

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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 2014**

**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 for the six months ended 30 June 2014 was approximately HK\$89,118,000, representing an increase of approximately 15% as compared with the total revenue of approximately HK\$77,232,000 for the corresponding period in 2013.

Profit attributable to owners of the Company for the six months ended 30 June 2014 was approximately HK\$9,942,000, representing an increase of approximately 1% as compared with the profit attributable to owners of the Company of approximately HK\$9,820,000 for the corresponding period in 2013.

Earnings per share for the six months ended 30 June 2014 was approximately HK3.6 cents (six months ended 30 June 2013: HK3.5 cents).

The Board resolved to declare the payment of an interim dividend of HK0.7 cents per share for the six months ended 30 June 2014 (six months ended 30 June 2013: HK0.9 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 2014 together with the comparative figures for the corresponding periods ended 30 June 2013 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

*For the three months and six months ended 30 June 2014*

		Three months ended 30 June		Six months ended 30 June	
	Notes	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
<b>Revenue</b>	3	<b>47,388</b>	37,224	<b>89,118</b>	77,232
Other income		<b>228</b>	107	<b>404</b>	191
Other gains/(losses)-net		<b>194</b>	46	<b>(364)</b>	87
Employee benefits expenses	4	<b>(24,895)</b>	(19,327)	<b>(49,659)</b>	(46,044)
Depreciation and amortization		<b>(2,043)</b>	(1,892)	<b>(4,144)</b>	(3,754)
Other operating expenses		<b>(12,550)</b>	(7,640)	<b>(22,850)</b>	(15,408)
<b>Operating profit</b>		<b>8,322</b>	8,518	<b>12,505</b>	12,304
Finance costs		<b>(131)</b>	(153)	<b>(295)</b>	(318)
Share of loss from an associate		—	—	—	(3)
<b>Profit before tax</b>	5	<b>8,191</b>	8,365	<b>12,210</b>	11,983
Income tax expense	6	<b>(1,380)</b>	(1,607)	<b>(2,268)</b>	(2,163)
<b>Profit for the period</b>		<b>6,811</b>	6,758	<b>9,942</b>	9,820
<b>Total comprehensive income for the period</b>		<b>6,811</b>	6,758	<b>9,942</b>	9,820
Profit attributable to owners of the Company		<b>6,811</b>	6,758	<b>9,942</b>	9,820
Total comprehensive income attributable to owners of the Company		<b>6,811</b>	6,758	<b>9,942</b>	9,820
Earnings per share attributable to owners of the Company					
—Basic and diluted (HK cents)	8	<b>2.4</b>	2.4	<b>3.6</b>	3.5

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2014

		As at 30 June 2014 <i>HK\$'000</i> (unaudited)	As at 31 December 2013 <i>HK\$'000</i> (audited)
	Notes		
<b>Non-current assets</b>			
Property, plant and equipment		12,997	10,473
Intangible assets		20,738	20,817
Investment in an associate		—	—
Deferred income tax assets		788	788
		<u>34,523</u>	<u>32,078</u>
<b>Current assets</b>			
Trade and other receivables	9	49,772	46,408
Financial assets designated as at fair value through profit or loss		8,206	4,802
Amount due from an associate		2,194	1,121
Amounts due from related companies		5,182	3,882
Pledged bank deposits		4,773	4,768
Cash and bank balances	10	29,651	34,539
		<u>99,778</u>	<u>95,520</u>
<b>Current liabilities</b>			
Trade and other payables	11	18,754	19,061
Borrowings		8,427	7,060
Amounts due to related companies		98	353
Current income tax liabilities		2,600	2,345
		<u>29,879</u>	<u>28,819</u>
<b>Net current assets</b>		<u>69,899</u>	<u>66,701</u>
<b>Total assets less current liabilities</b>		<u>104,422</u>	<u>98,779</u>
<b>Non-current liabilities</b>			
Deferred income tax liabilities		2,141	2,165
<b>Net assets</b>		<u>102,281</u>	<u>96,614</u>
<b>Equity attributable to the owners of the Company</b>			
Share capital	12	2,800	2,800
Share premium		25,238	25,238
Reserves		74,243	68,576
<b>Total equity</b>		<u>102,281</u>	<u>96,614</u>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2014

	Attributable to owners of the Company					
	Share	Share	Merger	Translation	Retained	Total
	capital <i>HK\$'000</i>	premium <i>HK\$'000</i>	reserve <i>HK\$'000</i>	<i>HK\$'000</i>	profits <i>HK\$'000</i>	equity <i>HK\$'000</i>
<b>Balance at 1 January 2013 (audited)</b>	2,800	25,238	25,624	–	22,830	76,492
Total other comprehensive income for the period	–	–	–	–	–	–
Profit for the period	–	–	–	–	9,820	9,820
Total comprehensive income for the period	–	–	–	–	9,820	9,820
Interim dividend paid	–	–	–	–	(3,080)	(3,080)
<b>Balance at 30 June 2013 (unaudited)</b>	<b>2,800</b>	<b>25,238</b>	<b>25,624</b>	<b>–</b>	<b>29,570</b>	<b>83,232</b>
<b>Balance at 1 January 2014 (audited)</b>	2,800	25,238	25,624	48	42,904	96,614
Other comprehensive income for the period	–	–	–	(75)	–	(75)
Currency translation differences	–	–	–	–	9,942	9,942
Profit for the period	–	–	–	–	9,942	9,942
Total comprehensive income for the period	–	–	–	(75)	9,942	9,867
Interim Dividend Paid	–	–	–	–	(4,200)	(4,200)
<b>Balance at 30 June 2014 (unaudited)</b>	<b>2,800</b>	<b>25,238</b>	<b>25,624</b>	<b>(27)</b>	<b>48,646</b>	<b>102,281</b>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)***For the six months ended 30 June 2014*

	<b>Six months ended 30 June</b>	
	<b>2014</b>	<b>2013</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Net cash generated from operating activities</b>	<b>8,030</b>	<b>5,942</b>
<b>Net cash (used in) investing activities</b>	<b>(9,790)</b>	<b>(7,974)</b>
<b>Net cash (used in) financing activities</b>	<b>(4,050)</b>	<b>(7,221)</b>
	<hr/>	<hr/>
<b>Net (decrease) in cash, cash equivalents and bank overdrafts</b>	<b>(5,810)</b>	<b>(9,253)</b>
<b>Cash, cash equivalents and bank overdrafts at beginning of the period</b>	<b>34,539</b>	<b>40,403</b>
	<hr/>	<hr/>
<b>Cash, cash equivalents and bank overdrafts at end of the period</b>	<b>28,729</b>	<b>31,150</b>
	<hr/> <hr/>	<hr/> <hr/>

# NOTES TO THE FINANCIAL INFORMATION

*For the six months ended 30 June 2014*

## 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 2013.

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 2014, 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 and the People’s Republic of China (the “PRC”):

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

For the six months ended 30 June 2014

	Outsourcing inbound contact service <i>HK\$'000</i> <i>(unaudited)</i>	Outsourcing outbound contact service <i>HK\$'000</i> <i>(unaudited)</i>	Staff insourcing service <i>HK\$'000</i> <i>(unaudited)</i>	Contact service centre facilities management service <i>HK\$'000</i> <i>(unaudited)</i>	Others <i>HK\$'000</i> <i>(unaudited)</i>	Total <i>HK\$'000</i> <i>(unaudited)</i>
<b>Segment revenue</b>						
Hong Kong	6,003	29,649	15,898	14,604	3,247	69,401
PRC	7,676	8,608	3,198	60	175	19,717
	<u>13,679</u>	<u>38,257</u>	<u>19,096</u>	<u>14,664</u>	<u>3,422</u>	<u>89,118</u>
<b>Segment results</b>						
Hong Kong	703	5,117	4,189	3,415	2,433	15,857
PRC	1,023	1,515	882	17	75	3,512
	<u>1,726</u>	<u>6,632</u>	<u>5,071</u>	<u>3,432</u>	<u>2,508</u>	<u>19,369</u>
Depreciation and amortization	<u>648</u>	<u>994</u>	<u>–</u>	<u>1,671</u>	<u>443</u>	<u>3,756</u>
<b>Total segment assets</b>						
Hong Kong	4,455	20,383	6,971	14,704	15,608	62,121
PRC	3,807	4,154	515	31	–	8,507
	<u>8,262</u>	<u>24,537</u>	<u>7,486</u>	<u>14,735</u>	<u>15,608</u>	<u>70,628</u>
Total segment assets includes: Additions to non-current assets (other than financial instruments)	<u>1,907</u>	<u>2,275</u>	<u>–</u>	<u>1,336</u>	<u>7</u>	<u>5,525</u>
<b>Total segment liabilities</b>						
Hong Kong	141	2,697	1,676	287	–	4,801
PRC	692	371	177	–	–	1,240
	<u>833</u>	<u>3,068</u>	<u>1,853</u>	<u>287</u>	<u>–</u>	<u>6,041</u>



**For the six months ended 30 June 2013**

	Outsourcing inbound contact service <i>HK\$'000</i> <i>(unaudited)</i>	Outsourcing outbound contact service <i>HK\$'000</i> <i>(unaudited)</i>	Staff insourcing service <i>HK\$'000</i> <i>(unaudited)</i>	Contact service centre facilities management service <i>HK\$'000</i> <i>(unaudited)</i>	Others <i>HK\$'000</i> <i>(unaudited)</i>	Total <i>HK\$'000</i> <i>(unaudited)</i>
<b>Segment revenue</b>						
Hong Kong	<u>4,350</u>	<u>32,617</u>	<u>21,438</u>	<u>14,587</u>	<u>4,240</u>	<u>77,232</u>
<b>Segment results</b>						
Hong Kong	<u>505</u>	<u>5,798</u>	<u>1,870</u>	<u>3,691</u>	<u>3,437</u>	<u>15,301</u>
Depreciation and amortization	<u>149</u>	<u>1,458</u>	<u>–</u>	<u>1,695</u>	<u>337</u>	<u>3,639</u>
<b>Total segment assets</b>						
Hong Kong	<u>1,799</u>	<u>22,409</u>	<u>6,145</u>	<u>15,811</u>	<u>7,668</u>	<u>53,832</u>
Total segment assets includes: Additions to non-current assets (other than financial instruments)	<u>356</u>	<u>3,485</u>	<u>–</u>	<u>4,300</u>	<u>23</u>	<u>8,164</u>
<b>Total segment liabilities</b>						
Hong Kong	<u>809</u>	<u>5,464</u>	<u>3,060</u>	<u>1,428</u>	<u>–</u>	<u>10,761</u>

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

	<b>Six months ended 30 June</b>	
	<b>2014</b>	<b>2013</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b><i>(unaudited)</i></b>	<b><i>(unaudited)</i></b>
Segment results for reportable segments	<b>16,861</b>	11,864
Other segments results	<b>2,508</b>	3,437
Total segments results	<b>19,369</b>	15,301
<b>Unallocated:</b>		
Other income	<b>404</b>	191
Other (losses)/gains-net	<b>(364)</b>	87
Depreciation and amortization	<b>(388)</b>	(115)
Finance costs	<b>(295)</b>	(318)
Corporate and other unallocated expenses	<b>(6,516)</b>	(3,160)
Share of loss from an associate	<b>–</b>	(3)
Profit before tax	<b>12,210</b>	11,983

#### 4. EMPLOYEE BENEFITS EXPENSES

	Three months ended 30 June		Six months ended 30 June	
	2014	2013	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Salaries and allowances	24,248	20,381	48,438	48,444
Pension costs-defined contribution plans	1,549	1,025	3,048	2,065
Total employee benefits expenses, including Directors' remuneration	25,797	21,406	51,486	50,509
Less: Amounts capitalized in deferred development costs	(902)	(2,079)	(1,827)	(4,465)
	<u>24,895</u>	<u>19,327</u>	<u>49,659</u>	<u>46,044</u>

#### 5. PROFIT BEFORE INCOME TAX

	Three months ended 30 June		Six months ended 30 June	
	2014	2013	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
<b>Profit before tax is stated after charging:</b>				
Depreciation of owned property, plant and equipment	1,113	861	2,238	1,678
Depreciation of leased property, plant and equipment	–	–	–	–
Amortization of intangible assets	930	1,031	1,906	2,076
Total depreciation and amortization	<u>2,043</u>	<u>1,892</u>	<u>4,144</u>	<u>3,754</u>
Operating lease payments in respect of rented premises	3,158	2,542	6,296	5,083
Research and development costs	<u>930</u>	<u>1,031</u>	<u>1,906</u>	<u>2,076</u>

## 6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at a rate of 16.5% (2013: 16.5%) on the estimated assessable profits arising in or derived from Hong Kong for the six months period ended 30 June 2014. Taxation on overseas profits has been calculated on the estimated assessable profit for the six months period ended 30 June 2014 at the rates of taxation prevailing in the countries in which the Group operates.

	Three months ended 30 June		Six months ended 30 June	
	2014 <i>HK\$'000</i> ( <i>unaudited</i> )	2013 <i>HK\$'000</i> ( <i>unaudited</i> )	2014 <i>HK\$'000</i> ( <i>unaudited</i> )	2013 <i>HK\$'000</i> ( <i>unaudited</i> )
Current income tax	1,380	1,607	2,268	2,163
Deferred income tax	—	—	—	—
	<u>1,380</u>	<u>1,607</u>	<u>2,268</u>	<u>2,163</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 resolved to declare the payment of an interim dividend of HK0.7 cents per share for the six months ended 30 June 2014 (2013: HK0.9 cents). The interim dividend will be payable on 29 August 2014 (Friday) to shareholders on the register of members of the Company on 21 August 2014 (Thursday).

## 8. EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2014 is based on (i) the unaudited consolidated profit attributable to the owners of the Company of approximately HK\$9,942,000 (six months ended 30 June 2013: approximately HK\$9,820,000) and (ii) the weighted average number of 280,000,000 ordinary shares issued during the six months ended 30 June 2014 (during the six months ended 30 June 2013: 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 2014 and 2013.

## 9. TRADE AND OTHER RECEIVABLES

	As at 30 June 2014 HK\$'000 (unaudited)	As at 31 December 2013 HK\$'000 (audited)
Trade receivables	38,970	36,160
Other receivables, deposits and prepayments	10,802	10,248
	<u>49,772</u>	<u>46,408</u>

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

	As at 30 June 2014 HK\$'000 (unaudited)	As at 31 December 2013 HK\$'000 (audited)
0-30 days	30,257	30,326
31-60 days	3,188	5,257
61-90 days	2,743	345
Over 90 days	2,782	232
	<u>38,970</u>	<u>36,160</u>

## 10. CASH AND BANK BALANCES

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, cash equivalents and bank overdrafts include the following for the purposes of the statement of cash flows:

	<b>As at 30 June 2014 HK\$'000 (unaudited)</b>	<b>As at 31 December 2013 HK\$'000 (audited)</b>
Cash at bank and on hand	<b>16,572</b>	21,322
Short-term bank deposits	<b>13,079</b>	13,217
Bank overdrafts	<b>(922)</b>	—
	<hr/>	<hr/>
Cash and cash equivalents	<b>28,729</b>	34,539
	<hr/>	<hr/>

At the end of the reporting period, the cash and cash equivalents of the Group denominated in RMB amounted to approximately HK\$5,914,000 (2013: HK\$4,915,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

## 11. TRADE AND OTHER PAYABLES

	<b>As at 30 June 2014 HK\$'000 (unaudited)</b>	<b>As at 31 December 2013 HK\$'000 (audited)</b>
Trade payables	<b>1,725</b>	840
Other payables and accruals	<b>17,029</b>	18,221
	<hr/>	<hr/>
	<b>18,754</b>	19,061
	<hr/>	<hr/>

As at 30 June 2014, the aging analysis of the trade payables based on invoice date is as follows:

	As at 30 June 2014 HK\$'000 (unaudited)	As at 31 December 2013 HK\$'000 (audited)
0-30 days	1,271	458
31-60 days	66	230
61-90 days	313	26
Over 90 days	75	126
	<u>1,725</u>	<u>840</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 2013 and 30 June 2014	<u>5,000,000,000</u>	<u>50,000</u>
Issued and fully paid up share capital	280,000,000	2,800
As at 31 December 2013 and 30 June 2014	<u>280,000,000</u>	<u>2,800</u>

## 13. OPERATING LEASE COMMITMENTS

The Group had commitments for future aggregate minimum lease payments under non-cancellable operating leases in respect of rented office premises as follows:

	As at 30 June 2014 HK\$'000 (unaudited)	As at 31 December 2013 HK\$'000 (audited)
No later than 1 year	10,510	9,618
Later than 1 year and no later than 5 years	4,810	5,758
	<u>15,320</u>	<u>15,376</u>

The Group leases office premises are under operating lease agreements. Lease for properties are for terms ranging from 1 month to 3 years.

#### 14. 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	
		2014	2013	2014	2013
		<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)
Epro Techsoft Limited	Licence fee income	—	—	—	(40)
	System maintenance income	(484)	(343)	(837)	(640)
Epro Career Limited	Insourcing fee	3,005	1,674	5,990	3,222
Guangzhou Epro Information Technology Company Limited	Subcontracting fee for software technical research and development services	1,016	—	2,546	—

#### Key management personnel compensation

	Three months ended 30 June		Six months ended 30 June	
	2014	2013	2014	2013
	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)
Salaries and short-term employee benefits	1,772	1,772	3,543	3,482
Post employment benefits	35	34	69	68
	<u>1,807</u>	<u>1,806</u>	<u>3,612</u>	<u>3,550</u>

#### 15. CONTINGENT LIABILITIES

The Group did not have any contingent liabilities as at 30 June 2014.

#### 16. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The unaudited condensed consolidated interim financial information was approved by the Board on 4 August 2014.

## **INTERIM DIVIDEND**

The Board resolved to declare the payment of an interim dividend of HK0.7 cents per share for the six months ended 30 June 2014 (2013: HK0.9 cents). The interim dividend will be payable on 29 August 2014 (Friday) to shareholders on the register of members of the Company on 21 August 2014 (Thursday).

## **CLOSURE OF THE REGISTER OF MEMBERS**

The register of members will be closed from 19 August 2014 (Tuesday) to 21 August 2014 (Thursday), both days inclusive, during which period no transfers of shares will be registered. In order to ascertain entitlements to the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:00 pm on 18 August 2014 (Monday).

## **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 in both Hong Kong and the PRC.

The Group has submitted a formal application to the Stock Exchange on 30 May 2014 for the transfer of listing (the "Transfer of Listing") of the shares of the Company pursuant to the procedure under Chapter 9A of the Rules Governing the Listing of Securities on the Stock Exchange. The Board considers that the Transfer of Listing will be beneficial to the future growth and business development of the Company, which in turn will help to enhance the profile of the Group and increase the trading liquidity of the shares of the Company and recognitions by attracting larger potential institutional investors.

The Group has become more competitive in the outsourcing contact service market owing to the ability to provide services in different geographic locations according to service characteristics as well as pricing budget of the customers. Sharing best practices acquired from serving international corporate clients in both territories has also helped to elevate service quality and operating efficiency mutually, and in turn attracts more business enquiries and opportunities to the Group.



At the beginning of 2014, the Group has relocated one of its two PRC contact centres from Guangzhou Tian He Software Park to Nansha District under the consideration of a lower rental rate and manpower cost on ongoing basis, which is expected to further improve the profit margin of its contact service business in the PRC. Also at the beginning of 2014, the Group has expanded the capacity of the other PRC contact centre located at Liwan District, and the total number of workstations in the PRC as at 30 June 2014 is approximately 350 workstations.

The Group's business centre located at Kwun Tong has reached an occupancy of approximately 80%, and the Group is currently looking for suitable location for setting up the second business centre for further expansion.

The expanded business coverage and listed status of the Group has continued to attract potential partnership, business merger and/or acquisition opportunities from the Asia Pacific Region, and the Group will strive to identify and consider any possible business deals for the maximum benefits of the Group.

## **FINANCIAL REVIEW**

For the six months ended 30 June 2014, the Group's unaudited total revenue was approximately HK\$89.1 million, representing an increase of approximately HK\$11.9 million as compared with the total revenue of the corresponding period in 2013 (six months ended 30 June 2013: approximately HK\$77.2 million). The revenue contribution from Hong Kong and the PRC is approximately 78% and 22% respectively for the period.

The gross profit of the Group increased from approximately 19.8% for the six months ended 30 June 2013 to approximately 21.7% for the six months ended 30 June 2014. Profit attributable to owners of the Company increased by approximately 1.2% from approximately HK\$9.8 million for the six months ended 30 June 2013 to approximately HK\$9.9 million for the six months ended 30 June 2014.

## **REVENUE AND SEGMENT RESULT**

The outsourcing inbound contact service, outsourcing outbound contact service, staff insourcing service, contact service centre facilities management service and others accounted for approximately 15%, 43%, 21%, 17% and 4% of the Group's unaudited total revenue for the six months ended 30 June 2014 respectively.

## **Outsourcing Inbound Contact Service**

For the six months ended 30 June 2014, the outsourcing inbound contact service recorded a revenue of approximately HK\$13.7 million, representing an increase of approximately 214.5% as compared to that of the corresponding period in 2013. The segment results for the six months ended 30 June 2014 was approximately HK\$1.7 million. The gross profit margin for outsourcing inbound contact service increased from approximately 11.6% for the six months ended 30 June 2013 to approximately 12.6% for the six months ended 30 June 2014.

The significant increase in revenue from the outsourcing inbound contact service was mainly attributed to the addition of outsourcing inbound contact service revenue from the PRC which amounted to approximately HK\$7.7 million, as well as an overall increasing demand in inbound contact services outsourced from our clients during the period.

## **Outsourcing Outbound Contact Service**

For the six months ended 30 June 2014, the outsourcing outbound contact service recorded an increase in revenue of approximately HK\$5.6 million, representing an increase of approximately 17.3% as compared to that of the corresponding period in 2013. The segment results for the six months ended 30 June 2014 was approximately HK\$6.6 million. The gross profit margin for outsourcing outbound contact service slightly decreased from approximately 17.8% for the six months ended 30 June 2013 to approximately 17.3% for the six months ended 30 June 2014.

The increase in revenue from the outsourcing outbound contact service was mainly due to the addition of outsourcing outbound contact service revenue from the PRC which amounted to approximately HK\$8.6 million. The gross profit margin of outsourcing outbound contact service remained approximately the same during the period.

## **Staff Insourcing Service**

For the six months ended 30 June 2014, the staff insourcing service segment recorded a revenue of approximately HK\$19.1 million, representing a decrease of approximately 10.9% as compared to that of the corresponding period in 2013. The segment results of staff insourcing service for the six months ended 30 June 2014 was approximately HK\$5.1 million. The gross profit margin for staff insourcing service increased from approximately 8.7% for the six months ended 30 June 2013 to approximately 26.6% for the six months ended 30 June 2014.

The decrease in revenue from the staff insourcing service was due to a net decrease in the number of insourced staff resulted from the conversion arrangement of insourced staff to client staff for the six months period ended 2014. The major increase in gross profit margin for the staff insourcing service was attributable to the insourcing arrangement of technical development staff with higher skill sets for short term software development projects during the period.

### **Contact Service Centre Facilities Management Service**

For the six months ended 30 June 2014, the contact service centre facilities management service recorded a revenue of approximately HK\$14.7 million, representing a slight increase of approximately 0.5% as compared to that of the corresponding period in 2013. The segment results for the six months ended 30 June 2014 was approximately HK\$3.4 million. The gross profit margin for contact service centre facilities management service decreased from approximately 25.3% for the six months ended 30 June 2013 to approximately 23.4% for the six months ended 30 June 2014.

The revenue from contact service centre facilities management service was approximately the same mainly due to a stable number of workstations leased by clients during the six months period under review. The slight decrease in gross profit margin for contact service centre facilities management service was attributable to the continued operating expenses of the business centre.

### **Others**

The “Others” segment principally comprises licencing and system maintenance service of, and sales of system and software in relation to Wise-xb Contact Centre System. For the six months ended 30 June 2014, the Group recorded revenue of approximately HK\$2.4 million from sales of system and software and HK\$1.0 million from system maintenance service.

The segment results for “Others” largely comprises sales of system and software which amounted to approximately HK\$2.5 million for the six months ended 30 June 2014.

### **PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY**

Profit attributable to owners of the Company increased by approximately 1% from approximately HK\$9.8 million for the six months ended 30 June 2013 to approximately HK\$9.9 million for the six months ended 30 June 2014. The increase of profit is mainly attributed to the increase of revenue from PRC business units and the segment results improvement of the staff insourcing service.

## **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 2014, the Group had net current assets of approximately HK\$69.9 million (as at 31 December 2013: approximately HK\$66.7 million) including cash and bank balances of approximately HK\$29.7 million (as at 31 December 2013: approximately HK\$34.5 million). The decrease in cash and bank balances as at 30 June 2014 was mainly attributable to an increase in trade receivables and purchase of an additional investment fund.

As at 30 June 2014, the Group's current ratio (current assets/current liabilities) and gearing ratio (total debts/total assets) were 3.34 (as at 31 December 2013: 3.31) and 20.31% (as at 31 December 2013: 20.75%) respectively.

## COMPARISON BETWEEN BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives of the Company with the Group's actual business progress for the six months period ended 30 June 2014 is set out below:

### **Business objectives for the six months ended 30 June 2014**

### **Actual business progress up to 30 June 2014**

Setting up new contact service centres for capturing the demand from different market segments and more industry sectors

- Approximately HK\$4.3 million and HK\$3.1 million of the net proceeds from the Placing (as defined in the prospectus of the Company dated 30 December 2011) was used to set up the new Elite Business Centre and new contact centre at Nansha respectively. The new business centre is expected to turn mature by the end of 2014, and shall contribute desirable revenue and profit margin to the Group. The new contact centre in Nansha will further increase the capacity of Group's contact centre operation and business in China.
- Actual application of the proceeds from the Placing is lower than the planned use. Further investment shall be made to fully equip the Nansha contact centre as needed. The Directors will continue to evaluate the Group's business objectives and may change or modify plans after taking into account the changing market conditions and opportunities.

Enhancing capabilities of existing contact service centre facilities

- Approximately HK\$1.6 million was used to improve the physical environment and upgrade the systems and third party software of the existing contact centres.
- The Board planned to continuously enhance the contact centres facilities and environment to maintain the competitiveness of our services in the market.

## USE OF PROCEEDS

The business objectives and planned use of proceeds from the Placing were based on the best estimation of future market conditions made by the Group while the proceeds were applied in accordance with the actual development of the market. During the period from the Listing Date to 30 June 2014, the net proceeds from the Placing had been applied as follows:

	<b>Total use of proceeds (HK\$ million)</b>	<b>Actual use of proceeds from the Listing Date to 30 Jun 2014 (HK\$ million)</b>	<b>Remaining proceeds for future use (HK\$ million)</b>
Setting up new contact service centres for capturing the demand from different market segments and more industry sectors	14.0	7.4	6.6
Expanding and enhancing our contact centre system and software	7.5	7.5	–
Enhancing capabilities of existing contact service centre facilities	4.0	1.6	2.4
Use as general working capital of our Group	1.5	1.5	–
	<hr/>	<hr/>	<hr/>
Total:	27.0	18.0	9.0
	<hr/>	<hr/>	<hr/>

The Directors intend to revisit the business objectives for the period from the Listing Date to 30 June 2014. The Directors will regularly evaluate the Group's business objectives and may change or modify plans after taking into account the changing market conditions.

Any net proceeds from the Placing that will not be applied immediately have been temporarily deposited with banks in Hong Kong as at the date of this announcement.

## **PLEDGE OF ASSETS**

As at 30 June 2014, the Group had pledged its bank deposits of approximately HK\$4.8 million (as at 31 December 2013: approximately HK\$4.8 million) and had pledged investment fund amounted to approximately HK\$8.2 million (as at 31 December 2013: approximately HK\$4.8 million) to secure its banking facilities and trade receivable financing.

## **FOREIGN EXCHANGE EXPOSURE**

Substantially all the revenue-generating operations of the Group were transacted in Hong Kong dollars during the period under review which is the functional currency of the Company and the presentation currency of the Group. The Group therefore does not have significant foreign exchange risk.

## **SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES**

Save for those disclosed in this announcement, there were no significant investments held as at 30 June 2014, nor were there material acquisitions and disposals of subsidiaries during the year.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

Save for those disclosed in this announcement, there is no plan for material investments or capital assets as at the date of this announcement.

## **CONTINGENT LIABILITIES AND CAPITAL COMMITMENT**

Save for those disclosed in this announcement, the Group did not have any contingent liabilities as at 30 June 2014.

## **NUMBER AND REMUNERATION OF EMPLOYEE**

The Group employed 1,035 employees as at 30 June 2014 (as at 30 June 2013: 760 employees). Remuneration was maintained at competitive levels with discretionary bonuses payable on a merit basis and in line with industry practice. The remuneration packages mainly comprise salary payments, group medical insurance plans, mandatory provident fund and discretionary bonuses awarded on a performance basis.

## **CORPORATE GOVERNANCE**

The Company has complied with the code provisions as set out in Appendix 15 to the GEM Listing Rules throughout the six months period ended 30 June 2014.

## **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 of the Directors, all Directors confirmed that they have complied with the required standard of dealings concerning securities transactions for the six months period ended 30 June 2014.

## **SHARE OPTION SCHEME**

The Company adopted a share option scheme on 21 December 2011 (the "Share Option Scheme"). Since the adoption of the Share Option Scheme and up to 30 June 2014, no share option had ever been granted under 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 2014 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 of 18 years, 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**

As at 30 June 2014, as far as the Directors are aware of, save that 廣州潤寶信息科技有限公司 (Guangzhou Epro Information Technology Co., Ltd.<sup>#</sup>) is owned as to 60% by Epro Techsoft Limited, which is in turn ultimately and beneficially owned by Mr. Ling Chiu Yum, Mr. Wong Wai Hon Telly and Ms. Chang Men Yee Carol, who are executive Directors, as to 46%, 47% and 5% respectively, none of the Directors or the Controlling Shareholders of the Company (as defined in the GEM Listing Rules) 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 2014.



## **COMPLIANCE ADVISER'S INTEREST**

As notified by Mizuho Securities Asia Limited, the compliance adviser of the Company (the "Compliance Adviser"), none of the Compliance Adviser, or its directors, employees or associates (as defined under the GEM Listing Rules) had any interest in the share capital of the Company or any right to subscribe for or to nominate any person to subscribe shares in the Company or any member of the Group as at 30 June 2014 pursuant to Rule 6A.32 of the GEM Listing Rules. Pursuant to an agreement entered into between the Company and the Compliance Adviser in 2011, the Compliance Adviser has only received a fee for acting as the Company's compliance adviser until its termination.

## **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 2014, 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 as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors referred to in Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

## Long positions in the shares of the Company

Name of Directors/ Chief Executives	Capacity	Nature of interests	Number of shares/ underlying shares held	Percentage of the issued share capital of the Company as at 30 June 2014
Mr. Ling Chiu Yum <i>(Note)</i>	Interest in a controlled corporation	Corporate interest	210,000,000	75%
Mr. Wong Wai Hon Telly <i>(Note)</i>	Interest in a controlled corporation	Corporate interest	210,000,000	75%
Ms. Chang Men Yee Carol <i>(Note)</i>	Interest in a controlled corporation	Corporate interest	210,000,000	75%

*Note:—*

Excel Deal Holdings Limited, a company incorporated in the British Virgin Islands, held 210,000,000 shares, was beneficially owned as to 47% by Mr. Wong Wai Hon Telly, 46% by Mr. Ling Chiu Yum and 5% by Ms. Chang Men Yee Carol respectively. Mr. Wong Wai Hon Telly, Mr. Ling Chiu Yum and Ms. Chang Men Yee Carol were therefore deemed to be interested in the shares of the Company held by Excel Deal Holdings Limited by virtue of Part XV of the SFO.

Save as disclosed above, as at 30 June 2014, 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 as otherwise notified to the Company and the Stock Exchange pursuant to the standard of dealings by the Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

## **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 2014, the following persons (not being a Director or Chief Executive) who had interests or short positions in the shares or underlying shares of the Company 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>Approximate percentage of the issued share capital of the Company as at 30 June 2014</b>	
		<b>Number of Shares/underlying Shares held</b>	
Excel Deal Holdings Limited ( <i>Note 1</i> )	Beneficial owner	210,000,000	75%
Million Top Enterprises Ltd. ( <i>Note 2</i> )	Beneficial owner	25,000,000	8.92%

*Notes:—*

- (1) Excel Deal Holdings Limited, a company incorporated in the British Virgin Islands, was beneficially owned as to 47% by Mr. Wong Wai Hon Telly, 46% by Mr. Ling Chiu Yum and 5% by Ms. Chang Men Yee Carol respectively.
- (2) Million Top Enterprises Ltd. was wholly beneficially owned by Mr. Tang Shing Bor.

Save as disclosed above, as at 30 June 2014, 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 2014 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 2014.

By order of the Board  
**ETS Group Limited**  
**Wong Wai Hon Telly**  
*Chairman and Executive Director*

Hong Kong, 4 August 2014

*The English translation of Chinese names or words in this announcement, where indicated, are included for identification purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

*As at the date of this announcement, the executive directors of the Company are Mr. Ling Chiu Yum (Honorary Chairman), Mr. Wong Wai Hon Telly (Chairman), Ms. Chang Men Yee Carol (Chief Executive Officer), Mr. Suen Fuk Hoi (Company Secretary) and Mr. Phung Nhuong Giang; and the independent non-executive directors of the Company are Mr. Wong Sik Kei, Mr. Ngan Chi Keung and Mr. Yung Kai 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).*