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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 AND CONNECTED TRANSACTION
IN RELATION TO THE CHINA PAINT BUILDING LEASE**

THE CHINA PAINT BUILDING LEASE

On 31 December 2021 (after trading hours of the Stock Exchange), Epro Telecom, an indirect wholly-owned subsidiary of the Company, and Star China entered into the China Paint Building Lease, pursuant to which Star China has agreed to lease to Epro Telecom the China Paint Building Property for a term of one year commencing from 1 January 2022 and expiring on 31 December 2022 (both days inclusive) at the rent of HK\$218,000 per month.

GEM LISTING RULES IMPLICATIONS

Pursuant to HKFRS 16, the entering into of the China Paint Building Lease as tenant will require the Group to recognise the China Paint Building Property as the right-of-use assets on its balance sheet, thus the China Paint Building Lease and the transaction contemplated thereunder will be regarded as an acquisition of asset by the Group under the GEM Listing Rules.

As one or more of the applicable percentage ratio(s) (as defined under the GEM Listing Rules) calculated based on the value of the right-of-use assets recognised by the Group pursuant to HKFRS 16 under the China Paint Building Lease is/are more than 5% but less than 25%, the entering into of the China Paint Building Lease constitutes a discloseable transaction on the part of the Company and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

As at the date of this announcement, the entire equity interest of Star China forms part of the estate of the late Mr. Tang, who was the late non-executive Director and chairman of the Company and the father of Mr. YS Tang, being an executive Director. Star China is therefore a connected person of the Company and the China Paint Building Lease constitutes a connected transaction on the part of the Company under Chapter 20 of the GEM Listing Rules. As such, Mr. YS Tang who has material interests in the China Paint Building Lease had abstained from voting on the relevant issues at the Board meeting for approving the China Paint Building Lease.

As the applicable percentage ratios (as defined under the GEM Listing Rules) calculated based on the value of the right-of-use assets recognised by the Group pursuant to HKFRS 16 in respect of the China Paint Building Lease are less than 25% and the total consideration is less than HK\$10,000,000, the entering into of the China Paint Building Lease is subject to reporting and announcement requirements but exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

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The principal terms of the China Paint Building Lease are set out below:

Date:	31 December 2021
Parties:	(i) Epro Telecom, as the tenant (ii) Star China, as the landlord
Premises:	properties situated at 3/F and 4/F, China Paint Building, 1163 Canton Road, Mong Kok, Kowloon, Hong Kong with a total saleable area of approximately 16,000 square feet
Term:	one year commencing from 1 January 2022 and expiring on 31 December 2022 (both days inclusive)
Usage:	for lawful usage only

Rent: HK\$218,000 per calendar month (inclusive of Government Rent, Rates, Property Tax and management fees) to be paid in advance without any deduction whatsoever on the first day of each and every calendar month

The rental payments under the China Paint Building Lease is expected to be satisfied by internal resources of the Group.

If the rent or any part thereof shall remain unpaid for 15 days after becoming payable (whether legally demanded or not) or if Epro Telecom persistently fails to pay the rent as and when the same falls due then, it shall be lawful for Star China at any time thereafter to re-enter upon the China Paint Building Property or any part thereof and the China Paint Building Lease shall absolutely determine but without prejudice to any right of action of Star China.

Option of renewal: 1 January 2023 to 31 December 2023 (open market rent but not less than HK\$218,000 per month)

The option of renewal shall be exercisable by Epro Telecom by giving not less than three months' written notice prior to the expiration of the term provided always that if Epro Telecom shall not have exercised its option of renewal in the manner as aforesaid, the China Paint Building Lease shall forthwith be terminated at the expiration of the term and Epro Telecom shall forthwith yield up vacant possession of the China Paint Building Property.

Security deposit: Epro Telecom shall pay to Star China HK\$654,000, equivalent to the aggregate of three months' rent, as a security deposit on or before the signing of the China Paint Building Lease.

Such deposit shall bear no interest and if there shall be no breach of any of the terms and conditions of the China Paint Building Lease on the part of Epro Telecom, such deposit shall be returned to Epro Telecom within 15 days from the date of delivery of vacant possession of the China Paint Building Property by Epro Telecom to Star China on the expiration of the terms of the China Paint Building Lease or soon determination of the same.

Whenever there is any increase in rent of the China Paint Building Property during the term of the China Paint Building Lease and the renewed term created by Epro Telecom's exercising the option of renewal thereunder, Epro Telecom shall upon the taking effect of such increase pay to Star China such sum so that the amount of deposit held by Star China shall equal to the aggregate of three months' rent of the China Paint Building Property payable after such increase in rent.

Default interest: If Epro Telecom shall default in payment of the rent or any part thereof or any money payable thereunder, interest thereon shall be paid by Epro Telecom to Star China at the rate of 2% calculating from the date of such default to the date of payment in full.

INFORMATION OF STAR CHINA

Star China is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding. It is wholly-owned by Harbour Legend Limited, the entire equity interest of which currently forms part of the estate of the late Mr. Tang.

REASONS FOR AND BENEFITS OF THE CHINA PAINT BUILDING LEASE

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. Epro Telecom is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in the provision of telecommunication and related services and the sales of system and software.

Epro Telecom has used the China Paint Building Property as a business centre and main office of the Group since December 2015. As the China Paint Building Property would continue to provide premises for the business need of the Group and the terms of the China Paint Building Lease were determined after arm's length negotiations between the Group and Star China with reference to the prevailing market rent for the comparable property in the vicinity, the Directors (including the independent non-executive Directors) consider that (i) the China Paint Building Lease was entered into in the ordinary and usual course of business of the Group on normal commercial terms; and (ii) the terms of China Paint Building Lease (including the rent) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

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As one or more of the applicable percentage ratio(s) (as defined under the GEM Listing Rules) calculated based on the value of the right-of-use assets recognised by the Group pursuant to HKFRS 16 under the China Paint Building Lease is/are more than 5% but less than 25%, the entering into of the China Paint Building Lease constitutes a discloseable transaction on the part of the Company and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

As at the date of this announcement, the entire equity interest of Star China forms part of the estate of the late Mr. Tang, who was the late non-executive Director and chairman of the Company and the father of Mr. YS Tang, being an executive Director. Star China is therefore a connected person of the Company and the China Paint Building Lease constitutes a connected transaction on the part of the Company under Chapter 20 of the GEM Listing Rules. As such, Mr. YS Tang who has material interests in the China Paint Building Lease had abstained from voting on the relevant issues at the Board meeting for approving the China Paint Building Lease.

As the applicable percentage ratios (as defined under the GEM Listing Rules) calculated based on the value of the right-of-use assets recognised by the Group pursuant to HKFRS 16 in respect of the China Paint Building Lease are less than 25% and the total consideration is less than HK\$10,000,000, the entering into of the China Paint Building Lease is subject to reporting and announcement requirements but exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

DEFINITIONS

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

“Board”	board of Directors
“China Paint Building Lease”	the lease dated 31 December 2021 and entered into between Epro Telecom and Star China in relation to the leasing of the China Paint Building Property for a term of one year commencing from 1 January 2022 and expiring on 31 December 2022 (both days inclusive)

“China Paint Building Property”	3/F and 4/F, China Paint Building, 1163 Canton Road, Mong Kok, Kowloon, Hong Kong with a total saleable area of approximately 16,000 square feet, being the subject matter of China Paint Building Lease
“Company”	ETS Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM (stock code: 8031)
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“Epro Telecom”	Epro Telecom Services Limited, being a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administration Region of the People’s Republic of China
“Mr. Tang”	Mr. Tang Shing Bor, being (i) the late non-executive Director and chairman of the Company; and (ii) the late father of Mr. YS Tang
“Mr. YS Tang”	Mr. Tang Yiu Sing, being (i) an executive Director and chief executive officer of the Company; and (ii) the son of Mr. Tang
“Shareholders”	holders of issued Shares
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company

“Star China”	Star China Development Limited, being a company incorporated in Hong Kong with limited liability and direct wholly-owned by Harbour Legend Limited, the entire equity interest of which currently forms part of the estate of the late Mr. Tang
“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, 31 December 2021

As at the date of this announcement, 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 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 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.