THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offer, this Composite Document and/or the accompanying Form of Acceptance and Transfer or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **ETS GROUP LIMITED**, you should at once hand this Composite Document and the accompanying Form of Acceptance and Transfer to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for onward transmission to the purchaser(s) or the transferee(s).

This Composite Document should be read in conjunction with the accompanying Form of Acceptance and Transfer, the contents of which form part of the terms and conditions of the Offer.

MILLION TOP ENTERPRISES LIMITED
萬士達企業有限公司
(Incorporated in Hong Kong with limited liability)

ETS GROUP LIMITED
易通訊集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8031)

COMPOSITE DOCUMENT RELATING TO UNCONDITIONAL MANDATORY CASH OFFER BY YU MING INVESTMENT MANAGEMENT LIMITED ON BEHALF OF MILLION TOP ENTERPRISES LIMITED TO ACQUIRE ALL THE ISSUED SHARES IN ETS GROUP LIMITED (OTHER THAN THOSE SHARES ALREADY OWNED BY OR AGREED TO BE ACQUIRED BY MILLION TOP ENTERPRISES LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

Financial adviser to Million Top Enterprises Limited

禹銘投資管理有限公司
YU MING INVESTMENT MANAGEMENT LIMITED

Independent financial adviser to the Independent Board Committee of ETS Group Limited

ASTRUM
Astrum Capital Management Limited
阿仕特朗資本管理有限公司

Capitalized terms used in this cover page shall have the same meanings as those defined in this Composite Document.

A letter from Yu Ming containing, among other things, the principal terms of the Offer is set out on pages 5 to 13 of this Composite Document.

A letter from the Board is set out on pages 14 to 18 of this Composite Document.

A letter from the Independent Board Committee to the Independent Shareholders containing its recommendation in respect of the Offer is set out on pages 19 to 20 of this Composite Document.

A letter from Astrum containing its advice and recommendation to the Independent Board Committee in respect of the Offer is set out on pages 21 to 36 of this Composite Document.

The procedures for acceptance and other related information in respect of the Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance and Transfer. Form of Acceptance and Transfer (together with other relevant documents) should be received by the Registrar by no later than 4:00 p.m. on Tuesday, 18 August 2015 (or such later time and/or date as the Offeror may determine and announce, with the consent of the Executive, in accordance with the Takeovers Code).

Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance and Transfer to any jurisdiction outside Hong Kong should read the section headed "Overseas Shareholders" in the "Letter from Yu Ming" and Appendix I to this Composite Document before taking any action. It is the responsibility of the Overseas Shareholders wishing to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer, including the obtaining of any governmental, exchange control or other consent and any registration or filing which may be required or the compliance with other necessary formalities, regulatory and/or legal requirement and the payment of any transfer or other taxes due in respect of such jurisdictions. Overseas Shareholders are advised to seek professional advice if in doubt.

28 July 2015

CHARACTERISTICS OF GEM

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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

CONTENT

The expected timetable set out below is indicative only and is subject to change. Any changes to the timetable will be jointly announced by the Offeror and the Company.

	2015
Despatch date of this Composite Document and the Form of Acceptance and Transfer and commencement date of the Offer *(Note 1)*	Tuesday, 28 July
Latest time and date for acceptance of the Offer *(Note 2)*	4:00 p.m. on Tuesday, 18 August
Closing Date *(Note 2)*	Tuesday, 18 August
Announcement of the results of the Offer (or its extension or revision, if any), to be posted on the website of the Stock Exchange *(Note 2)*	no later than 7:00 p.m. on Tuesday, 18 August
Latest date for posting of remittances in respect of valid acceptances received under the Offer *(Note 3)*	Thursday, 27 August

Notes:

1. The Offer, which is unconditional in all respects, is made on 28 July 2015, being the date of posting of this Composite Document, and is capable of acceptance on and from that date until 4:00 p.m. on the Closing Date.

2. The latest time and date for acceptance will be 4:00 p.m. on Tuesday, 18 August 2015 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. The Offeror and the Company will jointly issue an announcement through the website of the Stock Exchange no later than 7:00 p.m. on Tuesday, 18 August 2015 stating the results of the Offer and whether the Offer has been extended, revised or has expired. In the event that the Offeror decides to extend the Offer, an announcement of such extension will be published which will state either the next closing date of the Offer or that the Offer will remain open until further notice. In the latter case, at least 14 days' notice by way of an announcement will be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer.

3. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty) payable for the Offer Shares tendered under the Offer will be despatched to the Independent Shareholders accepting the Offer by ordinary post at such Shareholder's own risk as soon as possible, but in any event within 7 Business Days after the date of receipt by the Registrar of all relevant documents which render acceptance of the Offer complete and valid in accordance with the Takeovers Code.

4. Acceptance of the Offer shall be irrevocable and not be capable of being withdrawn, except as permitted under the Takeovers Code. Please refer to paragraph 4 headed "Right of Withdrawal" in Appendix I to this Composite Document for further information on the circumstances where acceptances maybe withdrawn.

All references to date and time contained in this Composite Document and the Form of Acceptance and Transfer refer to Hong Kong date and time.

In this Composite Document, unless the context otherwise requires, the following terms shall have the following meanings:

"acting in concert"	has the meaning ascribed to it under the Takeovers Code
"associates"	has the meaning ascribed to it under the Takeovers Code
"Astrum"	Astrum Capital Management Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation under the SFO authorised to carry out regulated activities of type 1 (dealing in securities), type 2 (dealing in futures contracts), type 6 (advising on corporate finance) and type 9 (asset management), being the independent financial adviser appointed by the Company with the approval of the Independent Board Committee to advise the Independent Board Committee in respect of the Offer
"Board"	the board of directors of the Company
"Business Day(s)"	a day on which the Stock Exchange is open for transaction of business
"Closing Date"	18 August 2015, the closing date of the Offer, or if the Offer is extended, any subsequent closing date as the Offeror may determine and announce, with consent of the Executive, in accordance with the Takeovers Code
"Company"	ETS Group Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on GEM (stock code: 8031)
"Completion"	completion of the sale and purchase of the Sale Shares in accordance with the Sale and Purchase Agreement
"Composite Document"	this composite offer and response document in respect of the Offer jointly issued by the Offeror and the Company in accordance with the Takeovers Code containing, amongst other things, the detailed terms of the Offer
"Consideration"	consideration paid for the sale and purchase of the Sale Shares under the Sale and Purchase Agreement, being HK$222,000,000
"Director(s)"	director(s) of the Company from time to time

"Encumbrances"	any mortgage, charge, pledge, lien (otherwise than arising by statute or operation of law), equities, hypothecation, options, right of pre-emption, or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback arrangement or similar encumbrance(s) whatsoever over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same
"Executive"	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
"Form of Acceptance and Transfer"	the form of acceptance and transfer in respect of the Offer accompanying this Composite Document
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Group"	the Company and its subsidiaries
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Board Committee"	the independent board committee of the Board, comprising all independent non-executive Directors, namely Mr. Wong Sik Kei, Mr. Ngan Chi Keung and Mr. Yung Kai Tai, formed to advise the Independent Shareholders in respect of the Offer
"Independent Shareholder(s)"	Shareholders other than the Offeror and parties acting in concert with it
"Joint Announcement"	the announcement jointly issued by the Offeror and the Company dated 10 June 2015, in relation to, among other things, the Sale and Purchase Agreement and the Offer
"Last Trading Day"	5 June 2015, being the last trading day on which Shares were traded on the Stock Exchange before the suspension of trading in the Shares pending the release of the Joint Announcement

"Latest Practicable Date"	24 July 2015, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
"Offer"	the unconditional mandatory cash offer for all the issued Shares (other than those already owned by or agreed to be acquired by the Offeror and parties acting in concert with it) being made by Yu Ming on behalf of the Offeror at the Offer Price
"Offer Period"	the period commencing from 10 June 2015, being the date of the Joint Announcement, to the Closing Date
"Offer Price"	HK$1.2 per Offer Share
"Offer Share(s)"	70,000,000 Shares that are subject to the Offer
"Offeror"	Million Top Enterprises Limited 萬士達企業有限公司, a company incorporated in Hong Kong with limited liability and the purchaser of the Sale Shares under the Sale and Purchase Agreement
"Offeror's Guarantor"	Mr. Tang Shing Bor, being the sole ultimate beneficial owner of the Offeror
"Overseas Shareholder(s)"	Independent Shareholder(s) whose address(es) as stated in the register of members of the Company is (are) outside Hong Kong
"Registrar"	Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company, with its address at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong
"Relevant Period"	the period commencing on 10 December 2014, being the date falling six months before the date of the Joint Announcement, up to and including the Latest Practicable Date
"Sale and Purchase Agreement"	the agreement dated 5 June 2015 entered into amongst the Offeror, the Vendor, the Offeror's Guarantor and the Vendor's Guarantors in relation to the sale and purchase of the Sale Shares

"Sale Shares"	185,000,000 Shares acquired by the Offeror pursuant to the Sale and Purchase Agreement, representing approximately 66.07% of the entire issued share capital of the Company as at the Latest Practicable Date, and each a Sale Share
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	share(s) with a par value of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	registered holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	The Hong Kong Code on Takeovers and Mergers issued by the SFC
"Vendor"	Excel Deal Holdings Limited, a company incorporated under the laws of the British Virgin Islands, which was, prior to Completion, the controlling shareholder of the Company and interested in 210,000,000 Shares, which represented 75% of the entire issued share capital of the Company
"Vendor's Guarantors"	Mr. Wong Wai Hon Telly and Mr. Ling Chiu Yum, being the beneficial owners as to 47% and 46% of the entire issued share capital of the Vendor respectively, and each an executive Director
"Yu Ming"	Yu Ming Investment Management Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation under the SFO authorised to carry out regulated activities of type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management)
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent.

禹銘投資管理有限公司
YU MING INVESTMENT MANAGEMENT LIMITED

28 July 2015

To the Independent Shareholders

Dear Sir or Madam,

UNCONDITIONAL MANDATORY CASH OFFER BY YU MING INVESTMENT MANAGEMENT LIMITED ON BEHALF OF MILLION TOP ENTERPRISES LIMITED TO ACQUIRE ALL THE ISSUED SHARES IN ETS GROUP LIMITED (OTHER THAN THOSE SHARES ALREADY OWNED BY OR AGREED TO BE ACQUIRED BY MILLION TOP ENTERPRISES LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

On 5 June 2015 (after trading hours), the Offeror, the Vendor, the Offeror's Guarantor and the Vendor's Guarantors entered into the Sale and Purchase Agreement, pursuant to which the Offeror had conditionally agreed to acquire and the Vendor had conditionally agreed to sell the Sale Shares, being 185,000,000 Shares for a total Consideration of HK$222,000,000, equivalent to HK$1.2 per Sale Share. The Sale Shares represented approximately 66.07% of the entire issued share capital of the Company as at the Latest Practicable Date. On 21 July 2015, the Sale and Purchase Agreement became unconditional and Completion took place.

Prior to Completion, the Offeror and parties acting in concert with it were interested in 25,000,000 Shares, representing approximately 8.93% of the entire issued share capital of the Company. Immediately following Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it held 210,000,000 Shares, representing 75% of the entire issued share capital of the Company. Accordingly, pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make an unconditional mandatory cash offer for all the issued Shares (other than those already owned by or agreed to be acquired by the Offeror and parties acting in concert with it).

This letter sets out, amongst other things, the principal terms of the Offer, together with the information on the Offeror and the Offeror's intentions regarding the Group. Further details of the terms of the Offer and procedures for acceptance are also set out in Appendix I to this Composite Document and the accompanying Form of Acceptance and Transfer.

THE OFFER

Principal terms of the Offer

Yu Ming, on behalf of the Offeror, hereby makes the Offer, which is unconditional in all respects, to all the Independent Shareholders for all the issued Shares (other than those already owned by or agreed to be acquired by the Offeror and parties acting in concert with it) on the following basis:–

For each Offer Share . . . . HK$ 1.2 in cash

The Offer Price of HK$1.2 per Offer Share is the same as the purchase price per Sale Share paid by the Offeror to the Vendor under the Sale and Purchase Agreement.

As at the Latest Practicable Date, there were 280,000,000 Shares in issue, and the Company did not have any outstanding options, warrants, derivatives or convertibles which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares.

Further details of the terms of the Offer and procedures for acceptance are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance and Transfer.

Comparison of value

The Offer Price of HK$1.2 per Offer Share represents:

(i) a discount of approximately 34.1% to the closing price of HK$1.82 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 34.4% to the average closing price of approximately HK$1.83 per Share for the last five trading days immediately prior to and including the Last Trading Day;

(iii) a discount of approximately 30.6% to the average closing price of approximately HK$1.73 per Share for the last ten trading days immediately prior to and including the Last Trading Day;

(iv) a discount of approximately 20.0% to the average closing price of approximately HK$1.50 per Share for the last thirty trading days immediately prior to and including the Last Trading Day;

(v) a discount of approximately 25.9% to the closing price of HK$1.62 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

(vi) a premium of approximately 2.24 times over the audited net asset value of the Group attributable to the Shareholders of approximately HK$0.37 per Share as at 31 December 2014.

Highest and lowest Share prices

The highest closing price of the Shares as quoted on the Stock Exchange during the Relevant Period was HK$2.24 per Share on 11 June 2015 and the lowest closing price of the Shares as quoted on the Stock Exchange during the Relevant Period was HK$1.2 on 8 July 2015.

Value of the Offer

As at the Latest Practicable Date, there were 280,000,000 Shares in issue. Based on the Offer Price of HK$1.2 per Offer Share, the entire issued share capital of the Company is valued at HK$336,000,000. As the Offeror and parties acting in concert with it held 210,000,000 Shares as at the Latest Practicable Date, only 70,000,000 Shares are subject to the Offer. In the event that the Offer is accepted in full by the Independent Shareholders, the aggregate amount payable by the Offeror under the Offer will be HK$84,000,000.

Confirmation of financial resources

The Offeror will finance the Offer by way of its internal financial resources. Yu Ming, the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer.

The Offeror does not intend that the payment of interest on, repayment of or security for any liability (contingent or otherwise) be dependent on the business of the Company.

Effect of accepting the Offer

By validly accepting the Offer, the Independent Shareholders will sell to the Offeror their Shares fully paid and free from all Encumbrances and together with all rights attaching to them or subsequently becoming attached to them, including the rights to receive in full all dividends and other distributions, if any, declared, made or paid by reference to a record date on or after the date on which the Offer is made, being the date of despatch of this Composite Document. From the date of the Joint Announcement up to the Latest Practicable Date, there was no dividend or distribution declared, paid or made by the Company.

The Offer is unconditional in all respects and will be open for acceptance from the date of this Composite Document until 4:00 p.m. on the Closing Date. Acceptance of the Offer tendered by the Independent Shareholders shall be unconditional and irrevocable once given and cannot be withdrawn except in circumstances set out in Rule 19.2 of the Takeovers Code.

Overseas Shareholders

The Offer is in respect of securities of a company incorporated in the Cayman Islands and is subject to the procedural and disclosure requirements of Hong Kong which may be different from other jurisdictions. Overseas Shareholders who wish to participate in the Offer but with a registered address outside Hong Kong are subject to, and may be limited by, the laws and regulations of their respective jurisdictions in connection with their participation in the Offer. Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should, before taking any action as to the Offer, obtain information about and observe relevant applicable legal or regulatory requirements and, where necessary, seek legal advice in respect of the Offer. It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental, exchange control or other consent and any registration or filing which may be required or the compliance with other necessary formalities, regulatory and/or legal requirement and the payment of any transfer or other taxes due in respect of such jurisdictions).

Any acceptance of the Offer by any Overseas Shareholder will be deemed to constitute a representation and warranty from such Overseas Shareholder to the Offeror that the local laws and requirements have been complied with and such Overseas Shareholder is permitted under all applicable laws to receive and accept the Offer, and such acceptance shall be valid and binding in accordance with all applicable laws. Overseas Shareholders should consult their professional advisers if in doubt.

Stamp duty

In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by the relevant Independent Shareholders at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher. An amount equivalent to the aforesaid stamp duty will be deducted from the cash amount payable by the Offeror to such Independent Shareholder who accepts the Offer (where the stamp duty calculated includes a fraction of HK$1, the stamp duty would be rounded-up to the nearest HK$1). The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Independent Shareholders accepting the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

INFORMATION ON THE OFFEROR

The Offeror is an investment holding company incorporated in Hong Kong with limited liability. Save for holding 25,000,000 Shares prior to Completion and the acquisition of the Sale Shares pursuant to the Sale and Purchase Agreement, the Offeror has not conducted any business since its incorporation. The directors of the Offeror are Mr. Tang Shing Bor and his son, Mr. Tang Yiu Sing.

Mr. Tang Shing Bor is the sole ultimate beneficial owner of the Offeror. He has over 40 years' experience in property investment and development, and also has experiences in food and beverage industry, and retail industry in Hong Kong.

INFORMATION ON THE GROUP

The Company was incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM since 2012. The Group is principally engaged in providing multi-media contact services and contact centre system in Hong Kong.

Your attention is drawn to the details of the information of the Group as set out under the section headed "Information of the Group" in the "Letter from the Board" and in Appendices II and III to this Composite Document.

INTENTIONS OF THE OFFEROR REGARDING THE GROUP

The Offeror intends to continue the existing businesses of the Group. As at the Latest Practicable Date, the Offeror has no plan to inject any assets or businesses into the Group or to procure the Group to acquire or dispose of any assets.

Immediately after the close of the Offer, the Offeror will conduct a review of the financial position and operations of the Group in order to formulate a long-term strategy for the Group and explore other business/investment opportunities for enhancing its future development and strengthening its revenue bases. As at the Latest Practicable Date, the Offeror has not identified such investment or business opportunities. Up to the Latest Practicable Date, the Offeror has not entered into any agreement, arrangement, understanding, intention or negotiation (concluded or otherwise) about any acquisition of business and/or assets, or disposal, termination or scaling-down of the Group's existing businesses or assets.

The Offeror has no intention to terminate the employment of any employees of the Group or to make significant changes to any employment (except for the proposed change of Board composition as detailed in the section headed "Proposed change of composition of the Board" below and the resignations of Mr. Ling Chiu Yum and Mr. Wong Wai Hon Telly from their positions as director of the relevant members of the Group) or to dispose of or re-allocate the Group's assets which are not in the ordinary and usual course of business of the Group.

Proposed change of composition of the Board

It is intended that each of Mr. Ling Chiu Yum, Mr. Wong Wai Hon Telly, Ms. Chang Men Yee Carol and Mr. Suen Fuk Hoi will resign as executive Director with effect from the date immediately after the close of the Offer.

It is intended that Mr. Tang Yiu Sing, Mr. Yeung Ka Wing and Mr. Tsui Kit Yuan will be appointed as executive Directors and Mr. Tang Shing Bor will be appointed as non-executive Director, in each case, with effect from the date immediately after the despatch of this Composite Document.

Any changes to the Board will be made in compliance with the Takeovers Code and the GEM Listing Rules and further announcement will be made as and when appropriate.

Maintaining the listing status of the Company

The Offeror has no intention to privatise the Group and intends to maintain the listing of the Shares on the Stock Exchange following the close of the Offer. The directors of the Offeror and the new directors to be appointed to the Board have jointly and severally undertaken to the Stock Exchange in the event that after the close of the Offer, the public float of the Company falls below 25%, they would take appropriate steps to restore the minimum public float as required under the GEM Listing Rules as soon as possible, to ensure that sufficient public float exists for the Shares.

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public or if the Stock Exchange believes that:

(i) a false market exists or may exist in the trading of the Shares; or

(ii) there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealing in the Shares.

Under the Sale and Purchase Agreement, the Vendor has undertaken to the Offeror that (i) before the Offer closes, lapses or is withdrawn, the Vendor will not dispose of any Shares beneficially owned by the Vendor (other than the sale of the Sale Shares pursuant to the Sale and Purchase Agreement or any Shares pursuant to the Offer) to persons who are not considered by the Stock Exchange as public under the GEM Listing Rules; and (ii) in the event that the Shares held by the public immediately following the close of the Offer is less than the minimum public float requirement under the GEM Listing Rules other than solely as a result of the acquisition of any Shares by the Offeror pursuant to the Offer, then for the purpose of enabling the Company to satisfy the minimum public float requirement under the GEM Listing Rules, the Vendor will dispose all of the Shares beneficially owned by the Vendor to persons who are considered by the Stock Exchange as public under the GEM Listing Rules.

ACCEPTANCES OF THE OFFER

Procedures for acceptance

To accept the Offer, Independent Shareholders should complete and sign the accompanying Form of Acceptance and Transfer for the Offer Shares in accordance with the instructions printed thereon. The Form of Acceptance and Transfer forms part of the terms of the Offer.

The completed Form of Acceptance and Transfer should then be forwarded, together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title in respect of the Offer Shares (and/or any satisfactory indemnity or indemnities required in respect thereof) for not less than the number of the Offer Shares in respect of which the relevant Independent Shareholder intends to tender under the Offer, by post or by hand, to the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, in an envelope marked "ETS Group Offer" as soon as possible after the receipt of this Composite Document but in any event not later than 4:00 p.m. on the Closing Date.

No acknowledgement of receipt of any Form of Acceptance and Transfer and the title documents will be given.

Your attention is drawn to the section headed "General procedures for acceptance of the Offer" as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance and Transfer.

Settlement of the Offer

Provided that the accompanying Form of Acceptance and Transfer for the Offer Shares, together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title in respect of the Offer Shares (and/or any satisfactory indemnity or indemnities required in respect thereof) are valid, complete and in good order in all respects and have been received by the Registrar by no later than 4:00 p.m. on the Closing Date, a cheque for the amount due to each of the accepting Independent Shareholders in respect of the Offer Shares tendered under the Offer (after deducting the seller's ad valorem stamp duty payable by such Independent Shareholder) will be despatched to each accepting Independent Shareholder by ordinary post at such Shareholder's own risk as soon as possible, but in any event within 7 Business Days after the date of receipt by the Registrar of all relevant documents which render such acceptance complete and valid in compliance with Note 1 to Rule 30.2 of the Takeovers Code.

Settlement of the consideration to which any accepting Independent Shareholder is entitled under the Offer will be implemented by the Offeror in full in accordance with the terms of the Offer (save with respect to the payment of seller's ad valorem stamp duty) set out in this Composite Document (including Appendix I) and the accompanying Form of Acceptance and Transfer without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Independent Shareholder.

Nominee registration

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold the Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owner of the Shares, whose investments are registered in nominee names, to accept the Offer, it is essential that they provide instructions to their nominees of their intentions with regard to the Offer.

Tax implications

None of the Offeror, the Offeror's ultimate beneficial owner, the Company and parties acting in concert with any of them, Yu Ming, Astrum, the Registrar or any of their respective directors or any persons involved in the Offer is in a position to advise the Independent Shareholders on their individual tax implications. Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. It is emphasised that none of the Offeror, the Offeror's ultimate beneficial owner, the Company and parties acting in concert with any of them, Yu Ming, Astrum, the Registrar or any of their respective directors, officers or associates or any persons involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any person or persons as a result of their acceptance or rejection of the Offer.

COMPULSORY ACQUISITION

The Offeror does not intend to exercise any right which may be available to it under the provisions of the Companies Law (2013 Revision) of the Cayman Islands to compulsorily acquire any outstanding Offer Shares not acquired pursuant to the Offer after the close of the Offer.

GENERAL

All documents and remittances will be sent to the Shareholders by ordinary post at such Shareholder's own risk. These documents and remittances will be sent to them at their respective addresses as they appear in the register of members of the Company, or in the case of joint Shareholders, to the Shareholder whose name appears first in the said register of members, unless otherwise specified in the accompanying Form of Acceptance and Transfer completed, returned and received by the Registrar. None of the Offeror, the Offeror's ultimate beneficial owner, the Company and parties acting in concert with any of them, Yu Ming, Astrum, the Registrar or any of their respective directors, officers or associates or any other person involved in the Offer will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Offer set out in the appendices to this Composite Document and the accompanying Form of Acceptance and Transfer, which form part of this Composite Document. In addition, your attention is also drawn to the "Letter from the Board", the "Letter from the Independent Board Committee" and the letter of advice by the independent financial adviser to the Independent Board Committee as set out in the "Letter from Astrum" of this Composite Document.

Yours faithfully,
For and on behalf of
Yu Ming Investment Management Limited
Warren Lee
Managing Director

ETS GROUP LIMITED
易通訊集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8031)

Executive Directors
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)*

Independent Non-Executive Directors
Mr. Wong Sik Kei
Mr. Ngan Chi Keung
Mr. Yung Kai Tai

Registered office
Cricket Square
Hutchins Drive
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Cayman Islands

Head Office and Principal Place of Business
Room 601-603,
New Bright Building,
11 Sheung Yuet Road,
Kowloon Bay, Kowloon,
Hong Kong

28 July 2015

To the Independent Shareholders

Dear Sir or Madam,

UNCONDITIONAL MANDATORY CASH OFFER BY YU MING INVESTMENT MANAGEMENT LIMITED ON BEHALF OF MILLION TOP ENTERPRISES LIMITED TO ACQUIRE ALL THE ISSUED SHARES IN ETS GROUP LIMITED (OTHER THAN THOSE SHARES ALREADY OWNED BY OR AGREED TO BE ACQUIRED BY MILLION TOP ENTERPRISES LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

On 5 June 2015 (after trading hours), the Offeror, the Vendor, the Offeror’s Guarantor and the Vendor’s Guarantors entered into the Sale and Purchase Agreement, pursuant to which the Offeror had conditionally agreed to acquire and the Vendor had conditionally agreed to sell the Sale Shares, being 185,000,000 Shares for a total Consideration of HK$222,000,000, equivalent to HK$1.2 per Sale Share. The Sale Shares represented approximately 66.07% of the entire issued share capital of the Company as at the Latest Practicable Date. On 21 July 2015, the Sale and Purchase Agreement became unconditional and Completion took place.

Prior to Completion, the Offeror and parties acting in concert with it were interested in 25,000,000 Shares, representing approximately 8.93% of the entire issued share capital of the Company. Immediately following Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it held 210,000,000 Shares, representing 75% of the entire issued share capital of the Company. Accordingly, pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make an unconditional mandatory cash offer for all the issued Shares (other than those already owned by or agreed to be acquired by the Offeror and parties acting in concert with it).

Pursuant to Rule 2.1 and Rule 2.8 of the Takeovers Code, the Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Wong Sik Kei, Mr. Ngan Chi Keung and Mr. Yung Kai Tai, has been formed to advise the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer. Astrum has been appointed as the independent financial adviser to advise the Independent Board Committee in respect of the terms of the Offer after the approval by the Independent Board Committee.

The purpose of this Composite Document is to provide you with, amongst other things, (i) information relating to the Group, the Offeror and the Offer; (ii) the "Letter from the Independent Board Committee" containing its recommendation to the Independent Shareholders in respect of the Offer; and (iii) the "Letter from Astrum" containing its advice and recommendation to the Independent Board Committee in respect of the Offer.

UNCONDITIONAL MANDATORY CASH OFFER

Principal terms of the Offer

Yu Ming, on behalf of the Offeror, makes the Offer, which is unconditional in all respects, to all the Independent Shareholders for all the issued Shares (other than those already owned by or agreed to be acquired by the Offeror and parties acting in concert with it) on the following basis:–

For each Offer Share . . . . HK$ 1.2 in cash

The Offer Price of HK$1.2 per Offer Share is the same as the purchase price per Sale Share paid by the Offeror to the Vendor under the Sale and Purchase Agreement.

As at the Latest Practicable Date, there were 280,000,000 Shares in issue and the Company does not have any outstanding options, warrants, derivatives or convertibles which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities of the Company.

Further details of the Offer

Further details of the Offer including but not limited to the terms and conditions and the procedures for acceptance and settlement are set out in the "Letter from Yu Ming", Appendix I to this Composite Document and the accompanying Form of Acceptance and Transfer.

INFORMATION OF THE GROUP

The Company was incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM since 2012. The Group is principally engaged in providing multi-media contact services and contact centre system in Hong Kong.

Set out below is a summary of the audited consolidated results of the Group for each of the three financial years ended 31 December 2012, 2013 and 2014 respectively and for the three months ended 31 March 2015, as extracted from the annual reports of the Company for the three years ended 31 December 2012, 2013 and 2014 and the first quarterly report of the Company for the three months ended 31 March 2015 respectively:–

	For the three months ended 31 March 2015	**For the financial year ended 31 December**		
		2014	**2013**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	*(audited)*	*(audited)*	*(audited)*
Revenue	34,030	176,044	169,741	164,619
Profit before tax	2,416	15,767	31,258	16,020
Profit attributable to owners of the Company	1,906	14,335	25,722	14,187

The audited consolidated net assets of the Group attributable to Shareholders as at 31 December 2012, 2013 and 2014 were HK$76,492,000, HK$96,614,000 and HK$104,789,000 respectively.

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table set out the shareholding structure of the Company (a) immediately before Completion; and (b) immediately after Completion and as at the Latest Practicable Date:–

	Immediately before Completion		Immediately after Completion and as at the Latest Practicable Date	
	Number of Shares	*Approx. %*	*Number of Shares*	*Approx. %*
The Vendor *(Note 1)*	210,000,000	75.00	25,000,000	8.93
The Offeror *(Note 2)*	25,000,000	8.93	210,000,000	75.00
Other public Shareholders	45,000,000	16.07	45,000,000	16.07
Total	280,000,000	100.00	280,000,000	100.00

Notes:

(1) The Vendor is owned as to 47% by Mr. Wong Wai Hon Telly, 46% by Mr. Ling Chiu Yum, 5% by Ms. Chang Men Yee Carol and 2% by Ms. Ting Yee Mei.

(2) The Offeror is wholly and beneficially owned by Mr. Tang Shing Bor.

INFORMATION OF THE OFFEROR

Your attention is drawn to the section headed “Information on the Offeror” and “Intentions of the Offeror regarding the Group” in the “Letter from Yu Ming” as set out on pages 5 to 13 of this Composite Document.

INTENTIONS OF THE OFFEROR IN RELATION TO THE GROUP

Your attention is drawn to the section headed “Intentions of the Offeror regarding the Group” in the “Letter from Yu Ming” as set out on pages 5 to 13 of this Composite Document. The Board is aware of the intentions of the Offeror in respect of the Group and is willing to render reasonable co-operation with the Offeror which is in the interests of the Company and the Shareholders as a whole.

Maintaining the listing status of the Group

The Offeror has no intention to privatise the Group and intends to maintain the listing of the Shares on the Stock Exchange following the close of the Offer. The directors of the Offeror and the new directors to be appointed to the Board have jointly and severally undertaken to the Stock Exchange in the event that after the close of the Offer, the public float of the Company falls below 25%, they would take appropriate steps to restore the minimum public float as required under the GEM Listing Rules as soon as possible, to ensure that sufficient public float exists for the Shares.

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public or if the Stock Exchange believes that:

(i) a false market exists or may exist in the trading of the Shares; or

(ii) that there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend trading in the Shares.

RECOMMENDATION

The Independent Board Committee has been established to make recommendation to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

Your attention is drawn to (i) the "Letter from the Independent Board Committee" as set out on pages 19 to 20 of this Composite Document; and (ii) the "Letter from Astrum" as set out on pages 21 to 36 of this Composite Document. Your attention is also drawn to the additional information contained in the appendices to this Composite Document.

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

ETS GROUP LIMITED
易通訊集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8031)

28 July 2015

To the Independent Shareholders

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY
YU MING INVESTMENT MANAGEMENT LIMITED
ON BEHALF OF
MILLION TOP ENTERPRISES LIMITED
TO ACQUIRE ALL THE ISSUED SHARES IN
ETS GROUP LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED BY OR AGREED
TO BE ACQUIRED BY MILLION TOP ENTERPRISES LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to the Composite Document dated 28 July 2015 jointly issued by the Offeror and the Company of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context requires otherwise.

We have been appointed by the Board as members of the Independent Board Committee to make recommendation to you as to (i) whether, in our opinion, the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned, and (ii) acceptance of the Offer, after taking into account the advice from Astrum, the independent financial adviser to the Independent Board Committee.

Details of advice from Astrum and the principal factors taken into consideration by it in arriving at its recommendations are set out in the "Letter from Astrum" on pages 21 to 36 of the Composite Document. Details of the Offer are set out in the "Letter from Yu Ming", Appendix I to the Composite Document and the accompanying Form of Acceptance and Transfer.

RECOMMENDATION

Having taken into account the advice and recommendations of Astrum and the principal factors taken into consideration by it in arriving at its opinion, we are of the opinion that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to accept the Offer.

However, those Independent Shareholders who intend to accept the Offer are strongly reminded to closely monitor the market price and the liquidity of the Shares during the Offer Period and should consider selling their Shares in the open market, instead of accepting the Offer, if the net proceeds from the sale of such Shares in the open market would exceed the net proceeds receivable under the Offer after having regard to the market price and the liquidity of the Shares.

Independent Shareholders who intend to retain their Shares in full or in part are reminded to carefully consider the potential difficulties they may encounter in disposing of their investments in the Shares after the close of the Offer in view of the historical low liquidity of the Shares and there is no guarantee that the prevailing level of the Share price will sustain during and after the Offer Period.

Furthermore, Independent Shareholders are also reminded that their decisions to dispose of or hold their investment in the Shares are subject to their individual circumstances and investment objectives.

Notwithstanding our recommendation, the Independent Shareholders should consider carefully the terms of the Offer and the "Letter from Astrum" in the Composite Document.

Yours faithfully,
For and on behalf of the
Independent Board Committee of
ETS Group Limited

Mr. Wong Sik Kei	**Mr. Ngan Chi Keung**	**Mr. Yung Kai Tai**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

The following is the text of a letter of advice from Astrum, the independent financial adviser to the Independent Board Committee, regarding its advice on the terms of the Offer prepared for the purpose of incorporation into this Composite Document.

ASTRUM
Astrum Capital Management Limited
阿仕特朗資本管理有限公司
11/F, 122 QRC,
Nos. 122-126 Queen's Road Central, Hong Kong

28 July 2015

To the Independent Board Committee and
the Independent Shareholders of
ETS Group Limited

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY
YU MING INVESTMENT MANAGEMENT LIMITED
ON BEHALF OF
MILLION TOP ENTERPRISES LIMITED
TO ACQUIRE ALL THE ISSUED SHARES IN
ETS GROUP LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED BY OR AGREED
TO BE ACQUIRED BY MILLION TOP ENTERPRISES LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our engagement as the independent financial adviser to make recommendations to the independent board committee (the "**Independent Board Committee**") of ETS Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") in relation to the unconditional mandatory cash offer (the "**Offer**") for all the issued shares of the Company (other than those already owned by or agreed to be acquired by Million Top Enterprises Limited (the "**Offeror**") and parties acting in concert with it) being made by Yu Ming Investment Management Limited ("**Yu Ming**") on behalf of the Offeror. Details of the Offer are disclosed in the composite offer and response document in respect of the Offer jointly issued by the Offeror and the Company dated 28 July 2015 (the "**Composite Document**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

On 5 June 2015 (after trading hours), the Offeror, the Vendor, the Offeror's Guarantor and the Vendor's Guarantors entered into the Sale and Purchase Agreement, pursuant to which the Offeror had conditionally agreed to acquire and the Vendor had conditionally agreed to sell the Sale Shares, being 185,000,000 Shares for a total Consideration of HK$222 million, equivalent to HK$1.2 per Sale Share. The Sale Shares represented approximately 66.07% of the entire issued share capital of the Company as at the Latest Practicable Date. On 21 July 2015, the Sale and Purchase Agreement became unconditional and Completion took place.

Prior to Completion, the Offeror and parties acting in concert with it were interested in 25,000,000 Shares, representing approximately 8.93% of the entire issued share capital of the Company. Immediately following Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it held 210,000,000 Shares, representing 75% of the entire issued share capital of the Company. Accordingly, pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make an unconditional mandatory cash offer for all the issued Shares (other than those already owned by or agreed to be acquired by the Offeror and parties acting in concert with it).

THE INDEPENDENT BOARD COMMITTEE

Pursuant to Rule 2.1 and Rule 2.8 of the Takeovers Code, the Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Wong Sik Kei, Mr. Ngan Chi Keung and Mr. Yung Kai Tai, has been formed to advise the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer. We, Astrum Capital Management Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee in this regard. Our appointment has been approved by the Independent Board Committee in accordance with Rule 2.1 of the Takeovers Code.

We are not connected with the Company, the Vendor or the Offeror, or any of their respective substantial shareholders, directors or chief executives, or any of their respective associates, or any party acting, or presumed to be acting, in concert with any of them and accordingly, are considered suitable to give independent advice to the Independent Board Committee in respect of the Offer. Apart from the normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, the Vendor or the Offeror, or any of their respective substantial shareholders, directors or chief executives, or any of their respective associates, or any party acting, or presumed to be acting, in concert with any of them.

BASIS OF OUR OPINION

In formulating our opinion and recommendations, we have reviewed, amongst others, the Joint Announcement, the announcement jointly issued by the Offeror and the Company dated 21 July 2015 in relation to, among other things, Completion and the Offer, the Sale and Purchase Agreement, the annual reports of the Company for the two years ended 31 December 2013 and 31 December 2014 (the "**2013 Annual Report**" and the "**2014 Annual Report**", respectively), the quarterly report of the Company for the three months ended 31 March 2015 (the "**2015 First Quarterly Report**"), the prospectus of the Company dated 30

December 2011 (the "**Prospectus**"), and the information contained in the Composite Document. We have also discussed with and reviewed the information provided by the management of the Group (the "**Management**") regarding the business and outlook of the Group.

We have relied on the information and facts provided, and the opinions expressed, by the Directors and the Management, which we have assumed to be true, accurate, complete and not misleading in all material aspects as at the Latest Practicable Date and the Shareholders will be notified of any material changes to such representations as soon as possible in accordance with Rule 9.1 of the Takeovers Code. We have sought and received confirmation from the Directors and the Management that no material facts have been omitted from the information provided and opinions expressed by them to us. We consider that the information which we have received is sufficient for us to reach our opinion and recommendations as set out in this letter and to justify our reliance on such information. We have no reason to doubt the truth, accuracy or completeness of the information provided to us or to believe that any material information has been omitted or withheld. We have not, however, conducted any independent investigation into the business and affairs of the Group nor have we carried out any independent verification of the information provided.

We have not considered the tax and regulatory implications on the Independent Shareholders of their acceptances or non-acceptances of the Offer since these are particular to their own individual circumstances. In particular, the Independent Shareholders who are residents outside Hong Kong or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions with regard to the Offer and, if in any doubt, should consult their own professional advisers.

PRINCIPAL TERMS OF THE OFFER

The Offer, which is unconditional in all respects, is being made by Yu Ming on behalf of the Offeror to all the Independent Shareholders for all the issued Shares (other than those already owned by or agreed to be acquired by the Offeror and parties acting in concert with it) on the following basis:–

For each Offer Share . . . . HK$1.2 in cash

The Offer Price of HK$1.2 per Offer Share is the same as the purchase price per Sale Share paid by the Offeror to the Vendor under the Sale and Purchase Agreement.

As at the Latest Practicable Date, there were 280,000,000 Shares in issue, and the Company did not have any outstanding options, warrants, derivatives or convertibles which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares.

For further details of the Offer (including the terms and procedures for acceptance of the Offer), please refer to the "Letter from Yu Ming" as set out on pages 5 to 13 of the Composite Document, Appendix I to the Composite Document and the accompanying Form of Acceptance and Transfer.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the terms of the Offer, we have considered the following principal factors and reasons:

1. Business, financial performance and prospects of the Group

A. Business of the Group

The Company was incorporated in the Cayman Islands with limited liability, the Shares of which have been listed on GEM since 2012. The Group is principally engaged in providing multi-media contact services and contact centre system in Hong Kong. The principal services of the Group comprise (i) outsourcing inbound contact service; (ii) outsourcing outbound contact service; (iii) staff insourcing service; (iv) contact service centre facilities management service and (v) other services such as licencing and sale of systems and software.

Following the success in Hong Kong, the Group expanded its multimedia contact services business to the PRC in 2013. On 5 July 2013, the Group entered into an agreement with Epro Group International Limited ("**Epro Group**"), pursuant to which the Group purchased, and Epro Group sold, the entire issued share capital of Epro BPO Services Limited ("**Epro BPO**", and together with its subsidiaries, the "**Epro BPO Group**") and its wholly-owned subsidiary, namely 廣州普廣科技有限公司 (unofficially transliterated as Guangzhou EproTech Company Limited, "**Guangzhou EproTech**") at a consideration of HK$3.1 million. Guangzhou EproTech was then 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. On the same day, Guangzhou EproTech entered into certain control agreements (the "**Control Agreements**") with 廣州浚峰網絡技術有限公司 (unofficially transliterated as Guangzhou Junfeng Network Technology Limited, "**Guangzhou Junfeng**"). Guangzhou Junfeng was then principally engaged in providing comprehensive multimedia contact services in the PRC with over 350 workstations. The Management believed that the aforementioned acquisition and the entering into of the Control Agreements could enhance the Group's business scale and strengthen the competitiveness of the Group's research and development capability.

Nevertheless, the performance of the Epro BPO Group fell below the Management's expectation after collaboration and operation for more than a year. The Management is of the view that such poor performance was mainly due to fierce competition in the local market as well as the ever increasing labor cost. Taking into account of, among other things, the then financial performance and position of the Epro BPO Group as well as the expected gain from the disposal, the Group entered into a sale and purchase agreement with Multi-Dollars Holdings Limited ("**Multi-Dollars**") on 22 December 2014 pursuant to which the Group agreed to sell and Multi-Dollars agreed to acquire the entire issued share capital of Elite Depot Holdings Limited, the holding company of Epro BPO, for an aggregate consideration of HK$8 million (the "**Disposal**") and the Disposal was completed on the same day. For further details of the

Disposal, please refer to the announcement of the Company dated 22 December 2014. Following completion of the Disposal, the Group ceased to be a party to the Control Agreements.

Subsequent to the Disposal, the Group has re-allocated its resources to the contact service business in Hong Kong, and at the same time, has been continuing to look for potential business opportunities in mainland China as well as other countries in the Asia Pacific Region in order to expand its business scope and coverage. In addition, the Group has been actively exploring data related business and collaboration opportunities to fully exploit its competitive edge in information technology as well as research and development capabilities.

B. Financial information of the Group

Set forth below are (i) the audited consolidated financial information of the Group for the three years ended 31 December 2012, 31 December 2013 and 31 December 2014 ("**FY2012**", "**FY2013**" and "**FY2014**", respectively) as extracted from the 2013 Annual Report and the 2014 Annual Report; and (ii) the unaudited consolidated financial information of the Group for the three months ended 31 March 2014 and 31 March 2015 ("**1Q2014**" and "**1Q2015**", respectively) as extracted from the 2015 First Quarterly Report:

Table 1: Financial highlights of the Group

	FY2012 *HK$'000* *(audited)*	**FY2013** *HK$'000* *(audited)*	**FY2014** *HK$'000* *(audited)*	**1Q2014** *HK$'000* *(unaudited)*	**1Q2015** *HK$'000* *(unaudited)*
Revenue	**164,619**	**169,741**	**176,044**	**41,730**	**34,030**
– Outsourcing inbound contact service	*9,719*	*16,849*	*31,866*	*6,829*	*3,609*
– Outsourcing outbound contact service	*61,402*	*75,240*	*73,353*	*18,601*	*16,694*
– Staff insourcing service	*58,764*	*43,774*	*33,078*	*8,147*	*6,595*
– Contact service centre facilities management service	*30,189*	*27,520*	*29,747*	*6,600*	*6,709*
– Others (Note)	*4,545*	*6,358*	*8,000*	*1,553*	*423*
Operating profit	**16,465**	**32,019**	**16,426**	**4,183**	**2,596**
Profit attributable to owners of the Company for the year/ period	**14,187**	**25,722**	**14,335**	**3,131**	**1,906**

	As at 31 December		
	2012	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	*(audited)*	*(audited)*
Non-current assets	**14,762**	**32,078**	**18,208**
Current assets	**89,604**	**95,520**	**103,142**
(Current liabilities)	**(27,458)**	**(28,819)**	**(16,044)**
Net current assets	**62,146**	**66,701**	**87,098**
Equity attributable to owners of the Company	**76,492**	**96,614**	**104,789**

Source: the annual reports and quarterly report of the Company

Note: The "Others" segment principally comprises licensing, sales of system and software and system maintenance.

(i) For the year ended 31 December 2013 (i.e. FY2013)

In FY2013, the Group recorded revenue of approximately HK$169.7 million, representing an increase of approximately 3.1% as compared to that in FY2012. Revenue from outsourcing inbound and outbound contact services increased significantly from approximately HK$71.1 million in FY2012 to approximately HK$92.1 million in FY2013 due to the contribution from the operation of contact centre business in the PRC under the Control Agreements. 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 25.5% in staff insourcing revenue. Owing to the increase in revenue, coupled with the decrease in employee benefits expenses, profit attributable to owners of the Company increased from approximately HK$14.2 million in FY2012 to approximately HK$25.7 million in FY2013, representing an annual growth rate of approximately 81.3%.

As at 31 December 2013, the Group's net current assets, total assets and equity attributable to owners of the Company amounted to approximately HK$66.7 million, approximately HK$127.6 million and approximately HK$96.6 million, respectively.

(ii) For the year ended 31 December 2014 (i.e. FY2014)

In FY2014, the Group's total revenue amounted to approximately HK$176.0 million, representing an increase of approximately HK$6.3 million as compared to that in FY2013. Provision of outsourcing outbound contact service remained as the key revenue-driving segment of the Group, contributing approximately 41.7% (FY2013: 44.3%) of the total revenue of the Group in FY2014. However, the gross profit margin of the said revenue segment dropped significantly from approximately 25.7% in FY2013 to approximately 12.3% in FY2014. Such drop was mainly attributable to the much lower gross profit margin of the PRC outbound contact service. Provision of outsourcing inbound contact service, staff insourcing service, contact service centre facilities management service and other business accounted for approximately 18.1%, approximately 18.8%, approximately 16.9% and approximately 4.5% of the Group's total revenue in FY2014, respectively. Notwithstanding the increase in revenue, the Group's profit attributable to owners of the Company decreased substantially from approximately HK$25.7 million in FY2013 to approximately HK$14.3 million in FY2014. The decrease in profit attributable to owners of the Company was mainly due to the increase in employee benefits expenses and other operating expenses.

As at 31 December 2014, the Group's net current assets, total assets and equity attributable to owners of the Company amounted to approximately HK$87.1 million, approximately HK$121.4 million and approximately HK$104.8 million, respectively.

(iii) For the three months ended 31 March 2015 (i.e. 1Q2015)

In 1Q2015, the Group's unaudited total revenue was approximately HK$34.0 million, representing a decrease of approximately HK$7.7 million as compared with that in 1Q2014. Such decrease was mainly attributable to the cease of the Group's PRC business unit in December 2014. As a result of the decrease in revenue, the unaudited profit attributable to owners of the Company decreased by approximately 39.1% from approximately HK$3.1 million in 1Q2014 to approximately HK$1.9 million in 1Q2015.

C. Business prospects of the Group

The Group is principally engaged in providing multi-media contact services and contact centre system in Hong Kong. Completion took place on 21 July 2015 and the Offer is an unconditional mandatory cash offer. We noted from the "Letter from Yu Ming" contained in the Composite Document that the Offeror intends to continue the existing businesses of the Group. As at the Latest Practicable Date, the Offeror had no plan to inject any assets or businesses into the Group or to procure the Group to acquire or dispose of any assets. Furthermore, it is also the Offeror's current intention that each of Mr. Ling Chiu Yum ("**Mr. Ling**"), Mr. Wong Wai Hon Telly ("**Mr. Wong**"), Ms. Chang Men Yee Carol ("**Ms. Chang**") and Mr. Suen Fuk Hoi ("**Mr. Suen**", and altogether, the "**Existing Executive Directors**") will resign as executive Directors with effect from the date immediately after the close of the Offer, while certain new Directors will be appointed with effect from the date immediately after the despatch of the Composite Document (the "**Proposed Change of the Board Composition**").

According to the Prospectus, the Group was founded in 1990. Mr. Ling and Mr. Wong are the co-founders of the Group, while Ms. Chang joined the Group as Business Development Manager in January 1991. In the first few years since its incorporation, the Group focused on the provision of paging services. In anticipation of the slowdown in demand for paging services after the launch of the Global System Mobile service, the Group began to expedite investment opportunities in outsourcing businesses in 1994. Leverage on the experience and knowledge of Mr. Ling, Mr. Wong and Ms. Chang, the Group successfully transformed from a paging service provider to a well-known contact centre outsourcing provider in Hong Kong. Over the past 20 years, all the Existing Executive Directors (including Mr. Suen, who joined the Group in June 2003) have been playing pivotal roles in the Group and were responsible for the supervision of business operation, business development, strategic planning, customer relationship, sales and marketing supervision, and financial planning of the Group. On the strength of the leadership and endeavour of the Existing Executive Directors, the scale and coverage of the Group expanded steadily and subsequently, the Shares were successfully listed on the GEM on 9 January 2012. It is worth noting that under the management of the Existing Executive Directors, the Group has been maintaining at a profit making position since 2006. In view of the above, we consider that the remarkable results of the Group were, to a large extent, attributable to the leadership, endeavour and network of the Existing Executive Directors, and that the Proposed Change of the Board Composition will bring on uncertainties to the Group's business operation, financial performance and position.

On top of the above, we also noted that the Group's financial performance experienced retrogression in FY2014 subsequent to a great improvement in FY2013. The Group's profit attributable to owners of the Company decreased from approximately HK$25.7 million in FY2013 to approximately HK$14.3 million in FY2014, representing a year-on-year decrease of approximately 44.3%. We have discussed with the Management and were given to understand that the decrease in profit in FY2014 was mainly attributable to the increase in employee benefits expenses and other operating expenses, which outweighed the increase in revenue. According to the 2014 Annual Report, the employee benefits expenses represented the largest expenses of the Group's operation and accounted for approximately 63.1% of the Group's total operating expenses in FY2014. The Management considers that high labor cost will continue to impose pressure on the Group's profitability. According to the statistics released by the Census and Statistics Department of Hong Kong, the monthly wage in Hong Kong demonstrated an increasing trend in the past decade. The median monthly wage increased from approximately HK$9,800 in 2004 to approximately HK$13,000 in 2013, representing a compound annual growth rate of approximately 3.2%. In addition, the statutory minimum wage rate in Hong Kong has recently been revised. With effect from 1 May 2015, the statutory minimum wage rate in Hong Kong was raised from HK$30 per hour to HK$32.5 per hour. Taking into account of (i) the employee benefits expenses represented the largest expenses of the Group's operation and accounted for approximately 63.1% of the Group's total operating expenses in FY2014; (ii) the monthly wage in Hong Kong demonstrated an increasing trend in the past decade; and (iii) the statutory minimum wage rate was raised to HK$32.5 per hour with effect from 1 May 2015, we concur with the Management's view that high labor cost will continue to impose pressure on the Group's profitability and that it is uncertain on whether the Group is able to sustain its profitability in the future.

Taking into consideration the factors as mentioned above, we are of the opinion that there remains uncertainty in the future performance of the Group.

2. Principal terms of the Offer

The Offer Price of HK$1.2 per Offer Share represents:

(i) a discount of approximately 34.1% to the closing price of HK$1.82 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 34.4% to the average closing price of approximately HK$1.83 per Share for the last 5 trading days immediately prior to and including the Last Trading Day;

(iii) a discount of approximately 30.6% to the average closing price of approximately HK$1.73 per Share for the last 10 trading days immediately prior to and including the Last Trading Day;

(iv) a discount of approximately 20.0% to the average closing price of approximately HK$1.50 per Share for the last 30 trading days immediately prior to and including the Last Trading Day;

(v) a discount of approximately 25.9% to the closing price of HK$1.62 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

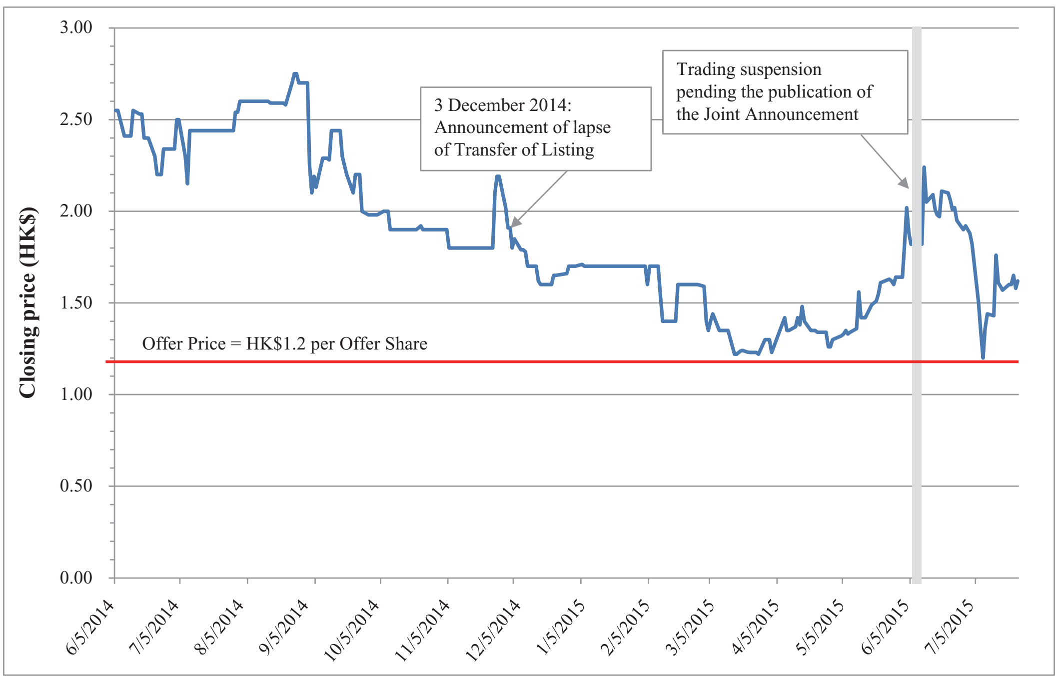
(vi) a premium of approximately 2.24 times over the audited net asset value of the Group attributable to the Shareholders of approximately HK$0.37 per Share as at 31 December 2014.

The Offer Price of HK$1.2 per Offer Share is the same as the purchase price per Sale Share paid by the Offeror to the Vendor under the Sale and Purchase Agreement. According to the Joint Announcement, the purchase price of the Sale Shares was determined following arm's length negotiations between the Offeror and the Vendor after taking into consideration (i) the financial position of the Group; and (ii) the prevailing market prices of the Shares on the Stock Exchange.

A. Historical price performance of the Shares

Set out below is the chart showing the daily closing price of the Shares as quoted on the Stock Exchange during the period commencing from 5 June 2014, being the twelve-month period prior to the Last Trading Day, up to and including the Latest Practicable Date (the "**Review Period**"):

Chart 1: Share price performance during the Review Period



Source: the website of the Stock Exchange (www.hkex.com.hk)

Note: Trading in the Shares was suspended from 8 June 2015 to 10 June 2015 (both days inclusive) pending the publication of the Joint Announcement.

As illustrated in the chart above, during the Review Period, the closing price of the Shares ranged from the lowest closing price of HK$1.20 per Share recorded on 8 July 2015 to the highest closing price of HK$2.75 per Share recorded on 26 August 2014 and 27 August 2014, with an average of approximately HK$1.87 per Share. The Shares were traded above the Offer Price of HK$1.2 per Offer Share throughout the Review Period, except on 8 July 2015. The Offer Price represents a discount of approximately 56.4% to the highest closing price of the Shares and is equivalent to the lowest closing price of the Shares during the Review Period, respectively.

During the period commencing from 5 June 2014 to 5 June 2015 (being the Last Trading Day) (the "**Pre-announcement Period**"), the closing price of the Shares generally exhibited a downward trend and subsequently hit the lowest point of HK$1.22 per Share on 16 March 2015, 17 March 2015 and 27 March 2015. The closing price of the Shares then bounced back from the bottom and reached a relatively high level of HK$1.82 per Share on the Last Trading Day. We have enquired with the

Management and were advised that save for the lapse of application for the transfer of listing of the Shares from GEM to the Main Board as announced by the Company on 3 December 2014 and the Disposal as announced by the Company on 22 December 2014, the Company did not issue any other announcement which is of price-sensitive nature during the Pre-announcement Period and the Management is not aware of any particular reason for the price movement.

At the request of the Company, trading in the Shares was suspended from 8 June 2015 to 10 June 2015 (both days inclusive) pending the publication of the Joint Announcement. Subsequent to the issue of the Joint Announcement, the closing price of the Shares increased by approximately 23.1% to HK$2.24 per Share on 11 June 2015 (being the first trading day after the publication of the Joint Announcement) as compared to that of HK$1.82 per Share on the Last Trading Day. We have enquired with the Management regarding the possible reasons for the increase in the Share price after the publication of the Joint Announcement and were advised that save for the sale and purchase of the Sale Shares owned by the Vendor contemplated under the Sale and Purchase Agreement and the possibility of the Offer, they were not aware of any other matters which might have impact on the Share price. Therefore, we believe that the surge of the closing price of the Shares immediately after the publication of the Joint Announcement was likely to be attributable to the positive market speculation on the sale and purchase of the Sale Shares contemplated under the Sale and Purchase Agreement and the possibility of the Offer as disclosed in the Joint Announcement. After the surge in the Share price on 11 June 2015, the Share price, in general, demonstrated a decreasing trend until early July 2015. Notably, the Share price declined dramatically from HK$1.82 per Share on 3 July 2015 to HK$1.2 per Share on 8 July 2015, which was the lowest level during the Review Period. It is believed that the sudden drop in the Share price in early July 2015 was substantially due to the recent high volatility of the Hong Kong stock market, where share prices of most of the listed companies on the Stock Exchange experienced significant drop during the same period of time. Thereafter, the Share price increased gradually and closed at HK$1.62 per Share on the Latest Practicable Date.

Notwithstanding the fact that the Offer Price falls below the closing price of the Shares throughout the Review Period (except on 8 July 2015), given the trading volume of the Shares has been very thin as discussed in the sub-paragraph headed "B. Historical trading volume of the Shares" below, the market price of the Shares might not be an appropriate indicator of the valuation of the Shares, in particular for those Shareholders who would like to dispose of a significant number of the Shares in the open market.

B. Historical trading volume of the Shares

The following table sets out the trading volume of the Shares during the Review Period:

Table 2: Trading volume of the Shares during the Review Period

Month/period	Total trading volume *(No. of Shares)*	No. of trading days	Average daily trading volume *(No. of Shares)*	Percentage of the average daily trading volume to the total number of Shares in issue *(Note 2)*	Percentage of the average daily trading volume to the number of Shares held by public Shareholders *(Note 3)*
June 2014 (from 5 June 2014)	392,000	18	21,778	0.008%	0.031%
July 2014	328,000	22	14,909	0.005%	0.021%
August 2014	434,000	21	20,667	0.007%	0.030%
September 2014	1,688,000	21	80,381	0.029%	0.115%
October 2014	40,000	21	1,905	0.001%	0.003%
November 2014	630,000	20	31,500	0.011%	0.045%
December 2014	358,000	21	17,048	0.006%	0.024%
January 2015	60,000	21	2,857	0.001%	0.004%
February 2015	100,000	18	5,556	0.002%	0.008%
March 2015	294,000	22	13,364	0.005%	0.019%
April 2015	1,642,000	19	86,421	0.031%	0.123%
May 2015	2,898,000	19	152,526	0.054%	0.218%
June 2015 *(Note 1)*	27,586,000	19	1,451,895	0.519%	2.074%
July 2015 (up to the Latest Practicable Date)	8,274,000	17	486,706	0.174%	0.695%

Source: the website of the Stock Exchange (www.hkex.com.hk)

Notes:

1. Trading in the Shares was suspended from 8 June 2015 to 10 June 2015 (both days inclusive) pending the publication of the Joint Announcement.

2. The calculation is based on the average daily trading volume of the Shares divided by the total issued share capital of the Company as at the Latest Practicable Date (i.e. 280,000,000 Shares).

3. The calculation is based on the average daily trading volume of the Shares divided by the number of Shares held by public Shareholders as at the Latest Practicable Date (i.e. 70,000,000 Shares). In the content of this section, the number of Shares held by public Shareholders means the total issued share capital of the Company less the Shares held by the Offeror and parties acting in concert with it.

As illustrated in the table above, the average daily trading volume for the respective month/period during the Review Period ranged from approximately 1,905 Shares to approximately 1,451,895 Shares, representing approximately 0.001% to approximately 0.519% of the total number of the Shares in issue as at the Latest Practicable Date, or approximately 0.003% to approximately 2.074% of the total number of Shares held by public Shareholders as at the Latest Practicable Date.

Notwithstanding that the historical daily trading volume of the Shares is relatively thin, it is noted that the daily trading volume of the Shares surged since the publication of the Joint Announcement. The average daily trading volumes for the Pre-announcement Period and the period commencing from 11 June 2015 to the Latest Practicable Date (the "**Post-announcement Period**") were 54,944 Shares and 1,003,161 Shares, respectively. We believe that the significant increase in trading volume of the Shares during the Post-announcement Period was likely to be due to the market reaction to the possibility of the Offer as disclosed in the Joint Announcement. Although the trading volume of the Shares tended to be active during the Offer Period, the sustainability of the recent growth of the trading volume of the Shares after the Offer Period is uncertain.

Given that the trading volume of the Shares has been very thin during the Review Period, it is uncertain as to whether there would be sufficient liquidity in the Shares for the Independent Shareholders to dispose of a significant number of the Shares in the open market without depressing the Share price. Accordingly, the market trading price of the Shares may not necessarily reflect the proceeds that the Independent Shareholders can receive by the disposal of their Shares in the open market. Therefore, we are of the view that the Offer represents an opportunity for the Independent Shareholders, particularly for those who hold a large volume of the Shares, to dispose of part or all of their Shares at the Offer Price if they so wish to.

C. Conclusion

Notwithstanding that the Offer Price falls below the closing price of the Shares throughout the Review Period (except on 8 July 2015), having considered the facts that:

(i) the trading volume of the Shares has been very thin during the Review Period and it is uncertain as to whether there would be sufficient liquidity in the Shares for the Independent Shareholders to dispose of a significant number of the Shares in the open market without depressing the Share price;

(ii) the Offer Price of HK$1.2 per Offer Share represents a premium of approximately 2.24 times over the audited net asset value of the Group attributable to the Shareholders of approximately HK$0.37 per Share as at 31 December 2014; and

(iii) the Offer Price is equivalent to the lowest closing price of the Shares during the Review Period as recorded on 8 July 2015,

we are of the view that the Offer Price is fair and reasonable.

3. Information on the Offeror and the intention of the Offeror in relation to the Group

A. Information on the Offeror

As stated in the "Letter from Yu Ming" contained in the Composite Document, the Offeror is an investment holding company incorporated in Hong Kong with limited liability. Save for holding 25,000,000 Shares prior to Completion and the acquisition of the Sale Shares pursuant to the Sale and Purchase Agreement, the Offeror has not conducted any business since its incorporation. The directors of the Offeror are Mr. Tang Shing Bor and his son, Mr. Tang Yiu Sing. Mr. Tang Shing Bor is the sole ultimate beneficial owner of the Offeror. He has over 40 years' experience in property investment and development, and also has experiences in food and beverage industry, and retail industry in Hong Kong.

Despite the ultimate beneficial owner of the Offeror has extensive management experience in various industries in Hong Kong, he does not have direct experience in contact service business, in which the Group is engaged, and therefore we are of the view that there remains uncertainty on the future performance of the Group under the new controlling Shareholder (i.e. the Offeror).

B. Intentions of the Offeror to the business of the Group

As stated in the paragraph headed "Intentions of the Offeror regarding the Group" in the "Letter from Yu Ming" contained in the Composite Document, the Offeror intends to continue the existing businesses of the Group. As at the Latest Practicable Date, the Offeror had no plan to inject any assets or businesses into the Group or to procure the Group to acquire or dispose of any assets.

Immediately after the close of the Offer, the Offeror will conduct a review of the financial position and operations of the Group in order to formulate a long-term strategy for the Group and explore other business/investment opportunities for enhancing its future development and strengthening its revenue bases. As at the Latest Practicable Date, the Offeror had not identified such investment or business opportunities. Up to the Latest Practicable Date, the Offeror had not entered into any agreement, arrangement, understanding, intention or negotiation (concluded or otherwise) about any acquisition of business and/or assets, or disposal, termination or scaling-down of the Group's existing businesses or assets.

The Offeror has no intention to terminate the employment of any employees of the Group or to make significant changes to any employment (except for the proposed change of Board composition as detailed in the paragraph headed "Proposed Change of Composition of the Board" in the "Letter from Yu Ming" contained in the Composite Document and the resignations of Mr. Ling and Mr. Wong from their positions as directors of the relevant members of the Group) or to dispose of or re-allocate the Group's assets which are not in the ordinary and usual course of business of the Group.

C. Maintenance of the listing status of the Company

As stated in the "Letter from Yu Ming" contained in the Composite Document, the Offeror has no intention to privatise the Group and intends to maintain the listing of the Shares on the Stock Exchange following the close of the Offer. The directors of the Offeror and the new directors to be appointed to the Board have jointly and severally undertaken to the Stock Exchange that in the event that after the close of the Offer, the public float of the Company falls below 25%, they would take appropriate steps to restore the minimum public float as required under the GEM Listing Rules as soon as possible, to ensure that sufficient public float exists for the Shares.

OPINION AND RECOMMENDATION

In view of the above, we consider that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned. On such basis, we recommend the Independent Board Committee to advise the Independent Shareholders to accept the Offer. In view of the volatility of market conditions, those Independent Shareholders who intend to accept the Offer are strongly reminded to closely monitor the market price and the liquidity of the Shares during the Offer Period and should consider selling their Shares in the open market, instead of accepting the Offer, if the net proceeds from the sale of such Shares in the open market would exceed the net proceeds receivable under the Offer after having regard to the market price and the liquidity of the Shares.

For those Independent Shareholders who are attracted by and confident in the future prospects of the Group, given the background and future intention of the Offeror as detailed in the "Letter from Yu Ming" contained in the Composite Document and notwithstanding that no detailed business plan has been laid down by the Offeror, they may consider to retain their Shares in full or in part. We would like to remind the Independent Shareholders that if they consider retaining their Shares or tendering less than all their Shares under the Offer, they should carefully consider the potential difficulties they may encounter in disposing of their investments in the Shares after the close of the Offer in view of the historical low liquidity of the Shares and there is no guarantee that the prevailing level of the Share price will sustain during and after the Offer Period.

The Independent Shareholders are strongly advised that the decision to realise or to continue to hold their investments in the Shares is subject to individual circumstances and investment objectives. The Independent Shareholders are also reminded to read carefully the procedures for accepting the Offer, details of which are set out in Appendix I to the Composite Document and the accompanying Form of Acceptance and Transfer, if they wish to accept the Offer.

Yours faithfully,
For and on behalf of
Astrum Capital Management Limited
Hidulf Kwan
Executive Director

Note: Mr. Hidulf Kwan has been a responsible officer of Type 6 (advising on corporate finance) regulated activity under the SFO since 2006 and has participated in and completed various independent financial advisory transactions.

1. GENERAL PROCEDURES FOR ACCEPTANCE OF THE OFFER

To accept the Offer, you should complete and sign the accompanying Form of Acceptance and Transfer in accordance with the instructions printed thereon, which instructions form part of the terms of the Offer.

(a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Offer Share(s) is/are in your name, and you wish to accept the Offer whether in full or in part in respect of your Offer Shares, you must send the duly completed and signed Form of Acceptance and Transfer together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for not less than the number of Offer Shares in respect of which you intend to accept the Offer, by post or by hand, to the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, in an envelope marked "ETS Group Offer" as soon as possible after the receipt of this Composite Document but in any event not later than 4:00 p.m. on the Closing Date.

(b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Offer Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer whether in full or in part in respect of your Offer Shares, you must either:

(i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, and with instructions authorising it to accept the Offer on your behalf and request it to deliver the duly completed and signed Form of Acceptance and Transfer together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

(ii) arrange for the Offer Shares to be registered in your name by the Company through the Registrar, and deliver the duly completed and signed Form of Acceptance and Transfer together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

(iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited (which is normally one Business Day before the latest date on which acceptances of the Offer must be received by the Registrar). In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

(iv) if your Offer Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited (which is normally one Business Day before the latest date on which acceptances of the Offer must be received by the Registrar).

(c) If the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Offer Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Offer in respect of your Offer Shares, the Form of Acceptance and Transfer should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title in respect of your Offer Shares, you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

(d) If you have lodged transfer(s) of any of your Offer Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Offer Shares, you should nevertheless complete and sign the Form of Acceptance and Transfer and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to Yu Ming and/or the Offeror or their respective agent(s) to collect from the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar on your behalf, and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Registrar with the Form of Acceptance and Transfer.

(e) Acceptance of the Offer will be treated as valid only if the duly completed and signed Form of Acceptance and Transfer is received by the Registrar by no later than 4:00 p.m. on the Closing Date and the Registrar has recorded that the acceptance and the relevant documents as required under this paragraph have been so received, and is:

(i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Offer Shares; or

(ii) from a registered Shareholder or his/her/its personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Offer Shares which are not taken into account under another sub-paragraph of this paragraph (e)); or

(iii) certified by the Registrar or the Stock Exchange.

(f) If the Form of Acceptance and Transfer is executed by a person other than the Independent Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.

(g) Seller's ad valorem stamp duty for transfer of Offer Shares arising in connection with acceptances of the Offer will be payable by the relevant Independent Shareholders at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher. An amount equivalent to the aforesaid stamp duty will be deducted from the cash amount payable by the Offeror to such Independent Shareholder who accepts the Offer (where the stamp duty calculated includes a fraction of HK$1, the stamp duty would be rounded-up to the nearest HK$1). The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Independent Shareholders accepting the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

(h) No acknowledgement of receipt of any Form(s) of Acceptance and Transfer, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

2. ACCEPTANCE PERIOD AND REVISIONS

(a) Unless the Offer has previously been revised or extended with the consent of the Executive in accordance with the Takeovers Code, in order to be valid for the Offer, the Form of Acceptance and Transfer must be received by the Registrar by 4:00 p.m. on the Closing Date in accordance with the instructions printed on the relevant Form of Acceptance and Transfer, and the Offer will be closed on the Closing Date.

(b) The Offeror and the Company will jointly issue an announcement through the websites of the Stock Exchange no later than 7:00 p.m. on the Closing Date stating the results of the Offer and whether the Offer has been extended, revised or has expired.

(c) In the event that the Offeror decides to extend the Offer, an announcement of such extension will be published which will state either the next closing date of the Offer or that the Offer will remain open until further notice. In the latter case, at least 14 days' notice by way of announcement will be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer.

(d) If, in the course of the Offer, the Offeror revises the terms of the Offer, all Independent Shareholders, whether or not they have already accepted the Offer, will be entitled to the revised terms. The revised Offer must be kept open for at least 14 days following the date on which the revised offer document is posted.

(e) If the Closing Date is extended, any reference in this Composite Document and in the Form of Acceptance and Transfer to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the closing date of the Offer so extended.

3. ANNOUNCEMENT

(a) By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry of the Offer. The Offeror must publish an announcement on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating, amongst other information required under Rule 19.1 of the Takeovers Code, whether the Offer has been extended, revised or has expired.

Such announcement must state the following:

(i) the total number of Shares and rights over Shares for which acceptances of the Offer have been received;

(ii) the total number of Shares and rights over Shares held, controlled or directed by the Offeror or parties acting in concert with it before the commencement date of the Offer Period;

(iii) the total number of Shares and rights over Shares acquired or agreed to be acquired by the Offeror or parties acting in concert with it during the Offer Period;

(iv) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or any parties acting in concert with it has borrowed or lent, save for any borrowed shares which have been either on-lent or sold; and

(v) the percentages of the relevant classes of share capital of the Company and the percentages of voting rights of the Company represented by these numbers of shares.

(b) In computing the total number of Shares represented by acceptances, acceptances which are not in all respects in complete and good order may only be included where they could be counted towards fulfilling the acceptance conditions under paragraphs (1)(e) and (1)(f) of this Appendix.

4. RIGHT OF WITHDRAWAL

(a) Acceptance of the Offer tendered by the Independent Shareholders or by their agent(s) on their behalf shall be irrevocable and cannot be withdrawn, except in the circumstances set out in subparagraph (b) below.

(b) If the Offeror is unable to comply with the requirements set out in paragraph 3 of this Appendix headed "Announcement" above, the Executive may require, pursuant to Rule 19.2 of the Takeovers Code, that the Independent Shareholders who have tendered acceptances to the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements of Rule 19 of the Takeovers Code can be met.

In such case, when the Independent Shareholders withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form of Acceptance and Transfer to the relevant Independent Shareholder(s).

5. SETTLEMENT OF THE OFFER

Provided that the accompanying Form of Acceptance and Transfer of the Offer Shares, together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are valid, complete and in good order in all respects and have been received by the Registrar by no later than 4:00 p.m. on the Closing Date, a cheque for the amount representing the cash consideration due to each of the accepting Independent Shareholders in respect of the Offer Shares tendered under the Offer (after deducting the seller's ad valorem stamp duty payable by such Independent Shareholder) will be despatched to each accepting Independent Shareholder by ordinary post at such Shareholder's own risk as soon as possible, but in any event within 7 Business Days after the date of receipt by the Registrar of all relevant documents which render such acceptance complete and valid in compliance with Note 1 to Rule 30.2 of the Takeovers Code.

Settlement of the consideration to which any accepting Independent Shareholders is entitled under the Offer will be implemented by the Offeror in full in accordance with the terms of the Offer (save with respect to the payment of seller's ad valorem stamp duty) set out in this Composite Document (including this Appendix) and the accompanying Form of Acceptance and Transfer without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Independent Shareholders.

No fraction of a cent will be payable and the amount of consideration payable to an Independent Shareholder who accepts the Offer will be rounded up to the nearest cent.

6. OVERSEAS SHAREHOLDERS

The Offer is in respect of securities of a company incorporated in the Cayman Islands and is subject to the procedural and disclosure requirements of Hong Kong which may be different from other jurisdictions. Overseas Shareholders who wish to participate in the Offer but with a registered address outside Hong Kong are subject to, and may be limited by, the laws and regulations of their respective jurisdictions in connection with their participation in the Offer. Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should, before taking any action as to the Offer, obtain information about and observe relevant applicable legal or regulatory requirements and, where necessary, seek legal advice in respect of the Offer. It is the responsibility of Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental, exchange control or other consent and any registration or filing which may be required or the compliance with other necessary formalities, regulatory and/or legal requirement and the payment of any transfer or other taxes due in respect of such jurisdictions).

Any acceptance of the Offer by any Overseas Shareholder will be deemed to constitute a representation and warranty from such Overseas Shareholder to the Offeror that the local laws and requirements have been complied with and such

Overseas Shareholder is permitted under all applicable laws to receive and accept the Offer, and such acceptance shall be valid and binding in accordance with all applicable laws. Overseas Shareholders should consult their professional advisers if in doubt.

7. TAX IMPLICATIONS

None of the Offeror, the Offeror's ultimate beneficial owner, the Company and parties acting in concert with any of them, Yu Ming, Astrum, the Registrar or any of their respective directors or any persons involved in the Offer is in a position to advise the Independent Shareholders on their individual tax implications. Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. It is emphasised that none of the Offeror, the Offeror's ultimate beneficial owner, the Company and parties acting in concert with any of them, Yu Ming, Astrum, the Registrar or any of their respective directors, officers or associates or any persons involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any person or persons as a result of their acceptance or rejection of the Offer.

8. GENERAL

(a) All communications, notices, Forms of Acceptance and Transfer, Share certificate(s), transfer receipt(s) and other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Offeror, the Offeror's ultimate beneficial owner, the Company and parties acting in concert with any of them, Yu Ming, Astrum, the Registrar or any of their respective directors, officers or associates or any persons involved in the Offer accepts any liability for any loss in postage or delay in transmission of such documents and remittances or any other liabilities whatsoever which may arise as a result.

(b) Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror that the Offer Shares tendered under the Offer are sold by such person or persons free from all Encumbrances and together with all rights attaching to them or subsequently becoming attached to them, including the rights to receive in full all dividends and other distributions, if any, declared, made or paid by reference to a record date on or after the date on which the Offer is made, being the date of dispatch of this Composite Document.

(c) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Offer Shares in respect of which it is indicated in the Form of Acceptance and Transfer is the aggregate number of Offer Shares held by such nominee for such beneficial owners who accept the Offer.

(d) The provisions set out in the accompanying Form of Acceptance form part of the terms of the Offer.

(e) The accidental omission to despatch this Composite Document and the accompanying Form of Acceptance and Transfer or either of them to any person to whom the Offer is made shall not invalidate the Offer in any way.

(f) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong. Execution of a Form of Acceptance and Transfer by or on behalf of an Independent Shareholder will constitute such Independent Shareholder's agreement that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute which may arise in connection with the Offer.

(g) Due execution of the Form of Acceptance and Transfer in compliance with Note 1 to Rule 30.2 of the Takeovers Code will constitute an authority to the Offeror, Yu Ming or such person or persons as any of them may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offer, and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such other person or persons as it may direct, all the rights of the accepting Independent Shareholders in respect of the Offer Shares which are subject to such acceptance.

(h) The Offer is made in accordance with the Takeovers Code.

(i) References to the Offer in this Composite Document and the Form of Acceptance and Transfer shall include any extension and/or revision of the Offer.

(j) In making their decision, the Independent Shareholders must rely on their own examination of the Offeror, the Company and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Acceptance and Transfer are not to be construed as any legal or business advice. Independent Shareholders should consult their own professional advisers for professional advice.

(k) The English text of this Composite Document and of the accompanying Form of Acceptance and Transfer shall prevail over their respective Chinese text for the purpose of interpretation.

1. THREE-YEAR SUMMARY OF FINANCIAL INFORMATION

The following is a summary of the audited financial results of the Group for each of three years ended 31 December 2014 as extracted from the annual reports of the Company for the year ended 31 December 2014 and 2013 and the unaudited financial results of the Group for the three months ended 31 March 2015 and 2014 as extracted from the quarterly report of the Company for the three months ended 31 March 2015.

	For the three months ended 31 March		For the year ended 31 December		
	2015	**2014**	**2014**	**2013**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	*(Unaudited)*	*(Audited)*	*(Audited)*	*(Audited)*
Revenue	34,030	41,730	176,044	169,741	164,619
Profit before tax	2,416	4,109	15,767	31,258	16,020
Income tax (expense)	(510)	(888)	(1,384)	(5,584)	(1,833)
Profit for the period/year	1,906	3,131	14,383	25,674	14,187
Profit for the period/year attributable to owners of the Company	1,906	3,131	14,335	25,722	14,187
Dividend	–	–	6,160	6,720	8,960
Dividend per share	–	–	HK2.2 cents	HK2.4 cents	HK 3.2 cents
Basic and diluted Earnings per share:	HK$0.68 cents	HK$1.12 cents	HK5.1 cents	HK9.2 cents	HK5.1 cents.

The Group had no minority interest and no exceptional items because of size, nature or incidence during each of the three financial years ended 31 December 2012, 2013 and 2014 and the three months ended 31 March 2014 and 2015.

The auditors' reports issued by HLB Hodgson Impey Cheng Limited in respect of each of the three financial years ended 31 December 2012, 2013 and 2014 did not contain any qualifications.

2. FINANCIAL INFORMATION OF THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2014

Set out below is the full text of the audited consolidated financial statements of the Company for the year ended 31 December 2014 extracted from the annual report of the Company for the year ended 31 December 2014.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Note	2014 HK$'000	2013 HK$'000
Revenue	5	176,044	169,741
Other income	6	971	591
Other losses – net	7	(150)	(19)
Employee benefits expenses	8	(101,169)	(94,077)
Depreciation and amortization		(9,589)	(7,712)
Other operating expenses		(49,681)	(36,505)
Operating profit		16,426	32,019
Finance costs	9	(659)	(758)
Share of loss of an associate accounted for using the equity method	18	–	(3)
Profit before tax	10	15,767	31,258
Income tax expense	11	(1,384)	(5,584)
Profit for the year		14,383	25,674
Other comprehensive income for the year			
Item that may be reclassified subsequently to profit or loss:			
Currency translation differences on translating foreign operations		(48)	48
Total comprehensive income for the year		14,335	25,722
Profit attributable to owners of the Company		14,335	25,722
Total comprehensive income attributable to owners of the Company		14,335	25,722
Earnings per share attributable to owners of the Company – Basic and diluted (HK cents)	12	5.1	9.2

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Note	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment	16	7,628	10,473
Intangible assets	17	9,706	20,817
Investment in an associate	18	–	–
Deferred income tax assets	27	874	788
		18,208	32,078
Current assets			
Trade and other receivables	19	65,617	46,408
Financial assets designated as at fair value through profit or loss	20	7,626	4,802
Amount due from an associate	18	4,959	1,121
Amounts due from related companies	21	2,299	3,882
Pledged bank deposits	22	4,777	4,768
Current income tax recoverable		743	–
Cash and cash equivalents	23	17,121	34,539
		103,142	95,520
Current liabilities			
Trade and other payables	24	12,114	19,061
Borrowings	25	3,930	7,060
Amounts due to related companies	26	–	353
Current income tax liabilities		–	2,345
		16,044	28,819
Net current assets		87,098	66,701
Total assets less current liabilities		105,306	98,779
Non-current liabilities			
Deferred income tax liabilities	27	517	2,165
Net assets		104,789	96,614
Equity attributable to the owners of the Company			
Share capital	28	2,800	2,800
Share premium	28	25,238	25,238
Reserves	30	76,751	68,576
Total equity		104,789	96,614

STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Note	2014 HK$'000	2013 HK$'000
Non-current assets			
Investments in subsidiaries	15	40,151	40,151
Current assets			
Other receivables	19	14,105	103
Amounts due from subsidiaries	15	35,675	42,642
Cash and cash equivalents	23	11,279	13,834
		61,059	56,579
Current liabilities			
Other payables	24	2,578	918
Amounts due to subsidiaries	15	18,385	9,502
Current income tax liabilities		74	847
		21,037	11,267
Net current assets		40,022	45,312
Net assets		80,173	85,463
Equity attributable to the owners of the Company			
Share capital	28	2,800	2,800
Share premium	28	25,238	25,238
Reserves	30	52,135	57,425
Total equity		80,173	85,463

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Attributable to owners of the Company					
	Share capital HK$'000 (Note 28)	**Share premium** HK$'000 (Note 28)	**Merger reserve** HK$'000 (Note 30)	**Translation** HK$'000	**Retained profits** HK$'000	**Total equity** HK$'000
Balance as at 1 January 2013	2,800	25,238	25,624	–	22,830	76,492
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 *(Note 14)*	–	–	–	–	(5,600)	(5,600)
Balance as at 31 December 2013 and 1 January 2014	2,800	25,238	*25,624	*48	*42,904	96,614
Profit for the year	–	–	–	–	14,383	14,383
Other comprehensive income						
Currency translation differences	–	–	–	68	–	68
Disposal of subsidiaries	–	–	–	(116)	–	(116)
Total comprehensive income for the year	–	–	–	(48)	14,383	14,335
Dividends paid *(Note 14)*	–	–	–	–	(6,160)	(6,160)
Balance as at 31 December 2014	**2,800**	**25,238**	***25,624**	***–**	***51,127**	**104,789**

* These reserve accounts comprise the consolidated reserves of approximately HK$76,751,000 (2013: HK$68,576,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	Note	2014 HK$'000	2013 HK$'000
Cash flows from operating activities			
Profit before tax		15,767	31,258
Adjustments for:			
Interest income		(886)	(519)
Interest expense		659	758
Depreciation and amortization		9,589	7,712
Gain on disposal of subsidiaries	33	(791)	–
Loss on disposal of property, plant and equipment		–	17
Share of loss of an associate		–	3
Fair value loss/(gain) on financial assets designated as at fair value through profit or loss		455	(17)
Operating cash flows before changes in working capital		24,793	39,212
Trade and other receivables		(3,492)	(3,072)
Amount due from an associate		(3,838)	(1,121)
Amounts due from related companies		(3,976)	(760)
Financial assets designated as at fair value through profit or loss		(3,279)	(1,546)
Amounts due to related companies		(335)	(13,428)
Trade and other payables		(278)	(1,970)
Cash generated from operations		9,595	17,315
Income tax paid		(5,727)	(2,380)
Net cash generated from operating activities		3,868	14,935
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	32	–	555
Disposal of subsidiaries, net of cash proceeds	33	(2,344)	–
Interest received		886	519
(Increase)/Decrease in pledged bank deposits		(9)	4,993
Additions of intangible assets		(3,650)	(7,797)
Payment for acquisition of an associate		–	(3)
Purchase of property, plant and equipment		(6,292)	(6,273)
Net cash used in investing activities		(11,409)	(8,006)
Cash flows from financing activities			
Dividends paid		(6,160)	(5,600)
Interest paid		(659)	(758)
Proceeds from bank borrowings		81,361	99,121
Repayment of bank borrowings		(84,491)	(105,602)
Net cash used in financing activities		(9,949)	(12,839)
Net decrease in cash and cash equivalents		(17,490)	(5,910)
Effect of foreign exchange rate changes, net		72	46
Cash and cash equivalents at the beginning of the year		34,539	40,403
Cash and cash equivalents at the end of the year	23	17,121	34,539

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

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 Growth Enterprises Market of The Stock Exchange of Hong Kong Limited (the "GEM") with effect from 9 January 2012.

As at 31 December 2014, 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 consolidated financial statements have been approved for issued by the Board of Directors on 19 March 2015.

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 Rules Governing the Listing of Securities on the GEM 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 consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

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. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2.1.1 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 2014:

Amendments to HKFRS 10, "Consolidated Financial Statements" include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The amendments have had no impact on the Group as the Company does not qualify as an investment entity as defined in HKFRS 10.

Amendment to HKAS 32, "Financial Instruments: Presentation" on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the Group financial statements.

Amendments to HKAS 36, "Impairment of Assets", on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of cash-generating units ("CGU") which had been included in HKAS 36 by the issue of HKFRS 13.

HK(IFRIC) 21, "Levies", sets out the accounting for an obligation to pay a levy if that liability is within the scope of HKAS 37 "Provisions". The interpretation addresses what the obligating event is that gives rise to the payment a levy and when a liability should be recognized. The Group is not currently subjected to significant levies so the impact on the Group is not material.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2014 are not material to the Group.

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

(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 2014, 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. The complete version of HKFRS 9 was issued in July 2014. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the "hedged ratio" to be the same as the one management actually use for risk management purposes.

Contemporaneous documentation is still required but is different to that currently prepared under HKAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess HKFRS 9's full impact.

HKFRS 15, "Revenue from Contracts with Customers", deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Group is assessing the impact of HKFRS 15.

There are no other HKFRSs or HK(IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the statement of profit or loss and other comprehensive income.

Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions (that is, as transactions with the owners of the subsidiary in their capacity as owners). The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognized in the consolidated statement of profit or loss and other comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to "share of profit of investments accounted for using equity method" in the consolidated statement of profit or loss and other comprehensive income.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognized in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in associates are recognized in the consolidated statement of profit or loss and other comprehensive income.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars (HK$), which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of profit or loss and other comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

All foreign exchange gains and losses are presented in the consolidated statement of profit or loss and other comprehensive income within "Other losses – net".

Changes in the fair value of debt securities denominated in foreign currency classified as available-for-sale are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortized cost are recognized in profit or loss, and other changes in carrying amount are recognized in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale, are included in other comprehensive income.

(c) Group companies

The results and financial position of all the Group's entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of reporting period;

(ii) income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting currency translation differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognized in other comprehensive income.

(d) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2.6 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

— Leasehold improvements	: Over the term of the lease or 5 years, whichever is shorter
— Furniture and fixtures	: 5 years
— Computer equipment	: 3 years
— Computer software	: 5 years
— Electronic and office equipment	: 5 years
— Motor vehicles	: 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount Note 2.8.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other losses – net" in the consolidated statement of profit or loss and other comprehensive income.

2.7 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed.

(b) Internally generated software development costs

Costs associated with maintaining computer software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use or sale;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Computer software development costs recognized as assets are amortized over their estimated useful lives, which does not exceed four years.

2.8 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Financial assets

2.9.1 Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables", "amount due from an associate", "amounts due from related companies", "pledged bank deposits" and "cash and cash equivalents" in the consolidated statement of financial position.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

2.9.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognized on the trade-date (the date on which the Group commits to purchase or sell the asset). Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the consolidated statement of profit or loss and other comprehensive income. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the consolidated statement of profit or loss and other comprehensive income within "Other losses – net" in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the consolidated statement of profit or loss and other comprehensive income as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognized in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the consolidated statement of profit or loss and other comprehensive income.

Interest on available-for-sale securities calculated using the effective interest method is recognized in the consolidated statement of profit loss and other comprehensive income as part of other income. Dividends on available-for-sale equity instruments are recognized in the consolidated statement of profit or loss and other comprehensive income as part of other income when the Group's right to receive payments is established.

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.11 Impairment of financial assets

(a) Assets carried at amortized cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated statement of profit or loss and other comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated statement of profit or loss and other comprehensive income.

(b) Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, if any such evidence exists the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss) is removed from equity and recognized in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the consolidated statement of profit or loss and other comprehensive income.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss) is removed from equity and recognized in profit or loss. Impairment losses recognized in the consolidated statement of profit or loss and other comprehensive income on equity instruments are not reversed through the consolidated statement of profit or loss and other comprehensive income.

2.12 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less allowance for impairment.

2.13 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the consolidated and entity statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

2.14 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.15 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.16 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.17 Borrowing costs

All borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.18 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the consolidated statement of profit or loss and other comprehensive income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries and associate, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognized.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries and associates only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.19 Employee benefits

(a) Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefits expenses when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(c) Profit-sharing and bonus plans

The Group recognizes a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.20 Share-based payments

(a) Equity-settled share-based payment transactions

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);

- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and

- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated statement of profit or loss and other comprehensive income, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognizing the expense during the period between service commencement period and grant date.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

(b) Share-based payment transactions among group entities

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognized over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

2.21 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.22 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for the sales of goods and services provided, stated net of discounts returns and value added taxes. The Group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

(a) Service fee income from provision of telecommunication and related services is recognized upon the rendering of the relevant services.

(b) Revenue from the sales of systems and software is recognized on the transfer of the significant risks and rewards of ownership of products, which generally coincides with the time when the products are delivered to customers and titles have passed.

(c) Licence fee income is recognized in accordance with the relevant agreements.

(d) System maintenance income is recognized upon the rendering of the relevant services.

2.23 Interest income

Interest income is recognized using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognized using the original effective interest rate.

2.24 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

2.25 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, price risk, cash flow interest rate risk and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign currency risk

Foreign currency risk mainly arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

The management of the Group considers the foreign exchange risk of the Group is not significant, and thus does not have any active policies to hedge against the foreign exchange risk.

(ii) Price risk

Equity price risk is the risk that the fair values of investment decrease as a result of changes in the levels of equity indices and the value of individual investment. The Group is exposed to price risk arising from investments classified as financial assets designated as at fair value through profit or loss (Note 20).

The following table demonstrates the sensitivity to every 5% change in the fair value of the investment, with all other variables held constant and before any impact on tax, based on their carrying amount at the end of the reporting period.

	Carrying amount of investment	Increase/ (Decrease) in profit before tax	Increase/ (Decrease) in equity
	HK$'000	*HK$'000*	*HK$'000*
As at 31 December 2014			
Unlisted investment at fair value			
– Financial assets designated as at fair value through profit or loss			
5% increase in fair value	381	381	381
5% decrease in fair value	(381)	(381)	(381)

	Carrying amount of investment	Increase/ (Decrease) in profit before tax	Increase/ (Decrease) in equity
	HK$'000	*HK$'000*	*HK$'000*
As at 31 December 2013			
Unlisted investment at fair value			
– Financial assets designated as at fair value through profit or loss			
5% increase in fair value	240	240	240
5% decrease in fair value	(240)	(240)	(240)

(iii) Cash flow and fair value interest rate risk

The Group's fair value interest rate risk relates primarily to fixed-rate borrowings, while the Group's cash flow interest rate risk relates primarily to variable-rate borrowings. It is the Group's policy to keep its borrowings at floating rate of interests so as to minimize the fair value interest rate risk. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the Hong Kong dollar prime rate arising from the Group's Hong Kong dollar denominated bank borrowings.

The Group currently does not have a formal interest rate hedging policy in relation to cash flow and fair value interest rate risks as the management considers that such risks are insignificant to the Group. The management monitors the Group's exposure on an ongoing basis and will consider hedging the interest rate should the need arise.

If interest rates had been 100 basis points higher/lower with all other variables held constant, the Group's profit before taxation would have been decreased/increased by approximately HK$39,000 (2013: HK$71,000). The sensitivity analysis has been determined assuming that the change in interest rates had occurred throughout the year end had been applied to the exposure to interest rate risk for bank borrowings in existence at the end of the reporting period. The 100 basis points decreased/increased represents management's assessment of a reasonably possible change in those interest rates which have the most impact on the Group over the period until the end of next reporting period.

(b) Credit risk

The Group reviews the recoverability of its trade receivables periodically to ensure that potential credit risk of the counterparty is managed at an early stage and sufficient provision is made for possible defaults. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise other receivables, financial assets designated as at fair value through profit or loss, amount due from an associate, amounts due from related companies, pledged bank deposits and cash and cash equivalents, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

As at 31 December 2014, the Group has certain concentrations of credit risk as 22% and 54% (2013: 17% and 62%) of the Group's trade receivables were due from the Group's largest customer and the Group's five largest customers, respectively. Further quantitative data in respect of the Group's exposure to credit risk arising from trade and other receivables are disclosed in Note 19.

(c) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors. The Group manages liquidity risk by maintaining adequate reserves and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below analyzes the Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted payments. Balances due within 12 months equal their carrying amounts, as the impact of discounting is not significant.

Specifically, for term loans which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the Group can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect. The maturity analysis for other bank borrowings is prepared based on the scheduled repayment dates.

	On demand or within 1 year HK$'000	More than 1 year but less than 5 years HK$'000	Total HK$'000
As at 31 December 2014			
Trade and other payables excluding non-financial liabilities	10,463	–	10,463
Borrowings			
– Term loan subject to a repayable on demand clause	4,016	–	4,016
	14,479	–	14,479

	On demand or within 1 year HK$'000	More than 1 year but less than 5 years HK$'000	Total HK$'000
As at 31 December 2013			
Trade and other payables excluding non-financial liabilities	17,042	–	17,042
Borrowings			
– Term loan subject to a repayable on demand clause	7,263	–	7,263
	24,305	–	24,305

The following table summarizes the maturity analysis of term loans with a repayment on demand clause based on agreed scheduled repayments as set out in the loan agreements. Taking into account the Group's financial position, the directors of the Company do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors of the Company believe that such term loans will be repaid in accordance with the scheduled repayment dates as set out in the loan agreements.

	On demand or within 1 year HK$'000	More than 1 year but less than 5 years HK$'000	Total HK$'000
As at 31 December 2014			
Borrowings – Term loan subject to a repayable on demand clause	3,000	1,016	4,016
As at 31 December 2013			
Borrowings – Term loan subject to a repayable on demand clause	4,892	2,371	7,263

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, raise new debt financing or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt comprises total debt (including trade and other payables, borrowings and amounts due to related companies as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital comprises all components of equity (including share capital, share premium and reserves as shown in the consolidated statement of financial position) plus net debt.

The gearing ratios of the Group are as follows:

	2014	**2013**
	HK$'000	*HK$'000*
Total debt	16,044	26,474
Less: cash and cash equivalents	(17,121)	(34,539)
Net debt	–	–
Total equity	104,789	96,614
Total capital	104,789	96,614
Gearing ratio	N/A	N/A

3.3 Fair value estimation

The following table below analyzes financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2014.

	Level 1	Level 2	Level 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets				
Financial assets designated as at fair value through profit or loss				
– Unlisted investment designated as at fair value through profit or loss	–	7,626	–	7,626

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2013.

	Level 1	Level 2	Level 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets				
Financial assets designated as at fair value through profit or loss				
– Unlisted investment designated as at fair value through profit or loss	–	4,802	–	4,802

There were no significant transfers of financial assets between Level 1 and Level 2 fair value hierarchy classifications and no transfers into or out of Level 3 during the year.

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

3.4 Financial instruments by category – Group and Company

(a) *Group*

	2014	2013
	HK$'000	*HK$'000*
Assets as per statement of financial position		
Financial assets designated as at fair value through profit or loss	7,626	4,802
Loans and receivables:		
– Trade and other receivables excluding prepayments	65,092	42,929
– Amount due from an associate	4,959	1,121
– Amounts due from related companies	2,299	3,882
– Pledged bank deposits	4,777	4,768
– Cash and cash equivalents	17,121	34,539
	101,874	92,041

	2014	2013
	HK$'000	*HK$'000*
Liabilities as per statement of financial position		
At amortized costs:		
– Trade and other payables excluding non-financial liabilities	10,463	17,042
– Borrowings	3,930	7,060
– Amounts due to related companies	–	353
	14,393	24,455

(b) *Company*

	2014	2013
	HK$'000	*HK$'000*
Assets as per statement of financial position		
Loans and receivables:		
– Other receivables excluding prepayments	13,965	–
– Amounts due from subsidiaries	35,675	42,642
– Cash and cash equivalents	11,279	13,834
	60,919	56,476

	2014	2013
	HK$'000	*HK$'000*
Liabilities as per statement of financial position		
At amortized costs:		
– Other payables excluding non-financial liabilities	2,578	918
– Amounts due to subsidiaries	18,385	9,502
	20,963	10,420

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Income taxes

The Group is subject to income tax in Hong Kong and the PRC. Significant judgment is required in determining the amount of the provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred income tax provisions in the period in which such determination is made.

Estimated recoverability of trade and other receivables

The Group's management determines the provision for impairment of trade and other receivables based on ongoing assessment of the recoverability of the receivables. This assessment is based on the credit history of its customers and other debtors and current market conditions, and requires the use of judgments and estimates. Management reassesses the provision for impairment of trade and other receivables at the end of the reporting period.

Impairment of capitalized software development costs

Determining whether capitalized software development costs are impaired requires an estimation of the recoverable amount determined by the value in use of the capitalized software development costs. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the capitalized software development costs and a suitable discount rate in order to calculate the present value. The Group carries out an impairment review assessment on the capitalized software development costs at the end of the reporting period and no impairment charge is made for the year.

Useful life and residual value of property, plant and equipment

The management determines the residual value, useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual residual value and useful lives of property, plant and equipment of similar nature and functions and may vary significantly as a result of technical innovation and keen competition from competitors, resulting in higher depreciation charge and/or write-off or write-down of technically obsolete assets when residual value or useful lives are less than previously estimated.

5. SEGMENT INFORMATION AND REVENUE

The directors of the Company 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, sales of system and software and system maintenance.

The segment information provided to the board of directors for the reportable segments for the years ended 31 December 2013 and 2014 are as follows:

For the year ended 31 December 2014

	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	13,448	56,965	29,051	29,686	7,305	136,455
PRC	18,418	16,388	4,027	61	695	39,589
	31,866	73,353	33,078	29,747	8,000	176,044
Segment results						
Hong Kong	2,094	8,003	5,510	8,746	5,140	29,493
PRC	2,205	1,009	711	9	160	4,094
	4,299	9,012	6,221	8,755	5,300	33,587
Depreciation and amortization	993	2,789	–	3,926	1,099	8,807
Total segment assets						
Hong Kong	6,303	22,789	7,131	15,447	7,570	59,240
	6,303	22,789	7,131	15,447	7,570	59,240
Total segment assets includes:						
Additions to non-current assets (other than financial instruments)	261	1,523	–	2,480	1,271	5,535
Total segment liabilities						
Hong Kong	77	2,838	1,524	291	500	5,230
	77	2,838	1,524	291	500	5,230

For the year ended 31 December 2013

	Outsourcing inbound contact service	Outsourcing outbound contact service	Staff insourcing service	Contact service centre facilities management service	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'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
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

There were no inter-segment sales during the year ended 31 December 2014. The revenue from external parties reported to the Company's 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 results to profit before tax is as follows:

	2014	2013
	HK$'000	*HK$'000*
Segment results for reportable segments	33,587	46,505
Unallocated:		
Other income	971	591
Other losses – net	(150)	(19)
Depreciation and amortization	(782)	(379)
Finance costs	(659)	(758)
Share of loss of an associate	–	(3)
Corporate and other unallocated expenses	17,200	(14,679)
Profit before tax	15,767	31,258

The amounts provided to the Company's 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:

	2014	2013
	HK$'000	*HK$'000*
Segment assets for reportable segments	59,240	65,992
Unallocated:		
Property, plant and equipment	749	1,458
Financial assets designated as at fair value through profit or loss	7,626	4,802
Current income tax recoverable	743	–
Deferred income tax assets	874	788
Corporate and other unallocated assets	52,118	54,558
Total assets per consolidated statement of financial position	121,350	127,598

The amounts provided to the Company's 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:

	2014	2013
	HK$'000	*HK$'000*
Segment liabilities for reportable segments	5,230	7,632
Unallocated:		
Deferred income tax liabilities	517	2,165
Current income tax liabilities	–	2,345
Borrowings	3,930	7,060
Corporate and other unallocated liabilities	6,884	11,782
Total liabilities per consolidated statement of financial position	16,561	30,984

Breakdown of the revenue from all services is as follows:

Analysis of revenue by category

	2014	2013
	HK$'000	*HK$'000*
Service fee income from provision of telecommunication and related services	168,044	163,383
Licence fee income	–	160
Sales of system and software	6,446	4,949
System maintenance income	1,554	1,249
	176,044	169,741

The Company is domiciled in the Cayman Islands with the Group's major operations located in Hong Kong. The result of its revenue from external customers in Hong Kong is HK$136,455,000 (2013: HK$150,319,000), and the total of revenue from external customers from other countries is HK$39,589,000 (2013: HK$19,422,000). 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$17,334,000 (2013: HK$30,241,000), and none of these non-current assets is located in other countries (2013: HK$1,049,000).

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:

	2014	2013
	HK$'000	*HK$'000*
Customer A	28,395	26,777
Customer B	25,013	N/A [1]
Customer C	20,701	20,347
Customer D	N/A [1]	23,565
Customer E	N/A [1]	18,408
	74,109	89,097

[1] The corresponding revenue did not contribute to 10% or more of the total revenues of the Group for the year ended 31 December 2013 and 2014.

6. OTHER INCOME

	2014	2013
	HK$'000	*HK$'000*
Interest income from bank deposits	886	519
Sundry income	85	72
	971	591

7. OTHER LOSSES – NET

	2014	2013
	HK$'000	*HK$'000*
Financial assets designated as at fair value through profit or loss *(Note 20)*		
– Fair value (loss)/gain	(455)	17
Net foreign exchange losses	(486)	(36)
Gain on disposal of subsidiaries *(Note 33)*	791	–
	(150)	(19)

8. EMPLOYEE BENEFITS EXPENSES

	2014	2013
	HK$'000	*HK$'000*
Salaries and allowances	99,376	96,964
Pension costs – defined contribution plans	5,443	4,910
Total employee benefits expenses, including directors' remuneration	104,819	101,874
Less: Amounts capitalized in deferred development costs	(3,650)	(7,797)
	101,169	94,077

(a) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive for the year ended 31 December 2014 is set out below:

Name of director	Fees	Salary	Discretionary bonus	Other benefits	Employer's contribution to pension schemes	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors						
Mr. Ling Chiu Yum	–	1,800	341	–	17	2,158
Mr. Wong Wai Hon Telly	–	1,896	360	–	17	2,273
Ms. Chang Men Yee Carol *(Note i)*	–	1,800	341	–	92	2,233
Mr. Suen Fuk Hoi	–	600	114	–	17	731
Mr. Phung Nhuong Giang *(Note ii)*	–	746	130	–	–	876
Independent non-executive directors						
Mr. Wong Sik Kei	82	–	–	–	–	82
Mr. Ngan Chi Keung	82	–	–	–	–	82
Mr. Yung Kai Tai *(Note iii)*	82	–	–	–	–	82
	246	6,842	1,286	–	143	8,517

The remuneration of every director and the chief executive for the year ended 31 December 2013 is set out below:

Name of director	Fees	Salary	Discretionary bonus	Other benefits	Employer's contribution to pension schemes	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors						
Mr. Ling Chiu Yum	–	1,800	–	–	15	1,815
Mr. Wong Wai Hon Telly	–	1,896	–	–	15	1,911
Ms. Chang Men Yee Carol *(Note i)*	–	1,800	–	–	90	1,890
Mr. Suen Fuk Hoi	–	600	–	–	15	615
Mr. Phung Nhuong Giang *(Note ii)*	–	684	–	–	–	684
Independent non-executive directors						
Mr. Wong Sik Kei	82	–	–	–	–	82
Mr. Ngan Chi Keung	82	–	–	–	–	82
Mr. Phung Nhuong Giang *(Note ii)*	7	–	–	–	–	7
Mr. Yung Kai Tai *(Note iii)*	82	–	–	–	–	82
	253	6,780	–	–	135	7,168

Notes:

(i) Ms. Chang Men Yee Carol is also the chief executive officer of the Group.

(ii) Re-designated from an independent non-executive director to an executive director on 1 February 2013.

(iii) Appointed on 1 February 2013.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include five (2013: five) directors whose emoluments are reflected in the analysis presented above.

No emoluments were paid by the Group to any of the Company's directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office (2013: Nil). None of the Company's directors waived any emoluments during the year ended 31 December 2014 (2013: Nil).

9. FINANCE COSTS

	2014	**2013**
	HK$'000	*HK$'000*
Interest on bank borrowings and bank overdrafts wholly repayable within five years	659	758

10. PROFIT BEFORE TAX

	2014	**2013**
	HK$'000	*HK$'000*
Profit before tax is stated after charging:		
Depreciation and amortization		
Depreciation of owned property, plant and equipment	4,653	3,448
Amortization of intangible assets	4,936	4,264
Total depreciation and amortization	9,589	7,712
Auditors' remuneration	926	900
Operating lease payments in respect of rented premises	10,828	10,425
Loss on disposal of property, plant and equipment	–	17
Research and development costs	4,936	4,264

11. 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 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.

	2014	2013
	HK$'000	*HK$'000*
Current tax:		
Current tax on profits for the year	2,562	3,660
Adjustments in respect of prior years	538	288
Total current tax	3,100	3,948
Deferred income tax *(Note 27)*	(1,716)	1,636
Income tax expense	1,384	5,584

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2014	2013
	HK$'000	*HK$'000*
Profit before tax	15,767	31,258
Tax calculated at domestic tax rates applicable to profits in the respective countries	2,695	5,786
Tax effects of:		
– Income not subject to tax	(362)	(171)
– Expenses not deductible for tax purposes	359	27
– Tax effect of temporary differences not recognized	(1,391)	(262)
– Adjustments in respect of prior years	538	288
– Tax losses for which no deferred income tax asset was recognized	65	526
– Utilization of previous unrecognized tax losses	(696)	(70)
– Others	176	(540)
Tax charge	1,384	5,584

12. 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 (2013: 280,000,000 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 2013 and 2014.

13. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The profit attributable to the owners of the Company is dealt with in the financial statements of the Company to the extent of approximately HK$870,000 (2013: HK$21,500,000).

14. DIVIDENDS

	2014	**2013**
	HK$'000	*HK$'000*
Interim dividend paid of HK0.7 cents (2013: HK0.9 cents) per ordinary share	1,960	2,520
Proposed final dividend of HK1.5 cents (2013: HK1.5 cents) per ordinary share	4,200	4,200
	6,160	6,720

The dividends paid in 2013 and 2014 were HK$5,600,000 (HK2.0 cents per ordinary shares) and HK$6,160,000 (HK2.2 cents per ordinary shares) respectively.

At a meeting held on 19 March 2015, the board of directors declared the payment of a final dividend of HK1.5 cents per ordinary share for the year ended 31 December 2014. The proposed final dividend for the year ended 31 December 2014 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 2014.

15. INVESTMENTS IN SUBSIDIARIES

	2014 *HK$'000*	2013 *HK$'000*
Unlisted, at cost	40,151	40,151

The amounts due from/to subsidiaries are unsecured, interest-free and repayable on demand.

The following is a list of the subsidiaries at 31 December 2013 and 2014:

Name	Place of incorporation and kind of legal entity	Principal activities	Particulars of issued share capital	Interest held 2014	Interest held 2013
Eastside Fortune Limited	British Virgin Islands, limited liability company	Investment holding	2 ordinary shares of US$1 each	100% (direct)	100% (direct)
Future Data Limited	British Virgin Islands, limited liability company	Investment holding	2 ordinary shares of US$1 each	100% (indirect)	Nil
Epro Telecom Holdings Limited	Hong Kong, limited liability company	Investment holding	20,533,987 ordinary shares of HK$1 each	100% (indirect)	100% (indirect)
Epro Telecom Services Limited	Hong Kong, limited liability company	Provision of telecommunication and related services and sales of system and software	23,000,001 ordinary shares of HK$1 each	100% (indirect)	100% (indirect)
Epro Logic Limited	Hong Kong, limited liability company	Research and development of telecommunication systems software, provision of related consulting services and sales of system and software	3,000,000 ordinary shares of HK$1 each	100% (indirect)	100% (indirect)
Interactive Business Services Limited	Hong Kong, limited liability company	Provision of telecommunication and related services	3,000,000 ordinary shares of HK$1 each	100% (indirect)	100% (indirect)
Epro Marketing Limited	Hong Kong, limited liability Company	Provision of telecommunication and related services	3,000,000 ordinary shares of HK$1 each	100% (indirect)	100% (indirect)

Name	Place of incorporation and kind of legal entity	Principal activities	Particulars of issued share capital	Interest held 2014	2013
Epro Online Services Limited	Hong Kong, limited liability company	Provision of consultancy services on recruitment, training and sales of system and software	1 ordinary share of HK$1	100% (indirect)	100% (indirect)
Elite Depot Holdings Limited	British Virgin Islands limited liability company	Investment holding	2 ordinary shares of US$2 each	Nil	100% (indirect)
Epro BPO Services Limited	Hong Kong, limited liability company	Investment holding	1,000,000 ordinary share of HK$1	Nil	100% (indirect)
Guangzhou EproTech Company Limited ("廣州普廣科技有限公司")	PRC, limited liability company	Research, development and selling of electronic components, meters and computer software and consulting services in relation to communication system software and electronic technology	Registered capital of HK$4,208,000	Nil	100% (indirect)
Guangzhou JunFeng Network Technology Company Limited ("廣州浚峰網絡技術有限公司") *(Note)*	PRC, limited liability company	Development of computer network and technical services, call centre and information services	Registered capital of Reminbi ("RMB") 5,000,000	Nil	100% (indirect)

Note: Guangzhou JunFeng Network Technology Company Limited is a limited liability company established in the PRC to be operated up to 50 years. The equity interest is held by individual nominees on behalf of the Group.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements, furniture and fixtures *HK$'000*	Computer equipment *HK$'000*	Computer software *HK$'000*	Electronic and office equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
As at 1 January 2013						
Cost	18,371	22,296	12,542	14,983	462	68,654
Accumulated depreciation	(16,227)	(21,585)	(9,498)	(14,455)	(269)	(62,034)
Net book amount	2,144	711	3,044	528	193	6,620
Year ended 31 December 2013						
Opening net book amount	2,144	711	3,044	528	193	6,620
Currency translation differences	2	–	–	6	2	10
Acquisition of subsidiaries *(Note 32)*	156	–	18	477	384	1,035
Additions	4,012	386	1,169	706	–	6,273
Disposals	(17)	–	–	–	–	(17)
Depreciation charge	(1,488)	(516)	(927)	(354)	(163)	(3,448)
Closing net book amount	4,809	581	3,304	1,363	416	10,473
As at 31 December 2013						
Cost	24,078	22,682	13,633	16,707	2,750	79,850
Accumulated depreciation	(19,269)	(22,101)	(10,329)	(15,344)	(2,334)	(69,377)
Net book amount	4,809	581	3,304	1,363	416	10,473
Year ended 31 December 2014						
Opening net book amount	4,809	581	3,304	1,363	416	10,473
Currency translation differences	(7)	–	(3)	(1)	(2)	(13)
Disposal of subsidiaries *(Note 33)*	(2,841)	–	(324)	(1,159)	(147)	(4,471)
Additions	4,032	253	1,286	721	–	6,292
Depreciation charge	(2,313)	(398)	(1,183)	(500)	(259)	(4,653)
Closing net book amount	3,680	436	3,080	424	8	7,628
As at 31 December 2014						
Cost	22,675	22,935	14,535	15,395	462	76,002
Accumulated depreciation	(18,995)	(22,499)	(11,455)	(14,971)	(454)	(68,374)
Net book amount	3,680	436	3,080	424	8	7,628

17. INTANGIBLE ASSETS

	Goodwill	Internally generated software development costs	Total
	HK$'000	*HK$'000*	*HK$'000*
As at 1 January 2013			
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 *(Note 32)*	9,825	–	9,825
Amortization charge	–	(4,264)	(4,264)
Closing net book amount	9,825	10,992	20,817
As 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
Year ended 31 December 2014			
Opening net book amount	9,825	10,992	20,817
Additions	–	3,650	3,650
Disposal of subsidiaries *(Note 33)*	(9,825)	–	(9,825)
Amortization charge	–	(4,936)	(4,936)
Closing net book amount	–	9,706	9,706
As at 31 December 2014			
Cost	–	36,494	36,494
Accumulated amortization	–	(26,788)	(26,788)
Net book amount	–	9,706	9,706

Internally generated capitalized software development costs have definite useful lives and are amortized on a straight-line basis over 4 years.

Impairment for goodwill

During the year ended 31 December 2013, the Group acquired 100% interests in Epro BPO Services Limited and its subsidiaries, thereby resulting in a goodwill of approximately HK$9,825,000. An impairment test of this goodwill was carried out by management based on a value-in-use calculation.

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections was 20.01%. Cash flows beyond the five-year period were extrapolated using the estimated growth rates of 5%.

18. INVESTMENT IN AN ASSOCIATE

	2014	**2013**
	HK$'000	*HK$'000*
Unlisted, at cost	3	3
Share of net liabilities	(3)	(3)
	–	–

The amount due from an associate is unsecured, interest-free and has no fixed term of repayment. The balance is denominated in the functional currency of the associate.

The following is a list of the associate at 31 December 2014:

Name of entity	**Place of business/ country of incorporation**	**% of ownership interest**	**Principal activities**
Epro Career Limited	Hong Kong	25	Provision of human resources services

The following table illustrates the aggregate financial information of the Group's associate that are not individually material:

	2014	2013
	HK$'000	*HK$'000*
Share of the associate's loss	–	(3)
Share of the associate's other comprehensive income	–	–
Share of the associate's total comprehensive income	–	(3)
Aggregate carrying amount of the Group's investment in the associate	–	–

The Group has discontinued the recognition of its share of losses of an associate because the share of losses of the associate exceeded the Group's interest in the associate and the Group has no obligation to take up further losses. The amounts of the Group's unrecognized share of losses of this associate for the current year and cumulatively were approximately HK$4,243,000 (2013: approximately HK$2,361,000) and approximately HK$6,604,000 (2013: approximately HK$2,361,000), respectively.

19. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2014	2013	2014	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables	37,697	36,160	–	–
Other receivables, deposits and prepayments	27,920	10,248	14,105	103
	65,617	46,408	14,105	103

The average credit period on the Group's sales is 32 days. The aging analysis of the trade receivables based on invoice date is as follows:

	2014	2013
	HK$'000	*HK$'000*
0 – 30 days	23,587	30,326
31 – 60 days	5,371	5,257
61 – 90 days	2,315	345
Over 90 days	6,424	232
	37,697	36,160

As at 31 December 2014, the Group's trade receivables of approximately HK$14,055,000 (2013: HK$5,834,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	2014	2013
	HK$'000	*HK$'000*
0 – 30 days	4,159	5,257
31 – 60 days	3,469	345
61 – 90 days	1,684	32
Over 90 days	4,743	200
	14,055	5,834

As at 31 December 2014, none of the Group's trade receivables were impaired (2013: Nil).

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

	2014	2013
	HK$'000	*HK$'000*
HK$	65,617	32,026
RMB	–	14,382
	65,617	46,408

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.

20. FINANCIAL ASSETS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2014	2013
	HK$'000	*HK$'000*
Unlisted investment:		
– Designated as at fair value through profit or loss	7,626	4,802
Market value of the unlisted investment	7,626	4,802

Changes in fair values of financial assets designated as at fair value through profit or loss are recorded in "Other losses – net" in the consolidated statement of profit or loss and other comprehensive income.

The fair value of the investment as at the end of the reporting period is based on its current bid prices offered by banker in Hong Kong.

The financial assets designated as at fair value through profit or loss have been pledged to bank to secure banking facilities of the Company's subsidiaries.

21. AMOUNTS DUE FROM RELATED COMPANIES

Name of related company	Maximum amount outstanding during the year	2014	2013
	HK$'000	*HK$'000*	*HK$'000*
Epro Techsoft Limited	2,299	2,299	898
Guangzhou Epro Information Technology Company Limited	5,874	–	2,984
As at 31 December		2,299	3,882

Epro Techsoft Limited is a subsidiary of Epro Group International Limited. Epro Group International Limited is wholly owned by Merry Silver Limited, which is owned as to 47% by Mr. Wong, 46% by Mr. Ling, 5% by Ms. Chang and 2% by Ms. Ting.

Guangzhou Epro Information Technology Company Limited is a company established in the PRC. It is owned as to 60% by Epro Techsoft Limited and as to 40% by an independent third party.

The amounts due from related companies are unsecured, interest-free and have no fixed terms of repayment.

The above balances are denominated in the functional currency of the relevant entities.

22. PLEDGED BANK DEPOSITS

Pledged bank deposits represent deposits pledged to banks to secure the banking facilities and factoring facilities of the Group. The effective interest rates on pledged bank deposits ranged from 0.03% to 0.6% per annum at 31 December 2014 (2013: from 0.02% to 0.7% per annum). The maturity of these deposits ranged from 30 to 91 days. The carrying amounts of pledged bank deposits are denominated in HK$.

23. CASH AND CASH EQUIVALENTS

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

	The Group		**The Company**	
	2014	**2013**	**2014**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash at bank and on hand	10,081	21,322	4,239	617
Short-term bank deposits	7,040	13,217	7,040	13,217
Cash and cash equivalents	17,121	34,539	11,279	13,834

As at 31 December 2014, the cash and cash equivalents of the Group denominated in Renminbi ("RMB") amounted to approximately HK$7,290,000 (2013: 4,915,000). The RMB is not freely convertible into other currencies in PRC, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

24. TRADE AND OTHER PAYABLES

	The Group		**The Company**	
	2014	**2013**	**2014**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	993	840	–	–
Other payables and accruals	11,121	18,221	2,578	918
	12,114	19,061	2,578	918

At 31 December 2014, the aging analysis of the trade payables based on invoice date is as follows:

	2014	**2013**
	HK$'000	*HK$'000*
0 – 30 days	297	458
31 – 60 days	95	230
61 – 90 days	95	26
Over 90 days	506	126
	993	840

25. BORROWINGS

	2014	**2013**
	HK$'000	*HK$'000*
Current		
Secured bank borrowings	3,793	7,060
Unsecured bank borrowings	137	–
	3,930	7,060

All the bank borrowings are analyzed as follows (Note):

	2014	**2013**
	HK$'000	*HK$'000*
Within 1 year	2,931	4,774
More than 1 year but not more than 2 years	999	1,287
More than 2 years but not more than 5 years	–	999
	3,930	7,060

Note: The amounts due are based on the scheduled repayment dates set out in the loan agreements and ignore the effect of any repayment on demand clause.

The effective interest rates of the bank borrowings is from 2.75% to 7% per annum as at 31 December 2014 (2013: from 4% to 7% per annum) and mature until 2016.

The carrying amounts of the Group's borrowings are denominated in HK$.

As at 31 December 2014, the banking facilities and factoring facilities of the Group were secured by the followings:

(i) Corporate guarantees executed by ETS Group Limited;

(ii) Pledged financial assets designated as at fair value through profit or loss with carrying amount of approximately HK$7,626,000 (2013: HK$4,802,000);

(iii) Pledged bank deposits with carrying amount of approximately HK$4,777,000 (2013: HK$4,768,000);

(iv) Proceeds in relation to certain trade receivables of the subsidiaries of the Company; and

(v) Assignment of certain trade receivables by the subsidiaries of the Company.

26. AMOUNTS DUE TO RELATED COMPANIES

The amounts due to related companies are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of the amounts due to related companies are denominated in the functional currency of the relevant entities.

27. DEFERRED INCOME TAX

The gross movement on the deferred income tax account is as follows:

	2014	2013
	HK$'000	*HK$'000*
As at 1 January	1,377	(267)
Currency translation differences	(9)	8
Disposal of subsidiaries *(Note 33)*	(9)	–
Consolidated statement of profit or loss (credited)/charged *(Note 11)*	(1,716)	1,636
As at 31 December	(357)	1,377

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax liabilities:	**Provision for unrealized profit**	**Accelerated tax depreciation**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
As at 1 January 2013	–	416	416
Charged to the consolidated statement of profit or loss	1,613	128	1,741
Currency translation differences	8	–	8
As at 31 December 2013	1,621	544	2,165
Credited to the consolidated statement of profit or loss	(1,612)	(18)	(1,630)
Currency translation differences	(9)	–	(9)
Disposal of subsidiaries *(Note 33)*	–	(9)	(9)
As at 31 December 2014	–	517	517

Deferred tax assets:	**Decelerated tax depreciation** *HK$'000*
As at 1 January 2013	(683)
Credited to the consolidated statement of profit or loss	(105)
As at 31 December 2013	(788)
Credited to the consolidated statement of profit or loss	(86)
As at 31 December 2014	(874)

Deferred income tax assets are recognized for tax loss carry-forward to the extent that the realization of the related tax benefit through future taxable profits is probable. The Group did not recognize deferred income tax assets in respect of the tax losses at the end of reporting period as the directors of the Company consider that it is uncertain as to the extent that future profits will be available against which tax losses can be utilized in the foreseeable future.

As at 31 December 2014, the Group has unused tax losses of approximately HK$1,376,000 (2013: approximately HK$8,459,000) which are available for offset against future profits. Tax losses of the PRC subsidiaries had an expiry period of five years, while tax losses of Hong Kong subsidiaries may be carried forward indefinitely. Certain amounts of unused tax losses are subject to approval from the Hong Kong Inland Revenue Department.

28. SHARE CAPITAL AND PREMIUM – GROUP AND COMPANY

	Number of ordinary shares	Ordinary shares of HK$0.01 each *HK$'000*
Authorized share capital:		
As at 31 December 2013 and 2014	5,000,000,000	50,000

	Number of ordinary shares	Ordinary shares of HK$0.01 each *HK$'000*	Share premium *HK$'000*
Issued and fully paid up:			
As at 31 December 2013 and 2014	280,000,000	2,800	25,238

29. SHARE OPTION SCHEME – GROUP AND COMPANY

Pursuant to an ordinary resolution passed by the sole shareholder at general meeting of the Company held on 21 December 2011, the Company adopted a share option scheme (the "Scheme") for the purpose of providing incentives or rewards to eligible participants for their contribution to the Group and/or enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any invested entity.

On and subject to the terms of the Scheme, the directors of the Company shall be entitled at any time during the term of the Scheme, at their absolute discretion, to offer to grant to any participant an option to subscribe for such number of shares as the directors of the Company may determine at the subscription price.

The maximum number of shares which may be issued upon exercise of all outstanding options granted under the Scheme and any other share option schemes of the Company must not exceed 30% of the total number of shares in issue from time to time.

The total number of shares which option may be granted under the Scheme and any other share option schemes of the Company shall not exceed 28,000,000 shares, being 10% of the total number of shares in issue immediately following completion of the placing and the capitalization issue (the "Scheme Mandate Limit") on 9 January 2012 unless the Company seeks the approval of the shareholders in general meeting for refreshing the Scheme Mandate Limit under the Scheme provided that options lapsed in accordance with the terms of the Scheme or any other share option schemes of the Company will not be counted for the purpose of calculating whether the Scheme Mandate Limit has been exceeds.

The total number of shares issued and to be issued upon exercise of all options granted and to be granted (including both exercised and outstanding options) in any 12-month period up to the date of grant of each eligible participant shall not exceed 1% of the total number of shares issued unless (i) a shareholders' circular is despatched to the shareholders; (ii) the shareholders approve the grant of the options in excess of the 1% limit referred to in this paragraph; and (iii) the relevant eligible participant and its associates abstain from voting on such resolution.

The subscription price of the option shares granted under the Scheme may be determined by the directors at its absolute discretion but in any case shall not be lower than the higher of: (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the date of grant, which must be a trading day; (ii) the average closing price of the Company's share as stated in the Stock Exchange's daily quotation sheet for the five trading days immediately preceding the date of grant; and (iii) the nominal value of a share.

The Scheme shall be valid and effective for a period of 10 years commencing from 21 December 2011 unless terminated by the Group.

Options granted under the Scheme must be taken up within 21 days of the date of grant. Upon acceptance of the option, the grantee shall pay HK$1 to the Company as consideration for the grant.

No share options were granted since the adoption of the Scheme and there were no share option outstanding as at 31 December 2013 and 2014.

30. RESERVES

(a) The Group

Share premium

Share premium arose from the issue of shares at a price greater than the par value of the shares and can be utilized for future bonus issue.

Merger reserve

Merger reserve represents the difference between the nominal value of the shares issued by the Company in exchange for the nominal value of the share capital of its subsidiaries arising from the Corporate Reorganization.

(b) The Company

	Special reserve	**Retained profits**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
As at 1 January 2013	40,151	1,374	41,525
Profit for the year	–	21,500	21,500
Dividends paid *(Note 14)*	–	(5,600)	(5,600)
As at 31 December 2013	40,151	17,274	57,425
Profit for the year	–	870	870
Dividends paid *(Note 14)*	–	(6,160)	(6,160)
As at 31 December 2014	40,151	11,984	52,135

Special reserve

Special reserve represents the difference between the fair value of the shares of Eastside Fortune Limited acquired pursuant to the Corporate Reorganization on 13 December 2011 over the nominal value of the Company's share issued in exchange therefore.

31. COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the end of the year but not yet incurred is as follows:

	2014	**2013**
	HK$'000	*HK$'000*
Property, plant and equipment	–	1,932

(b) Operating lease commitments

The Group had commitments for future aggregate minimum lease payments under non-cancellable operating leases in respect of rented office premises as follows:

	2014	**2013**
	HK$'000	*HK$'000*
No later than 1 year	6,722	9,618
Later than 1 year and no later than 5 years	1,005	5,758
	7,727	15,376

The Group leases office premises are under operating lease agreements. Lease for properties are for terms ranging from 1 to 2 years.

32. BUSINESS COMBINATIONS

On 31 July 2013, the Group acquired 100% of the share capital and obtained all the control of Epro BPO Services Limited and its subsidiaries at a consideration of HK$3,100,000. Epro BPO Services Limited and its subsidiaries were principally engaged in the provision of technical programming and development of the WISE-xb System with lower cost of staff in PRC.

As a result of the acquisition, the Group was expected to benefit the existing development of the WISE-xb Systems with a synergy effect and lower the cost of the Group for the development of WISE-xb Systems and strengthen the Group on its involvement in the development of the WISE-xb Systems in the PRC. The goodwill of HK$9,825,000 arising from the acquisition was attributable to acquired customer base and economies of scale expected from combining the operations of the Group and Epro BPO Services Limited and its subsidiaries. None of the goodwill recognized was expected to be deductible for income tax purposes.

The following table summarizes the consideration paid for Epro BPO Services Limited and its subsidiaries, the fair value of assets acquired and liabilities assumed at the acquisition date.

Consideration: **As at 31 July 2013**	*HK$'000*
Cash	3,100
Recognized amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	3,655
Property, plant and equipment *(Note 16)*	1,035
Amounts due from related companies	2,832
Amounts due to related companies	(13,781)
Current income tax liabilities	(12)
Trade and other receivables	7,425
Trade and other payables	(7,879)
Total identifiable net liabilities	(6,725)
Goodwill *(Note 17)*	9,825
	3,100
Net cash inflow on acquisition of subsidiaries:	
Cash and cash equivalent acquired	3,655
Less: cash consideration	(3,100)
	555

The revenue included in the consolidated statement of profit or loss and other comprehensive income since 1 August 2013 contributed by Epro BPO Services Limited and its subsidiaries was approximately HK$19,422,000. Epro BPO Services Limited and its subsidiaries also contributed profit of approximately HK$1,091,000 over the same period.

Had Epro BPO Services Limited and its subsidiaries been consolidated from 1 January 2013, the consolidated statement of profit or loss and other comprehensive income would show pro-forma revenue of approximately HK$169,824,000 and profit of approximately HK$23,772,000.

33. DISPOSAL OF SUBSIDIARIES

On 22 December 2014, the Group disposed of its 100% equity interest in Elite Depot Holdings Limited and its subsidiaries at a consideration of HK$8,000,000, which the consideration shall be payable by the purchaser in the following manner:

(i) As to HK$4,000,000 shall be payable by the purchaser upon completion of the disposal; and

(ii) As to the remaining balance HK$4,000,000 share be payable by the purchaser on or before 28 February 2015.

The purchaser further undertakes and warrants that it will procure for the following matters:

(i) Elite Depot Holdings Limited and its subsidiaries 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; and

(ii) The equity holders of Guangzhou JunFeng Network Technology Company Limited, a subsidiary of Elite Depot Holdings Limited, to repay the outstanding loan of RMB7,000,000 in full to the Group on or before 30 June 2015.

The net assets of Elite Depot Holdings Limited and its subsidiaries at the date of disposal was as follows:

	HK$'000
Property plant and equipment *(Note 16)*	4,471
Goodwill *(Note 17)*	9,825
Trade and other receivables	8,916
Amount due from a related company	5,559
Cash and cash equivalents	6,344
Trade and other payables	(18,475)
Amount due to a related company	(18)
Current income tax liabilities	(461)
Deferred income tax liabilities *(Note 27)*	(9)
Net assets disposed of	16,152
Release of foreign currency translation reserve	(116)
Recognition of receivables from disposal group upon disposal	(8,827)
Gain on disposal of subsidiaries *(Note 7)*	791
	8,000
Satisfied by:	
Cash consideration	8,000
Net cash outflow on disposal of subsidiaries:	
Cash consideration received during the year	4,000
Cash and cash equivalents disposed of	(6,344)
	(2,344)

34. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed in Notes 8, 18, 21 and 26 to the consolidated financial statements, the Group entered into the following significant related party transactions during the year:

Name of related parties	Nature of transactions	*Notes*	2014 *HK$'000*	2013 *HK$'000*
Epro Techsoft Limited	Licence fee income	*(i), (iii) & (iv)*	–	(160)
	System maintenance income	*(ii), (iii) & (iv)*	(1,554)	(1,249)
Guangzhou Epro Information Technology Company Limited	Subcontracting fee for software technical research and development services	*(ii), (iii) & (iv)*	6,065	1,877
Epro Career Limited	Insourcing fee	*(ii) & (v)*	12,571	8,579
	Facilities management income	*(ii) & (v)*	–	(25)
Take Shine Limited	Premise rental expenses	*(iii) & (vi)*	97	484
eGalaxy Immigration Consultants Limited	Facilities management income	*(ii), (iii)& (vii)*	(56)	–

Notes:

(i) Pursuant to a distributorship agreement entered into between Epro Techsoft Limited and Epro Logic Limited (a subsidiary of the Company), Epro Techsoft Limited distributes and sells the WISE-xb System for Epro Logic Limited, and Epro Techsoft Limited is entitled to receive half of the licence fees paid by the end customers of WISE-xb System while the remaining half of the licence fees are remitted to Epro Logic Limited.

(ii) System maintenance income, subcontracting fee, licence fee income, insourcing fee, facilities management income are based on terms mutually agreed between the parties involved.

(iii) Epro Techsoft Limited, Guangzhou Epro Information Technology Company Limited, Take Shine Limited and eGalaxy Immigration Consultants Limited are subsidiaries of Epro Group International Limited.

(iv) These related party transactions will constitute connected transactions or continuing connected transactions as defined in Chapter 20 of the GEM Listing Rules.

(v) Epro Career Limited is an associate of Epro Telecom Holdings Limited.

(vi) Pursuant to a rental agreement entered into between Take Shine Limited and Guangzhou JunFeng Network Technology Company Limited (a former subsidiary of the Company) on 23 January 2013, Guangzhou JunFeng Network Technology Company Limited agreed to lease the premise for a term from 1 January 2013 to 1 February 2014.

(vii) Pursuant to a rental agreement entered into between eGalaxy Immigration Consultants Limited and Epro Online Services Limited (a subsidiary of the Company) on 1 November 2014, eGalaxy Immigration Consultants Limited agreed to lease the facilities for a term from 1 November 2014 to 31 October 2015.

Key management personnel compensation

	2014	**2013**
	HK$'000	*HK$'000*
Salaries and short-term employee benefits	8,374	7,033
Post-employment benefits	143	135
	8,517	7,168

3. FINANCIAL INFORMATION OF THE COMPANY FOR THE THREE MONTHS ENDED 31 MARCH 2015

Set out below is the full text of the unaudited consolidated financial statements of the Company for the three months ended 31 March 2015 extracted from the first quarter report of the Company for the three months ended 31 March 2015.

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

For the three months ended 31 March 2015

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

NOTES TO THE FINANCIAL INFORMATION

For the three months ended 31 March 2015

1. GENERAL INFORMATION

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

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and basis adopted in preparing the unaudited condensed consolidated first quarterly financial information were consistent with those applied for the consolidated financial statements of the Group for the year ended 31 December 2014.

The HKICPA has issued certain new and revised Hong Kong Financial Reporting Standards ("HKFRSs"). For those which are effective for accounting periods beginning on or after 1 January 2015, the adoption has no material impact on how the results and financial positions of the Group for the current and prior periods have been prepared and presented. For those which are not yet effective and have not been early adopted in prior accounting periods, the Group is in the process of assessing their impact on the Group's results and financial position.

3. REVENUE

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

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

4. INCOME TAX EXPENSE

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

	Three months ended 31 March	
	2015	**2014**
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Current income tax	510	888
Deferred income tax	–	–
	510	888

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

5. EARNINGS PER SHARE

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

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares in issue during the three months ended 31 March 2015 and three months ended 31 March 2014.

6. MOVEMENT OF RESERVES

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

7. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED RESULTS

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

4. INDEBTEDNESS

As at the close of business on 31 May 2015, being the latest practicable date for the purpose of preparing this indebtedness statement prior to the printing of this Composite Document, the Group had outstanding secured bank borrowings of approximately HK$4,963,000. The amounts due were based on the scheduled repayment dates set out in the loan agreements and ignores the effect of any repayment on demand clause. All the indebtedness were secured by corporate guarantees by the Company, pledged financial assets designated as at fair value through profit and loss and pledged bank deposits with carrying amount of approximately HK$7,619,000 and HK$4,782,000 respectively, proceeds in relation to and assignment of certain trade receivables of subsidiaries of the Company.

Operating lease commitment

As at 31 May 2015, the Group had commitments for future aggregate minimum lease payments under non-cancellable operating leases in respect of rented office premises approximately HK$4,173,000.

Capital commitment

As at 31 May 2015, the Group had no capital commitments.

Contingent liabilities

As at 31 May 2015, the Group had no material contingent liabilities.

Save as aforesaid and apart from intra-group liabilities, as at the close of business on 31 May 2015, the Group did not have any other outstanding loan capital issued, mortgages, charges, finance leases or hire purchase commitments, debentures or other term loan, bank overdrafts, other similar indebtedness, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities.

5. MATERIAL CHANGE

Save as the decrease in revenue and profit attributable to the owners of the Company due to the discontinuation of operation of the PRC business unit as disclosed in the quarterly report of the Company for the three months ended 31 March 2015, the Directors confirmed that there had been no material changes in the financial or trading position or outlook of the Group since 31 December 2014, being the date to which the latest published audited financial statements of the Company were made up, and up to the Latest Practicable Date.

1. RESPONSIBILITY STATEMENT

The information contained herein relating to the Offeror and parties acting in concert with it, the terms of the Offer and the intentions of the Offeror in respect of the Group has been supplied by the directors of the Offeror, who jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document relating to the Offeror and parties acting in concern with it, the terms of the Offer and the intentions of the Offeror in respect of the Group and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Group, the Vendor and parties acting in concert with any of them) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document the omission of which would make any statement contained herein misleading.

The information contained herein, other than the information relating to the Offeror and parties acting in concert with it, the terms of the Offer and the intentions of the Offeror in respect of the Group has been supplied by the Directors, who jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Offeror and parties acting in concert with it) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document the omission of which would make any statement contained herein misleading.

2. SHARE CAPITAL

The authorized and issued share capital of the Company as at the Latest Practicable Date were as follows:

		HK$
Authorised		
5,000,000,000	Shares	50,000,000
Issued and fully paid		
280,000,000	Shares	2,800,000

The Company has no outstanding securities, options, derivatives, warrants and other convertible securities or rights affecting the Shares as at the Latest Practicable Date.

All Shares in issue rank pari passu in all respects with each other, including rights to dividends, voting and return of capital. The Company has not issued any Shares since 31 December 2014, being the date to which the latest audited financial statements of the Company were made up.

3. DISCLOSURE OF INTERESTS

Directors and chief executive of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are deemed or taken 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 the GEM Listing Rules to be notified to the Company and the Stock Exchange were as follows:

Name of Directors	Capacity and nature of interest	Number of Shares held	Approximate % of interest
Mr. Wong Wai Hon Telly	Interest of controlled corporation *(Note)*	25,000,000	8.93%
Mr. Ling Chiu Yum	Interest of controlled corporation *(Note)*	25,000,000	8.93%
Ms. Chang Men Yee Carol	Interest of controlled corporation *(Note)*	25,000,000	8.93%

Note: These Shares are beneficially owned by Excel Deal Holdings Limited, which is owned as to 47% by Mr. Wong Wai Hon Telly, 46% by Mr. Ling Chiu Yum, 5% by Ms. Chang Men Yee Carol and 2% by Ms. Ting Yee Mei respectively. Mr. Ling Chiu Yum, Mr. Wong Wai Hon Telly and Ms.Chang Men Yee Carol are deemed or taken to be interested in the 25,000,000 Shares owned by Excel Deal Holdings Limited for the purpose of the SFO.

Substantial Shareholders

As at the Latest Practicable Date, so far as is known to the Directors and the chief executive of the Company, details of interests in the Shares, underlying shares, debentures or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company held or controlled by the Offeror and parties acting in concert with it are as follows:

Name of Shareholder	Capacity and nature of interest	Number of Shares held	Approximate % of interest
The Offeror	Beneficial owner	210,000,000	75%
Mr. Tang Shing Bor	Interest of controlled corporation *(Note)*	210,000,000	75%

Note: The Offeror is wholly and beneficially owned by Mr. Tang Shing Bor.

The Offeror will finance the Offer by way of internal financial resources.

As at the Latest Practicable Date, there was no agreement, arrangement or understanding that the securities acquired in pursuance of the Offer would be transferred, charged or pledged to any other persons.

Save as disclosed in the paragraph headed "Disclosure of Interests" in this Appendix III, as at the Latest Practicable Date, none of the Offeror and parties acting in concert with it had any interest in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company.

4. ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS

(a) Save for the 210,000,000 Shares owned by the Offeror in respect of which Mr. Tang Shing Bor is deemed to be interested (details of which are described in paragraph 3 above), none of the Offeror, the directors of the Offeror or any parties acting in concert with it owned or controlled any Shares, convertible securities, warrants, options or derivatives of the Company as at the Latest Practicable Date, and save as provided under the Sale and Purchase Agreement (which was completed on 21 July 2015), none of the Offeror, the directors of the Offeror or any parties acting in concert with it had dealt for value in any such securities during the Relevant Period.

(b) As at the Latest Practicable Date, no person had irrevocably committed himself to accept or reject the Offer.

(c) As at the Latest Practicable Date, none of the Offeror or any of the parties acting in concert with it had entered into any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with any other persons.

(d) As at the Latest Practicable Date, none of the Offeror or any of the parties acting in concert with it had borrowed or lent any Shares or any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

(e) As at the Latest Practicable Date, save as provided under the Sale and Purchase Agreement, there was no agreement, arrangement or understanding (including any compensation arrangement) exists between the Offeror or any party acting in concert with it and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Offer.

(f) As at the Latest Practicable Date, there was no agreement or arrangement to which the Offeror is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer.

(g) As at the Latest Practicable Date, there was no arrangement of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code which exists between the Offeror, or any party acting in concert with it, and any other person.

(h) As at the Latest Practicable Date, the Company did not have any beneficial interest in the shares, convertible securities, warrants, options and derivatives of the Offeror, and the Company had not dealt for value in any shares, convertible securities, warrants, options or derivatives of the Offeror during the Relevant Period.

(i) Save for the 25,000,000 Shares beneficially owned by Excel Deal Holdings Limited in respect of which Mr. Wong Wai Hon Telly, Mr. Ling Chiu Yum and Ms. Chang Men Yee Carol are deemed to be interested (details of which are described in paragraph 3 above), none of the Directors had any interests in any shares, convertible securities, warrants, options or other derivatives of the Company or the Offeror, and none of the Directors had dealt for value in any shares, convertible securities, warrants, options or other derivatives of the Company or the Offeror during the Relevant Period.

(j) Mr. Wong Wai Hon Telly, Mr. Ling Chiu Yum and Ms. Chang Men Yee Carol intend to reject the Offer in respect of the 25,000,000 Shares deemed to be interested by them;

(k) As at the Latest Practicable Date, none of (i) the subsidiaries of the Company; (ii) the pension fund of the Company or of a subsidiary of the Company; or (iii) any advisers to the Company (as specified in class (2) of the definition of "associate" under the Takeovers Code) had any interest in the Shares, convertible securities, warrants, options or derivatives of the Company, and none of them had dealt in any Shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period.

(l) As at the Latest Practicable Date, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of "associate" under the Takeovers Code, and no such person had dealt in any Shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period.

(m) As at the Latest Practicable Date, no Shares, convertible securities, warrants, options or derivatives of the Company were managed on a discretionary basis by any fund managers connected with the Company, and none of them had dealt in any Shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period.

(n) As at the Latest Practicable Date, no Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company had been borrowed or lent by any of the Directors or by the Company.

(o) As at the Latest Practicable Date, no benefit (other than statutory compensation) was or will be given to any Director as compensation for loss of office in any members of the Group or otherwise in connection with the Offer.

(p) As at the Latest Practicable Date, there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer.

(q) As at the Latest Practicable Date, save for the Sale and Purchase Agreement (which was completed on 21 July 2015), there was no material contract entered into by the Offeror in which any Director had a material personal interest.

5. MARKET PRICES

The table below sets out the closing prices of the Shares on the Stock Exchange on (i) the last Business Day of each of the calendar months during the Relevant Period; (ii) the Last Trading Date; and (iii) the Latest Practicable Date:

Date	**Closing price per Share** *(HK$)*
31 December 2014	1.70
30 January 2015	1.70
27 February 2015	1.60
31 March 2015	1.30
30 April 2015	1.30
29 May 2015	1.64
Last Trading Day	1.82
30 June 2015	1.92
Latest Practicable Date	1.62

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK$2.24 per Share on 11 June 2015 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK$1.2 per Share on 8 July 2015.

6. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance and no litigation or claims of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

7. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company within the two years preceding the date of the Joint Announcement and ending on the Latest Practicable Date and are or maybe material in relation to the business of the Company as a whole:

(a) the Software OEM Distributorship Agreement entered into between Epro Logic Limited ("**ELL**"), an indirect wholly owned subsidiary of the Company, and Epro Techsoft Limited ("**ETL**"), a company ultimately owned as to 47% and 46% by Mr. Wong Wai Hon Telly and Mr. Ling Chiu Yum respectively, dated 2 January 2014, pursuant to which ELL has appointed ETL as an OEM distributor for the sale of the WISE-xb System in Hong Kong, Macau Administrative Region of the PRC and the PRC and ETL shall be entitled to received 60% of the amount of the sales of the perpetual licences to use the WISE-xb System in accordance with the terms and conditions thereof;

(b) the sale and purchase agreement dated 5 July 2013 and entered into among Elite Depot Holdings Limited ("**Elite Depot**"), a then wholly-owned subsidiary of the Company, as the purchaser, Epro Group International Limited, as the vendor, and the Company, pursuant to which Elite Depot has acquired the entire issued share capital of Epro BPO Services Limited ("**Epro BPO**") at a consideration of HK$3,100,000;

(c) the services agreement entered dated 5 July 2013 and entered into between 廣州潤寶信息科技有限公司 (transliterated as Guangzhou Epro Information Technology Co., Ltd#) ("**Guangzhou Epro**") and 廣州浚峰網絡技術有限公司 (transliterated as Guangzhou Junfeng Network Technology Limited#) ("**Guangzhou Junfeng**"), pursuant to which Guangzhou Junfeng has appointed Guangzhou Epro to provide technical support and related services and the cost of services provided by Guangzhou Epro shall be borne by Guangzhou Epro itself and 75% of the profit will be payable by the Guangzhou Junfeng to Guangzhou Epro; and

(d) the sale and purchase agreement dated 22 December 2014 and entered into among, Eastside Fortune Limited ("**Eastside Fortune**"), a wholly owned subsidiary of the Company, as vendor, Multi-Dollars Holdings Limited ("Multi-Dollars"), as purchaser, and Mr. Xu Jie（許杰）, as the guarantor of Multi-Dollars, pursuant to which Eastside Fortune has disposed of and Multi-Dollars has acquired the entire issued share capital of Elite Depot for an aggregate consideration of HK$8,000,000.

8. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given opinions or advice which are contained in this Composite Document:

Name	Qualification
Yu Ming	a licensed corporation permitted to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
Astrum	a licensed corporation permitted to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO

Each of Yu Ming and Astrum has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion in this Composite Document of the text of its letter and references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, none of Yu Ming and Astrum had any shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, none of Yu Ming and Astrum had any direct or indirect interest in any assets which have been, since 31 December 2014 (the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

9. DIRECTORS' SERVICE CONTRACTS

Each of Mr. Wong Wai Hon Telly, Mr. Ling Chiu Yum, Ms. Chang Men Yee Carol, Mr. Suen Fuk Hoi, Mr. Wong Sik Kei and Mr. Ngan Chi Keung entered into a service agreement or an appointment letter (as the case may be) with the Company for an initial term of three years commencing from 21 December 2011 respectively (collectively known as, the "Original Service Agreements and Appointment Letters"). The basic annual salary of Mr. Wong Wai Hon Telly, Mr. Ling Chiu Yum, Ms. Chang Men Yee Carol, Mr. Suen Fuk Hoi, Mr. Wong Sik Kei and Mr. Ngan Chi Keung are HK$1,896,000, HK$1,800,000, HK$1,800,000, HK$600,000, HK$81,600 and HK$81,600 per annum respectively. Pursuant to the terms of the aforementioned service agreement, each of Mr. Wong Wai Hon Telly, Mr. Ling Chiu Yum, Ms. Chang Men Yee Carol and Mr. Suen Fuk Hoi may also be entitled to a bonus in respect of each financial year of the Company in an amount as may be determined by the Board in its absolute discretion.

Upon the expiry of the initial term of the Original Service Agreements and Appointment Letters, each of Mr. Wong Wai Hon Telly, Mr. Ling Chiu Yum, Ms. Chang Men Yee Carol, Mr. Suen Fuk Hoi, Mr. Wong Sik Kei and Mr. Ngan Chi Keung entered into a renewal letter with the Company in respect of his/her continuous appointment as an executive Director or an independent non-executive Director (as the case may be). Pursuant to the terms of the aforementioned renewal letter, the continuous appointment of each of Mr. Wong Wai Hon Telly, Mr. Ling Chiu Yum, Ms. Chang Men Yee Carol, Mr. Suen Fuk Hoi, Mr. Wong Sik Kei and Mr. Ngan Chi Keung shall be for a further term of three years commencing on 21 December 2014 respectively, which is within six months before the commencement of the Offer Period. The basic annual salary of Mr. Wong Wai Hon Telly, Mr. Ling Chiu Yum, Ms. Chang Men Yee Carol, Mr. Suen Fuk Hoi, Mr. Wong Sik Kei and Mr. Ngan Chi Keung are HK$1,896,000, HK$1,800,000, HK$1,800,000, HK$720,000, HK$96,000 and HK$96,000 per annum respectively. Save for such variations contained in the aforesaid renewal letters, the Original Service Agreements and Appointment Letters shall remain in full force and effect.

Mr. Yung Kai Tai entered into a letter of appointment with the Company for an initial term of three years commencing from 1 February 2013 ("Mr. Yung's Letter of Appointment"). Mr. Yung Kai Tai was entitled to a director's fee of HK$81,600 per annum.

Subsequently, Mr. Yung Kai Tai entered into a renewal letter with the Company ("Mr. Yung's Renewal Letter"), pursuant to which the appointment of Mr. Yung Kai Tai as an independent non-executive Director shall be continued for a further term of three years commencing from 21 December 2014. Mr. Yung Kai Tai was entitled to a director's fee of HK$96,000 per annum. Save for such variations contained in Mr. Yung's Renewal Letter. Mr. Yung's Letter of Appointment shall remain in full force and effect.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had entered into any service contracts with the Company or any of its subsidiaries or associated companies which (i) (including both continuous and fixed term contracts) have been entered into or amended within 6 months preceding the date of the Joint Announcement; (ii) are continuous contracts with a notice period of 12 months or more; or (iii) are fixed term contracts with more than 12 months to run irrespective of the notice period.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) on the website of the Company (http://www.etsgroup.com.hk/); (ii) on the website of the SFC (www.sfc.hk) and; (iii) during normal business hours from 9 a.m. to 5 p.m. (other than Saturdays, Sundays and public holidays) at the head office and principal place of business of the Company at Room 601-603, New Bright Building, 11 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong from the date of this Composite Document up to and including the Closing Date or the date on which the Offer lapses or is withdrawn (whichever is earlier):

(a) the memorandum and articles of association of the Company;

(b) the memorandum and articles of association of the Offeror;

(c) the annual reports of the Company for the year ended 31 December 2013 and the year ended 31 December 2014;

(d) the first quarterly report of the Company for the three months ended 31 March 2015

(e) the letter from Yu Ming, the text of which is set out on pages 5 to 13 of this Composite Document;

(f) the letter from the Board, the text of which is set out on pages 14 to 18 of this Composite Document;

(g) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 19 to 20 of this Composite Document;

(h) the letter from Astrum to the Independent Board Committee, the text of which is set out on pages 21 to 36 of this Composite Document;

(i) the written consents referred to under the paragrapg headed "Experts and consents" in this Appendix III;

(j) the material contracts referred to under the paragraph headed "Material Contracts" in this Appendix III;

(k) the service contracts referred to in under the paragraph headed "Director's Service Contracts" in this Appendix III; and

(l) the Sale and Purchase Agreement;

11. MISCELLANEOUS

(a) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its head office and principal place of business in Hong Kong is Room 601-603, New Bright Building, 11 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong.

(b) The branch share registrar and transfer agent of the Company in Hong Kong is Tricor Investor Services Limited, which is situated at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(c) The registered address of the Offeror is situated at Unit B, 18/F., Mongkok Commercial Centre, 16 Argyle Street, Kowloon, Hong Kong.

(d) The principal members of the Offeror's concert group are the Offeror and Mr. Tang Shing Bor.

(e) As at the Latest Practicable Date, the directors of the Offeror comprise of Mr. Tang Shing Bor and his son, Mr. Tang Yiu Sing. The Offeror is wholly and beneficially owned by Mr. Tang Shing Bor. The correspondence address of each of Mr. Tang Shing Bor and Mr. Tang Yiu Sing is Unit B, 18/F., Mongkok Commercial Centre, 16 Argyle Street, Kowloon, Hong Kong.

(f) The registered office of Yu Ming is situated at Room 1801, 18th Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong.

(g) The registered office of Astrum is situated at 11/F, 122 QRC, Nos 122-126 Queen's Road Central, Hong Kong.

(h) The English text of this Composite Document and the accompanying Form of Acceptance and Transfer shall prevail over their respective Chinese text in case of inconsistency.