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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)

**DISCLOSEABLE TRANSACTION –
SHAREHOLDERS’ AGREEMENT IN RESPECT OF
THE JV COMPANY
AND
SUBSCRIPTION OF INTEREST IN THE FUND**

On 3 December 2019, the Company, Rainbow Sea and the JV Company entered into the Shareholders’ Agreement in respect of the JV Company. On the same date, the Company entered into the Limited Partnership Agreement and the Subscription Agreement pursuant to which the Company shall commit US\$25 million for investment in the Fund managed by the JV Company and its subsidiaries.

The exclusive business of the JV Company (including its subsidiaries and affiliates) shall be investment management of the fund(s) (including the Fund and any other funds) with an objective of investing in the energy and resources sectors. The Fund is established to acquire, hold and dispose of investments in natural resources projects relevant to the electric vehicle, aerospace, communications, electronics and other sectors, among other applications, primarily in companies and businesses in the Belt and Road region.

Based on all applicable percentage ratios, the Shareholders’ Agreement and the Subscription constitute a disclosable transaction for the Company under Chapter 14 of the Listing Rules.

The Board is pleased to announce that, on 3 December 2019, the Company, Rainbow Sea and the JV Company entered into the Shareholders’ Agreement in respect of the JV Company. On the same date, the Company entered into the Limited Partnership Agreement and the Subscription Agreement pursuant to which the Company shall commit US\$25 million for investment in the Fund.

SHAREHOLDERS' AGREEMENT

The principal terms of the Shareholders' Agreement are set out below:

Date : 3 December 2019

Parties : (i) the Company
(ii) Rainbow Sea
(iii) the JV Company

The JV Company is owned 50% by each of the Company and Rainbow Sea.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Rainbow Sea and its ultimate beneficial owner(s), are third parties independent of the Company and its connected persons.

Business

The exclusive business of the JV Company shall be investment management of the fund(s) (including the Fund and any other funds) with an objective of investing in the energy and resources sectors, which shall be carried out through subsidiaries and affiliates of the JV Company.

Directors and management

The board of directors (the "**JV Directors**") of the JV Company (the "**JV Board**") shall have responsibility for and discretion over the overall direction, supervision and management of the JV Company and its business, and shall delegate such authority to the chief investment officer of the JV Company and the senior executive management of the JV Company and its subsidiaries. Each of the Company and Rainbow Sea is entitled to appoint the equal number of JV Directors, and the quorum for transacting business at any JV Board meeting shall be one JV Director appointed by the Company and one JV Director appointed by Rainbow Sea.

Termination

The Shareholders' Agreement may be terminated at any time by the mutual agreement of the parties to the Shareholders' Agreement in writing, provided that the parties shall not terminate the Shareholders' Agreement during the term of the Fund.

In the event of termination, the parties to the Shareholders' Agreement shall be released and discharged from any further obligation hereunder, provided however that termination of the Shareholders' Agreement shall not relieve any party to the Shareholders' Agreement of any liability for breach of the Shareholders' Agreement prior to the date of such termination.

LIMITED PARTNERSHIP AGREEMENT AND SUBSCRIPTION AGREEMENT

The principal terms of the Limited Partnership Agreement and the Subscription Agreement are set out below:

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|--------------------------|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Date | : | 3 December 2019 |
| Parties | : | (i) the Company (ii) the General Partner (iii) the other Limited Partners |
| The Fund | : | Frontier Strategic Resources Fund L.P., a Cayman Islands exempted limited partnership, is established to acquire, hold and dispose of investments in natural resources projects relevant to the electric vehicle, aerospace, communications, electronics and other sectors, among other applications, primarily in companies and businesses in, or with operations in, Africa, Central and Southeast Asia, the Middle East and Europe, i.e. the Belt and Road region. |
| Management | : | The business of the Fund shall be carried on and managed by the General Partner. The Limited Partners shall not take part in the management of the Fund. |
| Fund size & Commitment : | | The Fund is seeking for capital commitments in the amount of US\$250 million, in which the Company and Rainbow Sea shall each commit US\$25 million for investment in the Fund as anchor investors. |
| Term | : | The term of the Fund will be ten years unless otherwise extended pursuant to the terms of the Limited Partnership Agreement. |
| Transfer of interests | : | No transfers of limited partnership interests will be permitted without the written consent of the General Partner. |

The total amount of commitment to be made by the Company and Rainbow Sea has been arrived at after arm's length negotiations among the Company, Rainbow Sea and the General Partner with reference to, among others, the projected capital requirements of the Fund. Commitments will be drawn down pro rata from the Partners on an as-needed basis to make investments and to fund payments, etc.

The Company intends to finance the payment of such commitment from internal resources of the Group.

REASONS FOR AND BENEFITS OF THE SHAREHOLDERS' AGREEMENT AND THE SUBSCRIPTION

The Group is principally engaged in the provision of aviation logistics security, insurance and infrastructure related services; and the provision of online financial market information.

CITIC Capital, which indirectly owns 100% equity interest in Rainbow Sea, is a global alternative investment management and advisory company.

The JV Company, a company incorporated on 5 June 2019 in the Cayman Islands, has issued share capital of US\$2 and is owned as to 50% by each of the Company and Rainbow Sea. The General Partner, a Cayman Islands exempted company incorporated with limited liability, is a wholly owned subsidiary of the JV Company. In addition, there are other service companies of the Fund which are wholly owned by the JV Company. The JV Company will be accounted for by the Company as a joint venture using equity accounting method.

The Board considers that the Shareholders' Agreement represents an excellent opportunity for the Group to expand its business by participating in private equity fund investment management businesses through the JV Company with CITIC Capital Group. The Board believes that such arrangement will benefit the Group by leveraging the substantial experience of CITIC Capital Group. In addition, the Board considers that the Subscription will enable the Group to capture investment opportunities by identifying suitable investments projects and further diversify the Group's investment portfolio.

The Board considers that the terms of the Shareholders' Agreement, the Limited Partnership Agreement and the Subscription Agreement and the transactions contemplated thereunder are fair and reasonable and the Shareholders' Agreement, the Limited Partnership Agreement and the Subscription Agreement are in the interest of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

Based on all applicable percentage ratios, the Shareholders' Agreement and the Subscription constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

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| “Board” | the board of Directors |
| “CITIC Capital” | CITIC Capital Holdings Limited |
| “CITIC Capital Group” | CITIC Capital and its subsidiaries |
| “Company” | Frontier Services Group Limited (Hong Kong Stock Code: 00500), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange |
| “connected person” | has the meaning ascribed to it in the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “Fund” | Frontier Strategic Resources Fund L.P. |
| “General Partner” | Frontier Strategic Resources GP Ltd. |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “JV Company” | Frontier Strategic Resources Holding Ltd. |
| “Limited Partner(s)” | the limited partner(s) of the Fund |
| “Limited Partnership Agreement” | the amended and restated limited partnership agreement dated 3 December 2019 entered into among the Company, the General Partner and the other Limited Partners |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| “Partners” | collectively, the General Partner and the Limited Partners |
| “PRC” | the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan) |

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|---------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Rainbow Sea” | Rainbow Sea Limited |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Shareholders’ Agreement” | the shareholders’ agreement dated 3 December 2019 entered into among the Company, Rainbow Sea and the JV Company in respect of the JV Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subscription” | the subscription of limited partnership interest in the Fund of US\$25 million by the Company pursuant to the Limited Partnership Agreement and the Subscription Agreement |
| “Subscription Agreement” | the subscription agreement dated 3 December 2019 entered into by the Company in respect of the Subscription |
| “US\$” | United States dollar, the lawful currency of the United States of America |
| “%” | per cent |

By Order of the Board
FRONTIER SERVICES GROUP LIMITED
Hua Dongyi
Chief Executive Officer and Executive Director

Hong Kong, 3 December 2019

As at the date of this announcement, the non-executive Director is Mr. Chang Zhenming (Chairman); the executive Directors are Mr. Erik D. Prince (Deputy 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, Professor Lee Hau Leung, and Dr. Harold O. Demuren.