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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](http://www.fsgroup.com)

[www.irasia.com/listco/hk/frontier](http://www.irasia.com/listco/hk/frontier)

**(Stock Code: 00500)**

**INTERIM RESULTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025**

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 2025 (the “**Current Period**”), together with the comparative amounts for the corresponding period of 2024. 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 2025

		Six-month period ended 30 June	
		2025	2024
		(Unaudited)	(Unaudited)
	Note	HK\$'000	HK\$'000
Revenue from contracts with customers	3	318,899	384,121
Cost of direct materials and job expenses		(63,407)	(96,420)
Data costs		—	(1,766)
Employee benefit expenses		(155,725)	(166,547)
Sub-contracting charges		(46,875)	(52,075)
Rental expenses	6	(1,460)	(2,845)
Repairs and maintenance costs		(7,586)	(5,223)
Depreciation and amortisation	6	(14,533)	(16,571)
Other operating expenses	6	(29,977)	(14,109)
Other gains/(losses), net	6	14,830	(9,205)
(Provision for)/reversal of impairment of financial assets		(10,329)	5,329
Operating profit		3,837	24,689
Interest income		158	363
Finance costs	4	(5,783)	(10,264)
Share of profits/(losses) of associates, net		96	(226)
(Loss)/profit before income tax		(1,692)	14,562
Income tax expense	5	(258)	(9,249)
<b>(LOSS)/PROFIT FOR THE PERIOD</b>	6	<b>(1,950)</b>	<b>5,313</b>
Attributable to:			
Equity holders of the Company		(8,241)	34
Non-controlling interests		6,291	5,279
		<b>(1,950)</b>	<b>5,313</b>
<b>(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>			
Basic and diluted (loss)/earnings per share	7	<b>(0.34)cents</b>	0.001 cents

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June 2025

	Six-month period ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<b>(LOSS)/PROFIT FOR THE PERIOD</b>	<u><b>(1,950)</b></u>	<u><b>5,313</b></u>
<b>Other comprehensive loss</b>		
Items that may be reclassified to profit or loss		
Foreign exchange differences	<b>(1,395)</b>	(8,503)
Release of exchange reserve upon deconsolidation of subsidiaries	<b>(105)</b>	—
Item will not be reclassified to profit or loss		
Foreign exchange differences	<u><b>(347)</b></u>	<u>—</u>
Other comprehensive loss for the period, net of tax	<u><b>(1,847)</b></u>	<u><b>(8,503)</b></u>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<u><u><b>(3,797)</b></u></u>	<u><u><b>(3,190)</b></u></u>
Attributable to:		
Equity holders of the Company	<b>(9,741)</b>	(8,154)
Non-controlling interests	<u><b>5,944</b></u>	<u><b>4,964</b></u>
	<u><u><b>(3,797)</b></u></u>	<u><u><b>(3,190)</b></u></u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
	Notes		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		105,316	114,453
Right-of-use assets		38,267	40,536
Goodwill and other intangible assets		191,739	195,757
Interests in associates		1,831	11,224
Non-current prepayments		36,358	34,290
Financial assets at fair value through profit or loss		9,581	—
Financial assets at fair value through other comprehensive income		4	4
Total non-current assets		383,096	396,264
<b>CURRENT ASSETS</b>			
Inventories		6,210	5,614
Trade receivables	9	264,846	245,632
Prepayments, deposits and other receivables		81,575	55,806
Tax receivables		4,211	3,001
Pledged bank deposits		1,256	2,907
Cash and cash equivalents		133,796	163,857
		491,894	476,817
Assets held-for-sale		—	37,942
Total current assets		491,894	514,759
Total assets		874,990	911,023

		<b>30 June 2025 (Unaudited) HK\$'000</b>	<b>31 December 2024 (Audited) HK\$'000</b>
	<i>Notes</i>		
<b>CURRENT LIABILITIES</b>			
Trade payables	10	<b>92,398</b>	95,122
Other payables and accruals		<b>155,816</b>	222,610
Borrowings	11	<b>80,000</b>	140,000
Lease liabilities		<b>5,078</b>	7,753
Tax payables		<b>16,822</b>	16,443
		<hr/>	<hr/>
Total current liabilities		<b>350,114</b>	481,928
		<hr/>	<hr/>
Net current assets		<b>141,780</b>	32,831
		<hr/>	<hr/>
Total assets less current liabilities		<b>524,876</b>	429,095
		<hr/>	<hr/>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	11	<b>100,000</b>	—
Lease liabilities		<b>—</b>	752
Deferred income tax liabilities		<b>31,283</b>	31,092
		<hr/>	<hr/>
Total non-current liabilities		<b>131,283</b>	31,844
		<hr/>	<hr/>
Total liabilities		<b>481,397</b>	513,772
		<hr/>	<hr/>
Net assets		<b>393,593</b>	397,251
		<hr/>	<hr/>
<b>EQUITY</b>			
Equity attributable to the Company's equity holders			
Share capital	12	<b>240,339</b>	240,339
Reserves		<b>23,571</b>	33,312
		<hr/>	<hr/>
		<b>263,910</b>	273,651
Non-controlling interests		<b>129,683</b>	123,600
		<hr/>	<hr/>
Total equity		<b>393,593</b>	397,251
		<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 2025 (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 2024 (“**2024 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 2024 Annual Financial Statements, except for the adoption of new standards and interpretations effective as of 1 January 2025.

## 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 2025:

Amendments to HKAS 21 and HKFRS 1	Lack of exchangeability	1 January 2025
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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.

## 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 and Insurance Business (“**SI Business**”) — Provision of security and insurance 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. During the Current Period, this business segment went into voluntary liquidation on 15 April 2024 and the entire business operation of this segment were terminated. On the same date, the entire segment was taken over by the appointed liquidators.

Others include asset recovery business, corporate income and expenses, direct investments and others during the Current Period after the disposal of online financial market information and airport management services by the Group during the second half of the prior year. During the first half of 2024, others also included the provision of online financial market information and airport management services.

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				
	SI Business <i>HK\$'000</i>	AL Business <i>HK\$'000</i>	HC Business <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from contracts with customers	<u>237,969</u>	<u>79,147</u>	<u>27</u>	<u>1,756</u>	<u>318,899</u>
Depreciation	2,986	7,113	51	348	10,498
Amortisation	4,019	16	—	—	4,035
Gain on disposal of property, plant and equipment	(38)	—	—	—	(38)
Gain on disposal of an associated company	(11,074)	—	—	—	(11,074)
(Gain)/loss on deconsolidation of subsidiaries	586	—	(4,258)	—	(3,672)
Provision of impairment of financial assets	<u>3,195</u>	<u>4,616</u>	<u>—</u>	<u>2,518</u>	<u>10,329</u>
Operating profit/(loss)	<u>28,794</u>	<u>(3,686)</u>	<u>3,535</u>	<u>(24,806)</u>	<u>3,837</u>
Interest income					158
Finance costs					(5,783)
Share of profit of an associate					<u>96</u>
Loss before income tax					(1,692)
Income tax expense					<u>(258)</u>
Loss for the Current Period					<u>(1,950)</u>
Total assets	<u>602,599</u>	<u>234,210</u>	<u>—</u>	<u>38,181</u>	<u>874,990</u>
Total liabilities	<u>180,994</u>	<u>68,202</u>	<u>—</u>	<u>232,201</u>	<u>481,397</u>



An analysis of the Group's revenue, results, total assets and total liabilities information for the six-month period ended 30 June 2024 by operating segments is as follows:

	Unaudited				
	SI Business <i>HK\$'000</i>	AL Business <i>HK\$'000</i>	HC Business <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <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 loss of associates, net					<u>(226)</u>
Profit before income tax					14,562
Income tax expense					<u>(9,249)</u>
Profit for the 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>

### 3 REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue from contracts with customers:

	Six-month period ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Timing of revenue recognition		
At a point in time	66,219	122,328
Over time	<u>252,680</u>	<u>261,793</u>
Revenue from contracts with external customers	<u><u>318,899</u></u>	<u><u>384,121</u></u>

### 4 FINANCE COSTS

	Six-month period ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interests on:		
Lease liabilities	165	243
Convertible bonds	—	10,021
Other loans	<u>5,618</u>	<u>—</u>
	<u><u>5,783</u></u>	<u><u>10,264</u></u>

## 5 INCOME TAX EXPENSE

	Six-month period ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current income tax		
Hong Kong		
Provision for the period	—	(2,721)
Outside Hong Kong		
Provision for the period	<u>(881)</u>	<u>(7,241)</u>
	(881)	(9,962)
Deferred income tax	<u>623</u>	<u>713</u>
Income tax expense	<u><u>(258)</u></u>	<u><u>(9,249)</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 (LOSS)/PROFIT FOR THE PERIOD

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

		Six-month period ended 30 June	
		2025	2024
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
<b>(a) Rental expenses</b>			
Rentals on land and buildings		<u>1,460</u>	<u>2,845</u>
<b>(b) Depreciation and amortisation</b>			
Depreciation of right-of-use assets		2,199	2,943
Depreciation of property, plant and equipment		8,299	9,270
Amortisation of other intangible assets		<u>4,035</u>	<u>4,358</u>
		<u>14,533</u>	<u>16,571</u>
<b>(c) Other operating expenses</b>			
Professional and consultancy fee		8,622	4,995
Travelling expenses		5,762	5,505
Insurance		3,881	2,334
Net exchange gains		(7,304)	(12,575)
Auditor's remuneration			
Audit services		2,100	2,050
Others		<u>16,916</u>	<u>11,800</u>
		<u>29,977</u>	<u>14,109</u>
<b>(d) Other gains/(losses), net</b>			
Gain on disposal of an associated company		11,074	—
Gain on deconsolidation of subsidiaries ( <i>Note 13</i> )		3,672	—
Gain/(loss) on disposal of property, plant and equipment, net		38	(10,672)
Other gains		<u>46</u>	<u>1,467</u>
		<u>14,830</u>	<u>(9,205)</u>

## 7 (LOSS)/EARNINGS PER SHARE

The calculation of the basic (loss)/earnings per share for both periods is based on the Group's (loss)/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 (loss)/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 (if any), during both periods was anti-dilutive.

The weighted average number of ordinary shares in issue during both periods were the same, which were the number of ordinary shares in issue.

	<b>Six-month period ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Weighted average number of ordinary shares in issue	<b><u>2,403,385,881</u></b>	<b><u>2,403,385,881</u></b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
(Loss)/profit attributable to the equity holders of the Company	<b><u>(8,241)</u></b>	<b><u>34</u></b>

## 8 DIVIDENDS

The Board of the Company does not recommend the payment of any interim dividend for the six-month period ended 30 June 2025 (30 June 2024: Nil).

## 9 TRADE RECEIVABLES

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Trade receivables from contracts with customers	307,410	279,286
Less: loss allowance	(42,564)	(33,654)
	<u>264,846</u>	<u>245,632</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 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Within 1 month	116,336	154,609
1-2 months	42,233	36,287
2-3 months	19,965	21,982
Over 3 months	128,876	66,408
	<u>307,410</u>	<u>279,286</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:

	<b>30 June 2025 (Unaudited) HK\$'000</b>	<b>31 December 2024 (Audited) HK\$'000</b>
Within 1 month	<b>23,472</b>	82,789
1-2 months	<b>1,929</b>	588
2-3 months	<b>5</b>	831
Over 3 months	<b>66,992</b>	10,914
	<b><u>92,398</u></b>	<b><u>95,122</u></b>

The fair values of trade payables approximate their carrying amounts.

## 11 BORROWINGS

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Convertible bonds (Note (a))	—	—
Other loans (Note (b))	180,000	140,000
	<u>180,000</u>	<u>140,000</u>

The fair values of the borrowings approximate their carrying amounts.

### (a) Convertible bonds

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 were 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**”), which bore interest at a coupon rate of 2.5% per annum. The bonds were initially due for repayment on 21 October 2023 but were extended for an additional one year to 21 October 2024 (the “**Final Maturity Date**”) by exercising the extension rights under the terms of the Convertible Bonds. Interest attached to the Convertible Bonds are payable to the Bond Holders on the Final Maturity Date. No conversion rights attaching to the Convertible Bonds were 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.

On the Final Maturity Date, the Company partially settled the outstanding principal and interest attached to the Convertible Bonds and an amount of HK\$140,000,000 was re-arranged as other loans of the Company on the Final Maturity Date (see Note (b) below).



The liability component of the Convertible Bonds was presented in the consolidated statement of financial position as follows:

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
At beginning of the period/year	—	209,049
Interest expense*	—	16,701
Interest paid	—	(15,750)
Repaid during the period/year	—	(70,000)
Transferred to other loans ( <i>Note (b)</i> )	—	(140,000)
	<hr/>	<hr/>
At end of the period/year	<hr/> <hr/>	<hr/> <hr/>

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

**(b) Other loans**

On 21 October 2024, the Company obtained an unsecured term loan facility with the existing shareholder of the Company (the “**Lender**”). Pursuant to the facility letter (the “**Facility Letter**”), the Lender agreed to grant HK\$100 million term loan (the “**Loan**”) to the Company. The Loan is repayable on the third anniversary date from 21 October 2024, and bears interest at the higher of HIBOR plus 2.10% per annum or 5.10% per annum. The Loan is unsecured without any pledge of assets or provision of guarantee.

Under the Facility Letter, the Lender reserved the unfettered right to terminate the loan facility and/or to require full payment of the Loan at any time by notice in writing to the Company by the Lender (the “**Unfettered Right**”). On 13 February 2025, a deed of amendment was entered into between the Lender and the Company to remove the Unfettered Right clause from the original loan facility letter. With this amendment, the Loan is repayable by the Company to the Lender on the third anniversary date from 21 October 2024 and is classified as non-current liability.

On 21 October 2024, the Company also obtained unsecured short-term loans of HK\$40 million from two independent third parties for settlement of the Convertible Bonds. These loans bear interests at rates ranging from 6% to 7% per annum and are repayable on 21 October 2025.

An unsecured short-term loan from a director who is also a shareholder of the Company of HK\$40 million was outstanding as at 30 June 2025, which bears interest at a rate of 6% per annum and is also repayable on 21 October 2025.

At 31 December 2024 and 30 June 2025, the Group's other loans were repayable as follows:

	<b>30 June 2025 (Unaudited) HK\$'000</b>	31 December 2024 (Audited) HK\$'000
Within 1 year	80,000	40,000
Between 2 and 5 years	<u>100,000</u>	<u>100,000</u>
	<b><u>180,000</u></b>	<b><u>140,000</u></b>

Other loans are presented in the consolidated statement of financial position as follows:

	<b>30 June 2025 (Unaudited) HK\$'000</b>	31 December 2024 (Audited) HK\$'000
At beginning of the period/year	140,000	—
Transferred from convertible bonds ( <i>Note (a)</i> )	—	140,000
Addition of other loan	40,000	—
Interest expense ( <i>Note 4</i> )	5,618	1,850
Interest paid/payable	<u>(5,618)</u>	<u>(1,850)</u>
At end of the period/year	<b><u>180,000</u></b>	<b><u>140,000</u></b>

## 12 SHARE CAPITAL

	<b>30 June 2025 (Unaudited) HK\$'000</b>	31 December 2024 (Audited) HK\$'000
<b>Authorised</b>		
6,000,000,000 (31 December 2024: 6,000,000,000) ordinary shares of HK\$0.10 each	<b><u>600,000</u></b>	<b><u>600,000</u></b>
<b>Issued</b>		
2,403,385,881 (31 December 2024: 2,403,385,881) ordinary shares of HK\$0.10 each	<b><u>240,339</u></b>	<b><u>240,339</u></b>

### 13 DECONSOLIDATION OF SUBSIDIARIES

On 15 April 2025, the HC Business segment and one of the subsidiaries under the security segment went into voluntary liquidation. Accordingly, the Group had deconsolidated the state of affairs of these subsidiaries during the Current Period. Operations were ceased prior to the appointment of liquidators on 15 April 2025. A one-time non-cash gain on deconsolidation of subsidiaries of HK\$3,672,000 was recognised during the Current Period.

Assets and liabilities of these subsidiaries at the date of deconsolidation were set out as below:

	<b>30 June 2025</b> <b>(Unaudited)</b> <b>HK\$'000</b>
Assets	
Property, plant and equipment	607
Prepayments, deposits and other receivables	5,184
	<hr/>
Total assets	5,791
	<hr/>
Liabilities	
Trade payables	(5,246)
Other payables and accruals	(4,112)
	<hr/>
Total liabilities	(9,358)
	<hr/>
Net liabilities	(3,567)
Release of exchange reserve upon deconsolidation of subsidiaries	(105)
	<hr/>
Gain on deconsolidation of subsidiaries	3,672
	<hr/> <hr/>

## MANAGEMENT DISCUSSION AND ANALYSIS

### REVIEW OF RESULTS

#### Overall Performance

	Six-month period ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue from contracts with customers	318,899	384,121
Cost of direct materials and job expenses	(63,407)	(96,420)
Data costs	—	(1,766)
Employee benefit expenses	(155,725)	(166,547)
Sub-contracting charges	(46,875)	(52,075)
Rental expenses	(1,460)	(2,845)
Repairs and maintenance costs	(7,586)	(5,223)
Depreciation and amortisation	(14,533)	(16,571)
Other operating expenses	(29,977)	(14,109)
Other gains/(losses), net	14,830	(9,205)
(Provision for)/reversal of impairment of financial assets	(10,329)	5,329
Operating profit	3,837	24,689
Interest income	158	363
Finance costs	(5,783)	(10,264)
Share of profits/(losses) of associates, net	96	(226)
(Loss)/profit before income tax	(1,692)	14,562
Income tax expense	(258)	(9,249)
<b>(LOSS)/PROFIT FOR THE PERIOD</b>	<b>(1,950)</b>	<b>5,313</b>

## Revenue from contracts with customers

	Six-month period ended 30 June	
	2025	2024
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Security business	237,969	250,200
Aviation and logistics business	79,147	117,052
Healthcare business	27	6,144
Others	1,756	10,725
	<u>318,899</u>	<u>384,121</u>

For the six months ended 30 June 2025, the Group reported a drop in revenue from HK\$384,121,000 in 2024 to HK\$318,899,000 in 2025 because the Group terminated some non-performing businesses during the Current Period together with some of the Group's existing security businesses dropped because of geopolitical instability of certain countries. Owing to the continuous non-performance of the healthcare business, this business segment went into voluntary liquidation in April 2025 and its business operation ceased at the same time. During the Current Period, the Group's overall operating performance was slightly deteriorated when compared with the same period of the 2024. Set out below is the overall performance of the Group by business segment.

## Overall Performance

### *Security Business*

#### *Security*

After years of effort in investing and participating in the security business in overseas and locally, the Group's security business managed to generate profits in both overseas and Hong Kong during the Current Period. Total revenue of HK\$237,969,000 (30 June 2024: HK\$250,200,000) was generated during the first half of 2025, representing approximately 75% (30 June 2024: approximately 65%) of the Group's revenue. Its net profit after net off of amortisation of other intangible assets for the Current Period was HK\$20,917,000 (30 June 2024: profit of HK\$42,221,000) representing a decrease of approximately 50%. Decrease in profitability level of this segment was due to certain security projects in Africa and Asia were completed during the Current Period while the size of those newly obtained projects were not comparable to those completed projects. Also, the progress of certain underlying projects have slowed down because of geopolitical instability of certain countries, which also caused the deterioration of the overall performance of this segment.

## ***Aviation and Logistics Business***

### ***Aviation***

Our aviation arm in Kenya is the main contributor of the Group's aviation business. Its turnover in 2025 was comparable to the prior period of 2024 amounting to HK\$55,323,000 (30 June 2024: HK\$56,524,000), decreased by 3% while the number of utilisation hours for the entire fleet capacity dropped by approximately 8% as a result of the reduction in number of aircraft in service. Right now, the Kenyan base has more medium size aircraft than before with relatively highly fleet rate per trip, which will further enhance its profitability in the long run. The aviation segment reported a profit of HK\$3.4 million in 2025 (2024: profit of HK\$2.6 million).

In May 2024, the Group disposed of one of the Group's aircraft to an independent third party at a consideration of US\$4,000,000 (equivalent to approximately HK\$31,283,000). This disposal resulted in a loss of HK\$11,524,000 during the prior period.

### ***Logistics***

During the Current Period, the Group kept the logistics business segment in a minimum size so as to putting much more resources on other segments. After the liquidation of the logistics arm in South Africa, the Group's only logistics base is in Shanghai. The logistics base in Shanghai reported a significant drop in revenue in revenue by approximately 62% from HK\$60,528,000 in 2024 to HK\$23,233,000 in 2025 because the Group intended to further scale down the business operation of the logistics division and this segment reported a loss of HK\$7,695,000 in 2025 (30 June 2024: loss of HK\$1,401,000) while the margin was still influenced by the competitive market environment and the role the Group played in the logistics segment.

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 non-performance of this segment came up with a decision made by management of the Group to terminate its operation during the Current Period. Subsidiaries under this segment went into voluntary liquidation in April 2025 because the Group decided to focus on those segments, which are consistent with the Group's strategic goals. For the year ended 31 December 2024, impairment provisions against purchased goodwill and intangible assets attached to this segment were fully set aside. At the same time, impairment provisions against inventories and other receivables were made under this segment.

## ***Assets Held-For Sale and Disposal of An Associated Company***

As at 31 December 2024, the Group classified its 40% equity interests in an associated company as assets held for sale.

During the Current Period, the Group completed the disposal of 40% interests in an associated company, which involved in the provision of general insurance business in Africa (the “**Disposal**”) to an independent third party at a consideration of HK\$51,480,000 (equivalent to US\$6,600,000). Upon the approval from the local insurance authority was granted in January 2025, the Disposal was completed. After the completion of the Disposal, the Group only retained 10% interests in it and it was classified as financial assets at fair value through profit or loss as at 30 June 2025. The Disposal resulted in a net gain on the Disposal of HK\$11,074,000 after netting of all costs incurred for the completion of the Disposal.

## **PROSPECTS**

2025 remains a challenging year to the Group, not because of the instability of both the global and Hong Kong economy. The global macroeconomic landscape remains uncertain, with challenges such as major elections worldwide, geopolitical tensions, and economic instability affecting business operations and increasing costs. The inclusion on the export control list since 2023 has occupied certain of our resources initially applied to our daily operations but with the full support of the Board, management team and our shareholders, we manage to overcome this challenge during 2025.

The security segment continues to firmly establish itself as the Group’s core business and primary revenue driver even we are facing the challenge of geopolitical instability around the globe. Leveraging our global expertise, we expect to secure more large-scale, high-value security contracts across multiple regions. With the growing demand for comprehensive security solutions to safeguard international enterprises and personnel, particularly the Chinese businesses, in the recent complex international environments, we anticipate sustained and substantial returns from our expanding global security operations in the foreseeable future.

We now have three security companies holding both Type 1 and 3 security licenses granted by the Security and Guarding Services Industry Authority servicing different industrial needs in Hong Kong. Our presence in the local security sector has been further strengthened during the first half of 2025. We have strategically positioned ourselves and expanded our portfolio by securing high-value security projects and serving a more prominent clientele.

Given the continued success of our security segment both locally and internationally, we remain committed to prioritising and enhancing this business.

In the aviation sector, our aviation division continues to actively streamline its existing fleet capabilities and expand its offerings to include fleets with greater carriage capacities in 2025. Collaborations and associations with global organisations are continuing, which can further bolster our aviation operations with a target to fight for continuous operational improvement in 2025.

During 2025, we remain focus on strengthening our security capabilities in overseas but also locally, with a target on driving sustained operational improvements and enhance its profitability throughout the remaining months of the year.

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 Asian nations. Yet, we remain vigilant and optimistic, identifying opportunities amidst the challenges. Our recent successes in certain segments 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.

## **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 to excellence.

On 28 June 2023, the Company passed an ordinary resolution in the Annual General Meeting to approve the adoption of a new share scheme of the Company (the “**Share Scheme**”) with a term of 10 years from its adoption date and shall expire on 27 June 2033. The adoption aligns with the updated requirements of Chapter 17 of the Listing Rules pertaining to share schemes, which took effect on 1 January 2023.

The purpose of the Share Scheme is to enable the Company to grant share options and/or share awards to the 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 2025 and up to the date of this announcement, no share options nor share awards have been granted under the new Share Scheme since its adoption.

The Company operated a share option scheme, which was expired on 28 March 2022. The number of outstanding share options under the share option scheme as at 30 June 2025 was Nil (30 June 2024: Nil) as they were cancelled following 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. The Share Award Scheme was terminated and replaced by the new Share Scheme on 28 June 2023. As at 30 June 2025, there was no unvested shares remained under the Share Award Scheme (30 June 2024: Nil).

The total number of employees of the Group as at 30 June 2025 was 2,362 (31 December 2024: 2,176).

## **FINANCIAL REVIEW**

### **Liquidity and Financial Resources**

As at 30 June 2025, the Group recorded total assets of HK\$874,990,000 (31 December 2024: HK\$911,023,000) which were financed by liabilities of HK\$481,397,000 (31 December 2024: HK\$513,772,000), non-controlling interests of HK\$129,583,000 (31 December 2024: HK\$123,600,000) and shareholders’ equity of HK\$263,910,000 (31 December 2024: HK\$273,651,000). The Group’s net asset value per share (excluding non-controlling interests) as at 30 June 2025 amounted to approximately HK\$0.11 (31 December 2024: approximately HK\$0.11) per share.

As at 30 June 2025, the Group’s available cash and bank balances were HK\$133,795,000 (31 December 2024: HK\$163,857,000) with total borrowings of HK\$180,000,000 (31 December 2024: HK\$140,000,000). The Group’s total borrowings as at 30 June 2025 were those other loans amounting to HK\$180,000,000 (31 December 2024: HK\$140,000,000). As at 30 June 2025, the Group’s borrowings were mainly denominated in Hong Kong dollars (“**HK\$**”). As at 30 June 2025 and 31 December 2024, the Group’s borrowings are repayable in accordance with the respective terms of other loans.

As at 30 June 2025, the gearing ratio (ratio of the sum of total borrowings to the total assets) was approximately 20.6% (31 December 2024: approximately 15.4%).

### **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, 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 1% and approximately 2%, 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 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 and Disposals**

Other than the Disposal was completed under the heading “Assets Held-For Sale and Disposal of An Associated Company”, 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 2025.

## **Charges on Assets**

As at 30 June 2025 and 31 December 2024, 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 2025, the Group had no concrete future plans for material investments or capital assets and material capital expenditure commitments.

The Group continually evaluates new investment opportunities with a view to broadening the revenue base, improving the Group's profitability and enhancing 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 under the Settlement Agreement by Maleth.

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.

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 approximately 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 further update or progress since the first hearing and no conclusion has been reached as at 30 June 2025.

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 damage resulting from the Indemnification Demands. Additionally, the Group has a reasonable and legally supported claim for specific performance and the payment of substantial damages for a series of related contractual breaches, tortious actions, and potentially fraud.

- (ii) During the year ended 31 December 2023, a customer (the “**SH Claimant**”) of Frontier Logistics (Shanghai) Company Limited (“**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**”). At the same time, SH Logistics also filed a counterclaim against that customer for the outstanding amount due by that customer to the Group of RMB10,384,000 (equivalent to approximately HK\$11,505,000) (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 combine 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, while the judge at the Maritime Court has not yet formed any judgement or reached any settlement as at 30 June 2025.

During the year ended 31 December 2023, SH Logistics engaged a legal counsel to handle both claims. The legal advisor of SH Logistics was of the opinion that SH Logistics, as the carrier, its liability for any loss or damage should be limited to RMB1,440,000 (equivalent to approximately HK\$1,600,000) (the “**Possible Claimed Amount**”) pursuant to the calculation basis as stated in Maritime Law Article 56 instead of the amount of SH Claims. On the other hand, the legal advisor also opined that the evidence provided by SH Logistics should be sufficient to prove that SH Logistics had properly discharged its obligations according to those 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 to that customer. As a result, only a provision of HK\$1,600,000 for SH Claims was set aside.

On 20 November 2024, SH Logistics engaged another legal advisor (the “**Second Legal Advisor**”) to review both claims based on further information and evidence exchanged at the Second Hearing. The Second Legal Advisor considered that the initial settlement plan proposed by the judge at the Maritime Court was unfair. As at 31 December 2024, by reference to the assessment from the Second Legal Advisor, a further provision of RMB3,060,000 (equivalent to approximately HK\$3,356,000) was made by SH Logistics to reflect the damages that SH Logistics should be held responsible for.

On 31 July 2025, the judge at the Maritime Court issued an initial conclusion that SH Logistics should compensate RMB7,315,000 (equivalent to approximately HK\$8,105,000) to the SH Claimant and at the same time, SH Logistics could not recover the SH Counterclaims. Having consulted with the Second Legal Advisor, their opinions remained unchanged and they considered that the decision and conclusion made by the judge at the Maritime Court did not properly reflect the true facts of the incident and some judgments made were not properly aligned with the understanding of the relevant laws and regulations. With the assistance of the Second Legal Advisor, on 20 August 2025, management of SH Logistics had filed an appeal to the Shanghai High People's Court against the initial decision and conclusion made by the judge at the Maritime Court.

Save as disclosed in this interim result announcement, the Group had no other material contingent liabilities as at 30 June 2025.

### **Supplementary Information**

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

The Group’s principal operations are entirely unrelated to the accused activities, and its business is geographically confined to Africa, China (including Hong Kong), Asia and the Middle-East, with no commercial presence in the United States.

Since the occurrence of these accusations, the Company has retained external legal and professional advisers to address the matter with the Bureau. On September 16, 2024, the lawyer submitted a petition for removal (the “**Petition**”) following the examination conducted by the professional advisor. The Company found no basis for the stated allegations and reported the same to the Bureau as part of the Petition. In June 2025, a follow-up letter has been sent to the Bureau with an aim to provide further updates on the Company’s efforts and commitments on removal. The Company is still awaiting for a response from the Bureau regarding the Petition and the request to remove the Company from the Entity List.

As at 30 June 2025, the Company continues to work closely with its legal and the professional advisors on the resolution of this matter and has also appointed an in-house compliance officer to strengthen its compliance framework. In addition, a comprehensive compliance policy and a new oversight framework have been implemented under the direct supervision of the Risk Committee of the Company.

## **Subsequent Events**

The Group and the Company did not have any material subsequent events after 30 June 2025 and up to the approval date of this interim result announcement that 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 2025. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the six-month period ended 30 June 2025. The Company did not hold any treasury shares during the six-month period 30 June 2025.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

Throughout the six-month period ended 30 June 2025, 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 (the "**CG Code**") 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**") except for the deviation from Code Provision C.2.1 regarding the separation of the roles of Chairman and Chief Executive Officer (CEO).

Following the resignation of the CEO on 25 April 2024, no successor has been appointed, and the Chairman has not assumed the responsibilities of the CEO. Day-to-day operations are overseen by senior management under the supervision of the Board and its committees. The Board is actively considering the appointment of a new CEO in due course.

Save for the above, the Company has complied with all applicable provisions of the CG Code throughout the six-month period ended 30 June 2025.

## **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 of all the Directors of the Company, the Company confirms that all Directors have complied with the Model Code regarding directors' securities transactions throughout their tenure during the six-month period ended 30 June 2025.

## **CHANGE IN INFORMATION OF DIRECTORS**

On 14 January 2025, Mr. Zhang Yukuan resigned as a non-executive Director of the Company due to his other personal commitments. On the same date, Ms. Ye Ying was appointed as a non-executive Director of the Company.

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 2025, the Group employed a total of 2,362 (30 June 2024: 2,386) employees. Total employee benefit expenses (including Directors' remuneration) for the six months period ended 30 June 2025 amounted to HK\$155,725,000 (30 June 2024: HK\$166,547,000). 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 Liguang and Mr. Hooi Hing Lee.

The unaudited condensed consolidated interim financial statements of the Group for the six-month period ended 30 June 2025 have been reviewed by the Audit Committee together with the management of the Company. The Audit Committee has reviewed the unaudited interim results and is of the opinion that such results comply with the applicable accounting standards, the Listing Rules and other legal requirements, and that adequate disclosures have been made.

## **INTERIM DIVIDEND**

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2025 (six-month period ended 30 June 2024: 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](http://www.hkexnews.hk) and the Company's website at [www.fsgroup.com](http://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 2025

*As at the date of this announcement, the non-executive Directors are Mr. Chang Zhenming (Chairman), Mr. Yang Feng, Mr. Chan Kai Kong and Ms Ye Ying; 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 and Mr. Cui Ligu.*

*\* For identification purposes only*