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 DISPOSAL OF THE COMPANIES ENGAGING IN ADVERTISING AGENCY BUSINESS

On 7 October 2014, the Company entered into the Agreement with the Purchaser, pursuant to which the Company conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the Sale Share and the Debt at an aggregate consideration of HK$97 million, which shall be payable in cash by the Purchaser to the Company or its nominee upon Completion.

The Sale Share represents the entire issued share capital of Sinofocus (which is a wholly-owned subsidiary of the Company and is the holding company of other companies, which together, is engaged in advertising agency business in the PRC).

After Completion, the Group will cease to engage in its existing advertising agency business and will focus on the development of its principal aviation and logistics business. Net proceeds from the Disposal of approximately HK$96.8 million will be used as the Group's general working capital.

The Disposal constitutes a discloseable transaction for the Company under the Listing Rules.

* *For identification purposes only*

THE AGREEMENT

The principal terms of the Agreement are set out below:

Date

7 October 2014

Parties

Vendor	:	the Company
Purchaser	:	21 Holdings Limited, which is a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Stock Exchange (stock code: 1003)

The Purchaser, together with its subsidiaries, is principally engaged in the provision of property agency and related services, and securities trading and investments.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Assets to be disposed of

Pursuant to the Agreement, the Company conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the Sale Share and the Debt. The Sale Share represents the entire issued share of Sinofocus.

Based on the latest management accounts of the Disposal Group, the Disposal Group had an unaudited net asset value of approximately HK$23.3 million as at 31 July 2014, including the Debt payable by the Disposal Group to the Company of approximately HK$73.3 million.

The unaudited results of the Disposal Group for the two years ended 31 December 2012 and 2013 are summarised as follows:

	For the year ended 31 December	
	2012	2013
	HK$'000	*HK$'000*
Profit/(loss) before taxation	(4,799)	5,531
Profit/(loss) after taxation	(7,470)	5,279

Consideration

The aggregate consideration for the Disposal shall be HK$97 million which was determined after arm's length negotiation between the Company and the Purchaser with reference to, among other things, the net asset value of the Disposal Group and the carrying value of the Debt.

The consideration shall be payable in cash by the Purchaser to the Company or its nominee upon Completion.

Conditions precedent

Completion is conditional upon the satisfaction or waiver (as described below) the following conditions on or before 30 November 2014, or such other date as the Company and the Purchaser may agree.

1. the publication of this announcement in compliance with Chapter 14 of the Listing Rules;

2. the publication of an announcement of the Purchaser in relation to the Agreement and the transactions contemplated hereunder in compliance with Chapter 14 of the Listing Rules;

3. the warranties made by the Purchaser under the Agreement remaining true and accurate in all material respects; and

4. the warranties made by the Company under the Agreement remaining true and accurate in all material respects.

Completion

Completion shall fall on or before the third business day after the fulfilment of the conditions precedent set out in the Agreement.

The Action

In connection with the usual and ordinary course of business of the Disposal Group, a wholly-owned subsidiary of the Disposal Group in the PRC has taken out a civil claim against certain defendants in the PRC to recover a sum of approximately RMB9.61 million (equivalent to approximately HK$12.01 million). This Action is still outstanding as at the date of the Agreement and this announcement. It has been agreed between the Company and the Purchaser that the Company will continue to effectively be responsible for funding the Action and be entitled to the excess of any claims awarded under the Action over RMB6.69 million (equivalent to approximately HK$8.36 million) or be liable to indemnify the shortfall of any claims awarded under the Action below RMB6.69 million (equivalent to approximately HK$8.36 million). As agreed under the Agreement, following Completion, the Purchaser shall procure the Disposal Group to pursue, dispute, contend, resist or defend the Action in such manner as the Company may direct and/or agree.

The Company agrees to fully reimburse and indemnify the Purchaser (on behalf and for the benefit of the Disposal Group) all the costs and expenses (including legal expenses) which may be properly and reasonably incurred by the Disposal Group in relation to or arising out of the Action subject to a cap of RMB250,000.

REASONS FOR THE DISPOSAL

The Group is principally engaged in the aviation and logistics business. It is also engaged in the advertising agency business (through its interests in the Disposal Group) and the financial market information business.

The Group has actively been developing its aviation and logistics business and has achieved significant milestones, including the acquisition of Kijipwa Aviation Limited and Phoenix Aviation Limited, which own certain aviation licences and certificates, and aircraft fleet. The Group is now a prominent private provider of air ambulance and regional charter flying in Africa. The Group aims to build out a pan-African services business with key capabilities in aviation, frontier construction, logistics, and risk management.

The Company considers that the Disposal will allow the Group to focus its management and financial resources on the development of its core aviation and logistics business with a view to generating better results and returns.

Based on the unaudited management accounts of the Disposal Group as at 31 July 2014, it is estimated that the Group may record a net gain of approximately HK$3.8 million as a result of the Disposal. After Completion, the Group will cease to hold any shareholding interest in any company in the Disposal Group and will cease to engage in its existing advertising agency business. The Group will continue to focus on the development of its principal aviation and logistics business. Net proceeds from the Disposal of approximately HK$96.8 million will be used as the Group's general working capital.

The Directors (including the non-executive independent Directors) consider that the Disposal is on normal commercial terms, fair and reasonable, and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

"Action"	the civil action in Guangdong, the PRC taken out by a wholly-owned subsidiary of Sinofocus in the PRC (as plaintiff) in respect of a claim of approximately RMB9.61 million (equivalent to approximately HK$12.01 million) and the interests accrued thereon and the expenses incurred in relation thereto
"Agreement"	the conditional agreement dated 7 October 2014 entered into between the Company and the Purchaser in relation to the Disposal
"Board"	the board of Directors
"Company"	Frontier Services Group Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the main board of the Stock Exchange
"Completion"	completion of the Disposal in accordance with the terms and conditions of the Agreement
"connected person(s)"	has the meaning as ascribed to it in the Listing Rules
"Debt"	all obligations, liabilities and debts owing or incurred by Sinofocus to the Company on or at any time prior to the Completion whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on Completion
"Director(s)"	the director(s) of the Company
"Disposal"	the disposal of the Sale Share and the Debt pursuant to the terms and conditions of the Agreement
"Disposal Group"	Sinofocus and its subsidiaries

"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Purchaser"	21 Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the main board of the Stock Exchange
"RMB"	Renminbi, the lawful currency of the PRC
"Sale Share"	one ordinary share of US$1 in the capital of Sinofocus, representing 100% of the issued share capital of Sinofocus as at the date of the Agreement
"Sinofocus"	Sinofocus Media (Holdings) Limited, a company incorporated in the British Virgin Islands with limited liability, and a wholly-owned subsidiary of the Company as at the date of this announcement
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

By Order of the Board
Frontier Services Group Limited
Erik D. Prince
Chairman

Hong Kong, 7 October 2014

The exchange rate used to convert RMB into HK$ in this announcement is RMB1.00 = HK$1.25.

As at the date of this announcement, the executive Directors are Mr. Erik D. Prince (Chairman), Mr. Ko Chun Shun, Johnson (Deputy Chairman), Mr. Luo Ning (Deputy Chairman), Mr. Gregg H. Smith (Chief Executive Officer), and Mr. Hu Qinggang; and the independent non-executive Directors are Mr. Yap Fat Suan, Henry, Professor Lee Hau Leung, Mr. William J. Fallon and Dr. Harold O. Demuren.