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ETS GROUP LIMITED
易通訊集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8031)

**DISCLOSEABLE TRANSACTION
IN RELATION TO THE PROVISION OF
LOAN FACILITY TO AN INDEPENDENT THIRD PARTY**

PROVISION OF LOAN FACILITY

The Board announces that on 31 July 2020 (after trading hours of the Stock Exchange), the Lender, an indirect wholly-owned subsidiary of the Company, entered into the Facility Letter with the Borrower and the Mortgagor, pursuant to which the Lender agreed to grant a secured loan in the principal amount of HK\$15,000,000 to the Borrower for a term of 12 months at an interest rate of 13% per annum.

As security for payment of all moneys, obligations and liabilities due, owing or incurred to the Lender under the Facility Letter, the Borrower has executed the First Legal Charge, and has procured and the Mortgagor has executed the First Legal Charge and Rent Assignment, in favour of the Lender.

GEM LISTING RULES IMPLICATIONS

As one or more of the relevant applicable percentage ratios (as defined under the GEM Listing Rules) with respect to the grant of the Loan exceed 5% but not more than 25%, the entering into of the Facility Arrangement constitutes a discloseable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the notification and announcement requirements under the GEM Listing Rules.

The Board announces that on 31 July 2020 (after trading hours of the Stock Exchange), the Lender, an indirect wholly-owned subsidiary of the Company, entered into the Facility Letter with the Borrower and the Mortgagor, pursuant to which the Lender agreed to grant a secured loan in the principal amount of HK\$15,000,000 to the Borrower for a term of 12 months at an interest rate of 13% per annum.

The Lender and the Borrower have not entered into any transactions within the past twelve months that need to be aggregated with the Loan pursuant to Rule 19.22 of the GEM Listing Rules.

The principal terms of the Facility Letter are set out as follows:

THE FACILITY LETTER

Date	:	31 July 2020
Lender	:	Gear Credit Limited
Borrower	:	Tam Suk Fan Cindy
Principal amount of the Loan	:	HK\$15,000,000
Interest rate	:	13% per annum, payable monthly
Drawdown period	:	Pursuant to the terms of the Facility Letter, the offer will be automatically withdrawn if the Borrower does not drawdown the Loan within seven (7) days from the date of the Facility Letter
Prepayment	:	The Borrower shall have an option at any time to make early repayment of the whole or part of the Loan after the date of the loan drawdown, provided that (a) the Borrower shall have given to the Lender prior notice within reasonable time in writing of its intention to make such early repayment, specifying the amount to be repaid and the date on which the early repayment is to be made; and (b) the Borrower shall, on the date of early repayment, pay to the Lender all accrued interest on the amount to be early repaid
Security	:	Secured by the First Legal Charge of the Property located at Office No. 01 on 7/F, Tung Wai Commercial Building, Nos. 109–111 Gloucester Road, Hong Kong and the Rent Assignment
Repayment	:	Interest will be repaid on monthly basis and the principal sum of the Loan will be repaid in one lump sum on 12 calendar months after the date of advance

FUNDING OF THE LOAN

The Loan will be funded by internal resources of the Group.

INFORMATION OF THE BORROWER AND THE MORTGAGOR

The Borrower is a merchant and the Mortgagor is a company incorporated in the British Virgin Islands with limited liability and is owned as to 50% by the Borrower and 50% by Kwan Shan, being the spouse of the Borrower. To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, each of the Borrower, the Mortgagor and its ultimate beneficial owners is an Independent Third Party not connected with the Group or connected persons or other existing borrowers of the Group.

FIRST LEGAL CHARGE AND RENT ASSIGNMENT

As security for the payment of all moneys, obligations and liabilities due, owing or incurred to the Lender under the Facility Letter, the Borrower and the Mortgagor entered into the First Legal Charge over the Property with a market value of approximately HK\$30 million based on a valuation conducted by an independent property surveyor on 31 July 2020 in favour of the Lender.

Pursuant to the terms and conditions of the Rent Assignment, the Mortgagor as the legal and beneficial owner of the Property assigns to the Lender, among other things, all its rights, title, interest and benefits in its capacity as a lessor pursuant to the lease of the Property as security. The existing rental amount generated from the Property is approximately HK\$37,500 per month.

Taking into consideration of the above, the Board considers the First Legal Charge and the Rent Assignment provided under the Facility Arrangement are sufficient to protect the interest of the Company and the Shareholders as a whole.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE FACILITY ARRANGEMENT

The Company is an investment holding company and its wholly-owned subsidiary, the Lender, is principally engaged in the provision of financial services including commercial and personal lending. The Lender is a registered money lender holding a money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). The Directors are of the view that entering into of Facility Arrangement is a transaction carried out as part of the ordinary and usual course of business activities of the Group.

The entering into of the Facility Arrangement is subject to, *inter alia*, the satisfaction of credit assessment of the Borrower by the Lender including but not limited to assessing the value of the Property by an independent property surveyor. Taking into account that the Loan was granted for a short term with collateral provided by the Borrower, the Directors consider that the credit risks are low.

Taking into consideration that (i) the provision of money lending services to the Borrower by the Lender pursuant to the Facility Letter is in the ordinary and usual course of business of the Group and will generate stable revenue to the Group from the interest income; and (ii) the terms of the Facility Arrangement (including the interest rates) were determined at after arm's length negotiations between the Group, the Borrower and the Mortgagor with reference to the prevailing commercial practice, the financial background of the Borrower, the market value of the security provided and the amount of the Loan, the Board (including the independent non-executive Directors) considers that (i) the Facility Arrangement was entered into in the ordinary and usual course of business of the Group on normal commercial terms; and (ii) the terms of the Facility Arrangement are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As one or more of the relevant applicable percentage ratios (as defined under the GEM Listing Rules) with respect to the grant of the Loan exceed 5% but not more than 25%, the entering into of the Facility Arrangement constitutes a discloseable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the notification and announcement requirements under the GEM Listing Rules.

DEFINITIONS

“Board”	board of Directors of the Company
“Borrower”	Tam Suk Fan Sindy, the borrower under the Facility Letter, being an Independent Third Party
“Company”	ETS Group Limited (Stock code: 8031), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM
“Director(s)”	the director(s) of the Company
“Facility Arrangement”	transactions contemplated under the Facility Letter, the First Legal Charge and the Rent Assignment
“Facility Letter”	the facility letter dated 31 July 2020 entered into between the Lender, the Borrower and the Mortgagor in relation to the grant of the Loan of HK\$15,000,000 to the Borrower for a term of 12 months at an interest rate of 13% per annum

“First Legal Charge”	an all monies first legal charge over the Property executed by the Borrower and the Mortgagor in favour of the Lender as security for the Facility Letter
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of The People’s Republic of China
“Independent Third Party”	any person or company(ies) together with its/their ultimate beneficial owner(s), to the best of the Director’s knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and is/are third party(ies) independent of the Company and its connected person(s) (as defined under the GEM Listing Rules)
“Lender”	Gear Credit Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Loan”	the secured term loan in the principal amount of HK\$15,000,000 granted by the Lender to the Borrower pursuant to the terms and conditions of the Facility Letter
“Mortgagor”	Stavertt Pacific Company Limited, a company incorporated in the British Virgin Islands with limited liability, which is owned as to 50% by the Borrower and 50% by Kwan Shan, being the spouse of the Borrower, as at the date of this announcement
“Property”	a commercial property located at Office No. 01 on 7/F, Tung Wai Commercial Building, Nos. 109–111 Gloucester Road, Hong Kong with a total saleable area of approximately 1,975 sq. feet

“Rent Assignment”	the rent assignment dated 31 July 2020 executed by the Mortgagor in favour of the Lender in relation to the assignment of rent in respect of the Property under the First Legal Charge
“Shareholders”	holders of the ordinary shares of HK\$0.01 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board
ETS Group Limited
Tang Yiu Sing
Executive Director and Chief Executive Officer

Hong Kong, 31 July 2020

As at the date of this announcement, the executive directors of the Company are Mr. Tang Yiu Sing and Mr. Yeung Ka Wing; the non-executive director of the Company is Mr. Tang Shing Bor and the independent non-executive directors of the Company are Mr. Wong Sik Kei, Mr. Cheung Kong Ting and Mr. Wong Kam Tai.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the Company’s website at www.etsgroup.com.hk.