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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)

**DISCLOSEABLE TRANSACTION
IN RELATION TO THE PROVISION OF
LOAN FACILITIES TO INDEPENDENT THIRD PARTIES**

FACILITY ARRANGEMENT A

The Board announces that on 7 April 2021 (after trading hours of the Stock Exchange), the Lender, an indirect wholly-owned subsidiary of the Company, entered into the Facility Letter A with the Borrower and the Mortgagor, pursuant to which the Lender agreed to grant a secured loan in the principal amount of HK\$4,000,000 to the Borrower for a term of 12 months at an interest rate of 12% per annum.

As security for payment of all sums advanced by the Lender to the Borrower and outstanding in respect of Loan A and all interest accrued thereon and all other moneys and obligations in respect of moneys which the Borrower and/or the Mortgagor covenanted to pay to the Lender under the Facility Letter A, the Borrower and the Mortgagor executed the First Legal Charge in favour of the Lender.

FACILITY ARRANGEMENT B

The Board further announces that on 7 April 2021 (after trading hours of the Stock Exchange), the Lender entered into the Facility Letter B with the Mortgagor, pursuant to which the Lender agreed to grant a secured loan in the principal amount of HK\$2,150,000 to the Mortgagor for a term of 12 months at an interest rate of 12% per annum.

As security for payment of all sums advanced by the Lender to the Mortgagor and outstanding in respect of Loan B and all interest accrued thereon and all other moneys and obligations in respect of moneys which the Mortgagor covenanted to pay to the Lender under the Facility Letter B, the Mortgagor executed the Second Legal Charge in favour of the Lender.

GEM LISTING RULES IMPLICATIONS

The transactions contemplated under the Facility Arrangement A and the Facility Arrangement B are aggregated on the basis that they were entered into by the Group with parties associated with one another, as the Mortgagor (being the borrower under the Facility Letter B) is a shareholder and director of the Borrower (being the borrower under the Facility Letter A), and shall be aggregated pursuant to Rule 19.22 of the GEM Listing Rules.

As the applicable percentage ratio(s) (as defined under the GEM Listing Rules) in respect of the transactions contemplated under the Facility Arrangement A and the Facility Arrangement B, when aggregated, is more than 5% but less than 25%, the entering into of the Facility Arrangement A and the Facility Arrangement B constitutes a discloseable transaction on the part of the Company under the GEM Listing Rules and is subject to the notification and announcement requirements but exempt from the Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

FACILITY ARRANGEMENT A

The Board announces that on 7 April 2021 (after trading hours of the Stock Exchange), the Lender, an indirect wholly-owned subsidiary of the Company, entered into the Facility Letter A with the Borrower and the Mortgagor, pursuant to which the Lender agreed to grant a secured loan in the principal amount of HK\$4,000,000 to the Borrower for a term of 12 months at an interest rate of 12% per annum.

Facility Letter A

The principal terms of the Facility Letter A are set out as follows:

- Date: 7 April 2021
- Parties: (a) Gear Credit Limited, as the Lender;
- (b) Kongwell (Hong Kong) Mortgage Limited, as the Borrower; and
- (c) Fong Yuk Chun, as the Mortgagor
- Principal amount of the Loan A: HK\$4,000,000
- The Loan A will be funded by internal resources of the Group
- Interest rate: 12% per annum, payable monthly
- Purpose: The Loan A is to fully repay the loan under the 2020 Facility Letter
- Drawdown period: The offer will be automatically withdrawn if the Borrower does not drawdown the Loan A within seven (7) days from the date of the Facility Letter A
- Prepayment: The Borrower shall have an option at any time to make early repayment of the whole or part of the Loan A after the date of the loan drawdown, provided that (a) the Borrower shall have given to the Lender prior notice within reasonable time in writing of its intention to make such early repayment, specifying the amount to be repaid and the date on which the early repayment is to be made; and (b) the Borrower shall, on the date of early repayment, pay to the Lender all accrued interest on the amount to be early repaid
- Repayment: Interest will be paid on monthly basis over the term of the loan and principal amount of the Loan A will be repaid in one lump sum on the 12 calendar months after the date of advance
- Security: Secured by the First Legal Charge over the property located at 6th Floor, No. 5 Kai Ming Street, Kowloon, Hong Kong

First Legal Charge

As security for the payment of all sums advanced by the Lender to the Borrower and outstanding in respect of Loan A and all interest accrued thereon and all other moneys and obligations in respect of moneys which the Borrower and/or the Mortgagor covenanted to pay to the Lender under the Facility Letter A, the Borrower and the Mortgagor entered into the First Legal Charge over the Property with a market value of approximately HK\$8,200,000 based on a valuation conducted by an independent property surveyor on 23 March 2021 in favour of the Lender.

Pursuant to the terms of the First Legal Charge, the total amount recoverable under the First Legal Charge shall be limited to the principal sum of HK\$4,000,000 with interest accrued thereon and all costs, charges and expenses referred therein.

Taking into consideration of the above, the Board considers that the First Legal Charge provided is sufficient to protect the interests of the Company and the Shareholders as a whole.

FACILITY ARRANGEMENT B

The Board further announces that on 7 April 2021 (after trading hours of the Stock Exchange), the Lender entered into the Facility Letter B with the Mortgagor, pursuant to which the Lender agreed to grant a secured loan in the principal amount of HK\$2,150,000 to the Mortgagor for a term of 12 months at an interest rate of 12% per annum.

Facility Letter B

The principal terms of the Facility Letter B are set out as follows:

Date: 7 April 2021

Parties: (a) Gear Credit Limited, as the Lender; and
(b) Fong Yuk Chun, as the borrower and Mortgagor

Principal amount of the Loan B: HK\$2,150,000

The Loan B will be funded by internal resources of the Group

Interest rate: 12% per annum, payable monthly

Drawdown period: The offer will be automatically withdrawn if the Mortgagor does not draw down the Loan B within seven (7) days from the date of the Facility Letter B

- Prepayment:** The Mortgagor shall have an option at any time to make early repayment of the whole or part of the Loan B after the date of the loan drawdown, provided that (a) the Mortgagor shall have given to the Lender prior notice within reasonable time in writing of its intention to make such early repayment, specifying the amount to be repaid and the date on which the early repayment is to be made; and (b) the Mortgagor shall, on the date of early repayment, pay to the Lender all accrued interest on the amount to be early repaid
- Repayment:** Interest will be paid on monthly basis over the term of the loan and principal amount of the Loan B will be repaid in one lump sum on the 12 calendar months after the date of advance
- Security:** Secured by the Second Legal Charge over the property located at 6th Floor, No. 5 Kai Ming Street, Kowloon, Hong Kong

Second Legal Charge

As security for the payment of all sums advanced by the Lender to the Mortgagor and outstanding in respect of Loan B and all interest accrued thereon and all other moneys and obligations in respect of moneys which the Mortgagor covenanted to pay to the Lender under the Facility Letter B, subject to the First Legal Charge, the Mortgagor entered into the Second Legal Charge over the Property, with a market value of approximately HK\$8,200,000 based on a valuation conducted by an independent property surveyor on 23 March 2021, in favour of the Lender.

Pursuant to the terms of the Second Legal Charge, the total amount recoverable under the Second Legal Charge shall be limited to the principal sum of HK\$2,150,000 with interest accrued thereon and all costs, charges and expenses referred therein.

Taking into consideration of the above, the Board considers that the Second Legal Charge provided is sufficient to protect the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE BORROWER AND THE MORTGAGOR

The Borrower is a company incorporated in Hong Kong with limited liability and a registered money lender holding a money lender's licence under the Money Lenders Ordinance (Chapter 163 of the laws of Hong Kong). As at the date of this announcement, the Borrower is principally engaged in money lending business and is owned as to 60% by Mr. Tse Ping San and 40% by the Mortgagor.

The Mortgagor is a merchant. As at the date of this announcement, she is a shareholder and the sole director of the Borrower.

To the best knowledge, information and belief of the Directors, after having made all reasonable enquiries, each of the Mortgagor, the Borrower and its ultimate beneficial owner(s) (where applicable) is an Independent Third Party.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE FACILITY ARRANGEMENT A AND THE FACILITY ARRANGEMENT B

The Company is an investment holding company and the Group is principally engaged in providing comprehensive multi-media contact services, contact centre system, staff insourcing and financial services in Hong Kong. The Lender, being an indirect wholly-owned subsidiary of the Company, is principally engaged in the provision of financial services including commercial and personal lending. The Lender is a registered money lender holding a money lender's licence under the Money Lenders Ordinance (Chapter 163 of the laws of Hong Kong). The Directors are of the view that the entering into of the Facility Arrangement A and the Facility Arrangement B is a transaction carried out as part of the ordinary and usual course of business activities of the Group.

The entering into of the Facility Arrangement A and the Facility Arrangement B is subject to, *inter alia*, the satisfaction of credit assessment of the Borrower and the Mortgagor by the Lender including but not limited to assessing the value of the Property by an independent property surveyor. Taking into account that the Loan A and Loan B were granted for a short term with collateral provided by the Mortgagor, the Directors consider that the credit risks are low.

Taking into consideration that (i) the provision of money lending services to the Borrower and the Mortgagor by the Lender pursuant to the Facility Letter A and the Facility Letter B respectively is in the ordinary and usual course of business of the Group and will generate stable revenue to the Group from the interest income; and (ii) the terms of the Facility Arrangement A and the Facility Arrangement B (including the interest rate) were determined after arm's length negotiations between the Group, the Borrower and the Mortgagor with reference to the prevailing commercial practice, the financial background of the Borrower and the Mortgagor, the market value of the security provided and the amount of the Loan A and the Loan B, the Board (including the independent non-executive Directors) considers that (i) the Facility Arrangement A and the Facility Arrangement B were entered into in the ordinary and usual course of business of the Group on normal commercial terms; and (ii) the terms of the Facility Arrangement A and the Facility Arrangement B are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

The transactions contemplated under the Facility Arrangement A and the Facility Arrangement B are aggregated on the basis that they were entered into by the Group with parties associated with one another, as the Mortgagor (being the borrower under the Facility Letter B) is a shareholder and director of the Borrower (being the borrower under the Facility Letter A), and shall be aggregated pursuant to Rule 19.22 of the GEM Listing Rules.

As the applicable percentage ratio(s) (as defined under the GEM Listing Rules) in respect of the transactions contemplated under the Facility Arrangement A and the Facility Arrangement B, when aggregated, is more than 5% but less than 25%, the entering into of the Facility Arrangement A and the Facility Arrangement B constitutes a discloseable transaction on the part of the Company under the GEM Listing Rules and is subject to the notification and announcement requirements but exempt from the Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

Unless the context requires otherwise, capitalised terms used in this announcement shall have the following meanings:

“2020 Facility Letter”	the facility letter dated 31 March 2020 and entered into amongst the Lender, the Borrower and the Mortgagor in relation to the grant of a loan in the principal sum of HK\$4,000,000 to the Borrower for a term of 12 months at an interest rate of 11.50% per annum
“Board”	board of Directors
“Borrower”	Kongwell (Hong Kong) Mortgage Limited, being a company incorporated in Hong Kong with limited liability and owned as to 60% by Mr. Tse Ping San and 40% by the Mortgagor as at the date of this announcement
“Company”	ETS Group Limited, being a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM (stock code: 8031)
“Director(s)”	the director(s) of the Company

“Facility Arrangement A”	transactions contemplated under the Facility Letter A and the First Legal Charge
“Facility Arrangement B”	transactions contemplated under the Facility Letter B and the Second Legal Charge
“Facility Letter A”	the facility letter dated 7 April 2021 and entered into amongst the Lender, the Borrower and the Mortgagor in relation to the grant of the Loan A in the principal sum of HK\$4,000,000 to the Borrower for a term of 12 months at an interest rate of 12% per annum
“Facility Letter B”	the facility letter dated 7 April 2021 and entered into amongst the Lender and the Mortgagor in relation to the grant of the Loan B in the principal sum of HK\$2,150,000 to the Mortgagor for a term of 12 months at an interest rate of 12% per annum
“First Legal Charge”	a legal charge over the Property executed by the Borrower and the Mortgagor in favour of the Lender as security for all sums advanced by the Lender to the Borrower and outstanding in respect of Loan A and all interest accrued thereon and all other moneys and obligations in respect of moneys which the Borrower and/or the Mortgagor covenanted to pay to the Lender under the Facility Letter A
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	any person or company together with its ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is/are not connected person(s) (as defined under the GEM Listing Rules) of the Company and is/are third party(ies) independent of the Company and its connected person(s)

“Lender”	Gear Credit Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Loan A”	the secured term loan in the principal amount of HK\$4,000,000 granted by the Lender to the Borrower pursuant to the terms and conditions of the Facility Letter A
“Loan B”	the secured term loan in the principal amount of HK\$2,150,000 granted by the Lender to the Mortgagor pursuant to the terms and conditions of the Facility Letter B
“Mortgagor”	Fong Yuk Chun, being the mortgagor under Facility Letter A, the borrower and mortgagor under Facility Letter B, and an Independent Third Party
“Property”	a residential property located at 6th Floor, No. 5 Kai Ming Street, Kowloon, Hong Kong with a total saleable area of approximately 628 square feet
“Second Legal Charge”	subject to the First Legal Charge, the legal charge over the Property executed by the Mortgagor in favour of the Lender as security for all sums advanced by the Lender to the Mortgagor and outstanding in respect of Loan B and all interest accrued thereon and all other moneys and obligations in respect of moneys which the Mortgagor covenanted to pay to the Lender under the Facility Letter B
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	holders of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

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

Hong Kong, 7 April 2021

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

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited 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 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.