
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

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

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



FRONTIER SERVICES GROUP LIMITED

(先豐服務集團有限公司 *)

(incorporated in Bermuda with limited liability)

(Stock Code: 00500)

**GRANTING OF GENERAL MANDATE TO ISSUE NEW SHARES
AND TO REPURCHASE SHARES
RE-ELECTION OF DIRECTORS
REFRESHMENT OF SCHEME MANDATE LIMIT
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice of the Annual General Meeting to be held at Suite 3902, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong on Monday, 10 June 2019 at 10:00 a.m. is set out on pages 17 to 21 of this circular. A form of proxy for use by the Shareholders at the Annual General Meeting is enclosed. If you intend to attend the Annual General Meeting in person, please complete the form of proxy in accordance with the instructions printed thereon and return it to the branch share registrars 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 Annual General Meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjourned meeting thereof should you so wish.

CONTENTS

	<i>Page</i>
Responsibility Statement	ii
Definitions	1
Letter from the Board	3
Appendix I — Explanatory Statement on the Repurchase Mandate	13
Notice of Annual General Meeting	17

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 Group. 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.

DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to be held at Suite 3902, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong on Monday, 10 June 2019 at 10:00 a.m., or any adjournment thereof (or as the case may be)
“close associate”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company
“Company”	Frontier Services Group Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the main board of the Stock Exchange
“core connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Eligible Participant(s)”	full time or part time employees of the Group (including any directors, whether executive or non-executive and whether independent or not, of the Company or any Subsidiary) and any suppliers, consultants, agents and advisers or any person who, in the sole discretion of the Board, has contributed or may contribute to the Group eligible for Options under the Share Option Scheme
“General Mandate”	a general mandate to allot, issue and deal with new Shares not exceeding 20% of the total number of the share capital of the Company in issue as at the date of passing of the ordinary resolution in relation thereof
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	18 April 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Repurchase Mandate”	a general mandate proposed to be granted to the Directors to exercise all the powers of the Company to repurchase the Shares
“Scheme Mandate Limit Refreshment”	the refreshment of the limit of share options which can be granted under Share Option Scheme to be approved by the Shareholders in the Annual General Meeting by way of ordinary resolution without further shareholders’ approval
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time
“Share Option(s)”	the option(s) granted under the Share Option Scheme to subscribe for Shares in accordance with the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company on 28 March 2012
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs
“%”	per cent.

LETTER FROM THE BOARD



FRONTIER SERVICES GROUP LIMITED

(先豐服務集團有限公司*)

(incorporated in Bermuda with limited liability)

(Stock Code: 00500)

Non-executive Director:

Mr. Chang Zhenming (*Chairman*)

Executive Directors:

Mr. Erik D. Prince (*Deputy Chairman*)

Mr. Ko Chun Shun, Johnson (*Deputy Chairman*)

Mr. Luo Ning (*Deputy Chairman*)

Dr. Hua Dongyi (*Chief Executive Officer*)

Mr. Hu Qinggang

Independent Non-executive Directors:

Mr. Yap Fat Suan, Henry

Professor Lee Hau Leung

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 Harbour Road

Admiralty

Hong Kong

26 April 2019

To the Shareholders

Dear Sir/Madam,

**GRANTING OF GENERAL MANDATE TO ISSUE NEW SHARES
AND TO REPURCHASE SHARES
RE-ELECTION OF DIRECTORS
REFRESHMENT OF SCHEME MANDATE LIMIT
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information regarding certain ordinary resolutions to be proposed at the Annual General Meeting to enable you to make decisions on whether to vote for or against those resolutions.

* *For identification purposes only*

LETTER FROM THE BOARD

At the Annual General Meeting, resolutions, amongst others, will be proposed for the Shareholders to approve (a) the grant of the General Mandate; (b) the Repurchase Mandate; (c) the re-election of the Directors; and (d) the Refreshment of Scheme Mandate Limit.

GENERAL MANDATE TO ISSUE NEW SHARES

At the Annual General Meeting, an ordinary resolution will be proposed to approve the General Mandate for the Directors to allot, issue and otherwise deal with new Shares not exceeding 20% of the total number of the share capital of the Company in issue at the date of passing such resolution. As at the Latest Practicable Date, the number of Shares in issue was 2,344,818,660. Assuming no further Shares will be issued before the date of the Annual General Meeting, the Directors would be granted a General Mandate to issue up to 468,963,732 Shares.

The General Mandate, if granted, will continue in force until the earlier of (a) the conclusion of the next annual general meeting of the Company after the Annual General Meeting; or (b) it is revoked or varied by an ordinary resolution passed in a general meeting of the Company.

REPURCHASE MANDATE

At the Annual General Meeting, an ordinary resolution will be proposed to the Shareholders to grant to the Directors to exercise all powers of the Company to repurchase Shares up to a maximum of 10% of the issued share capital of the Company as at the date of the Annual General Meeting. Assuming no further shares will be issued before the date of the Annual General Meeting, the Directors would be granted a Repurchase Mandate to repurchase up to 234,481,866 Shares.

If the resolution for the Repurchase Mandate is passed at the Annual General Meeting, the Repurchase Mandate would continue in force until the earlier of (a) the conclusion of the next annual general meeting of the Company after the Annual General Meeting; or (b) it is revoked or varied by an ordinary resolution passed in a general meeting of the Company.

An explanatory statement to provide the Shareholders with all the information reasonably necessary for them to make an informed decision in relation to the proposed resolution as required by the Listing Rules is set out in the Appendix I to this circular.

LETTER FROM THE BOARD

RE-ELECTION OF DIRECTORS

Pursuant to Articles 83(2) and 84(1) of the Bye-laws, Mr. Chang Zhenming, Mr. Erik D. Prince, Dr. Hua Dongyi and Mr. Hu Qinggang, shall retire and being eligible, offer themselves for re-election at the Annual General Meeting.

Mr. Chang Zhenming, aged 62, was appointed as a non-executive Director and the Chairman of the Company on 6 December 2018. Mr. Chang holds a master of business administration from The College of Insurance in New York and has a broad range of experience in banking, finance and securities business. Mr. Chang is currently the chairman and an executive director of CITIC Limited (stock code: 267), the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). CITIC Limited is an indirect substantial shareholder of the Company holding approximately 25.91% issued share capital of the Company as at the date of this announcement. Mr. Chang is also the chairman of CITIC Group Corporation and CITIC Corporation Limited, and the vice chairman of CITIC International Financial Holdings Limited. He was formerly the vice chairman and president of China Construction Bank Corporation (stock code: 939 (H share); 601939 (A share)), a non-executive director and deputy chairman of Cathay Pacific Airways Limited (stock code: 293), the chairman of the board and a non-executive director of China CITIC Bank Corporation Limited (stock code: 998 (H share); 601998 (A share)), the shares of which are listed on the Main Board of the Stock Exchange and/or the Shanghai Stock Exchange. He was also formerly a non-executive director of China CITIC Bank International Limited and the chairman of CITIC Hong Kong (Holdings) Limited.

Mr. Chang entered into a letter of appointment with the Company for a term of five years and does not receive any compensation for his position as the chairman and non-executive director of the Company. He is subject to (a) retirement from office and re-election at the next annual general meeting of the Company; and (b) retirement by rotation and re-election at least once every three years, in accordance with the bye-laws of the Company and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). Mr. Chang will receive no fee for serving as the chairman of the Board and a non-executive Director.

Save as disclosed above, Mr. Chang has confirmed that he (i) does not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years or any other position with the Company and other members of the Group or other major appointments and professional qualifications; (ii) does not have any relationship with other Directors, senior management, substantial or controlling shareholders of the Company and has no interests in the shares

LETTER FROM THE BOARD

of the Company which are required to be disclosed pursuant to Part XV of the Securities and Futures Ordinance; and (iii) as at the date of this announcement, was not aware of any other matters that need to be brought to the attention of the shareholders of the Company nor was there any information to be disclosed to the Company pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

Mr. Erik D. Prince, aged 49, was appointed as an executive Director and the Chairman of the Company on January 2014. On 6 December 2018, Mr. Prince was re-designed as a deputy chairman of the Company. On the same day, Mr. Prince ceased to be the chairman of the nomination committee of the Company but was remained as a member. He is also a member of the remuneration committee of the Company. Mr. Prince is a US-born entrepreneur, philanthropist, military veteran and private equity investor with business interests in Africa, the Middle East and North America in the fields of logistics, aviation services, manufacturing, natural resource development and energy. He is the founder and chairman of Frontier Resource Group, a private equity firm active across the African continent in areas such as aviation, exploration, mining and logistics. Mr. Prince is also the founder of Blackwater, the leading global private security company, which he sold in 2010.

Mr. Prince was educated at Hillsdale College. Upon graduation, he enlisted in the US Navy, where he served as a Navy SEAL officer until 1996.

Save as disclosed above, as at the Latest Practicable Date, Mr. Prince did not have any directorship in other listed public companies in the past three years.

As at the Latest Practicable Date, Mr. Prince has 200,690,657 Shares of the Company within the meaning of the Part XV of the SFO.

As at the Latest Practicable Date, save as disclosed above, Mr. Prince did not have any relationship with any Directors, senior management or substantial or controlling shareholders of the Company.

Mr. Prince has entered into a service contract with the Company and is not appointed for a specific term, but will be subject to retirement by rotation and re-election at annual general meeting of the Company in accordance with the Bye-laws. Mr. Prince's remuneration is determined by reference to his duties and responsibilities with the Company and the prevailing market condition and is subject to review by the remuneration committee of

LETTER FROM THE BOARD

the Company and the Board from time to time. For the year ended 31 December 2018, Mr. Prince received a monthly salary of approximately USD45,500 for his service and a guarantee bonus of USD328,186 for the year.

Save as disclosed above, there is no other matter relating to the re-election of Mr. Prince that needs to be brought to the attention of the Shareholders, nor there is any other information that needs to be disclosed pursuant to the requirements of Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

Dr. Hua Dongyi, aged 54, has been appointed as an executive director and the Acting Chief Executive Officer of the Company since 26 July 2016. On 22 March 2017, he has officially become the Chief Executive Officer of the Company. He is also an executive director of VDM Group Limited, which is listed on the Australian Securities Exchange, and an independent non-executive director of Bank of China (New Zealand) Limited in Auckland, New Zealand. Dr Hua graduated from the Chengdu University of Technology (formerly known as Chengdu College of Geology) with a Bachelor Degree in Engineering in 1984, and also received his Master Degree and Doctoral Degree in Engineering from the China University of Geosciences in 1990 and 1996 respectively. Dr Hua has over 20 years' experience in international engineering project bidding, international contract management of consulting projects, project management, project evaluation, cost and risk management and planning, organising, implementing, operating of major infrastructure projects and constructing and developing of large mining projects.

Save as disclosed above, as at the Latest Practicable Date, Dr. Hua did not have any directorship in other listed public companies in the past three years.

As at the Latest Practicable Date, Dr. Hua has 48,231,090 share options of the Company within the meaning of Part XV of the SFO.

As at the Latest Practicable date, save as disclosed above, Dr. Hua did not have any relationship with any Directors, senior management or substantial or controlling shareholders of the Company.

Dr. Hua has entered into a service agreement with the Company and is not appointed for a specific term, but is subject to retirement by rotation and re-election at the next annual general meeting of the Company in accordance with the bye-laws of the Company. Dr. Hua is entitled to receive remuneration which is recommended by the Remuneration Committee of the Company and determined by the Board with reference to the prevailing market rate and Dr. Hua's duties and responsibilities in the Company. Dr. Hua's remuneration is

LETTER FROM THE BOARD

subject to review by the Board and the Remuneration Committee of the Company from time to time. Dr. Hua received a monthly salary of US\$61,250 and a guarantee bonus of US\$300,000 for the year of service for serving as the Chief Executive Officer of the Company.

Save as disclosed above, there is no other matter relating to the re-election of Dr. Hua that needs to be brought to the attention of the Shareholders, nor any other matters that need to be disclosed pursuant to the requirements of Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

Mr. Hu Qinggang, aged 44, has been an executive director of the Company since October 2006. He is also a director of various subsidiaries of the Company. He has extensive experience in the finance field and had worked in the Finance Department of CITIC Group Corporation, a substantial shareholder of the Company, as the deputy director of the Finance and Planning Division.

Mr. Hu holds a bachelor degree in Economics from the Beijing University of Technology and a master degree in Economics from the University of International Business and Economics in the PRC.

Save as disclosed above, as at the Latest Practicable Date, Mr. Hu did not have any directorship in other listed public companies in the past three years.

As at the Latest Practicable Date, Mr. Hu has 9,814,000 Shares of the Company within the meaning of Part XV of the SFO.

As at the Latest Practicable Date, save as disclosed above, Mr. Hu did not have any relationship with any Directors, senior management or substantial or controlling shareholders of the Company.

Mr. Hu has not entered into any service contract with the Company and is not appointed for a specific term for acting as an executive Director, but will be subject to retirement by rotation and re-election at annual general meeting of the Company in accordance with the Bye-laws. Mr. Hu's remuneration is determined by reference to his duties and responsibilities with the Company and the prevailing market condition and is subject to review by the remuneration committee of the Company and the Board from time to time. For the year ended 31 December 2018, Mr. Hu received a total salary of approximately HK\$1,605,000 and a bonus of approximately HK\$134,000 for the year.

LETTER FROM THE BOARD

Save as disclosed above, there is no other matter relating to the re-election of Mr. Hu that needs to be brought to the attention of the Shareholders, nor there is any other information that needs to be disclosed pursuant to the requirements of Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

REFRESHMENT OF SCHEME MANDATE LIMIT

Pursuant to a resolution passed at the special general meeting of the Company held on 28 March 2012, the Share Option Scheme was adopted and the old share option scheme was terminated.

The purpose of the Share Option Scheme is to enable the Company to grant Options to selected Eligible Participants as incentives and rewards for their contribution or potential contributions to the Group. The exercise price of an Option shall not be less than the highest of: (i) the closing price of the Shares as stated in the daily quotations sheet of the Stock Exchange on the date of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Shares on the date of grant.

Apart from the Share Option Scheme, the Company has no other share option scheme in place. Pursuant to the Share Option Scheme, the total number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and any other share option schemes of the Company adopted by the Company must not exceed 10% of the total number of Shares in issue as at the date of approving the Scheme Mandate Limit. Options previously granted under the Share Option Scheme and other share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with such schemes or exercised Options) shall not be counted for the purpose of calculating the Scheme Mandate Limit. The Scheme Mandate Limit may be refreshed by the Shareholders in general meeting from time to time.

At the special general meeting of the Company held on 5 March 2014, the Scheme Mandate Limit was refreshed, which allowed the Company to grant 119,650,800 Options which represents 10% of the Shares in issue as at 5 March 2014. There has been no further refreshment of scheme mandate limit since 5 March 2014.

LETTER FROM THE BOARD

Since the refreshment of the Scheme Mandate Limit on 5 March 2014 and up to the Latest Practicable Date, a total of 73,446,120 Share Options were granted, of which 64,886,120 Share Options (representing approximately 2.77% of the Shares in issue) remained outstanding, 4,200,000 Share Options were exercised, 4,360,000 Share Options were lapsed, and none of the Share Options granted were cancelled.

As at the Latest Practicable date, the details of the outstanding Share Options are set out below:

Grantee	Position held with the Company		Number of outstanding Share Options held
Yap Fat Suan Henry ("Mr. Yap")	Independent Non-executive Director	<i>Note (i)</i>	1,400,000
Hua Dongyi ("Dr. Hua")	Executive Director	<i>Note (ii)</i>	<u>48,231,090</u>
Sub-total of Share Options held by Directors			49,631,090
An Employee		<i>Note (iii)</i>	1,400,000
Service Providers		<i>Note (iv)</i>	<u>13,855,030</u>
Total			<u><u>64,886,120</u></u>

Notes

- i) the Share Options were granted on 8 April 2014 at an exercise price of HK\$0.97 per share.
- ii) — 12,337,030 Share Options were granted on 22 August 2016 at an exercise price of HK\$1.10 per share.
— 14,497,030 Share Options were granted on 24 August 2017 at an exercise price of HK\$1.41 per share.
— 21,397,030 Share Options were granted on 27 August 2018 at an exercise price of HK\$1.31 per share.
- iii) the Share Options were granted on 8 April 2014 at an exercise price of HK\$0.97 per share.
- iv) — 780,000 Share Options were granted on 18 September 2014 at an exercise price of HK\$1.53 per share.
— 780,000 Share Options were granted on 24 September 2014 at an exercise price of HK\$1.53 per share.
— 12,920,000 Share Options were granted on 29 April 2016 at an exercise price of HK\$1.254 per share.

LETTER FROM THE BOARD

If the Scheme Mandate Limit is not refreshed at the Annual General Meeting, 46,204,680 Share Options may be granted under the Share Option Scheme. The Directors consider that it is in the interests of the Company to refresh the Scheme Mandate Limit in accordance with the Share Option Scheme so that the Company has greater flexibility to provide incentives and rewards to the Eligible Participants for their contribution or potential contribution to the Group.

As at the Latest Practicable Date, there were 2,344,818,660 Shares in issue. The Company has complied with Rule 17.03(4) of the Listing Rules for the aforesaid Options granted. Assuming no further Shares are issued and repurchased by the Company prior to the Annual General Meeting, upon the approval of the Refreshment of Scheme Mandate Limit by the Shareholders at the Annual General Meeting, the Scheme Mandate Limit (as refreshed) will allow the Company to grant Options under the Share Option Scheme entitling the holders thereof to subscribe for Shares not exceeding 10% of the number of Shares as at the date of approving the Refreshment of Scheme Mandate Limit which are 234,481,866 Shares.

The limit on the number of Shares which may be allotted and issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme must not exceed 30% of the Shares in issue from time to time. As at the Latest Practicable Date, such number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme does not exceed 30% of the Shares in issue.

Conditions of the proposed Refreshment of Scheme Mandate Limit

The proposed Refreshment of Scheme Mandate Limit is conditional upon:

- (i) the passing of an ordinary resolution by way of poll to approve the Refreshment of Scheme Mandate Limit at the Annual General Meeting; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares (representing a maximum of 10% of the Shares in issue as at the date of passing the resolution of the Refreshment of Scheme Mandate Limit at the Annual General Meeting) which may fall to be issued upon the exercise of the Options to be granted under the Share Option Scheme.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Shares, representing 10% of the Shares in issue as at the date of the Annual General Meeting, which may fall to be issued upon the exercise of the Options that may be granted under the refreshed Scheme Mandate Limit.

LETTER FROM THE BOARD

Reasons for the Refreshment of Scheme Mandate Limit

The Board considers that it is interests of the Company to refresh the Scheme Mandate Limit so as to provide the Company with the flexibility of granting further Share Options under the Share Option Scheme and to provide incentives to, and recognize the contributions of, the Group's employees and other selected grantees which the Board considers to be in the interests of the Company and Shareholders at the Annual General Meeting to refresh the Scheme Mandate Limit.

RECOMMENDATIONS

At the Annual General Meeting, resolutions, amongst others, will be proposed for the Shareholders to approve (a) the grant of the General Mandate; (b) the Repurchase Mandate; (c) the reselection of Directors; and (d) the Refreshment of Scheme Mandate Limit.

Pursuant to the Listing Rules and/or the Bye-laws, the voting on all proposed resolutions at the Annual General Meeting will be taken by way of a poll.

The Directors consider that all the proposed resolutions at the Annual General Meeting are in the best interests of the Company and the Shareholders as a whole and, accordingly, the Directors recommend all Shareholders to vote in favour of all the resolutions at the Annual General Meeting.

A form of proxy for use by the Shareholders at the Annual General Meeting is enclosed. Whether or not you intend to attend and vote at the Annual General Meeting in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the branch share registrars 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 Annual General Meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjourned meeting thereof should you so wish.

Yours faithfully,
For and on behalf of the Board
Frontier Services Group Limited
Chan Kam Kwan Jason
Company Secretary

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide information to the Shareholders regarding the Repurchase Mandate as referred to in the section headed “Repurchase Mandate” on page 4 of this circular.

SHARE CAPITAL

The shares proposed to be repurchased by a company must be fully paid-up. A maximum of 10% of the existing issued share capital as at the date of passing the relevant resolution may be repurchased on the Stock Exchange.

It is proposed that up to 10% of the shares of the Company in issue at the date of passing the resolution to approve the Repurchase Mandate may be repurchased. As at the Latest Practicable Date, the number of shares in issue was 2,344,818,660. On the basis of such figure (assuming no further shares are issued or repurchased after the Latest Practicable Date and up to the date of passing such resolution), the Directors would be authorised to repurchase shares up to a maximum limit of 234,481,866 Shares.

REASONS FOR REPURCHASES

The Directors believe that giving the Company the ability to repurchase shares is in the best interests of the Company and the Shareholders. Repurchases of shares may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value and/or earnings per share. The Directors are seeking the grant of the Repurchase Mandate to repurchase shares to give the Company the flexibility to do so if and when appropriate. The number(s) of Shares to be repurchased, the price and other terms upon which the same are repurchased, and whether Shares are to be repurchased on any occasion will be decided by the Directors at the relevant time having regard to the factors and circumstances then pertaining.

FUNDING OF REPURCHASE

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the memorandum of association of the Company, the Bye-laws, the Listing Rules and the applicable laws of Bermuda.

The laws of Bermuda provide that such repurchases may only be effected out of the capital paid up on the repurchased shares or out of the funds of the Company which would otherwise be available for dividend or distribution or out of the proceeds of a fresh issue of Shares made for the purposes.

Any premium payable on a repurchase over the par value of the Shares to be repurchased is to be provided for out of funds of the Company otherwise available for dividend or distribution or out of the Company's share premium account before the Shares are repurchased.

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts of the Company for the year ended 31 December 2018 contained in the Company's 2018 annual report) if the Repurchase Mandate were to be exercised in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors, are from time to time appropriate for the Company.

PRICES OF THE SHARES

The highest and lowest prices at which the Shares have traded on the Stock Exchange in each of the twelve months preceding the Latest Practicable Date were as follows:

	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
2018		
April	1.68	1.45
May	1.74	1.50
June	1.64	1.43
July	1.53	1.30
August	1.38	1.23
September	1.44	0.99
October	1.09	0.85
November	1.14	0.92
December	1.41	1.17
2019		
January	1.29	1.17
February	1.32	1.13
March	1.31	1.10
April (up to the Latest Practicable Date)	1.23	1.10

UNDERTAKING

None of the Directors nor, to the best of their knowledge and having made all reasonable enquiries, any of their close associates, presently intend to sell any Shares to the Company under the Repurchase Mandate in the event that the Repurchase Mandate is approved by the Shareholders and exercised.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the proposed resolution in accordance with the Listing Rules, the applicable laws of Bermuda and the Bye-laws.

No other core connected persons have notified the Company that they have a present intention to sell any Shares to the Company, or have undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders and exercised.

TAKEOVERS CODE

If during the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company will increase, such increase will be treated as an acquisition for the purpose of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert, depending on the level of increase of the Shareholder's interest, could obtain or consolidate control of the Company and may become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

The Directors are not aware of any consequences which will arise under the Takeovers Code even if the Repurchase Mandate is utilized in full. As at the Latest Practicable Date, if the Repurchase Mandate were to be utilized in full and if there is no other change in the issued share capital of the Company, the Shares (with voting rights) held by Easy Flow Investments Limited and Mr. Ko and his close associates would increase from approximately 25.91% to approximately 28.79% and approximately 11.55% to approximately 12.83% respectively. Such increase would not give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code.

The Directors have no present intention to exercise the Repurchase Mandate to such an extent that would result in the number of Shares held by the public falling below 25% of the total number of Shares in issue.

Save as disclosed above, the Directors are not aware of any Shareholder or group of Shareholders acting in concert, who may become obliged to make a mandatory offer under Rule 26 of the Takeovers Code as a consequence of any purchases pursuant to the Repurchase Mandate.

REPURCHASE OF SHARES

The Company had not repurchased any Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

NOTICE OF ANNUAL GENERAL MEETING



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 an annual general meeting of Frontier Services Group Limited (the “**Company**”) will be held at Suite 3902, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong on Monday, 10 June 2019 at 10:00 a.m. (the “**Annual General Meeting**”) for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the audited financial statements and the reports of the directors and the independent auditor of the Company for the year ended 31 December 2018.
2. To re-elect the retiring directors and to authorise the board of directors to fix the directors’ remuneration.
3. To re-appoint PricewaterhouseCoopers as independent auditor and to authorise the board of directors to fix their remuneration.

AS SPECIAL BUSINESS

To consider and, if thought fit, pass with or without modifications, the following resolutions of the Company:

4. “**THAT:**
 - (a) subject to paragraph (c) below, the exercise by the directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such powers be and is hereby generally and unconditionally approved;

* *For identification purposes only*

NOTICE OF ANNUAL GENERAL MEETING

- (b) the approval in paragraph (a) shall be in addition to any other authorisation given to the directors of the Company and shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such powers after the end of the Relevant Period;
- (c) the total number of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval granted in paragraph (a), otherwise than pursuant to (i) a Rights Issue (as defined below), or (ii) the share option scheme of the Company approved by the Stock Exchange, or (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Bye-laws of the Company, shall not exceed 20 per cent. of the total number of the issued share capital of the Company as at the date of passing this resolution, and the said approval shall be limited accordingly; and
- (d) for the purposes of this resolution:

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the Company’s Bye-laws to be held; or
- (iii) the date upon which the authority set out in this resolution is revoked or varied by way of ordinary resolution of the Company in a general meeting.

“**Rights Issue**” means an offer of shares open for a period fixed by the directors of the Company to holders of shares on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange, in any territory outside Hong Kong).”

NOTICE OF ANNUAL GENERAL MEETING

5. “**THAT:**

- (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to repurchase shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or on any other stock exchange on which securities of the Company may be listed and which is recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws, be and the same is hereby generally and unconditionally approved;
- (b) the total number of shares to be purchased or agreed conditionally or unconditionally to be purchased by the directors of the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10 per cent. of the issued share capital of the Company at the date of passing this resolution, and the said approval shall be limited accordingly; and
- (c) for the purpose of this resolution:

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the Company’s Bye-laws to be held; or
- (iii) the date upon which the authority set out in this resolution is revoked or varied by way of ordinary resolution of the Company in general meeting.”

NOTICE OF ANNUAL GENERAL MEETING

6. “**THAT** the total number of shares in the capital of the Company which shall have been repurchased by the Company subsequent and pursuant to the passing of Ordinary Resolution 5 (up to a maximum of 10 per cent. of the issued shares at the date of passing Ordinary Resolution 5) shall be added to the total number of shares that may be allotted or agreed conditionally or unconditionally to be allotted by the Company pursuant to Ordinary Resolution 4 above.”
7. “**THAT** the existing scheme mandate limit in respect of the granting of options to subscribe for Shares under the Share Option Scheme be refreshed and renewed provided that the total number of Shares which may be allotted and issued upon the exercise of the options which can be granted under the Share Option Scheme (excluding share options previously granted, outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme of the Company) shall not exceed 10 per cent. of the total number of the share capital of the Company in issue as at the date of passing this resolution (the “**Refreshed Scheme Mandate Limit**”) and subject to The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting its approval to the listing of and permission to deal in the Shares to be issued pursuant to the exercise of the share options which can be granted under the Refreshed Scheme Mandate Limit and in compliance with the Rules Governing the Listing of Securities on the Stock Exchange, and the Board or a duly authorised committee of the Board or any one or more directors of the Company authorised by the Board or any committee be and are hereby authorised, at their absolute discretion, to grant share options and to allot and issue Shares pursuant to the exercise of any share options up to the Refreshed Scheme Mandate Limit”

By order of the Board
Chan Kam Kwan, Jason
Company Secretary

Hong Kong, 26 April 2019

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. Any shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a shareholder of the Company.
2. In order to be valid, a form of proxy in the prescribed form together with the power of attorney or other authority (if any) under which it is signed must be deposited at the Company's branch share registrars, 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 the meeting.

As at the date of this notice, the non-executive Chairman is Mr. Chang Zhenming; the executive directors are Mr. Erik D. Prince (Deputy Chairman), Mr. Ko Chun Shun, Johnson (Deputy Chairman), Mr. Luo Ning (Deputy Chairman), Dr. Hua Dongyi (Chief Executive Officer) and Mr. Hu Qinggang; and the independent non-executive directors are Mr. Yap Fat Suan, Henry, Professor Lee Hau Leung and Dr. Harold O. Demuren.