. The Target Group recognises liabilities for anticipated tax assessment based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred income tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred income tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

4. REVENUE AND OTHER INCOME

An analysis of the Target Group's revenue and other income is set out below:

	Year ended 30 June			Three months ended 30 September	
	2013	2014	2015	2015	2014
	€	€	€	€	€
					(Unaudited)
Revenue					
Private and commercial aircraft management fees	332,158	437,781	481,077	126,187	120,381
Charter revenue	992,884	4,510,338	7,879,851	2,925,366	4,297,492
Recharge disbursement invoicing	4,772,272	9,233,956	10,362,014	2,886,533	2,903,284
Handling fees	192,334	527,414	966,769	343,316	191,667
Consultancy and mobilisation fees	4,274	374,614	30,464	—	11,875
	6,293,922	15,084,103	19,720,175	6,281,402	7,524,699
Other income					
Interest income	395	463	311	—	40
Exchange gain	—	—	199,687	—	105,550
	395	463	199,998	—	105,590
	6,294,317	15,084,566	19,920,173	6,281,402	7,630,289

Revenue from major customers

During the Relevant Periods, the revenue generated from the following customers accounted for 10% or more of the Target Group's total revenue:

	Year ended 30 June			Three months ended 30 September	
	2013	2014	2015	2015	2014
	€	€	€	€	€
					(Unaudited)
Customer A	3,634,875	4,495,538	5,902,988	1,447,649	1,364,673
Customer B	916,282	1,849,847	—	—	—
Customer C	—	—	4,215,373	—	1,807,992
Customer D	946,846	—	—	—	—

5. FINANCE COSTS

	Year ended 30 June			Three months ended 30 September	
	2013	2014	2015	2015	2014
	€	€	€	€	€
					(Unaudited)
Interest expenses on loan from a related party — wholly repayable within five years	—	—	6,811	3,002	—
Total interest expenses on borrowings	—	—	6,811	3,002	—

6. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/profit before income tax is arrived at after charging/(crediting):

	Year ended 30 June			Three months ended 30 September	
	2013	2014	2015	2015	2014
	€	€	€	€	€
					(Unaudited)
Depreciation	19,027	25,618	42,114	10,842	10,527
Auditor's remuneration	2,200	700	700	175	175
Net foreign exchange losses/(gains)	41,237	39,765	(199,687)	25,916	(105,550)
Staff costs (excluding director's remuneration):					
Salaries, bonus and allowances	113,327	227,524	251,765	66,669	60,055
Contributions to defined contribution plans	6,404	14,939	17,079	3,981	4,282
	119,731	242,463	268,844	70,650	64,337

7. EMOLUMENTS OF DIRECTOR AND FIVE HIGHEST PAID INDIVIDUALS

(a) Director's remuneration disclosed pursuant to the new Hong Kong Companies Ordinance (Cap. 622) is as follows:

	Year ended 30 June			Three months ended 30 September	
	2013	2014	2015	2015	2014
	€	€	€	€	€
					(Unaudited)
Mr. Michael O'Brien					
Fee	—	—	—	—	—
Other emoluments	48,000	48,000	48,000	12,129	12,121
	48,000	48,000	48,000	12,129	12,121

(b) Five highest paid individuals

Emoluments of the five highest paid individuals (including sole director) for the Relevant Periods are as follows:

	Year ended 30 June			Three months ended 30 September	
	2013	2014	2015	2015	2014
	€	€	€	€	€
					(Unaudited)
Salaries, bonuses, allowances and benefits in kind	145,333	199,078	194,862	64,110	53,614

During the Relevant Periods, no emoluments were paid by the Target Group to any of the five highest paid individuals as an inducement to join or upon joining the Target Group or as compensation for loss of office.

The number of individuals with the highest emoluments fall within the following bands:

	Year ended 30 June			Three months ended 30 September	
	2013	2014	2015	2015	2014
					(Unaudited)
HK$Nil to HK$1,000,000 (approximately nil to €117,650)	5	5	5	5	5

8. INCOME TAX CREDIT/(EXPENSES)

The Target Group is subject to taxation in Malta. Malta corporate income tax has been provided at the rate of 35% on the estimated assessable profit for the Relevant Periods.

	Year ended 30 June			Three months ended 30 September	
	2013	2014	2015	2015	2014
	€	€	€	€	€
					(Unaudited)
Current income tax					
— Outside Hong Kong	(10)	(13)	—	—	—
Deferred income tax					
— Outside Hong Kong	56,270	(36,841)	(19,969)	99,512	(88,412)
Income tax credit/(expenses)	56,260	(36,854)	(19,969)	99,512	(88,412)

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

The reconciliation between the income tax (credit)/expenses on the Target Group's (loss)/profit before income tax and the theoretical amount of income tax expenses that would arise using the tax rate applicable in Malta for the Relevant Periods is as follows:

	Year ended 30 June			Three months ended 30 September	
	2013	**2014**	**2015**	**2015**	**2014**
	€	€	€	€	€
					(Unaudited)
(Loss)/profit before income tax	(177,164)	76,968	257,080	(307,664)	356,899
Tax effect at the corporate income tax rate of 35%	(62,007)	26,939	89,978	(107,682)	124,915
Tax effect of expenses/(income) that are not deductible/ (taxable) for tax purposes	5,747	9,915	(70,009)	8,170	(36,503)
	(56,260)	36,854	19,969	(99,512)	88,412

9. PROPERTY, PLANT AND EQUIPMENT

	Movable property €	Furniture and fixtures €	Office and computer equipment €	Motor vehicles €	Total €
Cost					
At 1.7.2012	—	6,317	2,065	42,201	50,583
Additions	—	169	4,114	40,269	44,552
At 30.6.2013	—	6,486	6,179	82,470	95,135
Additions	160,000	2,968	19,373	6,500	188,841
At 30.6.2014	160,000	9,454	25,552	88,970	283,976
Additions	—	577	8,504	—	9,081
At 30.6.2015	160,000	10,031	34,056	88,970	293,057
Additions	—	534	1,478	—	2,012
At 30.9.2015	160,000	10,565	35,534	88,970	295,069
Accumulated depreciation					
At 1.7.2012	—	655	150	1,452	2,257
Charge for the year	—	1,297	1,236	16,494	19,027
At 30.6.2013	—	1,952	1,386	17,946	21,284
Charge for the year	3,368	1,547	3,884	16,819	25,618
At 30.6.2014	3,368	3,499	5,270	34,765	46,902
Charge for the year	16,000	2,016	6,304	17,794	42,114
At 30.6.2015	19,368	5,515	11,574	52,559	89,016
Charge for the period	4,000	538	1,855	4,449	10,842
At 30.9.2015	23,368	6,053	13,429	57,008	99,858
Carrying amount					
At 30.6.2013	—	4,534	4,793	64,524	73,851
At 30.6.2014	156,632	5,955	20,282	54,205	237,074
At 30.6.2015	140,632	4,516	22,482	36,411	204,041
At 30.9.2015	136,632	4,512	22,105	31,962	195,211

10. TRADE RECEIVABLES

	At 30 June			At 30 September
	2013	2014	2015	2015
	€	€	€	€
Trade receivables	863,133	1,873,029	2,704,819	3,748,583
Less: Provision for doubtful debts	—	—	—	—
	863,133	1,873,029	2,704,819	3,748,583

The fair values of trade receivables approximate their carrying amounts. Credit periods of 30 days are generally granted to major customers.

Management of the Target Group considers that the credit risk in respect of these customers is currently low after considering the financial position and past experience with these customers.

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

	At 30 June			At 30 September
	2013	2014	2015	2015
	€	€	€	€
Within 30 days	858,551	1,487,830	1,779,936	2,650,822
31 days to 60 days	2,500	264,845	350,486	673,980
61 days to 90 days	—	120,339	413,116	196,529
Over 90 days	2,082	15	161,281	227,252
	863,133	1,873,029	2,704,819	3,748,583
Less: Provision for doubtful debts	—	—	—	—
	863,133	1,873,029	2,704,819	3,748,583

(a) At 30 June 2013, 2014 and 2015 and 30 September 2015, certain trade receivables were past due but not impaired. These relate to a number of independent customers for whom there is no significant financial difficulty and based on past experience, the overdue amounts can be recovered. The overdue aging analysis of these receivables as at the financial position date is as follows:

	At 30 June			At 30 September
	2013	**2014**	**2015**	**2015**
	€	€	€	€
Within 30 days	2,500	264,845	350,486	673,980
31 days to 60 days	—	120,339	413,116	196,529
61 days to 90 days	—	15	95,637	161,425
Over 90 days	2,082	—	65,644	65,827
	4,582	385,199	924,883	1,097,761

The credit quality of trade receivables neither past due nor impaired has been assessed by reference to historical information about the counterparty default rates. The existing counterparties do not have significant defaults in the past. As at 30 June 2013, 2014 and 2015 and 30 September 2015, no collateral had been received from these counterparties.

(b) The carrying amounts of trade receivables are denominated in the following currencies:

	At 30 June			At 30 September
	2013	**2014**	**2015**	**2015**
	€	€	€	€
Euro ("EUR")	115,979	701,943	1,367,917	1,678,888
Great Britain Pound ("GBP")	115,835	71,569	790	790
United States Dollars ("USD")	631,319	1,099,517	1,336,112	2,068,905
	863,133	1,873,029	2,704,819	3,748,583

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 30 June			At 30 September
	2013	2014	2015	2015
	€	€	€	€
Deposits	37,884	37,884	37,884	212,287
Value-added tax receivables	7,848	6,978	7,889	5,106
Prepaid expenses	112,016	653,872	668,946	673,919
Others	179,587	53,321	152,148	7,246
	337,335	752,055	866,867	898,558

The fair values of prepayments, deposits and other receivables approximate their carrying amounts.

The carrying amounts of prepayments, deposits and other receivables are denominated in the following currencies:

	At 30 June			At 30 September
	2013	2014	2015	2015
	€	€	€	€
USD	188,694	55,696	107,278	287,591
GBP	823	603	15,399	42,200
EUR	147,818	695,756	744,190	568,767
	337,335	752,055	866,867	898,558

12. CASH AND BANK BALANCES

	At 30 June			At 30 September
	2013	2014	2015	2015
	€	€	€	€
Cash on hand	—	22,168	23,784	36,645
Cash in bank	571,860	1,656,553	1,788,951	1,139,838
	571,860	1,678,721	1,812,735	1,176,483
Maximum exposure to credit risk	571,860	1,656,553	1,788,951	1,139,838

The carrying amounts of cash and bank balances are denominated in the following currencies:

	At 30 June			At 30 September
	2013	2014	2015	2015
	€	€	€	€
EUR	1,638	397,132	177,767	154,436
GBP	241,689	64,072	6,461	3,789
USD	328,533	1,217,517	1,628,507	1,018,258
	571,860	1,678,721	1,812,735	1,176,483

The fair values of all cash and bank balances approximate their carrying amounts.

13. TRADE PAYABLES

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

	At 30 June			At 30 September
	2013	2014	2015	2015
	€	€	€	€
Within 30 days	473,008	1,007,138	1,103,352	1,056,603
31 days to 60 days	124,357	330,506	248,249	714,056
61 days to 90 days	—	159,034	508,443	583,873
Over 90 days	—	509,878	53,113	738,902
	597,365	2,006,556	1,913,157	3,093,434

The fair values of trade payables approximate their carrying amounts.

The carrying amounts of trade payables are denominated in the following currencies:

	At 30 June			At 30 September
	2013	2014	2015	2015
	€	€	€	€
USD	202,584	785,500	1,471,207	2,001,135
EUR	205,177	1,029,725	288,241	862,559
GBP	91,543	155,250	153,591	191,014
Kazakhstan Tenge ("KZT")	98,061	15,657	—	—
Swiss Franc ("CHF")	—	20,424	—	37,101
Danish Kroner ("DKK")	—	—	—	1,625
Tunisian Dinar ("TND")	—	—	118	—
	597,365	2,006,556	1,913,157	3,093,434

14. OTHER PAYABLES

	At 30 June			At 30 September
	2013	2014	2015	2015
	€	€	€	€
Deposits received	602,144	1,140,214	1,264,647	1,260,772
Accrued expenses	88,772	357,111	810,147	840,212
Deferred income	340,769	606,565	949,347	487,990
Payroll taxes and social security	5,763	7,258	—	—
Others	13,909	8,763	200	200
	1,051,357	2,119,911	3,024,341	2,589,174

The fair values of other payables approximate their carrying amounts.

The carrying amount of other payables are denominated in the following currencies:

	At 30 June			At 30 September
	2013	2014	2015	2015
	€	€	€	€
USD	5,334	860,575	764,650	1,025,274
GBP	123,187	126,174	—	14,101
EUR	922,836	1,133,162	2,259,691	1,549,799
	1,051,357	2,119,911	3,024,341	2,589,174

15. BORROWINGS

The borrowings were repayable as follows:

	At 30 June			At 30 September
	2013	2014	2015	2015
	€	€	€	€
Amounts repayable				
— Within 1 year	—	20,528	44,248	45,364
— After 1 year but within 5 years	—	119,472	75,224	67,035
Total	—	140,000	119,472	112,399
Less: Portion classified as current liabilities	—	(20,528)	(44,248)	(45,364)
Non-current portion of borrowings	—	119,472	75,224	67,035

The amount represents a loan from a related party which is interest bearing at 10% per annum, unsecured and repayable by December 2017.

The fair values of the borrowings approximate their carrying amounts.

16. DEFERRED INCOME TAX ASSETS

Deferred income tax assets recognised by the Target Group and movements hereon during the Relevant Periods are as follows:

	Provision
	€
At 30.6.2012 and 1.7.2012	45,346
Credited to consolidated income statement for the year	56,270
At 30.6.2013 and 1.7.2013	101,616
Debited to consolidated income statement for the year	(36,841)
At 30.6.2014 and 1.7.2014	64,775
Debited to consolidated income statement for the year	(19,969)
At 30.6.2015 and 1.7.2015	44,806
Credited to consolidated income statement for the period	99,512
At 30.9.2015	144,318

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

17. SHARE CAPITAL

Share capital as at the end of each of the Relevant Periods represents the share capital of the Target Company.

At 1 July 2012, 30 June 2013, 30 June 2014, 30 June 2015 and 30 September 2015, the authorised share capital of the Target Company is EUR505,000 divided into 505,000 ordinary share of EUR1 each.

	Ordinary shares of EUR1 each									
	A		B		C		D		Total	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
		€		€		€		€		€
Issued and fully paid:										
At 1 July 2012	1,225	1,225	1,325	1,325	2,450	2,450	500,000	500,000	505,000	505,000
Share transfer between classes	1,225	1,225	1,225	1,225	(2,450)	(2,450)	—	—	—	—
At 30 June 2013, 2014 and 2015 and 30 September 2015	2,450	2,450	2,550	2,550	—	—	500,000	500,000	505,000	505,000

The holders of Class A and B shares are entitled to receive dividends as declared from time to time. Holders of ordinary shares with the exception of holders of Class D shares are entitled to one vote per share at meetings of the Target Company and to nominate one director per class.

Pursuant to a shareholder resolution dated 27 January 2016, all shares have been reclassified as ordinary shares with equal rights as to voting, dividends and in all other aspects.

18. RESERVES

	Retained earnings/ (accumulated losses)
	€
At 1 July 2012	(85,023)
Loss for the year	(120,904)
At 30 June 2013	(205,927)
Profit for the year	40,114
At 30 June 2014	(165,813)
Profit for the year	237,111
At 30 June 2015	71,298
Loss for the period	(208,152)
At 30 September 2015	(136,854)

19. MATERIAL RELATED PARTY TRANSACTIONS

(a) Apart from the transactions as disclosed in Notes 5 and 15 to the Financial Information, the Target Group had the following material transactions with its related parties during the Relevant Periods:

	Year ended 30 June			Three months ended 30 September	
	2013	2014	2015	2015	2014
	€	€	€	€	€
					(Unaudited)
Revenues invoiced to related parties[1]	3,927,415	4,495,538	5,902,988	1,447,649	1,364,673
Expenses recharged to related parties[1]	630,045	—	—	—	—
Consultancy fees recharged from related parties[1]	40,000	—	—	—	—

(1) The related parties are under the common control of the controlling shareholders.

(b) Key management compensation

	Year ended 30 June			Three months ended 30 September	
	2013	2014	2015	2015	2014
	€	€	€	€	€
					(Unaudited)
Salaries, bonuses, allowances and benefits in kind	48,000	48,000	48,000	12,129	12,121

The director of the Target Company is regarded as the key management personnel of the Target Group.

20. FINANCIAL RISK MANAGEMENT

The Target Group is exposed to financial risks arising from the normal course of its business. The policies and practices used by the Target Group to manage these risks are described below.

(a) Credit risk

The maximum exposure to credit risk which will cause a financial loss to the Target Group due to failure to discharge an obligation by the counterparties is arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statements of financial position.

A significant portion of the Target Group's credit risk is attributable to trade receivables, deposits and other receivables and cash in bank. The Target Group performs individual credit evaluations on debtors focusing on their current ability to pay and taking into account information specific to the debtors. In this regards, the directors of the Target Group consider that any risk is significantly reduced. The credit risk on bank deposits is limited because the counterparties are banks with good reputation.

The Target Group does not provide any guarantees which expose the Target Group to credit risk.

(b) Liquidity risk

In the management of liquidity risk, the Target Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the operations of the Target Group and mitigate the effects of fluctuations in cash flows.

The following table details the Target Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Target Group is required to pay.

	Within 1 year	**Between 1-5 years**	**Total**
	€	*€*	*€*
As at 30 June 2013			
Trade payables	597,365	—	597,365
Other payables	108,244	—	108,244
	705,609	—	705,609

	Within 1 year	**Between 1-5 years**	**Total**
	€	*€*	*€*
As at 30 June 2014			
Trade payables	2,006,556	—	2,006,556
Other payables	372,932	—	372,932
Loan from a related party (including interest)	27,339	136,095	163,434
	2,406,827	136,095	2,542,922

	Within 1 year	**Between 1-5 years**	**Total**
	€	*€*	*€*
As at 30 June 2015			
Trade payables	1,913,157	—	1,913,157
Other payables	810,147	—	810,147
Loan from a related party (including interest)	54,559	81,536	136,095
	2,777,863	81,536	2,859,399

	Within 1 year	Between 1-5 years	Total
	€	€	€
As at 30 September 2015			
Trade payables	3,093,434	—	3,093,434
Other payables	840,212	—	840,212
Loan from a related party (including interest)	54,519	71,501	126,020
	3,988,165	71,501	4,059,666

(c) Interest rate risk

Other than deposits held in banks, the Target Group does not have any other interest-bearing assets. Management does not anticipate significant impact to interest-bearing assets because interest rates of bank deposits are not expected to change significantly.

The Target Group's fair value interest rate risk relates to borrowings. The Target Group currently does not have a formal interest rate hedging policy in relation to fair value interest risk as the management considers that such risks are insignificant to the Target Group. The management monitors the Target Group's exposure on an ongoing basis and will consider hedging the interest rate risk should the need arise.

(d) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Carrying amounts of financial assets and financial liabilities as at 30 June 2013, 2014, 2015 and 30 September 2015 exposed to currency risk were as follows:

	At 30 June			At 30 September
	2013	2014	2015	2015
	€	€	€	€
Financial assets denominated in foreign currencies:				
Trade receivable	747,154	1,171,086	1,336,902	2,069,695
Cash and bank balances	570,222	1,281,589	1,634,968	1,022,047
Other receivables	189,517	56,299	122,677	329,791
	1,506,893	2,508,974	3,094,547	3,421,533
Financial liabilities denominated in foreign currencies:				
Trade payables	392,188	976,831	1,624,916	2,230,875
Other payables	128,521	986,749	764,650	1,039,375
	520,709	1,963,580	2,389,566	3,270,250
Net financial assets exposed to currency risk	986,184	545,394	704,981	151,283

The carrying amounts of financial instruments are mainly denominated in the following foreign currencies:

	At 30 June			At 30 September
	2013	2014	2015	2015
	€	€	€	€
USD	940,628	726,655	836,040	344,622
GBP	143,617	(145,180)	(130,941)	(158,336)
Other currencies	(98,061)	(36,081)	(118)	(35,003)
	986,184	545,394	704,981	151,283

The Company's financial instruments exposed to currency risks were primarily denominated in USD and GBP.

	At 30 June						At 30 September 2015	
	2013		2014		2015			
	Appreciation/ (depreciation) in foreign exchange rates	Increase/ (decrease) in loss after tax and retained profits €	Appreciation/ (depreciation) in foreign exchange rates	Increase/ (decrease) in profit after tax and retained profits €	Appreciation/ (depreciation) in foreign exchange rates	Increase/ (decrease) in profit after tax and retained profits €	Appreciation/ (depreciation) in foreign exchange rates	Increase/ (decrease) in loss after tax and retained profits €
Euro/USD	8%	75,250	8%	(58,132)	8%	(66,883)	8%	27,570
	(8%)	(75,250)	(8%)	58,132	(8%)	66,883	(8%)	(27,570)
Euro/GBP	10%	14,362	10%	14,518	10%	13,094	10%	(15,834)
	(10%)	(14,362)	(10%)	(14,518)	(10%)	(13,094)	(10%)	15,834

(e) Capital management

The Target Group manages its capital to ensure that entities in the Target Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The Target Group's overall strategy remains unchanged during the Relevant Periods.

The capital structure of the Target Group consists of net debts (which include borrowings, net of cash and cash equivalents) and equity attributable to owners of the Target Group, comprising paid-in capital and reserves.

The management of the Target Group reviews the capital structure periodically. As part of this review, the management considers the cost of capital and the risks associated with the capital. Based on recommendations of the management, the Target Group will balance its overall capital structure through the payment of dividends and raising of new capital as well as the issue of new debt or the redemption of existing debt.

21. CONTINGENT LIABILITIES

The Target Group did not have any significant contingent liabilities at 30 June 2013, 2014 and 2015 and 30 September 2015.

22. DETAILS OF COMPANIES COMPRISING THE TARGET GROUP

The Target Group has two legal entities and particulars of which are set out below:

Name of company	Place of incorporation and operation	Legal form of entity	Issued capital/ member contribution	Effective interest held during the relevant periods	Principal activity
Maleth Aero AOC Limited	The Republic of Malta	Limited liability	€505,200	100%	Provision of aircraft managment and other related services
Maleth Aero Limited	The Republic of Malta	Limited liability	€505,000	100%	Investment holding

The companies that have statutory audited financial statements during the Relevant Periods and the name of the auditors are as follows:

Name of company	Financial years ended	Name of statutory auditor
Maleth Aero AOC Limited	30 June 2013 and 2014 30 June 2015	Marjoe Muscat (CPA) PKF Malta
Maleth Aero Limited	30 June 2013 and 2014 30 June 2015	Marjoe Muscat (CPA) PKF Malta

The immediate and ultimate controlling parties are determined to be MOB Holdings Limited and Mr. Michael O'Brien, respectively.

23. EVENTS AFTER FINANCIAL POSITION DATE

Except as disclosed in Note 17, there is no other material subsequent event undertaken by the Target Group after 30 September 2015.

III. Subsequent Financial Statements

No audited financial statements have been prepared by the Target Group in respect of any period subsequent to 30 September 2015 up to the date of this report. No dividend or distribution has been declared or made by the Target Group in respect of any period subsequent to 30 September 2015.

Yours faithfully,

PKF
Certified Public Accountants
Hong Kong

(B) MANAGEMENT DISCUSSION AND ANALYSIS ON THE MALETH GROUP

For the year ended 30 June 2013

Business and financial review

The Maleth Group recorded revenue of approximately EUR6.3 million (equivalent to approximately HK$53.9 million) for the year ended 30 June 2013. Private and commercial management fees, which relates to the monthly fee charged by the Maleth Group to manage aircraft to its owners, represented 5.3% of revenue. Charter revenue, which relates to revenue obtained from chartering aircraft under the Maleth Group's management, represented 15.8% of revenue. Recharge disbursement invoicing, which relates to the operational cost for the aircraft (including but not limited to maintenance) and also costs for operating the trips (including but not limited to flight crew, pilot and fuel), represented 75.8% of revenue. All costs in relation to recharge disbursement invoicing are passed to the respective customer at cost with no mark up. Handling fees which is a non-core operation relates to handling and baggage services at Astana and Almaty airports in Kazakhstan and represented 3.1% of revenue. Consultancy and mobilisation fees, which relates to ad-hoc advisory projects, represented 0.1% of revenue. There were no new services introduced by the Maleth Group during the year ended 30 June 2013.

The direct costs of the Maleth Group for the year ended 30 June 2013 amounted to approximately EUR5.9 million (equivalent to approximately HK$50.4 million). The direct costs include those directly attributable to revenue.

The Maleth Group reported gross profit of approximately EUR0.4 million (equivalent to approximately HK$3.5 million), representing a gross profit margin of approximately 6.5%.

The Maleth Group reported other income of EUR395 (equivalent to approximately HK$3,384) which related to interest income.

The Maleth Group reported administrative expenses and other operating expenses of approximately EUR0.6 million (equivalent to approximately HK$5.1 million). Administrative expenses and other operating expenses includes but are not limited to staff costs, depreciation and fees to professional services firms. The largest expense item in this category relates to staff costs (please see section below entitled "Employees"). The Maleth Group did not incur any finance costs and received an income tax credit of approximately EUR0.1 million (equivalent to approximately HK$0.5 million) for the year ended 30 June 2013.

The Maleth Group reported a net loss of approximately EUR0.1 million (equivalent to approximately HK$1 million) for the year ended 30 June 2013.

Employees

As at 30 June 2013, the Maleth Group included approximately 6 full time equivalent employees as well as between 10-14 independent consultants engaged in connection with the operation of specialty managed aircraft. There were no share options or mandatory bonuses payable to any employees. The total staff costs incurred by the Maleth Group amounted to approximately EUR0.2 million (equivalent to approximately HK$1.4 million) for the year ended 30 June 2013. Notice periods for termination under the Maleth Group's employment and independent consultancy arrangements were between one week and three months.

Liquidity and financial resources

The working capital requirements of the Maleth Group were financed by cash generated from operations.

As at 30 June 2013, the Maleth Group had cash and bank balances of approximately EUR0.6 million (equivalent to approximately HK$4.9 million) and did not have any outstanding bank borrowings.

Exposure to fluctuations in exchange rates

The Maleth Group transacted in several currencies, including but not limited to CHF, DKK, EUR, GBP, KZT, TND and USD.

The Maleth Group did not engage in any financial instruments to hedge currency movements during the year ended 30 June 2013.

Material acquisitions and disposal of subsidiaries and associates

During the year ended 30 June 2013, the Maleth Group did not have any material acquisitions or disposals of subsidiaries or associates.

Future plans for material investments or capital assets

The Maleth Group did not make any significant investments nor acquire any material capital assets during the year ended 30 June 2013.

At 30 June 2013, the Maleth Group did not have any specific plans for material investments or capital assets for the year ended 30 June 2014.

Charges on assets

The Maleth Group did not have any charges on assets as at 30 June 2013.

Contingent liabilities

The Maleth Group did not have any significant contingent liabilities as at 30 June 2013.

For the year ended 30 June 2014

Business and financial review

The Maleth Group recorded revenue of approximately EUR15.1 million (equivalent to approximately HK$129.2 million) for the year ended 30 June 2014. Private and commercial management fees represented 2.9% of revenue. Charter revenue represented 29.9% of revenue. Recharge disbursement invoicing represented 61.2% of revenue. Handling fees represented 3.5% of revenue. Consultancy and mobilisation fees represented 2.5% of revenue. As compared with the revenue for the year ended 30 June 2013, the revenue for the year ended 30 June 2014 grew by approximately 139.7% which was achieved by taking on additional aircraft under management which grew the private and commercial management fees, charter revenue and recharge disbursement invoicing revenue segments. There were no new services introduced by the Maleth Group during the year ended 30 June 2014.

The direct costs of the Maleth Group for the year ended 30 June 2014 amounted to approximately EUR14.1 million (equivalent to approximately HK$120.4 million). As compared with direct costs for the year ended 30 June 2013, the direct costs for the year ended 30 June 2014 increased by approximately 139.0% which was slightly under the growth of the revenue of the Maleth Group for year ended 30 June 2014.

The Maleth Group reported gross profit of approximately EUR1.0 million (equivalent to approximately HK$8.8 million), representing a gross profit margin of approximately 6.8% which was comparable to the gross profit margin for the year ended 30 June 2013.

The Maleth Group reported other income of EUR463 (equivalent to approximately HK$3,967) which related to interest income.

The Maleth Group reported administrative expenses and other operating expenses of approximately EUR1.0 million (equivalent to approximately HK$8.1 million). This increase in administrative and other operating expenses was mainly due to an increase in staff costs which enable the Maleth Group to manage additional aircraft. The Maleth Group did not incur any finance costs and reported an income tax expense of EUR36,854 (equivalent to approximately HK$0.3 million) for the year ended 30 June 2014.

The Maleth Group reported a net profit of EUR40,114 (equivalent to approximately HK$0.3 million) for the year ended 30 June 2014 representing a net profit margin of approximately 0.27% and an improvement on the loss of approximately EUR0.1 million (equivalent to approximately HK$1 million) for the year ended 30 June 2013.

Employees

As at 30 June 2014, the Maleth Group included approximately 11 full time equivalent employees as well as between 14 – 18 independent consultants engaged in connection with the operation of specialty managed aircraft. There were no share options or mandatory bonuses payable to any employees. The total staff costs incurred by the Maleth Group amounted to approximately EUR0.3 million (equivalent to approximately HK$2.5 million) for the year ended 30 June 2014. Notice periods for termination under the Maleth Group's employment and independent consultancy arrangements were between one week and three months.

Liquidity and financial resources

The working capital requirements of the Maleth Group were financed by cash generated from operations.

As at 30 June 2014, the Maleth Group had a borrowing of approximately EUR0.1 million (equivalent to approximately HK$1.2 million). More details of the aforesaid borrowing is set out in Note 15 to the financial information of the Maleth Group in the accountant's report in Appendix I to this circular.

As at 30 June 2014, the Maleth Group had cash and bank balances of approximately EUR1.7 million (equivalent to approximately HK$14.4 million) and was in a net cash position, being cash and bank balances greater than debt total.

Exposure to fluctuations in exchange rates

The Maleth Group transacted in several currencies, including but not limited to CHF, DKK, EUR, GBP, KZT, TND and USD.

The Maleth Group did not engage in any financial instruments to hedge currency movements during the year ended 30 June 2014.

Material acquisitions and disposal of subsidiaries and associates

During the year ended 30 June 2014, the Maleth Group did not have any material acquisitions or disposals of subsidiaries or associates.

Future plans for material investments or capital assets

Other than the acquisition of a movable property of EUR160,000 (equivalent to approximately HK$1.4 million), the Maleth Group did not make any significant investments nor acquire any material capital assets during the year ended 30 June 2014.

At 30 June 2014, the Maleth Group did not have any specific plans for material investments or capital assets for the year ended 30 June 2015.

Charges on assets

The Maleth Group did not have any charges on assets as at 30 June 2014.

Contingent liabilities

The Maleth Group did not have any significant contingent liabilities as at 30 June 2014.

For the year ended 30 June 2015

Business and financial review

The Maleth Group recorded revenue of approximately EUR19.7 million (equivalent to approximately HK$169.0 million) for the year ended 30 June 2015. Private and commercial management fees represented 2.4% of revenue. Charter revenue represented 40.0% of revenue. Recharge disbursement invoicing represented 52.5% of revenue. Handling fees represented 4.9% of revenue. Consultancy and mobilisation fees represented 0.2% of revenue. As compared with the revenue for the year ended 30 June 2014, the revenue for the year ended 30 June 2015 grew by approximately 30.7% which was achieved by taking on additional aircraft under management, but not as many additional aircraft as taken on during the year ended 30 June 2014, which grew the private and commercial management fees, charter revenue and recharge disbursement invoicing revenue segments. There were no new services introduced by the Maleth Group during the year ended 30 June 2015.

The direct costs of the Maleth Group for the year ended 30 June 2015 amounted to approximately EUR18.6 million (equivalent to approximately HK$159.5 million). As compared with direct costs for the year ended 30 June 2014, the direct costs for the year ended 30 June 2015 increased by approximately 32.5% which is higher than the growth of the revenue of the Maleth Group for year ended 30 June 2015. This occurred mainly due to pressure on direct costs relating to handling fees; the Maleth Group paid additional fees to operate at Astana and Almaty airports.

The Maleth Group reported gross profit of approximately EUR1.1 million (equivalent to approximately HK$9.4 million), representing a gross profit margin of approximately 5.6% which was below the gross profit margin for the year ended 30 June 2014. This was attributable to the increase in direct costs as stated above.

The Maleth Group reported other income of approximately EUR0.2 million (equivalent to approximately HK$1.7 million) of which 99.8% related to an exchange gain arising from exchange rate fluctuation.

The Maleth Group reported administrative expenses and other operating expenses of approximately EUR1.0 million (equivalent to approximately HK$8.9 million). This was broadly in line with the administrative expenses and other operating expenses of EUR1.0 million (equivalent to approximately HK$8.1 million) for the year ended 30 June 2014. The Maleth Group incurred finance costs of EUR6,811 (equivalent to approximately HK$0.1 million) and reported an income tax expense of EUR19,969 (equivalent to approximately HK$0.2 million) for the year ended 30 June 2015.

The Maleth Group reported a net profit of approximately EUR0.2 million (equivalent to approximately HK$2.0 million) for the year ended 30 June 2015 representing a net profit margin of approximately 1.2%, compared to 0.3% for the year ended 30 June 2014. The improvement in net profit margin was primarily due to the exchange gain recorded during the year.

Employees

As at 30 June 2015, the Maleth Group included approximately 12 full time equivalent employees as well as between 14 – 19 independent consultants engaged in connection with the operation of specialty managed aircrafts. There were no share options or mandatory bonuses payable to any employees. The total staff costs incurred by the Maleth Group amounted to approximately EUR0.3 million (equivalent to approximately HK$2.7 million) for the year ended 30 June 2015. Notice periods for termination under the Maleth Group's employment and independent consultancy arrangements were between one week and three months.

Liquidity and financial resources

The working capital requirements of the Maleth Group were financed by cash generated from operations.

As at 30 June 2015, the Maleth Group had a borrowing of approximately EUR0.1 million (equivalent to approximately HK$1.0 million). More details of the aforesaid borrowing are set out in Note 15 to the financial information of the Maleth Group in the accountant's report in Appendix I to this circular.

As at 30 June 2015, the Maleth Group had cash and bank balances of approximately EUR1.8 million (equivalent to approximately HK$15.5 million) and was in a net cash position, being cash and bank balances greater than debt total.

Exposure to fluctuations in exchange rates

The Maleth Group transacted in several currencies, including but not limited to CHF, DKK, EUR, GBP, KZT, TND and USD.

The Maleth Group did not engage in any financial instruments to hedge currency movements during the year ended 30 June 2015.

Material acquisitions and disposal of subsidiaries and associates

During the year ended 30 June 2015, the Maleth Group did not have any material acquisitions or disposals of subsidiaries or associates.

Future plans for material investments or capital assets

The Maleth Group did not make any significant investments nor acquire any material capital assets during the year ended 30 June 2015.

At 30 June 2015, the Maleth Group did not have any specific plans for material investments or capital assets for the year ending 30 June 2016.

Charges on assets

The Maleth Group did not have any charges on assets as at 30 June 2015.

Contingent liabilities

The Maleth Group did not have any significant contingent liabilities as at 30 June 2015.

For the three months ended 30 September 2015

Business and financial review

The Maleth Group recorded revenue of approximately EUR6.3 million (equivalent to approximately HK$53.8 million) for the three months ended 30 September 2015. Private and commercial management fees represented 2.0% of revenue. Charter revenue represented 46.6% of revenue. Recharge disbursement invoicing represented 46.0% of revenue. Handling fees represented 5.5% of revenue. As compared with the revenue for the three months ended 30 September 2014, the revenue for the three months ended 30 September 2015 declined by approximately 16.5% which was mainly attributable to a decline in charter revenue given certain aircraft under management spent longer than normal periods in maintenance, during which the aircraft could therefore not generate any charter revenue. There were no new services introduced by the Maleth Group during the three months ended 30 September 2015.

The direct costs of the Maleth Group for the three months ended 30 September 2015 amounted to approximately EUR6.3 million (equivalent to approximately HK$53.6 million). For the three months ended 30 September 2014, direct costs represented 93.2% of revenue while the direct costs for the three months ended 30 September 2015 were 99.6% of revenue. This increase was directly attributable to a specific aircraft, which was put under the Group's management by a lessor on a three-month rolling contract. The lessor defaulted in a payment to the aircraft owner resulting in the Maleth Group dealing directly with the aircraft owner. After three months of several major repairs, the aircraft was deemed unreliable for flight and the Maleth Group invoked the termination clause in the contract. For a period the Maleth Group was paying the direct costs relating to charter flying for such aircraft including but not limited to crew overheads, insurance, lease costs with no revenue to cover these items. Management expects this to be a one-off event and action was taken quickly to reduce risk by terminating the relevant contract.

The Maleth Group reported gross profit of EUR22,286 (equivalent to approximately HK$0.2 million) for the three months ended 30 September 2015, representing a gross profit margin of approximately 0.4% which was below the gross profit margin of 6.8% for the three months ended 30 September 2014 for the reasons outlined above.

The Maleth Group reported administrative expenses and other operating expenses of approximately EUR0.3 million (equivalent to approximately HK$2.8 million). This represents an increase of approximately 27.3% if compared to the administrative expenses and other operating expenses of EUR0.3 million (equivalent to approximately HK$2.2 million) for the three months ended 30 September 2014. The increase in administrative expenses was due to increased consultancy costs. The Maleth Group incurred finance costs of EUR3,002 (equivalent to HK$25,720) and reported an income tax credit of EUR99,512 (equivalent to approximately HK$0.9 million) for the three months ended 30 September 2015.

The Maleth Group reported a net loss of approximately EUR0.2 million (equivalent to approximately HK$1.8 million) for the three months ended 30 September 2015 which was primarily due to the incurrence of costs with no revenue generated in respect of an aircraft as stated above.

Employees

As at 30 September 2015, the Maleth Group included approximately 13 full time equivalent employees as well as between 15 – 20 independent consultants engaged in connection with the operation of specialty managed aircrafts. There were no share options or mandatory bonuses payable to any employees. The total staff costs incurred by the Maleth Group amounted to approximately EUR0.1 million (equivalent to approximately HK$0.7 million) for the three months ended 30 September 2015. This was broadly in line with the total staff costs of EUR0.1 million (equivalent to approximately HK$0.7 million) incurred in the three months ended 30 September 2014. Notice periods for termination under the Maleth Group's employment and independent consultancy arrangements were between one week and three months.

Liquidity and financial resources

The working capital requirements of the Maleth Group were financed by cash generated from operations.

As at 30 September 2015, the Maleth Group had a borrowing of approximately EUR0.1 million (equivalent to approximately HK$1.0 million). More details of the aforesaid borrowing is set out in Note 15 to the financial information of the Maleth Group in the accountant's report in Appendix I to this circular.

As at 30 September 2015, the Maleth Group had cash and bank balances of approximately EUR1.2 million (equivalent to approximately HK$10.1 million) and was in a net cash position, being cash and bank balances greater than debt total.

Exposure to fluctuations in exchange rates

The Maleth Group transacted in several currencies, including but not limited to CHF, DKK, EUR, GBP, KZT, TND and USD.

The Maleth Group did not engage in any financial instruments to hedge currency movements during the three months ended 30 September 2015.

Material acquisitions and disposal of subsidiaries and associates

During the three months ended 30 September 2015, the Maleth Group did not have any material acquisitions or disposals of subsidiaries or associates.

Future plans for material investments or capital assets

The Maleth Group did not make any significant investments nor acquire any material capital assets during the three months ended 30 September 2015.

At 30 September 2015, the Maleth Group did not have any specific plans for material investments or capital assets for the year ending 30 June 2016.

Charges on assets

The Maleth Group did not have any charges on assets as at 30 September 2015.

Contingent liabilities

The Maleth Group did not have any significant contingent liabilities as at 30 September 2015.

(A) UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP

Introduction

The following is an illustrative and unaudited pro forma financial information of the Enlarged Group which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Subscriptions and the exercise of the Put Option as if they had taken place on 30 September 2015 and on the Trigger Date, respectively, for the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group. Details of the Subscriptions and the Put Option are set out in the section headed "Letter from the Board" contained in this circular.

The unaudited pro forma financial information of the Enlarged Group has been prepared in accordance with paragraph 4.29 of the Listing Rules and has been prepared by the Directors for the purpose of illustrating the effect of the Subscriptions and the exercise of the Put Option pursuant to the terms of the Investment Agreement and the Put-Call Agreement, respectively. The unaudited pro forma financial information was prepared based on certain assumptions, estimates, uncertainties and other currently available financial information, and has been prepared by the Directors for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group had the Subscriptions and the exercise of the Put Option been completed as of the specified date or at any future date.

The unaudited pro forma financial information has been prepared using the accounting policies consistent with those of the Group as set out in the published annual report of the Company for the year ended 31 December 2014.

The unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group as at 30 September 2015 is based upon (i) the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2015, which has been extracted from the interim report of the Group for the six months ended 30 June 2015; and (ii) the audited consolidated statement of financial position of the Maleth Group as at 30 September 2015, as extracted from the Accountant's Report thereon set out in Appendix I of this circular, after making pro forma adjustments that are (a) directly attributable to the Subscriptions and the exercise of the Put Option; and (b) factually supportable.

The unaudited pro forma financial information should be read in conjunction with other financial information included elsewhere in this circular.

I. Unaudited Pro Forma Consolidated Statement of Assets and Liabilities of the Enlarged Group

	The Group as at 30 June 2015	The Maleth Group as at 30 September 2015	Other Pro Forma Adjustments				The Enlarged Group upon completion of the Subscriptions as at 30 September 2015	Other Pro Forma Adjustment	The Enlarged Group upon exercise of the Put Option on the Trigger Date
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*		*Note 6*	
NON-CURRENT ASSETS									
Property, plant and equipment	337,066	1,701					338,767		338,767
Goodwill and other intangibles	127,511	—		6,361			133,872		133,872
Interests in a joint venture	—	—					—		—
Interests in subsidiaries	—	—	8,730	(8,730)			—		—
Interests in associates	8,770	—					8,770		8,770
Pledged bank deposits	336,542	—					336,542		336,542
Deferred income tax assets	8	1,257		(1,257)			8		8
Non-current prepayments	109,447	—					109,447		109,447
Prepaid operating lease rentals	1,510	—					1,510		1,510
Available-for-sale financial assets	93	—					93		93
Total non-current assets	920,947	2,958					929,009		929,009
CURRENT ASSETS									
Inventories	11,774	—					11,774		11,774
Trade receivables	29,687	18,278					47,965		47,965
Prepayments, deposits and other receivables	38,381	22,212					60,593		60,593
Tax receivables	1,291	—					1,291		1,291
Available-for-sale financial assets	81,348	—					81,348		81,348
Restricted cash	2,333	—					2,333		2,333
Pledged bank deposits	151,683	—					151,683		151,683
Short-term bank deposits	52,242	—					52,242		52,242
Cash and bank balances	349,305	10,251				(3,100)	356,456	(8,713)	347,743
Total current assets	718,044	50,741					765,685		756,972

	The Group as at 30 June 2015	The Maleth Group as at 30 September 2015	Other Pro Forma Adjustments				The Enlarged Group upon completion of the Subscriptions as at 30 September 2015	Other Pro Forma Adjustment	The Enlarged Group upon exercise of the Put Option at the Trigger Date
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*		*Note 6*	
CURRENT LIABILITIES									
Trade payables	10,287	26,953					37,240		37,240
Other payables and accruals	46,209	22,559			8,103		76,871	(8,103)	68,768
Borrowings-current portion	149,597	395					149,992		149,992
Tax payables	110	—					110		110
Total current liabilities	206,203	49,907					264,213		256,110
Net current assets	511,841	834					501,472		500,862
TOTAL ASSETS LESS CURRENT LIABILITIES	1,432,788	3,792					1,430,481		1,429,871
NON-CURRENT LIABILITIES									
Borrowings	357,076	584					357,660		357,660
Deferred income tax liabilities	73,836	—		686			74,522		74,522
Total non-current liabilities	430,912	584					432,182		432,182
Net assets	1,001,876	3,208					998,299		997,689

II. Notes to the Unaudited Pro Forma Statement of Assets and Liabilities of the Enlarged Group

1. The audited consolidated statement of financial position of the Maleth Group is extracted from Appendix I to this circular. For the purpose of presenting the unaudited pro forma financial information, the exchange rate of EUR1 to HK$8.7129 as at 30 September 2015 has been used to translate the amounts in the audited consolidated statement of financial position of the Maleth Group as at 30 September 2015 into HK$ for illustration purposes only and such translation does not constitute a representation that any amount has been, could have been, or may otherwise be exchanged or converted at the above rate.

2. Pursuant to the Investment Agreement, this pro forma adjustment represents the Subscription Amount of approximately EUR1,002,000 (equivalent to approximately HK$8,730,000) payable by FSL to the Maleth Group for the Subscriptions.

3. Upon completion of the proposed Subscriptions, the identifiable assets and liabilities of the Maleth Group will be accounted for in the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group at fair value under the acquisition method in accordance with Hong Kong Financial Reporting Standard 3 (Revised), "Business Combination" ("HKFRS 3").

   For the purpose of the unaudited pro forma consolidated statement of assets and liabilities and for illustration purpose only, the Group has carried out an illustrative consideration allocation exercise in accordance with HKFRS 3. The identifiable assets and liabilities of the Maleth Group are recorded in the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group at their fair values estimated by the Directors with reference to the valuation performed by an independent professional qualified valuer, as at 30 September 2015 (the "Valuation") for the purpose of purchase price allocation.

   The fair values of the identifiable assets and liabilities are determined using market approach and income approach.

   The recognition of the goodwill of approximately HK$0.8 million, which represents the excess of the consideration for the Subscriptions over the fair value of the Enlarged Group's share of the identifiable assets and liabilities of the Maleth Group, is set out below.

	EUR'000	*HK$'000*
Consideration	1,002	8,730
Less: Fair value of the net identified assets	(911)	(7,937)
Goodwill	91	793
Carrying amount of the net assets of the Maleth Group	368	3,208
Fair value adjustment as per the Valuation:		
— Intangible assets *(i)*	639	5,568
— Deferred tax liabilities *(ii)*	(223)	(1,943)
Cash proceeds from the Subscriptions *(see Note 2)*	1,002	8,730
Non-controlling interests	(875)	(7,626)
Fair value of the net identified assets	911	7,937

The valuation of identifiable assets and liabilities is not a precise science and the conclusions arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgement. Therefore, there is no indisputable single value and a valuer normally expresses the opinion on the value as falling within a likely range.

This adjustment also includes consolidation entries for the elimination of the investment cost of the Maleth Group and share capital and reserves of the Maleth Group.

Notes

(i) Intangible assets represent customer relationships of approximately EUR493,000 (equivalent to approximately HK$4.3 million) and operating licences of EUR146,000 (equivalent to approximately HK$1.3 million).

The customer relationships refer to long-time business relationship and history with key customers that provide a significant and stable stream of revenue. According to the Valuation, the fair value of the customer relationships is determined using excess earnings method by estimating the Maleth Group's incremental profit attributable to the customer relationships.

The operating licences include the air operator certificate which is determined using the replacement cost approach.

(ii) Deferred income tax liabilities arose from the difference between the tax base and fair value of intangible assets. Tax rate of 35% was used to calculate deferred income tax liabilities as it is the tax rate expected to be applied to the Maleth Group in the period when the liabilities are settled.

The Directors confirm that they will apply consistent accounting policies and assumptions to assess impairment of goodwill and other intangible assets in subsequent reporting periods in accordance with the requirements under Hong Kong Accounting Standard 36 "Impairment of Assets" annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company's auditor will audit and opine on the consolidated financial statements of the Company in accordance with Hong Kong Standards on Auditing during the future annual audit.

Since the fair values of the net identifiable assets of the Maleth Group at Completion may be substantially different from the fair values used in the preparation of the unaudited pro forma statement of assets and liabilities of the Enlarged Group, the final amount of the goodwill may be different from the amount presented above.

4. Pursuant to the Put-Call Agreement, the combination of the Put Option and the Call Option with the Trigger Date resembles a forward contract whereby MOB Holdings is required to sell all its Aero Shares and AOC Shares to FSL and FSL is required to purchase all of the Aero Shares and AOC Shares held by MOB Holdings at the Option Price on the maturity date of such forward contract (the "Option Shares"). The Put Option and the Call Option are not required to be recognised separately as the acquisition of the Option Shares is recognised as a debt instrument. The Put Option and the Call Option are classified as a financial liability against equity at recognition and will be measured at amortised cost subsequently.

The Option Price shall be equal to the higher of EUR1 million (equivalent to approximately HK$8.7 million) or 4.5 multiplied by the average consolidated EBITDA of Maleth Aero and Maleth AOC for the prior two Financial Years preceding the exercise of the Put Option or the Call Option. The Option Price is capped at EUR10 million (equivalent to approximately HK$87.1 million).

The payable balance of EUR930,000 (equivalent to approximately HK$8.1 million) represents the fair value of the debt instrument as at 30 September 2015, which is the present value of the expected future cash flows derived from the abovementioned debt instrument with the redemption price, i.e., the Option Price, of EUR1 million (equivalent to approximately HK$8.7 million), based on the assumption that the debt instrument will be redeemed on the Trigger Date and is simulated using the Geometric Brownian model based on the Valuation. The expected Option Price is equivalent to the floor price of EUR1 million (equivalent to approximately HK$8.7 million) as set forth under the Put-Call Agreement.

Any increase in the final exercise price of the Put Option will result in a corresponding increase in the final cash consideration as set out in Note 6 and a reduction in the net assets of the Enlarged Group. Assuming that the final exercise price had been at the ceiling price of EUR10 million (equivalent to approximately HK$87.1 million), the total assets of the Enlarged Group will be reduced further by EUR9 million (equivalent to approximately HK$78.4 million) representing the additional undiscounted cash outflow of the financial liability recognised from the initial recognition of the Put Option and the Call Option; there will be no net impact on the total liabilities of the Enlarged Group after exercise of the Put Option.

The Directors' estimate stated above is for illustration purposes only, based on judgements and assumptions of the Directors, which are hypothetical in nature, and therefore may not give a true picture in respect of the option value at any future date.

5. The adjustment represents the estimated professional fees and transaction costs of approximately HK$3.1 million payable by the Group in connection with the Subscriptions, which are assumed to be paid upon Completion.

6. For the purposes of the pro forma financial information, the adjustment represents the cash consideration of EUR1 million (equivalent to approximately HK$8.7 million) based on the assumption that the Trigger Date for the exercise of the Put Option occurs immediately after the lapse of four calendar years subsequent to the Subscriptions.

   As a result, the present value of the financial liability of EUR930,000 (equivalent to approximately HK$8.1 million) will be grossed up to the nominal value of EUR 1 million (equivalent to approximately HK$8.7 million) with the difference recognised in profit or loss. The resulting carrying amount of the financial liability is extinguished upon payment of the cash consideration.

7. Unless otherwise stated, the adjustments above do not have a recurring effect.

(B) REPORT ON UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP

The following is the text of a report received from PKF, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION INCLUDED IN A CIRCULAR

PKF
Accountants &
business advisers

大信梁學濂(香港)會計師事務所

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18 Whitfield Road
Causeway Bay
Hong Kong

香港
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威非路道十八號
萬國寶通中心廿六樓

The Directors
Frontier Services Group Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Frontier Services Group Limited (the "Company") and its subsidiaries (collectively the "Group"), and Maleth Aero Limited (the "Target Company") (collectively the "Enlarged Group") by the directors of the Company (the "Directors") for illustration purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 30 September 2015 and on the Trigger Date as defined in the Company's circular dated 18 March 2016 (the "Circular") and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages 73 to 78 of the Circular in connection with the proposed subscription of shares and exercise of put option in the Target Company (the "Transactions") by the Group. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages 76 to 78 of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Transactions on the Group's financial position as at 30 September 2015 and on the Trigger Date as if the Transactions had taken place at 30 September 2015 and on the Trigger Date. As part of this process, information about the Group's financial position have been extracted by the Directors from the unaudited condensed consolidated financial statements of the Company for the six months ended 30 June 2015.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus", issued by the HKICPA. This standard requires that the reporting accountant complies with ethical requirements and plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For the purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Transaction at 30 September 2015 and on the Trigger Date would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PKF
Certified Public Accountants

Hong Kong, 18 March 2016

CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP FOR THE YEARS ENDED 31 DECEMBER 2012, 2013 AND 2014 AND FOR THE SIX MONTHS ENDED 30 JUNE 2015

Financial information of the Group for each of the years ended 31 December 2012, 2013 and 2014 is disclosed respectively on pages 30 to 115 of the annual report of the Company for the year ended 31 December 2012, pages 33 to 125 of the annual report of the Company for the year ended 31 December 2013 and pages 38 to 143 of the annual report of the Company for the year ended 31 December 2014 and financial information of the Group for the six months ended 30 June 2015 is disclosed on pages 11 to 40 of the interim report of the Company for the six months ended 30 June 2015, all of which are available on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.fsgroup.com).

INDEBTEDNESS

As at the close of business on 31 January 2016, being the latest practicable date for the purpose of this statement of indebtedness, the Enlarged Group had outstanding borrowings of approximately HK$550.0 million which represented (i) bank loans of approximately HK$440.9 million secured by certain of the Enlarged Group's bank deposits; (ii) finance leases of approximately HK$108.3 million; and (iii) other loan of approximately HK$0.8 million.

Save as disclosed above and apart from intra-group liabilities, the Enlarged Group did not have, at the close of business on 31 January 2016, any outstanding mortgages, charges, debentures, bank loans and overdrafts, debt securities or loan notes or other similar indebtedness, loan capital issued or outstanding or agreed to be issued, liabilities under acceptances or acceptance credits or any finance lease commitments, or any guarantees or other material contingent liabilities.

FINANCIAL AND TRADING PROSPECTS

Following the acquisition of the freight forwarding business and certain assets (both tangible and intangible) of the Transit Freight Coordinators Group (which is headquartered in South Africa and provides haulage and distribution services throughout South Africa and SADC countries) (the "**Business**") in November 2015 for a total consideration of ZAR49.0 million which was funded by the Group's internal financial resources (further information on the acquisition, including the accountant's report on the Business for the last three financial years, has been disclosed in the Company's circular dated 6 November 2015) and on the basis of the completion of the investment in the Maleth Group, there should be a material positive effect on the Group's revenue in 2016. Emphasis is shifted from the Group's specialty aviation business to the offering of a complete logistics solution across the African continent. The Group has also started to restructure and streamline its administrative function in order to rationalise the Group's administrative costs.

WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that after taking into account the internal resources available to the Enlarged Group including available credit facilities, the Enlarged Group has sufficient working capital for its requirements for at least the next twelve months from the date of this circular in the absence of unforeseeable circumstances.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests and short positions of the Directors and the chief executive of the Company in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares and underlying shares of the Company or its associated corporations, as defined in Part XV of the SFO and as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**"), were as follows:

Long Positions in Shares and Underlying Shares of the Company

	Number of ordinary shares held				Number of underlying shares held				% of the issued share capital
Name of director	Personal interests	Family interests	Corporate interests	Total	Personal interests	Corporate interests	Total	Grand total	of the Company
Mr. Erik D. Prince ("**Mr. Prince**")	575,000	—	—	575,000	307,673,485 *(Note (i))*	—	307,673,485	308,248,485	25.01%
Mr. Ko Chun Shun, Johnson ("**Mr. Ko**")	—	2,040,816 *(Note (ii))*	223,776,719 *(Note (iii))*	225,817,535	—	—	—	225,817,535	18.32%
Mr. Gregg H. Smith	11,700,500	—	—	11,700,500	—	—	—	11,700,500	0.95%

Name of director	Number of ordinary shares held				Number of underlying shares held				% of the issued share capital of the Company
	Personal interests	Family interests	Corporate interests	Total	Personal interests	Corporate interests	Total	Grand total	
Mr. Hu Qinggang	9,556,000	—	—	9,556,000	—	—	—	9,556,000	0.78%
Mr. Yap Fat Suan, Henry	—	—	—	—	1,400,000 *(Note (iv))*	—	1,400,000	1,400,000	0.11%
Professor Lee Hau Leung	1,400,000	—	—	1,400,000	—	—	—	1,400,000	0.11%
Mr. William J. Fallon	—	—	—	—	1,400,000 *(Note (iv))*	—	1,400,000	1,400,000	0.11%
Dr. Harold O. Demuren	—	—	—	—	1,400,000 *(Note (iv))*	—	1,400,000	1,400,000	0.11%

Notes:

(i) This represents Mr. Prince's interest in the option for the rights to subscribe for up to 307,673,485 new shares of the Company.

(ii) These shares were held by the spouse of Mr. Ko.

(iii) These interests represent:

(a) the deemed interests of Mr. Ko in the 48,276,719 ordinary shares of the Company held by First Gain International Limited under the SFO by virtue of his interests in First Gain International Limited; and

(b) the deemed interests of Mr. Ko in the 175,500,000 ordinary shares of the Company held by Rich Hill Capital Limited under the SFO by virtue of his interests in Rich Hill Capital Limited.

(iv) These interests represent the share options of the Company granted to the respective directors under the Company's share option scheme.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares or underlying shares of the Company or any of its associated corporations which had been recorded in the register required to be kept under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Persons who have an interest or short position which is disclosable under Divisions 2 and 3 of Part XV of the SFO and substantial shareholders

As at the Latest Practicable Date, so far as is known to, or can be ascertained after reasonable enquiry by, the Directors and the chief executive of the Company, the following corporations (not being a Director or the chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long Positions in Shares and Underlying Shares of the Company

	Number of ordinary shares held			Number of underlying shares held				
Name	Direct beneficially owned	Through controlled corporations	Total	Direct beneficially owned	Through controlled corporations	Total	Grand total	% of the issued share capital of the Company
Easy Flow Investments Limited	237,592,607	—	237,592,607	—	—	—	237,592,607	19.28%
CITIC Investment (HK) Limited	—	237,592,607 *(Note (i))*	237,592,607	—	—	—	237,592,607	19.28%
CITIC Corporation Limited	—	237,592,607 *(Note (ii))*	237,592,607	—	—	—	237,592,607	19.28%
CITIC Limited	—	237,592,607 *(Note (iii))*	237,592,607	—	—	—	237,592,607	19.28%
CITIC Group Corporation	—	237,592,607 *(Note (iv))*	237,592,607	—	—	—	237,592,607	19.28%
Rich Hill Capital Limited	175,500,000	—	175,500,000	—	—	—	175,500,000 *(Note (v))*	14.24%
REORIENT GROUP LIMITED ("**RGL**")	—	56,976,571	56,976,571	—	22,790,628	22,790,628	79,767,199 *(Notes (vi))*	6.47%

Notes:

(i) CITIC Investment (HK) Limited is deemed to be interested in the 237,592,607 ordinary shares of the Company held by Easy Flow Investments Limited under the SFO by virtue of its interests in Easy Flow Investments Limited.

(ii) CITIC Corporation Limited is deemed to be interested in the 237,592,607 ordinary shares of the Company held by Easy Flow Investments Limited under the SFO by virtue of its interests in CITIC Investment (HK) Limited.

(iii) CITIC Limited is deemed to be interested in the 237,592,607 ordinary shares of the Company held by Easy Flow Investments Limited under the SFO by virtue of its interests in CITIC Corporation Limited.

(iv) CITIC Group Corporation is deemed to be interested in the 237,592,607 ordinary shares of the Company held by Easy Flow Investments Limited under the SFO by virtue of its interests in CITIC Limited. Mr. Luo Ning and Mr. Hu Qinggang, the executive directors of the Company, are employees of CITIC Group Corporation.

(v) Mr. Ko is deemed to be interested in the shares and underlying shares of the Company held by Rich Hill Capital Limited under the SFO by virtue of his interests in Rich Hill Capital Limited. Such interests form a part of the corporate interests in the ordinary shares and the underlying shares of the Company interested by Mr. Ko as set out in the section titled "Interests and short positions of the Directors and the chief executive of the Company in the securities of the Company and its associated corporations" above. Mr. Ko is a director of Rich Hill Capital Limited.

(vi) These interests represent:

(a) the deemed interests of RGL in the 56,976,571 ordinary shares held by REORIENT GLOBAL LIMITED ("**RGlobal**") under the SFO by virtue of its interests in RGlobal; and

(b) the deemed interests of RGL in the 22,790,628 share options of the Company held by Reorient Financial Market Limited ("**RFML**") under the SFO by virtue of its interests in RFML.

Save as disclosed above, as at the Latest Practicable Date, (i) the Directors and the chief executive of the Company are not aware of any person (other than a Director or the chief executive of the Company or his Associates or a member of the Group) who had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO and (ii) no Director was also a director or employee of a company which had an interest or short position in the Shares which would fall to be disclosed under provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any other member of the Group which would not expire or was not determinable by the employer within one year without payment of compensation (other than statutory compensation).

4. INTEREST IN ASSETS

As at the Latest Practicable Date, none of the Directors or expert as referred to in this circular had any direct or indirect interest in any assets which had been acquired, disposed of by or leased to, or which are proposed to be acquired, disposed of by or leased to, any member of the Enlarged Group since 31 December 2014, the date to which the latest published audited financial statements of the Group were made up.

5. DIRECTORS' INTEREST IN CONTRACTS

As at the Latest Practicable Date, save for any service contracts with any Directors which were expiring or determinable by the Company within one year without payment of compensation (other than statutory compensation), none of the Directors was materially interested in any contract or arrangement entered into by any member of the Enlarged Group subsisting at the Latest Practicable Date which is significant in relation to the business of the Enlarged Group.

6. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given opinion or advice which are contained or referred to in this circular:

Name	**Qualification**
PKF Hong Kong	Certified Public Accountants

As at the Latest Practicable Date, PKF Hong Kong did not have any shareholding interest in any member of the Group nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of any member of the Group.

PKF Hong Kong has given, and has not withdrawn, its written consent to the issue of this circular with the inclusion of its reports and reference to its name, as the case may be, in the form and context in which they respectively appear.

7. COMPETING INTERESTS

As at the Latest Practicable Date, to the best knowledge and belief of the Directors after having made all reasonable enquiries, none of the Directors and their respective Associates had any interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group and would require disclosure under Rule 8.10 of the Listing Rules, other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group.

8. LITIGATION

As at the Latest Practicable Date, neither the Company nor any other member of the Enlarged Group was engaged in any material litigations or claims and no litigations or claims of material importance were pending or threatened against the Company or any member of the Enlarged Group.

9. MATERIAL CONTRACTS

The following material contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Enlarged Group within the two years immediately preceding the date of this circular:

(a) conditional agreement dated 7 October 2014 entered into between the Company and a purchaser in relation to the disposal of the entire issued share capital of Sinofocus Media (Holdings) Limited for a consideration of HK$97 million;

(b) the guarantee and deed of pledge and cession dated 14 August 2015 between Mr. Robert Hardy Forbes ("**Mr. Forbes**"), Transit Freight Coordinators Proprietary Limited and 1PC Ibid Proprietary Limited ("**1PC Ibid**") (a wholly-owned subsidiary of FSL) under which Mr. Forbes agreed to pledge his interest in Transit Freight Forwarding Proprietary Limited ("**TFF**") and each member of the Transit Freight Coordinators Group in favour of 1PC Ibid as security for the loan to TFF pursuant to the share purchase agreement described in (d) below;

(c) the agreements dated 14 August 2015 entered into by TFF and 1PC Ibid with each of the entities in the Transit Freight Coordinators Group and Mr. Forbes in respect of the transfer to TFF of the freight forwarding business and certain assets (both tangible and intangible) of the Transit Freight Coordinators Group necessary to conduct the aforesaid business (the "**Transit Acquisition**");

(d) the share purchase agreement dated 14 August 2015 entered into between TFF, Mr. Forbes and 1PC Ibid in relation to the sale of 100 ordinary no par value shares of TFF, representing the entire issued share capital of TFF, by Mr. Forbes to 1PC Ibid for a total consideration of ZAR49.0 million (equivalent to approximately HK$27.9 million);

(e) the Investment Agreement; and

(f) the Put-Call Agreement.

10. MATERIAL ADVERSE CHANGE

On 7 March 2016, the Company announced that based on information available to the Board, the Group expects to record a loss of up to approximately HK$143 million for the year ended 31 December 2015 (as opposed to an unaudited profit of HK$142.6 million for the six months ended 30 June 2015) primarily due to the write-off of goodwill of approximately HK$95 million, which arose from the acquisition of FSL in December 2013, and the impairment of certain property, plant and equipment of up to approximately HK$63 million.

Save as disclosed above, the Directors are not aware of any material adverse change in the financial position or trading position of the Group since 31 December 2014, being the date to which the latest published audited financial statements of the Group was made up.

11. MISCELLANEOUS

(a) The company secretary of the Company is Mr. Chan Kam Kwan, Jason, who holds a certificate of Certified Public Accountant issued by the Washington State Board of Accountancy in the United States of America.

(b) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda, and the principal place of business is at Suite 3902, 39/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong.

(c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(d) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong at Suite 3902, 39/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong during normal business hours on any weekday (Saturdays and public holidays excluded) from the date of this circular up to and including 8 April 2016, being the date of the SGM:

(a) the memorandum of association and bye-laws of the Company;

(b) the annual reports of the Company for the years ended 31 December 2013 and 2014;

(c) the interim report of the Company for the six months ended 30 June 2015;

(d) the accountant's report from PKF Hong Kong on the Maleth Group for the years ended 30 June 2013, 2014 and 2015 and the three months ended 30 September 2015, the text of which is set out in Appendix I to this circular;

(e) the report from PKF Hong Kong on unaudited pro forma statement of assets and liabilities of the Enlarged Group, the text of which is set out in Appendix II to this circular;

(f) the written consent from PKF Hong Kong referred to in the section headed "Qualification and consent of expert" in this Appendix;

(g) a copy of each of the material contracts referred to in the section headed "Material contracts" in this Appendix; and

(h) the Company's circular dated 6 November 2015 in relation to the Transit Acquisition.

FRONTIER SERVICES GROUP LIMITED
先豐服務集團有限公司 *

(incorporated in Bermuda with limited liability)

(Stock Code: 00500)

NOTICE IS HEREBY GIVEN that a special general meeting of Frontier Services Group Limited (the "**Company**") will be held at 10:00 a.m. on 8 April 2016, Friday at Suite 3902, 39/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong for the purpose of considering and, if thought fit, passing the following ordinary resolutions:

ORDINARY RESOLUTIONS

1. "**THAT**:

   (a) the entering into of the Investment Agreement (as defined in the circular to the shareholders of the Company dated 18 March 2016 (the "**Circular**")), a copy of which has been produced to this meeting marked "A" and signed by the chairman of this meeting for identification purpose, the transactions contemplated thereunder and the execution of the Investment Agreement and any documents and agreements incidental thereto under the common seal of the Company by any two directors of the Company on behalf of the Company be and are hereby confirmed, approved, authorised and/or ratified in all respects; and

   (b) any one director of the Company or any two directors of the Company, if the affixation of the common seal of the Company is necessary, be and is/are hereby authorised for and on behalf of the Company to execute (and, if necessary, affix the common seal of the Company to) any such other documents, instruments and agreements and to do any such acts or things as may be deemed by him/them in his/their absolute discretion to be necessary or incidental to, ancillary to or in connection with the matters contemplated in the Investment Agreement or otherwise in relation to the Investment Agreement and the matters and transactions contemplated thereunder."

* *For identification purposes only*

2. “**THAT**:

(a) the entering into of the Put-Call Agreement (as defined in the Circular), a copy of which has been produced to this meeting marked “B” and signed by the chairman of this meeting for identification purpose, the transactions contemplated thereunder (including Frontier Services Limited’s acquisition of all the shares held by MOB Holdings Limited in Maleth Aero Limited and Maleth Aero AOC Limited pursuant to the exercise of the Put Option as defined in the Circular or following three years after the Trigger Date as defined in the Circular) and any documents and agreements incidental thereto under the common seal of the Company by any two directors of the Company on behalf of the Company be and are hereby confirmed, approved, authorized and/or ratified in all respects; and

(b) any one director of the Company or any two directors of the Company, if the affixation of the common seal of the Company is necessary, be and is/are hereby authorized for and on behalf of the Company to execute (and, of necessary, affix the common seal of the Company to) any such other documents, instruments and agreements and to do any such acts or things as may be deemed by him/them in his/their absolute discretion to be necessary or incidental to, ancillary to or in connection with the matters contemplated in the Put-Call Agreement or otherwise in relation to the Put-Call Agreement and the matters and transactions contemplated thereunder (including Frontier Services Limited’s acquisition of all the shares held by MOB Holdings Limited in Maleth Aero Limited and Maleth Aero AOC Limited pursuant to the exercise of the Put Option or following three years after the Trigger Date).”

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

Hong Kong, 18 March 2016

Notes:

1. Any shareholder entitled to attend and vote at the meeting is entitled to appoint another person as his/her proxy to attend and vote in his/her stead. A shareholder who is the holder of two or more shares may appoint more than one proxy to attend and vote in his/her stead. A proxy needs not be a shareholder of the Company. Completion and return of the form of proxy will not preclude a shareholder from attending the meeting and voting in person. In such event, his/her form of proxy will be deemed to have been revoked.

2. Where there are joint holders of any share, any one of such joint holders may vote at the meeting, either personally or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders be present at the meeting, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.

3. To be valid, the completed and signed proxy form and the relevant notarised power of attorney (if any) and other relevant document of authorisation (if any), must be deposited at the Hong Kong branch share registrar and transfer office of the Company, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding of the meeting or any adjournment thereof.