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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)

SUPPLEMENTAL AND CLARIFICATION ANNOUNCEMENT

DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSALS OF SHARES IN HONG KONG VIRTUAL ASSET EXCHANGE LIMITED

Reference is made to the announcement of ETS Group Limited (the “**Company**”) dated 30 December 2024 (the “**Announcement**”) in relation to the Disposals. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

CLARIFICATION

The Board would like to clarify that due to an inadvertent clerical error in the Announcement, the valuation date of the fair value of the 165,385 VAX Shares of HK\$14.5 million shall be 30 November 2024 (the “**Valuation Date**”) instead of 31 October 2024.

SUPPLEMENTAL INFORMATION IN RELATION TO THE VALUATION

As disclosed in the Announcement, the consideration for the sale and purchase of Sale Shares A and Sale Shares B was arrived at after arm’s length negotiations between the Vendor and the Purchaser A and the Purchaser B (as the case may be) on normal commercial terms, after taking into account, among others, the fair value of the 165,385 VAX Shares of HK\$14.5 million as at the Valuation Date based on the valuation conducted by an independent valuer using market approach (the “**Valuation**”).

The Company would like to provide further information to the Shareholders and potential investors of the Company in relation to the Valuation.

The Valuation

The Company has engaged Harvest Professional Company Limited (the “**Independent Valuer**”), an independent valuer, to conduct valuation of the fair value of the 165,385 VAX Shares as at the Valuation Date.

Valuation methodology

Pursuant to the valuation report prepared by the Independent Valuer, the Independent Valuer has considered three generally accepted approaches in conducting the Valuation, namely the income approach, the market approach and the cost approach. Based on, among other criteria, the quantity and quality of the information provided, accessibility to available data, availability of relevant market transactions, uniqueness of the VAX Group’s business operations and nature of the industry the VAX Group is participating, professional judgment and technical expertise, the Independent Valuer has adopted the market approach.

The Independent Valuer did not adopt the income approach because of the vast number of assumptions involved and that the valuation could be largely influenced by any inappropriate assumptions made. The cost approach was also not adopted as it could not capture the future earning potential of the VAX Group and therefore could not accurately reflect the fair value of the VAX Group. The Independent Valuer has therefore adopted the market approach in arriving at the fair value of the VAX Group.

Key inputs of the Valuation

Selection basis of the comparable companies

Based on the market approach, the fair value of the VAX Group was determined with reference to the business nature and operational information of publicly listed companies (the “**Comparable Companies**”) that were considered to be comparable to the VAX Group. During the selection process of Comparable Companies, the Independent Valuer has mainly focused on the following criteria:

- (i) companies with over 50% revenue contributed from the provision of service of digital asset or cryptocurrency trading platform; and
- (ii) sufficiency of information (such as listing and operating histories and availability of financial information to the public).

Selection of comparable ratio

In the Valuation, the Independent Valuer has considered various commonly-used valuation multiples, including (i) enterprise value to earnings before interest and tax (“**EV/EBIT**”) multiple; (ii) enterprise value to sales (“**EV/Sales**”) multiple; (iii) price to earnings (“**P/E**”) multiple; (iv) price to sales (“**P/S**”) multiple; and (v) price to book value (“**P/B**”) multiple. The EV/EBIT, EV/Sales, P/E and P/S multiples were not adopted since the VAX Group is on the seeding stage, which has not generated substantial revenue and profit yet. Further, the adoption of earning multiple may underestimate the value of the VAX Group. Therefore, the P/B multiple was adopted.

Market comparables

Based on the above selection criteria, the Independent Valuer identified four Comparable Companies, details of which are as follows:

Stock code^(Note 1)	Company	Base P/B multiple	Adjusted P/B multiple^(Note 2)
HKEX: 863	OSL Group Limited	12.15	5.54
NASDAQ: COIN	Coinbase Global, Inc.	11.82	5.07
NASDAQ: BKKT	Bakkt Holdings Inc	7.88	4.45
NO: NBX	Norwegian Block Exchange AS	1.24	1.24

Notes:

- (1) Source: Bloomberg
- (2) Given the size difference among the Comparable Companies and the VAX Group, the P/B multiple of the Comparable Companies was adjusted by the following formula:

$$\text{Adjusted P/B Multiple} = 1/(1/M + \theta)$$

where,

M = Base P/B multiple

θ = Risk premium required by equity investor for size difference

With reference to CRSP Deciles Size Premium from Kroll Cost of Capital, size premium differentials of -0.26% – 10.99% were adopted as at the Valuation Date to capture the size difference between the Comparable Companies and the VAX Group.

The median of the adjusted P/B multiple of the Comparable Companies was 4.76. It was applied to determine the equity value of the VAX Group on a minority holding and marketable basis. However, due to the lack of marketability, a discount of 15.6% was adopted to determine the fair value of the VAX Group as at the Valuation Date.

Key assumptions

The major assumptions of the Valuation are summarised as follows:

- (i) the financial position of the VAX Group has no material difference between 31 October 2024 and the Valuation Date;
- (ii) the information provided and the representations made by the management of the Company with regard to the VAX Group's financial and business affairs are accurate and reliable;
- (iii) the VAX Group will continue to operate as a going concern and has sufficient liquidity and capability to achieve the business operations;
- (iv) the VAX Group has obtained all necessary permits, business certificates, licenses and legal approvals to operate the business and all relevant permits, business certificates, licenses and legal approvals to operate the business in the localities in which the VAX Group operates or intends to operate would be officially obtained and renewable upon expiry with de minimis expenses;
- (v) upon expiry of the current permits, business certificates, licenses and/or legal approvals, the VAX Group is able to renew all such documents to operate the business with de minimis expenses;
- (vi) there will be sufficient supply of technical staff in the industry in which the VAX Group operates or intends to operate, and the VAX Group will retain competent management, key personnel and technical staff to support their ongoing operations and developments;
- (vii) there will be no major changes in the current taxation laws in the localities in which the VAX Group operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;
- (viii) there will be no major changes in the political, legal, economic or market conditions in the localities in which the VAX Group operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the VAX Group;
- (ix) there will be no material changes in the relevant interest rates and exchange rates that would impact the VAX Group's business; and
- (x) there are no undisclosed actual or contingent assets or liabilities, no unusual obligations or substantial commitments, other than in the ordinary course of business and as reflected in the financials, nor any litigation pending or threatened, which would have a material impact on the value of the VAX Group as of the Valuation Date.

This supplemental announcement is supplemental to and should be read in conjunction with the Announcement. Save as disclosed above, all other information as set out in the Announcement remain unchanged and shall continue to be valid for all purposes.

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

Hong Kong, 7 January 2025

As at the date of this announcement, the executive director of the Company is Mr. Tang Yiu Sing; and the independent non-executive directors of the Company are Mr. Wong Kam Tai, Ms. Kwong Yuk Ying and Ms. Tsang Lee Mei.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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.

This announcement will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at www.hkexnews.hk for at least 7 days from the date of its posting and on the Company’s website at www.etsgroup.com.hk.