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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)

CLARIFICATION ANNOUNCEMENT

Reference is made to the announcement of ETS Group Limited (the “**Company**”) dated 13 October 2017 (the “**Announcement**”) in relation to, among other matters, the acquisition of 100% of the issued shares of Gear Asset Management Limited. Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the Announcement.

The Board would like to clarify that as (i) the Vendor is wholly-owned by Mr. YS Tang, an executive Director, and (ii) each of Mr. YS Tang and Mr. Tang (a non-executive Director and a Controlling Shareholder of the Company) is a director of the Vendor, the Vendor is a connected person of the Company and not an Independent Third Party.

FURTHER INFORMATION IN RELATION TO THE ACQUISITION

The Board would like to provide further information to the Shareholders in relation to the circumstances under which the Group entered into the Acquisition. After obtaining the licenses to carry on Type 1 (Dealing in Securities) and Type 4 (Advising on Securities) regulated activities under the SFO and in light of the successful launch of the securities business of the Group in early 2017, the Group intended to acquire a license to carry on Type 9 (Asset Management) regulated activity under the SFO to further expand its finance and securities business.

In or about the first quarter of year 2017, the Group had engaged an agent to identify willing seller(s) in the market in relation to the potential acquisition of the entire issued shares in a company licensed to carry on Type 9 (Asset Management) regulated activity under the SFO, but all the indicative offer prices (the “**Indicative Offer Prices**”) received by the Group exceed the tentative budget of the Group of HK\$7 million, which was determined having considered the then financial condition of the Group, including but not limited to, the cash

and bank balances available to the Group after deploying sufficient working capital to other business segments of the Group. In such circumstances, the Vendor informed the Company that it is willing to dispose of the entire issued shares in the Target Company to the Group at the Consideration (which is lower than the Indicative Offer Prices and within the tentative budget of the Group) and the Acquisition Agreement was entered into after all other terms and conditions thereof were finalised.

Prior to the entering into of the Acquisition Agreement, the Group has considered (i) the prospects of the Target Company to carry on Type 9 (Asset Management) regulated activity under SFO; (ii) the mutual market access programme between the PRC and Hong Kong, including but not limited to Renminbi Qualified Foreign Institutional Investor (RQFII), the Stock Connect and the Bond Connect, which further consolidated Hong Kong's role as the pre-eminent offshore Renminbi centre; and (iii) the combined fund management business in Hong Kong increased from HK\$12,587 billion in 2012 to HK\$18,293 billion in 2016, representing a 5 years cumulative growth of 45.3%, as stated in the Fund Management Activities Survey 2016 conducted by the SFC.

EXPERIENCE AND QUALIFICATIONS OF THE MANAGEMENT TEAM OF THE TARGET COMPANY

In determining the Acquisition, the Board has also considered the experience and qualifications of the management team of the Target Company. Based on the information provided by the Vendor, the Target Company has a team of experienced staff in the investment, finance and banking industry, including two Responsible Officers of the Target Company who have over 25 years and 10 years of experience in the investment industry respectively, and two key employees who have over 20 years and 10 years of experience in the banking industry respectively. The biographical details of the two Responsible Officers of the Target Company are set out as follows:

Mr. Huie Allen Tat Yan (“**Mr. Huie**”), is the director and Responsible Officer of the Target Company since 2006. Mr. Huie received both a bachelor of science in economics degree from the Wharton School and a bachelor of arts degree in economics from the School of Arts and Sciences of the University of Pennsylvania in 1980. He later obtained a Juris Doctor degree from the University of Pennsylvania Law School in 1983.

Mr. Huie has over 25 years of extensive experience in investments and investment banking. Mr. Huie also serves directorships in a number of companies, including being a managing director of ShawKwei & Partners, a private equity firm in Cayman Islands. Mr. Huie was formerly a managing director of Salomon Brothers Inc.

Mr. Leung Winston (“**Mr. Leung**”) is the Responsible Officer of the Target Company since 2006. Mr. Leung received a bachelor of science in economics degree from the Wharton School of University of Pennsylvania in 1987.

Mr. Leung has over 10 years of extensive experience in investments and investment banking. Mr. Leung was a vice president of Salomon Brothers Inc. from 1987 to 1995, and a senior vice president of Lehman Brothers Holdings Inc. from 1999 to 2001.

To assist the Board to monitor and oversee the operation of the Target Company after Completion, the Board will delegate one of the senior management in the securities business of the Group who has over 15 years of experience in Type 9 (Asset Management) regulated activity under SFO (the “**Senior Management**”) to join the management team of the Target Company after Completion. In light of the experience and qualifications of the management team of the Target Company whom has agreed to be retained after Completion, and with the assistance of the Senior Management, the Company considers that the Group would have sufficient experience to operate and manage the business operations of the Target Company.

LATEST STATUS OF THE OPERATION OF THE TARGET COMPANY

The Board would also like to update the Shareholders of the latest status of the operation of the Target Company. As informed by the management of the Target Company, the Target Company has commenced operation in November 2017 and has entered into an agreement with a customer in relation to the provision of asset management advisory service including but not limited to assisting in developing, studying and evaluating a financing plan and strategic and financial alternatives. As at the date of this announcement, the Target Company has also been in negotiation with a number of professional investors in relation to the provision of asset management service and, subject to further negotiation and the entering into of legally binding agreement(s), it is preliminarily expected that the Target Company will commence provision of asset management service in or about the first half of year 2018.

In sum, the Board (including the independent non-executive Directors but excluding Mr. YS Tang and Mr. Tang) considered that despite the Consideration represents a premium of approximately HK\$4 million over the net asset value of the Target Company, the Consideration was fair and reasonable after taking into consideration (i) the reasons for the Acquisition as detailed in the section headed “Reasons for and benefits of the entering into of the Acquisition Agreement” in the Announcement; (ii) the license and prospects of the Target Company to carry on Type 9 (Asset Management) regulated activities under SFO as detailed above; (iii) the competence of the management team of the Target Company whom has agreed to be retained by the Target Company after Completion; (iv) the Consideration represents a discount to the Indicative Offer Prices; and (v) the net asset value of the Target Company of approximately HK\$1,922,000 as at 31 August 2017, which was increased from HK\$139,264 as at 31 December 2016 due to (a) the provision of HK\$3,790,000 by the Vendor to the Target Company through contribution to the share capital in May 2017 and (b) the consultancy fee, management fee, salary and other expenses of the Target Company incurred during the period from 1 January 2017 to 31 August 2017 of approximately HK\$1,900,000.

The above mentioned clarification does not affect any other information contained in the Announcement.

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

Hong Kong, 21 November 2017

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, 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.