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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in any doubt** as to any aspect of this circular, or as to the action to be taken, you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisers.

**If you have sold or transferred** all your shares in **ETS Group Limited** (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, stockbroker or licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)**

### PROPOSALS FOR

#### **(I) GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES**

#### **(II) RE-ELECTION OF DIRECTORS**

#### **(III) ADOPTION OF NEW SHARE OPTION SCHEME AND**

#### **TERMINATION OF EXISTING SHARE OPTION SCHEME**

#### **AND**

#### **NOTICE OF ANNUAL GENERAL MEETING**

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Unless otherwise stated, capitalised terms used on this cover page shall have the same meanings as defined in this circular.

The notice convening the AGM of the Company to be held at 2nd Floor, China Paint Building, 1163 Canton Road, Mongkok, Kowloon, Hong Kong on 4 May 2021 (Tuesday) at 10:00 a.m. is set out on pages 30 to 35 of this circular.

Whether or not you are able to attend the AGM, you are requested to complete, sign and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

*This circular will remain on the “Latest Listed Company Information” 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 website of the Company at [www.etsgroup.com.hk](http://www.etsgroup.com.hk).*

#### **PRECAUTIONARY MEASURES FOR THE AGM**

Due to the on-going COVID-19 pandemic, to safeguard the health and safety of the Shareholders, the Company will implement the following precautionary measures at the AGM:

- compulsory body temperature checks
- compulsory wearing of a surgical face mask for each attendee
- submission of personal information form, which may be used for contact tracing, if required
- no distribution of corporate gift nor provision of refreshment

**Any person who does not comply with the precautionary measures or is subject to any Hong Kong Government prescribed quarantine may be denied entry into the AGM venue. All attendees are required to wear surgical face masks at all times at the AGM venue. The Company reminds the Shareholders that they may appoint the chairman of the AGM as their proxy to vote on the relevant resolution(s) at the AGM as an alternative to attending the AGM in person.**

Hong Kong, 31 March 2021

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## CHARACTERISTICS OF GEM

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GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, 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.

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“AGM”	the annual general meeting of the Company to be convened and held at 2nd Floor, China Paint Building, 1163 Canton Road, Mongkok, Kowloon, Hong Kong on 4 May 2021 (Tuesday) at 10:00 a.m. or any adjournment thereof, a notice of which is set out on pages 30 to 35 of this circular
“Adoption Date”	the date on which the New Share Option Scheme is conditionally adopted by an ordinary resolution of the Shareholders at the AGM
“Articles of Association”	the articles of association of the Company
“Board”	the board of Directors
“Business Day”	a day (excluding a Saturday, Sunday, public holiday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“close associates”	has the meaning ascribed thereto under the GEM Listing Rules
“Companies Law”	the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Company”	ETS Group Limited, a company incorporated under the laws of the Cayman Islands with limited liability with its issued Shares listed on GEM
“Director(s)”	director(s) of the Company

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## DEFINITIONS

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“Eligible Participant(s)”	any directors, whether executive or non-executive and whether independent or not, of the Group, full time or part time employees of the Group; and any business or joint venture partners, contractors, agents or representatives, consultants, advisers, suppliers, producers or licensors, customers, licensees (including any sub-licensees) or distributors, landlords or tenants (including any sub-tenants) of the Group
“Existing Share Option Scheme”	the share option scheme adopted by the Company on 21 December 2011
“Extension Mandate”	a general and unconditional mandate proposed to be granted to the Directors to the effect that any Shares repurchased under the Repurchase Mandate will be added to the total number of Shares which may be allotted and issued under the Issue Mandate during the relevant period
“GEM”	GEM of the Stock Exchange
“GEM Listing Committee”	has the meaning ascribed thereto under the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended, modified or otherwise supplemented from time to time
“Grantee”	any Eligible Participant who accepts the Offer in accordance with the terms of the New Share Option Scheme
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors during the relevant period to exercise the power of the Company to allot, issue or otherwise deal with Shares with the aggregate number not exceeding 20% of the number of the shares of the Company in issue as at the date of passing the relevant resolution at the AGM

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## DEFINITIONS

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“Latest Practicable Date”	23 March 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“New Share Option Scheme”	the new share option scheme proposed to be adopted by the Company at the AGM
“Offer”	an offer of the grant of an Option under the New Share Option Scheme
“Offer Date”	the date on which an Offer is made to an Eligible Participant
“Option(s)”	right to subscribe for Shares granted pursuant to the terms of the New Share Option Scheme
“Option Holder(s)”	the holder of an Option or Options under the New Share Option Scheme
“Option Period”	in respect of any particular Option, the period to be determined and notified by the Directors to the Grantee thereof at the time of making an Offer provided that such period shall not exceed the period of ten (10) years from the date of the grant of the particular Option but subject to the provisions for early termination thereof contained in the New Share Option Scheme
“PRC”	the People’s Republic of China which shall, for the purpose of this circular, exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors to enable them during the relevant period to repurchase Shares with the aggregate number not exceeding 10% of the number of the shares of the Company in issue as at the date of passing the relevant resolution at the AGM
“Retiring Directors”	the Directors who shall retire at the AGM and, being eligible, offer themselves for re-election at the AGM in accordance with the Articles of Association
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong

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## DEFINITIONS

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“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong
“%”	per cent

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## LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Tang Yiu Sing (*Chief Executive Officer*)  
Yeung Ka Wing

*Non-executive Director:*

Tang Shing Bor (*Chairman*)

*Independent Non-executive Directors:*

Wong Sik Kei  
Cheung Kong Ting  
Wong Kam Tai

*Registered office:*

Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Head office and principal place of  
business in Hong Kong:*

4th Floor  
China Paint Building  
1163 Canton Road  
Mongkok  
Kowloon  
Hong Kong

31 March 2021

*To the Shareholders*

Dear Sir or Madam,

**PROPOSALS FOR  
(I) GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES  
(II) RE-ELECTION OF DIRECTORS  
(III) ADOPTION OF NEW SHARE OPTION SCHEME AND  
TERMINATION OF THE EXISTING SHARE OPTION SCHEME  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

### INTRODUCTION

The Company will propose resolutions at the AGM to, *inter alia*, (a) grant to the Directors the Issue Mandate, the Repurchase Mandate and the Extension Mandate upon the expiry of the current general mandates to issue new Shares and repurchase existing Shares granted to the Directors by the ordinary resolutions passed by the Shareholders at the annual general meeting of the Company held on 7 May 2020; (b) re-elect the Retiring Directors; and (c) adopt the New Share Option Scheme and terminate the Existing Share Option Scheme.



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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with information on the resolutions to be proposed at the AGM for granting the Issue Mandate, Repurchase Mandate and Extension Mandate, the re-election of Retiring Directors, the adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme, and to give you notice of the AGM.

### **PROPOSED GRANT OF ISSUE MANDATE, REPURCHASE MANDATE AND EXTENSION MANDATE**

Pursuant to the ordinary resolutions passed by the Shareholders at the annual general meeting held on 7 May 2020, the Directors were granted (a) a general and unconditional mandate to allot, issue and deal with Shares with the aggregate number not exceeding 20% of the number of the Shares in issue on the date of passing of the relevant ordinary resolution; (b) a general and unconditional mandate to repurchase Shares with the aggregate number not exceeding 10% of the number of the Shares in issue on the date of passing of the relevant ordinary resolution; and (c) the power to extend the general mandate mentioned in (a) above by the aggregate number of the Shares repurchased by the Company pursuant to the mandate to repurchase securities referred to in (b) above.

The above general mandates will expire at the conclusion of the AGM. At the AGM, the following resolutions, among other matters, will be proposed:

- (a) to grant the Issue Mandate to the Directors during the relevant period to exercise the powers of the Company to allot, issue and otherwise deal with the Shares with the aggregate number not exceeding 20% of the number of the shares of the Company in issue on the date of passing of such resolution;
- (b) to grant the Repurchase Mandate to the Directors to enable them during the relevant period to repurchase the Shares with the aggregate number not exceeding 10% of the number of the shares of the Company in issue on the date of passing of such resolution; and
- (c) to grant the Extension Mandate to the Directors to increase the total number of Shares which may be allotted and issued under the Issue Mandate by an additional number representing such number of Shares repurchased under the Repurchase Mandate during the relevant period.

The full text of the above resolutions are set out in resolutions numbered 4 to 6 as set out in the notice of the AGM contained on pages 30 to 35 of this circular.

Under the GEM Listing Rules, the Company is required to give the Shareholders all information which is reasonably necessary to enable the Shareholders to make an informed decision as to whether to vote for or against the resolution in respect of the Repurchase Mandate at the AGM. An explanatory statement for such purpose is set out in Appendix I to this circular.

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## LETTER FROM THE BOARD

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### **PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS**

In accordance with Article 84(1) of the Articles of Association, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation. And, according to code provision A.4.2 set out in the Corporate Governance Code under Appendix 15 to the GEM Listing Rules, every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

To comply with Article 84(1) of the Articles of Association, Mr. Tang Yiu Sing and Mr. Tang Shing Bor shall retire from office at the AGM and, being eligible, offer themselves for re-election at the AGM.

Particulars of each of the Retiring Directors proposed to be re-elected at the AGM which are required to be disclosed by the GEM Listing Rules are set out in Appendix II to this circular.

### **PROPOSED ADOPTION OF THE NEW SHARE OPTION SCHEME**

#### **Existing Share Option Scheme**

The Existing Share Option Scheme, which was adopted pursuant to written resolutions of the then sole Shareholder passed on 21 December 2011, will expire on the tenth anniversary of its adoption pursuant to its terms. The Existing Share Option Scheme is the only share option scheme adopted by the Company as at the Latest Practicable Date.

As the Existing Share Option Scheme will expire on 20 December 2021 and to enable the Company to continue to grant share options to Eligible Participants as incentives or rewards for their contributions to the success of the Group, the Board proposes to recommend to the Shareholders at the AGM to terminate the Existing Share Option Scheme with effect from the Adoption Date and to approve and adopt the New Share Option Scheme.

#### **New Share Option Scheme**

A summary of the principal terms of the New Share Option Scheme is set out in Appendix III to this circular.

The purpose of the New Share Option Scheme is to provide incentive or reward to the Eligible Participants for their contribution or potential contribution to, and continuing efforts to promote the interests of, the Group and for such other purposes as the Board may approve from time to time. In determining whether a person has contributed or will contribute to the Group, the Group will take into account, among other things, whether contribution has been made to or will be made to the Group in terms of operation, financial performance, prospects, growth, reputation and image of the Group.

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## LETTER FROM THE BOARD

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The Directors will assess the Eligible Participants, particularly the employees and directors of the Group, based on their individual performance, time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard, or where appropriate, contribution to the revenue, profits or business development of the Group during the financial year or in the future.

In addition, the Directors believe that the grant of Options to the Eligible Participants other than employees and directors of the Group is necessary and appropriate. The success of the Group does not only depend on the contributions by the employees and directors of the Group, but also requires the co-operations and contributions from parties who play a part in the development of the business and operations of the Group, including business partners, agents, consultants or advisers appointed by the Group. The Directors believe that there is a need to maintain and develop business relationships with these stakeholders, as (i) the business partners and agents may provide valuable business referrals and partnership introduction as well as introduce business opportunities and/or partners to the Group, and (ii) the consultants and advisers may provide recommendations and/or advice to the Group in matters including but not limited to investors' management, business research and development, technological support and professional services, so as to maintain the competitiveness of the Group as a whole. It is therefore desirable for the Company to motivate and align the interests of these parties towards the Group. The grant of Options to these parties is an appropriate means of achieving the Group's goal. The Options will offer incentives for the business partners, agents, consultants or advisers etc. to provide continuing efforts as mentioned above to promote the interests of the Group and benefits the long-term growth of the Group. The eligibility of these external parties will be determined by the Board considering the potential and/or actual contribution of these individual parties to the operation and business of the Group for consultants and advisors while the potential and/or actual participation and involvement in promoting the business of the Group.

Based on the above, the Board considers that the inclusion of these persons other than the employees and directors of the Group is appropriate and in the interests of the Company and the Shareholders as a whole, and would enable the purpose of the New Share Option Scheme to be achieved.

A copy of the New Share Option Scheme is available for inspection at 4th Floor, China Paint Building, 1163 Canton Road, Mongkok, Kowloon, Hong Kong during normal business hours from the date of this circular up to until the date of the AGM.

The adoption of the New Share Option Scheme is conditional upon:

- (a) the GEM Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in any new Shares which may fall to be allotted and issued by the Company upon the exercise of the Options that may be granted under the New Share Option Scheme; and
- (b) the passing of an ordinary resolution at the AGM approving the adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme.

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## LETTER FROM THE BOARD

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Under the New Share Option Scheme, the Board may at its discretion specify any condition in the offer letter at the grant of the relevant Option which must be satisfied before an Option may be exercised. Save as determined by the Board and provided in the offer of the grant of the relevant Option, the New Share Option Scheme does not stipulate a minimum period for which an Option must be held, or any performance targets a Grantee is required to achieve before an Option may be exercised or subscription price for such Option. The Board believes that this will provide the Board with more flexibility in setting out the terms and conditions of the Options under particular circumstances of each grant and facilitate the Board to offer meaningful incentive to attract and retain quality personnel that are valuable to the development of the Group.

The aggregate number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and any new share option scheme of the Company which may be adopted hereinafter must not, in aggregate, exceed 10% of the total number of Shares in issue as at the date of adoption of the New Share Option Scheme or any new share option scheme (as the case may be). The maximum aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company must not, in aggregate, exceed 30% of the total number of Shares in issue from time to time. No options may be granted under the New Share Option Scheme and any other share option schemes of the Company if this will result in such limit being exceeded. As at the Latest Practicable Date, the number of issued Shares is 280,000,000 Shares. Assuming that there is no change in the number of issued Shares between the Latest Practicable Date and the Adoption Date, the total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme would be 28,000,000 Shares. As no options have been granted under the Existing Share Option Scheme, the number of 28,000,000 Options under the New Share Option Scheme represents 10% of the issued share capital of the Company as at the Latest Practicable Date, which is below the 30% limit as abovementioned.

None of the Directors is and will be a trustee of the New Share Option Scheme nor has a direct or indirect interest in the trustee as no trustee will be appointed under the New Share Option Scheme.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the Latest Practicable Date, no Shareholder had any material interest in the adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme and accordingly, no Shareholder is required to abstain from voting on the resolution approving the adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme at the AGM.

The Company will, where applicable, comply with the applicable requirements under Chapter 23 of the GEM Listing Rules in respect of the operation of the New Share Option Scheme.

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## LETTER FROM THE BOARD

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### **Value of the Options**

The Directors consider that it is not appropriate to state the value of all the Options that can be granted under the New Share Option Scheme as if they had been granted at the Latest Practicable Date prior to the approval of the New Share Option Scheme given that the variables which are crucial for the calculation of the value of such Option cannot be determined. The variables which are critical for the determination of the value of such Options include the subscription price payable for the Shares upon the exercise of the Options, whether or not Options will be granted under the New Share Option Scheme, and if so, the number of Options to be granted and the timing of the granting of such Options, the period during which the subscription rights may be exercised, the discretion of the Board to impose any performance target that has to be achieved before the subscription right attaching to the Options can be exercised and any other conditions that the Board may impose with respect to the Options and whether or not such Options if granted will be exercised by the Option Holders. Accordingly, the Directors are of the view that the value of the Options depends on a number of variables which are either difficult to ascertain or can only be ascertained subject to a number of theoretical and speculative assumptions. Accordingly, the Directors believe that any calculation of the value of the Options will not be meaningful and may be misleading to Shareholders in the circumstances.

### **Application for Listing**

Application has been made to the GEM Listing Committee for approval of the listing of, and permission to deal in, the Shares which may fall to be allotted and issued upon the exercise of any Option that may be granted under the New Share Option Scheme.

### **PROPOSED TERMINATION OF THE EXISTING SHARE OPTION SCHEME**

Pursuant to the terms of the Existing Share Option Scheme, the Existing Share Option Scheme may be terminated by resolution in general meeting of the Company.

For the ease of administration, the Board considers it is unnecessary to keep two share option schemes that serve similar purposes at the same time, particularly when the Existing Share Option Scheme will expire approximately nine months from the Latest Practicable Date. Therefore, an ordinary resolution will be proposed to the Shareholders at the AGM to terminate the Existing Share Option Scheme with effect from the Adoption Date.

Upon termination of the Existing Share Option Scheme, no further option may be granted thereunder but the provisions of the Existing Share Option Scheme shall remain in force and effect to the extent necessary to give effect to the exercise of any options granted prior to the termination. Therefore, options granted prior to such termination shall continue to be valid and exercisable in accordance with the Existing Share Option Scheme.

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## LETTER FROM THE BOARD

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As no options have been granted under the Existing Share Option Scheme since its adoption, there were no options outstanding as at the Latest Practicable Date and no options were exercised, cancelled or lapsed since the adoption of the Existing Share Option Scheme and up to the Latest Practicable Date.

### AGM

A notice of the AGM is set out on pages 30 to 35 of this circular.

A form of proxy for use at the AGM is enclosed herewith. Whether or not you are able to attend the AGM, you are requested to complete, sign and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required under the GEM Listing Rules to abstain from voting on any resolutions to be proposed at the AGM pursuant to the GEM Listing Rules and/or the Articles of Association.

### VOTING BY POLL

According to Rule 17.47(4) of the GEM Listing Rules, any vote of Shareholders at general meeting of the Company must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hand. Therefore, all proposed resolutions put to the vote at the AGM will be taken by way of poll and the Company will announce the results of the poll in the manner prescribed under Rule 17.47(5) of the GEM Listing Rules.

### RESPONSIBILITY STATEMENT

This circular, 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 circular 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 circular misleading.

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## LETTER FROM THE BOARD

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### RECOMMENDATION

The Directors consider that the proposed resolutions set out in the notice of the AGM including (a) the granting of the Issue Mandate, the Repurchase Mandate and the Extension Mandate; (b) the re-election of the Retiring Directors; and (c) the adoption of the New Share Option Scheme and termination of the Existing Share Option Scheme, are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors, together with their close associates, intend to vote in favour of the relevant resolutions in respect of their respective shareholdings in the Company and recommend Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM.

### GENERAL

Your attention is drawn to the additional information set out in the appendices to this circular.

### MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

Yours faithfully,  
By order of the Board  
**Tang Yiu Sing**  
*Executive Director and Chief Executive Officer*

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## **APPENDIX I EXPLANATORY STATEMENT ON THE REPURCHASE MANDATE**

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This appendix serves as an explanatory statement, as required by the GEM Listing Rules, to provide the requisite information to Shareholders to make an informed decision on whether to vote for or against the resolution to approve the Repurchase Mandate.

### **SHAREHOLDERS' APPROVAL**

The GEM Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase shares on the Stock Exchange and any other stock exchange on which securities of the company are listed and such exchange is recognised by the Securities and Futures Commission of Hong Kong subject to certain restrictions. Among such restrictions, the GEM Listing Rules provide that the shares of such company must be fully paid up and all repurchases of shares by such company must be approved in advance by an ordinary resolution of shareholders, either by way of a general mandate or by specific approval of a particular transaction.

Such authority will expire at the earliest of: (a) the conclusion of the next annual general meeting of the company; (b) the date by which the next annual general meeting of the company is required by the law to be held; or (c) the passing of an ordinary resolution by shareholders in general meeting of the company revoking or varying such mandate.

### **SHARE CAPITAL**

As at the Latest Practicable Date, there were a total of 280,000,000 Shares in issue.

The Repurchase Mandate will enable the Directors during the relevant period to repurchase the Shares up to a maximum of 10% of the shares of the Company in issue on the date of passing the relevant ordinary resolution at the AGM. Subject to the passing of the proposed resolution granting the Repurchase Mandate and assuming that no further Shares will be issued or repurchased prior to the AGM, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 28,000,000 Shares.

### **FUNDING OF REPURCHASE**

Repurchases must be funded out of funds legally available for the purpose in accordance with the Company's memorandum of association, the Articles of Association, the GEM Listing Rules and the applicable laws of the Cayman Islands.

### **REASONS FOR REPURCHASES**

The Directors believe that the Repurchase Mandate is in the best interests of the Company and the Shareholders as a whole. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders as a whole.



**EFFECT OF EXERCISING THE REPURCHASE MANDATE**

There might be a material adverse impact on the working capital and/or gearing position of the Company as compared with the position disclosed in the most recent published audited accounts, in the event that the Repurchase Mandate were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not intend to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing position of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

**CORE CONNECTED PERSONS**

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates currently intends to sell any Shares to the Company under the Repurchase Mandate if the same is approved by the Shareholders.

No core connected person (as defined in the GEM Listing Rules) has notified the Company that he/she/it has a present intention to sell Shares to the Company, or has undertaken not to do so, if the Repurchase Mandate is approved by the Shareholders.

**UNDERTAKING**

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the power to make repurchase pursuant to the Repurchase Mandate in accordance with the GEM Listing Rules and the applicable laws of the Cayman Islands.

**THE TAKEOVERS CODE AND MINIMUM PUBLIC HOLDING**

If, as a result of a share repurchase, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code.

Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not presently aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

The Directors have no intention to exercise the Repurchase Mandate to such an extent that will result in the number of Shares in hands of public falling below the prescribed minimum percentage of 25%.

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**APPENDIX I EXPLANATORY STATEMENT ON THE REPURCHASE MANDATE**

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As at the Latest Practicable Date, the following Shareholder was interested in more than 10% of the issued shares of the Company:

<b>Name of Shareholder</b>	<b>Number of Shares held as at the Latest Practicable Date</b>	<b>Percentage of existing shareholdings as at the Latest Practicable Date</b>	<b>Approximate percentage of shareholdings if the Repurchase Mandate is exercised in full</b>
Million Top Enterprises Limited (Note)	210,000,000	75%	83.33%

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

**SHARE REPURCHASE MADE BY THE COMPANY**

No repurchase of Shares has been made by the Company (whether on the Stock Exchange or otherwise) within twelve months preceding the Latest Practicable Date.

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**APPENDIX I EXPLANATORY STATEMENT ON THE REPURCHASE MANDATE**

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**SHARE PRICES**

The highest and lowest prices at which the Shares were traded on GEM during each of the previous twelve months, and up to the Latest Practicable Date were as follows:

	<b>Share prices</b>	
	<b>Highest</b>	<b>Lowest</b>
	<i>HK\$</i>	<i>HK\$</i>
<b>2020</b>		
March	0.400	0.310
April	0.320	0.250
May	0.350	0.250
June	0.690	0.240
July	0.690	0.250
August	0.330	0.238
September	0.255	0.240
October	0.405	0.230
November	0.350	0.345
December	0.345	0.220
<b>2021</b>		
January	0.345	0.200
February	0.270	0.230
March (up to the Latest Practicable Date)	0.300	0.300

The particulars of Directors who are subject to re-election at the AGM and which are required to be disclosed under the GEM Listing Rules are set out below:

**Mr. Tang Yiu Sing**

Mr. Tang Yiu Sing (“**Mr. YS Tang**”), aged 35, is an executive Director, the Chief Executive Officer, the authorised representative and a member of each of the remuneration committee, the nomination committee and the risk management and internal control committee of the Company. Mr. YS Tang was appointed as an executive Director and director of the relevant members of the Group with effect from 29 July 2015.

He has over 10 years of experience in corporate management and property investment. He is the founder and chief executive officer of Stan Group (Holding) Limited (“**Stan Group**”), a company engaged in various businesses such as restaurant operation, hotel management, marketing, property investment, storage, wedding planning services and financing, and is responsible for the corporate strategic planning and overall business development of the company.

Mr. YS Tang is the honorary chairman of the Association for Hong Kong Catering Services Management Limited, a member of Chinese Entrepreneurs Organization, secretary of Lions Club of Metropolitan Hong Kong and a director of Innovative Entrepreneur Association.

Mr. YS Tang obtained a master’s degree in Business Administration from the University of Western Ontario in 2014.

Mr. YS Tang is the son of Mr. Tang Shing Bor, the non-executive Director and the ultimate beneficial owner of Million Top Enterprises Limited.

Save as disclosed above, (i) Mr. YS Tang has not held any directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years and has not held other major appointments and professional qualifications; and (ii) Mr. YS Tang does not hold any position in the Company or any of its subsidiaries.

Mr. YS Tang has entered into a service contract with the Company for a term of three years commencing from 29 July 2018 and is subject to the retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association. As stated in the service contract, Mr. YS Tang is entitled to a salary of HK\$60,000 per annum plus a discretionary bonus, which is determined by the Board in its absolute discretion provided that the total amount of bonuses payable to all the Directors in respect of such year will not exceed 5% of the Company’s audited combined/consolidated profit after tax and non-controlling interest (if any) for such year.

As at the Latest Practicable Date, Mr. YS Tang did not have any interest in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, there is no information that is required to be disclosed pursuant to Rule 17.50(2)(h) to (v) of the GEM Listing Rules and there is no other matter that needs to be brought to the attention of the Shareholders.

**Mr. Tang Shing Bor**

Mr. Tang Shing Bor (“**Mr. Tang**”), aged 87, is a non-executive Director and the Chairman of the Board. He was appointed as the non-executive Director with effect from 29 July 2015.

He has over 40 years’ experience in property investment and development, and also has experiences in food and beverage industry, and retail industry in Hong Kong.

Mr. Tang is the sole beneficial owner and a director of Million Top Enterprises Limited, the controlling shareholder of the Company. He is also the father of Mr. YS Tang, an executive Director.

Save as disclosed above, (i) Mr. Tang has not held any directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years and has not held other major appointments and professional qualifications; and (ii) Mr. Tang does not hold any position in the Company or any of its subsidiaries.

Mr. Tang has entered into a service contract with the Company for a term of three years commencing from 29 July 2018, and is subject to the retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association. Mr. Tang is entitled to a director fee of HK\$60,000 per annum, which is determined by the Board in its absolute discretion provided that the total amount of bonuses payable to all the Directors in respect of such year will not exceed 5% of the Company’s audited combined/consolidated profit after tax and non-controlling interest (if any) for such year.

As at the Latest Practicable Date, Mr. Tang was deemed to be interested in 210,000,000 Shares held by Million Top Enterprises Limited within the meaning of Part XV of the SFO.

Save as disclosed above, there is no information that is required to be disclosed pursuant to Rule 17.50(2)(h) to (v) of the GEM Listing Rules and there is no other matter that needs to be brought to the attention of the Shareholders.

*The following is a summary of the principal terms of the New Share Option Scheme to be approved and adopted by ordinary resolution at the AGM, but such summary does not form, nor intended to be, part of the New Share Option Scheme, nor should it be taken as affecting the interpretation of the rules of the New Share Option Scheme:*

### **1. PURPOSE**

The purpose of the New Share Option Scheme is to enable the Company to grant Options to selected Eligible Participants as incentives or rewards for their contribution or potential contribution to, and continuing efforts to promote the interests of, the Group.

### **2. ADMINISTRATION OF THE NEW SHARE OPTION SCHEME**

The New Share Option Scheme shall be subject to the administration of the Board whose decision on all matters arising in relation to the New Share Option Scheme or its interpretation or effect shall (save as otherwise provided in the New Share Option Scheme and in the absence of manifest error) be final and binding on all persons who may be affected thereby.

### **3. GRANT AND ACCEPTANCE OF OPTIONS**

Subject to the terms of the New Share Option Scheme, the Board may make an Offer to such Eligible Participant as it may in its absolute discretion select, and subject to such conditions as the Board may think fit, to subscribe for Shares at a price calculated in accordance with paragraph (4) below, provided that no such grant shall be made if a prospectus is required to be issued under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) or any applicable laws or if such grant will result in the breach by the Company or the Directors of any applicable securities laws and regulations in any jurisdiction.

An offer of the grant of an Option shall be made to Eligible Participants in writing (and unless so made shall be invalid) in such form as the Board may from time to time determine either generally or on a case-by-case basis specifying the number of Shares and the Option Period in respect of which the Offer is made and further requiring the Eligible Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the New Share Option Scheme and shall remain open for acceptance by the Eligible Participant concerned (and by no other person, including his or her personal representative(s)) for a period of twenty-one (21) days inclusive of, and from the Offer Date provided that no such Offer shall be open for acceptance after the earlier of the Termination Date or the termination of the New Share Option Scheme.

A nominal consideration of HK\$1.00 is payable by the Grantee upon acceptance of an Option. An Option shall be deemed to have been accepted when the duplicate letter comprising acceptance of the Offer duly signed by the Eligible Participant together with the said consideration of HK\$1.00 is received by the Company.

Any offer of the grant of an Option may be accepted in respect of less than the number of Shares which are offered provided that it is accepted in such number of Shares as represents a board lot for the time being for the purpose of trading on the Stock Exchange or an integral multiple thereof.

#### 4. EXERCISE OF OPTIONS AND SUBSCRIPTION PRICE OF SHARES

An Option may be exercised in whole or in part by the Grantee giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the subscription price for the Shares in respect of which the notice is given. Within thirty (30) days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate of the Company's auditors or independent financial advisers, the Company shall accordingly allot and issue the relevant number of Shares to the Grantee (or, in the event of an exercise of Option by his or her personal representative, to the estate of the Grantee) credited as fully paid and instruct the share registrar of the Company to issue to the Grantee (or his personal representative(s)) a share certificate for the Shares so allotted.

Holders of the Options are not entitled to voting, dividend, transfer and other rights of the holders of the Shares, including those arising on a liquidation of the Company, save as otherwise provided in the New Share Option Scheme or under the relevant laws or the memorandum of association of the Company and the Articles of Association in effect from time to time.

Shares to be allotted and issued upon the exercise of an Option will be subject to all the provisions of the Articles of Association for the time being in force and will rank *pari passu* in all respects with the existing fully paid Shares in issue on the date on which the Option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members (the "**Exercise Date**") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted upon the exercise of an Option shall not carry voting rights until the name of the Grantee has been duly entered onto the register of members of the Company as the holder thereof.

The subscription price for Shares under the New Share Option Scheme may be determined by the Board at its absolute discretion, provided that it shall not be less than the highest of:

- (a) the closing price of the Shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on the Offer Date, which must be a Business Day;
- (b) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five (5) consecutive Business Days immediately preceding the Offer Date; and

- (c) the nominal value of the Share on the Offer Date.

Where a relevant Option is to be granted under paragraph (6) or (7), for the purposes of (a) and (b) above, the date of the Board meeting at which the grant was proposed shall be taken to be the Offer Date for such relevant Option, and the provisions as set above shall apply *mutatis mutandis*.

## 5. MAXIMUM NUMBER OF SHARES AVAILABLE FOR ISSUE

- (a) Subject to the GEM Listing Rules, the overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the relevant class of Shares in issue from time to time. No options may be granted under the New Share Option Scheme or any other share option schemes of the Company if this will result in this limit being exceeded.
- (b) Subject to the limit mentioned in (5)(a) above, the maximum number of Shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme and any other share option schemes of the Company must not, in aggregate, exceed 10% of total number of Shares in issue as at the date of the approval of the New Share Option Scheme (the “**Scheme Mandate Limit**”), unless Shareholders’ approval has been obtained pursuant to sub-paragraphs (c) and (d) below. Options lapsed in accordance with the terms of the New Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.
- (c) Subject to the limit mentioned in (5)(a) above, the Company may seek approval by the Shareholders in general meeting to refresh the Scheme Mandate Limit under the New Share Option Scheme, provided that the total number of Shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme and any other schemes of the Company under the limit as “refreshed” must not exceed 10% of the total number of Shares in issue as at the date of passing the relevant resolution. Options previously granted under the New Share Option Scheme (including those outstanding, cancelled, lapsed in accordance with the New Share Option Scheme or exercised Options) will not be counted for the purpose of calculating the Scheme Mandate Limit as “refreshed”. The Company must send a circular to the Shareholders containing such information as required under the GEM Listing Rules.
- (d) Subject to the limit mentioned in (5)(a) above, the Company may also seek separate approval of the Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit provided that the Options in excess of the Scheme Mandate Limit are granted only to Eligible Participants specifically identified by the Company before such approval is sought. The Company must send a circular to the Shareholders containing a generic description of the specified Eligible Participants who may be granted such Options, the number and terms of Options to be granted, the purpose of



granting Options to the specified Eligible Participants with an explanation as to how the terms of the Options serve such purpose and such other information as required under the GEM Listing Rules.

**6. GRANT OF OPTIONS TO A DIRECTOR, CHIEF EXECUTIVE OR SUBSTANTIAL SHAREHOLDER OF THE COMPANY OR ANY OF THEIR RESPECTIVE ASSOCIATES**

Any grant of Options to a Director, a chief executive or substantial shareholder of the Company (as defined under the GEM Listing Rules), or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who or whose associate is the proposed Grantee of an Option).

Where Options are proposed to be granted to a substantial Shareholder (as defined in the GEM Listing Rules) or an independent non-executive Director or any of their respective associates and if such grant would result in the total number of Shares issued and to be issued upon exercise of the Options granted and to be granted (including Options exercised, cancelled and outstanding) in any twelve (12) month period up to and including the date of grant to such person representing in aggregate over 0.1% of the total issued Shares and having an aggregate value, based on the closing price of the securities at the date of each grant, in excess of HK\$5 million, then the proposed grant must be subject to the approval of Shareholders taken on a poll in a general meeting. The Grantee, his associates and all core connected persons of the Company must abstain from voting in favour of the proposed grant at such general meeting. Parties that are required to abstain from voting in favour at the general meeting pursuant to Rule 23.04(1) of the GEM Listing Rules may vote against the resolution at the general meeting of the Company, provided that their intention to do so has been stated in the relevant circular to the Shareholders.

A circular must be prepared by the Company explaining the proposed grant, containing, among other matters, (i) the number and terms of the Options to be granted; (ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is a proposed Grantee) to the independent Shareholders as to voting; and (iii) information as may be required by the Stock Exchange from time to time.

Shareholders' approval in a general meeting is also required for any change in the terms of Options granted to an Eligible Participant who is a substantial Shareholder (as defined in the GEM Listing Rules) of the Company or an independent non-executive Director, or any of their respective associates.

**7. MAXIMUM ENTITLEMENT OF EACH ELIGIBLE PARTICIPANT**

Unless approved by the Shareholders, the total number of Shares issued and to be issued upon exercise of the Options granted to each Eligible Participant (including both exercised and outstanding Options) in any 12-month period must not exceed 1% of the Shares in issue. Where any further grant of Options to an Eligible Participant would result in the Shares issued and to

be issued upon exercise of all Options granted and to be granted to such Eligible Participant (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by the Shareholders in general meeting with such Eligible Participant and his close associates (or his associates if the Eligible Participant is a connected person) abstaining from voting. The Company must send a circular to the Shareholders and the circular must disclose the identity of the Eligible Participant, the number and terms of the Options to be granted (and Options previously granted to such Eligible Participant), and such information as may be required by the Stock Exchange from time to time. The number and terms (including the subscription price) of Options to be granted to such Eligible Participant must be fixed before Shareholders' approval and the date of Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

## **8. TIME OF EXERCISE OF OPTIONS**

Subject to the terms of the New Share Option Scheme, an Option may be exercised in whole or in part at any time during the period to be determined and notified by the Directors to the Grantee thereof at the time of making an Offer provided that such period shall not exceed the period of ten (10) years from the date of the grant of the particular Option but subject to the provisions for early termination of the New Share Option Scheme.

The Board may at its discretion specify any condition in the offer letter at the grant of the relevant Option which must be satisfied before an Option may be exercised. Save as determined by the Board and provided in the offer of the grant of the relevant Option, there is no specified minimum period under the New Share Option Scheme for which an Option must be held or the performance target which must be achieved before an Option can be exercised under the terms of the New Share Option Scheme.

## **9. RESTRICTIONS ON THE TIME OF GRANT OF OPTIONS**

Grant of Options may not be made:

- (a) after inside information has come to the knowledge of the Company until (and including) the trading day after it has been announced pursuant to the requirements of the GEM Listing Rules; and
- (b) during the period commencing from one (1) month immediately preceding the earlier of:
  - (i) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for approving the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the GEM Listing Rules); and

- (ii) the deadline for the Company to publish its results for any year or half-year under the GEM Listing Rules, or quarterly or any other interim period (whether or not required under the GEM Listing Rules),

and ending on the date of the results announcements.

#### **10. RIGHTS ARE PERSONAL TO GRANTEES**

An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest whatsoever in favour of any third party over or in relation to any Option or enter into any agreement so to do. Any breach of the foregoing by a Grantee shall entitle the Company to cancel any Option or any part thereof granted to such Grantee to the extent not already exercised.

#### **11. RIGHTS ON CESSATION OF EMPLOYMENT OR DIRECTORSHIP**

If the Grantee of an Option is an employee or a director of the Group and ceases to be an Eligible Participant by reason of voluntary resignation or dismissal or upon expiration of his term of directorship (unless immediately renewed upon expiration), or by termination of his employment or directorship on any one or more of the grounds that he has been guilty of persistent or serious misconduct, or has become bankrupt or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the Grantee or the Group into disrepute) or any other ground(s) on which the Group would be entitled to terminate the Grantee's employment or directorship pursuant to any applicable law before exercising the Option in full, his or her Option (to the extent not already exercised) will lapse on the date of cessation or termination and not be exercisable.

#### **12. RIGHTS ON DEATH**

If the Grantee of an Option ceases to be an Eligible Participant by reason of his or her death before exercising the Options in full, and where the Grantee is an employee or a director of the Group, none of the events referred to in paragraph (11) above as ground for termination of his or her employment or directorship arises, his or her personal representative(s) may exercise the Option (to the extent not already exercised) within a period of six months following the date of death, or up to the expiration of the Option Period, whichever is earlier, failing which it will lapse. If any of the events referred to in paragraphs (16) to (18) below occurs during such period, his or her personal representative(s) may exercise the Option pursuant to paragraphs (16) to (18) respectively.

#### **13. RIGHTS ON ILL-HEALTH OR RETIREMENT**

If the Grantee of an Option is an employee or a director of the Group before exercising the Options in full and ceases to be an Eligible Participant by reason of ill-health or retirement as an

employee in accordance with his or her contract of employment before exercising the Option in full, he or she may exercise the Option (to the extent not already exercised) within a period of six months following the date of such cessation, failing which it will lapse. The date of cessation shall be the last day on which the Grantee is actually at work with the Group whether salary is paid in lieu of notice or not. If any of the events referred to in paragraphs (16) to (18) below occurs during such period, he or she may exercise the Option pursuant to paragraphs (16) to (18) respectively.

#### **14. RIGHTS ON CESSATION FOR OTHER REASONS**

If the Grantee of an Option who is an employee or a director of the Group ceases to be an Eligible Participant for any reason other than the reasons set out in paragraphs (12) and (13) above, his or her Option (to the extent not already exercised) will lapse on the date of cessation.

#### **15. RIGHTS ON BREACH OF CONTRACT**

If the Grantee of an Option who is a business or joint venture partner, contractor, agent or representative, consultant, adviser, supplier, producer or licensor, customer, licensee (including any sub-licensee) or distributor, landlord or tenant (including sub-tenant) of the Group ceases to be an Eligible Participant by reason of breach of contract entered into between such Eligible Participant and the Group, or termination of his/her/its engagement or appointment, in the absolute determination of the Board, or the Board in its sole and absolute opinion believes such Grantee has become a competitor of the Group, or the Grantee has become bankrupt or has become insolvent or has made any arrangement or composition with his/her/its creditors generally, has committed any serious misconduct, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the Grantee or the Group into disrepute), the Option (to the extent not already exercised) shall lapse on the date of the Board's determination and not be exercisable.

#### **16. RIGHTS ON A GENERAL OFFER**

In the event of a general or partial offer being made to all Shareholders (or all such holders other than the offeror and/or person controlled by the offeror and/or any person acting in association or concert (as defined in the Takeovers Code) with the offeror) and such offer becomes or is declared unconditional during the Option Period of the relevant Option, the Grantee (or his or her personal representative(s)) shall be entitled to exercise the Option in full (to the extent not already exercised) at any time within thereafter and up to the close of such offer.

*Note:* Paragraphs 11, 13 and 14 do not apply to a Grantee who is not an employee or a director of the Group. Unlike employees or directors who are employed or appointed on a continuous basis, the relationship between the Group and the Grantees who are not employees or directors are based on different contracts which may or may not be consecutive or continuous in nature and may be on a project or order basis.

**17. RIGHTS ON WINDING UP**

In the event a notice is given by the Company to its members to convene an extraordinary general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as it despatches such notice to each member of the Company give notice thereof to all Grantees and any Grantee or his or her personal representative(s) may by notice in writing to the Company accompanied by a remittance for the full amount of the aggregate subscription price in respect of the relevant Option (such notice shall be received by the Company no later than five (5) Business Days prior to the proposed general meeting) exercise the Option (to the extent not already exercised) either to its full extent or to the extent that he or she may specify in his or her notice and the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot and issue such number of Shares to the Grantee credited as fully paid.

**18. RIGHTS ON RECONSTRUCTION, COMPROMISE OR ARRANGEMENT**

If a compromise or arrangement between the Company and its members or creditors being proposed for the purpose of or in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same date as it gives notice of the meeting to its members or creditors to summon a meeting to consider such a scheme or arrangement and any Grantee or his or her personal representative(s) may by notice in writing to the Company (such notice shall be received by the Company no later than five (5) Business Days prior to the proposed meeting), accompanied by a remittance of the full amount of the subscription price in respect of which the notice is given exercise the Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice and the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Grantee or his or her personal representative(s) which falls to be issued on such exercise of the Option credited as fully paid and register the Grantee as holder thereof.

**19. CANCELLATION OF OPTIONS**

Any Option granted but not exercised may not be cancelled except with the written consent of the relevant Grantee and the prior approval of the Directors. Where the Company cancels Options and issues new ones to the same holder of the Option, the issue of such new Options may only be made under a scheme with available unissued options (excluding the cancelled Options) within the Scheme Mandate Limit.

**20. EFFECT OF ALTERATIONS TO SHARE CAPITAL**

In the event of any alteration in the capital structure of the Company by way of capitalisation issue, rights issue, consolidation, sub-division or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction while

any Option remains exercisable), such corresponding alterations (if any) will be made in (i) the number or nominal amount of Shares subject to the New Share Option Scheme or any Option so far as such Option remains unexercised and/or (ii) the subscription price per Share as the auditors or independent financial advisers for the time being of the Company shall at the request of the Company or any Grantee certify in writing to be in their opinion fair and reasonable (other than in the case of capitalisation issue), provided that any such alterations shall be made on the basis that the Grantee shall have the same proportion of the issued share capital of the Company to which he or she was entitled before such alteration and the aggregate subscription price payable by the Grantee on the full exercise of any Option shall remain as nearly as possible the same as (but not greater than) it was before such event, but so that no such alterations shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. Save in the case of capitalisation issue, the auditors or independent financial advisers for the time being of the Company must confirm to the Directors in writing that such adjustment(s) satisfy the aforesaid requirements.

## **21. RANKING OF SHARES**

The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the Articles of Association for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date on which the Option is duly exercised and accordingly will entitle the holders of Shares to participate in all dividends or other distributions paid or made on or after the date on which the Option is exercised other than any dividends or other distributions previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the date of allotment.

## **22. DURATION OF THE NEW SHARE OPTION SCHEME**

The New Share Option Scheme shall continue in force for the period commencing from the Adoption Date, and expiring at the close of business on the date which falls 10 years after the Adoption Date, after such period no further Options will be granted but the provisions of the New Share Option Scheme shall remain in full force and effect in respect of any Options granted before its expiry or termination but not yet exercised.

## **23. ALTERATIONS TO THE TERMS OF THE NEW SHARE OPTION SCHEME**

- (a) The provisions relating to the matters set out in Rule 23.03 of the GEM Listing Rules cannot be altered to the advantage of Eligible Participants without the prior approval of Shareholders in a general meeting.
- (b) Any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature or any change to the terms of Options granted must be approved by Shareholders, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme.

- (c) The amended terms of the New Share Option Scheme or the Options must still comply with the relevant requirements of Chapter 23 of the GEM Listing Rules.
- (d) Any change to the authority of the Directors or the administrator of the New Share Option Scheme in relation to any alteration to the terms of the New Share Option Scheme must be approved by Shareholders in a general meeting.

**24. CONDITIONS OF THE NEW SHARE OPTION SCHEME**

The New Share Option Scheme is conditional upon:

- (a) the GEM Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in any new Shares which may fall to be allotted and issued by the Company upon the exercise of the Options that may be granted under the New Share Option Scheme; and
- (b) the passing of ordinary resolutions at the AGM approving the adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme.

**25. LAPSE OF OPTIONS**

An Option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (a) the expiry of the Option Period;
- (b) the expiry of the relevant period or the occurrence of the relevant event referred to in paragraphs (11) to (18); and
- (c) the date of the commencement of the winding-up of the Company.

**26. TERMINATION**

The Company by an ordinary resolution in general meeting may at any time terminate the operation of the New Share Option Scheme and in such event no further Options will be offered but in all other respects the provisions of the New Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted but not yet exercised prior thereto or otherwise as may be required in accordance with the provisions of the New Share Option Scheme and Options granted prior to such termination shall continue to be valid and exercisable in accordance with the New Share Option Scheme.

**27. MISCELLANEOUS**

The terms of the New Share Option Scheme (and any other schemes adopted by the Company from time to time) shall be in accordance with the requirements set out in Chapter 23 of the GEM Listing Rules.

The Company will comply with the relevant statutory requirements and the GEM Listing Rules from time to time in force on a continuing basis in respect of the New Share Option Scheme and any other schemes of the Company.

Any dispute arising in connection with the number of Shares of an Option and any of the matters referred to in paragraph (20) above shall be referred to the decision of the Company's auditors or the independent financial advisers of the Company who shall act as experts and not as arbitrators and whose decision, in the absence of manifest error, shall be final, conclusive and binding on all persons who may be affected thereby.



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## NOTICE OF AGM

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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)**

### NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an annual general meeting of ETS Group Limited (the “**Company**”) will be held at 2nd Floor, China Paint Building, 1163 Canton Road, Mongkok, Kowloon, Hong Kong on 4 May 2021 (Tuesday) at 10:00 a.m. (the “**AGM**”) for the following purposes:

#### **As Ordinary Business**

1. To receive, consider and approve the audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors (the “**Director(s)**”) and of the auditors of the Company for the year ended 31 December 2020.
2.
  - (a) To re-elect Mr. Tang Yiu Sing as an executive Director.
  - (b) To re-elect Mr. Tang Shing Bor as a non-executive Director.
  - (c) To authorise the board (the “**Board**”) of Directors to fix the remuneration of the Directors.
3. To re-appoint HLB Hodgson Impey Cheng Limited as auditors of the Company and to authorise the Board to fix their remuneration.
4. “**THAT:**
  - (a) subject to paragraph (c) below, pursuant to the Rules Governing the Listing of Securities on the GEM (the “**GEM Listing Rules**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional ordinary shares (each a “**Share**”) in the share capital of the Company and to make or grant offers, agreements and/or options (including bonds, warrants and debentures convertible into Shares) which might require the exercise of such powers be and is hereby generally and unconditionally approved;

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- (b) the approval in paragraph (a) of this resolution shall authorise the Directors during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and/or options (including bonds, warrants and debentures convertible into Shares) which might require the exercise of such powers after the end of the Relevant Period (as hereinafter defined);
- (c) the aggregate number of Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to:
  - (i) a Rights Issue (as hereinafter defined);
  - (ii) the exercise of any options granted under the existing share option scheme or other option scheme or similar arrangements of the Company for the time being adopted by the Company from time to time;
  - (iii) any scrip dividend or similar arrangements providing for the allotment an issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company (the “**Articles of Association**”) and other relevant regulations in force from time to time; or
  - (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares,

shall not exceed 20% of the shares of the Company in issue as at the date of the passing of this resolution and the mandate pursuant to paragraph (a) of this resolution shall be limited accordingly; and

- (d) for the purposes of this resolution,

“Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable law of the Cayman Islands to be held; and
- (iii) the revocation or variation of the mandate given to the Directors under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

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## NOTICE OF AGM

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“Rights Issue” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares or any class of Shares on the register on a fixed record date in proportion to their then holdings of the Shares of the Company (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong applicable to the Company).”

5. **“THAT:**

- (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase the Shares on the Stock Exchange or any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for such purpose, subject to and otherwise in accordance with the requirements of the GEM Listing Rules and all applicable laws as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate number of Shares which may be repurchased by the Company pursuant to the approval in paragraph (a) above during the Relevant Period (as hereinafter defined) shall not exceed 10% of the shares of the Company in issue as at the date of the passing of this resolution and the mandate pursuant to paragraph (a) of this Resolution shall be limited accordingly; and
- (c) for the purposes of this Resolution,

“Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable law of the Cayman Islands to be held; and
- (iii) the revocation or variation of the mandate given to the Directors under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

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## NOTICE OF AGM

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6. “**THAT** conditional upon passing of resolutions numbered 4 and 5 as set out in this notice convening the AGM, the general mandate granted to the Directors to exercise the powers of the Company to allot and issue Shares pursuant to resolution numbered 4 be and is hereby extended by the addition thereto of the aggregate number of the Shares repurchased by the Company pursuant to the authority granted pursuant to resolution numbered 5, provided that such number shall not exceed 10% of the aggregate number of the Shares in issue as at the date of the passing of this resolution.”

### **As Special Business**

7. To consider and, if thought fit, pass (with or without modification) the following resolution as an ordinary resolution of the Company:

“**THAT:**

- (a) conditional upon the Stock Exchange granting the listing of and permission to deal in the Shares falling to be allotted and issued pursuant to the Share Option Scheme (the “**New Share Option Scheme**”), the terms of which are set out in the document marked “A” which has been produced to the AGM and signed by the chairman of the AGM for the purpose of identification, the rules of the New Share Option Scheme be and are hereby approved and adopted and the directors of the Company be and are hereby authorised to grant options and to allot, issue and deal in the Shares as may be required to be allotted and issued upon the exercise of any option granted thereunder and to take all such steps as they may consider necessary or expedient to implement the New Share Option Scheme;
- (b) the aggregate number of Shares to be allotted and issued pursuant to (a) above, together with any issue of Shares upon the exercise of any options granted under any other share option schemes of the Company as may from time to time adopted by the Company, shall not exceed 10 per cent. of the Shares in issue as at the date of passing of this resolution; and
- (c) conditional upon the New Share Option Scheme becoming effective, the existing share option scheme of the Company adopted on 21 December 2011 (the “**Existing Share Option Scheme**”) be and is hereby terminated upon the New Share Option Scheme coming into effect (without prejudice to the rights and benefits of and attached to any outstanding options which have been granted under the Existing Share Option Scheme prior to the date of the passing of this resolution).”

By order of the Board

**ETS Group Limited**

**Tang Yiu Sing**

*Executive Director and Chief Executive Officer*

Hong Kong, 31 March 2021

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## NOTICE OF AGM

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*Notes:*

1. Any member of the Company (“**Member**”) entitled to attend and vote at the AGM shall be entitled to appoint another person(s) (who must be an individual) as his/her/its proxy to attend and vote instead of him/her/it and a proxy so appointed shall have the same right as the Member to speak at the AGM. On a poll, votes may be given either personally or by proxy. A proxy need not be a Member. A Member may appoint more than one proxy to attend on the same occasion. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed.
2. To be valid, a form of proxy together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority must be deposited at the offices of the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish, but the appointment of the proxy will be revoked if you attend in person at the AGM.
3. The register of members of the Company will be closed from 29 April 2021 (Thursday) to 4 May 2021 (Tuesday), both days inclusive, during which period no transfers of Shares shall be effected. In order to be eligible for attending the AGM, all transfers of Shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:00 p.m. on 28 April 2021 (Wednesday).
4. Where there are joint registered holders of any Share, any one of such persons may vote at the AGM, either personally or by proxy, in respect of such Share as if he/she/it was solely entitled thereto but if more than one of such joint registered holders be present at the AGM personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint registered holders stand on the register of members of the Company in respect of the relevant joint holding.
5. Particulars of Mr. Tang Yiu Sing and Mr. Tang Shing Bor, who offer themselves for re-election, are provided in Appendix II to this circular.
6. If a Member wishes to nominate a person other than the existing Directors to stand for election as a Director, the following documents must be validly lodged no later than 12 April 2021 at the office of the Company at 4th Floor, China Paint Building, 1163 Canton Road, Mongkok, Kowloon, Hong Kong or the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, namely (i) his/her notice of intention to propose a resolution at the meeting; and (ii) a notice executed by the nominated candidate of his/her willingness to be appointed together with his/her contact details.
7. Any Member who has a disability (as defined under the Disability Discrimination Ordinance) and need special arrangements to participate in the AGM please provide your contact information including name, telephone and email address via our office email address [info@eprotel.com.hk](mailto:info@eprotel.com.hk) or telephone number (852) 2799 0202. We shall contact you and will endeavour to make the necessary arrangements unless there is unjustifiable hardship in arranging for them.
8. If typhoon signal No. 8 or above, or a “black” rainstorm warning is in effect any time after 7:00 a.m. on the date of the AGM, the AGM will be postponed. The Company will publish an announcement on the website of the Company at [www.etsgroup.com.hk](http://www.etsgroup.com.hk) and on the “Latest Listed Company Information” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) to notify shareholders of the Company of the date, time and place of the rescheduled meeting.

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## NOTICE OF AGM

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9. Due to the on-going COVID-19 pandemic, to safeguard the health and safety of the Shareholders, the Company will implement the following precautionary measures at the AGM:

- compulsory body temperature checks
- compulsory wearing of a surgical face mask for each attendee
- submission of personal information form, which may be used for contact tracing, if required
- no distribution of corporate gift nor provision of refreshment

Any person who does not comply with the precautionary measures or is subject to any Hong Kong Government prescribed quarantine may be denied entry into the AGM venue. All attendees are required to wear surgical face masks at all times at the AGM venue. The Company reminds the Shareholders that they may appoint the chairman of the AGM as their proxy to vote on the relevant resolution(s) at the AGM as an alternative to attending the AGM in person.

10. Pursuant to Rule 17.47(4) of the GEM Listing Rules, all resolutions set out in this notice will be decided by poll at the AGM.