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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)

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO

(I) EAST OCEAN SERVICE AGREEMENT

(II) SG HOTEL SERVICE AGREEMENT

AND

(III) STAN GROUP SERVICE AGREEMENT

The Board is pleased to announce that:

- (i) on 29 July 2015, Epro Telecom and East Ocean entered into the East Ocean Service Agreement, pursuant to which Epro Telecom agreed to provide inbound customer enquiry hotline and seat reservation hotline support to East Ocean for an initial fixed term of one (1) year commenced from 6 August 2015 and expiring on 5 August 2016 (both days inclusive), which may be extended for a term of one (1) year and subsequently further extended for a term of one (1) year at the option of East Ocean;
- (ii) on 29 September 2015, Epro Telecom and SG Hotel entered into the SG Hotel Service Agreement, pursuant to which Epro Telecom agreed to provide staff insourcing services to SG Hotel for a fixed term of three (3) years commenced from 29 September 2015 and expiring on 28 September 2018 (both days inclusive); and
- (iii) on 29 July 2016 (after trading hours), Epro Online and Stan Group entered into the Stan Group Service Agreement, pursuant to which Epro Online agreed to provide call centre infrastructure and insourced agent support to Stan Group for a fixed term of one (1) year commenced from 1 August 2016 and expiring on 31 July 2017 (both days inclusive).

GEM LISTING RULES IMPLICATIONS

At the date of this announcement, East Ocean is controlled by Mr. Tang, a non-executive Director, and the entire issued share capital of SG Hotel is wholly-owned by Stan Group, which, in turn, is wholly-owned by Mr. YS Tang, an executive Director. Each of East Ocean, SG Hotel and Stan Group is therefore a connected person of the Company and the transactions contemplated under each of the East Ocean Service Agreement, the SG Hotel Service Agreement and the Stan Group Service Agreement constitutes a continuing connected transaction on the part of the Company under Chapter 20 of the GEM Listing Rules.

As the applicable percentage ratios of the Aggregated Proposed Annual Cap under the GEM Listing Rules is less than 5%, the East Ocean Service Agreement, the SG Hotel Service Agreement and the Stan Group Service Agreement will be subject to the reporting, announcement but is exempt from the independent Shareholders' approval requirements pursuant to Chapter 20 of the GEM Listing Rules. In the event that the aggregate fee payable to the Group under the East Ocean Service Agreement, the SG Hotel Service Agreement and the Stan Group Service Agreement for the years ending 31 December 2016 and 2017 would exceed the Aggregated Proposed Annual Cap for the years ending 31 December 2016 and 2017 or the aggregate fee payable to the Group under the East Ocean Service Agreement and the SG Hotel Service Agreement for the year ending 31 December 2018 would exceed the Annual Cap for the East Ocean Service Agreement and the SG Hotel Service Agreement for the year ending 31 December 2018, the Company will comply with Rule 20.52 of the GEM Listing Rules as applicable.

INTRODUCTION

The Board is pleased to announce that:

- (i) on 29 July 2015, Epro Telecom and East Ocean entered into the East Ocean Service Agreement, pursuant to which Epro Telecom agreed to provide inbound customer enquiry hotline and seat reservation hotline support to East Ocean for an initial fixed term of one (1) year commenced from 6 August 2015 and expiring on 5 August 2016 (both days inclusive), which may be extended for a term of one (1) year and subsequently further extended for a term of one (1) year at the option of East Ocean;
- (ii) on 29 September 2015, Epro Telecom and SG Hotel entered into the SG Hotel Service Agreement, pursuant to which Epro Telecom agreed to provide staff insourcing services to SG Hotel for a fixed term of three (3) years commenced from 29 September 2015 and expiring on 28 September 2018 (both days inclusive); and
- (iii) on 29 July 2016 (after trading hours), Epro Online and Stan Group entered into the Stan Group Service Agreement, pursuant to which Epro Online agreed to provide call centre infrastructure and insourced agent support to Stan Group for a fixed term of one (1) year commenced from 1 August 2016 and expiring on 31 July 2017.

As at the date of this announcement, each of Epro Telecom and Epro Online is an indirect wholly-owned subsidiary of the Company.

EAST OCEAN SERVICE AGREEMENT

Details of the East Ocean Service Agreement are set out below:

Date:	29 July 2015
Parties:	(1) East Ocean (2) Epro Telecom
Term:	an initial fixed term of one (1) year commencing from 6 August 2015 and expiring on 5 August 2016 (both days inclusive) at the expiration of the original term, East Ocean has an option to extend the term for a term of one (1) year and subsequently further extend for a term of one (1) year
Nature of transactions:	provision of inbound customer enquiry hotline and seat reservation hotline support
Fee:	(1) a monthly service operation charge at HK\$32,000 per month; and (2) a monthly service management and system support charge at HK\$6,000 per month (not including a one-off project set-up and training charge at HK\$18,500)

SG HOTEL SERVICE AGREEMENT

Details of the SG Hotel Service Agreement are set out below:

Date:	29 September 2015
Parties:	(1) SG Hotel (2) Epro Telecom
Term:	a fixed term of three (3) years commenced from 29 September 2015 and expiring on 28 September 2018 (both days inclusive)
Nature of transactions:	provision of staff insourcing services
Fee:	a monthly service charge at HK\$26,500 per month

ANNUAL CAP FOR THE EAST OCEAN SERVICE AGREEMENT AND THE SG HOTEL SERVICE AGREEMENT

The maximum annual aggregate amounts (the “**Annual Cap for the East Ocean Service Agreement and the SG Hotel Service Agreement**”) payable to Epro Telecom by East Ocean and SG Hotel for the year ended 31 December 2015 and each of the years ending 31 December 2016, 2017 and 2018 are as follows:

	Annual cap for the year ended 31 December		Annual cap for the year ending 31 December	
	2015	2016	2017	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
the East Ocean Service Agreement and the SG Hotel Service Agreement	2,400	2,400	2,400	2,400

The Annual Cap for the East Ocean Service Agreement and the SG Hotel Service Agreement was determined in the second half of 2015 when (a) the Group only began to provide inbound contact service and staff insourcing service to East Ocean and SG Hotel; and (b) after taking into account its previous experience in commencing business relationship with new customers, the Board considered that the revenue to be generated thereunder will continue to increase when the business relationship between the parties is solidified.

STAN GROUP SERVICE AGREEMENT

Details of the Stan Group Service Agreement are set out below:

Date:	29 July 2016
Parties:	(1) Stan Group (2) Epro Online
Term:	a fixed term of one (1) year commencing from 1 August 2016 and expiring on 31 July 2017 (both days inclusive) (the “ Term ”)
Nature of transactions:	provision of call centre infrastructure and insourced agent support to Stan Group or its affiliates
Fee:	(1) the workstation recurring charge based on (a) the actual number of workstations subscribed or (b) at least (i) twenty (20) agent positions per month for the first six-month period of the Term and (ii) five (5) agent positions for the second six-month period of the Term; and (2) all other charges in accordance with the fee schedule as contained in the Stan Group Service Agreement

The prices and charges under the Stan Group Service Agreement shall be charged at the market prices charged by Epro Online on its customers of similar size and scale of Stan Group or its affiliates

ANNUAL CAP FOR THE STAN GROUP SERVICE AGREEMENT

The maximum annual aggregate amounts (the “**Annual Cap for the Stan Group Service Agreement**”) payable to Epro Online by Stan Group for each of the years ending 31 December 2016 and 2017 are as follows:

	Annual cap for the year ending 31 December	
	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Stan Group Service Agreement	2,200	1,200

In arriving at the Annual Cap for the Stan Group Service Agreement, the Directors have taken into account the estimated transaction amount of the services to be provided by Epro Online to Stan Group for the two years ending 31 December 2016 and 2017.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE EAST OCEAN SERVICE AGREEMENT, THE SG HOTEL SERVICE AGREEMENT AND THE STAN GROUP SERVICE AGREEMENT

The Group is principally engaged in the businesses of providing comprehensive multi-media contact services and contact centre system in Hong Kong. The principal activities of the Group include outsourcing inbound contact service, outsourcing outbound contact service, staff insourcing service and contact service centre facilities management service and other services such as licencing and sale of systems and software and system maintenance.

East Ocean is principally engaged in food and beverage business in Hong Kong. As at the date of this announcement, East Ocean is controlled Mr. Tang.

SG Hotel is principally engaged in hotel and hospitality business in Hong Kong. As at the date of this announcement, the issued share capital of SG Hotel is wholly-owned by Stan Group.

Stan Group is principally engaged in various businesses such as restaurant operation, hotel management, marketing, property investment, storage, wedding planning services and financing. As at the date of this announcement, the issued share capital of Stan Group is wholly-owned by Mr. YS Tang, an executive Director and the son of Mr. Tang.

Given that (i) the transactions contemplated under the East Ocean Service Agreement, the SG Hotel Service Agreement and the Stan Group Service Agreement are in the ordinary and usual course of business of the Group and will contribute positively to the Group's income; (ii) the terms of the East Ocean Service Agreement, the SG Hotel Service Agreement and the Stan Group Service Agreement (including the fee payable to the Group) were determined after arm's length negotiations between the Group and the respective customers with reference to the market prices charged by the Group on its customers of similar size and scale of East Ocean, SG Hotel and Stan Group and its affiliates, the Directors (including the independent non-executive Directors) consider that (i) each of the East Ocean Service Agreement, the SG Hotel Service Agreement and the Stan Group Service Agreement was entered into in the ordinary and usual course of business of the Group on normal commercial terms; and (ii) the terms of each of the East Ocean Service Agreement, the SG Hotel Service Agreement and the Stan Group Service Agreement and the Annual Cap for the East Ocean Service Agreement and the SG Hotel Service Agreement and the Annual Cap for the Stan Group Service Agreement are fair and reasonable and the entering into of the East Ocean Service Agreement, the SG Hotel Service Agreement and the Stan Group Service Agreement are in the interests of the Company and its Shareholders as a whole.

AGGREGATE PROPOSED ANNUAL CAP FOR THE EAST OCEAN SERVICE AGREEMENT, THE SG HOTEL SERVICE AGREEMENT AND THE STAN GROUP SERVICE AGREEMENT

Given the similar nature of the transactions under, and the relationship between the contracting parties to, the East Ocean Service Agreement, the SG Hotel Service Agreement and the Stan Group Service Agreement, the Annual Cap for the East Ocean Service Agreement and the SG Hotel Service Agreement for the years ending 31 December 2016 and 2017 are aggregated with the Annual Cap for the Stan Group Service Agreement for the compliance with the requirements under the GEM Listing Rules. As such, the aggregate proposed annual cap for the East Ocean Service Agreement, the SG Hotel Service Agreement and the Stan Group Service Agreement for the year ending 31 December 2016 and 2017 is HK\$4,600,000 and HK\$3,600,000 respectively (the respective "**Aggregate Proposed Annual Cap**").

GEM LISTING RULES IMPLICATIONS

At the date of this announcement, East Ocean is controlled by Mr. Tang and the issued share capital of SG Hotel is wholly-owned by Stan Group, which, in turn, is wholly-owned by Mr. YS Tang, an executive Director. Each of East Ocean, SG Hotel and Stan Group is therefore a connected person of the Company and the transactions contemplated under the each of the East Ocean Service Agreement, the SG Hotel Service Agreement and the Stan Group Service Agreement constitutes a continuing connected transaction on the part of the Company under Chapter 20 of the GEM Listing Rules. Accordingly, each of Mr. Tang and Mr. YS Tang has material interests in the East Ocean Service Agreement, the SG Hotel Service Agreement and the Stan Group Service Agreement and had abstained from voting on the relevant issues at the Board meeting for approving the East Ocean Service Agreement, the SG Hotel Service Agreement and the Stan Group Service Agreement.

As the applicable percentage ratios of the Aggregated Proposed Annual Cap under the GEM Listing Rules is less than 5%, the East Ocean Service Agreement, the SG Hotel Service Agreement and the Stan Group Service Agreement will be subject to the reporting, announcement but is exempt from the independent Shareholders' approval requirements pursuant to Chapter 20 of the GEM Listing Rules. In the event that the fee payable to the Group under the East Ocean Service Agreement, the SG Hotel Service Agreement and the Stan Group Service Agreement for the years ending 31 December 2016 and

2017 would exceed the Aggregated Proposed Annual Cap for the years ending 31 December 2016 and 2017 or the aggregate fee payable to the Group under the East Ocean Service Agreement and the SG Hotel Service Agreement for the year ending 31 December 2018 would exceed the Annual Cap for the East Ocean Service Agreement and the SG Hotel Service Agreement for the year ending 31 December 2018, the Company will comply with Rule 20.52 of the GEM Listing Rules as applicable.

Details of the East Ocean Service Agreement, the SG Hotel Service Agreement and the Stan Group Service Agreement will be included in the Company's relevant annual reports and accounts in compliance with Rule 20.47 of the GEM Listing Rules.

The Company will also comply with Rules 20.53 and 20.54 of the GEM Listing Rules in relation to the annual review of the transactions entered into pursuant to the East Ocean Service Agreement, the SG Hotel Service Agreement and the Stan Group Service Agreement.

DEFINITIONS

In this announcement, the following expressions will have the following meanings unless the context requires otherwise:

“Aggregate Proposed Annual Cap”	has the meaning ascribed to it under the paragraph headed “Aggregate Proposed Annual Cap for the East Ocean Service Agreement, the SG Hotel Service Agreement and the Stan Group Service Agreement” of this announcement
“Annual Cap for the East Ocean Service Agreement and the SG Hotel Service Agreement”	has the meaning ascribed to it under the paragraph headed “Annual Cap for the East Ocean Service Agreement and the SG Hotel Service Agreement ” of this announcement
“Annual Cap for the Stan Group Service Agreement”	has the meaning ascribed to it under the paragraph headed “Annual Cap for the Stan Group Service Agreement” of this announcement
“Board”	board of directors of the Company
“Company”	ETS Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed to it under GEM Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under GEM Listing Rules
“Director(s)”	the director(s) of the Company
“East Ocean”	East Ocean Gourmet Group Limited, a company incorporated in Hong Kong with limited liability, which is controlled by Mr. Tang as at the date of this announcement

“East Ocean Service Agreement”	an agreement dated 29 July 2015 and entered into between Epro Telecom and East Ocean, pursuant to which Epro Telecom agreed to provide inbound customer enquiry hotline and seat reservation hotline support to East Ocean for an initial fixed term of one (1) year commenced from 6 August 2015 and expiring on 5 August 2016 (both days inclusive), which may be extended for a term of one (1) year and subsequently further extended for a term of one (1) year at the option of East Ocean
“Epro Online”	Epro Online Services Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Epro Telecom”	Epro Telecom Services Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Mr. Tang”	Mr. Tang Shing Bor, a non-executive Director and a Controlling Shareholder and the father of Mr. YS Tang
“Mr. YS Tang”	Mr. Tang Yiu Sing, an executive Director and the chief executive officer of the Company and the son of Mr. Tang
“SG Hotel”	SG Hotel Group Management Limited, a company incorporated in Hong Kong with limited liability and entire issued share capital of which is wholly and beneficially owned by Stan Group as at the date of this announcement
“SG Hotel Service Agreement”	an agreement dated 29 September 2015 and entered into between Epro Telecom and SG Hotel (under the business name of Tang’s Living), pursuant to which Epro Telecom agreed to provide staff insourcing services to SG Hotel for a fixed term of three (3) years commenced from 29 September 2015 and expiring on 28 September 2018 (both days inclusive), which may be renewed for a further term of one (1) year at the option of Stan Group

“Shareholder(s)”	holder(s) of issued Share(s)
“Stan Group”	Stan Group (Holdings) Limited, a company incorporated in Hong Kong with limited liability and entire issued share capital of which is wholly and beneficially owned by Mr. YS Tang as at the date of this announcement
“Stan Group Service Agreement”	an agreement dated 29 July 2016 and entered into between Epro Online and Stan Group, pursuant to which Epro Online agreed to provide call centre infrastructure and insourced agent support to Stan Group for a fixed term of one (1) year commenced from 1 August 2016 and expiring on 31 July 2017 (both days inclusive)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

By Order of the Board

ETS Group Limited

Tang Yiu Sing

Executive Director and Chief Executive Officer

Hong Kong, 29 July 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. Cheung Kong Ting.

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited 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.

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.