

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

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities in the Company.



FRONTIER SERVICES GROUP LIMITED

先豐服務集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00500)

(I) CONNECTED TRANSACTION INVOLVING SUBSCRIPTION OF SHARES BY A CONNECTED PERSON UNDER CP SPECIFIC MANDATE; AND (II) SUBSCRIPTIONS OF SHARES BY OTHER SUBSCRIBERS UNDER OTHER SPECIFIC MANDATES

On 2 March 2018 (after trading hours), the Company and each of the Subscribers entered into three separate Subscription Agreements, pursuant to which the Company has conditionally agreed to allot and issue to the Subscribers, and the Subscribers has conditionally agreed to subscribe for up to 640,000,000 Subscription Shares at the Subscription Price of HK\$1.30 each, amounting to total gross proceeds of no more than approximately HK\$832 million.

LISTING RULES IMPLICATION

As at the date of this announcement, Easy Flow (being a Subscriber) holds 237,592,607 Shares, representing approximately 15.84% of the total issued Shares. As such, Easy Flow is a substantial shareholder of the Company and a connected person of the Company. Accordingly, the CP Subscription by Easy Flow constitutes a connected transaction for the Company under the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

An Independent Board Committee has been established to advise the Independent Shareholders on the CP Subscription. The Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in regard of the CP Subscription.

* *For identification purposes only*

An SGM will be convened and held for the Independent Shareholders to consider and if thought fit to pass resolutions to approve, among other things, the Subscriptions, including the grant of the Specific Mandates. Easy Flow and its associates are required to abstain from voting in respect of the resolutions approving the CP Subscription, the CP Specific Mandate, Other Subscriptions and the Other Specific Mandates. Trinity Gate and its associates are required to abstain from voting in respect of the resolution approving the Subscription by Trinity Gate and the relevant Other Specific Mandate.

A circular containing, among other things, further details of the Subscriptions, letters from the Independent Board Committee and the independent financial adviser regarding the CP Subscription, and a notice convening the SGM will be despatched to the Shareholders on or before 23 March 2018.

Completion of each Subscription is subject to the satisfaction of all the conditions as set out under the section headed “Subscription Agreements — Conditions to the Subscriptions” of this announcement. As any or all of the Subscriptions may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

INTRODUCTION

The Board is pleased to announce that on 2 March 2018 (after trading hours of the Stock Exchange), the Company and each of the Subscribers entered into three separate Subscription Agreements, pursuant to which the Company has conditionally agreed to allot and issue to the Subscribers, and the Subscribers has conditionally agreed to subscribe for up to 640,000,000 Subscription Shares at the Subscription Price of HK\$1.30 each.

SUBSCRIPTION AGREEMENTS

The terms of the Subscription Agreements are substantially the same. Major terms of each of the Subscription Agreements are set out below:

Date

2 March 2018

Parties to the Subscription Agreements

Issuer

The Company

Subscribers

- (1) Easy Flow
- (2) Taiping
- (3) Trinity Gate

Easy Flow is a substantial shareholder of the Company by virtue of its holding of 237,592,607 Shares, representing approximately 15.84% of the total issued Shares as at the date of this announcement. Trinity Gate holds 66,939,571 Shares, representing 4.46% of the total issued Shares of the Company as at the date of this announcement.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, as at the date of this announcement, each of Taiping, and Trinity Gate and its ultimate beneficial owner (save for Trinity Gate's aforesaid holding of Shares) are Independent Third Parties, and each of the Subscribers are independent of and not connected with the other.

Subscription Shares

Pursuant to the Subscription Agreements, the Company has conditionally agreed to allot and issue up to 640,000,000 Subscription Shares.

The table below sets out the number of Subscription Shares, the Subscription monies, and the proportion of the total issued share capital of the Company which the Subscription Shares to be subscribed for by each Subscriber (individually and in aggregate): (i) as at the date of this announcement; and (ii) immediately upon the Other Completion and the CP Completion (absent any other change in the total number of the issued Shares between the date of this announcement and completion of the Subscriptions and on the assumption that all Subscriptions are completed):

				Approximate % of the total issued share capital	
	Number of Subscription Shares	Aggregate subscription monies (HK\$)	Aggregate nominal value (HK\$)	As at the date of this announcement	Immediately upon the Other Completion and CP Completion
Easy Flow	370,000,000	481,000,000	37,000,000	24.67%	17.29%
Taiping	160,000,000	208,000,000	16,000,000	10.67%	7.48%
Trinity Gate	110,000,000	143,000,000	11,000,000	7.33%	5.14%
	<u>640,000,000</u>	<u>832,000,000</u>	<u>64,000,000</u>	<u>42.67%</u>	<u>29.91%</u>

In the event that any of the Other Subscriptions are not completed, the number of the CP Subscription Shares shall be reduced so that the aggregate shareholding of Easy Flow in the Company will represent such percentage nearest to 29.9% of the total issued Shares of the Company as enlarged by the allotment and issue of the CP Subscription Shares upon CP Completion, but in any event the number of the CP Subscription Shares shall not exceed 370,000,000.

For illustrative purpose, if none of the Other Completion takes place, based on the number of Shares in issue as at the date of this announcement, the number of CP Subscription Shares would be 300,739,787 new Shares upon CP Completion.

Ranking of Subscription Shares

The Subscription Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with Shares in issue at the time of allotment and issue of the Subscription Shares.

Subscription Price

Each of the Subscribers will subscribe for their respective Subscription Shares at the Subscription Price of HK\$1.30 per Subscription Share. The Subscription Price represents:

- (1) a discount of approximately 35.00% to the closing price of HK\$2.0 per Share as quoted on the Stock Exchange on 2 March 2018, the date of the Subscription Agreements;
- (2) a discount of approximately 31.58% to the closing price of HK\$1.9 per Share as quoted on the Stock Exchange on 1 March 2018, the Last Trading Day;
- (3) a discount of approximately 28.42% to the average closing price of approximately HK\$1.816 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day; and
- (4) a premium of approximately 400.00% over the net asset value per Share of the Group of approximately HK\$0.26 (based on the consolidated net assets of the Group as at 30 June 2017 attributable to the Shareholders and the number of issued Shares as at the date of this announcement).

The Subscription Price was arrived at after arm's length negotiations between the Company and each of the Subscribers with reference to the prevailing market price and the recent trading volume of the Shares and the net asset value of the Company.

The aggregate amounts of Subscription Price in respect of the Other Subscriptions and the CP Subscription are set out in the table under the section headed "Subscription Agreements – Subscription Shares" above and will be paid by the Subscribers to the Company in cash at Other Completion and CP Completion respectively.

Conditions to the Subscriptions

Completion of each of the Subscriptions is conditional upon the following conditions being satisfied (or waived as applicable):

- (1) the Independent Shareholders at the SGM having passed the relevant resolutions approving (i) the relevant Subscription Agreement and the transactions contemplated under the relevant Subscription Agreement, and (ii) the grant of CP Specific Mandate or the relevant Other Specific Mandate (as the case may be); and
- (2) the Listing Committee having granted the listing of and permission to deal in the relevant Subscription Shares and such approval not having been revoked or withdrawn.

None of the above conditions can be waived unilaterally by any party to a Subscription Agreement. If any of the conditions precedent in respect of a Subscription Agreement is not fulfilled or waived prior to the Long-Stop Date, the relevant Subscription Agreement shall cease to be of any effect, save for claims arising out of any antecedent breaches thereof.

Each Subscription Agreement is not inter-conditional with the other Subscription Agreements.

Completion

Other Completion

The Other Completion under each of the relevant Subscription Agreement shall take place on the third Business Day (or such other date as agreed in writing by the Company and relevant Other Subscriber) after fulfilment of the last conditions precedent to the relevant Subscription under the relevant Subscription Agreement as described above. Each Other Completion is independent of the other.

CP Completion

The CP Completion shall take place on the third Business Day (or such other date as agreed in writing by the Company and Easy Flow) after the later of (i) fulfilment of the last conditions precedent to the CP Subscription under the relevant Subscription Agreement as described above; and (ii) the Other Completion, or the cessation or termination of the other Subscription Agreements for any reason whatsoever.

SPECIFIC MANDATES

The CP Subscription Shares and the Other Subscription Shares will be allotted and issued pursuant to the CP Specific Mandate and the relevant Other Mandates respectively to be sought from the Independent Shareholders at the SGM. Easy Flow and its associates are required to abstain from voting in respect of the resolutions approving the CP Subscription, the CP Specific Mandate, the Other Subscriptions and the Other Specific Mandates. Trinity Gate and its associates are required to abstain from voting in respect of the resolution approving the Subscription by Trinity Gate and the relevant Other Specific Mandate.

APPLICATIONS FOR LISTING OF THE SUBSCRIPTION SHARES

Applications will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Subscription Shares.

EFFECTS ON SHAREHOLDING STRUCTURE

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately following the Other Completion and the CP Completion; and (iii) immediately following the CP Completion but without the Other Completion (absent any other change in the issued Shares from the date of this announcement to the date of the CP Completion and/or the Other Completion) are summarised as follows:

	As at the date of this announcement		Immediately following the Other Completion and the CP Completion <i>(Note 2)</i>		Immediately following the CP Completion only without the Other Completion <i>(Note 2)</i>	
	<i>Number of Shares</i>	<i>% (Approx.)</i>	<i>Number of Shares</i>	<i>% (Approx.)</i>	<i>Number of Shares</i>	<i>% (Approx.)</i>
Easy Flow	237,592,607	15.84	607,592,607	28.40	538,332,394	29.90
Shares held by Directors						
Erik D. Prince (“Mr. Prince”)	80,575,000	5.37	80,575,000	3.77	80,575,000	4.48
Ko Chun Shun, Johnson (“Mr. Ko”) and his associates <i>(Note 1)</i>	225,817,535	15.06	225,817,535	10.55	225,817,535	12.54
Hu Qinggang	9,814,000	0.65	9,814,000	0.46	9,814,000	0.55
Lee Hau Leung	1,400,000	0.09	1,400,000	0.07	1,400,000	0.08
Harold O. Demuren	1,400,000	0.09	1,400,000	0.07	1,400,000	0.08
<i>Subtotal</i>	319,006,535	21.27	319,006,535	14.91	319,006,535	17.72

	As at the date of this announcement		Immediately following the Other Completion and the CP Completion (Note 2)		Immediately following the CP Completion only without the Other Completion (Note 2)	
	Number of Shares	% (Approx.)	Number of Shares	% (Approx.)	Number of Shares	% (Approx.)
Public Shareholders						
Taiping	—	—	160,000,000	7.48	—	—
Trinity Gate	66,939,571	4.46	176,939,571	8.27	66,939,571	3.72
Other public Shareholders	876,164,290	58.43	876,164,290	40.94	876,164,290	48.66
<i>Subtotal</i>	<u>943,103,861</u>	<u>62.89</u>	<u>1,213,103,861</u>	<u>56.69</u>	<u>943,103,861</u>	<u>52.38</u>
Total	<u><u>1,499,703,003</u></u>	<u><u>100.00</u></u>	<u><u>2,139,703,003</u></u>	<u><u>100.00</u></u>	<u><u>1,800,442,790</u></u>	<u><u>100.00</u></u>

Note:

1. The Shares held by Mr. Ko and his associates comprise 48,276,719 Shares held by First Gain International Limited (wholly owned by Mr. Ko), 175,500,000 Shares held by Rich Hill Capital Limited (wholly owned by Mr. Ko) and 2,040,816 held by Mr. Ko's spouse.
2. Each Subscription Agreement is not inter-conditional with the other Subscription Agreements. The figures in the column are shown for illustrative purpose only.

INFORMATION ON THE SUBSCRIBERS

Easy Flow is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. Its ultimate controlling shareholder is CITIC Group Corporation, a company established in the PRC. CITIC Group Corporation is a state-owned enterprise whose main asset is a 58% interest in CITIC Limited, the largest conglomerate in the PRC. CITIC Limited focuses primarily on financial services, resources and energy, manufacturing, engineering contracting and real estate. Easy Flow is an indirect wholly-owned subsidiary of CITIC Limited and is a substantial shareholder of the Company by virtue of its holding of 237,592,607 Shares, representing approximately 15.84% of the total issued Shares as at the date of this announcement.

Taiping is a company incorporated in Hong Kong with limited liability and is an indirect wholly owned subsidiary of China Taiping. The parent company of China Taiping is China Taiping Insurance Group Limited, a Chinese state-owned financial and insurance group. Taiping is a registered trust company in Hong Kong and holds different investments for Taiping's trust funds.

Trinity Gate is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in securities investment. Trinity Gate is wholly owned by Mr. Teng Rong Song. Trinity Gate holds 66,939,571 Shares, representing approximately 4.46% of the total issued Shares as at the date of this announcement.

REASONS FOR THE SUBSCRIPTIONS AND USE OF PROCEEDS

The Company is principally engaged in the provision of logistics, security and insurance services (the “**Secured Logistics Business**”), as well as the provision of online financial market information.

For the Group’s logistics business which was commenced in 2013, the Group has expanded from Africa into the Middle East and Asia in order to align itself with and capture the wide opportunities of China’s Belt and Road Initiative. The Company expects to grow its clientele throughout Africa, Asia and Middle East regions and the opening of its logistics centre in Shanghai, China will help capture Chinese clients as they go out in support of the Belt and Road Initiative. With senior logistics professionals managing global large-scale programs, the Group is able to provide potential Chinese and international clients with end-to-end worldwide secure logistics solutions. It is the Group’s strategy to provide total logistics solutions integrating security and insurance services into its logistics solutions for the frontier markets. The Group’s team of international security professionals is based in its global security centre in Dubai. The Company intends to strengthen its security capabilities by establishing training facilities for security personnel and purchasing security equipment and vehicles. In addition, the Group has established regional offices to support its business in Asia, Middle East and Africa. As part of its expansion plan, the Group is in the process of setting up offices in Myanmar, Laos and Pakistan and plans to set up offices in Thailand, Cambodia, Kazakhstan, and Uzbekistan in the future. The Group’s insurance division will complement the geographic expansion into important regions under the Belt and Road Initiative. With strategic partnership of reputable Chinese domestic and international insurers, the Group’s insurance team develops and fulfills innovative insurance products and services. Leveraging the Group’s full-spectrum capabilities in security and logistics, the Group’s insurance services form a key component of the Group’s integrated risk management solution, which is a new and innovative approach compared to the traditional, reactive practice for companies operating in frontier markets and complex environments.

The gross proceeds from the Subscriptions are expected to be no more than approximately HK\$832 million. The net proceeds from the Subscriptions (after deducting the relevant expenses) are estimated to amount to no more than approximately HK\$830.5 million and the net Subscription Price per Subscription Share is estimated to be approximately HK\$1.30. To finance the continuing development and expansion of the Group’s existing Secured Logistics Business, the Company intends to use the net proceeds from the Subscriptions for the following areas:

- (1) as to approximately HK\$321.5 million for capital investment, of which (i) HK\$130 million for setting up Secured Logistics Business in Myanmar, Laos and Cambodia, including establishing joint ventures and training facilities for security personnel and purchasing security equipment and vehicles; (ii) HK\$120.8 million for setting up Secured Logistics Business in Pakistan and

Xinjiang, China, including establishing training facilities, and buying security equipment and vehicles; and (iii) HK\$70.7 million for expansion of Secured Logistics Business in Africa and the Middle East, including establishing training facilities, purchasing security equipment and replacing existing aircraft and trucks;

- (2) as to approximately HK\$329 million for general working capital (including but not limited to the cost of services provided for the operations, staff costs, general administrative expenses and sales and marketing expenses), of which HK\$288 million will be allocated for the working capital for the Group's existing operations for the next 24 months, and the remaining HK\$41 million will be allocated for the working capital for the establishment of new offices along the regions under the Belt and Road Initiative for the Secured Logistics Business; and
- (3) as to approximately HK\$180 million for the repayment of existing bank loans.

With regard to any regions that the Group plans to set up operations and which are subject to any sanctions imposed by overseas governments, the Company will set out in the circular to be despatched to Shareholders the relevant sanction risks and the Company's measures to control such risks.

The Directors are of the view that the Subscriptions will provide a good opportunity to raise additional funds to facilitate the future development of the Group as well as broaden the shareholder and capital base of the Group. The Directors (other than the independent non-executive Directors who will express their view after considering the advice of the independent financial adviser to be appointed by the Company in relation to the CP Subscription) consider the CP Subscription to be on normal commercial terms, fair and reasonable and while not in the ordinary and usual course of business of the Group, they are in the interests of the Company and the Shareholders as a whole. The Directors consider the Other Subscriptions to be on normal commercial terms, fair and reasonable and while not in the ordinary and usual course of business of the Group, they are in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company conducted the following equity fund raising exercise in the 12 months immediately preceding the date of this announcement:

Date of announcement	Event	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds
27 February 2017 (with placing completion on 13 March 2017)	Placing of new Shares	HK\$192.5 million	Working capital for the development and expansion of the Group's existing aviation and logistics business	Approximately HK\$147.6 million has been used for the intended purpose of which approximately HK\$33.1 million has been used for aircraft operation, approximately HK\$9.2 million for license fees, approximately HK\$7.5 million for office related deposits, approximately HK\$87.5 million for other operating expenditures such as staff costs, rentals and transportation service fees, and approximately HK\$10.3 million for loan interest payment. The remaining net proceeds will be used as intended

LISTING RULES IMPLICATIONS

Based on (i) the total assets of the Group of HK\$927.6 million according to the consolidated management accounts of the Group as at 30 September 2017; (ii) based on the information currently available to the Company, the Group's unaudited cash and bank balance consisting of restricted cash, pledged bank deposits and cash and cash equivalent of HK\$284.8 million as at 31 December 2017; (iii) the proceeds of HK\$75 million from the exercise of 50,000,000 share options with an exercise price of HK\$1.50 each by Mr. Prince, the chairman and an executive Director, on 9 January 2018; and (iv) the estimated net proceeds to be raised from the Subscriptions of HK\$830.5 million, the Group's cash-to-total assets ratio would amount to 64.93% upon completion of the

Subscriptions. Based on the information currently available to the Company as at the date of this announcement, among the unaudited total cash balance of HK\$284.8 million as at 31 December 2017, HK\$234.91 million related to pledged deposits that cannot be freely used by the Group for the further development of the Group's business. They effectively serve as deposits paid to the related banks institutions supporting the provision of banking facilities to the Group. Releasing the pledged deposits from restrictions would require repayment of the relative loans amounting to HK\$180.2 million as at 31 December 2017 and termination of the relative banking facilities which would not be in the interests of the Company.

The Company does not consider that the Subscriptions would render it a cash company whose assets consist of wholly or substantially cash or short-dated securities under Rule 14.82 of the Listing Rules taking into account the following factors with reference to the Stock Exchange's Guidance Letter GL84-15 (the "**Guidance Letter**"):

Purpose of the Subscriptions for the existing principal business

Completion of all the Subscriptions will raise net proceeds of approximately HK\$830.5 million, representing approximately 29.15% of the Company's market capitalisation of HK\$2,849 million as at 1 March 2018 (being the last trading day before the date of this announcement). While such net proceeds would increase the Group's cash-to-total assets ratio, as explained above under the section headed "Reasons for the Subscriptions and use of proceeds", the Subscriptions are primarily to finance the continuing development and expansion of the Group's existing principal of Secured Logistics Business. The Group does not intend to use any of the proceeds from the Subscriptions to develop any business that is new or unrelated to the Group's existing principal business.

No change in control

The number of Subscription Shares under all the Subscriptions represents approximately 42.68% of the total number of Shares in issue as at the date of this announcement. Easy Flow is one of the Subscribers. As at the date of this announcement, it holds 15.84% of the issued share capital of the Company and is the largest shareholder of the Company. A majority of the Subscription Shares will be issued to Easy Flow. Upon completion of all the Subscriptions, Easy Flow's shareholding in the Company will increase to 28.40%. Other than Easy Flow, no other Subscribers will hold more than 20% of the Company as a result of the Subscriptions. The Subscriptions will not result in any new investor gaining control of the Company while Easy Flow will remain to be the largest shareholder of the Company.

As at the date of this announcement, Easy Flow holds 237,592,607 Shares, representing approximately 15.84% of the total issued Shares. As such, Easy Flow is a substantial shareholder of the Company and a connected person of the Company. Accordingly, the CP Subscription constitutes a connected transaction for the Company under the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

An Independent Board Committee has been established to advise the Independent Shareholders on the CP Subscription. The Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in regard of the CP Subscription.

An SGM will be convened and held for the Independent Shareholders to consider, and if thought fit, to approve, among other things, the Subscriptions, including the grant of the Specific Mandates. Easy Flow and its associates are required to abstain from voting in respect of the resolutions approving the CP Subscription, the CP Specific Mandate, the Other Subscriptions and the Other Specific Mandates. Trinity Gate and its associates are required to abstain from voting in respect of the resolution approving the Subscription by Trinity Gate and the relevant Other Specific Mandate.

A circular containing, among other things, further details of the Subscriptions, letters from the Independent Board Committee and the independent financial adviser regarding the CP Subscription, and a notice convening the SGM will be despatched to the Shareholders on or before 23 March 2018.

Completion of each Subscription is subject to the satisfaction of all the conditions as set out under the section headed “Subscription Agreements — Conditions to the Subscriptions” of this announcement. As any or all of the Subscriptions may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings when used herein:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than Saturdays or Sundays or public holidays) on which licensed banks in Hong Kong are open for general banking business
“China Taiping”	China Taiping Insurance Holdings Company Limited (中國太平保險控股有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00966)
“CITIC Group Corporation”	中國中信集團有限公司(CITIC Group Corporation), a company established in the PRC with limited liability

“Company”	Frontier Services Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00500)
“connected person(s)”	has the meanings ascribed to it under the Listing Rules
“CP Completion”	completion of the CP Subscription
“CP Consideration”	the total amount of Subscription Price payable by Easy Flow for CP Subscription pursuant to the terms of the relevant Subscription Agreement
“CP Specific Mandate”	a specific mandate to be sought from the Independent Shareholders at the SGM for the allotment and issue of the CP Subscription Shares upon CP Completion
“CP Subscription”	the subscription of up to 370,000,000 Shares by Easy Flow under the relevant Subscription Agreement
“CP Subscription Share(s)”	the number of the Subscription Shares to be subscribed for by Easy Flow under the CP Subscription
“Director(s)”	the director(s) of the Company
“Easy Flow”	Easy Flow Investments Limited, a company incorporated in British Virgin Islands with limited liability and an indirect subsidiary of CITIC Group Corporation
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of PRC
“Independent Board Committee”	an independent board committee of the Board comprising all the independent non-executive Directors, namely Mr. Yap Fat Suan, Henry, Prof Lee Hau Leung and Dr Harold O. Demuren established to advise the Independent Shareholders regarding the CP Subscription
“Independent Shareholders”	Shareholders who do not have a material interest in the Subscriptions other than being a Shareholder

“Independent Third Party(ies)”	the independent third party(ies) who is/are, to the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, independent of the Company and the connected persons of the Company
“Last Trading Day”	1 March 2018, being the last trading day of the Shares immediately before the date of the Subscription Agreements
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long-Stop Date”	29 June 2018 (or such other date as may be agreed by the relevant Subscriber and the Company in writing in respect of the relevant Subscription Agreement)
“Other Completion”	completion of the Other Subscriptions
“Other Subscription Shares”	a total of 270,000,000 Shares to be subscribed for by the Other Subscribers under the Other Subscriptions
“Other Subscriptions”	the respective subscriptions by Taiping and Trinity Gate under the relevant Subscription Agreements
“Other Specific Mandate(s)”	the specific mandate(s) to be sought from the Shareholders at the SGM for the allotment and issue of the Other Subscription Shares upon the Other Completion
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purposes of this announcement
“SGM”	a special general meeting of the Company to be convened to consider and approve, among other things, the Subscriptions
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Specific Mandates”	the CP Specific Mandate and the Other Specific Mandates
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscribers”	Easy Flow, Taiping and Trinity Gate, the subscribers of the Subscription Shares under the Subscription Agreements, each a “ Subscriber ”
“Subscriptions”	the CP Subscription and the Other Subscriptions, each a “ Subscription ”
“Subscription Agreements”	the three conditional share subscription agreements each dated 2 March 2018 entered into between the Company and each of the Subscribers in relation to the respective Subscriptions, each a “ Subscription Agreement ”
“Subscription Price”	HK\$1.30 per Subscription Share
“Subscription Shares”	up to 640,000,000 new Shares, each a “ Subscription Share ”
“Taiping”	Taiping Trustees Limited (太平信托有限公司), a company incorporated in Hong Kong with limited liability
“Trinity Gate”	Trinity Gate Limited, a company incorporated in the British Virgin Islands with limited liability

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

Hong Kong, 2 March 2018

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