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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)**

**FIRST QUARTERLY RESULTS ANNOUNCEMENT  
FOR THE THREE MONTHS ENDED 31 MARCH 2018**

**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 the 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 decreased from approximately HK\$35,772,000 for the three months ended 31 March 2017 to approximately HK\$32,320,000 for the three months ended 31 March 2018.

Profit attributable to owners of the Company for the three months ended 31 March 2018 was approximately HK\$308,000, representing a decrease of approximately 56.6% as compared with the profit attributable to owners of the Company of approximately HK\$710,000 for the corresponding period in 2017.

Earnings per share for the three months ended 31 March 2018 was approximately HK0.11 cents (three months ended 31 March 2017: approximately HK0.25 cents).

The board of Directors does not recommend an interim dividend for the three months ended 31 March 2018 (2017: nil).

## UNAUDITED 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 ended 31 March 2018 together with the comparative figures for the corresponding period ended 31 March 2017 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

*For the three months ended 31 March 2018*

		Three months ended 31 March	
		2018	2017
	Notes	HK\$'000	HK\$'000
		(unaudited)	(unaudited)
<b>Revenue</b>	3	<b>32,320</b>	35,772
Other income		<b>131</b>	135
Other (losses)/gains – net		<b>(63)</b>	115
Employee benefits expenses		<b>(18,914)</b>	(21,134)
Depreciation and amortization		<b>(2,096)</b>	(2,353)
Other operating expenses		<b>(10,403)</b>	(11,133)
<b>Operating profit</b>		<b>975</b>	1,402
Finance costs		<b>(148)</b>	(110)
<b>Profit before tax</b>		<b>827</b>	1,292
Income tax expense	4	<b>(519)</b>	(582)
<b>Profit for the period</b>		<b>308</b>	710
<b>Total comprehensive income for the period</b>		<b>308</b>	710
Profit attributable to owners of the Company		<b>308</b>	710
Total comprehensive income attributable to owners of the Company		<b>308</b>	710
Earnings per share attributable to owners of the Company			
– Basic and diluted (HK cents)	5	<b>0.11</b>	0.25

## NOTES TO THE FINANCIAL INFORMATION

For the three months ended 31 March 2018

### 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 first quarterly financial information has been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) 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 first quarterly financial information were consistent with those applied for the consolidated financial statements of the Group for the year ended 31 December 2017.

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 2018, 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. REVENUE

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2018</b>	2017
	<b>HK\$’000</b>	HK\$’000
	<b>(unaudited)</b>	(unaudited)
Outsourcing inbound contact service	<b>5,232</b>	2,410
Outsourcing outbound contact service	<b>11,488</b>	15,284
Staff insourcing service	<b>11,750</b>	11,411
Contact service centre facilities management service	<b>2,741</b>	5,119
Others*	<b>1,109</b>	1,548
	<b>32,320</b>	35,772

- \* “Others” segment which principally comprises system maintenance income, licencing income and sales of system and software income (“**Other Services related to Wise**”) and securities services income (“**Other Services related to securities**”).

#### 4. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at a rate of 16.5% (2017: 16.5%) on the estimated assessable profits arising in or derived from Hong Kong for the three months period ended 31 March 2018.

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2018</b>	2017
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Current income tax	<b>519</b>	582
Deferred income tax	<u>—</u>	<u>—</u>
	<b><u>519</u></b>	<b><u>582</u></b>

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

#### 5. EARNINGS PER SHARE

The calculation of basic earnings per share for the three months ended 31 March 2018 is based on (i) the unaudited consolidated profit attributable to the owners of the Company of approximately HK\$308,000 (three months ended 31 March 2017: approximately HK\$710,000) and (ii) the weighted average number of 280,000,000 ordinary shares issued during the three months ended 31 March 2018 (during the three months ended 31 March 2017: the 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 three months ended 31 March 2018 and three months ended 31 March 2017.

## 6. MOVEMENT OF RESERVES

	Attributable to owners of the Company				
	Share premium	Merger reserve	Available-for-sale financial asset revaluation reserve	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2017 (audited)	25,238	25,624	—	56,983	107,845
Profit for the period	—	—	—	710	710
Other comprehensive income for the period	—	—	—	—	—
Total comprehensive income for the period	—	—	—	710	710
Balance at 31 March 2017 (unaudited)	25,238	25,624	—	57,693	108,555
Balance at 1 January 2018 (audited)	25,238	25,624	500	56,978	108,340
Profit for the period	—	—	—	308	308
Other comprehensive income for the period	—	—	—	—	—
Total comprehensive income for the period	—	—	—	308	308
<b>Balance at 31 March 2018 (unaudited)</b>	<b>25,238</b>	<b>25,624</b>	<b>500</b>	<b>57,286</b>	<b>108,648</b>

## 7. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED RESULTS

The unaudited condensed consolidated results of the Group for the three months ended 31 March 2018 were approved by the Board on 07 May 2018.

## **DIVIDEND**

The Board does not recommend the payment of any interim dividend for the three months ended 31 March 2018 (three months ended 31 March 2017: nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Financial and Business Review**

The Group is continuously engaged in the business of providing comprehensive multi-media contact services and contact centre system and financial services. 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 and financial services.

The Group's total revenue decreased from approximately HK\$35.8 million for the three months ended 31 March 2017 to approximately HK\$32.3 million for the three months ended 31 March 2018. The outsourcing inbound contact service, outsourcing outbound contact service, staff insourcing service, contact service centre facilities management service and other services accounted for approximately 16.2%, 35.5%, 36.4%, 8.5% and 3.4% of the Group's unaudited total revenue for the three months ended 31 March 2018 respectively.

The employee benefits expenses decreased from approximately HK\$21.1 million for the three months ended 31 March 2017 to approximately HK\$18.9 million for the three months ended 31 March 2018 mainly due to the decrease of the employment of contact centre agents. The other operating expenses slightly decreased from approximately HK\$11.1 million for the three months ended 31 March 2017 to approximately HK\$10.4 million for the three months ended 31 March 2018.

The Group's depreciation and amortization expenses decreased from approximately HK\$2.4 million for the three months ended 31 March 2017 to approximately HK\$2.1 million for the three months ended 31 March 2018 which was mainly attributable to the disposal of the business centre in the year 2017 and the decrease of the development cost. The Group recorded similar finance costs for the three months ended 31 March 2018 amounted to approximately HK\$0.1 million as compared to that of the corresponding period in 2017 (2017: approximately HK\$0.1 million).

The unaudited profit attributable to owners of the Company decreased from approximately HK\$0.7 million for the three months ended 31 March 2017 to approximately HK\$0.3 million for the three months ended 31 March 2018, mainly due to the decrease of revenue in the period.

## PROSPECTS

Tighter control on information security and protection of data privacy has continued to put pressure on the growth of outbound telemarketing services despite the Company operates only on warm calling (no cold calling) of customers. Other than upholding our data securities control through continual ISO27001 certification of ISO27001 on information security management, the Company has also strengthened our internal policies all the way from staff recruiting to data backup procedures. The Company believed our professional support has successfully differentiated our services and is able to capture any outsourcing opportunities arise.

With demand on staff insourcing service remains strong while at the same time facing a tight labour market with record low unemployment rate, the Company has continued to put dedicated focus on our staff recruiting and retention processes to cope with the situation. Ride on our proven track record and reputation, the Company is confident to maintaining healthy growth of the staff insourcing business.

The acquisition of Gear Asset Management Limited which is licensed to carry out Type 9 (Asset Management) regulated activities in Hong Kong was approved by the Securities and Futures Commission (“SFC”). It is the intention of the Group to further strengthen our financial business through the provision of comprehensive securities and asset management services to our clients.

## LIQUIDITY

The Group adheres to a prudent financial management policy and has a healthy financial position. During the three months under review, the Group financed our operations with internally generated cash flows and banking facilities. As at 31 March 2018, the Group had cash and bank balances and pledged bank deposits of approximately HK\$43.0 million (2017: approximately HK\$37.0 million).

## CORPORATE GOVERNANCE

For the three months period ended 31 March 2018, 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 except for the code provision A.6.2(a), 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, did not attend the board meeting held due to a conflict with another urgent obligation or engagement at the same time.



## **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 three months period ended 31 March 2018.

## **SHARE OPTION SCHEME**

During the three months period ended 31 March 2018, 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 three months period ended 31 March 2018 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/controllers 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 three months period ended 31 March 2018.

## **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 31 March 2018, 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**

			<b>Number of shares/ underlying shares held</b>	<b>Percentage of the issued share capital of the Company as at 31 March 2018</b>
<b>Name of Directors/ Chief Executives</b>	<b>Capacity</b>	<b>Nature of interests</b>		
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 31 March 2018, 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 31 March 2018, 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**

<b>Name of substantial shareholders</b>	<b>Capacity</b>	<b>Number of Shares/ underlying Shares held</b>	<b>Approximate percentage of the issued share capital of the Company as at 31 March 2018</b>
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 31 March 2018, 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 three months period ended 31 March 2018 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 three months period ended 31 March 2018.

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

Hong Kong, 7 May 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 will remain on the "Latest Company Announcements" 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 Company's website at [www.etsgroup.com.hk](http://www.etsgroup.com.hk).*