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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)**

**FIRST QUARTERLY RESULTS ANNOUNCEMENT  
FOR THE THREE MONTHS ENDED 31 MARCH 2016**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK  
EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*This announcement, for which the directors (the “Directors”) of ETS Group Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

## **FINANCIAL SUMMARY**

The Group's total revenue for the three months ended 31 March 2016 was approximately HK\$35,819,000, representing an increase of approximately 5% as compared with the total revenue of approximately HK\$34,030,000 for the corresponding period in 2015.

Profit attributable to owners of the Company for the three months ended 31 March 2016 was approximately HK\$1,180,000, representing a decrease of approximately 38% as compared with the profit attributable to owners of the Company of approximately HK\$1,906,000 for the corresponding period in 2015.

Earnings per share for the three months ended 31 March 2016 was approximately HK0.42 cents (three months ended 31 March 2015: approximately HK0.68 cents).

## UNAUDITED RESULTS

The board of Directors (the “Board”) of the Company is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months ended 31 March 2016 together with the comparative figures for the corresponding period ended 31 March 2015 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

*For the three months ended 31 March 2016*

		<b>Three months ended 31 March</b>	
	<i>Notes</i>	<b>2016</b>	<b>2015</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Revenue</b>	3	<b>35,819</b>	34,030
Other income		<b>201</b>	201
Other gains/(losses) – net		<b>164</b>	(16)
Employee benefits expenses		<b>(21,144)</b>	(19,349)
Depreciation and amortization		<b>(2,131)</b>	(1,853)
Other operating expenses		<b>(11,331)</b>	(10,417)
<b>Operating profit</b>		<b>1,578</b>	2,596
Finance costs		<b>(83)</b>	(180)
<b>Profit before tax</b>		<b>1,495</b>	2,416
Income tax expense	4	<b>(315)</b>	(510)
<b>Profit for the period</b>		<b>1,180</b>	1,906
<b>Total comprehensive income for the period</b>		<b>1,180</b>	1,906
Profit attributable to owners of the Company		<b>1,180</b>	1,906
Total comprehensive income attributable to owners of the Company		<b>1,180</b>	1,906
Earnings per share attributable to owners of the Company			
– Basic and diluted (HK cents)	5	<b>0.42</b>	0.68

# NOTES TO THE FINANCIAL INFORMATION

For the three months ended 31 March 2016

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 29 June 2011 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The shares of the Company have been listed on the GEM of the Stock Exchange with effect from 9 January 2012 (the “Listing Date”).

## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The Group’s unaudited condensed consolidated first quarterly financial information has been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of the GEM Listing Rules.

The accounting policies and basis adopted in preparing the unaudited condensed consolidated first quarterly financial information were consistent with those applied for the consolidated financial statements of the Group for the year ended 31 December 2015.

The HKICPA has issued certain new and revised Hong Kong Financial Reporting Standards (“HKFRSs”). For those which are effective for accounting periods beginning on or after 1 January 2016, the adoption has no material impact on how the results and financial positions of the Group for the current and prior periods have been prepared and presented. For those which are not yet effective and have not been early adopted in prior accounting periods, the Group is in the process of assessing their impact on the Group’s results and financial position.

## 3. REVENUE

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2016</b>	<b>2015</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Outsourcing inbound contact service	3,175	3,609
Outsourcing outbound contact service	14,824	16,694
Staff insourcing service	8,727	6,595
Contact service centre facilities management service	6,618	6,709
Others*	2,475	423
	<hr/>	<hr/>
	<b>35,819</b>	<b>34,030</b>
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\* Principally comprises licencing, sales of system and software and system maintenance.

#### 4. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at a rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising in or derived from Hong Kong for the three months period ended 31 March 2016. Taxation on overseas profits has been calculated on the estimated assessable profit for the three months period ended 31 March 2016 at the rates of taxation prevailing in the countries in which the Group operates.

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2016</b>	<b>2015</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Current income tax	<b>315</b>	510
Deferred income tax	—	—
	<hr/>	<hr/>
	<b>315</b>	510
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No provision for deferred taxation has been made in the financial statements since there is no material timing difference.

#### 5. EARNINGS PER SHARE

The calculation of basic earnings per share for the three months ended 31 March 2016 is based on (i) the unaudited consolidated profit attributable to the owners of the Company of approximately HK\$1,180,000 (three months ended 31 March 2015: approximately HK\$1,906,000) and (ii) the weighted average number of 280,000,000 ordinary shares issued during the three months ended 31 March 2016 (during the three months ended 31 March 2015: the weighted average number of 280,000,000 ordinary shares issued).

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares in issue during the three months ended 31 March 2016 and three months ended 31 March 2015.

## 6. MOVEMENT OF RESERVES

	Attributable to owners of the Company				
	Share premium <i>HK\$'000</i>	Merger reserve <i>HK\$'000</i>	Translation <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Balance at 1 January 2015 (audited)</b>	25,238	25,624	—	51,127	101,989
Profit for the period	—	—	—	1,906	1,906
Total other comprehensive income for the period	—	—	—	—	—
Total comprehensive income for the period	—	—	—	1,906	1,906
<b>Balance at 31 March 2015 (unaudited)</b>	25,238	25,624	—	53,033	103,895
<b>Balance at 1 January 2016 (audited)</b>	25,238	25,624	—	54,857	105,719
Profit for the period	—	—	—	1,180	1,180
Total other comprehensive income for the period	—	—	—	—	—
Total comprehensive income for the period	—	—	—	1,180	1,180
<b>Balance at 31 March 2016 (unaudited)</b>	<b>25,238</b>	<b>25,624</b>	<b>—</b>	<b>56,037</b>	<b>106,899</b>

## 7. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED RESULTS

The unaudited condensed consolidated results of the Group for the three months ended 31 March 2016 were approved by the Board on 6 May 2016.

## **DIVIDEND**

The Board does not recommend the payment of any interim dividend for the three months ended 31 March 2016 (three months ended 31 March 2015: nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Financial and Business Review**

The Group is continuously engaged in the business of providing comprehensive multi-media contact services and contact centre system. The principle activities of the Group include outsourcing inbound contact service, outsourcing outbound contact service, staff insourcing service and contact service centre facilities management service.

For the three months ended 31 March 2016, the Group's unaudited total revenue was approximately HK\$35.8 million, representing an increase of approximately HK\$1.8 million as compared with the total revenue of the corresponding period in 2015 (2015: approximately HK\$34.0 million). The increase was mainly due to a prominent increase of the revenue in sale of system and software and staff insourcing service despite the effect of a decrease in outsourcing outbound contact service. The outsourcing inbound contact service, outsourcing outbound contact service, staff insourcing service, contact service centre facilities management service and other services accounted for approximately 9%, 41%, 24%, 19% and 7% of the Group's unaudited total revenue for the three months ended 31 March 2016 respectively.

The unaudited employee benefits expenses increased from approximately HK\$19.3 million for the three months ended 31 March 2015 to approximately HK\$21.1 million for the three months ended 31 March 2016. The increase was mainly due to upward salary trend and a headcount increase of insourced staff during the period. The unaudited other operating expenses slightly increased by approximately HK\$0.9 million from approximately HK\$10.4 million for the three months ended 31 March 2015 to approximately HK\$11.3 million for the three months ended 31 March 2016, which was mainly attributable to increasing costs in the insourcing fee for contact service staff from the associate company.

The Group's unaudited depreciation and amortization expenses increased by approximately 15% from approximately HK\$1.9 million for the three months ended 31 March 2015 to approximately HK\$2.1 million for the three months ended 31 March 2016 which was mainly attributable to the addition of fixed assets after the relocation of the main office of the Group. The Group's unaudited finance costs for the three months ended 31 March 2016 amounted to approximately HK\$0.1 million, representing a decrease of approximately 54% as compared to that of the corresponding period in 2015 (2015: approximately HK\$0.2 million) due to a decrease in bank borrowings.

The unaudited profit attributable to owners of the Company decreased by approximately 38% from approximately HK\$1.9 million for the three months ended 31 March 2015 to approximately HK\$1.2 million for the three months ended 31 March 2016, mainly due to the increase of employee benefits expenses and the increase of other operating expenses in the period.

## **PROSPECTS**

Other than continue to focus and improve our core contact centre services, the Group has always looked out for other market opportunities to further diversify our business. In April, the Group has made an application to the Securities and Futures Commission of Hong Kong for license to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities in Hong Kong.

Hong Kong has a world class financial regulatory framework which brings us strength and unique advantage to be the bridgehead for China's economic reform. The "Shanghai-HK stock connect" and the upcoming "Shenzhen-HK stock connect" has proven China will continuously rely on this particular edge. With the continuous opening up of China's capital market, the internationalization of Renminbi, it will create new momentum for the further development of the Hong Kong financial market. We believe it is a right timing to start up the securities business and capture this valuable opportunities.

The Board believes that the Financial and Securities Business, if materialised, would extend the scope of the Group's existing business, so as to diversify its business scope with a view to broaden the Group's revenue basis to enhance its profitability and achieve better return of the Shareholders. As such, the Directors are of the view that the Financial and Securities Business would represent a good business opportunity to the Group and maximize the future contribution to the Group and thus, would be in the interest of the Group and the Shareholders as a whole.

## **LIQUIDITY**

The Group adheres to a prudent financial management policy and has a healthy financial position. During the three months under review, the Group financed our operations with internally generated cash flows and banking facilities. As at 31 March 2016, the Group had cash and bank balances and pledged bank deposits of approximately HK\$28.8 million (2015: approximately HK\$21.3 million).



## **CORPORATE GOVERNANCE**

For the three months ended 31 March 2016, the Company has complied with all the code provisions as set out in the Corporate Governance Code (the “Code”) in Appendix 15 to the GEM Listing Rules except for the code provision A.6.2(a) of the Code, details of which are set out below.

According to code provision A.6.2(a) of the Code, the functions of non-executive directors should include participating in board meetings to bring an independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct. During the period under review, Mr. Tang Shing Bor, a non-executive Director, was absent from the board meeting held in March due to other important engagement in the relevant time.

## **CODE OF CONDUCT FOR DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specified enquiry of the Directors, all Directors confirmed that they have complied with the required standard of dealings concerning securities transactions for the three months period ended 31 March 2016.

## **SHARE OPTION SCHEME**

During the three months ended 31 March 2016, no share option was granted, exercised, expired or lapsed under the share option scheme approved on 21 December 2011 (the “Share Option Scheme”).

## **DIRECTORS’ RIGHTS TO ACQUIRE SHARES**

Apart from the Share Option Scheme, at no time during the three months period ended 31 March 2016 was any of the Company or any associated corporation a party to any arrangement to enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors, or their spouses or children under the age 18, had any right to subscribe for the Shares in, or debentures of, the Company, or had exercised any such rights.

## **DIRECTORS' INTERESTS IN COMPETING BUSINESS**

The following Director and his close associate are considered to have interests in the following business, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

Mr. Tang Yiu Sing (“Mr. Tang”) is an executive Director and Mr. Tang Shing Bor is a non-executive Director. Mr. Tang is a director and the ultimate beneficial owner of Stan Group (Holding) Limited (“Stan Group”) which is engaged in, among others, the operation of a comprehensive business platform in Hong Kong, including but not limited to co-working space business, and Mr. Tang Shing Bor is the father of Mr. Tang. In this regard, Mr. Tang is considered to have interests in businesses which compete, or is likely to compete, either directly or indirectly, with the businesses of the Group.

Given the delineation in target customer, image, pricing segment and running model of the co-working space business of Stan Group and the Group’s Elite Business Centre, and in particular, the Group’s Elite Business Centre is located in a grade-A office building targeting multinational corporations and government authorities while the co-working space business of Stan Group is located in a revitalised industrial building targeting entrepreneurs and business start-ups, the Board considers that the potential competition is minimum and the interest of the Group is adequately protected. The co-working space business of Stan Group and the Group’s Elite Business Centre is operated and managed by two distinct management teams except for Mr. Tang who as aforementioned is an executive Director and a director of Stan Group.

In order to further safeguard the interests of the Group, all Directors other than Mr. Tang and Mr. Tang Shing Bor, being Directors not interested in the potential competing business of Stan Group, will review on a regular basis the businesses and operations of the Group to ensure that its business are run on the basis that they are independent of, and at arm’s length from, Stan Group.

Save as disclosed above, as at 31 March 2016, so far as the Directors are aware of, none of the Directors or the substantial/controllers of the Company has any interest in a business which competes or may compete with the business of the Group or has any other conflict of interest with the Group for the three months period ended 31 March 2016.

## **DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND/OR ITS ASSOCIATED CORPORATIONS**

As at 31 March 2016, the interests and short positions of the Directors and chief executives of the Company (the "Chief Executives") in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or Chief Executive is taken or deemed to have under such provision of the SFO) or which were required pursuant to section 352 of the SFO, to be entered in the register required to be kept by the Company, or which were required, pursuant to Securities Transactions by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

### **Long positions in the shares of the Company**

		Nature of interests	Number of shares/ underlying shares held	Percentage of the issued share capital of the Company as at 31 March 2016
Name of Directors/ Chief Executives	Capacity			
Mr. Tang Shing Bor	Interest in a controlled corporation	Corporate interest	210,000,000 (Note)	75%

*Note:—*

These interests were held by Million Top Enterprises Limited which is wholly and beneficially owned by Mr. Tang Shing Bor. Mr. Tang Shing Bor is therefore deemed to be interested in such shares by virtue of Part XV of the SFO.

Save as disclosed above, as at 31 March 2016, none of the Directors and/or Chief Executive had any other interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to the Securities Transactions by Directors, to be notified to the Company and the Stock Exchange.

## **SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITION IN SHARES AND/OR UNDERLYING SHARES OF THE COMPANY**

So far as is known to the Directors, as at 31 March 2016, the following persons (not being a Director or Chief Executive) who had interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company under provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO, or who is directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

### **Long positions in the shares of the Company**

<b>Name of substantial shareholders</b>	<b>Capacity</b>	<b>Number of Shares/underlying Shares held</b>	<b>Approximate percentage of the issued share capital of the Company as at 31 March 2016</b>
Million Top Enterprises Limited ( <i>Note</i> )	Beneficial owner	21,000,000	75%

Note:—

Million Top Enterprises Limited was wholly and beneficially owned by Mr. Tang Shing Bor, a non-executive Director.

Save as disclosed above, as at 31 March 2016, the Directors were not aware of any other persons (other than Directors or Chief Executive) who had interests and/or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, or who is directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

### **AUDIT COMMITTEE**

The Audit Committee has reviewed the unaudited interim results of the Group for the three months ended 31 March 2016 and is of the opinion that the accounting policies of the Group are in accordance with the generally accepted accounting practices in Hong Kong, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

## **PRE-EMPTIVE RIGHTS**

There is no provision for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

The Company did not redeem any of its listed securities, and neither did the Company nor any of its subsidiaries purchase or sell any of the listed securities of the Company for the three months ended 31 March 2016.

By order of the Board

**ETS Group Limited**

**Tang Yiu Sing**

*Executive Director and Chief Executive Officer*

Hong Kong, 6 May 2016

*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. Ngan Chi Keung and Mr. Yung Kai Tai.*

*This announcement will remain on the "Latest Company Announcements" page of the GEM website at [www.hkgem.com](http://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](http://www.etsgroup.com.hk).*