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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.

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FRONTIER SERVICES GROUP LIMITED

先豐服務集團有限公司 *

(Incorporated in Bermuda with limited liability)

(Stock Code: 00500)

- (1) GRANTING OF GENERAL MANDATES TO ISSUE NEW SHARES
AND TO REPURCHASE SHARES**
(2) RE-ELECTION OF DIRECTORS
**(3) PROPOSED ADOPTION OF THE SHARE SCHEME
AND**
(4) NOTICE OF ANNUAL GENERAL MEETING

A notice of the Annual General Meeting to be held at Suite 3902, 39th Floor, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong on Wednesday, 28 June 2023 at 10:00 a.m. is set out on pages AGM-1 to AGM-5 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 17/F, Far East Finance Centre, 16 Harcourt Road, 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 and in such event, the form of proxy shall be deemed to be revoked.

5 June 2023

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DEFINITIONS

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

“Actual Selling Price”	the actual price at which the Award Shares are sold (net of all applicable costs from time to time, such as brokerage, the Stock Exchange trading fee, the SFC transaction levy and the FRC transaction levy) on vesting of an Award (or any part thereof) pursuant to the Share Scheme
“Adoption Date”	the date on which the Share Scheme is adopted by resolution of the Shareholders
“Annual General Meeting”	the annual general meeting of the Company to be held at Suite 3902, 39th Floor, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong on Wednesday, 28 June 2023 at 10:00 a.m., or any adjournment thereof (or as the case may be)
“associate”	has the meaning ascribed to it under Rule 1.01 of the Listing Rules
“Award”	an award granted to a Participant under the Share Scheme, which will upon vesting entitle such Participant to receive Award Shares or the Actual Selling Price of the Award Shares in cash as the Board may in its absolute discretion determine in accordance with the terms of the Share Scheme
“Award Holder”	holder of an Award
“Award Shares”	the Shares to be received by a Grantee upon the vesting of the relevant Award (or any part thereof)
“Board”	the board of Directors or, for the purposes of the Share Scheme, a duly authorised committee thereof, for the time being
“Business Day”	a day on which the Stock Exchange is open for dealing in securities
“Bye-Laws”	the bye-laws of the Company
“chief executive”	has the meaning ascribed to it under the Listing Rules
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Companies Act”	the Companies Act 1981 of Bermuda

DEFINITIONS

“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
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	a general mandate proposed to be granted to the Directors to allot, issue and deal with new Shares not exceeding 20% of the total number of the issued Shares as at the date of passing of the ordinary resolution in relation thereof
“Employee Participants”	full-time and part-time employees, and directors of the Company or any of its subsidiaries (including persons who are granted Options or Awards under the Share Scheme as an inducement to enter into employment contracts with these companies)
“Exercise Period”	the period in which an Option may be exercised
“Exercise Price”	the price per Share at which an Option Holder may subscribe for Shares on the exercise of an Option pursuant to the terms of the Share Scheme
“Grant Shares”	the Award Shares and/or the Option Shares, as the case may be
“Grantee”	an Option Holder or an Award Holder, as the case may be, being a Participant who accepts an Offer in accordance with the terms of the Share Scheme or (where the context permits) the legal personal representative(s) entitled to any Option or Award in consequence of the death of the original Grantee
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“holding company”	has the meaning ascribed to it under the Listing Rules
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Latest Practicable Date”	31 May 2023, 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
“Offer”	an offer of the grant of an Option or an Award to be made to a Participant by the Board in accordance with the terms of the Share Scheme
“Offer Date”	the date of the meeting of the Board for proposing an Offer for the grant of an Option or an Award
“Offer Letter”	the letter to be issued by the Company to a Participant in such form as may be determined from time to time by the Board for the Offer, specifying the Offer Date, the number of Grant Shares, the vesting criteria and conditions, the Vesting Date and such other details as it may consider necessary
“on-market transaction”	the acquisition or sale of Shares through the facilities of the Stock Exchange in accordance with the Listing Rules and other applicable laws and regulations
“Option”	a right granted to a Participant to subscribe for Shares upon vesting and exercised pursuant to the terms of an Option granted under the Share Scheme
“Option Holder”	holder of an Option
“Option Shares”	the Shares to be issued to the Option Holder upon his exercise of an Option (or any part thereof)
“Participants”	participants of the Share Scheme, comprising the Employee Participants and the Service Providers
“PRC”	the People’s Republic of China (for the purpose of this circular excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“Purchase Price”	the price (if any) payable by the Award Holder to acquire the Award Shares under his Award

DEFINITIONS

“Related Income”	all or such portion of cash income derived from the Award Shares (including cash dividends declared and paid on the Award Shares) as may be determined by the Board from time to time (excluding any interest earned on such cash income) and held under the Trust for the benefit of the Award Holder
“Remuneration Committee”	the remuneration committee of the Company
“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”	the total number of new Shares which may be issued in respect of all Options and Awards to be granted under the Share Scheme and any other schemes (if any), details of which are set out in the Appendix II to this circular
“Service Providers”	the independent service providers, subcontractors and consultants who are the Participants, details of which are set out in paragraph headed “3. Participants of the Share Scheme and Basis of Determining Eligibility of Participants” in Appendix II to this circular
“Service Provider Sublimit”	the total number of new Shares that may be issued in respect of all Options and Awards to be granted to the Service Providers, details of which are set out in the Appendix II to this circular
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Share Scheme”	the share scheme proposed to be adopted by the Company at the AGM
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“Trust”	the trust constituted by a trust deed between the Company and the Trustee for the purposes of administering the Awards granted or to be granted under the Share Scheme
“Trustee”	the trustee(s) as may be appointed by the Company from time to time for the purposes of the Trust, which has not yet been appointed as at the Latest Practicable Date and is expected to be appointed prior to the making of any Offer for the Awards
“vest”	the Option Holder becoming entitled to exercise his Option (or any part thereof) to subscribe for Shares, or the Award Holder becoming entitled to receive Shares under his Award (or any part thereof) subject to payment of the relevant Purchase Price (if any) and Vesting Expenses (if any), as the case may be
“Vesting Date”	the date on which a Grantee’s entitlement to the Grant Shares (or any part thereof) is vested in accordance with the Share Scheme
“Vesting Expenses”	all transfer fees, expenses and taxes associated with the vesting and transfer of the relevant Award Shares and Related Income to the Award Holder save for those to be borne by the Company
“%”	per cent.

In this circular, words importing a gender shall include every other genders and references to persons include bodies corporate or unincorporate.

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 Directors:

Mr. Chang Zhenming (*Chairman*)
Mr. Fei Yiping
Mr. Chan Kai Kong
Mr. Dorian Barak
Mr. Zhang Yukuan

Registered office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Executive Directors:

Mr. Ko Chun Shun, Johnson (*Deputy Chairman*)
Mr. Luo Ning (*Deputy Chairman*)
Mr. Li Xiaopeng (*Chief Executive Officer*)

*Principal place of business
in Hong Kong:*

Suite 3902, 39/F,
Far East Finance Centre
16 Harcourt Road
Admiralty
Hong Kong

Independent Non-executive Directors:

Mr. Yap Fat Suan, Henry
Mr. Hooi Hing Lee
Mr. Cui Liguo
Dr. Chan Wing Mui, Helen

5 June 2023

To the Shareholders

Dear Sir/Madam,

**(1) GRANTING OF GENERAL MANDATES TO ISSUE NEW SHARES
AND TO REPURCHASE SHARES
(2) RE-ELECTION OF DIRECTORS
(3) PROPOSED ADOPTION OF THE SHARE SCHEME
AND
(4) NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information regarding certain 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 purpose only*

LETTER FROM THE BOARD

At the Annual General Meeting, resolutions, amongst others, will be proposed for the Shareholders to approve (1) the grant of the General Mandate; (2) the grant of the Repurchase Mandate; (3) the re-election of the Directors; and (4) the proposed adoption of the Share Scheme.

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 issued Shares as at the date of passing such resolution. As at the Latest Practicable Date, the number of Shares in issue was 2,403,385,881. Assuming no further Shares will be issued or repurchased before the date of the Annual General Meeting, the Directors would be granted a General Mandate to issue up to 480,677,176 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; (b) the expiration of the period within which the next annual general meeting of the Company is required by law or the Bye-Laws to be held; or (c) 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 Shares as at the date of passing such resolution. Assuming no further shares will be issued or repurchased before the date of the Annual General Meeting, the Directors would be granted a Repurchase Mandate to repurchase up to 240,338,588 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; (b) the expiration of the period within which the next annual general meeting of the Company is required by law or the Bye-Laws to be held; or (c) 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.

RE-ELECTION OF DIRECTORS

Pursuant to bye-law 84 of the Bye-Laws, Mr. Chan Kai Kong (“**Mr. Chan**”), Mr. Dorian Barak (“**Mr. Barak**”), Mr. Cui Ligu (“**Mr. Cui**”) and Mr. Hooi Hing Lee (“**Mr. Hooi**”) shall retire and being eligible, offer themselves for re-election at the Annual General Meeting.

LETTER FROM THE BOARD

Brief biographical details of the retiring directors who are proposed to be re-elected at the Annual General Meeting are set out below.

Mr. Chan Kai Kong, aged 54, was appointed as a non-executive director of the Company on 28 February 2021. Mr. Chan is also a non-executive director of Genertec Universal Medical Group Company Limited (stock code: 2666), the shares of which are listed on the Main Board of the Stock Exchange. He is the Chief Financial Officer and a Senior Managing Director of CITIC Capital Holdings Limited, a global alternative investment management and advisory company and heads up various businesses in Principal Investments. Prior to joining the firm, he was an investment professional at the Government of Singapore Investment Corporation and the International Finance Corporation responsible for both direct investments and fund investments in Asia. Mr. Chan previously worked for Deloitte and had corporate finance experience with both listed companies and merchant bank. Mr. Chan received a M.Sc. in Finance from the London Business School and a BBA from The Chinese University of Hong Kong.

Mr. Chan entered into a letter of appointment with the Company for a term of three years. He 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. Mr. Chan receives no salary for serving as a non-executive Director.

As at the Latest Practicable Date, Mr. Chan does not have, and is not deemed to have any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associate corporations (within the meaning of Part XV of the Securities and Futures Ordinance).

Save as disclosed above, Mr. Chan 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 of the Company which are required to be disclosed pursuant to Part XV of the Securities and Futures Ordinance; and (iii) as at the latest Practicable Date, 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

LETTER FROM THE BOARD

Mr. Dorian Barak, aged 49, was appointed as a non-executive Director on 19 April 2021. Mr. Barak is a veteran private equity investor and fund manager specializing in emerging markets. He serves on the boards of companies active in the technology and natural resources sectors in China, the Middle East, Europe and Africa.

Over the past two decades, Mr. Barak has filled key investment and executive positions in the US, the Middle East and Europe. Mr. Barak was an executive director of KuangChi Science Limited (stock code: 439), the shares of which are listed on the Stock Exchange, until 1 February 2020; an independent non-executive director of Zwipe AS (ZWIPE.ST) until 19 May 2021; Head of Global Strategy and M&A at Hapoalim, Israel's leading financial group; an M&A Attorney with the Skadden Arps firm in New York; and a Consultant with the Boston Consulting Group (BCG) in Chicago; and is an independent non-executive director of Irisity AB (IRIS.ST). Mr. Barak was awarded a Juris Doctor by Yale University, a master degree from Oxford University, and a BA from UCLA.

Mr. Barak entered into a letter of appointment with the Company for a term of three years. He 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. Mr. Barak receives a monthly salary of US\$25,000 for serving as a non-executive Director.

As at the Latest Practicable Date, Mr. Dorian Barak was deemed to have interests in 1,650,000 shares of the Company (of which the spouse of Mr. Barak directly holds 250,000 shares of the Company, and D Barak Consulting Ltd., a jointly held company by Mr. Barak and his spouse, directly holds 1,400,000 shares of the Company) within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Barak 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 of the Company which are required to be disclosed pursuant to Part XV of the SFO; and (iii) as at the Latest Practicable Date, 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.

LETTER FROM THE BOARD

Mr. Cui Ligu, aged 53, has been appointed as an independent non-executive director of the Company since June 2020. He is also the chairman of the Nomination Committee of the Company, and a member of the Audit Committee, the Remuneration Committee and the Risk Committee of the Company. Mr. Cui is currently a founding partner of Guantao Law Firm and the chairman of its management committee. Mr. Cui has over 25 years of experience in legal sector, and holds a position of independent non-executive director in several companies, such as, CNNC International Limited (stock code: 2302) and APT Satellite Holdings Limited (stock code: 1045), the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited, China Coal Xinji Energy Co., Ltd. (stock code: 601918) and Joicare Pharmaceutical Group Industry Co., Ltd. (stock code: 600380), the shares of which are listed on the Shanghai Stock Exchange in China, and Beijing Life Insurance Co., Ltd.. He is also a member of the Finance & Securities Committee of All China Lawyers Association. Mr. Cui graduated from the China University of Political Science and Law with a bachelor degree in laws. He also holds a master degree in laws from the same university.

Mr. Cui entered into a letter of appointment with the Company for a term of three years. He 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. His remuneration is US\$70,000 per annum which is determined by reference to his experience, duties, responsibilities within the Company and the prevailing market conditions. His remuneration has been approved by the Remuneration Committee of the Company and the Board.

Save as disclosed above, Mr. Cui 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 of the Company which are required to be disclosed pursuant to Part XV of the SFO; and (iii) as at the Latest Practicable Date, 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.

LETTER FROM THE BOARD

Mr. Hooi Hing Lee, aged 56, was appointed as an independent non-executive Director on 28 October 2020. Mr. Hooi has over 33 years of experience in the finance industry. Mr. Hooi was employed by National Australia Bank Limited in a variety of roles in Australia and Hong Kong from January 1988 to June 2006 with his last position as the head of corporate banking, North Asia. He also served as a chief operating officer in Cushman & Wakefield Capital Asia Limited from July 2006 to October 2008. For the period between 5 March 2008 to 6 October 2008, Mr. Hooi was a responsible officer for regulated activities Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of Cushman & Wakefield Capital Asia (HK) Limited. He also served as a country chief risk officer of Standard Chartered Bank (Taiwan) Limited from August 2010 to June 2013 respectively. In the year of 2013, Mr. Hooi founded a private equity company, pH Capital Limited, where he currently acts as the director.

Mr. Hooi is an independent director of Cityneon Holdings Limited (“Cityneon”), the shares of which were privatised and delisted from Singapore Exchange Limited on 1 February 2019. Mr. Ko Chun Shun Johnson, a deputy chairman of the Company, is an executive director and the controlling shareholder of Cityneon. Furthermore, Mr. Hooi is an independent non-executive director, the chairperson of the audit committee and a member of each of the nomination committee and remuneration committee of Miji International Holdings Limited (stock code: 1715), the shares of which are listed on the Main Board of the Stock Exchange. He served as a non-executive director for Ponderous Panda Capital Corp. (stock code: PPCC.P) and Efficacious ELK Capital Corp. (stock code: EECC.P) until 17 May, 2021, and 15 March, 2022, respectively. Both companies have their shares listed on the TSX Venture Exchange in Canada.

Mr. Hooi obtained his Bachelor of Commerce degree from the University of Western Australia in April 1990. He was admitted as a member of the Certified Practicing Accountants of Australia in July 1990 and a Fellow of the Hong Kong Institute of Directors in March 2006.

Mr. Hooi entered into a letter of appointment with the Company for a term of three years and will be 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. His remuneration is US\$70,000 per annum which is determined by reference to his experience, duties, responsibilities within the Company and the prevailing market conditions. His remuneration has been approved by the Remuneration Committee of the Company and the Board.

Save as disclosed above, Mr. Hooi 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 of the Company which are required to be disclosed pursuant to Part XV of the SFO; and (iii) as at the date of the Latest Practicable Date, 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.

LETTER FROM THE BOARD

PROPOSED ADOPTION OF THE SHARE SCHEME

The previous share option scheme of the Company was expired on 28 March 2022. As at the Latest Practicable Date, there were 23,400,000 outstanding options granted under the said share option scheme. The Company has adopted a share award scheme since 10 December 2015 allowing the grant of share awards of new or existing Shares to eligible participants, details of which are set out in the announcement of the Company dated 10 December 2015. As at the Latest Practicable Date, there were no unvested share awards under the said share award scheme. The said share award scheme is proposed to be replaced by the Share Scheme, and will thus be terminated upon the adoption of the Share Scheme. At present, the Company does not have any other share award scheme nor any share option scheme, despite that the outstanding options are still exercisable until their expiry date.

To incentivise the Participants, the Board proposes to adopt the Share Scheme in accordance with the latest Listing Rules requirements. The purpose of the Share Scheme is to enable the Company to grant Options and Awards to the Participants who has contributed or may contribute to the Group, as well as to provide incentives and help the Group in recruiting or retaining its employees, and to provide them with a direct interest in attaining the long-term business objectives of the Group.

Conditions

The Share Scheme shall take effect upon the fulfilment of the following conditions:

- (i) the passing of a resolution by the Shareholders to approve the adoption of the Share Scheme and to authorise the Board to grant Options and Awards under the Share Scheme, and to approve the Scheme Mandate Limit; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the new Shares which may be issued by the Company in respect of all Options and Awards to be granted under the Share Scheme.

As at the Latest Practicable Date, none of the above conditions have been satisfied. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Shares which may be issued upon the exercise of the Options and the vesting of the Awards under the Share Scheme.

Eligible participants and eligibility

The Participants include the Employee Participants and the Service Providers. Under the Share Scheme, the Board may at its absolute discretion determine, subject to the Listing Rules, the eligibility of the Participants, the number of Shares to be comprised in the Options or Awards, performance targets, the exercise period and vesting period of Options or Awards.

LETTER FROM THE BOARD

The basis of determining eligibility of the Participants to the grant of any Options or Awards shall be determined by the Directors in their absolute discretion from time to time on the basis of the amount of contribution the Participant has made or is likely to make towards the success of the Group and such other factors as the Board may in its discretion consider appropriate as set out below:

- (a) For Employee Participants, the Board will generally consider their general working performance, time commitment (full-time or part-time), length of their service within the Group, working experience, responsibilities and/or employment conditions with reference to the prevailing market practice and industry standard;
- (b) Service Providers include independent service contractors, sub-contractors, and consultants. The Group is principally engaged in the provision of (i) security and insurance related services, (ii) aviation and logistics related services and (iii) healthcare services and sales of healthcare products. In the ordinary and usual course of business of the Group, the Group will from time to time require sub-contracting and other services from the Service Providers. Set out below is the identification of each category of Service Providers and the criteria for determining a person's eligibility under each category:
 - (i) Independent service providers and sub-contractors

Service Providers under this category are independent service providers and sub-contractors which support the Group's business of security and logistics related services. The Board will, on a case by case basis, take into account both qualitative and quantitative factors when determining the eligibility of such service provider or subcontractor, including but not limited to: (1) the value of the contracted amount by the service provider or subcontractor; (2) the frequency of collaboration and length of business relationship with the Group; (3) the materiality and nature of the business relationship with the Group (such as whether they relate to the core business of the Group and whether such business dealings could be readily replaced by third parties); (4) the background, reputation and track record; (5) the replacement cost of such service provider or subcontractor (including continuity and stability of provision of such services); and (6) the potential and/or actual contribution to the business affairs of the Group, in particular, whether such service provider or subcontractor could bring positive impacts to the Group's business, such as an increase in revenue or profits or a reduction in costs attributable to or brought by the services provided by such service provider or subcontractor.

LETTER FROM THE BOARD

(ii) Independent consultants

Service Providers under this category are independent consultants on areas relating to the Group's principal business activities in (i) security and aviation related services and (ii) healthcare services and sales of healthcare products. The Board will, on a case by case basis, take into account both qualitative and quantitative factors when determining the eligibility of such consultant, including but not limited to: (1) individual performance of the relevant consultant; (2) its knowledge, experience and network in the relevant industry; (3) the frequency of collaboration and length of business relationship with the Group; (4) the materiality and nature of the business relationship with the Group (such as whether they relate to the core business of the Group and whether such business dealings could be readily replaced by third parties); (5) the background, reputation and track record of the relevant consultant; (6) the potential and/or actual contribution to the business affairs of the Group, in particular, whether such consultant could bring positive impacts to the Group's business, such as an increase in revenue or profits or a reduction in costs attributable to or brought by services provided by such consultant; (7) the replacement cost of such consultant (including continuity and stability of provision of the necessary services); and (8) other factors, including but not limited to the capability, expertise, technical know-how and/or business connections of the relevant consultant, and/or the synergy between the relevant consultant and the Group.

In assessing whether a Service Provider provides services of the Group on a continuing and recurring basis and in its ordinary and usual course of business, the Board shall take into consideration the length and type of services provided and the recurrences of such services, the nature of the services provided to the Group by the Service Provider, and whether such services form part of or are directly ancillary to the businesses conducted by the Group from time to time, as disclosed in the Company's announcements, circulars, interim and annual reports. The above categories of Service Providers directly contribute to the long-term growth of the Group's business by providing services that are of a continuing and recurring nature in the ordinary and usual course of the Group's business. These Service Providers are closely connected to and crucial to the Group's day-to-day operations.

LETTER FROM THE BOARD

Based on the above, the Board (including the independent non-executive Directors) considers that (i) the basis of determination of the eligibility of Participants aligns with the purposes of the Share Scheme because it will enable the Group to preserve its cash resources and use share incentives to encourage persons both inside and outside of the Group to contribute to the Group and align the mutual interests of each party, as the Company of the one part and the Employee Participants and Service Providers of the other part, by holding on to equity incentives, will mutually benefit from the long-term growth of the Group; (ii) the inclusion of the proposed categories of Service Providers as non-employee Participants are in line with the Group's business needs and the industry norm of providing equity based payment to stakeholders in order to align interests and incentivise performance and contribution, as it is desirable and necessary to sustain and foster these business relationships on a long-term basis; and (iii) the criteria for selection of Participants as set out above and the discretion afforded to the Board to impose different terms and conditions (including performance targets (if any) and vesting conditions) on Awards or Options granted to such selected Participants, is appropriate and in the interest of the Company and the Shareholders as a whole, and would enable the purpose of the Share Scheme to be achieved.

Vesting Period

The vesting period of Options and/or Awards granted to Employee Participants and Service Providers shall not be less than 12 months except, in the case of the Employee Participants, for such circumstances as set out in paragraphs 10(a) to (g) of Appendix II to this circular which the Board and, where the arrangements relate to grants of Options or Awards to Directors and/or senior managers of the Company, the Remuneration Committee consider appropriate and such grants align with the purposes of the Share Scheme to shorten the vesting period. The Board and, where the arrangements relate to grants of Options or Awards to Directors and/or senior managers of the Company, the Remuneration Committee consider that by having the flexibility of having a shorter vesting period for the Employee Participants in accordance with the circumstances set out in paragraphs 10(a) to (g) of Appendix II to this circular, the Group will be in a better position to attract and retain Employee Participants to continue serving the Group whilst at the same time providing them with further incentive in achieving the goals of the Group, and thereby, to achieve the purpose of the Share Incentive Scheme. Hence, the Board and the Remuneration Committee are of the view that the shorter vesting period for the Employee Participants under the circumstances specified in paragraphs 10(a) to (g) of Appendix II to this circular is in line with the market practice and is appropriate and aligns with the purpose of the Share Scheme.

LETTER FROM THE BOARD

Scheme Mandate Limit and Service Provider Sublimit

The Share Scheme is funded by the issuance of new Shares by the Company or the purchase of existing Shares by way of on-market transaction as the Board may in its absolute discretion determine. As at the Latest Practicable Date, there were 2,403,385,881 Shares in issue. Assuming there is no change in the number of issued Shares during the period from the Latest Practicable Date to the Adoption Date, (i) the maximum number of new Shares issuable under the Share Scheme and any other schemes of the Company (if any) in aggregate will be 240,338,588 Shares, being 10% of the total number of Shares in issue on the Adoption Date, i.e., the Scheme Mandate Limit; and (ii) the Service Provider Sublimit will be 24,033,858 Shares, being 1% of the total number of Shares in issue on the Adoption Date. The basis for determining the Service Provider Sublimit includes the potential dilution effect arising from grants to Service Providers, the actual or expected increase in the Group's business which is attributable to Service Providers and the extent of use of Service Providers in the Group's business. The Service Provider Sublimit is subject to separate approval by the Shareholders at the Annual General Meeting. The Board has taken into consideration of the necessity in maintaining and broadening the existing business relationships and exploring potential partnerships with its Service Providers (in particular, the Service Providers who could bring positive impacts to the Group's business, such as an increase in revenue or profits or a reduction in costs attributable to or brought by services provided by Service Providers) by providing equity incentives, but is also aware of the need to provide adequate safeguards against excessive dilution. Having considered the above factors, the Board is of the view that the Service Provider Sublimit is appropriate and reasonable.

Others

There is a clawback mechanism under the Share Scheme to recover or withhold any Options or Awards granted to any Participants in the event of serious misconduct, a material misstatement in the financial statements of the Company or other circumstances, details of which are set out in the Appendix II to this circular. By allowing the Company to grant Options and Awards under the Share Scheme at a price which will be determined on a fair basis according to market value of the Shares and to impose such clawback mechanism and/or require the Participant to achieve such performance targets as may be stipulated in the offer letter on a case by case basis, the Company may be in a better position to retain such Participants to continue serving the Company whilst at the same time providing these Participants further incentive in achieving the goals of the Group, and therefore the above provisions align with the purpose of the Share Scheme.

The Trustee has not been appointed for the Share Scheme as at the Latest Practicable Date, and is expected to be appointed prior to the making of any Offer for the Awards.

A summary of the principal terms of the Share Scheme is set out in the Appendix II to this circular. A copy of the Share Scheme will be published on the Stock Exchange and the website of the Company for a period of not less than 14 days before the date of the Annual General Meeting and will be made available for inspection at the Annual General Meeting.

LETTER FROM THE BOARD

ANNUAL GENERAL MEETING

At the Annual General Meeting, resolutions, amongst others, will be proposed for the Shareholders to approve (1) the grant of the General Mandate; (2) the grant of the Repurchase Mandate; (3) the re-election of Directors; and (4) the adoption of the Share Scheme.

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 17/F, Far East Finance Centre, 16 Harcourt Road, 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 and in such event, the form of proxy shall be deemed to be revoked.

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

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on any resolution to be proposed at the Annual General Meeting.

RECOMMENDATIONS

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.

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 paragraph headed “Repurchase Mandate” in the “Letter from the Board” in 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 2,403,385,881. 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 of 240,338,588 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 2022 contained in the Company's 2022 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 positions, 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 <i>HK\$</i>	Lowest <i>HK\$</i>
2022		
April	0.570	0.460
May	0.495	0.380
June	0.480	0.380
July	0.500	0.420
August	0.510	0.415
September	0.430	0.305
October	0.440	0.270
November	0.380	0.250
December	0.400	0.310
2023		
January	0.345	0.310
February	0.355	0.285
March	0.370	0.250
April	0.305	0.242
May	0.250	0.185

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 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 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 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 would increase from approximately 25.28% to approximately 28.09%. 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.

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

The following is a summary of the principal terms of the Share Scheme. It does not form part of, nor is it intended to be part of, the rules of the Share Scheme. Please refer to the Share Scheme itself for details of all its rules.

1. Purpose of the Share Scheme

The purpose of the Share Scheme is to enable the Company to grant Options and Awards to the Participants who has contributed or may contribute to the Group, as well as to provide incentives and help the Group in recruiting or retaining its employees, and to provide them with a direct interest in attaining the long term business objectives of the Group. The Share Scheme is funded by the issuance of new Shares by the Company or the purchase of existing Shares by way of on-market transaction as the Board may in its absolute discretion determine. The Directors are of the view that ownership in Shares by the Grantees will align the interest of the Grantees with the interest of the Group and that the imposition of appropriate criteria for vesting and lapsing of Options and Awards will strengthen the alignment of the interest of the Grantees and the Group.

2. Conditions

The Share Scheme shall take effect upon the fulfilment of the following conditions:

- (i) the passing of a resolution by the Shareholders to approve the adoption of the Share Scheme and to authorise the Board to grant Options and Awards under the Share Scheme, and to approve the Scheme Mandate Limit; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the new Shares which may be issued by the Company in respect of all Options and Awards to be granted under the Share Scheme.

3. Participants of the Share Scheme and Basis of Determining Eligibility of Participants

The Board may in its discretion make an Offer to grant an Option or Award to any Participant in respect of such number of Shares at such Exercise Price or Purchase Price (if any), and based upon such terms and conditions as the Board may think fit in its absolute discretion.

The basis of eligibility of determining eligibility of the Participants to the grant of any Options or Awards shall be determined by the Directors in their absolute discretion from time to time on the basis of the amount of contribution the Participant has made or is likely to make towards the success of the Group and such other factors as the Board may in its discretion consider appropriate.

The Participants comprise:

- (a) the Employee Participants; and
- (b) the Service Providers.

The Service Providers shall be independent service providers, subcontractors and consultants providing services to the Group principally in assisting in its principal businesses. The Board is of the view that services provided by the Service Providers are on a continuing and recurring basis and in the ordinary and usual course of business of the Group having considered that the services rendered are related to the Group's principal businesses and are material to the Group's long-term growth.

The independent non-executive Directors are of the view that the proposed categories of Service Providers are in line with the Company's business needs or the industry norm and the criteria for the selection of Participants and the terms of the grants (such as vesting requirements and performance targets, if any) align with the purpose of the Share Scheme.

4. **Maximum Number of new Shares to be Issued in respect of the Options and Awards**

The total number of new Shares which may be issued in respect of all Options and Awards to be granted under the Share Scheme and all other options and awards (the "**Other Options and Awards**") to be granted under any other scheme(s) of the Company (the "**Scheme Mandate Limit**") shall not exceed 10% of the Shares in issue on the Adoption Date, of which the total number of new Shares which may be issued in respect of all Options and Awards, and Other Options and Awards to be granted to the Service Provides within the Scheme Mandate Limit shall not in aggregate exceed 1% of the total number of Shares in issue on the Adoption Date (the "**Service Provider Sublimit**"). Assuming the total number of the issued Shares on the Adoption Date is 2,403,385,881 Shares, the Scheme Mandate Limit and the Service Provider Sublimit shall be 240,338,588 Shares and 24,033,858 Shares respectively.

Options or Awards lapsed in accordance with the terms of the Share Scheme will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit and the Service Provider Sublimit. If the Company conducts a share consolidation or subdivision after the Scheme Mandate Limit or the Service Provider Sublimit has been approved in general meeting of the Company, the maximum number of new Shares that may be issued in respect of all Options and Awards to be granted under all of the schemes of the Company under the Scheme Mandate Limit or the Service Provider Sublimit as a percentage of the total number of issued Shares as at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole Share.

The Service Provider Sublimit is determined with reference to the potential dilution effect arising from grants to Service Providers, the actual or expected increase in the Group's business which is attributable to Service Providers, the extent of use of Service Providers in the Group's business, and the amount of incentive that may be required for the Group to incentivize the Service Provider to contribute to the success of the Group. As the Service Provider Sublimit is not highly dilutive, the Board considers the Service Provider Sublimit to be appropriate and reasonable. The Service Provider Sublimit is subject to separate approval by the Shareholders at the Annual General Meeting.

The Company may seek the approval of the Shareholders in general meeting for "refreshing" the Scheme Mandate Limit and the Service Provider Sublimit under the Share Scheme after three years from the date of Shareholders' approval for the adoption of the Share Scheme or the last refreshment. Any refreshment within any three-year period must be approved by the Shareholders subject to the following provisions:

- (a) any controlling shareholders of the Company and their respective associates (or, if there is no such controlling shareholder, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting; and
- (b) the Company must comply with the requirements under Rules 13.39(6), 13.39(7), 13.40, 13.41 and 13.42 of the Listing Rules.

The requirements under sub-paragraphs (a) and (b) above do not apply if the refreshment is made immediately after an issue of securities by the Company to the Shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the scheme mandate (as a percentage of the total number of Shares in issue) upon refreshment is the same as the unused part of the scheme mandate immediately before the issue of securities, rounded to the nearest whole Share.

The total number of new Shares which may be issued in respect of all Options and Awards to be granted under all of the schemes of the Company under the scheme mandate as refreshed shall not exceed 10% of the total number of Shares in issue as at the date of approval of the refreshed scheme mandate. The Company shall send to the Shareholders a circular containing the number of Options and Awards that were already granted under the existing Scheme Mandate Limit and the existing Service Provider Sublimit, and the reason for the “refreshment”.

The Company may seek separate approval by the Shareholders in general meeting for granting Options or Awards beyond the Scheme Mandate Limit provided that the Options or Awards in excess of the Scheme Mandate Limit are granted only to Participants specifically identified by the Company before such approval is sought. The Company shall send to the Shareholders a circular containing the name of each specified Participant who may be granted such Options or Awards, the number and terms of the Options or Awards to be granted to each Participant, and the purpose of granting Options or Awards to the specified Participants with an explanation as to how the terms of the Options or Awards serve such purpose. The number and terms of Options or Awards to be granted to such Participants must be fixed before Shareholders’ approval and the date of the meeting of the Board for proposing such further grant of Options should be taken as the date of grant for the purpose of calculating the exercise price.

5. Limit on Granting Options and Awards to Individual Participants

Where any grant of Options or Awards to a Participant would result in the new Shares issued and to be issued in respect of all Options and Awards, and Other Options and Awards granted to such person (excluding any Options and Awards lapsed in accordance with the terms of the Share Scheme) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the Shares in issue (the “**1% individual limit**”), such grant must be separately approved by the Shareholders in general meeting with such Participant and his close associates (or, if the Participant is a connected person, associates) abstaining from voting. The Company must send a circular to the Shareholders in connection therewith.

The said circular must disclose the identity of such Participant, the number and terms of the Options or Awards to be granted (and those previously granted to such Participant in the 12-month period), the purpose of granting Options or Awards to the Participant and an explanation as to how the terms of the Options or Awards serve such purpose. The number and terms of the Options or Awards to be granted to such Participant must be fixed before Shareholders’ approval and the date of the meeting of the Board for proposing such further grant of Options should be taken as the date of grant for the purpose of calculating the exercise price.

6. Granting Options or Awards to a Director, Chief Executive or Substantial Shareholder of the Company, or any of their Respective Associates

Any grant of Options or Awards to a Director or chief executive or substantial shareholder of the Company, or any of their respective associates under the Share Scheme must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Options or Awards).

Where any grant of Awards (excluding grant of Options) and other awards (excluding grant of options) (the “**Other Awards**”) under any other scheme of the Company (the “**Other Scheme**”) to a Director (other than an independent non-executive Director) or chief executive of the Company, or any of their respective associates would result in the new Shares issued and to be issued in respect of all Awards and Other Awards granted (excluding any Awards lapsed in accordance with the terms of the Share Scheme and any Other Awards lapsed in accordance with the terms of Other Scheme) to such person in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the Shares in issue, such further grant of Awards must be approved by the Shareholders in general meeting in the manner mentioned below. Where any grant of Options or Awards to an independent non-executive Director or a substantial shareholder of the Company, or any of their respective associates, would result in the new Shares issued and to be issued in respect of all Options and Awards granted (excluding any Options and Awards lapsed in accordance with the terms of the Share Scheme), and all other options and awards granted under other scheme of the Company (excluding any other options and awards lapsed in accordance with the terms of such other scheme) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue, such further grant of Options or Awards must be approved by the Shareholders in general meeting in the manner mentioned below.

In connection with the aforesaid approvals by the Shareholders, the Company must send a circular to the Shareholders. The Grantee, his/her associates and all core connected persons of the Company must abstain from voting in favour at such general meeting. The Company must comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules. The circular must contain: (i) details of the number and terms of the Options or Awards to be granted to each Participant, which must be fixed before the Shareholders’ meeting; (ii) the views of the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Options or Awards) as to whether the terms of the grant are fair and reasonable and whether such grant is in the interests of the Company and the Shareholders as a whole, and their recommendation to the independent Shareholders as to voting; and (iii) the other information required by Rule 17.04(5) of the Listing Rules. Any change in the terms of Options or Awards granted to a Participant who is a Director, chief executive or substantial shareholder of the Company, or any of their respective associates, must be approved by Shareholders in the aforesaid manner if the initial grant of the Options or Awards requires such approval (except where the changes take effect automatically under the existing terms of the Share Scheme). The requirements for the grant to a Director or chief executive of the Company mentioned above do not apply where the Participant is only a proposed Director or chief executive of the Company.

7. Grant of Options and Awards

An Offer of the grant of an Option or Award shall be made to a Participant by letter in such form as the Board may from time to time determine requiring the Participant to undertake to hold the Option or the Award on the terms on which it is to be granted and to be bound by the provisions of the Share Scheme and shall remain open for acceptance by the Participant concerned for a period of twenty-eight (28) days from the Offer Date provided that no Offer shall be open for acceptance after the 10th anniversary of the Adoption Date or after the Share Scheme has been terminated and that an Offer cannot be accepted by a Participant who ceases to be qualified as a Participant.

An Option or Award shall be deemed to have been granted and accepted when the letter comprising acceptance of the Option or Award in such form as the Board may from time to time determine duly signed by the Grantee together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company.

Any Offer of the grant of an Option or Award may be accepted in respect of less than the number of Shares in respect of which it is offered provided that it is accepted in respect of such number of Shares as represents a board lot for the time being for the purposes of trading on the Stock Exchange or an integral multiple thereof. To the extent that the Offer is not accepted within the said 28-day period, it will be deemed to have been irrevocably declined and lapsed automatically.

8. Restrictions on the Offer to Grant Options or Awards

No Offer to grant any Option or Award may be made:

- (a) where any requisite approval from any applicable regulatory authorities has not been obtained;
- (b) where any member of the Group will be required under applicable securities laws, rules or regulations to issue a prospectus or other offer documents in respect of such Option or Award, or the Share Scheme, unless the Board determines otherwise;
- (c) where such Option or Award would result in a breach by any member of the Group or its directors of any applicable securities laws, rules or regulations in any jurisdiction (including the Listing Rules);

- (d) where inside information (as defined in the Listing Rules) has come to the knowledge of the Company until (and including) the Business Day after the Company has announced such information;
- (e) during the period commencing one month immediately before the earlier of:
 - (i) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for approving the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); or
 - (ii) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),and ending on the date of the relevant results announcement; and
- (f) during any period of delay in publishing any results announcement of the Company.

9. Issue of new Shares and/or Acquisition of Existing Shares to Satisfy the Awards

The Board shall determine on the Offer Date whether the Awards shall be satisfied by the allotment and issue of new Shares or the acquisition of existing Shares by way of on-market transaction. For the purposes of satisfying the Awards granted, the Company shall, as soon as reasonably practicable and no later than 30 Business Days from the Offer Date, (i) in the case of the Board having determined on the Offer Date that the Awards shall be satisfied by the allotment and issue of new Share, allot and issue new Shares to the Trustee under the scheme mandate of the Share Scheme and/or (ii) in the case of the Board having determined on the Offer Date that the Awards shall be satisfied by the acquisition of existing Shares by way of on-market transactions, transfer to the Trustee the necessary funds and instruct the Trustee to acquire existing Shares by way of on-market transaction at the prevailing market price. The Company shall not allot or issue new Shares to satisfy Awards granted to connected persons of the Company without, where required, the approval of the disinterested Shareholders in accordance with the terms of the Share Scheme. The costs of such allotment or purchase of Shares shall be borne by the Company.

10. Vesting Period

Under the Share Scheme, the Board has absolute discretion to set a minimum period (the “**Vesting Period**”) for which an Option or Award has to be held before it is vested. The Vesting Period shall not be less than 12 months provided that the Options or Awards granted to Employee Participants may be subject to a shorter Vesting Period under the following circumstances (the “**Specific Circumstances**”):

- (a) grants of “make-whole” Awards to new joiners to replace the share benefits forfeited when leaving the previous employers;
- (b) grants to a Participant whose employment is terminated due to death or disability or occurrence of any out of control event;
- (c) grants of Options or Awards with performance-based vesting conditions in lieu of time-based vesting criteria;
- (d) grants that are made in batches during a year for administrative and compliance reasons, which may include Awards that should have been granted earlier but had to wait for a subsequent batch;
- (e) grants of Options or Awards with a mixed or accelerated vesting schedule such as where the Options or the Awards may vest evenly over a period of 12 months;
- (f) grants of Options or Awards with a total vesting and holding period of more than 12 months; and
- (g) such other circumstance as specified in paragraphs 17, 18, 19 and 20.

In any event, the Vesting Period for a Service Provider shall not be less than 12 months. The Board’s discretion to determine the Vesting Period, coupled with the power of the Directors to impose any performance target as it deem fit before the Option or Award is vested or other restrictions in respect of the Grant Shares (such as the lock-up period in respect of the Grant Shares as the Board may determine, during which period the Grantee shall not dispose of such Grant Shares), enable the Group to incentivize the Grantees to contribute to the success of the Group.

11. Vesting Condition

Options and Awards granted under the Share Scheme are subject to such terms and conditions as may be determined by the Board in its absolute discretion and specified in the Offer of an Option or Award. Such terms and conditions may include any vesting condition (the “**Vesting Condition**”), if any, which must be satisfied before an Option or Award shall become vested so that such Option becomes exercisable by the Option Holder or the Award Shares can be vested unto and transfer to the Award Holder (subject to payment of the relevant Purchase Price (if any) and Vesting Expenses (if any)). The Vesting Condition may be a time-based Vesting Condition and/or a performance-based Vesting Condition. Performance-based Vesting Condition requires the Grantee to meet certain performance target, which may be related to the revenue and/or profitability and/or the business goals of the Group or any business unit of the Group to be assessed based on the audited accounts or management account of the Group or the related business unit, or other method as the Board may determine in its absolute discretion. After the grant of an Award, the Board may in its absolute discretion amend any performance-based Vesting Condition if any event occurs which causes it to consider that the amended performance-based Vesting Condition would, in the absolute discretion of the Board, be a more accurate or reasonable measure of the performance of the Grantee.

The performance target(s) of a performance-based Vesting Condition should take such a form as the Board or the Remuneration Committee (as the case may be) may consider appropriate having regard to the key performance indicators, at corporate, subsidiary, division, operating unit, business line, project, geographic or individual level or otherwise, commonly adopted by businesses operating in the industries and markets in which the Group operates. Such performance targets may be set in terms of sales, revenue, cash flow, cash collection, funding costs, returns on investment, number of instances of commencement and completion of projects, customer satisfaction metrics or such other parameters or matters relevant to the roles and responsibilities of the relevant Grantee as the Board or the Remuneration Committee (as the case may be) may determine from time to time.

The Board or the Remuneration Committee (as the case may be) will conduct assessment at the end of the actual performance period by comparing the performance of the relevant business segment(s) and/or (as the case may be) the actual individual performance of the relevant Grantee with the pre-determined target level(s) to determine whether or to what extent the target(s) has(have) been met, with reference to the position and role of the relevant Grantee in the Group to ensure a fair and objective assessment.

If the Vesting Conditions are not satisfied in full, the Option or the Award shall lapse automatically in respect of such proportion of underlying Shares which have not vested with effect from the date on which the Vesting Conditions are not satisfied.

12. Period within which the Option may be Exercised

Upon vesting, an Option may be exercised in accordance with the terms of the Offer Letter and the Share Scheme at any time during the Exercise Period. The Exercise Period is a period to be determined by the Board in its absolute discretion provided that such period shall end not later than 10 years after the date of the grant of the Option.

13. Exercise Price and Purchase Price

The Exercise Price at which an Option Holder may subscribe for Shares upon the exercise of an Option shall be determined by the Board in its absolute discretion, and shall be at least the highest of:

- (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date, which must be a Business Day;
- (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the Offer Date; and
- (c) the nominal value of the Shares.

The Board may in its absolute discretion determine whether the Award Holder is required to pay any Purchase Price for the acquisition of the Award Shares and, if so required, the amount of the Purchase Price, after taking into account the practices of comparable companies and the effectiveness of the Share Scheme in attracting talents and motivating the Award Holder to contribute to the long term development of the Group.

14. Rights attached to the Options and Awards

The Grantee only has a contingent interest in the Grant Shares underlying an Option or Award and the Related Income unless and until such Option Shares are actually issued to the Grantee upon the exercise of the Option or such Award Shares are actually vested unto and transferred to the Grantee under the Award. The aforesaid interest is contingent (rather than absolute) because the Grantee will not have any rights in such Grant Shares and the Related Income if the relevant Option or Award fails to be vested due to whatever reasons. No Grantee shall enjoy any of the rights of a Shareholder (including the right to vote at general meeting of the Company or to receive any dividends or distributions in respect of any Grant Shares), unless and until the Grant Shares are actually issued or transferred (as the case may be) to the Grantee as aforesaid. An Award Holder does not have any rights to any of the Related Income until the Award Shares and Related Income are vested unto and transferred to them.

If, based on advice from a legal or tax adviser engaged by the Company, the Board considers in its absolute discretion that (i) it is not practicable for an Award Holder to receive the Award in Shares solely due to legal or regulatory restrictions with respect to such Award Holder's ability to receive the Award in Shares or the Trustee's ability to give effect to any such transfer to such Award Holder, or (ii) the tax position of the Company or such Award Holder would be adversely affected if such Award Holder receives the Award in Shares, the Board will direct and procure the Trustee to sell, by way of on-market transaction at the prevailing market price, the number of Award Shares so vested in respect of such Award Holder and pay such Award Holder the net proceeds in cash arising from such sale based on the Actual Selling Price of such Award Shares.

The Shares to be issued or transferred upon the exercise of an Option or the vesting of an Award shall be subject to all the provisions of the memorandum of association and bye-laws of the Company for the time being in force and shall rank *pari passu* in all respects with, and shall have the same voting, dividend, transfer and other rights as, the fully paid Shares in issue on the date on which those Option Shares are issued or those Award Shares are transferred and, without prejudice to the generality of the foregoing, shall entitle the holders to participate in all dividends or other distributions paid or made on or after the date on which those Option Shares are issued or those Award Shares are transferred, other than any dividends or distributions previously declared or recommended or resolved to be paid or made if the record date thereof shall be before the date on which those Option Shares are issued or those Award Shares are transferred.

15. Transferability of Options and Awards

An Option or Award shall be personal to the Grantee, and shall not be transferrable or assignable unless a waiver is granted by the Stock Exchange. No Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interests in favour of any third party over or in relation to any Option or Award, unless a waiver is granted by the Stock Exchange for such transfer. Where the Grantee is a company, any change of its controlling shareholder or any substantial change in its management (which is to be determined by the Board in its absolute discretion) will be deemed to be a sale or transfer of interest aforesaid.

The Company may apply (but is not bounded to make any application) to the Stock Exchange for the aforesaid waiver to allow a transfer of the Option or Award to a vehicle (such as a trust or a private company) for the benefit of the Grantee and any family members of such Grantee (e.g. for estate planning or tax planning purposes) that would continue to meet the purpose of the Share Scheme and comply with other requirements of chapter 17 of the Listing Rules.

16. Rights on ceasing employment, retirement, disability or ill-health

If a Grantee is an employee or director of any member of the Group and in the event of such Grantee ceases to be a Participant by reason of his resignation, expiry of employment contract, retirement, disability or ill-health or termination of his employment or directorship for any reason other than his death or on any of the grounds for termination of his employment or removal from the office of directorship as referred to in paragraph 21(c) in this appendix (the “**Grounds for Termination**”):

- (a) in the case of the Grantee being an Option Holder, the Option (to the extent exercisable as at the date of such cessation but not yet exercised) shall lapse on the expiry of a 1-month period (or, in the case of disability or ill-health, 3-month period) after the date of cessation, and shall not be exercisable after the expiry of such 1-month period (or, in the case of disability or ill-health, 3-month period) unless the Board otherwise determines in which event the Grantee may exercise the Option (to the extent exercisable as at the date of such cessation but not yet exercised) in whole or in part; and
- (b) in the case of the Grantee being an Award Holder, then notwithstanding any other terms on which the Award was granted, the Board may determine in its absolute discretion, and will give all necessary notification to the Award Holder about, whether following such cessation the Award (to the extent not already vested as at the date of such cessation) and the Related Income shall vest, and the date on which any such vesting and, subject to payment of the relevant Purchase Price (if any) and Vesting Expenses (if any), any transfer of the vested Award Shares will occur.

Notwithstanding any contrary provisions set out in sub-paragraph 16(b) above, the Vesting Period for an Award Holder shall not be less than 12 months unless the employment of such Award Holder is terminated due to disability or occurrence of any out of control event.

For this purpose, the date of cessation will be taken to be the last day on which the Grantee was actually at work with the relevant member of the Group whether salary or compensation is paid in lieu of notice or not.

17. Rights on death

If a Grantee is an employee or director of any member of the Group and in the event of such Grantee ceases to be a Participant by reason of his death and none of the Grounds for Termination has occurred:

- (a) in the case of the Grantee being an Option Holder, the legal personal representative(s) of the Option Holder may exercise any Option (to the extent exercisable as at the date of his death but not yet exercised) within a period of 12 months from the date of his death or such other period as the Board may determine; and

- (b) in the case of the Grantee being an Award Holder, then notwithstanding any other terms on which the Award was granted, the Board may determine in its absolute discretion, and will give all necessary notification to the legal personal representative(s) of the Award Holder about, whether following such death the Award (to the extent not already vested as at the date of his death) and the Related Income shall vest, and the date on which any such vesting and, subject to payment of the relevant Purchase Price (if any) and Vesting Expenses (if any), any transfer of the vested Award Shares will occur.

18. Right on a general offer or arrangement

If a general or partial offer (whether by way of take-over offer, share buy-back offer, or scheme of arrangement or otherwise in like manner) is made to all the Shareholders (or all Shareholders other than the offeror, any person controlled by the offeror and/or any person acting in concert with the offeror (within the meaning of the Takeovers Code)), the Company shall use all reasonable endeavours to procure that such offer is extended to all the Grantees on comparable terms, mutatis mutandis, and assuming that they will become Shareholders by exercising in full of the Options granted to them or by vesting of the Award Shares in full unto them. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to the Shareholders:

- (a) in the case of the Grantee being an Option Holder, the Option Holder shall, notwithstanding any other terms on which his Options were granted, be entitled to exercise all or any of his Options (regardless of whether it is vested or exercisable or not as at the date on which such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to the Shareholders but to the extent not yet exercised), at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under scheme of arrangement, as the case may be; and
- (b) in the case of the Grantee being an Award Holder, the number of Award Shares (if any) and the amount of the Related Income (if any) which shall vest and the date on which any such vesting will occur shall be determined by the Board in its absolute discretion, and the Company shall notify the Award Holder of the extent to which his Award and Related Income will vest, and the date on which any such vesting and, subject to payment of the relevant Purchase Price (if any) and Vesting Expenses (if any), any transfer of the vested Award Shares will occur.

Notwithstanding any contrary provisions set out in sub-paragraphs 18(a) and (b) above, the Vesting Period for a Service Provider shall not be less than 12 months.

The Option to the extent not exercised, and the Award and the Related Income to the extent not vested will lapse automatically on the date on which such offer (or any revised offer) closes or the record date for entitlements under the scheme of arrangement, as the case may be.

19. Right on winding-up

If a notice is given by the Company to its shareholders to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind up the Company, the Company shall on the same date or as soon as after it despatches such notice to each shareholder of the Company give notice thereof to all Grantees (containing an extract of the provisions of this paragraph). Thereupon:

- (a) in the case of the Grantee being an Option Holder, the Option Holder shall be entitled to exercise all or any of his vested portion of the Option (to the extent exercisable as at the date of the said notice to the Grantee but not yet exercised) at any time not later than five Business Days prior to the proposed general meeting of the Company (thereafter the rights of the Option Holder to exercise his Options shall be suspended) by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Exercise Price for the Shares in respect of which the notice is given, whereupon the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting, allot and issue such number of Shares to the Option Holder which fall to be issued on such exercise of the Option credited as fully paid and register the Option Holder as holder thereof; and
- (b) in the case of the Grantee being an Award Holder, the number of Award Shares (if any) and the amount of the Related Income (if any) which shall vest and the date on which any such vesting will occur shall be determined by the Board in its absolute discretion, and the Company shall notify the Award Holder of the extent to which his Award and Related Income will vest, and the date on which any such vesting and, subject to payment of the relevant Purchase Price (if any) and Vesting Expenses (if any), any transfer of the vested Award Shares will occur.

Notwithstanding any contrary provisions set out in sub-paragraph 19(a) and (b) above, the Vesting Period for a Service Provider shall not be less than 12 months.

The Option to the extent not exercised, and the Award and the Related Income to the extent not vested will lapse automatically on the date of the commencement of the winding-up of the Company provided that if the resolution for the voluntary winding-up of the Company is not approved by the Shareholders, the rights of the Grantee under his Option and Award (to the extent not already exercised or vested) shall be restored in full as if such resolution for the voluntary winding-up of the Company had not been proposed. Neither the Company nor the Directors shall be liable for any loss or damage suffered or sustained by any Grantee as a result of the aforesaid suspension of his right to exercise his Option.

20. Rights on compromise or arrangement

If a compromise or arrangement between the Company and its shareholders or creditors being proposed for the purpose of or in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same date as it gives notice of the meeting to its shareholders or creditors to consider such a scheme or arrangement. Thereupon:

- (a) in the case of the Grantee being an Option Holder (other than a Service Provider), the Option Holder shall be entitled to exercise all or any of his vested portion of the Option (to the extent exercisable as at the date of the said notice to the Grantee but not yet exercised) at any time not later than five Business Days prior to the proposed meeting (thereafter the rights of the Option Holder to exercise his Options shall be suspended) by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Exercise Price for the Shares in respect of which the notice is given, whereupon the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Option Holder which fall to be issued on such exercise of the Option credited as fully paid and register the Option Holder as holder thereof; and
- (b) in the case of the Grantee being an Award Holder (other than a Service Provider), the number of Award Shares (if any) and the amount of the Related Income (if any) which shall vest and the date on which any such vesting will occur shall be determined by the Board in its absolute discretion, and the Company shall notify the Award Holder of the extent to which his Award and Related Income will vest, and the date on which any such vesting and, subject to payment of the relevant Purchase Price (if any) and Vesting Expenses (if any), any transfer of the vested Award Shares will occur.

Notwithstanding any contrary provisions set out in sub-paragraphs 20(a) and (b) above, the Vesting Period for a Service Provider shall not be less than 12 months.

The Board shall use all reasonable endeavours to procure that the Shares issued or transferred (as the case may be) upon the exercise of the Option or vesting of the Award and Related Income in such circumstances shall for the purposes of such compromise or arrangement form part of the issued share capital of the Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement.

The Option to the extent not exercised, and the Award and the Related Income to the extent not vested will lapse automatically on the date when the proposed compromise or arrangement becomes effective provided that if such compromise or arrangement is not approved by the relevant court (whether upon the terms presented to the relevant court or upon any other terms as may be approved by such court), the rights of the Grantee under his Option and Award (to the extent not already exercised or vested) shall be restored in full as if such compromise or arrangement had not been proposed by the Company. Neither the Company nor the Directors shall be liable for any loss or damage suffered or sustained by any Grantee as a result of the aforesaid suspension of his right to exercise his Option.

21. Lapse of Option and Award

An Option and an Award shall lapse automatically (to the extent not already vested), and, in the case of Option, not be exercisable (to the extent not already exercised) on the earliest of:

- (a) subject to the provisions of paragraphs 16 to 20 in this appendix, the expiry of the Exercise Period or Vesting Period;
- (b) the expiry of any of the periods referred to in paragraphs 16 to 20 in this appendix;
- (c) save as otherwise determined by the Board, the date on which the Grantee, being an employee or a director of a member of the Group, ceases to be a Participant by reason of a termination of his employment or removal from his office of directorship on any one or more of the grounds (as may be determined by the Board in its absolute discretion) that he has been guilty of persistent or serious misconduct, or has become bankrupt or has made any arrangement or composition with his creditors generally or undertakes analogous proceedings, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the Grantee or the Company and its subsidiaries into disrepute);
- (d) in the case of the Grantee being a Service Provider, the date on which the Board in its absolute opinion determines that the Grantee (i) has committed a material breach of any contract entered into between the Grantee and any member of the Group; (ii) has committed an act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made an arrangement or composition with his creditors generally; (iii) the Grantee can no longer make any contribution to the growth and development of the Group by reason of the cessation of its relationship with the Group; or (iv) the Grantee has directly or indirectly involved or engaged in any business which competes or likely to compete with the business of any member of the Group, or has solicited or enticed away any suppliers, customers or employees from any member of the Group;

- (e) in respect of an Option or Award which are subject to performance or other Vesting Condition(s), the date on which the condition(s) to vesting are not capable of being satisfied;
- (f) the date on which the Grantee commits a breach of any restriction on transfer or others as mentioned in paragraph 15 of this appendix; and
- (g) the date on which the Grantee is found to be resident in a place where the grant of the Award or the Option to him, the vesting and transfer of the Award Shares and/or the Related Income to him, the exercise of the Option by him, and/or the issue of the Option Shares to him pursuant to the terms of the Share Scheme is not permitted under the laws and regulations of such place or where in the absolute opinion of the Board or the Trustee (as the case may be) compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such Grantee.

22. Effects of Alterations to Capital

In the event of any alteration in the capital structure of the Company whether by way of capitalisation issue, rights issue, subdivision or consolidation of Shares, reduction of capital or otherwise howsoever (other than as a result of an issue of Shares as consideration in a transaction), such corresponding alterations (if any) shall be made to:

- (a) the number of Shares subject to the Option so far as unexercised or the Award so far as unvested; and/or
- (b) the Exercise Price or the Purchase Price (if any); and/or
- (c) in the event of a consolidation and subdivision of the share capital of the Company, the Scheme Mandate Limit and the Service Provider Sublimit,

in such manner which must give a Grantee the same proportion of the issued share capital of the Company, rounded to the nearest whole Share, as that to which the Grantee was previously entitled, provided that no such adjustments may be made to the extent that a Share would be issued at less than its nominal value, and no such adjustment should be made to the advantage of the Grantee without specific Shareholders' approval. In respect of any such adjustments, other than any made on a capitalisation issue, an independent financial adviser or the auditors of the Company must confirm to the Directors in writing that the adjustments satisfy the requirements set out in the note to Rule 17.03(13) of the Listing Rules.

23. Cancellation of Options or Awards

The Board may, with the consent of the relevant Grantee, in its absolute discretion cancel any Option or Award granted. Where the Company cancels an Option or Award and makes a new grant of Option or Award to the same Grantee, such new grant may only be made under the Share Scheme with available scheme mandate approved by the Shareholders as mentioned above. The Options and Awards cancelled will be regarded as utilized for the purpose of calculating the Scheme Mandate Limit and the Service Provider Sublimit.

24. Alteration of the Share Scheme

The terms and conditions of the Share Scheme may be altered by resolution of the Board except that:

- (a) any alteration to the terms and conditions of the Share Scheme which are of a material nature or any alteration to the matters set out in Rule 17.03 of the Listing Rules to the advantage of the Grantees or the Participants must be approved by the Shareholders in general meeting;
- (b) any alteration to the terms of the Option or Award granted to a Grantee must be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Options or Awards was approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be), except where such alteration takes effect automatically under the existing terms of the Share Scheme;
- (c) any change to the authority of the Board to alter the terms of the Share Scheme must be approved by the Shareholders in general meeting,

provided that (i) the amended terms of the Share Scheme, the Options or the Awards shall still comply with the requirements of the Listing Rules and (ii) if such alteration shall operate to affect adversely the terms of issue of any Option or Award granted or agreed to be granted prior to such alteration, such alteration will be further subject to the Grantee's approval in accordance with the terms of the Share Scheme.

25. Clawback Mechanism

Under the Share Scheme, the Board may, in its to absolute discretion but not obligatory, impose any of the following clawback mechanism in respect of any Option or Award granted to any Grantees:

- (a) If, within one year after the exercise of an Option or the vesting of an Award, the Board in its absolute discretion determines that any of the events described in sub-paragraph (c) below has occurred, the Grantee shall (as may be directed by the Board in its absolute discretion): (i) transfer to or to the order of the Company or as otherwise directed some or all of the Shares previously issued or transferred to the Participant as a result of such exercise or vesting within that one-year period (the “**Clawback Shares**”); (ii) repay to or to the order of the Company some or all of the cash amounts previously paid to the Grantee in respect of the Clawback Shares; and/or (iii) pay to or to the order of the Company an amount equal to the sale proceeds of or the value of some or all of the Clawback Shares.
- (b) If, before any portion of an Option has been exercised or any portion of an Award has been vested, the Board in its absolute discretion determines that any of the events described in sub-paragraph (c) below has occurred, the Board may in its absolute discretion direct that: (i) the unexercised portion of such Option or the unvested portion of such Award shall be forfeited wholly or in part; (ii) the date on which the Option or Award (or any part thereof) is vested will be delayed for such period the Board may determine; and/or (iii) the exercise of the Option or the vesting of the Award will be subject to any additional conditions imposed by the Board.
- (c) In exercising its discretion under sub-paragraphs (a) and (b) above, the Board shall consider the extent to which any of the following events have occurred:
 - (i) the granting of any Option or Award, or its becoming exercisable or vested was based on material misstatements in financial statements or any other materially inaccurate performance metric criteria;
 - (ii) the performance forming the basis on which grant of the Option or the Award, or its becoming exercisable or vested has been proved not genuine;
 - (iii) any terms and conditions set out in the rules of the Share Scheme and the Offer Letter in respect of such Option or Award were not satisfied;
 - (iv) any other circumstances in which the Board considers that the conduct of the Grantee has harmed the business or reputation of the Company or its subsidiary;
or

- (v) any other circumstances in respect of which the Board considers that the application or the operation of sub-paragraph (a) or (b) above would otherwise be appropriate.

Options and Awards forfeited under sub-paragraph (b) above shall be deemed to be lapsed for the purpose of calculating the Scheme Mandate Limit and the Service Provider Sublimit.

26. Duration and Termination of the Share Scheme

The Share Scheme shall be valid and effective for the period (the “**Term**”) (i) commencing on the Adoption Date, subject to the fulfilment of the conditions set out in paragraph 2 in this appendix, and (ii) ending on the earlier of the 10th anniversary of the Adoption Date or the date of early termination of the Share Scheme as mentioned below. The Company by ordinary resolution in general meeting or the Board may in its absolute discretion terminate the operation of the Share Scheme at any time before the 10th anniversary of the Adoption Date. After the expiry of the Term, no further Options or Awards may be granted but the provisions of the Share Scheme shall remain in full force and effect in all other respects in respect of Options and Awards granted prior to such expiry, which shall continue to be exercisable, and able to be vested, after the expiry of the Term in accordance with their terms of grants.

27. Administration

The Board will have the responsibility for administering the Share Scheme. The Company may appoint one or more Trustees to assist with the administration, granting and vesting of the Awards, and may, to the extent permitted by the Companies Act and the Listing Rules, (a) allot and issue new Shares to the Trustee and/or (b) direct and procure the Trustee to purchase existing Shares by the way of on-market transaction, in either case to satisfy the Awards upon vesting. The Company shall, to the extent permitted by the Companies Act, provide sufficient funds to the Trustee by whatever means as the Board may in its absolute discretion determine to enable the Trustee to satisfy its obligations in connection with the administration and vesting of the Awards. If a Trustee is appointed, the related trust deed shall provide that the Trustee holding unvested Shares under the Share Scheme, whether directly or indirectly, shall abstain from voting on matters that require Shareholders’ approval under the Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner’s direction and such a direction is given.

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 the annual general meeting of Frontier Services Group Limited (the “**Company**”) will be held at Suite 3902, 39th Floor, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong on Wednesday, 28 June 2023 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 2022.
2.
 - (a) To re-elect Mr. Chan Kai Kong as a director of the Company (the “**Director**”);
 - (b) To re-elect Mr. Dorian Barak as a Director;
 - (c) To re-elect Mr. Cui Liguu as a Director;
 - (d) To re-elect Mr. Hooi Hing Lee as a Director; and
 - (e) To authorise the board of Directors (the “**Board**”) to fix the Directors’ remuneration.
3. To re-appoint PricewaterhouseCoopers as independent auditor and to authorise the Board to fix its remuneration.

** For identification purpose only*

NOTICE OF ANNUAL GENERAL MEETING

As special business, to consider and, if thought fit, pass with or without modifications, the following resolutions as ordinary resolutions:

4. “**THAT:**

- (a) subject to paragraph (c) below, the exercise by the Directors 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;
- (b) the approval in paragraph (a) shall be in addition to any other authorisation given to the Directors and shall authorise the Directors 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 nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval granted in paragraph (a), otherwise than pursuant to (i) a Rights Issue (as defined below), (ii) the exercise of rights of subscription, exchange or conversion under the terms of any warrants or convertible securities issued by the Company or any securities which are exchangeable into shares in the Company; or (iii) the share option scheme of the Company approved by the Stock Exchange, or (iv) 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 (the “**Bye-Laws**”), shall not exceed 20 per cent. of the total nominal amount 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 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.

NOTICE OF ANNUAL GENERAL MEETING

“**Rights Issue**” means an offer of shares open for a period fixed by the Directors 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 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).”

5. “**THAT**:

- (a) subject to paragraph (b) below, the exercise by the Directors 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 nominal amount of the share capital to be purchased or agreed conditionally or unconditionally to be purchased by the Directors pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10 per cent. of the total nominal amount 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 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 nominal amount 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 total nominal amount of the issued share capital of the Company at the date of passing Ordinary Resolution 5) shall be added to the total nominal amount 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** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting approval for the listing of and permission to deal in the new shares in the Company (the “**Share**”) which may be issued by the Company in respect of all options and awards to be granted under the Share Scheme (as defined in the circular of the Company dated 5 June 2023), the rules of which are contained in the document produced to the meeting and for the purposes of identification signed by the Chairman thereof, the Share Scheme be and is hereby approved and adopted, and the Directors (or any committee thereof) be and are hereby authorised to grant options and awards under the Share Scheme, to administer the Share Scheme in accordance with its terms, to allot and issue Shares underlying the options and awards, with maximum number of new Shares which may be issued upon exercise of all options and vesting of all awards under the Share Scheme or any other share schemes adopted by the Company (if any) shall not exceed 10% of the total number of Shares in issue on the date of passing of this resolution (the “**Scheme Mandate Limit**”), to modify and/or amend the rules of the Share Scheme from time to time provided that such modification and/or amendment is effected in accordance with the rules of the Share Scheme relating to the modification and/or amendment and is in compliance with Chapter 17 of the Listing Rules, and to do all such acts and to enter into all such transactions, arrangements and agreements as the Directors (or any committee thereof) may in their absolute discretion deem necessary or expedient in order to give full effect to the Share Scheme.”

8. “**THAT** conditional upon the passing of Ordinary Resolution 7, the Service Provider Sublimit (as defined in the circular of the Company dated 5 June 2023) of 1% of the total number of Shares in issue on the date of passing of this resolution be and is hereby approved and adopted.”

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

Hong Kong, 5 June 2023

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. All resolutions (except for procedural and administrative matters) at the meeting will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The results of the poll will be published on the websites of the Stock Exchange and the Company in accordance with the Listing Rules.
2. Any member of the Company entitled to attend and vote at the above meeting is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the above meeting. A proxy need not be a member of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Accordingly, the form of proxy must be delivered to the Company’s branch share registrar in Hong Kong not later than 10:00 a.m. (Hong Kong time) on Monday, 26 June 2023. Delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. The above meeting will be held as scheduled when an amber or red rainstorm warning signal is in force.
5. Shareholders should make their own decision as to whether they would attend the above meeting under bad weather conditions bearing in mind their own situation and if they should choose to do so, they are advised to exercise care and caution.

As at the date of this notice, 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 Liguang and Dr. Chan Wing Mui, Helen.