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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)

**CONTINUING CONNECTED TRANSACTION IN RELATION TO
THE RENEWED CHINA PAINT BUILDING LEASE**

THE RENEWED CHINA PAINT BUILDING LEASE

The Board is pleased to announce that on 27 December 2018 (after trading hours of the Stock Exchange), Epro Telecom and Stan Group entered into the Renewed China Paint Building Lease, pursuant to which Stan Group agreed to lease to Epro Telecom the China Paint Building Property for a fixed term of three years commencing from 1 January 2019 and expiring on 31 December 2021 (both days inclusive).

GEM LISTING RULES IMPLICATIONS

At the date of this announcement, as Stan Group is wholly-owned by Mr. YS Tang, an executive Director, Stan Group is therefore a connected person of the Company and the transactions contemplated under the Renewed China Paint Building Lease constitutes a continuing connected transaction under Chapter 20 of the GEM Listing Rules.

As the applicable percentage ratio(s) (as defined under the GEM Listing Rules) of each of the Aggregate Proposed Annual Cap for the year ending 31 December 2019 and the Annual Cap for the Renewed China Paint Building Lease for the years ending 31 December 2019, 2020 and 2021 is below 5%, the Renewed China Paint Building Lease is subject to the reporting and announcement requirements but is exempt from the independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. In the event that the monthly rent payable by the Group under the Renewed China Paint Building Lease would exceed the Aggregate Proposed Annual Cap for the year ending 31 December 2019 or the Annual Cap for the Renewed China Paint Building Lease for each of the years ending 31 December 2019, 2020 and 2021, the Company will comply with Rule 20.52 of the GEM Listing Rules as applicable.

INTRODUCTION

References are made to the announcement of the Company dated 21 December 2015 in relation to, among other things, the Old China Paint Building Lease and announcement of the Company dated 28 May 2018 in relation to, among other things, the 2018 Camelpaint Building Lease.

The Board is pleased to announce that on 27 December 2018 (after trading hours of the Stock Exchange), Epro Telecom and Stan Group entered into the Renewed China Paint Building Lease, pursuant to which Stan Group agreed to lease to Epro Telecom the China Paint Building Property for a fixed term of three years commencing from 1 January 2019 and expiring on 31 December 2021 (both days inclusive).

As at the date of this announcement, Epro Telecom is an indirect wholly-owned subsidiary of the Company.

RENEWED CHINA PAINT BUILDING LEASE

Details of the Renewed China Paint Building Lease are set out below:

Date:	27 December 2018
Parties:	(1) Stan Group, as lessor (2) Epro Telecom, as lessee
Premises:	3/F and 4/F China Paint Building, 1163 Canton Road, Kowloon, Hong Kong with a total saleable area of approximately 16,000 square feet
Term:	a fixed term of three (3) years commencing from 1 January 2019 and expiring on 31 December 2021 (both days inclusive)
Monthly rent (inclusive of rates, government rent and management fees):	HK\$218,000 per month commencing from 1 January 2019 and expiring on 31 December 2021
Rent fee period:	1 January 2019 to 31 January 2019

Annual Cap for the Renewed China Paint Building Lease

The historical amounts paid by the Group under the Old China Paint Building Lease for the each of the years ended 31 December 2016, 2017 and 2018 and the maximum annual aggregate amounts payable by Epro Telecom to Stan Group for each of the three years ending 31 December 2019, 2020 and 2021 (the “**Annual Cap for the Renewed China Paint Building Lease**”) are as follows:

	Historical amounts (approx.) for the year ended 31 December			Ann cap (approx.) for the year ending 31 December		
	2016	2017	2018	2019	2020	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Old China Paint Building Lease	2,162	2,526	2,756	–	–	–
Renewed China Paint Building Lease	–	–	–	2,398	2,616	2,616

In arriving at the above Annual Cap for the Renewed China Paint Building Lease, the Directors have taken into account the following factors:

- the historical amounts paid by the Group under the Old China Paint Building Lease for the each of the years ended 31 December 2016, 2017 and 2018;
- the prevailing market rent of comparable properties in the vicinity of the China Paint Building Property; and
- the agreed monthly rent payable by Epro Telecom under the Renewed China Paint Building Lease for each of the three years ending 31 December 2019, 2020 and 2021.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE RENEWED CHINA PAINT 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 provision of financial services including securities broking and asset management.

Stan Group is principally engaged in various businesses such as restaurant operation, hotel management, marketing, property investment, storage, wedding planning services and financing. As at the date of this announcement, the issued share capital of Stan Group is wholly-owned by Mr. YS Tang, an executive Director and the son of Mr. Tang.

Epro Telecom has used the China Paint Building Property as a business centre and main office of the Group since December 2015. As the China Paint Building Property would continue to provide premises for the business need of the Group and the terms thereof were determined after arm's length negotiations, the Directors (including the independent non-executive Directors) consider that the entering into the Renewed China Paint Building Lease is in the interests of the Company and its Shareholders as a whole.

The terms of the Renewed China Paint Building Lease (including the monthly rent) were determined after arm's length negotiations between the Group and Stan Group 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 Renewed China Paint 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 Renewed China Paint Building Lease, the Annual Cap for the Renewed China Paint 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 announcement of the Company dated 28 May 2018, the maximum annual aggregate amounts payable (the “**Annual Cap for the 2018 Camelpaint Building Lease**”) by Epro Telecom to Always Beyond under the 2018 Camelpaint Building Lease for each of the years ending 31 December 2018, 2019 and 2020 are approximately HK\$744,000, HK\$1,275,000 and HK\$531,000 respectively.

Given the similar nature of the transactions under, and the contracting parties to, the 2018 Camelpaint Building Lease and the Renewed China Paint Building Lease, the Annual Cap for the Renewed China Paint Building Lease is aggregated with the Annual Cap for the 2018 Camelpaint Building Lease for the year ending 31 December 2019 for the compliance with the requirements under the GEM Listing Rules. As such, the aggregate proposed annual cap for the Renewed China Paint Building Lease and the 2018 Camelpaint Building Lease for each of the years ending 31 December 2019 and 2020 are HK\$3,673,264 and HK\$3,147,360 respectively (the respective “**Aggregate Proposed Annual Cap**”).

GEM LISTING RULES IMPLICATIONS

At the date of this announcement, as the issued share capital of Stan Group is wholly-owned by Mr. YS Tang, an executive Director, Stan Group is therefore a connected person of the Company and the transactions contemplated under the Renewed China Paint Building Lease constitute continuing connected transactions under Chapter 20 of the GEM Listing Rules. Accordingly, Mr. YS Tang has material interests in the Renewed China Paint Building Lease and had abstained from voting on the relevant issues at the Board meeting for approving the Renewed China Paint Building Lease.

As the applicable percentage ratio(s) (as defined under the GEM Listing Rules) of each of the Aggregate Proposed Annual Cap for the year ending 31 December 2019 and the Annual Cap for the Renewed China Paint Building Lease for the years ending 31 December 2019, 2020 and 2021 is below 5%, the Renewed China Paint Building Lease is subject to the reporting and announcement requirements but is exempt from the independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. In the event that the monthly rent payable by the Group under the Renewed China Paint Building Lease would exceed the Aggregate Proposed Annual Cap for the year ending 31 December 2019 or the Annual Cap for the Renewed China Paint Building Lease for each of the years ending 31 December 2019, 2020 and 2021, the Company will comply with Rule 20.52 of the GEM Listing Rules as applicable.

Details of the Renewed China Paint Building Lease will be included in the Company's relevant annual reports and accounts in compliance with Rules 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 Renewed China Paint Building Lease.

DEFINITIONS

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

"2018 Camelpaint Building Lease"	the lease dated 28 May 2018 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 fixed term of two (2) years commencing from 1 June 2018 and expiring on 31 May 2020 (both days inclusive)
"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 2018 Camelpaint Building Lease"	has the meaning ascribed to it under the paragraph headed "Aggregate Proposed Annual Cap" of this announcement

“Annual Cap for the Renewed China Paint Building Lease”	has the meaning ascribed to it under the paragraph headed “Annual Cap for the Renewed China Paint Building Lease” of this announcement
“Board”	board of directors of the Company
“Camelpaint Building Property”	property situated at Factories A & B and part of D of 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 8,100 square feet, being the subject matter of the 2018 Camelpaint Building Lease
“China Paint Building Property”	3/F and 4/F China Paint Building, 1163 Canton Road, Kowloon, Hong Kong with a total saleable area of 16,000 square feet, being the subject matter of the Renewed 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 the 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 the 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 Sing 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 chief executive officer of the Company and the son of Mr. Tang
“Old 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 Old 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)
“Old 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 Old China Paint Building Lease
“Renewed China Paint Building Lease”	the lease dated 27 December 2018 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 2019 to 31 December 2021 (both days inclusive)
“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

By Order of the Board

ETS Group Limited

Tang Yiu Sing

Executive Director and Chief Executive Officer

Hong Kong, 27 December 2018

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

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM 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.