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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)**

**DISCLOSEABLE AND CONNECTED TRANSACTION:  
DISPOSAL OF ENTIRE ISSUED SHARE CAPITAL OF A SUBSIDIARY**

On 22 December 2014, the Vendor as vendor entered into the Sale and Purchase Agreement with the Purchaser and the Guarantor pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire the Sale Shares for an aggregate consideration of HK\$8 million.

The Disposal constitutes a discloseable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules. As the Purchaser is owned by Mr. Xu, the registered holder of 82% of the registered capital of the PRC Company, the Purchaser is deemed to be a connected person of the Company at the subsidiary level and the entering into of the Sale and Purchase Agreement will constitute a connected transaction on the part of the Company under Chapter 20 of the GEM Listing Rules. As the relevant percentage ratios (other than the profit ratio) are less than 25% and the total consideration is less than HK\$10,000,000 and the transactions contemplated under the Sale and Purchase Agreement are on normal commercial terms, the transactions contemplated under the Sale and Purchase Agreement is subject to reporting and announcement requirements but exempt from the circular, the independent financial advices and the independent Shareholders' approval requirements.

## **BACKGROUND OF THE TRANSACTION**

Reference is made to the announcement of the Company dated 5 July 2013 in relation to, among others, the acquisition of Epro BPO Services Limited by the Group at a consideration of HK\$3,100,000. Through the control agreements, the PRC Company is deemed as a subsidiary of Epro BPO Services Limited. Please refer to the announcement dated 5 July 2013 for further details of the acquisition.

On 22 December 2014, the Vendor as vendor entered into the Sale and Purchase Agreement with the Purchaser and the Guarantor pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire the Sale Shares for an aggregate consideration of HK\$8 million.

## **SALE AND PURCHASE AGREEMENT**

**Date:** 22 December 2014

**Parties:** (1) Vendor : Eastside Fortune Limited

(2) Purchaser : Multi-Dollars Holdings Limited

(3) Guarantor : Mr. Xu Jie# (許杰)

The Guarantor is a merchant and is the registered holder of 82% of the registered capital of the PRC Company. The Purchaser is a company incorporated in Hong Kong and is principally engaged in investment holdings. The Purchaser is wholly and beneficially owned by the Guarantor.

The Vendor is a company incorporated in the British Virgin Islands and is principally engaged in investment holdings and a wholly owned subsidiary of the Company.

As the Purchaser is owned by Mr. Xu, the registered holder of 82% of the registered capital of the PRC Company, the Purchaser is deemed to be a connected person at the subsidiary level. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for their interests in the PRC Company, the Purchaser and its ultimate beneficial owner, the Guarantor, is independent of and not connected with the Company and its directors, chief executive or substantial Shareholder or any of its subsidiaries or associates of any of them.

## **Assets to be disposed**

Pursuant to the Sale and Purchase Agreement, the Vendor has agreed to dispose and the Purchaser has agreed to acquire the Sale Shares, which represent the entire issued share capital of Elite Depot, the holding company of Epro BPO.

## **Consideration and repayment of the loan under the Loan Agreement**

The aggregate consideration for the Disposal is HK\$8,000,000, which shall be payable by the Purchaser in the following manner:

- (a) as to HK\$4,000,000 shall be payable by the Purchaser upon completion of the Disposal; and
- (b) as to the remaining balance of HK\$4,000,000 shall be payable by the Purchaser on or before 28 February 2015.

After Completion, the Purchaser shall execute a share charge to charge all the Sale Shares in favour of the Group in order to secure its obligations to pay the remaining balance of the consideration.

The consideration for the Disposal was arrived at after arm's length negotiations between the parties to the Sale and Purchase Agreement after taking into consideration of various factors, in particular, the acquisition costs of Epro BPO.

The Directors (including the independent non-executive Directors) consider the terms and conditions of the Disposal to be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

## **Unconditional Agreement**

The Disposal is not subject to any conditions precedent.

## **Completion**

Completion is expected to take place on the date of the Sale and Purchase Agreement (or such later date as the parties may agree).

Upon Completion, Elite Depot will cease to be a wholly owned subsidiary of the Company and the Company will cease to have any equity interests in the Disposal Group.

## **Repayment of Loan**

The Purchaser further irrevocably undertakes and warrants that it will procure Mr. Xu and Mr. Yuan to repay the outstanding loan of RMB7,000,000 in full to the Group on or before 30 June 2015 in accordance with the terms of the Loan Agreement. The Purchaser further undertakes that it will execute such security documents to the satisfaction of the Company to secure the repayment obligations of Mr. Xu and Mr. Yuan.

The Purchaser further undertakes and warrants that it will procure the Disposal Group to repay the current balance outstanding and owed to the Group as at the date of Completion within one year from the date of Completion.

**Guarantee**

Under the Sale and Purchase Agreement, the Guarantor has guaranteed to the Vendor the due and punctual performance of the Purchaser of its obligations under the Sale and Purchase Agreement.

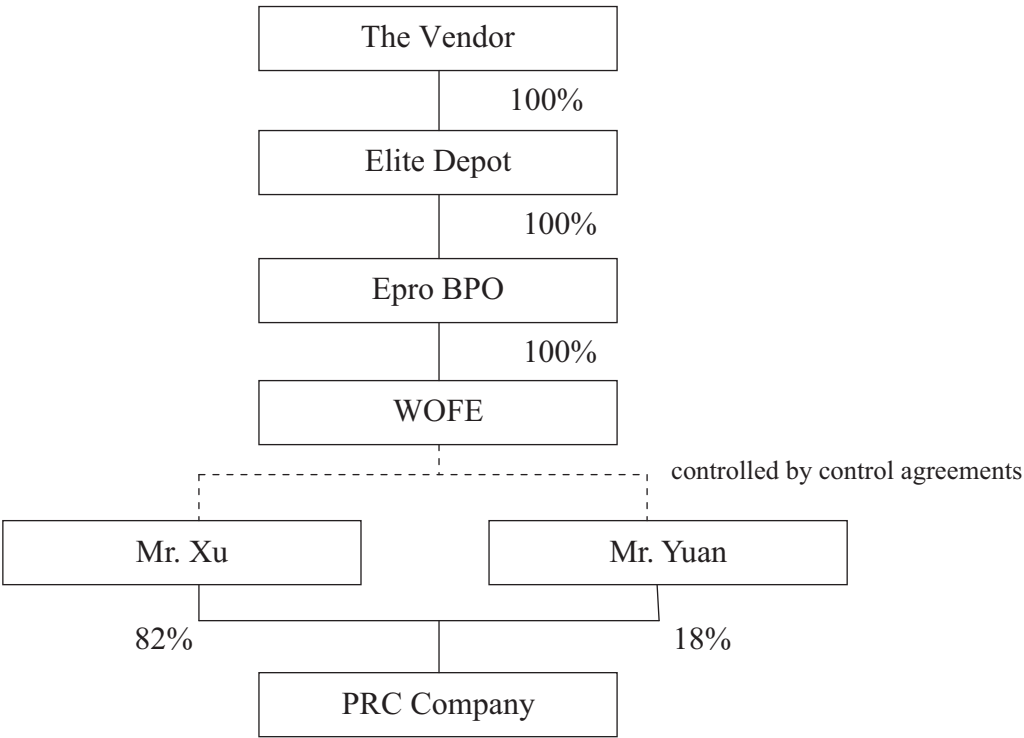
**INFORMATION ON THE DISPOSAL GROUP**

Elite Depot is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding and is wholly and beneficially owned by the Company.

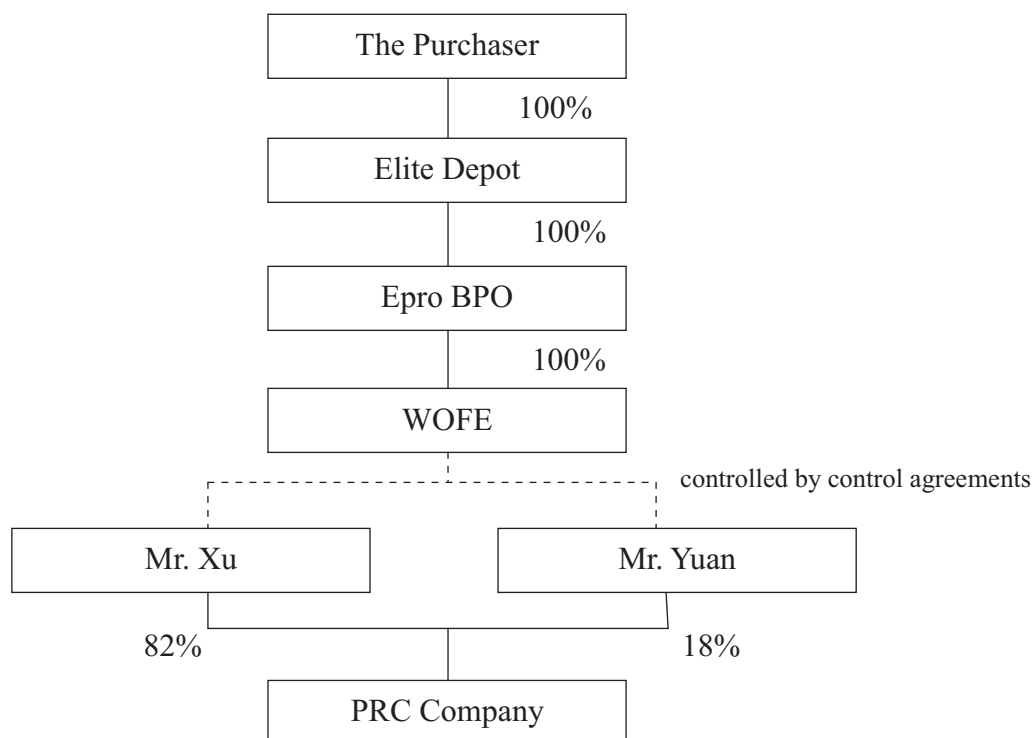
Elite Depot is the holding company of Epro BPO, which in turn holds the WOFE. Through the control agreements, the Group has an effective control over the PRC Company. The PRC Company is a company established in the PRC with limited liability on 19 October 2000 and is principally engaged in the development of computer network and technical services, call centre and information services.

The group structure of the Disposal Group immediately before the entering into of the Sale and Purchase Agreement and upon Completion are as follows

*Immediately before the entering into of the Sale and Purchase Agreement*



### *Immediately after Completion*



The unaudited financial information of the Disposal Group for the year ended 31 December 2013 and for the period from 1 January 2014 to 30 September 2014 are as follows:

	<b>For the year ended 31 December 2013</b>	<b>For the period ended 30 September 2014</b>
	<i>HKD'000</i>	<i>HKD'000</i>
Turnover	36,883	33,200
(Loss)/Profit before taxation	(3,943)	2,500
(Loss)/Profit after taxation (Net loss)/Net profit	(5,603)	1,600
Net asset value	5,879	7,400

Based on the financial statements of the Disposal Group as at 30 September 2014, it is estimated that upon Completion, the Group will record a gain of approximately HK\$600,000 on the Disposal.

### **REASONS FOR THE DISPOSAL**

The Company is a company incorporated in the Cayman Island with limited liability and is principally engaged in investment holdings. The Group is principally engaged in providing comprehensive multi-media contact services and contact centre system.

As disclosed in the announcement of the Company dated 5 July 2013, it was expected that the acquisition of Epro BPO would expand and enhance the existing business of the Group in Guangzhou City, the PRC. However, the Group has experienced fierce competition from other market players. The Company believes that with reference to the current financial position of the Disposal Group, it may not continue to contribute positively to the profitability of the Group in future. Taking into consideration of the gain from the Disposal and also that the management can concentrate on other business operations of the Group, the Board considers that the Disposal represents an opportunity for the Group to reallocate its resources.

Taking into consideration of the aforesaid, the Directors, including the independent non-executive Directors, consider that the terms and conditions of the Sale and Purchase Agreement are fair and reasonable and are on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

After deducting expenses relating to the Disposal, the net proceeds of approximately HK\$7.9 million will be expected to apply toward the general working capital of the Group.

## **GEM LISTING RULES IMPLICATION**

The Disposal constitutes a discloseable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules. As the Purchaser is owned by Mr. Xu, the registered holder of 82% of the registered capital of the PRC Company, the Purchaser is deemed to be a connected person of the Company at the subsidiary level and the entering into of the Sale and Purchase Agreement will constitute a connected transaction on the part of the Company under Chapter 20 of the GEM Listing Rules. As the relevant percentage ratios (other than the profit ratio) are less than 25% and the total consideration is less than HK\$10,000,000 and the transactions contemplated under the Sale and Purchase Agreement are on normal commercial terms, the transactions contemplated under the Sale and Purchase Agreement is subject to reporting and announcement requirements but exempt from the circular, the independent financial advices and the independent Shareholders' approval requirements.

“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 Disposal in accordance with the terms and conditions of the Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“connected person(s) at the subsidiary level”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Shares as contemplated under the Sale and Purchase Agreement
“Disposal Group”	together Elite Depot and its subsidiaries (including the PRC Company)
“Elite Depot”	Elite Depot Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, being a wholly-owned subsidiary of the Company
“Epro BPO”	Epro BPO Services Limited, a company incorporated in Hong Kong with limited liability
“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
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Loan Agreement”	the loan agreement between the Group and each of Mr. Xu and Mr. Yuan in relation to the advancement of the loan with principal amount of RMB7,000,000
“Mr. Xu” or “Guarantor”	Mr. Xu Jie <sup>#</sup> ( 許杰 ), the registered shareholder of 82% of the registered capital of the PRC Company
“Mr. Yuan”	Mr. Yuan Linxian <sup>#</sup> ( 原林祥 ), the registered shareholder of 18% of the registered capital of the PRC Company

“PRC”	the People’s Republic of China
“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”	Multi-Dollars Holdings Limited, a company incorporated in Hong Kong with limited liability and the purchaser of the Sales Shares
“Sale and Purchase Agreement”	the sale and purchase agreement dated 22 December 2014 and entered into among the Vendor, the Purchaser and Mr. Xu in respect of the Disposal
“Sale Shares”	two shares of US\$1.00 each in the issued share capital of Elite Depot, being the entire issued share capital of Elite Depot
“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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Eastside Fortune Limited, a wholly owned subsidiary of the Company
“WOFE”	廣州普廣科技有限公司 (Guangzhou Epro Tech Company Limited#), 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, 22 December 2014

*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](http://www.hkgem.com) for at least 7 days from the date of its posting and on the Company’s website at [www.etsgroup.com.hk](http://www.etsgroup.com.hk).*