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**FRONTIER SERVICES GROUP LIMITED**

**先豐服務集團有限公司 \***

*(Incorporated in Bermuda with limited liability)*

Website: [www.fsgroup.com](http://www.fsgroup.com)

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

**(Stock Code: 00500)**

**INTERIM RESULTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

The board of directors (the “**Board**”) of Frontier Services Group Limited (the “**Company**”) presents the unaudited consolidated financial results and financial position of the Company and its subsidiaries (together, the “**Group**”) for the six-month period ended 30 June 2023 (the “**Current Period**”), together with the comparative amounts for the corresponding period of 2022. These unaudited condensed interim financial statements have been reviewed by members of the audit committee of the Company.

*\* For identification purposes only*

## CONDENSED CONSOLIDATED INCOME STATEMENT

For the six-month period ended 30 June 2023

	Note	Six-month period ended 30 June	
		2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Revenue from contracts with customers	2 & 3	429,140	503,839
Cost of direct materials and job expenses		(77,945)	(148,766)
Data costs		(2,498)	(2,709)
Employee benefit expenses		(203,808)	(177,208)
Sub-contracting charges		(78,741)	(137,255)
Rental expenses	6	(3,659)	(5,340)
Repairs and maintenance costs		(5,694)	(5,592)
Depreciation and amortisation	6	(18,822)	(27,342)
Other operating expenses	6	(19,304)	(31,807)
Other income and other gains, net	6	93	6,094
Change in fair value of contingent consideration payable		4,361	—
Gain on deconsolidation of a subsidiary		52,860	—
Provision for impairment of financial assets		(3,306)	(2,997)
Provision for impairment of right-of-use assets		—	(5,668)
		<hr/>	<hr/>
Operating profit/(loss)		72,677	(34,751)
Interest income		265	696
Finance costs	4	(10,120)	(15,398)
Share of (losses)/profits of associates, net		(8)	1,795
		<hr/>	<hr/>
Profit/(loss) before income tax		62,814	(47,658)
Income tax expense	5	(7,945)	(7,107)
		<hr/>	<hr/>
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	6	<b>54,869</b>	<b>(54,765)</b>
		<hr/>	<hr/>
Attributable to:			
Equity holders of the Company		50,743	(59,164)
Non-controlling interests		4,126	4,399
		<hr/>	<hr/>
		<b>54,869</b>	<b>(54,765)</b>
		<hr/>	<hr/>
<b>EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>			
Basic and diluted earnings/(loss) per share	7	<b>2.16 cents</b>	<b>(2.52) cents</b>
		<hr/>	<hr/>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June 2023

	Six-month period ended 30 June	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>54,869</b>	<b>(54,765)</b>
<b>Other comprehensive loss</b>		
Items that have been reclassified or may be subsequently reclassified to profit or loss		
Foreign exchange differences	(12,424)	(6,185)
Realisation of exchange reserve upon deconsolidation of a subsidiary	(8,208)	—
Other comprehensive loss for the period, net of tax	(20,632)	(6,185)
<b>TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD</b>	<b>34,237</b>	<b>(60,950)</b>
Attributable to:		
Equity holders of the Company	31,213	(65,375)
Non-controlling interests	3,024	4,425
	<b>34,237</b>	<b>(60,950)</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

		<b>30 June 2023 (Unaudited) HK\$'000</b>	31 December 2022 (Audited) HK\$'000
	<i>Note</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>51,805</b>	55,300
Right-of-use assets		<b>81,493</b>	88,618
Goodwill and other intangibles		<b>298,838</b>	305,887
Interests in associates		<b>47,036</b>	46,884
Deferred income tax assets		<b>66</b>	66
Non-current prepayments		<b>45,226</b>	49,397
Financial assets at fair value through other comprehensive income		<b>5</b>	5
		<hr/>	<hr/>
Total non-current assets		<b>524,469</b>	546,157
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Inventories		<b>4,730</b>	5,316
Trade receivables	9	<b>237,290</b>	209,050
Prepayments, deposits and other receivables		<b>53,479</b>	50,484
Contract assets		<b>94,139</b>	84,628
Tax receivables		<b>2,907</b>	5,158
Restricted bank balances and pledged bank deposits		<b>249</b>	3,857
Cash and cash equivalents		<b>186,484</b>	186,790
		<hr/>	<hr/>
Total current assets		<b>579,278</b>	545,283
		<hr/>	<hr/>
Total assets		<b>1,103,747</b>	1,091,440
		<hr/>	<hr/>

		<b>30 June 2023 (Unaudited) HK\$'000</b>	31 December 2022 (Audited) HK\$'000
	<i>Note</i>		
<b>CURRENT LIABILITIES</b>			
Trade payables	<i>10</i>	<b>152,035</b>	154,056
Other payables and accruals		<b>120,572</b>	122,663
Contract liabilities		<b>8,322</b>	9,093
Contingent consideration payable	<i>11</i>	<b>21,621</b>	20,760
Lease liabilities		<b>7,182</b>	24,415
Tax payables		<b>13,179</b>	13,895
		<hr/>	<hr/>
Total current liabilities		<b>322,911</b>	344,882
		<hr/>	<hr/>
Net current assets		<b>256,367</b>	200,401
		<hr/>	<hr/>
Total assets less current liabilities		<b>780,836</b>	746,558
		<hr/>	<hr/>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		<b>1,516</b>	5,108
Deferred income tax liabilities		<b>36,383</b>	38,391
Contingent consideration payable	<i>11</i>	<b>20,779</b>	42,400
Borrowings	<i>12</i>	<b>199,567</b>	190,084
		<hr/>	<hr/>
Total non-current liabilities		<b>258,245</b>	275,983
		<hr/>	<hr/>
Total liabilities		<b>581,156</b>	620,865
		<hr/>	<hr/>
Net assets		<b>522,591</b>	470,575
		<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>			
Equity attributable to the Company's equity holders			
Share capital	<i>13</i>	<b>240,339</b>	234,482
Reserves		<b>160,391</b>	117,256
		<hr/>	<hr/>
		<b>400,730</b>	351,738
Non-controlling interests		<b>121,861</b>	118,837
		<hr/>	<hr/>
Total equity		<b>522,591</b>	470,575
		<hr/> <hr/>	<hr/> <hr/>

Notes:

## 1.1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

These condensed consolidated interim financial statements of the Group for the six-month period ended 30 June 2023 (the “**Current Period**”) have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). These condensed consolidated interim financial statements should be read in conjunction with the Group’s audited consolidated financial statements for the year ended 31 December 2022 (“**2022 Annual Financial Statements**”), which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA.

These condensed consolidated interim financial statements have been prepared under the historical cost convention, except for certain financial assets and liabilities, which are carried at fair value. The accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with those used in the preparation of the 2022 Annual Financial Statements, except for the adoption of new standards and interpretations effective as of 1 January 2023.

## 1.2 NEW, AMENDED AND REVISED HKFRSs

In the Current Period, the Group has adopted the following amended HKFRSs, a collective term includes all applicable individual HKFRSs, HKASs and Interpretations issued by the HKICPA which are mandatory and relevant to the Group’s operations for the accounting period beginning on 1 January 2023:

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
HKFRS 17 and Amendments to HKFRS 17	Insurance Contracts	1 January 2023

The adoption of these amended HKFRSs does not have any material impact on the Group’s condensed consolidated interim financial statements for the Current Period.

The following new and amended HKFRSs have been issued, but are not effective for the Group’s accounting period beginning on 1 January 2023 and have not been early adopted:

		<b>Effective for annual periods beginning on or after</b>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKFRS 10 and HKAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

## 2 SEGMENT INFORMATION

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

Since 2022, management had changed its internal performance review to align more closely with the Group’s strategic decision and development, by reallocating some of the resources between Aviation and Logistics Business, Security, Insurance and Infrastructure Business and Others, and separately reported Healthcare Business as a reporting segment, to reflect the latest business development of the Group. The comparative amounts of the segment information in 2022 have been reclassified to reflect such change.

- (i) Security, Insurance and Infrastructure Business (“**SII Business**”) — Provision of security, insurance and infrastructure related services;
- (ii) Aviation and Logistics Business (“**AL Business**”) — Provision of aviation and logistics related services; and
- (iii) Healthcare Business (“**HC Business**”) — Provision of healthcare services and sales of healthcare products.

Others include the provision of online financial market information and airport management services as well as corporate income and expenses, other direct investments and others.

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

An analysis of the Group's revenue, results, total assets and total liabilities information for the Current Period by operating segments is as follows:

	Unaudited				Total <i>HK\$'000</i>
	SH Business <i>HK\$'000</i>	AL Business <i>HK\$'000</i>	HC Business <i>HK\$'000</i>	Others <i>HK\$'000</i>	
Revenue from contracts with customers	<u>311,973</u>	<u>96,193</u>	<u>10,022</u>	<u>10,952</u>	<u>429,140</u>
Depreciation	1,791	9,130	35	817	11,773
Amortisation	6,828	60	161	—	7,049
Gain on deconsolidation of a subsidiary	—	52,860	—	—	52,860
Provision for impairment of financial assets	<u>2,460</u>	<u>830</u>	<u>—</u>	<u>16</u>	<u>3,306</u>
Operating profit/(loss)	<u>44,091</u>	<u>51,122</u>	<u>796</u>	<u>(23,332)</u>	72,677
Interest income					265
Finance costs					(10,120)
Share of losses of associates, net					<u>(8)</u>
Profit before income tax					62,814
Income tax expense					<u>(7,945)</u>
Profit for the Current Period					<u>54,869</u>
Total assets	<u>692,914</u>	<u>306,449</u>	<u>59,111</u>	<u>45,273</u>	<u>1,103,747</u>
Total liabilities	<u>238,322</u>	<u>43,813</u>	<u>2,109</u>	<u>296,912</u>	<u>581,156</u>



An analysis of the Group's revenue, results, total assets and total liabilities information for the six-month period ended 30 June 2022 by operating segments is as follows:

	Unaudited				
	SII	AL	HC	Others	Total
	Business <i>HK\$'000</i>	Business <i>HK\$'000</i>	Business <i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from contracts with customers	<u>255,079</u>	<u>213,855</u>	<u>23,837</u>	<u>11,068</u>	<u>503,839</u>
Depreciation	3,295	16,204	33	761	20,293
Amortisation	6,828	60	161	—	7,049
Provision for impairment of financial assets	2,177	804	—	16	2,997
Provision for impairment of right-of-use assets	<u>—</u>	<u>5,668</u>	<u>—</u>	<u>—</u>	<u>5,668</u>
Operating profit/(loss)	<u>7,985</u>	<u>(24,889)</u>	<u>8,176</u>	<u>(26,023)</u>	<u>(34,751)</u>
Interest income					696
Finance costs					(15,398)
Share of profits of associates					<u>1,795</u>
Loss before income tax					(47,658)
Income tax expense					<u>(7,107)</u>
Loss for the period					<u>(54,765)</u>
Total assets	<u>613,055</u>	<u>361,755</u>	<u>56,628</u>	<u>105,697</u>	<u>1,137,135</u>
Total liabilities	<u>177,429</u>	<u>139,827</u>	<u>5,470</u>	<u>367,850</u>	<u>690,576</u>

### 3 REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue from contracts with customers:

	Six-month period ended 30 June	
	2023	2022
	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>
Timing of revenue recognition		
At a point in time	318,426	241,457
Over time	110,714	262,382
	<hr/>	<hr/>
Revenue from contracts with external customers	<b>429,140</b>	<b>503,839</b>
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### 4 FINANCE COSTS

	Six-month period ended 30 June	
	2023	2022
	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>
Interests on:		
Bank and other loans	—	2,463
Lease liabilities	490	4,152
Convertible bonds	9,483	8,622
Net exchange loss on borrowings	147	161
	<hr/>	<hr/>
	<b>10,120</b>	<b>15,398</b>
	<hr/> <hr/>	<hr/> <hr/>

## 5 INCOME TAX EXPENSE

	Six-month period ended 30 June	
	2023 (Unaudited) <i>HK\$'000</i>	2022 (Unaudited) <i>HK\$'000</i>
Current income tax		
Hong Kong		
Provision for the period	(2,983)	(454)
Outside Hong Kong		
Provision for the period	(6,301)	(771)
Under provision in respect of prior years	—	(1,073)
	<u>(9,284)</u>	<u>(2,298)</u>
Deferred income tax	<u>1,339</u>	<u>(4,809)</u>
Income tax expense	<u><u>(7,945)</u></u>	<u><u>(7,107)</u></u>

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

Income tax expense is recognised based on management's estimate of the weighted average annual income tax expected for the full financial year.

## 6 PROFIT/(LOSS) FOR THE PERIOD

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

	<b>Six-month period</b>	
	<b>ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>(a) Rental expenses</b>		
Rentals on land and buildings	3,659	4,641
Rentals on equipment	—	699
	<u>3,659</u>	<u>5,340</u>
<b>(b) Depreciation and amortisation</b>		
Depreciation of right-of-use assets	5,086	13,814
Depreciation of property, plant and equipment	6,687	6,479
Amortisation of other intangibles	7,049	7,049
	<u>18,822</u>	<u>27,342</u>
<b>(c) Other operating expenses</b>		
Professional and consultancy fee	6,421	12,080
Travelling expenses	5,391	2,511
Insurance	2,301	2,537
Net exchange gains	(9,693)	(4,661)
Auditor's remuneration		
Audit services	1,750	1,600
Non-audit services	150	—
Others	12,984	17,740
	<u>19,304</u>	<u>31,807</u>
<b>(d) Other income and other gains, net</b>		
Warehouse income	—	(1,200)
Net gain on disposal of property, plant and equipment	—	(1,220)
Others	(93)	(3,674)
	<u>(93)</u>	<u>(6,094)</u>

## 7 EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share for the Current Period is based on the Group's profit attributable to the equity holders of the Company and the weighted average number of ordinary shares in issue during the Current Period.

The basic and diluted earnings/(loss) per share for both periods were the same because the effect of the conversion of all dilutive potential ordinary shares outstanding, including the conversion of the exchangeable preference shares and the outstanding convertible bonds, and the exercise of the outstanding share options, during both periods was anti-dilutive.

The weighted average number of ordinary shares in issue during the Current Period was adjusted to reflect the issue of contingent consideration shares to the vendors in relation to the acquisition of 100% interests in DeWe Security Limited and its subsidiaries (the “**DeWe Group**”) (together, the “**Acquisition**”) after confirming the DeWe Group's net profit for the First Relevant Period (as defined in note 12 below). During the Current Period, there were (i) no other new ordinary shares issued under the share option scheme; (ii) no other contingent consideration share issued in relation to the Acquisition for the Second and Third Relevant Periods (as defined in note 11 below); and (iii) no new ordinary shares were issued as a result of the conversion of the outstanding convertible bonds.

	Six-month period ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Weighted average number of ordinary shares in issue	<u>2,369,918,898</u>	<u>2,344,818,660</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) attributable to the equity holders of the Company	<u>50,743</u>	<u>(59,164)</u>

## 8 DIVIDENDS

The Board of the Company does not recommend the payment of any interim dividend for the six-month period ended 30 June 2023 (30 June 2022: Nil) to the equity holders of the Company.

## 9 TRADE RECEIVABLES

	<b>30 June 2023 (Unaudited) HK\$'000</b>	31 December 2022 (Audited) HK\$'000
Trade receivables from contracts with customers	274,554	243,008
Less: loss allowance	<u>(37,264)</u>	<u>(33,958)</u>
	<b><u>237,290</u></b>	<b><u>209,050</u></b>

The fair values of trade receivables approximate their carrying amounts.

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

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

	<b>30 June 2023 (Unaudited) HK\$'000</b>	31 December 2022 (Audited) HK\$'000
Within 1 month	146,605	103,194
1-2 months	20,954	39,075
2-3 months	14,553	14,211
Over 3 months	<u>92,442</u>	<u>86,528</u>
	<b><u>274,554</u></b>	<b><u>243,008</u></b>

The maximum exposure to credit risk as at the date of statement of financial position is the fair value of trade receivables mentioned above.

## 10 TRADE PAYABLES

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

	<b>30 June</b> <b>2023</b> <b>(Unaudited)</b> <b>HK\$'000</b>	31 December 2022 (Audited) HK\$'000
Within 1 month	132,973	110,197
1-2 months	397	2,061
2-3 months	1,515	1,095
Over 3 months	<u>17,150</u>	<u>40,703</u>
	<b><u>152,035</u></b>	<b><u>154,056</u></b>

The fair values of trade payables approximate their carrying amounts.

## 11 CONTINGENT CONSIDERATION PAYABLE

On 22 October 2021, the Group, through its wholly-owned subsidiary, acquired 100% of the issued share capital of DeWe Group, which principally engaged in the provision of security and guarding services and healthcare services. Details of the Acquisition were set out in the Company's announcement dated 23 September 2021.

Other than the cash consideration of HK\$200,000,000 already paid by the Group, the Group shall satisfy the remaining consideration of the Acquisition by the issue of maximum 230,769,228 shares of the Company ("**Consideration Shares**") to the vendors of the Acquisition in three instalments within 14 Business Days after confirming the DeWe Group's net profit for (1) the period from the date of Acquisition completion to 31 December 2022 (the "**First Relevant Period**"); (2) the year ending 31 December 2023 (the "**Second Relevant Period**"); and (3) the year ending 31 December 2024 (the "**Third Relevant Period**") (collectively, the "**Relevant Periods**"). The number of Consideration Shares to be issued for each Relevant Period is determined based on the DeWe Group's consolidated net profits after tax under the HKFRSs adopted by the Group and audited by the auditors appointed by the Company, being HK\$50,000,000 for the First Relevant Period, HK\$57,500,000 for the Second Relevant Period and HK\$66,125,000 for the Third Relevant Period in proportion to the net profit achieved in each of the Relevant Period. If the DeWe Group's net profit is less than HK\$20,000,000 for any Relevant Period, the vendors of the Acquisition are not entitled to any Consideration Share for that Relevant Period.

The fair value of contingent consideration payable at the completion date of the Acquisition amounted to HK\$135,055,000 was calculated with reference to the expected value of DeWe Group's net profits after tax during the Relevant Periods and the probability of various scenarios of achievement of the targeted net profits. It is expected that 192,935,000 Consideration Shares would be issued at the prevailing share price as at the date of completion of the Acquisition date.

During the Current Period, 58,567,221 Consideration Shares in relation to the First Relevant Period were issued to the vendors of the Acquisition. For the First Relevant Period, the consolidated net profit after tax reported by the DeWe Group was HK\$38,069,000.

At the same time, a change in fair value of contingent consideration payable of HK\$4,361,000 was recognised to reflect the impact of the drop in the Company's share price between 31 December 2022 and 14 April 2023 (the date of issue of the Consideration Shares in relation to the First Relevant Period).



The contingent consideration payable is classified as a financial instrument (financial liability at FVPL) and recognised in the condensed consolidated statement of financial position at fair value. The fair value of the contingent consideration payable at the date of initial recognition, as at 31 December 2022 and as at 30 June 2023 was affected by the business performance of DeWe Group and the change in the Company's share price, which is analysed as below:

	<b>(Unaudited)</b> <b>HK'000</b>	(Audited) <b>HK\$'000</b>
At beginning of the period/year	<b>63,160</b>	135,055
Issue of Consideration Shares	<b>(16,399)</b>	—
Change in fair value recognised in profit or loss	<b>(4,361)</b>	(71,895)
	<u><b>42,400</b></u>	<u>63,160</u>
Total contingent consideration at end of the period/year	<u><b>42,400</b></u>	<u>63,160</u>
— Current	<b>21,621</b>	20,760
— Non-current	<b>20,779</b>	42,400

## 12 BORROWINGS

	<b>30 June</b> <b>2023</b> <b>(Unaudited)</b> <b>HK\$'000</b>	31 December 2022 (Audited) <b>HK\$'000</b>
Convertible bonds	<u><b>199,567</b></u>	<u>190,084</u>

The fair values of the borrowings approximate their carrying amounts.

On 22 October 2021, the Company completed the issuance of convertible bonds with an aggregate principal amount of HK\$210,000,000 to five different subscribers (the “**Bond Holders**”), which are convertible into 210,000,000 shares of the Company at a conversion price of HK\$1.00 per share upon full conversion (the “**Convertible Bonds**”). Pursuant to the terms of the Convertible Bonds, they bear interest at a coupon rate of 2.5% per annum and are due for repayment on 21 October 2023 (the “**Maturity Date**”). Interest attached to the Convertible Bonds are payable to the Bond Holders on the Maturity Date. The Company has the rights to extend the Maturity Date of the Convertible Bonds for an additional one year pursuant to the terms of the Convertible Bonds. Hence, the Convertible Bonds continue to classify them as non-current liabilities in the condensed consolidated statement of financial position. The conversion rights attaching to any Convertible Bonds restrictions may be exercised, at the option of the Bond Holders, to convert the Convertible Bonds in whole or in part of the outstanding principal amount of the Convertible Bonds into the shares of the Company, provided that the exercise of the conversion rights will not result in (i) the Company has breached the rules governing the exercise of convertible securities under the Listing Rules or (ii) the total issued shares held by the public (as defined under the Listing Rules) will be less than 25% (or the minimum public holdings for companies listed on the Stock Exchange as prescribed by the Listing Rules from time to time). Assuming the exercise in full of the conversion rights (the “**Conversion Rights**”) attached to the Convertible Bonds at the initial conversion price of HK\$1.00 per conversion share, an aggregate of 210,000,000 shares (with an aggregate nominal value of HK\$210,000,000) will be issued.

The fair value of the liability component of the Convertible Bonds was calculated using future repayments discounted at an estimated discount rate of 9.98% per annum. The residual amount of approximately HK\$40,283,000 (being the difference between the fair value of the Convertible Bonds at issuance date and the fair value of the liability component on initial recognition) is assigned as the equity component and is included in equity heading convertible bond equity reserve. The liability component is subsequently stated at amortised cost.

The Convertible Bonds are presented in the consolidated statement of financial position as follows:

	<b>30 June 2023 (Unaudited) HK\$'000</b>	31 December 2022 (Audited) HK\$'000
Liability component at beginning of the period/year	<b>190,084</b>	172,840
Interest expense*	<b>9,483</b>	17,244
	<u><b>199,567</b></u>	<u>190,084</u>

The Convertible Bonds were classified as non-current liability at 31 December 2022 and 30 June 2023.

\* Interest expense on Convertible Bonds is calculated by applying the effective interest rate of 9.98% to the liability component.

### 13 SHARE CAPITAL

#### Shares

	<b>30 June 2023 (Unaudited) HK\$'000</b>	31 December 2022 (Audited) HK\$'000
<b>Authorised</b>		
6,000,000,000 (31 December 2022: 6,000,000,000) ordinary shares of HK\$0.10 each	<u><b>600,000</b></u>	<u>600,000</u>
<b>Issued</b>		
2,403,385,881 (31 December 2022: 2,344,818,660) ordinary shares of HK\$0.10 each	<u><b>240,339</b></u>	<u>234,482</u>

There was no movement in the number of issued shares during the period between 1 January 2022 and 31 December 2022. During the Current Period, 58,567,221 new ordinary shares were issued at a fair value of HK\$0.28 per share to the vendors of the Acquisition as settlement of the Consideration Shares after confirming the amount of DeWe Group's net profit after tax for the First Relevant Period. The issue of the Consideration Shares did not result in any cash inflows to the Company.

## MANAGEMENT DISCUSSION AND ANALYSIS

### REVIEW OF RESULTS

#### Overall Performance

	Six-month period ended 30 June	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Revenue from contracts with customers	429,140	503,839
Cost of direct materials and job expenses	(77,945)	(148,766)
Data costs	(2,498)	(2,709)
Employee benefit expenses	(203,808)	(177,208)
Sub-contracting charges	(78,741)	(137,255)
Rental expenses	(3,659)	(5,340)
Repairs and maintenance costs	(5,694)	(5,592)
Depreciation and amortisation	(18,822)	(27,342)
Other operating expenses	(19,304)	(31,807)
Other income and other gains, net	93	—
Change in fair value of contingent consideration payable	4,361	—
Gain on deconsolidation of a subsidiary	52,860	6,094
Provision for impairment of financial assets	(3,306)	(2,997)
Provision for impairment of right-of-use assets	—	(5,668)
	<hr/>	<hr/>
Operating profit/(loss)	72,677	(34,751)
Interest income	265	696
Finance costs	(10,120)	(15,398)
Share of (losses)/profits of associates, net	(8)	1,795
	<hr/>	<hr/>
Profit/(loss) before income tax	62,814	(47,658)
Income tax expense	(7,945)	(7,107)
	<hr/>	<hr/>
Profit/(loss) for the period	<u>54,869</u>	<u>(54,765)</u>

## Revenue from contracts with customers

	Six-month period ended 30 June	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Security, insurance and infrastructure business	311,973	255,079
Aviation and logistics business	96,193	213,855
Healthcare business	10,022	23,837
Others	10,952	11,068
	<u>429,140</u>	<u>503,839</u>

For the six months ended 30 June 2023, the Group reported a drop in revenue from HK\$503,839,000 in 2022 to HK\$429,140,000 in 2023 because the business rescue practitioner in South Africa had applied to the high court to place the Group's logistic arm into liquidation during the Current Period. Previously, that logistic arm in South Africa had contributed a total revenue of HK\$77,016,000 during the first six-month period of 2022 while no revenue was generated in during the same period of 2023. During the Current Period, the Group's overall operating performance was improved, in particular, the overseas security business. Together with two non-cash gains of HK\$57,221,000 recognised during the Current Period, the Group's operating result for the Current Period significantly improved from operating loss of HK\$34,751,000 in 2022 to operating profit of HK\$72,677,000 in 2023. Set out below is the overall performance of the Group by business segment.

### Overall Performance

#### *Security, Insurance and Infrastructure Business*

##### *Security*

After years of effort in investing and participating in overseas security business plus the positive contributions brought in from the newly acquired subsidiaries in October 2021, the Group's security business managed to generate profits in both overseas and Hong Kong during the Current Period. Total revenue of HK\$266,662,000 (30 June 2022: HK\$182,609,000) was generated, representing 46% growth. Its net profit after net off of amortisation of those intangible assets for the Current Period was HK\$31,335,000 (30 June 2022: HK\$1,576,000). Increase in profitability level of this segment was due to the marked improvement in the Group's overseas security business, particularly in Africa and South East Asia.

##### *Insurance*

The Group's insurance business reported a net profit of HK\$134,000 (30 June 2022: a net profit of HK\$650,000) for the Current Period, which was contributed by the Group's interest in an associate originated in Africa. Appreciation in USD eroded the business performance of that associate during the Current Period.

## *Infrastructure*

During the Current Period, revenue from the infrastructure segment was generated from the infrastructure project in the Lao People's Democratic Republic (“**Laos**”). The project in Laos commenced its construction work in the second half of 2021, and it reported a revenue of HK\$44,709,000 (30 June 2022: HK\$71,924,000) for the Current Period. As of 30 June 2023, approximately 95% (2022: 59%) of the construction works had been completed. All in all, the Laos' infrastructure project contributed a profit of HK\$6,795,000 (30 June 2022: HK\$12,872,000).

## *Aviation and Logistics Business*

### *Aviation*

Our aviation arm in Kenya is the main contributor of the Group's aviation business. Its turnover managed to keep the same level as the prior period amounting to HK\$47,339,000 (30 June 2022: HK\$46,731,000), while its profit had reduced from HK\$6,275,000 in 2022 to HK\$3,744,000 in 2023 was mainly due to the termination of the fixed and guaranteed income contract with a major client. It is now in search for solutions to enhance the utilization rate (i.e. the flying hours) of its existing aircraft and to expand its fleet capacities so as to strengthen its aircraft mix and widen its income stream.

### *Logistics*

Transit Freight Forwarding Pty Ltd (“**TFF**”), the logistic arm in South Africa, reported a net loss of HK\$37,172,000 for the six-month period ended 30 June 2022. The net loss incurred in the prior period was mainly affected by the continued downturn of the economy in South Africa and high operational costs in the logistics industry as well as further impairment provisions against its non-performing assets of HK\$12,070,000 and a restructuring provision of HK\$8,000,000 were recorded. In July 2022, the Group initially decided to place TFF under business rescue proceeding. In October 2022, the business rescue practitioner decided to apply to the high court in South Africa (the “**Court**”) to place it into liquidation. On 23 January 2023, the Court issued an order confirming that the business rescue proceedings were discontinued and the application for liquidation was approved. Joint liquidators were then appointed by the Court to handle the liquidation process on 17 February 2023. During the Current Period, the Group has deconsolidated the state of affairs of TFF from the date of appointment of the joint liquidators while its business operations were ceased when the business rescue practitioner decided to put it into liquidation. A one-time non-cash gain on deconsolidation of a subsidiary of HK\$52,860,000 was recognised during the Current Period.

Other than TFF, the Group has another logistic arm in Shanghai (“**SH Logistics**”). SH Logistics reported a decrease in revenue by 39% from HK\$79,966,000 in 2022 to HK\$48,846,000 in 2023 and slight increase in loss by 23% from HK\$1,169,000 in 2022 to HK\$1,439,000 in 2023 because the Group now mainly focus on providing logistic services to those customers that the Group is simultaneously rendering security services to them in Africa and South East Asia.

Management of the Group will closely monitor the business development of the logistics business and will consider how to reposition itself in the market so as to minimise the loss to be incurred.

### ***Healthcare Business***

The Group through a number of medical related subsidiaries provided a range of medical consultation services in both Hong Kong and China, which included the provision of medical consultation services and sales of medical equipment and healthcare products. This segment generated a total revenue of HK\$10,022,000 (30 June 2022: HK\$23,837,000) and a net profit of HK\$166,000 (30 June 2022: HK\$7,910,000) after netting off the amortisation of intangible assets attached to this segment, for the Current Period. Reduction in revenue and profit for healthcare business was mainly due to the drop in demand for medical healthcare products during the Current Period because COVID in Hong Kong and worldwide were almost under control and local anti-epidemic measures against COVID had been further adjusted towards the end of December 2022 by the Hong Kong government. Demand for COVID related medical and healthcare products further dropped upon the cancellation of RAT requirements by Hong Kong government in March 2023. Although the cross-border operation has gradually resumed, the growth expectation and momentum are slightly behind what initially expected. All these resulted in below-par performance of this segment.

### **PROSPECTS**

After nearly three years under the shadow of COVID, by December 2022, we began transitioning into the post-COVID era. By the dawn of 2023, several countries had relaxed or even abolished their travel restrictions and social distancing measures. Cross-border business activities have fully resumed, and international infrastructure projects have regained momentum. Various sectors are reaping benefits from the post-COVID recovery, even if demand and profitability have not yet returned to pre-COVID levels. Still, the global macroeconomic landscape remains unpredictable, with challenges like geopolitical tensions, economic instability, heightened inflation, and interest rate hikes shaping the business landscape and adding to operational costs.

Since 2022, the security segment has evolved as the Group's central business and primary profit generator. Our international security initiatives have gained significant recognition, enabling us to secure large, profitable contracts in multiple regions. Consequently, we anticipate our global security ventures will continue to provide substantial returns in the foreseeable future.

The acquisition of DeWe Group has further sharpened our focus in the security domain. Capitalising on the licenses held by our two wholly-owned subsidiaries, we are poised to strengthen our security profile in Hong Kong, targeting more prominent and lucrative security projects.

GlobalMedicare Limited and its subsidiaries (“GMC”) remain proactive in identifying opportunities in Hong Kong, China, and globally. The GMC management is intensively promoting comprehensive healthcare concepts. While cross-border activities faced challenges in the first half of 2023, GMC’s experience mirrors other sectors in Hong Kong, like tourism and hospitality. GMC aims to leverage its strengths, expanding its medical networks in Hong Kong and China, ensuring enhanced revenue streams and profitability for the latter half of 2023.

Regarding aviation, the International Air Transport Association indicates a hopeful rebound for Africa's aviation sector in 2023, anticipating it to cater to over 85% of pre-COVID demand. To meet this resurgence, our aviation arm has proactively increased its fleet capabilities, now offering a broader spectrum of air charter and air ambulance services. Collaborations with insurance companies are expected to further bolster our operations.

In the first half of 2023, the Group reported a profit, which is mainly attributable to both the financial restructuring from the TFF liquidation and improved performance in the security sector. We remain committed to reinforcing our security capabilities, aiming for sustained operational improvements through 2023.

The current global business landscape is rife with challenges, with most sectors still grappling to stabilise. Significant uncertainties cloud the global economic forecast, particularly with emerging geopolitical shifts and upcoming elections in certain African and South East Asian nations. Yet, we remain vigilant and optimistic, recognising opportunities amidst the challenges. Our recent successes in specific countries bolster our global ambitions. We are steadfast in enhancing our market competitiveness, confident that with the unwavering support from our shareholders and our deep-rooted commitment to our mission, the Group will navigate these turbulent waters. Our performance in the first half of 2023 is a promising sign of our trajectory towards enduring success.

## **EMPLOYEES**

The Group has developed its human resources policies and procedures based on performance and merit. The Group ensures that the pay level of its employees is competitive and employees are rewarded on a performance-related basis within the general framework of the Group’s salary and bonus systems. The Group provides on-the-job training to its employees in addition to retirement benefit schemes and medical insurance. Employees are offered discretionary year-end bonus based on individual merit.

The Company operated a share option scheme, which was adopted on 28 March 2012, (the “**Share Option Scheme**”) for the purpose of providing incentives and rewards to eligible directors and employees of the Group to recognise their contribution to the success of the Group. The Share Option Scheme was valid and effective for a period of 10 years commencing from 28 March 2012, which was expired on 28 March 2022. The outstanding share options under the Share Option Scheme as at 30 June 2023 was 23,400,000 share options (30 June 2022: Nil).

The Company also operated a share award scheme (the “**Share Award Scheme**”) since 10 December 2015 to recognise the contributions by certain employees and persons to the Group and to provide them with incentives in order to retain their services for the continual operation and development of the Group and to attract suitable personnel for further development of the Group. As at 30 June 2023, there was no unvested shares granted under the Share Award Scheme (30 June 2022: Nil).

On 28 June 2023, the Company passed an ordinary resolution in the Annual General Meeting to approve the adoption of a fresh share scheme of the Company (the “**Share Scheme**”). This was aligned with the updated requirements of Chapter 17 of the Listing Rules pertaining to share schemes, effective from 1 January 2023.

The newly adopted Share Scheme supersedes the Share Option Scheme and the Share Award Scheme. The purpose of the Share Scheme is to enable the Company to grant share options and share awards to the Participants who have contributed or may contribute to the Group, as well as to provide incentives and help the Group in recruiting or retaining its valued employees, and to provide them with a direct interest in attaining the long term business objectives of the Group. For details in relation to the adoption of the Share Scheme and its principal terms are set out in the Company’s circular dated 5 June 2023.

As at 30 June 2023 and up to the date of this announcement, no share options nor share awards were granted under the new Share Scheme.

The Group’s total number of employees as at 30 June 2023 was 1,998 (30 June 2022: 1,816; 31 December 2022: 2,102). Employee benefit expenses increased during the Current Period because the overall number of employees increased, especially those full-time security officers. This was mainly due to the fact that the Group continued to expand its security businesses in both Hong Kong and overseas.

## **FINANCIAL REVIEW**

### **Liquidity and Financial Resources**

As at 30 June 2023, the Group recorded total assets of HK\$1,103,747,000 (31 December 2022: HK\$1,091,440,000) which were financed by liabilities of HK\$581,156,000 (31 December 2022: HK\$620,865,000), non-controlling interests of HK\$121,861,000 (31 December 2022: HK\$118,837,000) and shareholders’ equity of HK\$400,730,000 (31 December 2022: HK\$351,738,000). The Group’s net asset value per share (excluding non-controlling interests) as at 30 June 2023 amounted to HK\$0.17 (31 December 2022: HK\$0.15) per share.



As at 30 June 2023, the Group's available cash and bank balances were HK\$186,484,000 (31 December 2022: HK\$186,790,000) and restricted bank balances of HK\$249,000 (31 December 2022: HK\$3,857,000) with total borrowings of HK\$199,567,000 (31 December 2022: HK\$190,084,000). The Group's total borrowings include convertible bonds amounting to HK\$199,567,000 (31 December 2022: HK\$190,084,000). As at 30 June 2023, the Group's borrowings were mainly denominated in Hong Kong dollars ("HK\$"). The repayment terms of the Group's borrowings are repayable in accordance with the terms of the convertible bonds (see Note 12).

As at 30 June 2023, the gearing ratio (ratio of the sum of total borrowings to the total assets) was approximately 18.1% (31 December 2022: 17.5%).

In May 2018, net proceeds of HK\$830,567,000 were raised through a subscription of shares under general mandate, as detailed in the Company's circular date 2 May 2018 (the "Circular"). Subsequent to the subscription and the announcement made in relation to the change of intended use of proceeds from the subscription of the Company on 24 March 2020, the intended use of all net proceeds had been fully used up by 31 December 2022. Details of the usage of the net proceeds were set out in the Company's annual report for 2022.

On 22 October 2021, the Company completed the issuance of convertible bonds with an aggregate principal amount of HK\$210,000,000 to five different subscribers, which are convertible into 210,000,000 shares of the Company at a conversion price of HK\$1.00 per share upon full conversion. Pursuant to the terms of the convertible bonds, they bear interest at a coupon rate of 2.5% per annum and are due for repayment on 21 October 2023. Interest attached to the convertible bonds are payable to the bond holders on the maturity date. The Company has the rights to extend the maturity date of the convertible bonds for an additional one year pursuant to the terms of the convertible bonds.

The aggregate amount of the net proceeds received from the convertible bonds of HK\$210,000,000 was fully utilised in accordance with the intended uses, which included HK\$150,000,000 for the settlement of the remaining consideration of the acquisition and HK\$60,000,000 to aid the Group's general working capital during 2022.

### **Treasury Policies**

The Group adopts conservative treasury policies and has tight controls over its cash management. The Group's cash and bank balances are held mainly in HK\$, Renminbi ("RMB") and United States dollar ("US\$"). Surplus cash is generally placed on term deposits depending on the Group's funding requirements.

### **Exposure to Fluctuations in Exchange Rates and Related Hedges**

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

For operations in Africa, most of the transactions are denominated in US\$, Kenyan Shillings (“KES”) and Nigerian Naira (“NN”). The exchange rates of KES and NN against HK\$ have decreased by 12% and 41% respectively during the Current Period. No financial instrument was used for hedging purposes for the Current Period due to the prohibitive cost of available hedging opportunities. The Group is closely monitoring the currency exchange risk of KES and NN and will consider the use of financial instrument for hedging purposes, if necessary.

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

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

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

### **Significant Investments Held and Material Acquisitions**

The Group did not have any significant investment held nor there were any other material acquisitions or disposals of subsidiaries or associates during the six-month period ended 30 June 2023.

### **Charges on Assets**

As at 30 June 2023 and 31 December 2022, the Group did not have any assets pledged to banks as securities for banking facilities.

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

As at 30 June 2023, the Group did not have any concrete future plans for material investments or capital assets and material capital expenditure commitments.

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

## Contingent Liability

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

On 4 November 2021, counsel for the Claimant wrote to the Group with a demand for indemnification, followed by several more indemnification demands notified on 2 December 2021, arising from the Purchase Agreement between the Claimant and the Group (the “**Indemnification Demands**”). The Indemnification Demands totalling approximately US\$5.8 million (equivalent to HK\$45.5 million).

The Group has taken the view that the Indemnification Demands are untrue, unfounded and/or unsustainable; no payments are due to the Claimant; and that the Indemnification Demands were made in order to forestall the payment of sums owed to the Group under the Settlement Agreement. The Claimant refused to comply with the Claimant’s obligations to deregister the aircraft which belonged to the Group, so that the Group could not take back possession of the aircraft.

On 30 December 2022, the Group filed a civil lawsuit and arbitration claim with the Civil Court of Malta and, following that, files a separate notice of claim with the Malta Arbitration Centre, making contractual, tortious and equitable claims against the Claimant in an amount exceeding €10 million (equivalent to HK\$83.3 million) (the “**FSG Claims**”). The FSG Claims are based on specific and documented breaches of the Claimant’s obligations under the Purchase Agreement, the Settlement Agreement and at law.

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

Save as disclosed above in this interim result announcement, the Group does not have material contingent liability as at 30 June 2023.

## Supplementary Information

On 12 June 2023, the Company was included in an export control list (the “**Entity List**”) by the Bureau of Industry and Security of the United States Department of Commerce (the “**Bureau**”) for providing training to Chinese military pilots using Western and NATO resources (the “**Alleged Activities**”), which is contrary to the United States’ national security and foreign policy interests.

On 13 June 2023, the Board of the Company made a clarification announcement stating clearly that the Group has never been involved in the Alleged Activities and has never been contacted by the Bureau. Also, the Board is not aware of any reasonable ground from the Bureau for the inclusion of the Company in the Entity List.

The Group has immediately consulted a number of legal advisors. Based on our recent understanding, the accusation by the Bureau about the Group's rendering of the Alleged Activities is completely fabricated and untrue. The Group's principal activities do not involve in the Alleged Activities and all business activities conducted by the Group are exclusively in Africa, China (including Hong Kong), South East Asia and Middle East and the Group never has any business in the United States.

On 30 June 2023, a legal advisor has been engaged by the Group to deal with this matter.

### **Subsequent Events**

The Group and the Company did not have any material subsequent events after 30 June 2023 and up to the date of this interim result announcement need to be disclosed.

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

The Company has not redeemed any of its listed securities during the six-month period ended 30 June 2023. Neither the Group nor the trustee of the share award scheme of the Company has purchased or sold any of the Company's listed securities during the six-month period ended 30 June 2023.

### **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

Throughout the six-month period ended 30 June 2023, the Board of the Company has reviewed the Group's corporate governance practices and is satisfied that the Company has complied with the code provisions of the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") from time to time, as set out in part 2 of Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

### **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules to regulate the directors' securities transactions. Having made specific enquiry by the Company, all directors have confirmed that they have complied with the Model Code regarding directors' securities transactions throughout their tenure during the six-month period ended 30 June 2023.

## CHANGE IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, there are no changes in information of directors of the Company subsequent to the date of the 2022 annual report of the Company and during the Current Period, that need to be disclosed in this announcement.

## AUDIT COMMITTEE

The Company has an audit committee (the “**Audit Committee**”) which was established with the written terms of reference in compliance with Rule 3.21 of the Listing Rules. Currently, the Audit Committee comprises three independent non-executive directors of the Company namely Mr. Yap Fat Suan, Henry (chairman), Mr. Cui Liguu and Mr. Hooi Hing Lee.

The unaudited condensed consolidated interim financial statements of the Group for the six-month period ended 30 June 2023 have been reviewed by the Audit Committee together with the management of the Company. The Audit Committee is of the opinion that such results compiled with the applicable accounting standards, the requirements under the Listing Rules and other application legal requirements, and that adequate disclosures had been made.

## INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2023 (six-month period ended 30 June 2022: Nil) to holders of ordinary shares of the Company.

## PUBLICATION OF INTERIM REPORT

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

By Order of the Board  
**FRONTIER SERVICES GROUP LIMITED**  
**Chan Kam Kwan, Jason**  
*Company Secretary*

Hong Kong, 29 August 2023

*As at the date of this announcement, the non-executive Directors are Mr. Chang Zhenming (Chairman), Mr. Fei Yiping, Mr. Chan Kai Kong, Mr. Dorian Barak and Mr. Zhang Yukuan; the executive Directors are Mr. Ko Chun Shun, Johnson (Deputy Chairman), Mr. Luo Ning (Deputy Chairman) and Mr. Li Xiaopeng (Chief Executive Officer); and the independent non-executive Directors are Mr. Yap Fat Suan, Henry, Mr. Hooi Hing Lee, Mr. Cui Liguu and Dr. Chan Wing Mui, Helen.*