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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)

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO
THE NEW CAMELPAINT BUILDING LEASE**

THE NEW CAMELPAINT BUILDING LEASE

Reference is made to the 2015 Announcement in relation to the Renewed Camelpaint Building Lease dated 2 November 2015 and entered into between Epro Telecom, an indirect non-wholly owned subsidiary of the Company, and Always Beyond in relation to the leasing of the Camelpaint Building Property to Epro Telecom and the China Paint Building Lease dated 21 December 2015 and entered into between Epro Telecom and Stan Group in relation to the leasing of the China Paint Building Property to Epro Telecom.

The Renewed Camelpaint Building Lease was expired on 1 November 2017. On 1 November 2017, Epro Telecom and Always Beyond entered into the New Camelpaint Building Lease, pursuant to which Always Beyond agreed to lease to Epro Telecom the Camelpaint Building Property for a term of one (1) year commencing from 2 November 2017 (both days inclusive).

GEM LISTING RULES IMPLICATION

At the date of this announcement, Always Beyond is controlled by the family members of Mr. Tang, and Always Beyond is therefore a connected person of the Company and the transactions contemplated under the New Camelpaint Building Lease constitute continuing connected transactions on the part of the Company under Chapter 20 of the GEM Listing Rules.

As the applicable percentage ratios of the Aggregate Proposed Annual Cap under the GEM Listing Rules are below 5%, the New Camelpaint Building Lease is subject to the reporting and announcement but is exempt from the independent Shareholders' approval requirements pursuant to Chapter 20 of the GEM Listing Rules. In the event that the monthly rent payable by the Group under the New Camelpaint Building Lease and the China Paint Building Lease would exceed the Aggregate Proposed Annual Cap for any of the years ending 31 December 2017 and 2018, the Company will comply with Rule 20.52 of the GEM Listing Rules as applicable.

INTRODUCTION

Reference is made to the 2015 Announcement in relation to the Renewed Camelpaint Building Lease dated 2 November 2015 and entered into between Epro Telecom, an indirect non-wholly owned subsidiary of the Company, and Always Beyond in relation to the leasing of the Camelpaint Building Property to Epro Telecom and the China Paint Building Lease dated 21 December 2015 and entered into between Epro Telecom and Stan Group in relation to the leasing of the China Paint Building Property to Epro Telecom.

The Renewed Camelpaint Building Lease was expired on 1 November 2017. On 1 November 2017, Epro Telecom and Always Beyond entered into the New Camelpaint Building Lease, pursuant to which Always Beyond agreed to lease to Epro Telecom the Camelpaint Building Property for a term of one (1) year commencing from 2 November 2017 (both days inclusive).

THE NEW CAMELPAINT BUILDING LEASE

Details of the New Camelpaint Building Lease are set out below:

Date:	1 November 2017
Parties:	(i) Epro Telecom, as the lessee (ii) Always Beyond, as the lessor
Premises:	property situated at Factory on the 1/F including Flat Roof thereof of Block 1 of Camelpaint Building Block I & II, No. 62 Hoi Yuen Road, Kowloon, Hong Kong with a total saleable area of approximately 14,795 square feet
Term:	a term of one (1) year commencing from 2 November 2017 and expiring on 1 November 2018 (both days inclusive) which may be early terminated by either Epro Telecom or Always Beyond by serving a 3 months' notice
Monthly rent (exclusive of rates, government rent and management fees):	HK\$239,680

ANNUAL CAP FOR THE NEW CAMELPAINT BUILDING LEASE

The historical amounts paid by the Group under the Renewed Camelpaint Building Lease for each of the years ended 31 December 2015, 2016 and 2017 and the maximum annual aggregate amount payable (“**Annual Cap for the New Camelpaint Building Lease**”) by Epro Telecom to Always Beyond under the New Camelpaint Building Lease for each of the years ending 31 December 2017 and 2018 are as follows:

	Historical amounts (approx.) for the years ended 31 December			Annual cap (approx.) for the years ending 31 December	
	2015 HK\$'000	2016 HK\$'000	2017 HK\$'000	2017 HK\$'000	2018 HK\$'000
Renewed Camelpaint Building Lease	465	2,790	2,325	–	–
New Camelpaint Building Lease	–	–	–	479	2,397

In arriving at the above Annual Cap for the New Camelpaint Building Lease, the Directors have taken into account the following factors:

- (a) the historical amounts paid by the Group under the Renewed Camelpaint Building Lease for each of the years ended 31 December 2015, 2016 and 2017;
- (b) the prevailing market rent of comparable properties in the vicinity of the Camelpaint Building Property; and
- (c) the agreed monthly rent payable by Epro Telecom under the New Camelpaint Building Lease for each of the years ending 31 December 2017 and 2018.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE NEW CAMELPAINT BUILDING LEASE

The principal activities of the Group include outsourcing inbound contact service, outsourcing outbound contact service, staff insourcing service and contact service centre facilities management service and other services such as licencing, system maintenance, sale of systems and software and securities service.

Always Beyond is principally engaged in investment holding. As at the date of this announcement, Always Beyond is controlled by the family members of Mr. Tang.

Epro Telecom has occupied and used the Camelpaint Building Property for ancillary office use and operation of call centre services since 2007. In consideration of (i) the Camelpaint Building Property is fully equipped and well furnished for the aforementioned uses; (ii) additional costs and time involved if the Group moves to other premises in nearby vicinity, the Directors (including the independent non-executive Directors) consider the entering into of the New Camelpaint Building Lease is in the interests of the Company and its Shareholders as a whole.

The terms of the New Camelpaint Building Lease (including the monthly rent) were determined after arm's length negotiations between the Group and Always Beyond with reference to the prevailing market rent for the comparable property in the vicinity. The Directors (including the independent non-executive Directors) consider that (i) the New Camelpaint Building Lease was entered into in the ordinary and usual course of business of the Group on normal commercial terms; and (ii) the terms of the New Camelpaint Building Lease and the Aggregate Proposed Annual Cap are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

AGGREGATE PROPOSED ANNUAL CAP

As disclosed in the 2015 Announcement, the maximum annual aggregate amounts payable (the “**Annual Cap for the China Paint Building Lease**”) by Epro Telecom to Stan Group under the China Paint Building Lease for each of the year ended 31 December 2016 and the years ending 31 December 2017 and 2018 are approximately HK\$2,162,000, HK\$2,526,000 and HK\$2,756,000 respectively.

Given the similar nature of the transactions under, and the contracting parties to, the New Camelpaint Building Lease and the China Paint Building Lease, the Annual Cap for the New Camelpaint Building Lease for each of the years ending 31 December 2017 and 2018 are aggregated with the Annual Cap for the China Paint Building Lease for each of the years ending 31 December 2017 and 2018 for the compliance with the requirements under the GEM Listing Rules. As such, the aggregate proposed annual cap for the Renewed Camelpaint Building Lease and the China Paint Building Lease for each of the years ending 31 December 2017 and 2018 are HK\$3,005,000 and HK\$5,152,800 respectively (the respective “**Aggregate Proposed Annual Cap**”).

GEM LISTING RULES IMPLICATIONS

At the date of this announcement, Always Beyond is controlled by the family members of Mr. Tang, and Always Beyond is therefore a connected person of the Company and the transactions contemplated under the New Camelpaint Building Lease constitute continuing connected transactions on the part of the Company under Chapter 20 of the GEM Listing Rules. Accordingly, each of Mr. Tang and Mr. YS Tang (being the son of Mr. Tang) has material interests in the New Camelpaint Building Lease and had abstained from voting on the relevant issues at the Board meeting for approving the New Camelpaint Building Lease.

As the applicable percentage ratios of the Aggregate Proposed Annual Cap under the GEM Listing Rules are below 5%, the New Camelpaint Building Lease is subject to the reporting and announcement but is exempt from the independent Shareholders’ approval requirements pursuant to Chapter 20 of the GEM Listing Rules. In the event that the monthly rent payable by the Group under the New Camelpaint Building Lease and the China Paint Building Lease would exceed the Aggregate Proposed Annual Cap for any of the years ending 31 December 2017 and 2018, the Company will comply with Rule 20.52 of the GEM Listing Rules as applicable.

Details of the New Camelpaint Building Lease will be included in the Company’s relevant annual reports in compliance with Rule 20.47 of the GEM Listing Rules.

The Company will also comply with Rules 20.53 and 20.54 of the GEM Listing Rules in relation to the annual review of the transactions entered into pursuant to the New Camelpaint Building Lease.

DEFINITIONS

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

“2015 Announcement”	the announcement of the Company dated 21 December 2015 in relation to the Renewed Camelpaint Building Lease and the China Paint Building Lease
“Aggregate Proposed Annual Cap”	has the meaning ascribed to it under the paragraph headed “Aggregate Proposed Annual Cap” of this announcement
“Always Beyond”	Always Beyond Limited, a company incorporated in Hong Kong with limited liability, which is controlled by the family members of Mr. Tang as at the date of this announcement
“Annual Cap for the China Paint Building Lease”	has the meaning ascribed to it under the paragraph headed “Aggregate Proposed Annual Cap” of this announcement
“Annual Cap for the New Camelpaint Building Lease”	has the meaning ascribed to it under the paragraph headed “Annual Cap for the New Camelpaint Building Lease” of this announcement
“Board”	board of directors of the Company
“Camelpaint Building Property”	property situated at Factory on the 1/F including Flat Roof thereof of Block 1 of Camelpaint Building Block I & II, No. 62 Hoi Yuen Road, Kowloon, Hong Kong with a total saleable area of approximately 14,795 square feet, being the subject matter of the Old Camelpaint Building Lease and the Renewed Camelpaint Building Lease
“China Paint Building Lease”	the lease dated 21 December 2015 and entered into between Epro Telecom and Stan Group, pursuant to which Stan Group agreed to lease to Epro Telecom the China Paint Building Property for a fixed term of three (3) years commencing from 1 January 2016 and expiring on 31 December 2018 (both days inclusive)

“China Paint Building Property”	3/F, part of 4/F and 6/F, China Paint Building, 1163 Canton Road, Kowloon, Hong Kong with a total saleable area of approximately 13,664 square feet for the period commencing from 1 January 2016 and expiring on 31 July 2016; and 3/F, 4/F and part of 6/F, China Paint Building, 1163 Canton Road, Kowloon, Hong Kong with a total saleable area of approximately 17,664 square feet for the period commencing from 1 August 2016 and expiring on 31 December 2018, being the subject matter of the China Paint Building Lease
“Company”	ETS Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Epro Telecom”	Epro Telecom Services Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Mr. Tang”	Mr. Tang Shing Bor, a non-executive Director and a Controlling Shareholder and the father of Mr. YS Tang
“Mr. YS Tang”	Mr. Tang Yiu Sing, an executive Director and the chief executive officer of the Company and the son of Mr. Tang

“New Camelpaint Building Lease”	the lease dated 1 November 2017 and entered into between Epro Telecom and Always Beyond, pursuant to which Always Beyond agreed to lease to Epro Telecom the Camelpaint Building Property for a term of one (1) year commencing from 2 November 2017 and expiring on 1 November 2018 (both days inclusive) which may be early terminated by either Epro Telecom or Always Beyond by serving a 3 months’ notice
“Renewed Camelpaint Building Lease”	the lease dated 2 November 2015 and entered into between Epro Telecom and Always Beyond, pursuant to which Always Beyond agreed to lease to Epro Telecom the Camelpaint Building Property for an initial fixed term of one (1) year commencing from 2 November 2015 and expiring on 1 November 2016 (both days inclusive) which may be renewed for a further term of one (1) year at the option of Epro Telecom
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of issued Share(s)
“Stan Group”	Stan Group (Holdings) Limited, a company incorporated in Hong Kong with limited liability and entire issued share capital is wholly and beneficially owned by Mr. YS Tang as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

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

Hong Kong, 1 November 2017

As at the date of this announcement, the executive Directors are Mr. Tang Yiu Sing and Mr. Yeung Ka Wing; the non-executive Director is Mr. Tang Shing Bor; and the independent non-executive Directors are Mr. Wong Sik Kei, Mr. Cheung Kong Ting and Mr. Wong Kam Tai.

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 Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the Company’s website at www.etsgroup.com.hk.