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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)**

**THIRD QUARTERLY RESULTS ANNOUNCEMENT  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK  
EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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

## **FINANCIAL SUMMARY**

The Group's total revenue for the nine months ended 30 September 2014 was approximately HK\$137,688,000, representing an increase of approximately 14% as compared with the total revenue of approximately HK\$120,844,000 for the corresponding period in 2013.

Profit attributable to owners of the Company for the nine months ended 30 September 2014 was approximately HK\$16,209,000, representing a decrease of approximately 2% as compared with the profit attributable to owners of the Company of approximately HK\$16,511,000 for the corresponding period in 2013.

Earnings per share for the nine months ended 30 September 2014 was approximately HK5.8 cents (nine months ended 30 September 2013: approximately HK5.9 cents).

## UNAUDITED RESULTS

The board of Directors (the “Board”) of the Company is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months and nine months ended 30 September 2014 together with the comparative figures for the corresponding periods ended 30 September 2013, as follows:

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

*For the three months and nine months ended 30 September 2014*

		Three months ended 30 September		Nine months ended 30 September	
	Notes	2014	2013	2014	2013
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>Revenue</b>	3	<b>48,570</b>	43,612	<b>137,688</b>	120,844
Other income		<b>244</b>	202	<b>648</b>	393
Other gains/(losses) – net		<b>(41)</b>	109	<b>(405)</b>	196
Employee benefits expenses		<b>(25,477)</b>	(22,779)	<b>(75,136)</b>	(68,823)
Depreciation and amortization		<b>(2,829)</b>	(2,481)	<b>(6,973)</b>	(6,235)
Other operating expenses		<b>(12,941)</b>	(10,810)	<b>(35,791)</b>	(26,218)
<b>Operating profit</b>		<b>7,526</b>	7,853	<b>20,031</b>	20,157
Finance costs		<b>(212)</b>	(239)	<b>(507)</b>	(557)
Share of loss from an associate		–	–	–	(3)
<b>Profit before tax</b>		<b>7,314</b>	7,614	<b>19,524</b>	19,597
Income tax expense	4	<b>(1,047)</b>	(923)	<b>(3,315)</b>	(3,086)
<b>Profit for the period</b>		<b>6,267</b>	6,691	<b>16,209</b>	16,511
<b>Total comprehensive income for the period</b>		<b>6,267</b>	6,691	<b>16,209</b>	16,511
Profit attributable to owners of the Company		<b>6,267</b>	6,691	<b>16,209</b>	16,511
Total comprehensive income attributable to owners of the Company		<b>6,267</b>	6,691	<b>16,209</b>	16,511
Earnings per share attributable to owners of the Company – Basic and diluted (HK cents)	6	<b>2.2</b>	2.4	<b>5.8</b>	5.9

## NOTES TO THE FINANCIAL INFORMATION

For the nine months ended 30 September 2014

### 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 29 June 2011 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The shares of the Company have been listed on the GEM of the Stock Exchange with effect from 9 January 2012 (the “Listing Date”).

### 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The Group’s unaudited condensed consolidated third 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 third quarterly financial information were consistent with those applied for the consolidated financial statements of the Group for the year ended 31 December 2013.

The HKICPA has issued certain new and revised Hong Kong Financial Reporting Standards (“HKFRSs”). For those which are effective for accounting periods beginning on or after 1 January 2014, the adoption has no material impact on how the results and financial positions of the Group for the current and prior periods have been prepared and presented. For those which are not yet effective and have not been early adopted in prior accounting periods, the Group is in the process of assessing their impact on the Group’s results and financial position.

### 3. REVENUE

	Three months		Nine months	
	ended 30 September		ended 30 September	
	2014	2013	2014	2013
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Outsourcing inbound contact service	10,029	3,343	23,708	7,693
Outsourcing outbound contact service	22,442	19,537	60,699	52,154
Staff insourcing service	6,052	12,624	25,148	34,062
Contact service centre facilities management service	6,981	7,784	21,645	22,371
Others*	3,066	324	6,488	4,564
	<u>48,570</u>	<u>43,612</u>	<u>137,688</u>	<u>120,844</u>

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

	<b>Three months</b>		<b>Nine months</b>	
	<b>ended 30 September</b>		<b>ended 30 September</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(unaudited)</b>
Current income tax	<b>1,047</b>	923	<b>3,315</b>	3,086
Deferred income tax	—	—	—	—
	<b>1,047</b>	923	<b>3,315</b>	3,086

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

#### 5. INTERIM DIVIDENDS

	<b>Nine months ended</b>	
	<b>30 September</b>	
	<b>2014</b>	<b>2013</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Interim dividend declared and paid – HK0.7 cents (2013: HK0.9 cents) per ordinary share	<b>1,960</b>	2,520
	<b>1,960</b>	2,520

At a Board meeting held on 5 August 2013, the Directors of the Company resolved to pay a first interim dividend for the six months ended 30 June 2013 of HK0.9 cents per ordinary share in cash. The interim dividend was paid to the shareholders of the Company on 30 August 2013.

At a Board meeting held on 4 August 2014, the Directors of the Company resolved to pay a first interim dividend for the six months ended 30 June 2014 of HK0.7 cents per ordinary share in cash. The interim dividend was paid to the shareholders of the Company on 29 August 2014.

The Board does not recommend the payment of a second interim dividend for the nine months ended 30 September 2014 (2013: nil).

## 6. EARNINGS PER SHARE

The calculation of basic earnings per share for the nine months ended 30 September 2014 is based on (i) the unaudited consolidated profit attributable to the owners of the Company of approximately HK\$16,209,000 (nine months ended 30 September 2013: approximately HK\$16,511,000) and (ii) the weighted average number of 280,000,000 ordinary shares issued during the nine months ended 30 September 2014 (2013: 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 nine months ended 30 September 2014 and nine months ended 30 September 2013.

## 7. MOVEMENT OF RESERVES

	Attributable to owners of the Company				
	Share premium HK\$'000	Merger reserve HK\$'000	Translation HK\$'000	Retained profits HK\$'000	Total HK\$'000
<b>Balance at 1 January 2013 (audited)</b>	25,238	25,624	—	22,830	73,692
Total other comprehensive income for the period	—	—	—	—	—
Profit for the period	—	—	—	16,511	16,511
Total comprehensive income for the period	—	—	—	16,511	16,511
Final Dividend Paid	—	—	—	(3,080)	(3,080)
Interim Dividend Paid	—	—	—	(2,520)	(2,520)
<b>Balance at 30 September 2013 (unaudited)</b>	<b>25,238</b>	<b>25,624</b>	<b>—</b>	<b>33,741</b>	<b>84,603</b>
<b>Balance at 1 January 2014 (audited)</b>	25,238	25,624	48	42,904	93,814
Other comprehensive income for the period					
Currency translation differences	—	—	108	—	108
Profit for the period	—	—	—	16,209	16,209
Total comprehensive income for the period	—	—	108	16,209	16,317
Final Dividend Paid	—	—	—	(4,200)	(4,200)
Interim Dividend Paid	—	—	—	(1,960)	(1,960)
<b>Balance at 30 September 2014 (unaudited)</b>	<b>25,238</b>	<b>25,624</b>	<b>156</b>	<b>52,953</b>	<b>103,971</b>

## 8. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED RESULTS

The unaudited condensed consolidated results of the Group for the nine months ended 30 September 2014 were approved by the Board on 4 November 2014.

## **DIVIDEND**

The Board does not recommend the payment of a second interim dividend for the nine months ended 30 September 2014 (2013: 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 in both Hong Kong and the PRC.

For the nine months ended 30 September 2014, the Group's unaudited total revenue was approximately HK\$137.7 million, representing an increase of approximately HK\$16.9 million as compared with the total revenue of the corresponding period in 2013 (2013: approximately HK\$120.8 million). The increase was mainly attributable to an overall increasing demand in inbound contact services outsourced from our clients. The outsourcing inbound contact service, outsourcing outbound contact service, staff insourcing service, contact service centre facilities management service and other services accounted for approximately 17%, 44%, 18%, 16% and 5% of the Group's unaudited total revenue for the nine months ended 30 September 2014 respectively.

The unaudited employee benefits expenses increased from approximately HK\$68.8 million for the nine months ended 30 September 2013 to approximately HK\$75.1 million for the nine months ended 30 September 2014. The increase was mainly attributable to the inclusion of China staff benefits during the period. The unaudited other operating expenses increased by approximately HK\$9.6 million from approximately HK\$26.2 million for the nine months ended 30 September 2013 to approximately HK\$35.8 million for the nine months ended 30 September 2014. The increase of other operating expenses was mainly attributable to the increase of professional fees and inclusion of operating expenses from China business units.

The Group's unaudited depreciation and amortization expenses amounted to approximately HK\$7.0 million for the nine months ended 30 September 2014 which represents an increase in approximately HK\$0.8 million as compared to that of the corresponding period in 2013 (2013: approximately HK\$6.2 million). The Group's unaudited finance costs for the nine months ended 30 September 2014 amounted to approximately HK\$0.5 million, representing a decrease of approximately 9% as compared to that of the corresponding period in 2013 (2013: approximately HK\$0.6 million) due to a decrease in bank borrowings.

The unaudited profit attributable to the owners of the Company slightly decreased by approximately 2% from approximately HK\$16.5 million for the nine months ended 30 September 2013 to approximately HK\$16.2 million for the nine months ended 30 September 2014.

The decrease was mainly attributable to the major increase in employee benefits expenses and operating expenses in current period.

## **PROSPECTS**

To enhance our listed status and elevate service quality in the market, the Group will continue to look for potential partnership, business merger and/or acquisition opportunities from the Asia Pacific Region in order to further expand our business coverage. Ride on our development of the Wise-xb System platform, the Group will keep abreast with the latest technological development in communications, and upgrade existing contact service centre facilities and environment to maintain the competitiveness of our services.

## **LIQUIDITY**

The Group adheres to a prudent financial management policy and has a healthy financial position. During the nine months under review, the Group financed our operations with internally generated cash flows and banking facilities provided by banks. As at 30 September 2014, the Group had cash and bank balances and pledged bank deposits of approximately HK\$30.0 million (2013: approximately HK\$38.0 million).

## **CORPORATE GOVERNANCE**

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

## **CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specified enquiry of the Directors, all Directors confirmed that they have complied with the required standard of dealings concerning securities transactions for the nine months period ended 30 September 2014.

## **SHARE OPTION SCHEME**

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

## **DIRECTORS' RIGHTS TO ACQUIRE SHARES**

Apart from the Share Option Scheme, at no time during the nine months ended 30 September 2014 was any of the Company or any associated corporation a party to any arrangement to enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors, or their spouses or children under the age 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 30 September 2014, 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 nine months ended 30 September 2014.

## **COMPLIANCE ADVISER'S INTEREST**

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

## **DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND/OR ITS ASSOCIATED CORPORATIONS**

As at 30 September 2014, the interests and short positions of the Directors and chief executives of the Company (the "Chief Executives") in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or Chief Executive is taken or deemed to have under such provision of the SFO) or which were required pursuant to section 352 of the SFO, to be entered in the register required to be kept by the Company, or 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**

			<b>Percentage of the issued share capital of the Company as at 30 September 2014</b>
<b>Name of Directors/ Chief Executives</b>	<b>Capacity</b>	<b>Nature of interests</b>	<b>Number of shares/ underlying shares held</b>
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 30 September 2014, none of the Directors and/or Chief Executive had any other interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or 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 30 September 2014, 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**

<b>Name of substantial shareholders</b>	<b>Capacity</b>	<b>Approximate percentage of the issued share capital of the Company as at 30 September 2014</b>	
		<b>Number of Shares/underlying Shares held</b>	
Excel Deal Holdings Limited ( <i>Note 1</i> )	Beneficial owner	210,000,000	75%
Million Top Enterprises Ltd. ( <i>Note 2</i> )	Beneficial owner	25,000,000	8.92%

#### *Notes:*

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

Save as disclosed above, as at 30 September 2014, the Directors were not aware of any other persons (other than Directors or Chief Executive) who had interests and/or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, or who is directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

## **AUDIT COMMITTEE**

The Audit Committee has reviewed the unaudited third quarterly results of the Group for the nine months ended 30 September 2014 and is of the opinion that the accounting policies of the Group are in accordance with the generally accepted accounting practices in Hong Kong, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

## **PRE-EMPTIVE RIGHTS**

There is no provision for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company for the nine months ended 30 September 2014.

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

Hong Kong, 4 November 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 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).*