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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)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2019**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE
STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, 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.

This announcement, for which the directors (the “Directors”) of ETS Group Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (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.

FINANCIAL SUMMARY

The Group's total revenue for the six months ended 30 June 2019 was approximately HK\$70,531,000, representing an increase of approximately 2.9% as compared with the total revenue of approximately HK\$68,510,000 for the corresponding period in 2018.

Profit attributable to owners of the Company for the six months ended 30 June 2019 was approximately HK\$5,717,000, representing an increase of approximately 444.6% as compared with the profit attributable to owners of the Company of approximately HK\$1,050,000 for the corresponding period in 2018.

Earnings per share for the six months ended 30 June 2019 was approximately HK2 cents (six months ended 30 June 2018: HK0.4 cents).

UNAUDITED INTERIM RESULTS

The board of Directors (the “Board”) of the Company is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months and six months ended 30 June 2019 together with the comparative figures for the corresponding periods ended 30 June 2018 are as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the three months and six months ended 30 June 2019

		Three months ended		Six months ended	
		30 June		30 June	
		2019	2018	2019	2018
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	3	33,908	36,190	70,531	68,510
Other income		245	130	283	261
Other gains		–	(310)	2	(373)
Employee benefits expenses	4	(21,779)	(20,262)	(46,320)	(39,176)
Depreciation and amortization		(4,539)	(2,298)	(6,296)	(4,394)
Other operating expenses		(3,604)	(11,963)	(10,809)	(22,366)
Operating profit		4,231	1,487	7,391	2,462
Finance costs		(266)	(41)	(328)	(189)
Profit before tax	5	3,965	1,446	7,063	2,273
Income tax expense	6	(782)	(704)	(1,346)	(1,223)
Profit for the period		3,183	742	5,717	1,050
Total comprehensive income for the period		3,183	742	5,717	1,050
Profit attributable to owners of the Company		3,183	742	5,717	1,050
Total comprehensive income attributable to owners of the Company		3,183	742	5,717	1,050
Earnings per share attributable to owners of the Company					
– Basic and diluted					
(HK cents)	8	1.1	0.3	2	0.4

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2019

		As at 30 June 2019 <i>HK\$'000</i> (unaudited)	As at 31 December 2018 <i>HK\$'000</i> (unaudited)
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		3,143	4,574
Right-of-use assets		8,425	–
Intangible assets		12,317	12,263
Deferred income tax assets		1,181	1,181
Other assets		205	205
		<u>25,271</u>	<u>18,223</u>
Current assets			
Contract assets		2,240	11,709
Trade and other receivables	9	73,285	55,308
Amounts due from related companies		15,234	–
Pledged bank deposits		9,051	9,029
Bank trust account balances		13,563	36,522
Cash and cash equivalents	10	35,800	47,848
		<u>149,173</u>	<u>160,416</u>

		As at 30 June 2019 HK\$'000 (unaudited)	As at 31 December 2018 HK\$'000 (unaudited)
	Notes		
Current liabilities			
Contract liabilities		408	2,235
Lease liabilities		8,802	–
Trade and other payables	11	34,389	50,135
Amounts due to related companies		–	11
Current income tax liabilities		1,668	703
Borrowings		9,635	11,632
		<u>54,902</u>	<u>64,716</u>
Net current assets		<u>94,271</u>	<u>95,700</u>
Total assets less current liabilities		<u>119,542</u>	<u>113,923</u>
Non-current liabilities			
Deferred income tax liabilities		195	195
Borrowings		80	149
		<u>275</u>	<u>344</u>
Net assets		<u>119,267</u>	<u>113,579</u>
Equity attributable to the owners of the Company			
Share capital	12	2,800	2,800
Share premium		25,238	25,238
Reserves		91,229	85,541
Total equity		<u>119,267</u>	<u>113,579</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2019

	Attributable to owners of the Company				
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Merger reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
Balance at 1 January 2018 (audited)	<u>2,800</u>	<u>25,238</u>	<u>25,624</u>	<u>55,971</u>	<u>109,633</u>
Profit for the period	–	–	–	1,050	1,050
Total other comprehensive income for the period	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Total comprehensive income for the period	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,050</u>	<u>1,050</u>
Interim dividend paid	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Balance at 30 June 2018 (unaudited)	<u>2,800</u>	<u>25,238</u>	<u>25,624</u>	<u>57,021</u>	<u>110,683</u>
Balance as at 1 January 2019 (restated)	<u>2,800</u>	<u>25,238</u>	<u>25,624</u>	<u>59,888</u>	<u>113,550</u>
Profit for the period	–	–	–	5,717	5,717
Total other comprehensive income for the period	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Total comprehensive income for the period	<u>–</u>	<u>–</u>	<u>–</u>	<u>5,717</u>	<u>5,717</u>
Interim dividend paid	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Balance at 30 June 2019 (unaudited)	<u><u>2,800</u></u>	<u><u>25,238</u></u>	<u><u>25,624</u></u>	<u><u>65,605</u></u>	<u><u>119,267</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)*For the six months ended 30 June 2019*

	Six months ended	
	30 June	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net cash (used in)/generated from operating activities	(11,266)	19,654
Net cash used in investing activities	(533)	(13,101)
Net cash used in financing activities	<u>(249)</u>	<u>(524)</u>
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	(12,048)	6,029
Cash, cash equivalents and bank overdrafts at beginning of the period	<u>47,848</u>	<u>28,552</u>
Cash, cash equivalents and bank overdrafts at end of the period	<u><u>35,800</u></u>	<u><u>34,581</u></u>

NOTES TO THE FINANCIAL INFORMATION

For the six months ended 30 June 2019

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 29 June 2011 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The shares of the Company have been listed on the GEM of the Stock Exchange with effect from 9 January 2012 (the “Listing Date”).

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The Group’s unaudited condensed consolidated interim financial information has been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of the GEM Listing Rules.

The accounting policies and basis adopted in preparing the unaudited condensed consolidated interim financial information were consistent with those applied for the consolidated financial statements of the Group for the year ended 31 December 2018.

The HKICPA has issued certain new and revised Hong Kong Financial Reporting Standards (“HKFRSs”). For those which are effective for accounting periods beginning on or after 1 January 2019, the adoption has no material impact on how the results and financial positions of the Group for the current and prior periods have been prepared and presented. For those which are not yet effective and have not been early adopted in prior accounting periods, the Group is in the process of assessing their impact on the Group’s results and financial position.

3. SEGMENT INFORMATION AND REVENUE

The Directors review the Group’s internal financial reporting and other information and also obtain other relevant external information in order to assess performance and allocate resources, and operating segment is identified with reference to these.

The reportable operating segments derive their revenue primarily from the following business units in Hong Kong:

- (a) Outsourcing inbound contact services;
- (b) Outsourcing outbound contact services;
- (c) Staff insourcing services;
- (d) Contact service centre facilities management services;
- (e) Financial services which principally comprises commission income from broker business and asset management services; and
- (f) The “Others” segment which principally comprises licencing, system maintenance and sales of system and software.

For the six months ended 30 June 2019

	Outsourcing inbound contact service HK\$'000 (unaudited)	Outsourcing outbound contact service HK\$'000 (unaudited)	Staff insourcing service HK\$'000 (unaudited)	Contact service centre facilities management service HK\$'000 (unaudited)	Financial service HK\$'000 (unaudited)	Others HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Segment revenue	6,108	17,793	29,131	3,709	11,302	2,488	70,531
Segment results	639	1,705	2,911	795	4,339	542	10,931
Depreciation and amortization	531	1,655	–	937	1,746	707	5,576
Total segment assets	4,372	24,033	15,012	5,120	45,615	3,194	97,346
Total segment assets includes: assets (other than financial instruments)	242	754	–	427	2	668	2,093
Total segment liabilities	1,773	4,994	3,890	629	23,775	2,118	37,179

For the six months ended 30 June 2018

	Outsourcing inbound contact service HK\$'000 (unaudited)	Outsourcing outbound contact service HK\$'000 (unaudited)	Staff insourcing service HK\$'000 (unaudited)	Contact service centre facilities management service HK\$'000 (unaudited)	Financial service HK\$'000 (unaudited)	Others HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Segment revenue	9,826	24,459	26,773	3,961	1,291	2,200	68,510
Segment results	1,464	2,230	2,748	797	(2,798)	1,044	5,485
Depreciation and amortization	887	1,560	–	612	635	606	4,300
Total segment assets	8,181	28,199	15,091	6,319	20,886	9,614	88,290
Total segment assets includes: assets (other than financial instruments)	1,033	1,817	–	712	115	791	4,468
Total segment liabilities	1,227	3,253	3,290	836	277	25	8,908

A reconciliation of segment result to profit before tax is as follows:

	Six months ended	
	30 June	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Segment result for reportable segments	10,389	4,441
Other segments results	542	1,044
	<hr/>	<hr/>
Total segments results	10,931	5,485
Unallocated:		
Other income	283	261
Other losses – net	2	(373)
Depreciation and amortization	(720)	(94)
Finance costs	(103)	(189)
Corporate and other unallocated expenses	(3,330)	(2,817)
	<hr/>	<hr/>
Profit before tax	7,063	2,273
	<hr/> <hr/>	<hr/> <hr/>

4. EMPLOYEE BENEFITS EXPENSES

	Three months ended		Six months ended	
	30 June		30 June	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Salaries and allowances	21,814	20,262	46,377	39,369
Pension costs – defined contribution plans	953	937	2,046	1,783
	<hr/>	<hr/>	<hr/>	<hr/>
Total employee benefits expenses, including Directors' remuneration	22,767	21,199	48,423	41,152
Less: Amounts capitalized in deferred development costs	(988)	(937)	(2,103)	(1,975)
	<hr/>	<hr/>	<hr/>	<hr/>
	21,779	20,262	46,320	39,176
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5. PROFIT BEFORE INCOME TAX

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Profit before tax is stated after charging:				
Depreciation of owned property, plant and equipment	3,560	1,337	4,345	2,473
Amortization of intangible assets	979	961	1,951	1,921
Total depreciation and amortization	<u>4,539</u>	<u>2,298</u>	<u>6,296</u>	<u>4,394</u>
Operating lease payments in respect of rented premises	–	1,762	–	3,683
Research and development costs	<u>979</u>	<u>961</u>	<u>1,951</u>	<u>1,921</u>

6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at a rate of 16.5% (2018: 16.5%) on the estimated assessable profits arising in or derived from Hong Kong for the six months period ended 30 June 2019. Taxation on overseas profits has been calculated on the estimated assessable profit for the six months period ended 30 June 2019 at the rates of taxation prevailing in the countries in which the Group operates.

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current income tax	782	704	1,346	1,223
Deferred income tax	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u>782</u>	<u>704</u>	<u>1,346</u>	<u>1,223</u>

No provision for deferred taxation has been made in the financial statements since there is no material timing differences.

7. INTERIM DIVIDENDS

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2019 (2018: nil).

8. EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2019 is based on (i) the unaudited consolidated profit attributable to the owners of the Company of approximately HK\$5,717,000 (six months ended 30 June 2018: approximately HK\$1,050,000) and (ii) the weighted average number of 280,000,000 ordinary shares issued during the six months ended 30 June 2019 (during the six months ended 30 June 2018: weighted average number of 280,000,000 ordinary shares issued).

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares in issue during the six months ended 30 June 2019 and 2018.

9. TRADE AND OTHER RECEIVABLES

	As at 30 June 2019 HK\$'000 (unaudited)	As at 31 December 2018 HK\$'000 (unaudited)
Trade receivables		
Amounts receivables arising from multi-media contact services and contact centre system	35,956	29,220
Amounts receivables arising from financial services business		
– Clients-margin	3,015	–
– Clearing house	7,705	50
Less: loss allowance	(595)	(595)
Trade receivables – net	46,081	28,675
Other receivables, deposits and prepayments	27,338	26,772
Less: loss allowance	(134)	(139)
	27,204	26,633
	73,285	55,308

The average credit period on the Group's sales is 30 days. The aging analysis of the trade receivables based on invoice date as follows:

	As at 30 June 2019 <i>HK\$'000</i> (unaudited)	As at 31 December 2018 <i>HK\$'000</i> (unaudited)
0–30 days	18,465	9,296
31–60 days	1,473	8,676
61–90 days	6,378	5,153
Over 90 days	9,640	5,500
	<u>35,956</u>	<u>28,625</u>

10. CASH AND CASH EQUIVALENTS

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. Cash and cash equivalents represents the cash deposit at bank and cash on hand.

11. TRADE AND OTHER PAYABLES

	As at 30 June 2019 <i>HK\$'000</i> (unaudited)	As at 31 December 2018 <i>HK\$'000</i> (unaudited)
Trade payables	3,157	4,177
Amounts payables arising from financial services business		
– Clients-cash	6,695	636
– Clients-margin	6,850	35,740
– Clearing house	7,723	195
Other payables and accruals	9,964	9,387
	<u>34,389</u>	<u>50,135</u>

As at 30 June 2019, the aging analysis of the trade payables based on invoice date is as follows:

	As at 30 June 2019 <i>HK\$'000</i> (unaudited)	As at 31 December 2018 <i>HK\$'000</i> (unaudited)
0–30 days	1,534	2,565
31–60 days	485	684
61–90 days	430	219
Over 90 days	708	709
	<u>3,157</u>	<u>4,177</u>

12. SHARE CAPITAL

	Number of ordinary shares	Ordinary shares at HK\$0.01 each HK\$'000
Authorized share capital	5,000,000,000	50,000
As at 31 December 2018 and 30 June 2019	5,000,000,000	50,000
Issued and fully paid up share capital	280,000,000	2,800
As at 31 December 2018 and 30 June 2019	280,000,000	2,800

13. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in the condensed consolidated financial statements, the Group entered into the following significant related party transactions during the period:

Name of related parties	Nature of transactions	Three months ended 30 June		Six months ended 30 June	
		2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Always Beyond Limited	Premise rental expenses	266	560	443	1,279
East Ocean Food (Hong Kong) Limited	Seasonal event expense	2	–	2	–
H.K. Sources Finance Limited	System maintenance income	–	–	(78)	(74)
Jiayuan Stangroup Development Company Limited	Asset management services income	(5,345)	–	(8,707)	–
Pacific Paradise Development Limited	Advisory services income	(350)	–	(350)	–
Stan Group (Holding) Limited	Premise rental expenses	654	624	1,308	1,248
	Seasonal event expense	26	51	35	51
	Facilities management services income	(155)	–	(344)	–
	Insourcing service income	(285)	–	(675)	–
	Inbound service income	(162)	–	(162)	–
The Wave (Hing Yip Street) Corporation	Seasonal event expense	–	1	–	1

Key management personnel compensation

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Salaries and short-term employee benefits	135	135	270	270
Post employment benefits	2	9	3	18
	<u>137</u>	<u>144</u>	<u>273</u>	<u>288</u>

14. CONTINGENT LIABILITIES

The Group did not have any contingent liabilities as at 30 June 2019.

15. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The unaudited condensed consolidated interim financial information was approved by the Board on 6 August 2019.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2019 (2018: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is continuously engaged in the business of providing comprehensive multimedia contact services and contact centre system. The principle activities of the Group include outsourcing inbound contact service, outsourcing outbound contact service, staff insourcing service and contact service centre facilities management service. Since 2017, the Group has diversified to financial services sector and engaging in securities trading and asset management services.

External factors such as data privacy concerns, data security regulations, call blocking applications and less new telesales continue to present challenges to the outbound telemarketing business, causing further shrinking of the service segment.

The Group has continued to expand the staff insourcing service business by putting in more resources and support in building people network and recruiting muscles. Recently, the slightly loosened labour market has further helped to drive the growth of the business.

Despite the recent political tension and social unrest has cast a gloomy future to the short- and long-term local economy, the Group's financial service business has started to gain momentum in terms of revenue as well as profit contribution in the reported period.

Major contract for providing on-going advisory service on investment strategies over a span of different investment instruments such as bonds, securities and funds, has been successfully obtained during the period. The deal does not only serve as a stable revenue stream for our financial business, but has also served as a showcase of our ability in this respect. The Group remains confident in the future of the local economy and will continue to press ahead with our growth strategies by strengthening our fund management capabilities in order to explore new opportunities in the financial sector to achieve stable return.

FINANCIAL REVIEW

For the six months ended 30 June 2019, the Group's unaudited total revenue was approximately HK\$70.5 million, representing an increase of approximately HK\$2 million as compared with the total revenue of the corresponding period in 2018 (six months ended 30 June 2018: approximately HK\$68.5 million).

The gross profit margin of the Group increased from approximately 8% for the six months ended 30 June 2018 to approximately 15.5% for the six months ended 30 June 2019. Profit attributable to owners of the Company increased by approximately 444.6% from approximately HK\$1.1 million for the six months ended 30 June 2018 to approximately HK\$5.7 million for the six months ended 30 June 2019. The increase of the gross profit margin and the net profit of the Group are mainly attributable to the improvement of the financial performance of the financial business.

REVENUE AND SEGMENT RESULT

Outsourcing Inbound Contact Service

For the six months ended 30 June 2019, the outsourcing inbound contact service recorded a revenue of approximately HK\$6.1 million, representing a decrease of approximately 37.8% as compared to that of the corresponding period in 2018 (2018: approximately HK\$9.8 million). The segment results for the six months ended 30 June 2019 was approximately HK\$0.6 million. (2018: approximately HK\$1.5 million). The gross profit margin for outsourcing inbound contact service decreased from approximately 14.9% for the six months ended 30 June 2018 to approximately 10.5% for the six months ended 30 June 2019.

The decrease in revenue of the outsourcing inbound contact service was mainly attributed to the ending of a few projects with lucrative profit margin during the six months ended 30 June 2019. Following the decrease of the turnover of the outsourcing inbound contact service, the gross profit margin was dropped as compared to that of the corresponding period in 2018.

Outsourcing Outbound Contact Service

For the six months ended 30 June 2019, the outsourcing outbound contact service recorded a revenue of approximately HK\$17.8 million, representing a decrease of approximately 27.3% as compared to that of the corresponding period in 2018 (2018: approximately HK\$24.5 million).

The segment results for the six months ended 30 June 2019 was approximately HK\$1.7 million (2018: approximately HK\$2.2 million). The gross profit margin for outsourcing outbound contact service slightly increased from approximately 9.1% for the six months ended 30 June 2018 to approximately 9.6% for the six months ended 30 June 2019.

The reasons of the decrease in the revenue of the outsourcing outbound contact service during the six months ended 30 June 2019 were mainly due to a change of business strategies of some clients on outsourcing telesales service resulting in a drop of the related business volume.

Staff Insourcing Service

For the six months ended 30 June 2019, the staff insourcing service segment recorded a revenue of approximately HK\$29.1 million, representing an increase of approximately 8.8% as compared to that of the corresponding period in 2018 (2018: approximately HK\$26.8 million).

The segment results of staff insourcing service for the six months ended 30 June 2019 was approximately HK\$2.9 million. (2018: approximately HK\$2.7 million). The gross profit margin for staff insourcing service remained similar from approximately 10.3% for the six months ended 30 June 2018 to approximately 10% for the six months ended 30 June 2019.

The increase in revenue from the staff insourcing service was mainly contributed by an increasing demand of staff insourcing service from the existing as well as new clients during the period.

Contact Service Centre Facilities Management Service

For the six months ended 30 June 2019, the contact service centre facilities management service recorded a revenue of approximately HK\$3.7 million, representing a decrease of approximately 6.4% as compared to that of the corresponding period in 2018 (2018: approximately HK\$4 million).

The segment results for the six months ended 30 June 2019 was approximately HK\$0.8 million. (2018: approximately HK\$0.8 million). The gross profit margin for contact service centre facilities management service slightly increased from approximately 20.1% for the six months ended 30 June 2018 to approximately 21.5% for the six months ended 30 June 2019.

Financial services

The financial services related to securities include securities broking, margin lending and consultancy services related to securities. The financial services related to asset management include provision of asset management, fund management and consultancy services related to asset management. For the six months ended 30 June 2019, the Group recorded revenue of financial services amounted to approximately HK\$11.3 million (2018: approximately HK\$1.3 million). The Group recorded a positive gross profit margin for financial services approximately 38.4% for the six months ended 30 June 2019 as compared a negative gross profit margin approximately 207% for the six months ended 30 June 2018.

The significant increase of both of the revenue and gross profit margin of financial services is due to growth of business volume from securities trading and advisory services as well as fund management services.

Others

The “Others” segment principally comprises licencing and system maintenance service, sales of system and software in relation to Wise-xb Contact Centre System (“Other Services related to Wise”). For the six months ended 30 June 2019, the Group recorded revenue of Other Services related to Wise amounted to approximately HK\$2.5 million (2018: approximately HK\$2.2 million).

The Group recorded the gross profit margin in the segment of Other Services related to Wise amounted to approximately HK\$0.5 million for the six months ended 30 June 2019 compare against the gross profit margin of approximately HK\$0.9 million for the six months ended 30 June 2018. The decrease in gross profit was mainly due to an increase in development cost for new functions and features of the Wise-xb Contact Centre System.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

Profit attributable to owners of the Company increased by approximately 444.6% from approximately HK\$1.1 million for the six months ended 30 June 2018 to approximately HK\$5.7 million for the six months ended 30 June 2019. The increase of profit is mainly attributed to the boost of our asset management business.

CAPITAL STRUCTURE

There has been no material change in the capital structure of the Company since the Listing Date. The capital of the Company comprises only ordinary shares.

LIQUIDITY AND FINANCIAL POSITION

The Group adheres to a prudent financial management policy and has a healthy financial position. During the six months under review, the Group financed our operations with internally generated cash flows and banking facilities provided by banks. As at 30 June 2019, the Group had net current assets of approximately HK\$94.3 million (as at 31 December 2018: approximately HK\$95.7 million) including cash and bank balances of approximately HK\$35.8 million (as at 31 December 2018: approximately HK\$47.8 million). The decrease in cash and bank balances as at 30 June 2019 was mainly due to lower recoverability of the receivables as compared to that of six month ended 30 June 2018.

As at 30 June 2019, the Group's current ratio (current assets/current liabilities) and gearing ratio (total debts/total assets) were approximately 2.72 (as at 31 December 2018: approximately 2.48) and 12.8% (as at 31 December 2018: approximately 12.6%) respectively. The gearing ratio was defined as the net debt (total debt less cash and cash equivalent) divided by total capital.

PLEDGE OF ASSETS

As at 30 June 2019, the Group had pledged its bank deposits of approximately HK\$9 million (as at 31 December 2018: approximately HK\$9 million) to secure its banking facilities and trade receivable financing.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions as set out in the Corporate Governance Code (the “Code”) in Appendix 15 to the GEM Listing Rules throughout the six months ended 30 June 2019 except for the code provision A.6.2(a) of the Code, details of which are set out below.

According to code provision A.6.2(a) of the Code, the functions of non-executive directors should include participating in board meetings to bring an independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct. During the period under review, Mr. Tang Shing Bor, the Chairman and a non-executive Director of the Company, was absent from one board meeting held due to a conflict of interests in the transaction discussed at the meeting.

CODE OF CONDUCT FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specified enquiry on the Directors, all Directors confirmed that they have complied with the required standard of dealings concerning securities transactions for the six months ended 30 June 2019.

SHARE OPTION SCHEME

During the six months ended 30 June 2019, no share option was granted, exercised, expired or lapsed under the share option scheme approved on 21 December 2011 (the “Share Option Scheme”).

DIRECTORS’ RIGHTS TO ACQUIRE SHARES

Apart from the Share Option Scheme, at no time during the six months ended 30 June 2019 was any of the Company or any associated corporation a party to any arrangement to enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors, or their spouses or children under the age 18, had any right to subscribe for the Shares in, or debentures of, the Company, or had exercised any such rights.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

So far as the Directors are aware of, none of the Directors or the substantial/controlling shareholders of the Company has any interest in a business which competes or may compete with the business of the Group or has any other conflict of interest with the Group for the six months ended 30 June 2019.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND/OR ITS ASSOCIATED CORPORATIONS

As at 30 June 2019, the interests and short positions of the Directors and chief executives of the Company (the "Chief Executives") in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or Chief Executive is taken or deemed to have under such provision of the SFO) or which were required pursuant to section 352 of the SFO, to be entered in the register required to be kept by the Company, or which were required, pursuant to Securities Transactions by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long positions in the shares of the Company

Name of Directors/ Chief Executives	Capacity	Nature of interests	Percentage of the issued share capital of the Company as at 30 June 2019	
			Number of shares/ underlying shares held	
Mr. Tang Shing Bor	Interest in a controlled corporation	Corporate interest	210,000,000 (Note)	75%

Note: These interests were held by Million Top Enterprises Limited which is wholly and beneficially owned by Mr. Tang Shing Bor. Mr. Tang Shing Bor is therefore deemed to be interested in such shares by virtue of Part XV of the SFO.

Save as disclosed above, as at 30 June 2019, none of the Directors and/or Chief Executive had any other interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which

were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to the Securities Transactions by Directors, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITION IN SHARES AND/OR UNDERLYING SHARES OF THE COMPANY

So far as is known to the Directors, as at 30 June 2019, the following persons (not being a Director or Chief Executive) who had interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company under provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO, or who is directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

Long positions in the shares of the Company

Name of substantial shareholders	Capacity	Number of Shares/ underlying Shares held	Approximate percentage of the issued share capital of the Company
Million Top Enterprises Limited (<i>Note</i>)	Beneficial owner	210,000,000	75%

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

Save as disclosed above, as at 30 June 2019, the Directors were not aware of any other persons (other than Directors or Chief Executive) who had interests and/or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, or who is directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

AUDIT COMMITTEE

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2019 and is of the opinion that the accounting policies of the Group are in accordance with the generally accepted accounting practices in Hong Kong, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company did not redeem any of its listed securities, and neither did the Company nor any of its subsidiaries purchase or sell any of the listed securities of the Company for the six months ended 30 June 2019.

By order of the Board

ETS Group Limited

Tang Yiu Sing

Executive Director and Chief Executive Officer

Hong Kong, 6 August 2019

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

This announcement 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.