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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

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 revenue for the year ended 31 December 2013 was approximately HK$169,741,000 representing an increase of approximately 3% as compared to that of approximately HK$164,619,000 in 2012.

Profit attributable to owners of the Company for the year ended 31 December 2013 was approximately HK$25,722,000 representing an increase of approximately 81% as compared to that of approximately HK$14,187,000 in 2012.

Earnings per share for the year ended 31 December 2013 was HK9.2 cents (2012: HK5.1 cents).

The board of Directors recommends the payment of a final dividend of HK1.5 cents per share for the year ended 31 December 2013 (2012: HK1.1 cents).

The board of Directors (the "Board") is pleased to present the audited consolidated financial results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2013 together with comparative figures for the year ended 31 December 2012, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Note	**2013**	2012
		HK$'000	*HK$'000*
Revenue	*3*	**169,741**	164,619
Other income	*4*	**591**	60
Other (losses)/gains – net	*5*	**(19)**	301
Employee benefits expenses	*6*	**(94,077)**	(119,842)
Depreciation and amortization		**(7,712)**	(6,921)
Other operating expenses		**(36,505)**	(21,752)
Operating profit		**32,019**	16,465
Finance costs	*7*	**(758)**	(445)
Share of loss of an associate accounted for using the equity method		**(3)**	–
Profit before tax	*8*	**31,258**	16,020
Income tax expense	*9*	**(5,584)**	(1,833)
Profit for the year		**25,674**	14,187
Other comprehensive income for the year			
Currency translation differences		**48**	–
Total comprehensive income for the year		**25,722**	14,187
Profit attributable to owners of the Company		**25,722**	14,187
Total comprehensive income attributable to owners of the Company		**25,722**	14,187
Earnings per share attributable to owners of the Company – Basic and diluted (HK cents)	*10*	**9.2**	5.1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Note	**2013**	2012
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**10,473**	6,620
Intangible assets	*12*	**20,817**	7,459
Investment in an associate		**–**	–
Deferred income tax assets		**788**	683
		32,078	14,762
Current assets			
Trade and other receivables	*13*	**46,408**	35,911
Financial assets designated as at fair value through profit or loss		**4,802**	3,239
Amount due from an associate		**1,121**	–
Amounts due from related companies		**3,882**	290
Pledged bank deposits		**4,768**	9,761
Cash and cash equivalents		**34,539**	40,403
		95,520	89,604
Current liabilities			
Trade and other payables		**19,061**	13,152
Borrowings		**7,060**	13,541
Amounts due to related companies		**353**	–
Current income tax liabilities		**2,345**	765
		28,819	27,458
Net current assets		**66,701**	62,146
Total assets less current liabilities		**98,779**	76,908
Non-current liabilities			
Deferred income tax liabilities		**2,165**	416
Net assets		**96,614**	76,492
Equity attributable to the owners of the Company			
Share capital	*14*	**2,800**	2,800
Share premium	*14*	**25,238**	25,238
Reserves		**68,576**	48,454
Total equity		**96,614**	76,492

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	Attributable to owners of the Company					
	Share capital	Share premium	Merger reserve	Translation	Retained profits	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 January 2012	–	–	25,624	–	14,523	40,147
Comprehensive income						
Profit for the year	–	–	–	–	14,187	14,187
Total comprehensive income for the year	–	–	–	–	14,187	14,187
Capitalization issue credited as fully paid on the share premium account of the Company	2,100	(2,100)	–	–	–	–
Issuance of new shares by way of placing	700	41,300	–	–	–	42,000
Share issuance costs	–	(13,962)	–	–	–	(13,962)
Interim dividends paid	–	–	–	–	(5,880)	(5,880)
Balance at 31 December 2012 and 1 January 2013	2,800	25,238	*25,624	–	*22,830	76,492
Comprehensive income						
Profit for the year	–	–	–	–	25,674	25,674
Other comprehensive income						
Currency translation differences	–	–	–	48	–	48
Total comprehensive income for the year	–	–	–	48	25,674	25,722
Dividends paid	–	–	–	–	(5,600)	(5,600)
Balance at 31 December 2013	**2,800**	**25,238**	***25,624**	***48**	***42,904**	**96,614**

* These reserve accounts comprise the consolidated reserves approximately HK$68,576,000 (2012: HK$48,454,000) in the consolidated statement of financial position.

1. GENERAL INFORMATION

ETS Group Limited (the "Company") is an investment holding company. The Company and its subsidiaries (collectively referred as to the "Group") are principally engaged in providing comprehensive multi-media contact services and contact centre system in Hong Kong.

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 and its shares have been listed on the GEM of the Stock Exchange with effect from 9 January 2012.

As at 31 December 2013, the Directors regard Excel Deal Holdings Limited, a company incorporated in the British Virgin Islands, as the parent and ultimate holding company of the Company.

The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of the Company's principal place of business in Hong Kong is Room 601-603, New Bright Building, 11 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated. These financial statements have been approved for issued by the Board of Directors on 17 March 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the GEM Listing Rules and by the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

2.2 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2013 and have a material impact on the Group:

Amendment to HKAS 1, "Presentation of Financial Statements" regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in "other comprehensive income" (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). In addition, the Group has chosen to use the new titles "statement of profit or loss" and "statement of profit or loss and other comprehensive income" as introduced by the amendments in these consolidated financial statements.

HKAS 36, "Impairment of Assets", on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in HKAS 36 by the issue of HKFRS 13. This amendment is not mandatory for the Group until 1 January 2014, however the Group has decided to early adopt the amendment as of 1 January 2013.

HKFRS 10, "Consolidated Financial Statements" builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

HKFRS 12, "Disclosures of Interests in Other Entities" includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards.

(b) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

HKFRS 9, "Financial Instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities. HKFRS 9 was issued in November 2009 and October 2010. It replaces the parts of HKAS 39 that relate to the classification and measurement of financial instruments. HKFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the HKAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the statement of profit or loss, unless this creates an accounting mismatch. The Group is yet to assess HKFRS 9's full impact. The Group will also consider the impact of the remaining phases of HKFRS 9 when completed by the Board.

HK(IFRIC) 21, "Levies", sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognized. The Group is not currently subjected to significant levies so the impact on the group is not material.

Apart from the above, a number of improvements, minor amendments to HKFRS and HKASs have also been issued by the HKICPA but they are not yet effective for the accounting period ended 31 December 2013 and have not been adopted in these financial statements.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations would be in the period of initial application, but not yet in a position to state whether these amendments, new or revised standards and new interpretations would have a significant impact on the Group's results of operations 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, sale of system and software and system maintenance.

The segment information provided to the Board for the reportable segments for the years ended 31 December 2012 and 2013 are as follows:

For the year ended 31 December 2013

	Outsourcing inbound contact service *HK$'000*	Outsourcing outbound contact service *HK$'000*	Staff insourcing service *HK$'000*	Contact service centre facilities management service *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue						
Hong Kong	**10,161**	**64,730**	**41,649**	**27,421**	**6,358**	**150,319**
PRC	**6,688**	**10,510**	**2,125**	**99**	**–**	**19,422**
	16,849	**75,240**	**43,774**	**27,520**	**6,358**	**169,741**
Segment results						
Hong Kong	**2,010**	**16,496**	**8,227**	**9,458**	**5,316**	**41,507**
PRC	**1,332**	**2,873**	**741**	**52**	**–**	**4,998**
	3,342	**19,369**	**8,968**	**9,510**	**5,316**	**46,505**
Depreciation and amortization	**880**	**2,029**	**–**	**3,734**	**690**	**7,333**

	Outsourcing inbound contact service *HK$'000*	Outsourcing outbound contact service *HK$'000*	Staff insourcing service *HK$'000*	Contact service centre facilities management service *HK$'000*	Others *HK$'000*	Total *HK$'000*
Total segment assets						
Hong Kong	**4,678**	**24,618**	**4,419**	**20,441**	**4,020**	**58,176**
PRC	**314**	**783**	**6,232**	**487**	**–**	**7,816**
	4,992	**25,401**	**10,651**	**20,928**	**4,020**	**65,992**
Total segment assets includes:						
Additions to non-current assets (other than financial instruments)	**3,135**	**7,200**	**–**	**12,447**	**1,112**	**23,894**
Total segment liabilities						
Hong Kong	**336**	**3,452**	**1,965**	**338**	**–**	**6,091**
PRC	**810**	**500**	**225**	**6**	**–**	**1,541**
	1,146	**3,952**	**2,190**	**344**	**–**	**7,632**

For the year ended 31 December 2012

	Outsourcing inbound contact service *HK$'000*	Outsourcing outbound contact service *HK$'000*	Staff insourcing service *HK$'000*	Contact service centre facilities management service *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue						
Hong Kong	9,719	61,402	58,764	30,189	4,545	164,619
Segment results	1,212	16,344	6,516	8,342	3,518	35,932
Depreciation and amortization	796	1,959	–	3,368	518	6,641
Total segment assets	2,518	16,033	5,884	12,229	4,423	41,087
Total segment assets includes:						
Additions to non-current assets (other than financial instruments)	1,064	2,620	–	4,504	1,085	9,273
Total segment liabilities	1,040	3,918	1,768	212	–	6,938

There were no inter-segment sales during the year ended 31 December 2013. The revenue from external parties reported to the Directors is measured in a manner consistent with that in the consolidated statement of profit or loss and other comprehensive income.

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

	2013	2012
	HK$'000	*HK$'000*
Segment result for reportable segments	**46,505**	35,932
Unallocated:		
Other income	**591**	60
Other (losses)/gains – net	**(19)**	301
Depreciation and amortization	**(379)**	(280)
Finance costs	**(758)**	(445)
Share of loss from an associate	**(3)**	–
Corporate and other unallocated expenses	**(14,679)**	(19,548)
Profit before tax	**31,258**	16,020

The amounts provided to the Directors with respect to total assets are measured in a manner consistent with that of the consolidated financial statements. These assets are allocated based on the operations of the segment.

Reportable segments' assets are reconciled to total assets as follows:

	2013	2012
	HK$'000	*HK$'000*
Segment assets for reportable segments	**65,992**	41,087
Unallocated:		
Property, plant and equipment	**1,458**	444
Financial assets designated as at fair value through profit or loss	**4,802**	3,239
Deferred income tax assets	**788**	683
Corporate and other unallocated assets	**54,558**	58,913
Total assets per consolidated statement of financial position	**127,598**	104,366

The amounts provided to the Directors with respect to total liabilities are measured in a manner consistent with that of the consolidated financial statements. These liabilities are allocated based on the operations of the segment.

Reportable segments' liabilities are reconciled to total liabilities as follows:

	2013	2012
	HK$'000	*HK$'000*
Segment liabilities for reportable segments	**7,632**	6,938
Unallocated:		
Deferred income tax liabilities	**2,165**	416
Current income tax liabilities	**2,345**	765
Borrowings	**7,060**	13,541
Corporate and other unallocated liabilities	**11,782**	6,214
Total liabilities per consolidated statement of financial position	**30,984**	27,874

Breakdown of the revenue from all services is as follows:

Analysis of revenue by category

	2013	2012
	HK$'000	*HK$'000*
Service fee income from provision of telecommunication and related services	**163,383**	160,074
Licence fee income	**160**	214
Sales of system and software	**4,949**	4,331
System maintenance income	**1,249**	–
	169,741	164,619

The Company is domiciled in the Cayman Islands with the Group's major operation located in Hong Kong. The result of its revenue from external customers in Hong Kong is HK$150,319,000 (2012: HK$164,619,000), and the total of revenue from external customers from other countries is HK$19,422,000 (2012: HK$Nil). The breakdown of the major component of the total of revenue from external customers from other countries is disclosed above.

The total of non-current assets other than financial instruments and deferred tax assets (there are no employment benefit assets and rights arising under insurance contracts) located in Hong Kong is HK$30,241,000 (2012: HK$14,079,000), and the total of these non-current assets located in other countries is HK$1,049,000 (2012: HK$Nil).

Information about major customers

Revenue from major customers, each of whom contributed to 10% or more of the Group's total revenues, is set out below:

	2013	2012
	HK$'000	*HK$'000*
Customer A	**26,777**	22,722
Customer B	**23,565**	43,354
Customer C	**20,347**	17,596
Customer D	**18,408**	N/A[1]
	89,097	83,672

[1] The corresponding revenue did not contribute to 10% or more of the total revenues of the Group for the year ended 31 December 2012.

4. OTHER INCOME

	2013	2012
	HK$'000	*HK$'000*
Interest income from bank deposits	**519**	60
Sundry income	**72**	–
	591	60

5. OTHER (LOSSES)/GAINS – NET

	2013	2012
	HK$'000	*HK$'000*
Financial assets designated as at fair value through profit or loss		
–Fair value gain	**17**	36
Net foreign exchange (losses)/gains	**(36)**	265
	(19)	301

6. EMPLOYEE BENEFITS EXPENSES

	2013	2012
	HK$'000	*HK$'000*
Salaries and allowances	**96,964**	122,292
Pension costs – defined contribution plans	**4,910**	5,032
Total employee benefits expenses, including directors' remuneration	**101,874**	127,324
Less: Amounts capitalized in deferred development costs	**(7,797)**	(7,482)
	94,077	119,842

7. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Interest on bank borrowings and bank overdrafts wholly repayable within five years	**758**	444
Interest on finance leases	**–**	1
	758	445

8. PROFIT BEFORE TAX

	2013	2012
	HK$'000	*HK$'000*
Profit before tax is stated after charging:		
Depreciation and amortization		
Depreciation of owned property, plant and equipment	**3,448**	3,300
Amortization of intangible assets	**4,264**	3,621
Total depreciation and amortization	**7,712**	6,921
Auditors' remuneration	**900**	700
Operating lease payments in respect of rented premises	**10,425**	6,813
Loss on disposal of property, plant and equipment	**17**	–
Research and development costs	**4,264**	3,621

9. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at a rate of 16.5% (2012: 16.5%) on the estimated assessable profits arising in or derived from Hong Kong for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2013	2012
	HK$'000	*HK$'000*
Current tax:		
Current tax on profits for the year	**3,660**	2,477
Adjustments in respect of prior years	**288**	(80)
Total current tax	**3,948**	2,397
Deferred income tax	**1,636**	(564)
Income tax expense	**5,584**	1,833

10. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on (i) the profit attributable to owners of the Company for the year; and (ii) the weighted average number of 280,000,000 ordinary shares issued during the year (2012: 279,234,973 ordinary shares).

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 years ended 31 December 2012 and 2013.

11. DIVIDENDS

	2013	2012
	HK$'000	*HK$'000*
Interim dividend paid of HK0.9 cents (2012: HK2.1 cents) per ordinary share	**2,520**	5,880
Proposed final dividend of HK1.5 cents (2012: HK1.1 cents) per ordinary share	**4,200**	3,080
	6,720	8,960

The dividends paid in 2012 and 2013 were HK$5,880,000 (HK2.1 cents per ordinary shares) and HK$5,600,000 (HK2.0 cents per ordinary shares) respectively.

The aggregate amounts of the dividends paid and proposed during 2012 and 2013 have been disclosed in the consolidated statement of changes in equity in accordance with the Hong Kong Companies Ordinances.

At a meeting held on 17 March 2014, the board of directors declared the payment of a final dividend of HK1.5 cents per ordinary share for the year ended 31 December 2013. The proposed final dividend for the year ended 31 December 2013 is to be approved by the shareholders at the forthcoming annual general meeting. This final dividend has not been recognized as a liability at the year ended 31 December 2013. It will be recognized in owners' equity in the year ending 31 December 2013.

12. INTANGIBLE ASSETS

	Goodwill	Internally generated software development costs	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 January 2012			
Cost	–	17,564	17,564
Accumulated amortization	–	(13,966)	(13,966)
Net book amount	–	3,598	3,598
Year ended 31 December 2012			
Opening net book amount	–	3,598	3,598
Additions	–	7,482	7,482
Amortization charge	–	(3,621)	(3,621)
Closing net book amount	–	7,459	7,459
At 31 December 2012			
Cost	–	25,046	25,046
Accumulated amortization	–	(17,587)	(17,587)
Net book amount	–	7,459	7,459
Year ended 31 December 2013			
Opening net book amount	**–**	**7,459**	**7,459**
Additions	**–**	**7,797**	**7,797**
Acquisition of subsidiaries	**9,825**	**–**	**9,825**
Amortization charge	**–**	**(4,264)**	**(4,264)**
Closing net book amount	**9,825**	**10,992**	**20,817**
At 31 December 2013			
Cost	**9,825**	**32,844**	**42,669**
Accumulated amortization	**–**	**(21,852)**	**(21,852)**
Net book amount	**9,825**	**10,992**	**20,817**

13. TRADE AND OTHER RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Trade receivables	**36,160**	27,452
Other receivables, deposits and prepayments	**10,248**	8,459
	46,408	35,911

The average credit period on the Group's sales is 31 days. The aging analysis of the trade receivables based on invoice date is as follows:

	2013	2012
	HK$'000	*HK$'000*
0-30 days	**30,326**	20,870
31-60 days	**5,257**	6,040
61-90 days	**345**	412
Over 90 days	**232**	130
	36,160	27,452

Trade receivables that are less than 30 days past due are not considered impaired. As at 31 December 2013, the Group's trade receivables of approximately HK$5,834,000 (2012: HK$6,992,000) were past due but not impaired. These relate to a number of independent clients for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	2013	2012
	HK$'000	*HK$'000*
0-30 days	**5,257**	4,291
31-60 days	**345**	2,568
61-90 days	**32**	129
Over 90 days	**200**	4
	5,834	6,992

As at 31 December 2013, none of the Group's trade receivables were impaired (2012: Nil).

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2013	2012
	HK$'000	*HK$'000*
HK$	**32,026**	35,911
RMB	**14,382**	–
	46,408	35,911

The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the end of the reporting period is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

14. SHARE CAPITAL AND PREMIUM

	Number of ordinary shares	**Ordinary shares of HK$0.01 each**
		HK$'000
Authorized share capital:		
As at 31 December 2012 and 2013	5,000,000,000	50,000

	Number of ordinary shares	**Ordinary shares of HK$0.01 each**	**Share premium**
		HK$'000	*HK$'000*
Issued and fully paid up:			
As at 1 January 2012	2	–	–
Capitalization issue credited as fully paid on the share premium account of the Company *(Note a)*	209,999,998	2,100	(2,100)
Issuance of new shares by way of placing *(Note b)*	70,000,000	700	27,338
As at 31 December 2012 and 2013	280,000,000	2,800	25,238

Notes:

(a) On 5 January 2012, pursuant to resolutions passed by the sole shareholder of the Company, the Company issued 209,999,998 ordinary shares to the then shareholders upon capitalization of an amount of HK$2,099,999.98 standing to the credit of the share premium account of the Company. Pursuant to resolutions passed by the Board on 21 December 2011, the capitalization shares was credited as fully paid at par by way of capitalization out of the share premium account of the Company.

(b) On 9 January 2012, the Company completed its placing by issuing 70,000,000 ordinary shares of HK$0.01 each at a price of HK$0.60 per ordinary share. The net proceeds from the initial public offering were approximately HK$28,038,000 after deduction of share issuance costs of approximately HK$13,962,000. The Company's shares were listed on the GEM on the same date.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

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

Outsourcing Inbound Contact Service

The Group provides multi-media inbound contact service which our clients outsource to us. The inbound contact services we provide include general enquiry hotlines, promotion hotlines, customer service hotlines, order hotlines, registration hotlines, emergency hotlines and helpdesk hotlines. Our inbound operation covers 24 hours a day and 7 days a week.

Outsourcing Outbound Contact Service

The Group based on the call lists provided by our clients to perform outsourcing outbound contact services including telemarketing services, customer retention services, cross-selling and customer satisfaction surveys. These services are carried out at calling hours specified by our clients.

Staff Insourcing Service

The Group assigns contact service staff that meet the required qualification and requirements to work at our clients' contact service centres or other designated premises to help our clients in the operation of their contact services or business. We provide our clients with contact service staff for customer service, telemarketing, data entry and other backend support.

Contact Service Centre Facilities Management Service

The contact service centre facilities management service is comprised of three types of service including (a) leasing of our contact centre facilities in form of workstation, (b) IVRS hosting service and (c) contact centre system hosting solution.

BUSINESS ENVIRONMENT

Local business environment remained challenging in the year of 2013. Even with the property market cooling measures introduced in early 2013, rental cost stayed at record high level for all the rented premises of the Group, and continued to impose pressure on the profit margin of the business. However, the flip side of the situation is better prospect and more opportunities on the demand of business centre. The opening of our business centre in early 2013 has helped the Group to capture this market segment and further expanded our service scope.

Local labour market remained active in the past year, and to respond to the challenge, the Group has continued to allocate resources to staff recruitment and retention in order to effectively recruit and retain valuable staff, while at the same time provided training to expand the multi-skill capability and in turn increase productivity of the contact service staff. Besides, our Group has started to insource agents with relevant skill sets from our associate company as an additional channel of manpower supply.

According to The Bureau of Foreign Trade and Economic Co-operation of Guangzhou Municipality, the business scale of the PRC's call centre business was over RMB60 billion by November 2013, and is growing at a rate of approximately 15% annually. To promptly capture this opportunity, the Group has acquired a new contact service centre at Guangzhou in 2013 through the control of our indirect wholly-owned subsidiary.

ACQUISITION

In order to increase the competitiveness and strength of our research and development capability, the Group entered into the agreement with Epro Group International Limited, pursuant to which the Group agreed to purchase the shares of Epro BPO Services Limited and its subsidiary Guangzhou EproTech Company Limited# (廣州普廣科技有限公司) (the "WOFE") on 5 July 2013. The WOFE is principally engaged in research, development and selling of electronic components, meters and computer software and consulting services in relation to communication system software and electronic technology. The Board believed that the acquisition has much synergy effect and can strengthen the ongoing development of the Group's WISE-xb Systems with a lower cost and in turn more competitive pricing. In addition, the combined expertise of Hong Kong and the PRC development teams enables the Group to further explore any IT outsourcing opportunities in the region.

Besides, the Group expanded into the PRC call centre market through entering into the control agreements with Guangzhou Junfeng Network Technology Limited# (廣州浚峰網絡技術有限公司) (the "PRC Company") on 5 July 2013, by the WOFE. The PRC Company is principally engaged in providing comprehensive multi-media contact services in the PRC with over 350 workstations and employed an average of approximately 540 contact service staff from 1 August 2013 to 31 December 2013. Through the acquisition, the Group acquires the ability to offer comprehensive multi-media contact services in both Hong Kong and the PRC.

NEW CONTACT CENTRE

To capture different market segments as well as expand and diversify our business coverage, the Group had opened its first business centre in February 2013. The business centre is named “Elite Business Centre” and is located at a Grade-A office building at Kwun Tong. It is amid the commercial hub of East Kowloon District with unsurpassed accessibility and delightful view. Elite Business Centre occupies a whole floor area of over 8,000 square feet, accommodating around 40 rental room units of various sizes.

FINANCIAL REVIEW

REVENUE

The Group recorded an increase in total revenue to approximately HK$169.7 million for the year ended 31 December 2013 from approximately HK$164.6 million for the year ended 31 December 2012, representing an increase of approximately HK$5.1 million as compared to that of last year. The revenue from outsourcing inbound and outbound contact services has significantly increased with the contribution from the PRC operation. A net decrease in the number of insourced staff resulted from the conversion arrangement of insourced staff to client staff led to a drop of approximately 26% in staff insourcing revenue. The revenue of facilities management service decreased from approximately HK$30.2 million for the year ended 31 December 2012 to approximately HK$27.5 million for the year ended 31 December 2013. The sale and licensing income of WISE-xb System and software are approximately HK$4.5 million and approximately HK$6.4 million for the years ended 31 December 2012 and 2013 respectively which shown a positive and increasing trend.

The outsourcing inbound contact service, outsourcing outbound contact service, staff insourcing service, contact service centre facilities management service and others accounted for approximately 9.9%, 44.3%, 25.8%, 16.2% and 3.8% of the Group’s total revenue for the year ended 31 December 2013 respectively. The following table sets forth the analysis of revenue by business units of our Group for the years ended 31 December 2013 and 2012 respectively:

Composition of revenue

	Year ended 31 December			
	2013		2012	
	HK$'000		*HK$'000*	
Outsourcing inbound contact service	**16,849**	**9.9%**	9,719	5.9%
Outsourcing outbound contact service	**75,240**	**44.3%**	61,402	37.3%
Staff insourcing service	**43,774**	**25.8%**	58,764	35.7%
Contact service centre facilities management service	**27,520**	**16.2%**	30,189	18.3%
Others*	**6,358**	**3.8%**	4,545	2.8%
Revenue	**169,741**	**100%**	164,619	100%

* The "Others" segment which principally comprises licencing and system maintenance income amounted to approximately HK$1.5 million and sale of system and software income amounted to approximately HK$4.9 million.

Composition of revenue by country

The following table sets forth the analysis of the segment by country of the Group for the years ended 31 December 2013 and 2012 respectively:

	Year ended 31 December 2013		Year ended 31 December 2012		
	HK$'000	**% to Group's turnover**	*HK$'000*	% to Group's turnover	Change of %
HK	**150,319**	**88.6%**	164,619	100%	(8.7%)
PRC	**19,422**	**11.4%**	–	–	
Total	**169,741**	**100%**	164,619	100%	3.1%

The Group recorded a total revenue amounted to approximately HK$169.7 million and approximately HK$164.6 million for the years ended 31 December 2013 and 2012 respectively. The revenue in Hong Kong decreased from approximately HK$164.6 million for the year ended 31 December 2012 to approximately HK$150.3 million for the year ended 31 December 2013. The decrease of revenue in Hong Kong is mainly due to the decrease of revenue of staff insourcing service. The Group recorded a revenue amounted to approximately HK$19.4 million for the five months ended 31 December 2013 from the acquired companies in the PRC.

SEGMENT RESULT AND GROSS PROFIT MARGIN

The following table sets forth the analysis of segment result and gross profit margin by business units of our Group for the years ended 31 December 2013 and 2012 respectively:

	Year ended 31 December			
	2013	**Gross profit margin**	2012	Gross profit margin
	HK$'000	***%***	*HK$'000*	*%*
Outsourcing inbound contact service	**3,342**	**19.8%**	1,212	12.5%
Outsourcing outbound contact service	**19,369**	**25.7%**	16,344	26.6%
Staff insourcing service	**8,968**	**20.5%**	6,516	11.1%
Contact service centre facilities management service	**9,510**	**34.6%**	8,342	27.6%
Others	**5,316**	**83.6%**	3,518	77.4%
Total	**46,505**	**27.4%**	35,932	21.8%

The gross profit percentage of our Group increased from approximately 21.8% for the year ended 31 December 2012 to approximately 27.4% for the year ended 31 December 2013.

Outsourcing Inbound Contact Service

For the year ended 31 December 2013, the outsourcing inbound contact service segment recorded a revenue of approximately HK$16.9 million, representing an increase of approximately 73.4% as compared to that of last year. The increase of revenue was mainly due to the addition of outsourcing inbound contact service revenue of China amounted to approximately HK$6.7 million. The gross profit margin of outsourcing inbound contact service increased from approximately 12.5% for the year ended 31 December 2012 to approximately 19.8% for the year ended 31 December 2013. The increase in the gross profit margin of the outsourcing inbound contact service was mainly contributed to the improved efficiency of multi-skilled contact service staff and some short term services with high profit margin.

Outsourcing Outbound Contact Service

For the year ended 31 December 2013, the outsourcing outbound contact service segment recorded a revenue of approximately HK$75.2 million, representing an increase of approximately 22.5% as compared to that of last year. The increase of revenue was mainly due to the addition of outsourcing outbound contact service revenue of China amounted to approximately HK$10.5 million. The gross profit margin of outsourcing outbound contact service slightly decreased from approximately 26.6% for the year ended 31 December 2012 to approximately 25.7% for the year ended 31 December 2013.

Staff Insourcing Service

For the year ended 31 December 2013, the staff insourcing service segment recorded a revenue of approximately HK$43.8 million, representing a decrease of approximately 25.5% as compared to that of last year. The decrease of revenue was mainly due to a net decrease in the number of insourced staff resulted from the conversion arrangement of insourced staff to client staff. The gross profit margin of staff insourcing service increased from approximately 11.1% for the year ended 31 December 2012 to approximately 20.5% for the year ended 31 December 2013. The significant increase in the gross profit margin was mainly contributed to a higher profit margin of insourcing contact service staff with higher skill sets and technical development staff for short term software development projects.

Contact Service Centre Facilities Management Service

For the year ended 31 December 2013, the contact service centre facilities management service segment recorded a revenue of approximately HK$27.5 million, representing a decrease of approximately 8.8% as compared to that of last year. The decrease of revenue was mainly due to a net drop in number of workstations leased by clients. The gross profit margin of contact service centre facilities management service increased from approximately 27.6% for the year ended 31 December 2012 to approximately 34.6% for the year ended 31 December 2013. The increase in the gross profit margin was mainly contributed to the new business centre opened early in the year.

Others

The "Others" segment principally comprises sale of system and software, licence fee income and maintenance fee of WISE-xb Contact Centre System. For the year ended 31 December 2013, the Group recorded a revenue of sale of system and software amounted to approximately HK$5.0 million (2012: approximately HK$4.3 million) and licence fee income amounted to approximately HK$1.4 million respectively (2012: approximately HK$0.2 million).

The segment result for others largely represents the segment result for sale of system and software which amounted to approximately HK$5.3 million for the year ended 31 December 2013.

EXPENSES

During the year under review, the employee benefit expenses decreased from approximately HK$119.8 million for the year ended 31 December 2012 to approximately HK$94.1 million for the year ended 31 December 2013. The decrease in employee benefits expenses was due to a net decrease in the number of insourced staff. Besides, the Group insourced agents with relevant skill sets as an additional channel of manpower supply in order to obtain a higher flexibility and better control on headcount resources.

The Group recorded other operating expenses amounted to approximately HK$36.5 million (2012: approximately HK$21.8 million). The other operating expenses to sales ratio increased from approximately 13.2% for the year ended 31 December 2012 to approximately 21.5% for the year ended 31 December 2013. The increase of the other operating expenses was mainly due to the increase of the operating expenses from China business units amounted to approximately HK$5.8 million and the increase of the insourcing fee for insourced agents amounted to approximately HK$8.6 million.

The Group's depreciation and amortization expenses increased from approximately HK$6.9 million for the year ended 31 December 2012 to approximately HK$7.7 million for the year ended 31 December 2013 which was mainly due to the increase of amortization expenses of the intangible assets.

The Group's finance costs increased to approximately HK$0.8 million for the year ended 31 December 2013 from approximately HK$0.4 million for the year ended 31 December 2012. It is mainly due to the increase of utilising loan financing during the year.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The Group's profit attributable to owners of the Company increased from approximately HK$14.2 million for the year ended 31 December 2012 to approximately HK$25.7 million for the year ended 31 December 2013. The increase in profit attributable to owners of the Company was mainly due to the increase of revenue and the decrease of employee benefits expense.

AWARDS AND CERTIFICATION

In 2013, the Group has again successfully renewed and maintained the ISO 9001 Quality Management System Certificate (2008) and ISO 27001 Information Security Management System (ISMS) Certificate which were audited by the Hong Kong Quality Assurance Agency (HKQAA).

Besides, the Group has also, for the third year, obtained the P2P Telemarketing Code of Practice Certificate established by the Hong Kong Call Centre Association. The Group will continue to uphold our professional standards and strive to bring better services and add value to our clients' business on a continual basis.

As a socially responsible company, The Group has successfully obtained the "Caring Company" certification in 2013 by fulfilling the Caring for the Community, Caring for the Employees and Caring for the Environment criteria. We worked with the Mental Health Association of Hong Kong – Cornwall School, which is a special school for seriously mentally handicapped children. We paid visits to the school as well as co-ordinated and organised activities for the students. In addition, the Group had also initiated a series of charity activities such as participating in the "Stride for a Cure" walkathon organised by Hong Kong Cancer Fund and "The Community Chest Green Day" organised by The Community Chest and The Hong Kong Jockey Club. In the coming future, the Group will continue to offer our support and contribution to the local community and environmental impetus.

PROSPECT

With well established contact centre business in Hong Kong, the Group strives to develop comprehensive contact centre business in the PRC. Through the control agreements arrangement with the PRC Company, the Group is now able to flexibly allocate contact centre services to different geographic locations, namely Hong Kong and Guangzhou, based on the needs of the clients in the most efficient and effective manner, and thus has become more competitive in the market.

The PRC Company has solid experience in contact centre operation management, and is engaged in business models very much similar to that of the Group namely, outsourcing inbound contact centre service, outsourcing outbound contact centre service, contact centre staff insourcing service and contact centre facilities management service. The PRC Company has obtained a number of contact centre awards in the past years including "中國最佳外包呼叫中心" in 2012 and 2013, "中國最佳呼叫中心優秀管理者大獎" in 2012 by "中國電子商會", and "最佳銷售合作商金獎" in 2012 by中國電信廣州移動互聯網業務中心.

The Group believed that by combining the strength of contact centres in both territories, our well established reputation and listed status together with the local PRC operation establishment, we are at a very competitive position to attract both local as well as overseas corporations in the outsourcing contact centre service market, and the Group can eventually benefit from the opportunities arising from the growth in the PRC market and domestic demand.

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 System as well as our contact services which ride on the WISE-xb System platform. During the year of 2013, the Group has continued to invest in the research and development of the WISE-xb System by enhancing functionalities that can further improve the management and efficiency of the contact service centre operation.

With the WISE-xb System supporting all the contact centre services of the Group as well as serving as a revenue stream through licencing and sale of system and software, the Group will continue to invest in the research and development of the WISE-xb System. At the same time, with the addition of the WOFE development team, the Group has greatly strengthened our development capability in terms of scale and expertise, and therefore can further explore other IT development outsourcing business opportunities in Hong Kong, the PRC and other Asia Region.

Ride on our sizable contact centre operation, management experience, capability in R&D and system development as well as sales network, the Group believed that we are at a very good position to further make use of our resources to create more services and products to maximize the Group's business opportunities. In this respect, the Group will continue to look for and identify suitable partner with synergies for cooperation in Hong Kong, the PRC and the Asia Pacific Region.

As we take steps to elevate our businesses to a new market in the PRC and beyond, the Group will act with caution amid the uncertain global economic outlook. The management is confident that the Group will work diligently and in the best interest of our shareholders, and we are optimistic about the prospects in 2014.

DIVIDENDS

During the year under review, the Group declared and paid dividends in aggregate amounts of approximately HK$2.52 million for the six months ended 30 June 2013 to the shareholders of the Company on 30 August 2013.

The Board has resolved to recommend the payment of a final dividend of HK1.5 cents per ordinary share for the year ended 31 December 2013 (2012: HK1.1 cents) on or about 20 May 2014 (Tuesday) to the shareholders of the Company whose names recorded on the register of members of the Company as at 13 May 2014 (Tuesday).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 9 May 2014 (Friday) to 13 May 2014 (Tuesday) (both days inclusive) during which period no transfers of shares would be registered. In order to qualify for the final dividend, all transfer of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share 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 p.m. on 8 May 2013 (Thursday).

LIQUIDITY AND FINANCIAL POSITION

The Group adheres to a prudent financial management policy and has a healthy financial position. During the year under the review, the Group financed our operations with internally generated cash flows and banking facilities provided by the banks.

As at 31 December 2013, the Group had net current asset of approximately HK$66.7 million (2012: approximately HK$62.1 million) including cash and bank balances of approximately HK$34.5 million (2012: approximately HK$40.4 million).

As at 31 December 2013, the Group's current ratio (current assets/current liabilities) and gearing ratio (total debts/total assets) were 3.31 (2012: 3.26) and 6% (2012: 13%) respectively.

The Group had interest-bearing loan approximately HK$7.1 million (2012: HK$13.5 million). The debt-to-equity ratio (total loans/total equity) was 7% (2012: 18%).

COMPARISON BETWEEN BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

As analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress for the period from 9 January 2012 (the "Listing Date") to 31 December 2013 is set out below:

Business objectives for the year ended 31 December 2013 as stated in the Prospectus	Actual business progress up to 31 December 2013
• Setting up new contact service centres for capturing the demand from different market segments and more industry sectors.	• Approximately HK$4.3 million of the net proceeds from the Shares Placing was used to set up the new Elite Business Centre with approximately 40 rooms in early 2013. Similar to the Group's contact centre facilities management service, the new business centre is anticipated to target new market segments and provide desirable financial contributions to the Group.

	• Approximately HK$3.1 million of the net proceeds was used to set up the new contact centre at Nansha, China with a final capacity of over 150 workstations. It is the Group's second contact centre in China, and is expected to be fully completed at the end of Q1 of 2014. The new contact centre will further increase the capacity of our contact centre operation and business in China starting from 2014.
	• Actual application is lower than the planned use of proceeds from the Shares Placing as stated in the Prospectus. 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.
• Expanding and enhancing our contact centre system and software.	• A total of approximately HK$7.5 million was used to expand and enhance the WISE-xb System on functions and features relating to IVVR, workforce management, supporting another operating system, supporting social media, customer relationship management as well as analytical tools.
• Enhancing capabilities of existing contact service centre facilities.	• Approximately HK$1.1 million was used to improve the physical environment and systems of the existing contact centres.
	• The Board planned to continuously enhance the contact centre facilities and environment to maintain the competitiveness of our services.

USE OF PROCEEDS

The business objectives and planned use of proceeds from the Shares Placing as stated in the Prospectus were based on the best estimation of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied in accordance with the actual development of the market. During the period from the Listing Date to 31 December 2013, the net proceeds from the Shares Placing had been applied as follows:

	Total use of proceeds *(HK$ million)*	Planned use of proceeds as stated in the Prospectus from the Listing Date to year ended 31 Dec 2013 *(HK$ million)*	Actual use of Proceeds from the Listing Date to year ended 31 Dec 2013 *(HK$ million)*	Remaining proceeds for future use *(HK$ million)*
Setting up new contact service centres for capturing the demand from different market segments and more industry sectors	14.0	14.0	7.4	6.6
Expanding and enhancing our contact centre system and software	7.5	7.5	7.5	–
Enhancing capabilities of existing contact service centre facilities	4.0	4.0	1.1	2.9
Use as general working capital of our Group	1.5	1.5	1.5	–
Total:	27.0	27.0	17.5	9.5

The Directors intend to revisit the business objectives as stated in the Prospectus for the period from the Listing Date to 31 December 2013. 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 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 31 December 2013, the Group had pledged its bank deposits of approximately HK$4.8 million (2012: approximately HK$9.8 million) and had pledged investment fund amounted to 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 year 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.

CONTINGENT LIABILITIES AND CAPITAL COMMITMENT

The Group had no significant contingent liabilities as at 31 December 2013 (2012: Nil). As at 31 December 2013, there was approximately HK$1.9 million capital commitments outstanding but not provided for in the financial statements (2012: Nil).

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save for those disclosed in this announcement, there were no significant investments held as at 31 December 2013, nor were there material acquisitions and disposals of subsidiaries during the year. There is no plan for material investments or capital assets as at the date of this announcement.

NUMBER AND REMUNERATION OF EMPLOYEE

The Group employed an average of approximately 830 employees in 2013 (2012: 950 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.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the year under review.

REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Company comprising Mr. Ngan Chi Keung (Chairman), Mr. Wong Sik Kei and Mr. Yung Kai Tai, all are independent non-executive Directors, had reviewed the audited consolidated results of the Group for the year ended 31 December 2013.

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 31 December 2013 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 Agreement"), the Compliance Adviser has received a fee for acting as the Company's compliance adviser for the period from the Listing Date and ending on the date on which the Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year (which, for the avoidance of doubt, shall mean the financial year ending 31 December 2014) or until the termination of the Compliance Adviser Agreement in accordance with the terms and conditions set out therein.

NON-COMPETE UNDERTAKING

Each of Mr. Ling Chiu Yum, Mr. Wong Wai Hon Telly, Ms. Chang Men Yee Carol, Ms. Ting Yee Mei and Excel Deal Holdings Limited, as covenantors (the "Covenantors" and each a "Covenantor") entered into a deed of non-competition in favour of the Company dated 21 December 2011 (the "Deed of Non-competition"), pursuant to which each of the Covenantors has undertaken to the Company (for itself and for the benefit of its subsidiaries) that during the continuation of the Deed of Non-competition, each of the Covenantors shall not, and shall procure each of his/her/its associates and/or companies controlled by he/she/it, whether on his/her/its own account or in conjunction with or on behalf of any person, firm or company and whether directly or indirectly, which carries on a business which is, or be interested or involved or engaged in or acquire or hold any rights or interest or otherwise involved in any business which competes or is likely to compete directly or indirectly with the business currently and from time to time engaged by the Group in Hong Kong.

The Deed of Non-competition has become effective from the Listing Date.

The Company has received the confirmation from the Covenantors in respect of their compliance with the terms of the Deed of Non-competition for the year ended 31 December 2013. The independent non-executive Directors reviewed and confirmed that the Covenantors complied with the Deed of Non-competition and the Deed of Non-competition has been enforced by the Company in accordance with its terms throughout the year ended 31 December 2013.

There have been no new business opportunities which are required to be referred to independent non-executive Directors under the Deeds of Non-competition executed by each of the Covenantors up to the date of this announcement.

CORPORATE GOVERNANCE

The Company has complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules of the Stock Exchange throughout the year ended 31 December 2013.

The Directors acknowledged their responsibility for preparing the annual financial statements for the year ended 31 December 2013 and each Director participated in the Company's operation pursuant to their established terms of reference and contributed to the success of the Company.

CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors (the Code of Conduct") as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct for securities transactions. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standards set out in the Code of Conduct.

APPRECIATION

The Board would like to take this opportunity to express their thanks and gratitude to the Group's management and staff who dedicated their endless efforts and devoted services, and to our shareholders, suppliers, clients and bankers for their continuous support.

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

Hong Kong, 17 March 2014

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.

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 for at least 7 days from the date of its posting and on the Company's website at www.etsgroup.com.hk.