

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)

**FIRST QUARTERLY RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2015**

**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 HIGHLIGHTS

The Group's total revenue for the three months ended 31 March 2015 was approximately HK\$34,030,000, representing a decrease of approximately 18% as compared with the total revenue of approximately HK\$41,730,000 for the corresponding period in 2014.

Profit attributable to owners of the Company for the three months ended 31 March 2015 was approximately HK\$1,906,000, representing a decrease of approximately 39% as compared with the profit attributable to owners of the Company of approximately HK\$3,131,000 for the corresponding period in 2014.

Earnings per share for the three months ended 31 March 2015 was approximately HK0.68 cents (three months ended 31 March 2014: approximately HK1.12 cents).

UNAUDITED RESULTS

The board of Directors (the “Board”) of the Company is pleased to present the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months ended 31 March 2015 together with the comparative figures for the corresponding period ended 31 March 2014 as follows:

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

For the three months ended 31 March 2015

		Three months ended 31 March	
	<i>Notes</i>	2015	2014
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	3	34,030	41,730
Other income		201	176
Other losses – net		(16)	(558)
Employee benefits expenses		(19,349)	(24,764)
Depreciation and amortization		(1,853)	(2,101)
Other operating expenses		(10,417)	(10,300)
Operating profit		2,596	4,183
Finance costs		(180)	(164)
Profit before tax		2,416	4,019
Income tax expense	4	(510)	(888)
Profit for the period		1,906	3,131
Total comprehensive income for the period		1,906	3,131
Profit attributable to owners of the Company		1,906	3,131
Total comprehensive income attributable to owners of the Company		1,906	3,131
Earnings per share attributable to owners of the Company			
– Basic and diluted (HK cents)	5	0.68	1.12

NOTES TO THE FINANCIAL INFORMATION

For the three months ended 31 March 2015

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 2014.

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 2015, 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

	Three months ended	
	31 March	
	2015	2014
	HK\$’000	HK\$’000
	(unaudited)	(unaudited)
Outsourcing inbound contact service	3,609	6,829
Outsourcing outbound contact service	16,694	18,601
Staff insourcing service	6,595	8,147
Contact service centre facilities management service	6,709	6,600
Others*	423	1,553
	<hr/>	<hr/>
	34,030	41,730
	<hr/>	<hr/>

* Principally comprises licencing, sales of system and software and system maintenance.

4. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at a rate of 16.5% (2014: 16.5%) on the estimated assessable profits arising in or derived from Hong Kong for the three months period ended 31 March 2015. Taxation on overseas profits has been calculated on the estimated assessable profit for the three months period ended 31 March 2015 at the rates of taxation prevailing in the countries in which the Group operates.

	Three months ended	
	31 March	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current income tax	510	888
Deferred income tax	—	—
	<hr/>	<hr/>
	510	888
	<hr/>	<hr/>

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

5. EARNINGS PER SHARE

The basic earnings per share for the three months ended 31 March 2015 is calculated based on (i) the unaudited consolidated profit attributable to the owners of the Company of approximately HK\$1,906,000 (three months ended 31 March 2014: approximately HK\$3,131,000) and (ii) the weighted average number of 280,000,000 ordinary shares issued during the three months ended 31 March 2015 (2014: 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 2015 and three months ended 31 March 2014.

6. MOVEMENT OF RESERVES

	Attributable to owners of the Company				
	Share premium <i>HK\$'000</i>	Merger reserve <i>HK\$'000</i>	Translation <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 1 January 2014 (audited)	25,238	25,624	48	42,904	93,814
Profit for the period	—	—	—	3,131	3,131
Total other comprehensive income for the period	—	—	—	—	—
Total comprehensive income for the period	—	—	—	3,131	3,131
Balance at 31 March 2014 (unaudited)	25,238	25,624	48	46,035	96,945
Balance at 1 January 2015 (audited)	25,238	25,624	—	51,127	101,989
Profit for the period	—	—	—	1,906	1,906
Total other comprehensive income for the period	—	—	—	—	—
Total comprehensive income for the period	—	—	—	1,906	1,906
Balance at 31 March 2015 (unaudited)	25,238	25,624	—	53,033	103,895

7. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED RESULTS

The unaudited condensed consolidated results of the Group for the three months ended 31 March 2015 were approved by the Board on 7 May 2015.

DIVIDEND

The Board does not recommend the payment of any interim dividend for the three months ended 31 March 2015 (three months ended 31 March 2014: 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. 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.

For the three months ended 31 March 2015, the Group's unaudited total revenue was approximately HK\$34.0 million, representing a decrease of approximately HK\$7.7 million as compared with the total revenue of the corresponding period in 2014 (2014: approximately HK\$41.7 million). The decrease was mainly due to no more PRC revenue contribution after the disposal of the PRC business unit in December 2014. The outsourcing inbound contact service, outsourcing outbound contact service, staff insourcing service, contact service centre facilities management service and other services accounted for approximately 11%, 49%, 19%, 20% and 1% of the Group's unaudited total revenue for the three months ended 31 March 2015 respectively.

The unaudited employee benefits expenses decreased from approximately HK\$24.8 million for the three months ended 31 March 2014 to approximately HK\$19.3 million for the three months ended 31 March 2015. The decrease was mainly due to a headcount reduction resulted from the disposal of the PRC business units in 2014. Despite the absence of the other operating expenses of the PRC business unit, the unaudited other operating expenses slightly increased by approximately HK\$0.1 million from approximately HK\$10.3 million for the three months ended 31 March 2014 to approximately HK\$10.4 million for the three months ended 31 March 2015, which was mainly attributable to the increase of the professional fee of the Group and the increase of contact service subcontracting fee to the PRC service provider.

The Group's unaudited depreciation and amortization expenses decreased by approximately 12% from approximately HK\$2.1 million for the three months ended 31 March 2014 to approximately HK\$1.9 million for the three months ended 31 March 2015 which was mainly due to the exclusion of depreciation and amortization expenses of the PRC business units. The Group's unaudited finance costs for the three months ended 31 March 2015 amounted to approximately HK\$0.2 million, which was similar as compared with the corresponding period in 2014 (2014: approximately HK\$0.2 million).

The unaudited profit attributable to owners of the Company decreased by approximately 39% from approximately HK\$3.1 million for the three months ended 31 March 2014 to approximately HK\$1.9 million for the three months ended 31 March 2015, mainly due to no contribution from the disposed PRC business unit and the decrease in sales of system and software in the period.

PROSPECTS

In response to global economic uncertainties, the Group will continue to look for potential business opportunities in mainland China as well as other countries in the Asia Pacific Region in order to expand our business scope and coverage. In addition to focusing on our core contact centre service business, the Group are still actively exploring data related business and collaboration opportunities to fully exploit our competitive edge in IT and R&D capabilities.

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 provided by the banks. As at 31 March 2015, the Group had cash and bank balances and pledged bank deposits of approximately HK\$21.3 million (2014: approximately HK\$42.9 million).

CORPORATE GOVERNANCE

The Company has complied with all code provisions as set out in Appendix 15 to the GEM Listing Rules throughout the three months period ended 31 March 2015.

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 three months period ended 31 March 2015.

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 31 March 2015, 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 three months ended 31 March 2015 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

As at 31 March 2015, as far as the Directors are aware of, none of the Directors or the management 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 three months period ended 31 March 2015.

COMPLIANCE ADVISER

The Company ceased to engage Mizuho Securities Asia Limited as its compliance adviser effective on 1 January 2015 as the Company had complied with Rule 6A.19 of the GEM Listing Rules for appointing the compliance adviser for the required period.

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 2015, 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

		Nature of interests	Number of shares/ underlying shares held	Percentage of the issued share capital of the Company as at 31 March 2015
Name of Directors/ Chief Executives	Capacity			
Mr. Ling Chiu Yum (Note)	Interest in a controlled corporation	Corporate interest	210,000,000	75%
Mr. Wong Wai Hon Telly (Note)	Interest in a controlled corporation	Corporate interest	210,000,000	75%
Ms. Chang Men Yee Carol (Note)	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 held by Excel Deal Holdings Limited by virtue of Part XV of the SFO.

Save as disclosed above, as at 31 March 2015, 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 2015, the following persons (not being a Director or Chief Executive) who had interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company under provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO, or who is directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

Long positions in the shares of the Company

Name of substantial shareholders	Capacity	Number of shares/underlying shares held	Approximate percentage of the issued share capital of the Company as at 31 March 2015
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 31 March 2015, 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 of the Company has reviewed the unaudited first quarterly results of the Group for the three months ended 31 March 2015 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 GEM Listing Rules and the relevant 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 2015.

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

Hong Kong, 7 May 2015

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) and Mr. Suen Fuk Hoi (Company Secretary); 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 for at least 7 days from the date of its posting and on the Company's website at www.etsgroup.com.hk.