

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.



FRONTIER SERVICES GROUP LIMITED

先豐服務集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00500)

VOLUNTARY BUSINESS RESCUE PROCEEDINGS OF A SUBSIDIARY

This announcement is made by Frontier Services Group Limited (the “**Company**” together with its subsidiaries, the “**Group**”) on a voluntary basis for the purpose of keeping the shareholders and potential investors of the Company informed of the latest business development of the Group.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company announces that it has resolved to engage in a voluntary business rescue proceedings for Transit Freight Forwarding Proprietary Limited (“**TFF**”), a wholly owned subsidiary of the Company incorporated in the Republic of South Africa (“**South Africa**”). The directors of TFF have passed a resolution to engage in business rescue proceedings in compliance with the applicable laws and regulations in South Africa.

TFF is principally engaged in the provision of freight forwarding services and is one of the Group’s logistics bases located in South Africa. As disclosed in the “Management Discussion and Analysis” section in the Company’s annual report for the year ended 31 December 2021, TFF had not been able to achieve a positive return for the past few years. With an already contracting economy in South Africa, additional shocks from COVID-19 (e.g. travel restrictions and high fuel prices, etc.) are putting further pressure on the economy and society. The on-going COVID-19 pandemic has resulted in serious disruptions and material adverse changes to TFF’s business operations, which including but not limited to, the change in logistic chain pattern and reduction in freight rate. All these factors have resulted in under-utilisation of warehousing, reduction in profit margins and increase in operational costs such as diesel costs and insurance premium. As a result, impairment provisions were set aside against its right-of-use assets and intangible assets amounting to approximately HK\$10.3 million and HK\$2.0 million, respectively, for the year ended 31 December 2021.

* For identification purposes only

TFF reported deficiency in equity of approximately HK\$51.8 million as at 31 December 2021. Based on the management accounts of TFF, its deficiency in equity increased to approximately HK\$66.0 million as at 31 May 2022. TFF's revenue and loss before and after tax for the year ended 31 December 2020 and 2021 are set out below:

	2021	2020
	<i>HK\$ million</i>	<i>HK\$ million</i>
Revenue	188.1	202.8
Loss before tax	36.6	35.0
Loss after tax	47.4	25.2

After due and careful consideration, the Board has resolved to commence business rescue proceedings for TFF to restructure the affairs of TFF and/or seek for potential investors, so as to either maximise the likelihood of its continuing existence on a solvent basis or result in a better return for the creditors and shareholders of TFF. The Board believes that the commencement of the business rescue proceedings of TFF is in the interests of TFF, the Company, and its shareholders as a whole.

The Board considers that the business rescue proceedings of TFF would not give rise to any material adverse impact on the Group's financial performance and business operation.

In case the business rescue proceedings of TFF is unsuccessful or no viable proposal is available to TFF, TFF will be wound up by way of voluntary liquidation.

The Company will keep its shareholders and potential investors informed of any significant development and further announcement will be made by the Company as and when appropriate.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 4 July 2022

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