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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)

**SUPPLEMENTAL INFORMATION TO
DISCLOSEABLE TRANSACTION –
DISPOSAL OF AN AIRCRAFT**

This announcement is made by Frontier Services Group Limited providing supplemental information to the announcement of the Company dated 21 May 2024 (the “**Announcement**”). Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement, unless otherwise defined.

As disclosed in the Announcement, the consideration of US\$4,000,000 was determined through arm’s length negotiation between the Seller and the Purchaser, taking into account, among others, the recent market price and transaction price of similar aircraft; and the quality and condition of the Aircraft.

The Company has conducted searches on the internet and has identified several quoted asking prices for comparable aircraft model. The quoted asking prices of the similar aircraft models range from approximately US\$5 million to US\$6 million. The aircrafts listed for sale are all manufactured after 2006 and are used either in United States or Europe.

The model of the Aircraft was first launched into the market in 2004. The Aircraft was manufactured in 2006 and was acquired by the Group in 2015. The Aircraft has been in service for over 17 years with the past 9 years operating in Africa, where aircraft typically depreciate more rapidly and is considered to be lower in resale value, compared to those flying in United States and in Europe. Additionally, the Aircraft is expected to undergo a major engine overhaul within the next twelve months once its servicing hours reach the manufacturer’s preset limit, with estimated costs of at least approximately US\$2 million (equivalent to approximately HK\$15.6 million). Such costs would have been borne by the Group if it continued to own the Aircraft. Furthermore, the production of the Aircraft model was discontinued in March 2021, which the Company believes will lead to increasing repair and maintenance costs.

Despite that the Disposal will result in a loss of approximately HK\$9.6 million in the financial statements of the Group, the Group will obtain additional working capital and avoid substantial engine overhaul and maintenance cost. Therefore, the Company considers that the consideration is fair and reasonable, and in the best interest of the Company and its shareholders as a whole.

The Aircraft has been used by the Group to provide aviation and related services. After the Disposal, the Group still has nine aircraft in operation, which is deemed sufficient to support its current aviation and logistics business. If necessary, the Group will purchase and/or lease additional aircraft to meet its operation needs. The Group may consider to lease back the Aircraft from the Purchaser should a favourable term can be agreed. The Company will comply with all applicable Listing Rules requirements as and when appropriate.

The Company considers that the Disposal does not have any material impact to the Group's aviation and logistics business, and it intends to continue these operations.

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

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

Hong Kong, 3 June 2024

For the purposes of illustration only, amounts denominated in US\$ in this announcement have been translated into HK\$ at the rate of US\$1.00 = HK\$7.82. Such translation should not be constructed as a representation that the amounts in question have been, could have been or could be converted at any particular rate at all.

At the date of this announcement, the Board of the Company comprises the non-executive director 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) and Mr. Luo Ning (Deputy Chairman); 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