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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)**

**NON-ACHIEVEMENT OF TARGET PROFIT IN RELATION TO  
ACQUISITION OF 100% EQUITY INTEREST IN  
THE TARGET COMPANY  
AND  
SUPPLEMENTAL INFORMATION IN  
RESPECT OF SHARE OPTION SCHEME AND  
SHARE AWARD SCHEME**

This announcement is made by Frontier Services Group Limited pursuant to Rule 14.36B(2) of the Listing Rules and provides supplemental information to the Annual Report.

Reference is made to (i) the announcements of the Company dated 23 September 2021, 8 October 2021 and 22 October 2021 (the “**Announcements**”) in respect of the acquisition of 100% equity interest in the Target Company; and (ii) the annual report of the Company for the year ended 31 December 2022 (the “**Annual Report**”). Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements and the Annual Report, unless otherwise defined.

**ADJUSTMENT TO ACQUISITION CONSIDERATION**

Under the Acquisition Agreement, the deferred consideration of the Acquisition shall be adjusted by reference to the Target Group’s consolidated net profits after tax. The actual number of Consideration Shares as the first instalment of the deferred consideration to be issued shall be adjusted in case the Target Group’s consolidated net profits after tax is less than HK\$50,000,000 (the “**Target Profit**”) for the First Relevant Period (i.e. from 22 October 2021 to 31 December 2022) based on the following formula:

Target Group's consolidated net profit after tax for the First Relevant Period	X	<u>HK\$100,000,000</u>
HK\$50,000,000		HK\$1.30

The Target Group's consolidated net profit after tax for the First Relevant Period was HK\$38,068,694, resulting in a shortfall of HK\$11,931,306 to the Target Profit for that period. Therefore, the actual number of Consideration Shares issued to the Vendors on 14 April 2023 was 58,567,221.

## **NET ASSETS UNDERTAKING**

Under the Acquisition Agreement, the Vendors have undertaken that the Target Group's net assets at Acquisition Completion is not less than HK\$30,000,000. In addition, if any receivables reflected in the Target Group's balance sheet as at the Acquisition Completion date cannot be recovered on or before 31 December 2022, the Vendors must pay to the Target Group to settle such receivables before 31 January 2023.

The Target Group's net assets as at 22 October 2021, i.e. the Acquisition Completion date, are not less than HK\$30,000,000. All receivables reflected in the Target Group's balance sheet as at 22 October 2021 were recovered on or before 31 December 2022.

## **SUPPLEMENTAL INFORMATION IN RESPECT OF SHARE OPTION SCHEME AND SHARE AWARD SCHEME**

1. For the 23,400,000 share options granted to Mr. Li Xiaopeng under the Share Option Scheme on 20 January 2022:
  - (a) one-third of them is vested 12 months after the date of grant; one-third of them is vested 24 months after the date of grant; and one-third of them is vested 36 months after the date of grant;
  - (b) there are no performance targets and clawback mechanism; and
  - (c) the Remuneration Committee has approved and proposed to the Board for approval such grant and considers that performance target and clawback mechanism is not necessary as
    - (i) Mr. Li is an executive Director and the chief executive officer of the Company who will contribute directly to the overall business performance, and future development and expansion of the Group; (ii) the share options are subject to vesting conditions based on length of service, which already covers situations where the share options will lapse in the event that Mr. Li ceases to be an employee of the Group; and (iii) the share options shall be vested in tranches over three years.

2. The number of shares that may be issued in respect of share options granted under the Share Option Scheme during the year ended 31 December 2022 divided by the weighted average number of shares in issue for that year is approximately 1.00%.
3. As disclosed on page 216 of the Annual Report, the share option scheme of the Company (the “**Share Option Scheme**”) was effective for a period of 10 years and has expired on 28 March 2022. Participants of the Share Option Scheme include full time or part time employees of the Group and any suppliers, consultants, agents and advisers or any person who, in the sole discretion of the Board, has contributed or may contribute to the Group eligible for share options. No share of the Company is available for issue under the Share Option Scheme as at the date of the Annual Report as the Share Option Scheme has been expired. Eligible participants shall pay HK\$1 for acceptance within 21 days after the date of grant of share options.
4. Participants of the share award scheme of the Company (the “**Share Award Scheme**”) include (i) any eligible person (whether full time or part time), executives, officers, directors of the Company or of any subsidiary; (ii) any holder of any securities issued by any member of the Group or any controlling shareholder; and (iii) any business or joint venture partner, contractor, agent or representative, any person provides research, development or technological support or any advisory, consultancy, professional services to the business of the Group, any investor, vendor, supplier, developer or licensor, any customer, licensee (including any sub-licensee), wholesaler, retailer, trader or distributor of goods or services of any member of the Group, which have contributed or will contribute to the growth and development of the Group.
5. The total number of shares available for issue under the Share Award Scheme was 61,475,150, representing approximately 2.56% of the issued share of the Company as at the date of the Annual Report. The maximum entitlement of each participant under the Share Award Scheme was 12,295,030 shares, representing approximately 1% of the issued share of the Company as at the Adoption Date.
6. The Company adopted a new share scheme (the “**Share Scheme**”) on 28 June 2023 which aligns with the requirements of amended Chapter 17 of the Listing Rules with effect from 1 January 2023. The scheme mandate limit is 240,338,588 shares, representing 10% of the total number of shares in issue as at 28 June 2023, and the service provider sublimit is 24,033,858 shares. Please refer to the announcement of the Company dated 5 June 2023 and the circular of the Company dated 5 June 2023 for further information about the Share Scheme.

Save as disclosed above, all other information and content set out in the Annual Report remain unchanged.

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

Hong Kong, 6 September 2023

*At the date of this announcement, the Board comprises the non-executive directors of Mr. Chang Zhenming (Chairman), Mr. Fei Yiping, Mr. Chan Kai Kong, Mr. Dorian Barak and Mr. Zhang Yukuan; the executive directors of 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 of Mr. Yap Fat Suan, Henry, Mr. Hooi Hing Lee, Mr. Cui Liguang and Dr. Chan Wing Mui Helen.*

\* *For identification purposes only*