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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)

**FIRST QUARTERLY RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2012**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF 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 Growth Enterprise Market (“GEM Listing Rules”) of the Stock Exchange 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.

SUMMARY

The Group's total revenue for the three months ended 31 March 2012 was approximately HK\$42,858,000, representing an increase of approximately 6% as compared with the total revenue of approximately HK\$40,271,000 for the corresponding period in 2011.

Profit attributable to owners of the Company for the three months ended 31 March 2012 was approximately HK\$2,099,000, representing a decrease of approximately 18% as compared with the profit attributable to owners of the Company of approximately HK\$2,565,000 for the corresponding period in 2011.

Earnings per Share for the three months ended 31 March 2012 was approximately HK0.8 cent (three months ended 31 March 2011: approximately HK1.2 cents).

The board of Directors recommends the payment of an interim dividend of HK2.1 cents per Share for the three months ended 31 March 2012 (three months ended 31 March 2011: nil).

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 (collectively, the “Group”) for the three months ended 31 March 2012 together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the three months ended 31 March 2012

| | | Three months ended | |
|--|-------------|---------------------------|--------------------|
| | | 31 March | |
| | <i>Note</i> | 2012 | 2011 |
| | | HK\$'000 | HK\$'000 |
| | | (unaudited) | (unaudited) |
| Revenue | 3 | 42,858 | 40,271 |
| Other income | | 43 | 71 |
| Other gains-net | | 43 | 35 |
| Employee benefits expenses | | (32,116) | (30,249) |
| Depreciation and amortization | | (1,489) | (1,471) |
| Other operating expenses | | (6,352) | (4,982) |
| Operating profit | | 2,987 | 3,675 |
| Finance costs | | (140) | (369) |
| Profit before income tax | | 2,847 | 3,306 |
| Income tax expense | 4 | (748) | (741) |
| Profit for the period | | 2,099 | 2,565 |
| Other comprehensive income for the period, net of tax | | — | — |
| Total comprehensive income for the period | | 2,099 | 2,565 |
| Profit attributable to owners of the Company | | 2,099 | 2,565 |
| Total comprehensive income attributable to owners of the Company | | 2,099 | 2,565 |
| Earnings per Share-Basic and diluted (HK cents) | 6 | 0.8 | 1.2 |

NOTES TO THE FINANCIAL INFORMATION

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 (“Shares”) of the Company have been listed on the GEM of the Stock Exchange since 9 January 2012 (the “Listing Date”).

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The Group’s unaudited consolidated first quarterly financial information has been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the GEM Listing Rules.

The accounting policies and basis adopted in preparing the unaudited consolidated first quarterly financial information were consistent with those applied for the consolidated financial statements of the Group for the year ended 31 December 2011.

The HKICPA has issued certain new and revised HKFRSs. For those which are effective for accounting periods beginning on 1 January 2012, the adoption has no material impact on how the results and financial positions of the Group for the current and prior periods have been prepared and presented. For those which are not yet effective and have not been early adopted in prior accounting periods, the Group is in the process of assessing their impact on the Group’s results and financial position.

3. REVENUE

| | Three months ended | |
|--|---------------------------|--------------------|
| | 31 March | |
| | 2012 | 2011 |
| | HK\$’000 | HK\$’000 |
| | (unaudited) | (unaudited) |
| Outsourcing inbound contact service | 2,433 | 2,026 |
| Outsourcing outbound contact service | 14,856 | 11,266 |
| Staff insourcing service | 17,996 | 20,702 |
| Contact service centre facilities management service | 6,965 | 6,277 |
| Others* | 608 | – |
| | 42,858 | 40,271 |

* The “Others” principally comprises licence fee.

4. INCOME TAX EXPENSE

| | Three months ended | |
|-------------------------------|---------------------------|--------------------|
| | 31 March | |
| | 2012 | 2011 |
| | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) |
| Hong Kong Profits Tax-Current | 748 | 741 |

Hong Kong Profits Tax has been provided at 16.5% (2011: 16.5%) on the estimate assessable profits arising in or derived from Hong Kong for the periods.

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

5. INTERIM DIVIDEND

| | Three months ended | |
|---|---------------------------|--------------------|
| | 31 March | |
| | 2012 | 2011 |
| | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) |
| Proposed interim dividend – HK2.1 cents (2011: Nil) per ordinary Share | 5,880 | – |

Subsequent to 31 March 2012, the Board declares the payment of an interim dividend of HK2.1 cents per ordinary Share for the three months ended 31 March 2012. This interim dividend has not been recognized as a liability at the period end date. It will be recognized in owners' equity in the year ending 31 December 2012.

6. EARNINGS PER SHARE

The calculation of basic earnings per Share for the three months ended 31 March 2012 is based on the profit attributable to owners of the Company of approximately HK\$2,099,000 (three months ended 31 March 2011: approximately HK\$2,565,000) and the weighted average number of ordinary Shares of 276,923,077 (three months ended 31 March 2011: 210,000,000) in issue during the period.

The weighted average number of Shares in issue during the three months ended 31 March 2012 is based on the assumption that 210,000,000 Shares of the Company are in issue, comprising 2 Shares in issue and 209,999,998 Shares issued under capitalization issue, as if the Shares were outstanding throughout the period from 1 January 2012 to the date of the placing of the Shares ("Placing") and 70,000,000 Shares issued under the Placing.

The weighted average number of Shares in issue during the three months ended 31 March 2011 is based on the assumption that 210,000,000 Shares of the Company are in issue, comprising 2 Shares in issue and 209,999,998 Shares issued pursuant to the capitalization issue, as if the Shares were outstanding throughout the period.

The diluted earnings per Share is equal to the basic earnings per Share as there were no dilutive potential ordinary Shares in issue during the three months ended 31 March 2012 and 2011.

7. MOVEMENT OF RESERVES

| | Attributable to owners of the Company | | | |
|---|---|---|--|--|
| | (Unaudited) Share premium <i>HK\$ '000</i> | (Unaudited) Merger reserves <i>HK\$ '000</i> | (Unaudited) Retained profits <i>HK\$ '000</i> | (Unaudited) Total <i>HK\$ '000</i> |
| Balance at 1 January 2011 | 5,090 | — | 11,796 | 16,886 |
| Total other comprehensive income for the period | — | — | — | — |
| Profit for the period | — | — | 2,565 | 2,565 |
| Total comprehensive income for the period | — | — | 2,565 | 2,565 |
| Balance at 31 March 2011 | 5,090 | — | 14,361 | 19,451 |
| Balance at 1 January 2012 | — | 25,624 | 14,523 | 40,147 |
| Total other comprehensive income for the period | — | — | — | — |
| Profit for the period | — | — | 2,099 | 2,099 |
| Total comprehensive income for the period | — | — | 2,099 | 2,099 |
| Capitalization of Shares | (2,100) | — | — | (2,100) |
| Issue of new Shares to public | 41,300 | — | — | 41,300 |
| Issue costs of new Shares | (13,962) | — | — | (13,962) |
| Balance at 31 March 2012 | 25,238 | 25,624 | 16,622 | 67,484 |

INTERIM DIVIDEND

The Board recommends the payment of an interim dividend of HK2.1 cents per ordinary Share for the three months ended 31 March 2012 (three months ended 31 March 2011: nil) to shareholders of the Company whose names recorded on the register of members of the Company as at 29 May 2012 (Tuesday).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 25 May 2012 (Friday) to 29 May 2012 (Tuesday) (both days inclusive) during which period no transfers of Shares would be registered. In order to qualify for the interim 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 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on 24 May 2012 (Thursday).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial and Business review

The Group is principally engaged in the business of providing comprehensive multi-media contact services and contact centre system. The principle activities of the Group include outsourcing inbound contact service, outsourcing outbound contact service, staff insourcing service and contact service centre facilities management service.

For the three months ended 31 March 2012, the Group's unaudited total revenue was approximately HK\$42.9 million, representing an increase of approximately HK\$2.6 million as compared to that of the corresponding period in 2011 (2011: approximately HK\$40.3 million). The outsourcing inbound contact service, outsourcing outbound contact service, staff insourcing service and contact service centre facilities management service accounted for approximately 6%, 35%, 42% and 16% of the Group's unaudited total revenue for the three months ended 31 March 2012 respectively.

The unaudited employee benefits expenses increased from approximately HK\$30.2 million for the three months ended 31 March 2011 to approximately HK\$32.1 million for the three months ended 31 March 2012. The unaudited other operating expenses increased by approximately 27% from approximately HK\$5.0 million for the three months ended 31 March 2011 to approximately HK\$6.4 million for the three months ended 31 March 2012. The increase in other operating expenses was mainly attributable to the listing expenses and the increase in rental expenses.

The Group's unaudited depreciation and amortization expenses amounted to approximately HK\$1.5 million which is similar to that of the corresponding period in 2011 (2011: approximately HK\$1.5 million). The Group's unaudited finance costs for the three months ended 31 March 2012 amounted to approximately HK\$0.1 million, representing a decrease of approximately 62% as compared with the corresponding period in 2011 (2011: approximately HK\$0.4 million) due to a decrease in bank loans.

Due to the increase in employee benefits expenses and the other operating expenses, our profit attributable to owners of the Company decreased by approximately 18% from approximately HK\$2.6 million for the three months ended 31 March 2011 to approximately HK\$2.1 million for the three months ended 31 March 2012.

LIQUIDITY

The Group adheres to a prudent financial management policy. During the period under review, the Group financed its operations with internally generated cash flows and banking facilities provided by the banks. The Company has received the net proceeds of approximately HK\$27 million from the Placing in January 2012. As at 31 March 2012, the Group had cash and bank balances and pledged bank deposits of approximately HK\$39 million (2011: approximately HK\$33 million).

CORPORATE GOVERNANCE

The Company has complied with the code provisions as set out in the Corporate Governance Code (the "CG Code") and Corporate Governance Report contained in Appendix 15 (in effect on or before 31 March 2012) to the GEM Listing Rules throughout the three months period ended 31 March 2012 since the Listing Date.

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 with the Directors, all Directors confirmed that they have complied with the required standard of dealings concerning securities transactions by the Directors throughout the period from the Listing Date to 31 March 2012.

SHARE OPTION SCHEME

During the three months ended 31 March 2012, no share option was granted, exercised, expired or lapsed under the share option scheme approved on 21 December 2011 (the “Share Option Scheme”).

DIRECTORS’ RIGHTS TO ACQUIRE SHARES

Apart from the Share Option Scheme, at no time during the three months ended 31 March 2012 was any of the Company or any associated corporation a party to any arrangement to enable the Directors to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate, and none of the Directors, or their spouses or children under the age 18, had any right to subscribe for the Shares in, or debentures of, the Company, or had exercised any such rights.

DIRECTORS’ INTERESTS IN COMPETING BUSINESS

As at 31 March 2012, 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 throughout the period from the Listing Date to 31 March 2012.

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 March 2012 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.

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

As at 31 March 2012, the interests and short positions of the Directors and chief executives of the Company (the "Chief Executives") in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or Chief Executive is taken or deemed to have under such provision of the SFO) or which were required pursuant to section 352 of the SFO, to be entered in the register required to be kept by the Company, or which were required, pursuant to Securities Transactions by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long positions in the Shares of the Company

| | | Nature of interests | Number of Shares/ underlying Shares held | Percentage of the issued share capital of the Company as at 31 March 2012 |
|-------------------------------------|--------------------------------------|---------------------|--|---|
| Name of Directors/ Chief Executives | Capacity | | | |
| Mr. Ling Chiu Yum (Note) | Interest in a controlled corporation | Corporate interest | 210,000,000 | 75% |
| Mr. Wong Wai Hon Telly (Note) | Interest in a controlled corporation | Corporate interest | 210,000,000 | 75% |
| Ms. Chang Men Yee Carol (Note) | Interest in a controlled corporation | Corporate interest | 210,000,000 | 75% |

Note:—

Excel Deal Holdings Limited, a company incorporated in the British Virgin Islands, held 210,000,000 Shares, was beneficially owned as to 47% by Mr. Wong Wai Hon Telly, 46% by Mr. Ling Chiu Yum and 5% by Ms. Chang Men Yee Carol respectively. Mr. Wong Wai Hon Telly, Mr. Ling Chiu Yum and Ms. Chang Men Yee Carol were therefore deemed to be interested in the Shares held by Excel Deal Holdings Limited by virtue of Part XV of the SFO.

Save as disclosed above, as at 31 March 2012, none of the Directors and/or Chief Executive had any other interests or short positions in any Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to the Securities Transactions by Directors to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITION IN SHARES AND/OR UNDERLYING SHARES OF THE COMPANY

So far as is known to the Directors, as at 31 March 2012, the following persons (not being a Director or Chief Executive) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO, or who is directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

Long positions in the Shares of the Company

| Name of substantial shareholders | Capacity | Approximate percentage of the issued share capital of the Company as at 31 March 2012 | |
|--|------------------|--|-------|
| | | Number of Shares/underlying Shares held | |
| Excel Deal Holdings Limited <i>(Note 1)</i> | Beneficial owner | 210,000,000 | 75% |
| Million Top Enterprises Ltd. <i>(Note 2)</i> | Beneficial owner | 25,000,000 | 8.92% |

Notes:—

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

Save as disclosed above, as at 31 March 2012, 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 Company established an audit committee (the “Audit Committee”) on 21 December 2011 with written terms of reference (which were further reviewed by the Board on 19 March 2012) in compliance with the GEM Listing Rules and the CG Code. The members of the Audit Committee comprise Mr. Ngan Chi Keung, Mr. Wong Sik Kei and Mr. Phung Nhuong Giang, all of whom are independent non-executive directors. The chairman of the Audit Committee is Mr. Ngan Chi Keung. The primary duties of the Audit Committee are to make recommendations to the Board on the appointment and removal of the external auditors, review the annual, half-year and quarterly financial statements and related materials and provide advice in respect of the financial reporting process and oversee the internal control procedures of the Group.

The Audit Committee has reviewed the unaudited quarterly results of the Company for the three months ended 31 March 2012 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 during the period from the Listing Date to 31 March 2012.

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

Hong Kong, 10 May 2012

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Ling Chiu Yum, Mr. Wong Wai Hon Telly, Ms. Chang Men Yee Carol and Mr. Suen Fuk Hoi, and three independent non-executive Directors, namely Mr. Phung Nhuong Giang, Mr. Wong Sik Kei and Mr. Ngan Chi Keung.

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.