



Third Quarterly Report 2021



CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This report, for which the directors (the “Directors”) of ETS Group Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report 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 report misleading.



FINANCIAL SUMMARY

The Group's total revenue for the nine months ended 30 September 2021 was approximately HK\$75,994,000 representing an increase of approximately 0.2% as compared with the total revenue of approximately HK\$75,870,000 for the corresponding period in 2020.

Loss attributable to owners of the Company for the nine months ended 30 September 2021 was approximately HK\$4,196,000, representing a decrease of approximately 372.8% as compared with the profit attributable to owners of the Company of approximately HK\$1,538,000 for the corresponding period in 2020.

Loss per share for the nine months ended 30 September 2021 was approximately HK1.5 cents (Earnings per share for nine months ended 30 September 2020: approximately HK0.5 cents).

UNAUDITED RESULTS

The board of Directors (the “Board”) of the Company is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months and nine months ended 30 September 2021 together with the comparative figures for the corresponding periods ended 30 September 2020, as follows:

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

For the three months and nine months ended 30 September 2021

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Revenue	3	24,808	21,364	75,994	75,870
Other income		64	7,117	217	8,302
Other losses – net		(161)	(2,436)	(38)	(2,394)
Employee benefits expenses		(18,698)	(18,494)	(55,236)	(58,704)
Depreciation and amortization		(2,498)	(2,898)	(7,726)	(9,233)
Other operating expenses		(6,047)	(4,062)	(16,184)	(11,265)
Operating (loss)/profit		(2,532)	591	(2,973)	2,576
Finance costs		(8)	(85)	(120)	(306)
(Loss)/Profit before tax		(2,540)	506	(3,093)	2,270
Income tax expense	4	(343)	(344)	(1,103)	(732)
(Loss)/Profit for the period		(2,883)	162	(4,196)	1,538
Total comprehensive (expense)/income for the period		(2,883)	162	(4,196)	1,538
(Loss)/Profit attributable to owners of the Company		(2,883)	162	(4,196)	1,538
Total comprehensive (expense)/income attributable to owners of the Company		(2,883)	162	(4,196)	1,538
(Loss)/Earnings per share attributable to owners of the Company					
– Basic and diluted (HK cents)	6	(1.0)	0.1	(1.5)	0.5



NOTES TO THE FINANCIAL INFORMATION

For the nine months ended 30 September 2021

1. GENERAL INFORMATION

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

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and basis adopted in preparing the unaudited condensed consolidated third quarterly financial information were consistent with those applied for the consolidated financial statements of the Group for the year ended 31 December 2020.

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 2021, 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 30 September		Nine months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Outsourcing inbound contact services	2,922	3,062	9,371	8,414
Outsourcing outbound contact services	–	–	–	8,253
Staff insourcing services	14,366	9,110	40,098	31,568
Contact service centre facilities management services	4,075	3,007	10,730	10,474
Financial services	2,051	5,080	11,673	13,531
Others	1,394	1,105	4,122	3,630
	24,808	21,364	75,994	75,870

4. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at a rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in or derived from Hong Kong for the nine months period ended 30 September 2021.

	Three months ended 30 September		Nine months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Current income tax	343	344	1,103	732

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



5. INTERIM DIVIDENDS

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2021 (2020: nil).

6. LOSS/EARNINGS PER SHARE

The calculation of basic loss/earnings per share for the nine months ended 30 September 2021 is based on (i) the unaudited consolidated loss attributable to the owners of the Company of approximately HK\$4,196,000 (earnings per share for nine months ended 30 September 2020: approximately HK\$1,538,000) and (ii) the weighted average number of 280,000,000 ordinary shares issued during the nine months ended 30 September 2021 (during the nine months ended 30 September 2020: the weighted average number of 280,000,000 ordinary shares issued).

The diluted loss/earnings per share is equal to the basic loss/earnings per share as there were no dilutive potential ordinary shares in issue during the nine months ended 30 September 2021 and 2020.



7. MOVEMENT OF RESERVES

	Attributable to owners of the Company				
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
Balance as at 31 December 2019 (audited) and 1 January 2020	2,800	25,238	25,624	67,508	121,170
Profit for the period	–	–	–	1,538	1,538
Other comprehensive income for the period	–	–	–	–	–
Total comprehensive income for the period	–	–	–	1,538	1,538
Balance at 30 September 2020 (unaudited)	2,800	25,238	25,624	69,046	122,708
Balance as at 31 December 2020 (audited) and 1 January 2021	2,800	25,238	25,624	62,371	116,033
Loss for the period	–	–	–	(4,196)	(4,196)
Other comprehensive income for the period	–	–	–	–	–
Total comprehensive expense for the period	–	–	–	(4,196)	(4,196)
Balance at 30 September 2021 (unaudited)	2,800	25,238	25,624	58,175	111,837

8. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED RESULTS

The unaudited condensed consolidated results of the Group for the nine months ended 30 September 2021 were approved by the Board on 5 November 2021.



DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2021 (2020: nil).

FINANCIAL ASSETS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS

Description of the investments

	HK\$
Equity securities listed in Hong Kong (FAFVTPL I)	252,200
Unlisted equity securities at cost (FAFVTPL II)	–
Unlisted equity securities at cost (FAFVTPL III)	12,900,000
Total	13,152,200

Analysed for reporting purposes as:

Current asset	252,200
Non-current asset	12,900,000
	13,152,200

FAFVTPL I

During the year ended 31 December 2020, the Group acquired 60,000 shares of the Tracker Fund listed shares (stock code: 2800) ("Listed shares").

During the nine months ended 30 September 2021, the Group had disposed of 50,000 Listed shares recognising a gain of approximately HK\$216,967.

As at 30 September 2021, the Group held 10,000 Listed shares which amount to carrying amount of approximately HK\$252,200.



FAFVTPL II

During the year ended 31 December 2019, the Group acquired an aggregate amount of 2,470 shares of an unlisted company incorporated in Hong Kong, Oneshop Limited (“Oneshop”), at HK\$2 million, representing approximately 18% of the total issued share capital of Oneshop. As at 30 September 2021, the Group held 2,470 shares of Oneshop with no carrying amount after recording the impairment of the investment of FAFVTPL II in the year ended 31 December 2020.

FAFVTPL III

As stated in the announcements of the Company dated 30 April 2021 and 25 June 2021, the Group has subscribed for 165,385 shares (“Subscription Shares”) of Hong Kong Virtual Asset Exchange Limited (“VAX”), representing approximately 10.85% of the issued share capital of VAX, as enlarged by the allotment and issue of the Subscription Shares, at a total subscription price of HK\$12.9 million. VAX is an unlisted company currently applying to the SFC for obtaining licenses to carry out Type 1 (dealing in securities) and Type 7 (providing automated trading services) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the “SFO”) for the regulation of virtual asset trading platforms in Hong Kong.

As at 30 September 2021, the Group held 165,385 shares of VAX which amount to carrying amount of approximately HK\$12,900,000.

CONVERTIBLE BONDS

During the third quarter of the year 2021, the Group issued unlisted zero coupon convertible bonds in the principal amount of HK\$9.5 million (the “Convertible Bonds”) pursuant to the subscription agreement dated 10 May 2021 and entered into between the Company and Pine Care Titanium Limited, further details of which are disclosed in the announcements of the Company dated 10 May 2021 and 5 August 2021 and the circular of the Company dated 15 July 2021. The net proceeds after deducting all the relevant costs and expenses from the issue of Convertible Bonds amounted to approximately HK\$8.7 million which will mainly be used for expanding the financial services business of the Group, including hiring additional staff for business development purposes of the Group’s securities and asset management business.



MANAGEMENT DISCUSSION AND ANALYSIS

Business review and prospects

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

Stepping into the third quarter of year 2021, the Hong Kong economy has continued to stay on track for recovery and is best reflected by an 18-month low unemployment rate at 4.5% in the July to September period of 2021. The momentum of overall business activities has accelerated across various disciplines among our clientele, which has successfully driven the demand of our services and in turn our revenue in some of our service segments.

The Company has experienced a substantial growth in the staff insourcing service during the reported period which was mainly attributed to an increase in both number of clients as well as service demand from individual clients. The Group optimistically foresees the trend will carry on into the coming year. However, with a tightening local labour market and the recent emigration wave, pressure on finding suitable workforce at junior to middle management level has also increased, which in turn might drive up the cost of recruiting.

Our omni-channel Marvel Contact Centre System continues to draw positive comments and feedbacks from our existing as well as potential clients, and it is the intention of the Company to exert greater sales effort to promote our system solution while at the same time further strengthen the product to stay competitive in the market.

Supported by strong liquidity, homecoming listings and sizeable deals, Hong Kong's IPO market was buoyed by solid investor demand and market sentiment, and reached a historic high in terms of total proceeds for the first half of 2021. Recent official figures also showed that the city's gross domestic product grew 7.6 per cent year on year in the second quarter, signaling a sustained economic rebound benefited by the easing of the local coronavirus situation. With booming stock market and improving investment sentiment, the Group believed an active capital market will continue to provide business opportunities to our securities trading, advisory and asset management services.



Furthermore, in order to maximize the synergy with our investment in VAX, a company which is currently applying to the SFC for obtaining licenses to carry out Type 1 (dealing in securities) and Type 7 (providing automated trading services) regulated activities under the SFO for the regulation of virtual asset trading platforms in Hong Kong (as disclosed in the announcements of the Company dated 30 April 2021 and 25 June 2021), the management of the Group is also eager to explore and capture opportunities arising from tokenisation of assets using blockchain technology and virtual asset investment through partnership, alliances or merger and acquisition for the enhancement of our financial business.

Abundant liquidity and low interest rates are two persistent factors supporting the local real estate market, and the Group is cautiously optimistic that our credit financing business will continue to benefit from this market trend in the year to come.

Going forward, the management of the Group will keep focusing on our call centre as well as financial businesses and actively explore other investment and/or partnership opportunities to support our growth and particularly expand our financial products and services in the future.

Financial review

For the nine months ended 30 September 2021, the Group's unaudited total revenue was approximately HK\$76.0 million, representing a decrease of approximately HK\$0.1 million as compared with the total revenue of the corresponding period in 2020 (2020: approximately HK\$75.9 million). The other income decreased from approximately HK\$8.3 million for the nine months ended 30 September 2020 to approximately HK\$0.2 million for the nine months ended 30 September 2021 mainly because the Group received local government subsidy related to the employment of the staffs in the year ended 31 December 2020.

The unaudited employee benefits expenses decreased from approximately HK\$58.7 million for the nine months ended 30 September 2020 to approximately HK\$55.2 million for the nine months ended 30 September 2021. The decrease of employee benefits expenses was mainly due to cessation of employment of the contact centre agents following the termination of some of the projects. The unaudited other operating expenses increased by approximately HK\$4.9 million from approximately HK\$11.3 million for the nine months ended 30 September 2020 to approximately HK\$16.2 million for the nine months ended 30 September 2021. The other operating expenses mainly include expected credit loss, auditors' remuneration, insurance, legal and professional expenses, expenses relating to short-term leases and rates, repair and maintenance, subcontracting expenses, telephone expenses, travelling, entertainment and utilities expenses. The increase of other operating expenses was mainly attributable to the increase of the expected credit loss of account receivables.



The Group's unaudited depreciation and amortization expenses decreased from approximately HK\$9.2 million for the nine months ended 30 September 2020 to approximately HK\$7.7 million for the nine months ended 30 September 2021. The unaudited finance costs for the nine months ended 30 September 2020 decreased from approximately HK\$0.3 million to approximately HK\$0.1 million for the nine months ended 30 September 2021.

The decrease of profit was mainly attributed to increase of expected credit loss of account receivables for the period.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions as set out in the Corporate Governance Code (the "Code") in Appendix 15 to the GEM Listing Rules throughout the nine months ended 30 September 2021.

CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specified enquiry on the Directors (except Mr. Tang Shing Bor who had passed away on 14 May 2021), all such Directors confirmed that they have complied with the required standard of dealings concerning securities transactions for the nine months ended 30 September 2021.

SHARE OPTION SCHEME

During the nine months ended 30 September 2021, no share option was granted, exercised, expired or lapsed under the share option scheme approved on 21 December 2011 (the "Old Share Option Scheme").

The Old Share Option Scheme was terminated, and a new share option scheme (the "New Share Option Scheme") were conditionally adopted by the shareholders of the Company on 4 May 2021 and became unconditional on 6 May 2021.

During the period from 6 May 2021 up to 30 September 2021, no share option was granted, exercised, expired or lapsed under the New Share Option Scheme.



DIRECTORS' RIGHTS TO ACQUIRE SHARES

Apart from the Share Option Schemes, at no time during the nine months ended 30 September 2021 was any of the Company or any associated corporation a party to any arrangement to enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors, or their spouses or children under the age of 18, had any right to subscribe for the shares in, or debentures of, the Company, or had exercised any such rights.

NON-COMPETITION UNDERTAKING

As disclosed in the announcement of the Company dated 24 October 2019, Gear Credit Limited ("Gear Credit"), which is an indirect wholly-owned subsidiary of the Company, has obtained a money lender's licence under the Money Lenders Ordinance ("MLO") and commenced its money lending business.

Prior to the commencement of business of Gear Credit, on 21 October 2019, Mr. Tang Shing Bor ("Mr. Tang") (our Chairman and non-executive Director until 14 May 2021 when he passed away), Mr. Tang Yiu Sing ("Mr. YS Tang") (our Chief Executive Officer and executive Director), H.K. Sources Finance Limited ("HK Sources") and Kong Way Credit Company Limited ("Kong Way", together with Mr. Tang, Mr. YS Tang and HK Sources, the "Covenantors") entered into a deed of non-competition (the "Deed of Non-competition") in favour of the Company (for itself and as trustee of the members of the Group) with a view to safeguard the interest of the Company and the Shareholders as a whole.

As at the date of the Deed of Non-competition, (i) Mr. Tang was the controlling shareholder of HK Sources, which is a company incorporated in Hong Kong with limited liability and a holder of a money lender's licence under the MLO and is principally engaged in the provision of mortgage loan; and (ii) Mr. YS Tang was the sole shareholder of Kong Way, which is a company incorporated in Hong Kong with limited liability and a holder of a money lender's licence under the MLO and is principally engaged in the provision of loans for individuals and small and medium enterprises. Subject to the terms and conditions of the Deed of Non-competition, each of the Covenantors irrevocably and unconditionally, jointly and severally, undertakes to and covenants with the Company (for itself and as trustee for the benefit of the members of the Group) that during the continuation of the Deed of Non-competition, other than the aforementioned shareholding interests held by Mr. Tang and Mr. YS Tang in HK Sources and Kong Way respectively, each of the Covenantors shall not, and shall procure each of his/its close associates (other than any members of the Group) not to, whether on his/its own account



or in conjunction with or on behalf of any person, firm or company and whether directly or indirectly, carry on a business which is, or be interested or involved or engaged in or acquire or hold any rights or interest or otherwise involved in (in each case whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) any business which competes or is likely to compete directly or indirectly with the business currently and from time to time engaged by the Group (including but not limited to the provision of comprehensive multi-media contact services, contact centre system, staff insourcing and financial services engaged by the Group and the money lending business engaged by the Group through Gear Credit and/or other member(s) of the Group) in Hong Kong and any other country or jurisdiction to which the Group markets, supplies or otherwise provides such service and/or in which any members of the Group carries on business mentioned above from time to time (the “Restricted Business”).

Each of the Covenantors further undertakes that if he/it and/or any of his/its close associates is offered or becomes aware of any project or new business opportunity (“New Business Opportunity”) that relates to the Restricted Business, whether directly or indirectly, he/it shall: (i) promptly in any event not later than three (3) Business Days notify the Company in writing of such opportunity and provide such information as is reasonably required by the Company in order to enable the Company to come to an informed assessment of such opportunity; and (ii) use his/its best endeavours to procure that such opportunity is offered to the Company on terms no less favourable than the terms on which such opportunity is offered to him/it and/or his/its close associates. If the Group has not given written notice of its desire to invest in such New Business Opportunity or has given written notice denying the New Business Opportunity within five (5) Business Days (the “5-day Offering Period”) of receipt of notice from the Covenantors, the Covenantors and/or his/its close associates shall be permitted to invest in or participate in the New Business Opportunity on his/its own accord. The Covenantors agree to extend the five (5) Business Days to a maximum of ten (10) Business Days if the Company requires so by giving a written notice to the Covenantors within the 5-day Offering Period.

As disclosed in the Company’s 2020 Annual Report, the Company had received written notices from all of the Covenantors in respect of any New Business Opportunity which competed or was likely to compete with the existing business of the Group which was offered or came to the knowledge of the Covenantors or their close associates (other than any member of the Group). Each of the Covenantors has made an annual declaration to the Company in respect of his/its compliance with his/its obligations under the Deed of Non-competition for the year ended 31 December 2020.



DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save as disclosed above, so far as the Directors are aware of, none of the Directors or the substantial/controllers shareholders of the Company has any interest in a business which competes or may compete, either directly or indirectly, with the business of the Group or has any other conflict of interest with the Group as at 30 September 2021.

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

As at 30 September 2021, the interests and short positions of the Directors and chief executives of the Company (the "Chief Executives") in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or Chief Executive is taken or deemed to have under such provision of the SFO) or which were required pursuant to section 352 of the SFO, to be entered in the register required to be kept by the Company, or which were required, pursuant to Securities Transactions by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long positions in the shares of the Company

Name of Directors/ Chief Executives	Capacity	Nature of interests	Approximate percentage of the issued share capital of the Company as at 30 September 2021	
			Number of shares/ underlying shares held	
Mr. Tang Shing Bor	Interest in a controlled corporation	Corporate interest	210,000,000 (Note)	75%

Note:

These interests were held by Million Top Enterprises Limited under Mr. Tang Shing Bor's estate. Mr. Tang Shing Bor passed away on 14 May 2021 and his interests in the Shares form part of his estate.



Save as disclosed above, as at 30 September 2021, none of the Directors and/or Chief Executive had any other interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to the Securities Transactions by Directors, to be notified to the Company and the Stock Exchange.

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

So far as is known to the Directors, as at 30 September 2021, the following persons (not being a Director or Chief Executive) who had interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company under provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO, or who is directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

Long positions in the shares of the Company

Name of substantial shareholders	Capacity	Approximate percentage of the issued share capital of the Company as at 30 September 2021	
		Number of Shares/ underlying Shares held	
Million Top Enterprises Limited (Note 1)	Beneficial owner	210,000,000	75%
Pine Care Group Limited ("Pine Care Group")	Interest in a controlled corporation	15,625,000	5.58%
Pine Care Titanium Limited ("Pine Care Titanium") (Note 2)	Beneficial owner	15,625,000	5.58%



Notes:

1. Million Top Enterprises Limited was wholly and beneficially owned by Mr. Tang Shing Bor, the late non-executive Director.
2. Pine Care Titanium is the holder of the convertible bonds in a principal amount of HK\$9,500,000 at a conversion price of HK\$0.608 per conversion share (subject to adjustments) issued by the Company, of which a total of 15,625,000 conversion shares will be allotted and issued upon full conversion of the convertible bonds. Pine Care Titanium was wholly and beneficially owned by Pine Care Group. Under the SFO, Pine Care Group was deemed to be interested in the underlying Shares held by Pine Care Titanium.

Save as disclosed above, as at 30 September 2021, the Directors were not aware of any other persons (other than Directors or Chief Executive) who had interests and/or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, or who is directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

AUDIT COMMITTEE

The financial information in this report has not been audited by the auditor of the Company, but the Audit Committee has reviewed the unaudited consolidated results of the Group for the nine months ended 30 September 2021 and is of the opinion that the accounting policies of the Group are in accordance with the generally accepted accounting practices in Hong Kong, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

PRE-EMPTIVE RIGHTS

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



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

The Company did not redeem any of its listed securities, and neither did the Company nor any of its subsidiaries purchase or sell any of the listed securities of the Company for the nine months ended 30 September 2021.

By order of the Board

ETS Group Limited

Tang Yiu Sing

Executive Director and Chief Executive Officer

Hong Kong, 5 November 2021

As at the date of this report, the executive directors of the Company are Mr. Tang Yiu Sing and Mr. Yeung Ka Wing; and the independent non-executive directors of the Company are Mr. Wong Sik Kei, Mr. Cheung Kong Ting and Mr. Wong Kam Tai.

This report will remain on the "Latest Listed Company Information" 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.