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ETS GROUP LIMITED

易通訊集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8031)

**FURTHER INFORMATION IN RELATION TO
ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT FOR
THE YEAR ENDED 31 DECEMBER 2016**

Reference is made to the annual results announcement of ETS Group Limited (the “**Company**”) dated 16 March 2017 and the Company’s annual report for the year ended 31 December 2016 of 28 March 2017 (the “**Annual Report**”). Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the Annual Report.

As at 31 December 2016, the Group held unlisted financial assets designated as at fair value through profit or loss of approximately HK\$7.1 million (the “**FVTPL**”). Given that the FVTPL accounted for approximately 5.27% of the Company’s total assets as at 31 December 2016, the Directors consider the FVTPL as significant investments (the “**Significant Investments**”).

The Directors would like to provide further information in relation to the Significant Investments as at 31 December 2016 as follows:

Description of the investments	Number of shares held as at 31 December 2016	Carrying amount as at 31 December 2016 HK\$ (approximate)
AB FCP I (AB Global High Yield Portfolio, Class AT) (“ AB Global High Yield Portfolio (AT) ”) (<i>Note 1</i>)	133,161.385	4,430,000
Allianz Global Investors Fund (Allianz US High Yield, Class AM) (“ Allianz US High Yield (AM) ”) (<i>Note 2</i>)	<u>41,350.726</u>	<u>2,624,000</u>
Total	<u><u>–</u></u>	<u><u>7,054,000</u></u>

Notes:

1. AB FCP I (named ACMBernstein until 4 February 2016) is a mutual investment fund (fonds commun de placement) organized under the laws of the Grand Duchy of Luxembourg.
2. Allianz Global Investors Fund is an investment company with variable capital (société d’investissement à capital variable).

GENERAL ANALYSIS OF THE GROUP’S SIGNIFICANT INVESTMENTS

As disclosed in the Annual Report, the Group had recognised a gain of approximately HK\$406,000 on change in fair value of the Significant Investments based on the then bid prices offered by banker in Hong Kong for the year ended 31 December 2016.

Performance for the year ended 31 December 2016 and future prospects of the Company’s Significant Investments

AB Global High Yield Portfolio (AT)

As at 31 December 2016, the Group held 133,161.385 AB Global High Yield Portfolio (AT) shares which amount to carrying amount of approximately HK\$4,430,000. During the year ended 31 December 2016, the Group had not acquired or disposed of any AB Global High Yield Portfolio (AT) shares. During the year ended 31 December 2016, the Group had received dividend in the amount of approximately HK\$282,000 from its investment in AB Global High Yield Portfolio (AT). For the year ended 31 December 2016, the Group had recognised a gain of approximately HK\$301,000 on change in fair value of its investment in AB Global High Yield Portfolio (AT).

As disclosed in the product key facts in relation to AB FCP I (AB Global High Portfolio), for the year ended 31 December 2016, performance for AB Global High Yield Portfolio (AT) is approximately 13.8% calculated on a net-asset-value to net-asset-value basis with dividend reinvested, which shows by how much AB Global High Yield Portfolio (AT) shares have increased in value during the calendar year.

With regard to the future prospects of AB Global High Yield Portfolio (AT) based on annual report (the “**AB Annual Report**”) for the year ended 31 August 2016, the Directors noted the view of the management company of AB FCP I that global stocks surged and global bonds generally increased in absolute terms during the tumultuous 12-month period. Having regard to the recent trend in global stocks and global bonds as set out above and the annualized yield of approximately 6.5% for the financial year ended 31 December 2016, the Company expects that its investment in AB Global High Yield Portfolio (AT) will continue to generate a return for the Company.

Allianz US High Yield (AM)

As at 31 December 2016, the Group held 41,350.726 Allianz US High Yield (AM) shares which amount to carrying amount of approximately HK\$2,624,000. During the year ended 31 December 2016, the Group had not acquired or disposed of any Allianz US High Yield (AM) shares. During the year ended 31 December 2016, the Group had received dividend in the amount of approximately HK\$231,000 from its investment in Allianz US High Yield (AM). For the year ended 31 December 2016, the Group had recognised a gain of approximately HK\$104,000 on change in fair value of its investment in Allianz US High Yield (AM).

As disclosed in the product key facts in relation to Allianz Global Investors Fund (Allianz US High Yield), for the year ended 31 December 2016, performance for Allianz US High Yield (AM) is approximately 13.8% calculated on a net-asset-value to net-asset-value basis with dividend reinvested, which shows by how much Allianz US High Yield (AM) shares have increased in value during the calendar year.

With regard to the future prospects of Allianz US High Yield (AM) based on the annual report of Allianz US High Yield (AM) (the “**Allianz Annual Report**”) for the year ended 30 September 2016, the Directors noted the view of Allianz US High Yield (AM) that overall, market activity dominated by increased price volatility can be expected, in which obtaining positive returns remains a challenge. The Directors further note that view of Allianz Global Investors Fund that in the bond segment, securities paying attractive rates of interest issued by companies as well as emerging markets appear to be particularly promising, as disclosed in the

Allianz Annual Report. Despite the continuing challenges in the capital market environment as set out above, in light of the annualized yield of approximately 9.2% for the financial year ended 31 December 2016, the Company expects that its investment in Allianz US High Yield (AM) will continue to generate a return for the Company.

By order of the Board
ETS Group Limited
Tang Yiu Sing
Executive Director and Chief Executive Officer

Hong Kong, 15 August 2017

As at the date of this announcement, the executive Directors are Mr. Tang Yiu Sing and Mr. Yeung Ka Wing; the non-executive Director is Mr. Tang Shing Bor; and the independent non-executive Directors are Mr. Wong Sik Kei, Mr. Cheung Kong Ting and Mr. Wong Kam Tai.

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

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the Company’s website at www.etsgroup.com.hk.