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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)

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION
IN RESPECT OF POSSIBLE ACQUISITION
OF SALE SHARES OF
EPRO BPO SERVICES LIMITED; AND
(2) CONTINUING CONNECTED TRANSACTION**

THE AGREEMENT

On 5 July 2013 (after trading hours), the Purchaser, a wholly owned subsidiary of the Company, entered into the Agreement with the Vendor, pursuant to which the Purchaser agreed to purchase the Sale Shares from the Vendor at a consideration of HK\$3,100,000.

The Consideration shall be satisfied by the Purchaser, of which (i) a refundable deposit in the sum of HK\$1,000,000 shall be paid by the Purchaser to the Vendor (or its nominees) in cash upon signing of the Agreement; and (ii) the remaining HK\$2,100,000 shall be paid by the Purchaser to the Vendor (or its nominees) in cash upon Completion.

GEM LISTING RULES IMPLICATION

As the relevant applicable percentage ratio calculated in accordance with the GEM Listing Rules is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules.

Further, the Vendor is indirectly owned as to 46% by Mr. Ling Chiu Yum and as to 47% by Mr. Wong Wai Hon Telly, executive Directors and controlling shareholders of the Company. Therefore, the Vendor is an associate of the Directors and substantial shareholders of the Company. As such, the Vendor is regarded as connected person to the Company under the GEM Listing Rules. As a result, the Acquisition constitutes a connected transaction on the part of the Company. As all applicable percentage ratios in respect of the Acquisition are less than 25% and the total consideration is less than HK\$10,000,000, the Acquisition is subject to the reporting and announcement requirements, but is exempt from the independent shareholders' approval requirement pursuant to Rule 20.32 of the GEM Listing Rules.

CONTINUING CONNECTED TRANSACTION

Guangzhou Epro is owned as to 60% by Epro Techsoft, which is ultimately owned as to 46% by Mr. Ling Chiu Yum and as to 47% by Mr. Wong Wai Hon Telly, executive Directors and controlling shareholders of the Company. Therefore, Guangzhou Epro is an associate of the Directors and substantial shareholders of the Company. As such, Guangzhou Epro is regarded as connected person to the Company under the GEM Listing Rules. Immediately following the Completion, the financial results of the PRC Company will be consolidated into the Group's financial statements and the PRC Company will be deemed to be a subsidiary of the Company. As such, the transactions contemplated under the New Services Agreement will constitute continuing connected transaction on the part of the Company. Since each of the percentage ratio (other than the profit ratio) is less than 25% on an annual basis and the total consideration is less than HK\$10,000,000, the transactions contemplated under the New Services Agreement is subject to reporting and announcement requirements under Rule 20.34 of the GEM Listing Rules and is exempt from the independent Shareholders' approval

On 5 July 2013 (after trading hours), the Purchaser, a wholly owned subsidiary of the Company, entered into the Agreement with the Vendor. Details of the Agreement are set out as follows:

THE AGREEMENT

Date: 5 July 2013

Parties: (1) Purchaser: Elite Depot Holdings Limited, a wholly-owned subsidiary of the Company; and

(2) Vendor: Epro Group International Limited.

The Vendor is principally engaged in investment holding. As the Vendor is indirectly owned as to 46% by Mr. Ling Chiu Yum and as to 47% by Mr. Wong Wai Hon Telly, executive Directors and controlling shareholders of the Company, the Vendor is an associate of the Directors and substantial shareholders of the Company. As such, the Vendor is regarded as connected person to the Company under the GEM Listing Rules.

Assets to be acquired

Pursuant to the Agreement, the Purchaser has agreed to acquire and the Vendor has agreed to dispose of the Sale Shares, representing the entire issued share capital of the Target, which is legally and beneficially owned by the Vendor as at the date of this announcement.

Consideration

The Consideration is HK\$3,100,000.00, which will be satisfied by the Purchaser in the following manner:

- (a) a refundable deposit (the “**Deposit**”) in the sum of HK\$1,000,000.00 has been paid by the Purchaser to the Vendor (or its nominees) in cash upon signing of the Agreement; and
- (b) the remaining balance of HK\$2,100,000.00 shall be paid by the Purchaser to the Vendor (or its nominees) in cash upon Completion.

The Consideration was arrived at after arm’s length negotiations between the parties to the Agreement after taking into account of among others, (i) the various reasons for the proposed Acquisition as elaborated further under the paragraph headed “Reasons for the Acquisition” below; (ii) the future business prospect of the Target Group; and (iii) the synergetic effect on the Group’s current business of providing multi-media contact services. Based on aforesaid, the Directors (including the independent non-executive Directors) consider that the Consideration is fair and reasonable and on normal commercial terms and that the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole.

The Group intends to finance the Consideration by internal resources of the Group.

Conditions precedent

The Completion is conditional upon the fulfillment or waiver (if applicable) of the following conditions precedent:

- (a) all necessary consents and approvals required to be obtained on the part of the Vendor in respect of the Agreement and the matters contemplated thereunder having been obtained;
- (b) all necessary consents and approvals required to be obtained on the part of the Purchaser in respect of the Agreement and the matters contemplated thereunder having been obtained;
- (c) the warranties in respect of the operation of the Target Group given by the Vendor as set out in the Agreement remaining true and accurate in all respects;
- (d) the obtaining of a PRC legal opinion in the agreed form from a firm of PRC legal advisers appointed by the Purchaser in relation to the validity and legality of the establishment of the PRC Company, and its operations as going concern entity and the transactions contemplated under the Agreement;
- (e) the Purchaser being satisfied with the results of the due diligence review on the Target Group to be conducted by the Purchaser; and
- (f) the entering into of the Control Agreements.

Conditions (c) and (e) above may be waived by the Purchaser by notice in writing to the Vendor and the other conditions are incapable of being waived. If the conditions have not been satisfied or waived on or before 12:00 noon of 31 July 2013, or such later date as the Vendor and the Purchaser may agree, the Agreement shall cease and determine (save and except certain clauses under the Agreement which will continue to have full force and effect), in any event, thereafter the Vendor shall refund the Deposit (without interest) to the Purchaser forthwith and neither party to the Agreement shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

If Completion does not take place as a result of the default of the Purchaser, the Vendor may forthwith determine this Agreement by giving notice of termination in writing to the Purchaser to such effect, in which event, the Vendor shall refund the Deposit (without interest) to the Purchaser forthwith and neither party shall have any obligations and liabilities hereunder and neither party shall take any action to claim for damages or to enforce specific performance or any other rights and remedies save for any antecedent breaches by the Purchaser of the terms hereof.

If Completion does not take place as a result of the default of the Vendor, the Purchaser may forthwith determine this Agreement by giving notice of termination in writing to the Vendor to such effect, in which event, the Vendor shall refund the Deposit (without interest) to the Purchaser forthwith and neither party shall have any obligations and liabilities hereunder and neither party shall take any action to claim for damages or to enforce specific performance or any other rights and remedies save for any antecedent breaches by the Vendor of the terms hereof.

If Completion does not take place otherwise than the default of the Purchaser or the Vendor, this Agreement shall be terminated and the Vendor shall refund the Deposit (without interest) to the Purchaser forthwith and neither party shall have any obligations and liabilities hereunder and neither party shall take any action to claim for damages or to enforce specific performance or any other rights and remedies save for any antecedent breaches of the terms hereof.

Completion

Completion shall take place at 4:00 p.m. on the date falling on the third Business Day upon the fulfilment (or waiver) of the conditions precedent referred to above, or such later date as the Vendor and the Purchaser may agree.

Upon Completion, the Target will become a wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the Group's financial statements.

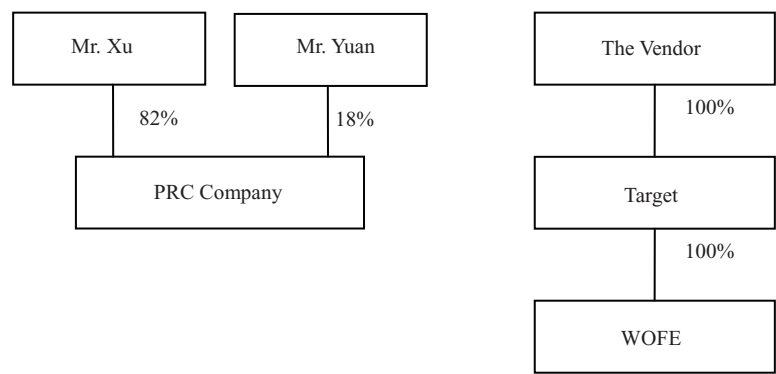
INFORMATION ON THE TARGET GROUP

Target

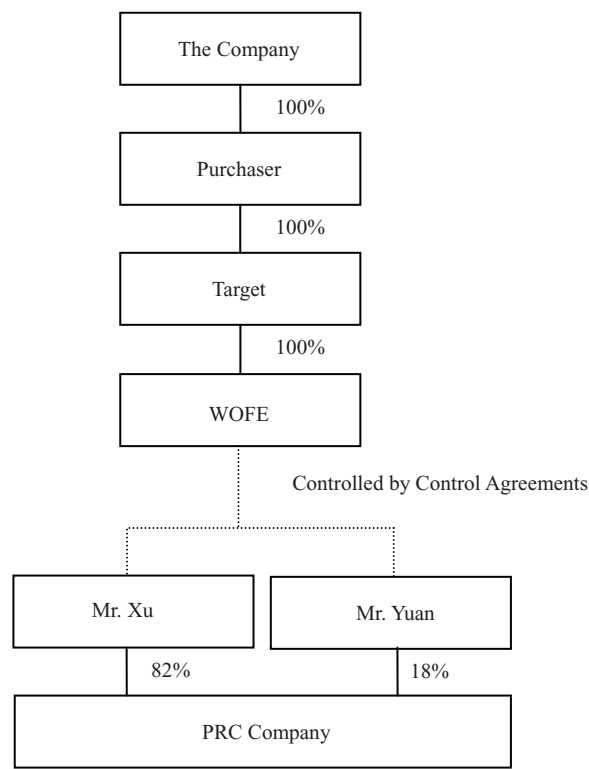
The Target is an investment holding company incorporated in Hong Kong on 26 April 1999 with limited liability and is wholly and beneficially owned by the Vendor.

According to the unaudited management accounts of the Target for the period from 1 January 2013 to 31 May 2013, which has been prepared in accordance with generally accepted accounting principles in Hong Kong, the net asset was approximately HK\$4,381,000 and the loss after taxation was approximately HK\$62,000.

The group structure of the Target Group as at the date of this announcement is as follows:



Upon Completion, the Target will become an indirect wholly-owned subsidiary of the Company and the Group will have an effective control of the PRC Company. The group structure of the Target Group after Completion is shown as follows:



Control Agreements

The reason for the Control Agreements arrangement is that under the current PRC regulations, the Group is not allowed to directly hold up to 50% of the equity interests in an value-added telecommunication enterprise such as the PRC Company. Foreign companies are not allowed to acquire up to 50% equity interests in the value-added telecommunication enterprise in the PRC in accordance with the provisions of 《外商投資產業指導目錄》(2011 修訂) (Catalogue of Industries for Guiding Foreign Investment (2011 Revision) #) and 《外商投資電信企業管理規定》(Provisions on the Administration of Foreign-funded Telecommunications Enterprises #). Furthermore, for the establishment of a foreign-funded value-added telecommunication enterprise, the following conditions have to be met:

- (i) the major foreign investor should be an enterprise that has good business performances and operation experiences in managing the value-added telecom businesses; and
- (ii) the foreign-funded telecommunications enterprises shall have a registered capital of not less than RMB10 million for engaging in the value-added telecom businesses nationwide or beyond a single province, autonomous region or municipality directly under the central government, and not less than RMB1 million for engaging in the value-added telecom businesses within a province, autonomous region or municipality directly under the central government.

As such, the Control Agreements are designed to provide the Group with effective control over and the right to enjoy the economic benefits in and/or assets of the PRC Company.

Through the Control Agreements, the control and economic benefits from the business of the PRC Company will flow to the WOFE upon Completion. In view of the Control Agreements taken as a whole, the Group will be able to consolidate the entire financial results of the PRC Company into those of the Group by way of treating the PRC Company as its indirect wholly-owned subsidiary and that the entire economic benefits of the businesses of the PRC Company will flow to the Group upon Completion.

Set out below are the major terms of the Control Agreements:

Loan Agreement

The Purchaser will grant an interest-free Loan to Mr. Xu and Mr. Yuan pursuant to which, at the discretion of the Purchaser, the Purchaser can assign the rights and novate the obligations under the Loan Agreement to any company nominated by the Purchaser without the consent of Mr. Xu and Mr. Yuan. The term of the Loan shall end on the date of the exercise of the exclusive right by the WOFE under the Irrevocable Equity Transfer Agreement to acquire the equity interest in the PRC Company. The amount of the Loan shall be used to set off against the consideration under the Irrevocable Equity Transfer Agreement.

Management Agreement

The WOFE will enter into the Management Agreement with the PRC Company, Mr. Xu and Mr. Yuan pursuant to which the WOFE shall provide to the PRC Company management consultancy services, including (i) identifying suitable candidates and experts with experience and providing training to managers, head of departments, administrative staff, accounting staff and other staff of the PRC Company; (ii) providing strategic advices on the agreements that are reasonably required or in the ordinary course of business of the PRC Company; (iii) formulating and assisting in the implementation of rules and internal control policy, standard administrative, accounting, planning, marketing, human resources and operation strategies; (iv) assisting the PRC Company to plan and organize public relations and marketing activities; (v) assisting the PRC Company to review its operations; (vi) assisting the PRC Company in business operations; (vii) providing market information on computer network technology and internet information services and mobile internet information market research information and analysis; and (viii) providing business advices on the operation and investment project, and assisting and participating in management operations.

At the discretion of the WOFE, the WOFE can assign the rights and novate the obligations under the Management Agreement to any company nominated by the WOFE without the consent of the PRC Company, Mr. Xu and Mr. Yuan.

The initial term of the Management Agreement is a fixed term of ten years from the date of the execution of the Management Agreement. The WOFE has the sole discretion to renew the Management Agreement for a further ten years.

The WOFE shall charge the PRC Company a service fee of 10% of the actual net profit of the PRC Company. In the event that the PRC Company has incurred a loss, the WOFE shall charge the PRC Company a service fee of RMB100,000 per year.

Equity Charge

Mr. Xu and Mr. Yuan will create the Equity Charge in favour of the WOFE over their respective equity interests in the PRC Company to secure and guarantee the obligations of the PRC Company under the Management Agreement until the fulfillment of all the obligations of the PRC Company under the Management Agreement.

At the discretion of the WOFE, the WOFE can assign the rights and novate the obligations under the Equity Charge to any company nominated by the WOFE without the consent of Mr. Xu and Mr. Yuan.

The charging period commenced from the date of the Equity Charge being registered with relevant industry and commerce registration authority until fulfillment of all the obligations of Mr. Xu, Mr. Yuan and the PRC Company under the Management Agreement.

Irrevocable Equity Transfer Agreement

The WOFE, Mr. Xu, Mr. Yuan and the PRC Company shall enter into the Irrevocable Equity Transfer Agreement pursuant to which Mr. Xu and Mr. Yuan shall grant an irrevocable and exclusive right to the WOFE to acquire the entire equity interests in the PRC Company at the consideration of RMB7,000,000.00.

At the discretion of the WOFE, the WOFE can assign the rights and novate the obligations under the Irrevocable Equity Transfer Agreement to any company nominated by the WOFE without the consent of Mr. Xu, Mr. Yuan and the PRC Company.

The parties agree that the amount of the Loan shall be used to set off against the consideration under the Irrevocable Equity Transfer Agreement.

There is no fixed term to the exercise of rights by the WOFE to acquire entire equity interests in the PRC Company. Such rights shall remain valid until (i) it is permitted under the law; or (ii) the WOFE exercises the right to acquire the entire equity interests in the PRC Company.

Further announcement will be made as and when appropriate in relation to the exercise of the rights granted to the WOFE under the Irrevocable Equity Transfer Agreement in compliance with the GEM Listing Rules.

As advised by the PRC legal advisers of the Group, the Irrevocable Equity Transfer Agreement does not violate the prohibiting stipulation of the PRC laws.

Director Undertaking

As the executive director of the PRC Company (being nominated by the shareholders of the PRC Company) may change, the PRC Company, Mr. Xu and Mr. Yuan, as confirmer, will enter into the Director Undertaking with Mr. Xu, the existing sole director of the PRC Company (i) to confirm and approve the director of the PRC Company to undertake that he will act according to the instructions of the WOFE upon the exercise of the powers of the directors of the PRC Company, including but not limited to, the convening of shareholders' meeting, performance of shareholders' resolutions, approving

of business plans and investment plans, formulating of annual budget, distribution of profits and making up of losses; and (ii) to guarantee that upon the change of director(s) of the PRC Company, he will procure the replacement director(s) to give a similar undertaking as aforesaid.

Shareholders Undertakings

Mr. Xu and Mr. Yuan, as shareholders of the PRC Company and the PRC Company (as confirmer), together will enter into the Shareholders Undertaking in favour of the WOFE pursuant to which Mr. Xu and Mr. Yuan undertake that they will act in accordance with the instructions of the WOFE upon the exercise of the powers of the shareholders of the PRC Company including the right to vote on any resolutions proposed at the shareholders' meetings of the PRC Company until the transfer of the entire equity interests in the PRC Company to the WOFE and the fulfillment of all obligations under the Loan Agreement, the Management Agreement, the Equity Charge and the Irrevocable Equity Transfer Agreement.

Legal Representative Undertaking

Mr. Xu and Mr. Yuan and the PRC Company, as confirmers, will enter into the Legal Representative Undertaking with Mr. Xu, the existing legal representative of the PRC Company (i) to confirm and approve the legal representative of the PRC Company to undertake that he will act according to the instructions of the WOFE upon the exercise of the power of the legal representative of the PRC Company, including but not limited to, signing the documents that as a legal representative needs to sign; and (ii) to guarantee that upon the change of legal representative of the PRC Company, he will procure the replacement legal representative to give a similar undertaking as aforesaid.

Dispute resolution

Each of the Control Agreements (except the Loan Agreement) is governed by the PRC laws and provides for the resolution of disputes through arbitration at Shenzhen in accordance with the arbitration rules of South China International Economic and Trade Arbitration Commission (華南國際經濟貿易仲裁委員會), the decision of the arbitration is final and enforceable against the parties thereto. The parties agree that in appropriate circumstances, the parties or the South China International Economic and Trade Arbitration Commission can apply to the courts of competent jurisdiction to award remedies in rem over the shares or assets of the PRC Company, injunctive relief (e.g. for the conduct of business or to compel the transfer of assets) or order the winding up of the PRC Company in support of the arbitration pending formation of the arbitral tribunal generally.

Succession

As advised by the PRC legal adviser of the Company, although the Control Agreements provided that the Control Agreements are also binding on the successors of the relevant parties thereto, while in any case there is a successor involved, the successor should sign the relevant Control Agreements to become a legal party to the Control Agreements. Based on the successors' signing of the Control Agreement, any breach by the successors thereof would be deemed to be a breach of the Control Agreements. In particular, in the event of the bankruptcy or divorce of Mr. Xu and Mr. Yuan, the Control Agreements are binding on the assignees or successors of Mr. Xu and Mr. Yuan to which the rights and obligations thereunder are transferred or assigned by way of auctions, novation, restructuring, inheritance, assignment, transfer or other bankruptcy proceedings. Therefore, the PRC legal advisers of the Company is of the view that the WOFE can enforce its right under the Control Agreements against the relevant successors while successors have signed the relevant Control Agreements to become legal parties to the Control Agreements.

The WOFE

The WOFE is a wholly-foreign owned enterprise established in the PRC on 14 September 2007 with limited liability and is wholly and beneficially owned by the Target. The WOFE is principally engaged in the research, development and selling of electronic components, meters and computer software and consulting services in relation to communication system software and electronic technology. As at the date of this announcement, the registered capital of the WOFE is HK\$4,208,000 and has been fully paid up. According to the unaudited management accounts of the WOFE as at 31 May 2013, which have been prepared in accordance with the generally accepted accounting principles in the PRC, the net asset was approximately RMB2,344,000.00, and the loss after taxation was approximately RMB567,000.00.

PRC Company

The PRC Company is a company established in the PRC with limited liability on 19 October 2000 and is principally engaged in the development of computer network and technical services, call centre and information services. As at the date of this announcement, the PRC Company is beneficially owned as to 82% by Mr. Xu and as to 18% by Mr. Yuan. The registered capital of the PRC Company is RMB5,000,000 and has been fully paid up.

According to the unaudited management accounts of the PRC Company as at 31 May 2013, which have been prepared in accordance with the generally accepted accounting principles in the PRC, the net asset was approximately RMB5,000,000, and the net profit after taxation was approximately RMB119,000.00.

REASONS FOR THE ACQUISITION

The Group is principally engaged in the business of providing comprehensive multi-media contact services and contact centre system. The principal activities of the Group include outsourcing inbound contact service, outsourcing outbound contact service, staff insourcing service, contact service centre facilities management service and other services such as licensing and sales of system and software.

The Group recognizes the vital need to keep abreast with the latest technological development in communications, and to maintain the competitiveness of the WISE-xb Systems as well as the contact services which ride on the WISE-xb System platform. The Group has always been interested in looking for opportunity for the Group to expand its development of the WISE-xb Systems to the PRC.

As the Target Group is principally engaged in the provision of technical programming and development of the WISE-xb System with lower cost of staff in the PRC, the Board believes that the Acquisition can benefit the existing development of the WISE-xb Systems with a synergy effect and lower the cost of the Group for the development of WISE-xb Systems and strength the Group on its involvement in the development of the WISE-xb Systems in the PRC.

Taking into account of the above, the Board believes that the Acquisition will expand and enhance the existing business of the Group in the PRC. The Board considers that the terms of the Acquisition are fair and reasonable and in the interests of the Company and Shareholders as a whole.

On 19 December 2011, ELL entered into a master technical research subcontracting agreement (the “**Technical Research Subcontracting Agreement**”) with the WOFE, pursuant to which ELL would subcontract to the WOFE from time to time during the term of the Technical Research Subcontracting Agreement such technical research and development services for a subcontracting fee to be agreed between the Group and the WOFE from time to time. The subcontracting fee would be negotiated by the Group and the WOFE in good faith towards each other on a case by case basis after taking into account, among other factors, the specifications and contents of the services, the complexity of the services required, the time required to complete the services and the rates of the fees offered by other subcontracting services providers providing similar services as the WOFE. Immediately following the Completion, the WOFE will become an indirect wholly-owned subsidiary of the Company. As such, the WOFE will no longer be regarded as connected person to the Company under the GEM Listing Rules. As a result, the transactions contemplated under the Technical Research Subcontracting Agreement will cease to be a continuing connected transaction under Chapter 20 of the GEM Listing Rules.

GEM LISTING RULES IMPLICATION

As the relevant applicable percentage ratio calculated in accordance with the GEM Listing Rules is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules.

Further, the Vendor is indirectly owned as to 46% by Mr. Ling Chiu Yum and as to 47% by Mr. Wong Wai Hon Telly, executive Directors and controlling shareholders of the Company. Therefore, the Vendor is an associate of the Directors and substantial shareholders of the Company. As such, the Vendor is regarded as connected person to the Company under the GEM Listing Rules. As a result, the Acquisition constitutes a connected transaction on the part of the Company. As all applicable percentage ratios in respect of the Acquisition are less than 25% and the total consideration is less than HK\$10,000,000, the Acquisition is subject to the reporting and announcement requirements, but is exempt from the independent shareholders' approval requirement pursuant to Rule 20.32 of the GEM Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save and except that Mr. Ling Chiu Yum, Mr. Wong Wai Hon Telly and Ms. Chang Men Yee Carol who are indirectly interested in the Target, no Director has a material interest in the transactions contemplated under the Agreement. In this connection, Mr. Ling Chiu Yum, Mr. Wong Wai Hon Telly and Ms. Chang Men Yee Carol had abstained from voting on the Board resolutions in accordance with the articles of association of the Company. Having considered the above, the remaining Directors (including the independent non-executive Directors) take the view that the Agreement is entered into on normal commercial terms and its terms and conditions are fair and reasonable and are in the interests of the Company and Shareholders as a whole.

CONTINUING CONNECTED TRANSACTION

New Services Agreement

On 1 January 2011, the PRC Company had entered into a services agreement (the “**Existing Services Agreement**”) with Guangzhou Epro. Guangzhou Epro is owned as to 60% by Epro Techsoft, which is ultimately owned as to 46% by Mr. Ling Chiu Yum and as to 47% by Mr. Wong Wai Hon Telly, executive Directors and controlling shareholder of the Company. Therefore, Guangzhou Epro is an associate of the Directors and substantial shareholders of the Company. As such, Guangzhou Epro is regarded as connected person to the Company under the GEM Listing Rules. Immediately following the Completion, the financial results of the PRC Company will be consolidated into the Group's financial statements and the PRC Company will be deemed to be a subsidiary of the Company.

Since the terms of the Existing Services Agreement do not conform with the requirements of Chapter 20 of the GEM Listing Rules relating to continuing connected transaction, it is proposed that upon Completion, the Existing Services Agreement will be terminated and the PRC Company will enter into the New Services Agreement (which complies with the relevant GEM Listing Rules Requirements) with Guangzhou Epro to replace and supersede the Existing Services Agreement.

By virtue of the PRC Company being a subsidiary of the Company upon Completion, the transactions contemplated under the New Services Agreement will constitute continuing connected transaction on the part of the Company. Since each of the percentage ratio (other than the profit ratio) is less than 25% on an annual basis and the total consideration is less than HK\$10,000,000, the transactions contemplated under the New Services Agreement is subject to reporting and announcement requirements under Rule 20.34 of the GEM Listing Rules and is exempt from the independent Shareholders' approval requirement.

The principal terms of the New Services Agreement are set out as follows:

Date:	5 July 2013
Parties:	(1) Service Provider: Guangzhou Epro
	(2) Client: PRC Company
Duration:	from 5 July 2013 to 31 December 2015
Service:	The PRC Company has agreed to engage Guangzhou Epro to provide technical support and related services to the PRC Company
Cost and Profit Sharing:	Cost of services provided by Guangzhou Epro shall be borne by Guangzhou Epro itself and 70% of the profit will be payable by the PRC Company to Guangzhou Epro

Historical transaction value

For the years ended 31 December 2011 and 2012, the PRC Company paid services fee of nil and approximately RMB322,000 under the Existing Services Agreement respectively. For the six months ended 30 June 2013, the PRC Company has charged approximately RMB2,160,000 services fee to Guangzhou Epro under the Existing Services Agreement.

Annual Caps

To comply with the relevant GEM Listing Rules requirements upon Completion, the PRC Company will enter into the New Services Agreement with Guangzhou Epro pursuant to which the annual caps for the years ended 31 December 2013, 2014 and 2015 are RMB4,500,000, RMB5,000,000 and RMB5,500,000 respectively with reference to the historical transaction amount approximately RMB2,160,000 for the six months ended 30 June 2013 and approximately 50% increment which was estimated by the Directors on a prudent basis.

REASONS FOR THE CONTINUING CONNECTED TRANSACTION

New Services Agreement

Prior to the Acquisition, the PRC Company had entered into the Existing Services Agreement with Guangzhou Epro. Upon Completion, the PRC Company will be deemed to be a subsidiary of the Company and such transactions contemplated under the Existing Services Agreement will become continuing connected transaction between Guangzhou Epro and the Group. To comply with the relevant GEM Listing Rules requirements, the PRC Company intends to enter into the New Services Agreement with Guangzhou Epro. The New Services Agreement will enable the Group to benefit from the stable income generated from the provision of the contact services and will provide stable headcount and room for further business expansion.

In light of the above, the Directors (including the independent non-executive Directors but excluding Mr. Ling Chiu Yum, Mr. Wong Wai Hon Telly and Ms. Chang Men Yee Carol, who had abstained from voting at the Board meeting to approve the New Services Agreement and the transactions contemplated thereunder in accordance with the articles of association of the Company) believe that the entering into the New Services Agreement is in the ordinary and usual course of business, on normal commercial terms and on terms no less favourable to the Group than terms available from Independent Third Parties. and the Directors consider that the terms of the New Services Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Acquisition”	the proposed acquisition by the Purchaser of the Sale Shares from the Vendor subject to and upon the terms and conditions of the Agreement
“Agreement”	the conditional sale and purchase agreement dated 5 July 2013 and entered into among the Purchaser, the Vendor and the Company relating to the sale and purchase of the Sale Shares
“associate”	has the meaning ascribed to it in the GEM Listing Rules
“Board”	board of the Directors
“Business Day”	a day (other than Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	ETS Group Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares are listed on GEM
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Agreement
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	HK\$3,100,000.00, being the consideration for the sale and purchase of the Sale Shares
“Control Agreements”	together, the Loan Agreement, the Equity Charge, the Irrevocable Equity Transfer Agreement, the Shareholders Undertakings, the Director Undertaking, the Legal Representative Undertaking and the Management Agreement
“controlling shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	director(s) of the Company

“Director Undertaking”	an undertaking to be executed by the existing sole director of the PRC Company, and confirmed by the PRC Company, Mr. Xu and Mr. Yuan in favour of the WOFE that Mr. Xu, as the sole director of the PRC Company, will act according to the instructions of the WOFE upon the exercise of the powers of the director of the PRC Company until the fulfillment of all obligations under the Loan Agreement, the Equity Charge and the Irrevocable Equity Transfer Agreement
“ELL”	Epro Logic Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Epro Techsoft”	Epro Techsoft Limited, a company incorporated in Hong Kong with limited liability and is ultimately owned as to 46% by Mr. Ling Chiu Yum, as to 47% by Mr. Wong Wai Hon Telly and as to 5% by Ms. Chang Men Yee Carol through their respective intermediate holding companies
“Equity Charge”	an equity charge to be created by Mr. Xu and Mr. Yuan in favour of any company nominated by the WOFE in the PRC to secure the obligations of the PRC Company under the Management Agreement
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company together with its subsidiaries
“Guangzhou Epro”	廣州潤寶信息科技有限公司 (Guangzhou Epro Information Technology Co., Ltd#), a company established in the PRC and is owned as to 60% by Epro Techsoft and as to 40% by an Independent Third Party
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the GEM Listing Rules
“Irrevocable Equity Transfer Agreement”	an irrevocable equity transfer agreement to be entered into among the WOFE, Mr. Xu, Mr. Yuan and the PRC Company in relation to the granting of the irrevocable and exclusive right by Mr. Xu and Mr. Yuan to the WOFE to acquire the entire equity interest in the PRC Company at a consideration of RMB7,000,000.00

“Loan”	the principal amount of RMB7,000,000.00 to be advanced by the Purchaser to Mr. Xu and Mr. Yuan pursuant to the terms and conditions of the Loan Agreement
“Loan Agreement”	a loan agreement to be entered into among the Purchaser, Mr. Xu and Mr. Yuan in relation to the grant of Loan
“Legal Representative Undertaking”	an undertaking to be executed by the existing legal representative of the PRC Company, and confirmed by Mr. Xu and Mr. Yuan and the PRC Company in favour of the WOFE that Mr. Xu, as the legal representative of the PRC Company, will act according to the instructions of the WOFE upon the exercise of the powers of the legal representative of the PRC Company until the fulfillment of all obligations under the Loan Agreement, the Equity Charge and the Irrevocable Equity Transfer Agreement
“Management Agreement”	an exclusive management agreement to be entered into among the WOFE, the PRC Company, Mr. Xu and Mr. Yuan in relation to the provision of management consultancy services by the WOFE (or its subsidiary) to the PRC Company for an initial term of 10 years
“Mr. Xu”	Mr. Xu Jie# (許杰), the beneficial owner of 82% of the registered capital of the PRC Company, an Independent Third Party
“Mr. Yuan”	Mr. Yuan Linxian# (原林祥), the beneficial owner of 18% of the registered capital of the PRC Company, an Independent Third Party
“New Services Agreement”	the technical support services agreement dated 5 July 2013 and entered into between the PRC Company and Guangzhou Epro in relation to the provision of contact services
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Company”	廣州浚峰網絡技術有限公司 (Guangzhou Junfeng Network Technology Limited#), a limited liability company established in the PRC
“Purchaser”	Elite Depot Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, being a wholly-owned subsidiary of the Company and the purchaser to the Agreement
“Sale Shares”	1,000,000 shares of HK\$1.00 each in the issued share capital of the Target, being the entire issued share capital of the Target as at the date of the Agreement which are beneficially owned by the Vendor

“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shareholders Undertakings”	undertakings to be executed by each of Mr. Xu and Mr. Yuan and confirmed by the PRC Company in favour of the WOFE that they will act in accordance with the instructions of the WOFE upon the exercise of the powers of the shareholders of the PRC Company including the right to vote on any resolutions proposed at the shareholders’ meetings of the PRC Company until the fulfillment of all obligations under the Loan Agreement, the Equity Charge and the Irrevocable Equity Transfer Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholders”	has the meaning ascribed to it under the GEM Listing Rules
“Target”	Epro BPO Services Limited, a company incorporated in Hong Kong with limited liability and the entire issued share capital of which is wholly and beneficially owned by the Vendor
“Target Group”	the Target, the WOFE and the PRC Company
“Vendor”	Epro Group International Limited, the sole beneficial shareholder of the Target prior to the Completion and the vendor to the Agreement
“WOFE”	廣州普廣科技有限公司, a wholly foreign-owned enterprise established in the PRC
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

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

Hong Kong, 5 July 2013

The English transliteration of the Chinese names in this announcement, where indicated, is included for information only, and should not be regarded as the official English names of such Chinese names.

For the purpose of this announcement, unless otherwise indicated, conversion of RMB into HK\$ is calculated at the approximate exchange rate of RMB0.79 to HK\$1.00. The exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.

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, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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