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FRONTIER SERVICES GROUP LIMITED

先豐服務集團有限公司 *

(Incorporated in Bermuda with limited liability)

Website: www.fsgroup.com www.irasia.com/listco/hk/frontier

(Stock Code: 00500)

**INTERIM RESULTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024**

The board of directors (the “**Board**”) of Frontier Services Group Limited (the “**Company**”) presents the unaudited consolidated financial results and financial position of the Company and its subsidiaries (together, the “**Group**”) for the six-month period ended 30 June 2024 (the “**Current Period**”), together with the comparative amounts for the corresponding period of 2023. These unaudited condensed interim financial statements have been reviewed by members of the audit committee of the Company.

** For identification purposes only*

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six-month period ended 30 June 2024

	Note	Six-month period ended 30 June	
		2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Revenue from contracts with customers	2 & 3	384,121	429,140
Cost of direct materials and job expenses		(96,420)	(77,945)
Data costs		(1,766)	(2,498)
Employee benefit expenses		(166,547)	(203,808)
Sub-contracting charges		(52,075)	(78,741)
Rental expenses	6	(2,845)	(3,659)
Repairs and maintenance costs		(5,223)	(5,694)
Depreciation and amortisation	6	(16,571)	(18,822)
Other operating expenses	6	(14,109)	(19,304)
Other (losses)/gains, net	6	(9,205)	93
Decrease in fair value of contingent consideration payable		—	4,361
Gain on deconsolidation of a subsidiary		—	52,860
Reversal of/(provision for) impairment of financial assets		5,329	(3,306)
Operating profit		24,689	72,677
Interest income		363	265
Finance costs	4	(10,264)	(10,120)
Share of losses of associates, net		(226)	(8)
Profit before income tax		14,562	62,814
Income tax expense	5	(9,249)	(7,945)
PROFIT FOR THE PERIOD	6	5,313	54,869
Attributable to:			
Equity holders of the Company		34	50,743
Non-controlling interests		5,279	4,126
		5,313	54,869
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Basic and diluted earnings per share	7	0.001 cents	2.14 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June 2024

	Six-month period ended 30 June	
	2024	2023
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
PROFIT FOR THE PERIOD	<u>5,313</u>	<u>54,869</u>
Other comprehensive loss		
Items that may be reclassified to profit or loss		
Foreign exchange differences	(8,503)	(12,424)
Release of exchange reserve upon deconsolidation of a subsidiary	<u>—</u>	<u>(8,208)</u>
Other comprehensive loss for the period, net of tax	<u>(8,503)</u>	<u>(20,632)</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	<u>(3,190)</u>	<u>34,237</u>
Attributable to:		
Equity holders of the Company	(8,154)	31,213
Non-controlling interests	<u>4,964</u>	<u>3,024</u>
	<u>(3,190)</u>	<u>34,237</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		30 June 2024	31 December 2023
		(Unaudited)	(Audited)
	<i>Note</i>	HK\$'000	HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		60,462	90,984
Right-of-use assets		40,897	41,600
Goodwill and other intangible assets		252,269	256,627
Interests in associates		49,309	49,554
Deferred income tax assets		124	125
Non-current prepayments		73,617	49,337
Financial assets at fair value through other comprehensive income		5	5
		<hr/>	<hr/>
Total non-current assets		476,683	488,232
		<hr/>	<hr/>
CURRENT ASSETS			
Inventories		6,184	5,004
Trade receivables	9	213,615	211,020
Prepayments, deposits and other receivables		52,089	61,313
Contract assets		72,047	91,620
Tax receivables		1,871	1,157
Cash and cash equivalents		201,847	198,111
		<hr/>	<hr/>
Total current assets		547,653	568,225
		<hr/>	<hr/>
Total assets		1,024,336	1,056,457
		<hr/>	<hr/>

		30 June 2024	31 December 2023
		(Unaudited)	(Audited)
	<i>Note</i>	HK\$'000	HK\$'000
CURRENT LIABILITIES			
Trade payables	10	111,548	141,017
Other payables and accruals		130,466	137,618
Contract liabilities		2,780	3,931
Contingent consideration payable	11	6,016	6,016
Borrowings	12	219,070	209,049
Lease liabilities		5,371	6,697
Tax payables		15,501	15,578
		<hr/>	<hr/>
Total current liabilities		490,752	519,906
		<hr/>	<hr/>
Net current assets		56,901	48,319
		<hr/>	<hr/>
Total assets less current liabilities		533,584	536,551
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Lease liabilities		2,124	2,399
Deferred income tax liabilities		33,543	31,180
		<hr/>	<hr/>
Total non-current liabilities		35,667	33,579
		<hr/>	<hr/>
Total liabilities		526,419	553,485
		<hr/>	<hr/>
Net assets		497,917	502,972
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to the Company's equity holders			
Share capital	13	240,339	240,339
Reserves		132,563	142,583
		<hr/>	<hr/>
		372,902	382,922
Non-controlling interests		125,015	120,050
		<hr/>	<hr/>
Total equity		497,917	502,972
		<hr/> <hr/>	<hr/> <hr/>

Notes:

1.1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

These condensed consolidated interim financial statements of the Group for the six-month period ended 30 June 2024 (the “**Current Period**”) have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). These condensed consolidated interim financial statements should be read in conjunction with the Group’s audited consolidated financial statements for the year ended 31 December 2023 (“**2023 Annual Financial Statements**”), which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA.

These condensed consolidated interim financial statements have been prepared under the historical cost convention, except for certain financial assets and liabilities, which are carried at fair value. The accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with those used in the preparation of the 2023 Annual Financial Statements, except for the adoption of new standards and interpretations effective as of 1 January 2024.

1.2 NEW, AMENDED AND REVISED HKFRSS

In the Current Period, the Group has adopted the following amended HKFRSs, a collective term includes all applicable individual HKFRSs, HKASs and Interpretations issued by the HKICPA which are mandatory and relevant to the Group’s operations for the accounting period beginning on 1 January 2024:

Amendments to HKAS1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
HK Int 5 (Revised)	Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKSA 7 and HKFRS 7	Supplier Finance Arrangement	1 January 2024

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

In September 2023, HKICPA amended HKAS 21 to help entities to determine whether a currency is exchangeable into another currency, and which spot exchange rate to use when it is not. These new requirements will apply for annual reporting periods beginning on or after 1 January 2025. The Group does not expect these amendments to have a material impact on its operations or financial statements.

2 SEGMENT INFORMATION

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

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

Others include the provision of online financial market information (the “**FMI Business**”) and airport management services as well as corporate income and expenses, other direct investments and others.

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

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

	Unaudited				
	SII Business	AL Business	HC Business	Others	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from contracts with customers	<u>250,200</u>	<u>117,052</u>	<u>6,144</u>	<u>10,725</u>	<u>384,121</u>
Depreciation	2,399	8,890	157	767	12,213
Amortisation	4,138	59	161	—	4,358
(Loss)/gain on disposal of property, plant and equipment	852	(11,524)	—	—	(10,672)
Reversal of impairment of financial assets	<u>(5,329)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(5,329)</u>
Operating profit/(loss)	<u>49,344</u>	<u>2,950</u>	<u>105</u>	<u>(27,710)</u>	24,689
Interest income					363
Finance costs					(10,264)
Share of losses of associates, net					<u>(226)</u>
Profit before income tax					14,562
Income tax expense					<u>(9,249)</u>
Profit for the Current Period					<u>5,313</u>
Total assets	<u>673,721</u>	<u>261,401</u>	<u>28,335</u>	<u>60,879</u>	<u>1,024,336</u>
Total liabilities	<u>214,266</u>	<u>72,832</u>	<u>1,473</u>	<u>237,848</u>	<u>526,419</u>

An analysis of the Group's revenue, results, total assets and total liabilities information for the six-month period ended 30 June 2023 by operating segments is as follows:

	Unaudited				
	SII Business	AL Business	HC Business	Others	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from contracts with customers	<u>311,973</u>	<u>96,193</u>	<u>10,022</u>	<u>10,952</u>	<u>429,140</u>
Depreciation	1,791	9,130	35	817	11,773
Amortisation	6,828	60	161	—	7,049
Gain on deconsolidation of a subsidiary	—	52,860	—	—	52,860
Provision for impairment of financial assets	2,460	830	—	16	3,306
Decrease in fair value of contingent consideration payable	<u>—</u>	<u>—</u>	<u>—</u>	<u>4,361</u>	<u>4,361</u>
Operating profit/(loss)	<u>44,091</u>	<u>51,122</u>	<u>796</u>	<u>(23,332)</u>	72,677
Interest income					265
Finance costs					(10,120)
Share of loss of associates, net					<u>(8)</u>
Profit before income tax					62,814
Income tax expense					<u>(7,945)</u>
Profit for the period					<u>54,869</u>
Total assets	<u>692,914</u>	<u>306,449</u>	<u>59,111</u>	<u>45,273</u>	<u>1,103,747</u>
Total liabilities	<u>238,322</u>	<u>43,813</u>	<u>2,109</u>	<u>296,912</u>	<u>581,156</u>

3 REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue from contracts with customers:

	Six-month period ended 30 June	
	2024	2023
	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>
Timing of revenue recognition		
At a point in time	122,328	110,714
Over time	261,793	318,426
	<hr/>	<hr/>
Revenue from contracts with external customers	384,121	429,140
	<hr/> <hr/>	<hr/> <hr/>

4 FINANCE COSTS

	Six-month period ended 30 June	
	2024	2023
	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>
Interests on:		
Lease liabilities	243	490
Convertible bonds	10,021	9,483
Net exchange loss on borrowings	—	147
	<hr/>	<hr/>
	10,264	10,120
	<hr/> <hr/>	<hr/> <hr/>

5 INCOME TAX EXPENSE

	Six-month period	
	ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current income tax		
Hong Kong		
Provision for the period	(2,721)	(2,983)
Outside Hong Kong		
Provision for the period	(7,241)	(6,301)
	<u>(9,962)</u>	<u>(9,284)</u>
Deferred income tax	<u>713</u>	<u>1,339</u>
Income tax expense	<u><u>(9,249)</u></u>	<u><u>(7,945)</u></u>

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

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

6 PROFIT FOR THE PERIOD

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

	Six-month period	
	ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
(a) Rental expenses		
Rentals on land and buildings	<u>2,845</u>	<u>3,659</u>
(b) Depreciation and amortisation		
Depreciation of right-of-use assets	2,943	5,086
Depreciation of property, plant and equipment	9,270	6,687
Amortisation of other intangible assets	<u>4,358</u>	<u>7,049</u>
	<u>16,571</u>	<u>18,822</u>
(c) Other operating expenses		
Professional and consultancy fee	4,995	6,421
Travelling expenses	5,505	5,391
Insurance	2,334	2,301
Net exchange gains	(12,575)	(9,693)
Auditor's remuneration		
Audit services	2,050	1,750
Non-audit services	—	150
Others	<u>11,800</u>	<u>12,984</u>
	<u>14,109</u>	<u>19,304</u>
(d) Other (losses)/gains, net		
Loss on disposal of property, plant and equipment, net	(10,672)	—
Other gains/(losses)	<u>1,467</u>	<u>(93)</u>
	<u>(9,205)</u>	<u>(93)</u>

7 EARNINGS PER SHARE

The calculation of the basic earnings per share for both periods is based on the Group's profit attributable to the equity holders of the Company and the weighted average number of ordinary shares in issue during both periods.

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

The weighted average number of ordinary shares in issue during the six-month period ended 30 June 2023 was adjusted to reflect the issue of contingent consideration shares to the vendors in relation to the acquisition of 100% interests in DeWe Security Limited and its subsidiaries (the “**DeWe Group**”) (the “**Acquisition**”) after confirming the DeWe Group's net profit for the First Relevant Period (as defined in note 11 below). During the Current Period, there were (i) no other new ordinary shares issued under the share option scheme; (ii) no other contingent consideration share issued in relation to the Acquisition on the Second and Third Relevant Periods (as defined in note 11 below); and (iii) no new ordinary shares were issued as a result of the conversion of outstanding convertible bonds.

	Six-month period ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares in issue	<u>2,403,385,881</u>	<u>2,369,918,898</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit attributable to the equity holders of the Company	<u>34</u>	<u>50,743</u>

8 DIVIDENDS

The Board of the Company does not recommend the payment of any interim dividend for the six-month period ended 30 June 2024 (30 June 2023: Nil).

9 TRADE RECEIVABLES

	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Trade receivables from contracts with customers	241,649	241,843
Less: loss allowance	(28,034)	(30,823)
	<u>213,615</u>	<u>211,020</u>

The fair values of trade receivables approximate their carrying amounts.

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

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

	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Within 1 month	81,807	118,408
1-2 months	32,869	26,861
2-3 months	46,019	16,272
Over 3 months	80,954	80,302
	<u>241,649</u>	<u>241,843</u>

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

10 TRADE PAYABLES

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

	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Within 1 month	29,009	130,080
1-2 months	886	1,138
2-3 months	192	38
Over 3 months	81,461	9,761
	<hr/> 111,548 <hr/>	<hr/> 141,017 <hr/>

The fair values of trade payables approximate their carrying amounts.

11 CONTINGENT CONSIDERATION PAYABLE

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

Other than the cash consideration of HK\$200,000,000 paid by the Group, the Group shall initially satisfy the remaining consideration of the Acquisition of HK\$300,000,000 by the issue of maximum 230,769,228 shares of the Company (the "**Consideration Shares**") to the vendors of the Acquisition in three instalments within 14 Business Days after confirming the DeWe Group's net profit for (1) the period from the date of Acquisition completion to 31 December 2022 (the "**First Relevant Period**"); (2) the year ending 31 December 2023 (the "**Second Relevant Period**"); and (3) the year ending 31 December 2024 (the "**Third Relevant Period**") (collectively, the "**Relevant Periods**"). The number of Consideration Shares to be issued for each Relevant Period is determined based on the DeWe Group's consolidated net profits after tax under the HKFRSs adopted by the Group and audited by the auditors appointed by the Company, being HK\$50,000,000 for the First Relevant Period (the "**First Target Profit**"), HK\$57,500,000 for the Second Relevant Period (the "**Second Target Profit**") and HK\$66,125,000 for the Third Relevant Period in proportion to the net profit after tax achieved in each of the Relevant Period. If the DeWe Group's net profit after tax is less than HK\$20,000,000 for any Relevant Period (the "**Minimum Target Profit**"), the vendors of the Acquisition is not entitled to any Consideration Share for that Relevant Period.

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

During the six-month period ended 30 June 2023, a total number of 58,567,221 Consideration Shares in relation to the First Relevant Period was issued to the vendors of the Acquisition and the First Target Profit reported by the DeWe Group was HK\$38,069,000. During the Current Period, no Consideration Shares were issued to the vendors of the Acquisition for the Second Relevant Period because the Second Target Profit reported by the DeWe Group was HK\$1,759,000, which was lower than the Minimum Target Profit.

As there is no option to sell the DeWe Group or its businesses back to the vendors under the agreement of the Acquisition; and as the Second Target Profit and the Minimum Target Profit were not fulfilled as a matter of fact, therefore there was no opinion expressed by the Board other than approving that no Consideration Shares were issued in relation to the contingent consideration payable.

The contingent consideration payable is classified as a financial instrument (financial liability at fair value through profit or loss) and recognised in the consolidated statement of financial position at fair value. The fair value of the contingent consideration payable at 31 December 2023 and as at 30 June 2024, which was affected by the business performance of DeWe Group and the change in the Company's share price, is analysed as below:

	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
At beginning of the period/year	6,016	63,160
Issue of consideration shares	—	(16,399)
Decrease in fair value recognised in profit or loss	—	(40,745)
	<u>6,016</u>	<u>6,016</u>
Total contingent consideration payable at end of the period/year	<u>6,016</u>	<u>6,016</u>
— Current	<u>6,016</u>	<u>6,016</u>

12 BORROWINGS

	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Convertible bonds	<u>219,070</u>	<u>209,049</u>

The fair values of the borrowings approximate their carrying amounts.

On 22 October 2021, the Company completed the issuance of convertible bonds with an aggregate principal amount of HK\$210,000,000 to five different subscribers (the “**Bond Holders**”), which are convertible into 210,000,000 shares of the Company at a conversion price of HK\$1.00 per share upon full conversion (the “**Convertible Bonds**”). Pursuant to the terms of the Convertible Bonds, they bear interest at a coupon rate of 2.5% per annum and are initially due for repayment on 21 October 2023 (the “**Maturity Date**”). Interest attached to the Convertible Bonds are payable to the Bond Holders on the Maturity Date. During 2023, the Company has exercised the rights to extend the Maturity Date of the Convertible Bonds together with the payment of interest for an additional one year pursuant to the initial terms of the Convertible Bonds, which will become due on 21 October 2024. Hence, the Convertible Bonds were classified as current liabilities in the condensed consolidated statement of financial position. The conversion rights attaching to any Convertible Bonds may be exercised, at the option of the Bond Holders, to convert the Convertible Bonds in whole or in part of the outstanding principal amount of the Convertible Bonds into the shares of the Company, provided that the exercise of the conversion rights will not result in (i) the Company has breached the rules governing the exercise of convertible securities under the Listing Rules or (ii) the total issued shares held by the public (as defined under the Listing Rules) will be less than 25% (or the minimum public holdings for companies listed on the Stock Exchange as prescribed by the Listing Rules from time to time). Assuming the exercise in full of the conversion rights (the “**Conversion Rights**”) attached to the Convertible Bonds at the initial conversion price of HK\$1.00 per conversion share, an aggregate of 210,000,000 shares (with an aggregate nominal value of HK\$210,000,000) will be issued.

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

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

	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Liability component at beginning of the period/year	209,049	190,084
Interest expense*	10,021	18,965
	<u>219,070</u>	<u>209,049</u>
Liability component at end of the period/year	219,070	209,049

The Convertible Bonds were classified as current liabilities at 31 December 2023 and 30 June 2024.

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

13 SHARE CAPITAL

Shares

	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Authorised		
6,000,000,000 (31 December 2023: 6,000,000,000) ordinary shares of HK\$0.10 each	600,000	600,000
	<u>600,000</u>	<u>600,000</u>
Issued		
2,403,385,881 (31 December 2023: 2,403,385,881) ordinary shares of HK\$0.10 each	240,339	240,339
	<u>240,339</u>	<u>240,339</u>

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF RESULTS

Overall Performance

	Six-month period ended 30 June	
	2024	2023
	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>
Revenue from contracts with customers	384,121	429,140
Cost of direct materials and job expenses	(96,420)	(77,945)
Data costs	(1,766)	(2,498)
Employee benefit expenses	(166,547)	(203,808)
Sub-contracting charges	(52,075)	(78,741)
Rental expenses	(2,845)	(3,659)
Repairs and maintenance costs	(5,223)	(5,694)
Depreciation and amortisation	(16,571)	(18,822)
Other operating expenses	(14,109)	(19,304)
Other (losses)/gains, net	(9,205)	93
Decrease in fair value of contingent consideration payable	—	4,361
Gain on deconsolidation of a subsidiary	—	52,860
Reversal of/(provision for) impairment of financial assets	5,329	(3,306)
	<hr/>	<hr/>
Operating profit	24,689	72,677
Interest income	363	265
Finance costs	(10,264)	(10,120)
Share of losses of associates, net	(226)	(8)
	<hr/>	<hr/>
Profit before income tax	14,562	62,814
Income tax expense	(9,249)	(7,945)
	<hr/>	<hr/>
Profit for the period	<u>5,313</u>	<u>54,869</u>

Revenue from contracts with customers

	Six-month period ended 30 June	
	2024 (Unaudited) <i>HK\$'000</i>	2023 (Unaudited) <i>HK\$'000</i>
Security, insurance and infrastructure business	250,200	311,973
Aviation and logistics business	117,052	96,193
Healthcare business	6,144	10,022
Others	10,725	10,952
	<u>384,121</u>	<u>429,140</u>

For the six months ended 30 June 2024, the Group reported a drop in revenue from HK\$429,140,000 in 2023 to HK\$384,121,000 in 2024 because the Group's only infrastructure project was completed in 2023 and some of the Group's security businesses dropped. During the Current Period, the Group's overall operating performance was slightly improved without taking into those non-cash gains recognised in 2023 as well as the loss on disposal of property, plant and equipment ("PPE") of HK\$10,672,000 in 2024. Without considering any non-cash gains and the loss on disposal of PPE of the respective period, the Group's operating profit improved from HK\$15,456,000 in 2023 to HK\$35,361,000 in 2024. Set out below is the overall performance of the Group by business segment.

Overall Performance

Security, Insurance and Infrastructure Business

Security

After years of effort in investing and participating in the security business in overseas plus the positive contributions brought in from the newly acquired subsidiaries in October 2021, the Group's security business managed to generate profits in both overseas and Hong Kong during the Current Period. Total revenue of HK\$250,200,000 (30 June 2023: HK\$266,662,000) was generated during the first half of the year, representing approximately 65% (30 June 2023: approximately 62%) of the Group's revenue. Its net profit after net off of amortisation of other intangible assets for the Current Period was HK\$42,221,000 (30 June 2023: HK\$31,335,000) representing an increase of approximately 35%. Increase in profitability level of this segment was due to the marked improvement in the Group's overseas security business, particularly in Africa and South East Asia.

Insurance

The Group's insurance business reported a net loss of HK\$658,000 (30 June 2023: a net profit of HK\$134,000) for the Current Period, which was contributed by the Group's interest in an associate originated in Africa. Appreciation in USD further eroded the business performance of that associate during the Current Period.

Infrastructure

In 2023, all the construction works relating to the infrastructure project in the Lao People's Democratic Republic ("Laos") were completed. As a result, no further revenue contribution was recognised during the Current Period and the revenue reported for the six-month period ended 30 June 2023 was HK\$44,709,000 and the profit was HK\$6,795,000.

Aviation and Logistics Business

Aviation

Our aviation arm in Kenya is the main contributor of the Group's aviation business. Its turnover increased compared to the prior period amounting to HK\$56,524,000 (30 June 2023: HK\$47,339,000). Excluding the loss on disposal of PPE of HK\$11,524,000, its net profit also increased from HK\$3,744,000 in 2023 to HK\$15,115,000 in 2024 was due to the improvement in utilisation rate of its aircraft.

On 21 May 2024, the Group entered into an aircraft sale agreement with an independent third party to dispose of one of the Group's aircraft for a consideration of US\$4,000,000 (equivalent to approximately HK\$31,283,000). Although the disposal resulted in a loss of HK\$11,524,000 during the Current Period and, at the same time, the disposal can bring in additional working capital to the Group. Further details in relation to the disposal of that aircraft are set out in the Company's announcements dated 21 May 2024 and 3 June 2024.

Logistics

During 2023, the Group had deconsolidated the state of affairs of Transit Freight Forwarding Pty Ltd ("TFF"), the logistic arm in South Africa from the date of appointment of the joint liquidators, which was on 17 February 2023 and its business operations were ceased when the business rescue practitioners decided to put TFF into liquidation, which was on 23 January 2023. A one-time non-cash gain on deconsolidation of a subsidiary of HK\$52,860,000 was recognised for the six-month period ended 30 June 2023. Further details in relation to the business rescue proceedings and its liquidation were set out in the Company's announcements dated 4 July 2022, 24 October 2022 and 20 February 2023.

Other than TFF, the Group has another logistic arm called Frontier Logistics (Shanghai) Company Limited (“**SH Logistics**”). SH Logistics reported an increase in revenue by approximately 19% from HK\$48,846,000 in 2023 to HK\$60,528,000 in 2024 and the loss still maintained at HK\$1,401,000 in 2024 (30 June 2023: HK\$1,439,000) while the margin was still influenced by the competitive market environment.

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

Healthcare Business

The Group through several medical related subsidiaries provided a wide range of healthcare and medical consultation services in both Hong Kong and China. These services encompassed medical consultation services and sales of medical equipment and healthcare products with an aim of promoting a comprehensive healthcare concept. However, the expected contribution to this segment was lower than initially expected. This segment generated a total revenue of HK\$6,144,000 (30 June 2023: HK\$10,022,000) and a net loss of HK\$118,000 (30 June 2023: a net profit of HK\$166,000) after netting off the amortisation of intangible assets attached to this segment to the Group for the Current Period. The contributions from the resumption of cross-border operation and its telemed application were below expectation. Sales and distribution of healthcare products has yet caught up the momentum during the first half of 2024.

PROSPECTS

After nearly three years under the shadow of COVID, cross-border business activities have resurged, while international infrastructure projects regained momentum. Still, the global macroeconomic landscape remains uncertain, with challenges like geopolitical tensions, economic instability, heightened inflation, and interest rate hikes influencing business operations and adding to costs.

The security segment has emerged as the Group’s central business and primary revenue driver for years. Our international security initiatives have gained significant recognition, enabling us to secure large, profitable contracts in multiple regions. Consequently, we anticipate our global security ventures will continue to provide substantial returns from our global security endeavours in the foreseeable future because the demand for protections over personnel and operations in relatively dangerous environments abroad has become more inherent.

The addition of two security arms in Hong Kong via the acquisition of the DeWe Group has further solidified our presence in the security sector. Leveraging the licenses held by these two wholly-owned subsidiaries, we are well-positioned to strengthen our security portfolio in Hong Kong, targeting more prominent and lucrative security projects.

GlobalMedicare Limited and its subsidiaries (“GMC”) is actively pursuing opportunities in Hong Kong, China, and worldwide with a strategic focus on promoting comprehensive healthcare concepts. While cross-border activities facing challenges with cross-border activities and slower growth in cross-border customer bases, GMC swiftly adjusted its strategies in the final quarter of 2023 by bringing in potential new income stream. GMC’s management is optimistic that this segment will perform better in the second half of 2024.

In the aviation sector, our aviation division continues to actively streamline its existing fleet capabilities and expand its offerings to include a wider range of air charter and air ambulance services in 2024. Collaborations with global organisations are expected to bolster our aviation operations further. The Group will purchase and/or lease additional aircraft to fulfill any of our new operational needs.

In 2023, the Group reported a profit, which is mainly attributable to those two non-cash gains and improved performance in the security sector. We remain committed to reinforcing our security capabilities in overseas, with a focus on driving sustained operational improvements through the rest of 2024.

The current global business environment presents various challenges, with most sectors still striving for stability. Uncertainties in the global economic outlook persist, particularly with emerging geopolitical shifts and upcoming elections in certain African and Southeast Asian nations. Yet, we remain vigilant and optimistic, identifying opportunities amidst the challenges. Our recent successes in specific countries bolster our global ambitions. We are steadfast in enhancing our market competitiveness, and are confident that with the unwavering support from our shareholders and our deep-rooted commitment to our mission, the Group will navigate these turbulent times successfully. The positive performance in the first half of 2024 serves as a promising sign of our trajectory towards enduring success.

EMPLOYEES

The Group has crafted its human resources policies and procedures based on performance and meritocracy. The Group ensures that the pay level of its employees is competitive and employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus systems. The Group also places a strong emphasis on professional development, offering comprehensive on-the-job training, retirement benefit plans and medical insurance to support our employees' long-term well-being. Furthermore, we recognise individual achievements with the provision of discretionary year-end bonus, rewarding merit and dedication excellence.

The Company operated a share option scheme, which was adopted on 28 March 2012, (the “**Share Option Scheme**”) for the purpose of providing incentives and rewards to eligible directors and employees of the Group to recognise their contribution to the success of the Group. The Share Option Scheme was valid and effective for a period of 10 years commencing from 28 March 2012, which was expired on 28 March 2022. The outstanding share options under the Share Option Scheme as at 30 June 2024 was Nil share options (30 June 2023: 23,400,000) because they were lapsed upon the resignation of an executive director on 25 April 2024.

The Company also operated a share award scheme (the “**Share Award Scheme**”) since 10 December 2015 to recognise the contributions by certain employees and persons to the Group and to provide them with incentives in order to retain their services for the continual operation and development of the Group and to attract suitable personnel for further development of the Group. As at 30 June 2024, there was no unvested shares granted under the Share Award Scheme (30 June 2023: Nil).

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

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

As at 30 June 2024 and up to the date of approval of these condensed consolidated interim financial statements, no share options nor share awards were granted under the new Share Scheme.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 30 June 2024, the Group recorded total assets of HK\$1,024,336,000 (31 December 2023: HK\$1,056,457,000) which were financed by liabilities of HK\$526,419,000 (31 December 2023: HK\$553,485,000), non-controlling interests of HK\$125,015,000 (31 December 2023: HK\$120,050,000) and shareholders' equity of HK\$372,902,000 (31 December 2023: HK\$382,922,000). The Group's net asset value per share (excluding non-controlling interests) as at 30 June 2024 amounted to approximately HK\$0.16 (31 December 2023: approximately HK\$0.16) per share.

As at 30 June 2024, the Group's available cash and bank balances were HK\$201,847,000 (31 December 2023: HK\$198,111,000) with total borrowings of HK\$219,070,000 (31 December 2023: HK\$209,049,000). The Group's total borrowings include convertible bonds amounting to HK\$219,070,000 (31 December 2023: HK\$209,049,000). As at 30 June 2024, the Group's borrowings were mainly denominated in Hong Kong dollars ("HK\$"). The repayment terms of the Group's borrowings are within 1 year (31 December 2023: within 1 year). The Group, therefore, managed to maintain a surplus net cash and bank position as at 30 June 2024 and 31 December 2023.

The increase in cash and bank balances by HK\$3,736,000 was mainly due to the net cash inflows generated from operating activities by the Group of HK\$12,923,000 (30 June 2023: HK\$8,558,000), which was offset by the net cash outflows from investing and financing activities.

As at 30 June 2024, the gearing ratio (ratio of the sum of total borrowings to the total assets) was approximately 21.4% (31 December 2023: approximately 19.8%).

On 22 October 2021, the Company completed the issuance of convertible bonds with an aggregate principal amount of HK\$210,000,000 to five different subscribers, which are convertible into 210,000,000 shares of the Company at a conversion price of HK\$1.00 per share upon full conversion. Pursuant to the initial terms of the convertible bonds, they bear interest at a coupon rate of 2.5% per annum and are due for repayment on 21 October 2023. Interest attached to the convertible bonds are payable to the bond holders on the extended maturity date. During 2023, the Company has exercised the rights to extend the maturity date of the convertible bonds for an additional one year pursuant to the initial terms of the convertible bonds. The Company's outstanding convertible bonds are due for repayment on 21 October 2024.

Treasury Policies

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

Exposure to Fluctuations in Exchange Rates and Related Hedges

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

For operations in Africa, most of the transactions are denominated in US\$, Kenyan Shillings (“**KES**”) and Nigerian Naira (“**NN**”). The exchange rates of KES and NN against HK\$ have increased by approximately 21% and decreased by approximately 41%, respectively during the Current Period. No financial instrument was used for hedging purposes for the Current Period due to the prohibitive cost of available hedging opportunities. The Group is closely monitoring the currency exchange risk of KES and NN and will consider the use of financial instrument for hedging purposes, if necessary.

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

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

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

Significant Investments Held and Material Acquisitions

The Group did not have any significant investment held nor there were any other material acquisitions or disposals of subsidiaries, associates or joint ventures during the six-month period ended 30 June 2024.

Charges on Assets

As at 30 June 2024 and 31 December 2023, the Group did not have any assets pledged to banks as securities for banking facilities.

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

As at 30 June 2024, the Group did not have any concrete future plans for material investments or capital assets and material capital expenditure commitments.

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

Contingent Liabilities

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

On 4 November 2021, counsel for the Claimant wrote to the Group with a demand for indemnification, followed by several more indemnification demands notified on 2 December 2021, arising from the Purchase Agreement between the Claimant and the Group (the "**Indemnification Demands**"). The Indemnification Demands totaled approximately US\$5,800,000 (equivalent to approximately HK\$45,500,000).

The Group has taken the view that the Indemnification Demands are untrue, unfounded and/or unsustainable; no payments are due to the Claimant; and that the Indemnification Demands were made in order to forestall the payment of sums owed to the Group under the Settlement Agreement. The Claimant refused to comply with the its obligations to deregister the aircraft which belonged to the Group, preventing the Group from reclaiming possession of the aircraft.

On 30 December 2022, the Group filed a civil lawsuit and arbitration claim with the Civil Court of Malta and, following that, files a separate notice of claim with the Malta Arbitration Centre, making contractual, tortious and equitable claims against the Claimant in an amount exceeding €10,000,000 (equivalent to HK\$83,300,000) (the “**FSG Claims**”). The FSG Claims are based on specific and documented breaches of the Claimant’s obligations under the Purchase Agreement, the Settlement Agreement and at law.

The first hearing of the Malta Arbitration Centre was held on 31 January 2023, at which administrative and scheduling matters were discussed between the parties and the Malta Arbitration Centre. No conclusion has been reached and no further updates have been provided by the Malta Arbitration Centre as at 30 June 2024.

The Board of the Company, with the aid of legal advisor, is of the opinion that the Group has strong grounds to its defense against the Indemnification Demands from the Claimant and it is not probable, despite there would still be possibility, that the Group will incur loss resulting from the Indemnification Demands. Additionally, the Group believes it has a reasonable and legally supported claim for specific performance and substantial damages due to multiple related contractual breaches, tortious actions, and potentially fraudulent conduct by the Claimant.

- (ii) During the year ended 31 December 2023, a customer of SH Logistics, an indirectly wholly-owned subsidiary of the Company, filed a claim against it for an amount of RMB28,700,000 (equivalent to approximately HK\$31,800,000) in relation to a logistic service contract conducted in 2021 (the “**SH Claims**”). In response, SH Logistics also filed a counterclaim against that customer for the outstanding amount due by that customer to the Group of RMB11,400,000 (equivalent to approximately HK\$12,700,000) (the “**SH Counterclaims**”) on services rendered. Both claims are currently handled by Shanghai Maritime Affairs Court (the “**Maritime Court**”).

On 25 January 2024, the Maritime Court decided to consolidate the two claims together for consideration. On 22 February and 10 April 2024, the first and the second hearings of the SH Claims were conducted but no conclusion has yet been reached. Another hearing is to be scheduled by the Maritime Court. SH Logistics has engaged a legal counsel to handle both claims.

The legal advisor of the SH Logistics is of the opinion that the liability of SH Logistics, as the carrier, for any loss or damage should be limited to RMB1,440,000 (equivalent to approximately HK\$1,600,000) (the “**Possible Claimed Amount**”) based on the calculation method outlined in Article 56 of Maritime Law, rather than the amount of the SH Claims. Additionally, the legal advisor also opined that the evidence provided by SH Logistics is sufficient to demonstrate that SH Logistics had properly discharged its obligations under the logistic service contracts rendered to this customer. It is highly likely that SH Logistics could recover the SH Counterclaims from that customer and SH Logistics can use the SH Counterclaims to offset the Possible Claimed Amount. As a result, the Board of the Company considers it appropriate to set aside a provision of HK\$1,600,000 for SH Claims, with the expected credit loss of the receivable under SH Counterclaims deemed immaterial.

Save as disclosed in this interim result announcement, the Group does not have material contingent liabilities as at 30 June 2024.

Supplementary Information

On 12 June 2023, the Bureau of Industry and Security of the United States Department of Commerce (the “**Bureau**”) added the Company to the export control list (the “**Entity List**”) for allegedly providing training to Chinese military pilots utilizing Western and NATO resources, an action purportedly contrary to the United States’ national security and foreign policy objectives. In response, on 13 June 2023, the Board published a clarification announcement firmly denying any involvement in the alleged activities. The Board emphasised that the Company has neither engaged in such activities nor been approached by the Bureau regarding these accusations.

The Group’s core operations are unrelated to the accused activities, and our business ventures are strictly confined to Africa, China (including Hong Kong), Southeast Asia and the Middle East, with no commercial presence in the United States.

A lawyer and a professional advisor have been engaged by the Company to resolve the matter with the Bureau.

Subsequent Events

Subsequent to the date of the statement of financial position, the Group entered into agreements to sell its entire FMI Business to certain independent third parties for an aggregate consideration of approximately HK\$1,575,000. The disposal of FMI Business by the Group will result in a gain of approximately HK\$1,200,000.

Other than those mentioned above, the Group and the Company did not have any material subsequent events after 30 June 2024 and up to the approval date of this interim result announcement need to be disclosed.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company has not redeemed any of its listed securities during the six-month period ended 30 June 2024. Neither the Group nor the trustee of the share award scheme of the Company has purchased or sold any of the Company's listed securities during the six-month period ended 30 June 2024.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Throughout the six-month period ended 30 June 2024, the Board of the Company has reviewed the Group's corporate governance practices and is satisfied that the Company has complied with the code provisions of the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") from time to time, as set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

All other information on the CG Code of the Company has been disclosed in the Corporate Governance Report contained in the 2023 annual report of the Company issued in April 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules to regulate the directors' securities transactions. Having made specific enquiry by the Company, all directors have confirmed that they have complied with the Model Code regarding directors' securities transactions throughout their tenure during the six-month period ended 30 June 2024.

CHANGE IN INFORMATION OF DIRECTORS

The change in the information of the Directors of the Company since the publication of the 2023 annual report of the Company which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules is set out below:

On 25 April 2024, Mr. Li Xiaoping resigned as an executive Director and the Chief Executive Officer of the Company due to personal health reasons.

On 14 June 2024, Mr. Dorian Barak tendered his resignation as a non-executive Director of the Company due to his attention to focus on his other career developments.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, the Group employed a total of 2,386 (30 June 2023: 1,998) employees. Total employee benefit expenses (including Directors' remuneration) for the six months period ended 30 June 2024 and 2023 were HK\$166,547,000 and HK\$203,808,000, respectively. Remuneration is determined with reference to market level of salaries paid by comparable companies, the respective responsibilities of the individual employee and the performance of the Group. In addition to a basic salary, benefits in kind and discretionary bonuses were offered to those employees according to the assessment of individual performance.

AUDIT COMMITTEE

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

The unaudited condensed consolidated interim financial statements of the Group for the six-month period ended 30 June 2024 have been reviewed by the Audit Committee together with the management of the Company. The Audit Committee is of the opinion that such results compiled with the applicable accounting standards, the requirements under the Listing Rules and other application legal requirements, and that adequate disclosures had been made.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2024 (six-month period ended 30 June 2023: Nil) to holders of ordinary shares of the Company.

PUBLICATION OF INTERIM REPORT

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

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

Hong Kong, 28 August 2024

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

** For identification purposes only*