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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)**

**ANNUAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**CHARACTERISTICS OF THE 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 announcement 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 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.*

## **FINANCIAL HIGHLIGHTS**

The Group's revenue for the year ended 31 December 2023 was approximately HK\$78,719,000 representing a decrease of approximately 8.6% as compared to that of approximately HK\$86,130,000 in 2022.

Loss attributable to owners of the Company for the year ended 31 December 2023 was approximately HK\$7,922,000 representing a decrease of approximately 15% as compared to the loss attributable to owners of the Company for the year ended 31 December 2022 amounted approximately HK\$9,296,000.

Loss per share for the year ended 31 December 2023 was HK\$2.8 cents (2022: Loss per share: HK\$3.3 cents).

The board of Directors recommends an interim dividend of HK\$15 cents per ordinary share for the nine month ended 30 September 2023 (2022: Nil) and does not recommend a final dividend for the year ended 31 December 2023 (2022: HK\$1.5 cents).

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2023*

	<i>Notes</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Revenue</b>	3	<b>78,719</b>	86,130
Other income		<b>920</b>	6,382
Other gains/(losses) – net		<b>154</b>	(1,091)
Employee benefits expenses		<b>(66,959)</b>	(69,947)
Depreciation and amortization		<b>(2,247)</b>	(3,793)
Other operating expenses		<b>(17,473)</b>	(25,491)
Share of loss of an associate		<b>(249)</b>	(170)
		<hr/>	<hr/>
<b>Operating loss</b>		<b>(7,135)</b>	(7,980)
Finance costs		<b>(681)</b>	(1,093)
		<hr/>	<hr/>
<b>Loss before tax</b>	4	<b>(7,816)</b>	(9,073)
Income tax expense	5	<b>(106)</b>	(223)
		<hr/>	<hr/>
<b>Loss for the year</b>		<b>(7,922)</b>	(9,296)
		<hr/>	<hr/>
<b>Other comprehensive income for the year</b>		<b>–</b>	–
		<hr/>	<hr/>
<b>Total comprehensive expense for the year</b>		<b>(7,922)</b>	(9,296)
		<hr/> <hr/>	<hr/> <hr/>
<b>Loss attributable to owners of the Company</b>		<b>(7,922)</b>	(9,296)
		<hr/> <hr/>	<hr/> <hr/>
<b>Total comprehensive expense for the year attributable to owners of the Company</b>		<b>(7,922)</b>	(9,296)
		<hr/> <hr/>	<hr/> <hr/>
Loss per share attributable to owners of the Company			
– Basic and diluted ( <i>HK cents</i> )		<b>(2.8)</b>	(3.3)
		<hr/> <hr/>	<hr/> <hr/>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	<i>Notes</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		712	1,001
Right-of-use assets		535	370
Intangible assets		1,642	2,288
Interest in an associate		581	830
Financial assets at fair value through profit or loss		1,543	1,260
Deferred income tax assets		755	669
Other assets		–	205
		<u>5,768</u>	<u>6,623</u>
<b>Current assets</b>			
Contract assets		5,749	3,972
Trade and other receivables	7	16,939	28,952
Financial assets at fair value through profit or loss		–	199
Tax recoverable		474	474
Pledged bank deposits		–	6,092
Time deposits		–	20,000
Bank trust account balances		–	6,453
Cash and cash equivalents		26,587	46,437
		<u>49,749</u>	<u>112,579</u>
<b>Current liabilities</b>			
Contract liabilities		2,218	2,248
Trade and other payables	8	9,787	15,365
Current income tax liabilities		83	140
Borrowings		–	2,000
Lease liabilities		274	376
Convertible bonds		–	9,206
		<u>12,362</u>	<u>29,335</u>
<b>Net current assets</b>		<u>37,387</u>	<u>83,244</u>
<b>Total assets less current liabilities</b>		<u>43,155</u>	<u>89,867</u>

	<i>Notes</i>	<b>2023</b> <b>HK\$'000</b>	2022 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Deferred income tax liabilities		<b>8</b>	16
Lease liabilities		<b>262</b>	–
		<u><b>270</b></u>	<u>16</u>
<b>Net assets</b>		<u><b>42,885</b></u>	<u>89,851</u>
<b>Equity attributable to the owners of the Company</b>			
Share capital	9	<b>2,956</b>	2,800
Reserves		<b>39,929</b>	87,051
<b>Total equity</b>		<u><b>42,885</b></u>	<u>89,851</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2023*

### 1. GENERAL INFORMATION

ETS Group Limited (the “**Company**”) is an investment holding company. ETS Group Limited and its subsidiaries (collectively referred as to the “**Group**”) are principally engaged in providing comprehensive multi-media contact services, contact centre system, staff insourcing and financial services 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 GEM of The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) with effect from 9 January 2012.

As at 31 December 2023, the directors of the Company regard Million Top Enterprises Limited, a company incorporated in Hong Kong with limited liability, 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 4th Floor, China Paint Building, 1163 Canton Road, Mongkok, 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 22 March 2024.

### 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION

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 Group have been prepared in accordance with Hong Kong Financial Reporting Standard (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Hong Kong Stock Exchange and by the Hong Kong Companies Ordinance.

### 2.1.1 *New and amendments to HKFRSs that are mandatorily effective for the current year*

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time in the current year:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

The application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### 2.1.2 *Amendments to existing standards not yet adopted*

Certain amendments to existing standards have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group:

<b>Standards</b>	<b>Subject</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	A date to be determined
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025

The directors of the Company anticipate that the application of all amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

### 3. 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:

- (a) Outsourcing inbound contact services;
- (b) Outsourcing outbound contact services;
- (c) Staff insourcing services;
- (d) Contact service centre and service centre facilities management services;
- (e) Financial services segment which principally comprises commission income from broker business, asset management services and credit finance; and
- (f) The "Others" segment which principally comprises sales of system and software, licence service fee income and system maintenance fee income.

The segment information provided to the board of directors for the reportable segments for the years ended 31 December 2023 and 2022 are as follows:

#### For the year ended 31 December 2023

	Outsourcing inbound contact services <i>HK\$'000</i>	Outsourcing outbound contact services <i>HK\$'000</i>	Staff insourcing services <i>HK\$'000</i>	Contact service centre and service centre facilities management services <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>14,479</u>	<u>-</u>	<u>49,574</u>	<u>9,385</u>	<u>1,587</u>	<u>3,694</u>	<u>78,719</u>
Segment results	<u>1,133</u>	<u>-</u>	<u>4,437</u>	<u>2,427</u>	<u>(3,583)</u>	<u>1,395</u>	<u>5,809</u>
Depreciation and amortization	<u>220</u>	<u>-</u>	<u>559</u>	<u>643</u>	<u>149</u>	<u>169</u>	<u>1,740</u>
Total segment assets	<u>4,076</u>	<u>-</u>	<u>12,333</u>	<u>1,908</u>	<u>4,320</u>	<u>864</u>	<u>23,501</u>
Total segment assets includes: Additions to non-current assets (other than financial instruments)	<u>97</u>	<u>-</u>	<u>245</u>	<u>282</u>	<u>-</u>	<u>74</u>	<u>698</u>
Total segment liabilities	<u>1,665</u>	<u>-</u>	<u>4,596</u>	<u>488</u>	<u>-</u>	<u>1,408</u>	<u>8,157</u>

For the year ended 31 December 2022

	Outsourcing inbound contact services <i>HK\$'000</i>	Outsourcing outbound contact services <i>HK\$'000</i>	Staff insourcing services <i>HK\$'000</i>	Contact service centre and service centre facilities management services <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>12,396</u>	<u>–</u>	<u>48,941</u>	<u>12,792</u>	<u>6,050</u>	<u>5,951</u>	<u>86,130</u>
Segment results	<u>964</u>	<u>–</u>	<u>3,508</u>	<u>3,534</u>	<u>(7,224)</u>	<u>1,947</u>	<u>2,729</u>
Depreciation and amortization	<u>323</u>	<u>–</u>	<u>472</u>	<u>1,269</u>	<u>747</u>	<u>249</u>	<u>3,060</u>
Total segment assets	<u>3,835</u>	<u>–</u>	<u>12,850</u>	<u>3,461</u>	<u>18,093</u>	<u>2,200</u>	<u>40,439</u>
Total segment assets includes: Additions to non-current assets (other than financial instruments)	<u>90</u>	<u>–</u>	<u>131</u>	<u>351</u>	<u>60</u>	<u>69</u>	<u>701</u>
Total segment liabilities	<u>1,508</u>	<u>–</u>	<u>3,597</u>	<u>562</u>	<u>6,663</u>	<u>1,642</u>	<u>13,972</u>

There were no inter-segment sales during the years ended 31 December 2023 and 2022. The revenue from external parties reported to the directors of the Company 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 loss before tax is as follows:

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Segment results for reportable segments	<b>5,809</b>	2,729
<b>Unallocated:</b>		
Other income	<b>920</b>	6,382
Other gains/(losses) – net	<b>154</b>	(1,091)
Depreciation and amortization	<b>(507)</b>	(733)
Finance costs	<b>(674)</b>	(1,071)
Corporate and other unallocated expenses	<b>(13,518)</b>	(15,289)
<b>Loss before tax</b>	<b><u>(7,816)</u></b>	<b><u>(9,073)</u></b>

The amounts provided to the directors of the Company 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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Segment assets for reportable segments	23,501	40,439
<b>Unallocated:</b>		
Property, plant and equipment	278	340
Right-of-use asset	128	60
Tax recoverable	474	474
Deferred income tax assets	755	669
Financial assets at FVTPL	1,543	1,459
Corporate and other unallocated assets	28,838	75,761
<b>Total assets per consolidated statement of financial position</b>	<b>55,517</b>	<b>119,202</b>

The amounts provided to the directors of the Company 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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Segment liabilities for reportable segments	8,157	13,972
<b>Unallocated:</b>		
Deferred income tax liabilities	8	16
Current income tax liabilities	83	140
Borrowings	–	2,000
Lease liabilities	129	90
Corporate and other unallocated liabilities	4,255	13,133
<b>Total liabilities per consolidated statement of financial position</b>	<b>12,632</b>	<b>29,351</b>

Breakdown of the revenue from all services is as follows:

**Analysis of revenue by category**

	<b>2023</b>	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Service fee income from provision of telecommunication and related services	<b>23,864</b>	25,188
Financial services income	<b>155</b>	2,389
Licensing and sales of system and software	<b>1,536</b>	3,865
System maintenance income	<b>2,158</b>	2,086
Staff insourcing services and personnel services	<b>49,574</b>	48,941
	<hr/>	<hr/>
Revenue from contracts with customers	<b>77,287</b>	82,469
Interest income arising from		
– Loans	<b>1,432</b>	3,657
– Margin clients	<b>–</b>	4
	<hr/>	<hr/>
Total revenue	<b>78,719</b>	86,130
	<hr/> <hr/>	<hr/> <hr/>

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 approximately HK\$77,976,000 (2022: approximately HK\$85,710,000), and the total of revenue from external customers from other country is approximately HK\$743,000 (2022: approximately HK\$420,000).

The total of non-current assets other than other assets, financial instruments and deferred tax assets located in Hong Kong is approximately HK\$3,470,000 (2022: approximately HK\$4,489,000), and none of these non-current assets is located in other countries (2022: Nil).

**Information about major customers**

Revenue from major customers, each of whom contributed to 10% or more of the Group's total revenue, is set out below:

	<b>2023</b>	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A <sup>1</sup>	<b>10,333</b>	11,620
Customer B <sup>1</sup>	<b>N/A<sup>2</sup></b>	8,680
Customer C <sup>1</sup>	<b>8,759</b>	8,968
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<sup>1</sup> Revenue from provision of telecommunication services and staff insourcing services.

<sup>2</sup> The corresponding revenue did not contribute to 10% or more of the total revenue of the Group.

#### 4. LOSS BEFORE TAX

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Loss before tax is stated after charging:</b>		
<i>Depreciation and amortization</i>		
Depreciation of owned property, plant and equipment	488	748
Depreciation of right-of-use assets	393	872
Amortization of intangible assets	<u>1,366</u>	<u>2,173</u>
Total depreciation and amortization	<u><u>2,247</u></u>	<u><u>3,793</u></u>
Auditors' remuneration	1,000	1,000
Provision for impairment of financial assets and contract assets – net (included in other operating expenses)	6,195	11,062
Expenses relating to short-term leases	<u>2,885</u>	<u>2,764</u>

#### 5. INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided at a rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in or derived from Hong Kong for the year.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Current tax:</b>		
Provision for the year	212	201
Overprovision in prior years	<u>–</u>	<u>(125)</u>
<b>Total current tax</b>	<b>212</b>	<b>76</b>
<b>Deferred income tax</b>	<u><b>(106)</b></u>	<u><b>147</b></u>
<b>Income tax expense</b>	<u><u><b>106</b></u></u>	<u><u><b>223</b></u></u>

#### 6. LOSS PER SHARE

The calculation of the basic loss per share attributable to owners of the Company is based on (i) the loss attributable to owners of the Company for the year; and (ii) the weighted average number of 286,078,767 ordinary shares issued during the year (2022: 280,000,000 ordinary shares).

The diluted loss per share is equal to the basic loss per share as there were no dilutive potential ordinary shares in issue during the year ended 31 December 2023.

The diluted loss per share is equal to the basic loss per share as (i) the impact of conversion for convertible bond is anti-dilutive; and (ii) there were no dilutive potential ordinary shares in issue during the year ended 31 December 2022.

## 7. TRADE AND OTHER RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables		
Amounts receivables arising from multi-media contact services, contact centre system and advisory services	30,755	42,352
Loan and interests receivables	23,590	17,511
Less: loss allowance	<u>(38,682)</u>	<u>(32,559)</u>
Trade receivables – net	<u>15,663</u>	<u>27,304</u>
Other receivables, deposits and prepayments	1,277	1,679
Less: loss allowance	<u>(1)</u>	<u>(31)</u>
Other receivables, deposits and prepayments – net	<u>1,276</u>	<u>1,648</u>
	<u><b>16,939</b></u>	<u><b>28,952</b></u>

The average credit period on the Group's sales is 30 days (2022: 30 days). The aging analysis of the trade receivables based on invoice date is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0–30 days	6,604	6,157
31–60 days	3,731	3,560
61–90 days	1,696	1,993
Over 90 days	<u>18,724</u>	<u>30,642</u>
	<u><b>30,755</b></u>	<u><b>42,352</b></u>

## 8. TRADE AND OTHER PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables	–	4
Amounts payable arising from financial services business		
– Clients-cash	–	6,289
– Clients-margin	–	164
Other payables and accruals	<u>9,787</u>	<u>8,908</u>
	<u><b>9,787</b></u>	<u><b>15,365</b></u>

At 31 December 2023, the aging analysis of the trade payables based on invoice date is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0–30 days	–	2
31–60 days	–	1
61–90 days	–	1
	<u>–</u>	<u>4</u>
	<u><u>–</u></u>	<u><u>4</u></u>

As at 31 December 2022, the settlements of amounts payable arising from financial services business are two days after trade date. No aging analysis is disclosed as, in the opinion of the directors, the aged analysis does not give additional value in view of the nature of these payables.

## 9. SHARE CAPITAL

	Number of shares		Share capital	
	2023	2022	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each				
<b>Authorised</b>				
At beginning of year and at end of year	<u><b>5,000,000,000</b></u>	<u>5,000,000,000</u>	<u><b>50,000</b></u>	<u>50,000</u>
<b>Issued and fully paid</b>				
At beginning of year	<b>280,000,000</b>	280,000,000	<b>2,800</b>	2,800
Issue of shares	<u><b>15,625,000</b></u>	<u>–</u>	<u><b>156</b></u>	<u>–</u>
At end of year	<u><b>295,625,000</b></u>	<u>280,000,000</u>	<u><b>2,956</b></u>	<u>2,800</u>

## 10. DIVIDENDS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2023 Interim – HK15 cents (2022: Nil) per share	<b>44,344</b>	–
2022 Final – HK1.5 cents (2022: Nil) per share	<u><b>4,200</b></u>	<u>–</u>
	<u><b>48,544</b></u>	<u>–</u>

No dividend has been proposed since the end of the reporting period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS ENVIRONMENT AND BUSINESS REVIEW

The Group is continuously engaged in the business of providing comprehensive multi-media contact centre services and contact centre system solutions in Hong Kong. The principal activities of the Group include provisions of outsourcing inbound contact centre service, staff insourcing service, contact centre facilities management service and contact center system solutions to corporate clients.

Followed complete uplifting of pandemic control measures and reopening of the borders by the end of the first quarter of 2023, the local economy has started to recover in a steady pace. However, persistent high interest rate, lack luster stock market performance, sluggish property market and labour shortage during the period all contributed to a weak and struggling recovery in many respects.

Among all the present unfavourable factors facing Hong Kong, the Group found labour shortage having the most adverse impact on our business. Despite the overall rebound in business activities in Hong Kong has significantly raised the demand of labour at all levels, the yet-to-end brain drain, competitive labour market as well as aging population have all added up to the difficulties in meeting the labour demand. The management of the Group believed that the tight labour market will persist in the coming future, which may inevitably drive up the wages as well as the initial hiring and on-going staff retaining cost of the business. In view of that, the Group will continue to increase our recruiting resources and support in order to maintain our competitive edge and meet the increasing labour demand of our services.

High interest rate together with the demand-side management measures for residential properties imposed by the Government (“**harsh measures**”) throughout the year of 2023 resulted in a sluggish real estate market, falling property price as well as poor money lending business. The credit risk of our lending business based on corresponding valuation of the financial assets and collaterals has inevitably increased during the period, which prompted the management of the Group to make a prudent adjustment on our financial figures for the year. Followed the removal of all “harsh measures” and the continual lowering of interest rate in the coming period, the Group is optimistic to a better financial position in the future.

During the year under review, we continuously focused on the development of system solutions business. Our new technology transformation investments on our Marvel Contact Centre System have equipped us well for the journey ahead. The Group is committed to continue to develop new technologies through our own R&D efforts as well as through partnership with field experts to expand and enhance our system solutions to stay competitive in the business.

## **DISPOSAL OF SUBSIDIARIES**

Chinese and Hong Kong stocks ended 2023 as the world's worst-performing equity markets, with losses exceeding 10 percent. With Hang Seng Index slumping 14 percent for the year of 2023 in a fourth year of declines, faltering post-pandemic recovery and geopolitical tensions between China and the western countries, the Group had decided to dispose our financial service business entities, including Gear Future Limited, Gear Securities Investment Limited and Gear Asset Management Limited in October 2023, and recorded a gain of approximately HK\$2.3 million from the disposal. The Company believed that the disposal of our financial business under the local and worldwide prevailing economic situation can serve as a means of cost as well as resources saving to the Company.

## **CONVERSION OF CONVERTIBLE BONDS**

Upon the initial maturity date, 11 August 2023, of the convertible bonds subscribed by Pine Care Titanium Limited (“**the Subscriber**”) on 11 August 2021 (“**Convertible Bonds**”), the Subscriber converted the principal amount, being HK\$9.5 million, into 15,625,000 conversion shares (“**Conversion Shares**”) at the conversion price of HK\$0.608 per conversion share, which represented approximately 5.29% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares. The Company also paid HK\$2,787,500 to the Subscriber pursuant to the mandatory conversion mechanism at maturity.

## **OUTSOURCING INBOUND CONTACT SERVICE**

The Group provides multi-media inbound contact service which our clients outsource to us. The inbound contact services we provide include general enquiry hotlines, promotion hotlines, customer service hotlines, order hotlines, registration hotlines, emergency hotlines and helpdesk hotlines. Our inbound operation covers 24 hours a day and 7 days a week.

## **OUTSOURCING OUTBOUND CONTACT SERVICE**

The Group bases on the call lists provided by our clients to perform outsourcing outbound contact services including telemarketing services, customer retention services, cross-selling and customer satisfaction surveys. These services are carried out at calling hours specified by our clients.

## **STAFF INSOURCING SERVICE**

The Group assigns contact service staff that meets the required qualification and requirements to work at our clients' contact service centres or other designated premises to help our clients in the operation of their contact services or business. We provide our clients with staff to support their activities such as customer service, telemarketing, data entry, helpdesk assistance and other backend projects.

## **CONTACT SERVICE CENTRE AND SERVICE CENTRE FACILITIES MANAGEMENT SERVICE**

The contact service centre and service centre facilities management service is comprised of four types of service including (a) leasing of our contact centre facilities in form of workstation, (b) IVRS hosting service, (c) contact centre system hosting solution and (d) service centre facility management.

## **FINANCIAL SERVICES**

The financial services related to securities include securities brokerage, margin lending and consultancy services related to securities.

The financial services related to asset management include provision of asset management, fund management and consultancy services related to asset management.

The financial services related to credit finance include commercial and personal lending.

## **OTHERS**

“Others” segment which principally comprises system maintenance income, licensing income and sales of system and software income.

## **PROSPECT**

The management of the Group believes business environment in Hong Kong in 2024 remains challenging. Problems such as shortage of labour, slow pace of economic recovery, rising inflation, worsening geopolitical tensions between China and the western powers which had started to spilling over into Hong Kong, will continue to put pressure on the Group’s financial performance in the coming period.

Having said that, with active promotion activities and more boosting measures taken by the Hong Kong Government, the Group remains optimistic on an improving business outlook and economy in the year to come.

With local unemployment rate stayed at 2.9% as at December 2023, the shortage in labour market will remain a challenge to our growth, especially to our staff insourcing service. The Group will remain steadfast in strengthening our talent acquisition team and increasing our recruiting resources and channels so as to meet the growing demand of the service.

Foreseeing a more and more mature chatbot technology and rapid deployment of AI tools, the Company has successfully partnered and teamed up with a number of expert companies in the field based on our Marvel Contact Centre System in the past years. The management of the Group trusts the partnership will allow us to expand and capture more business opportunities in the contact centre sector and lead to more system development business in the long run. It has become the Group's strategy to continue to identify suitable technology partners for collaboration in order to strengthen our contact centre system solution and upkeep our competitive edge in the market.

Followed the disposal of our securities financial service business in 2023, considerable cost saving can be achieved which further allows the Group to allocate our resources more effectively.

During the year 2023, Hong Kong Virtual Asset Exchange Limited (HKVAX), the company the Group has invested in, has successfully obtained the Approval in Principles ("AiP") from the Securities and Futures Commission of Hong (SFC) in August and is actively working to obtain the Type 1 (dealing in securities) and Type 7 (providing automated trading service) licenses from the authority. In the coming future, the Group will continue to look for other potential investment opportunities to strengthen our core business as well as maximize our financial returns.

Looking forward, the Group is optimistic of the overall business environment in the coming year. With increasing activities and service demand from our existing as well as new customers, the Group is confident in seeing a more vibrant business growth and better financial performance in the future.

## **DIVIDEND**

The Group put its first priority on improving corporate value through profit growth. The management of the Group also advocates the principle of sharing the corporate value with our shareholders through distributing dividend. An expected strong rebound of our financial performance following the economic growth in the fiscal year 2023 provided a room for our management of the Group to consider to adopt a comparatively aggressive dividend policy.

At a Board meeting held on 6 November 2023, the Directors of the Company resolved to pay an interim dividend for the period ended 30 September 2023 of HK\$1.5 cents per share in cash. The interim dividend was paid to the shareholders of the Company on 30 November 2023.

The board of Directors does not recommend a final dividend for the year ended 31 December 2023 (2022: HK\$1.5).

## FINANCIAL ASSETS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS

### Description of the investments

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Equity securities listed in Hong Kong (FAFVTPL I)	–	199
Unlisted equity securities in Hong Kong (FAFVTPL II)	–	–
Unlisted equity securities in Hong Kong (FAFVTPL III)	<u>1,543</u>	<u>1,260</u>
Total	<u><u>1,543</u></u>	<u><u>1,459</u></u>
<b>Analysed for reporting purposes as:</b>		
Current asset (FAFVTPL I)	–	199
Non-current asset (FAFVTPL II and FAFVTPL III)	<u>1,543</u>	<u>1,260</u>
	<u><u>1,543</u></u>	<u><u>1,459</u></u>

### *FAFVTPL I*

The Group had acquired 60,000 shares of the Tracker Fund listed shares (stock code: 2800) (“**Listed shares**”). Listed shares in the year 2020 amounted approximately HK\$1,450,000.

As at 31 December 2023, the Group no longer held any Listed shares.

### *FAFVTPL II*

During 2019, the Group acquired an aggregate amount of 2,470 Shares of an unlisted company incorporated in Hong Kong, Oneshop limited (“**Oneshop**”), at approximately HK\$2 million representing approximately 18% of the total issued share capital of Oneshop.

As at 31 December 2023, the Group held 2,470 Shares with fair value of nil.

### *FAFVTPL III*

The Group invested 165,385 shares (“**Subscription Shares**”), representing approximately 8.14% of the issued share capital of Hong Kong Virtual Asset Exchange Limited (“**VAX**”), at HK\$12.9 million in VAX. 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 SFO for the regulation of virtual asset trading platforms in Hong Kong.

As at 31 December 2023, the Group held 165,385 shares which amount to fair value of approximately HK\$1,543,000.

## FINANCIAL REVIEW

The Group recorded a loss attributable to owners of the Company amounted approximately HK\$7.9 million for the year ended 31 December 2023 as compared with the loss attributable to owners of the Company approximately HK\$9.3 million for the year ended 31 December 2022. The loss was mainly due to the recognition of the effective interest expense on convertible bond and fair value loss on embedded derivatives of convertible bond and expected credit loss.

The Group recorded the expected credit loss amounted approximately HK\$6.2 million for the year ended 31 December 2023 (2022: approximately HK\$11.1 million).

Fair value changes in the financial asset at fair value through profit or loss amounted approximately HK\$0.3 million gain for the year ended 31 December 2023 (2022: approximately HK\$1 million loss).

### Revenue

The Group recorded a decrease in total revenue to approximately HK\$7.4 million from approximately HK\$86.1 million for the year ended 31 December 2022 to approximately HK\$78.7 million for the year ended 31 December 2023.

The following table sets forth the analysis of revenue in terms of business nature of our Group for the years ended 31 December 2023 and 2022 respectively:

	Year ended 31 December 2023		Year ended 31 December 2022	
	HK\$'000	%	HK\$'000	%
Outsourcing inbound contact service	14,479	18.4%	12,396	14.4%
Outsourcing outbound contact service	–	–	–	–
Staff insourcing service	49,574	63.0%	48,941	56.8%
Contact service centre facilities management service	9,385	11.9%	12,792	14.9%
Financial services	1,587	2.0%	6,050	7.0%
Others	3,694	4.7%	5,951	6.9%
Revenue	<u>78,719</u>	<u>100%</u>	<u>86,130</u>	<u>100%</u>

### ***Outsourcing Inbound Contact Services***

The revenue of outsourcing inbound contact services increased from approximately HK\$12.4 million for the year ended 31 December 2022 to approximately HK\$14.5 million for the year ended 31 December 2023.

### ***Outsourcing Outbound Contact Services***

The Group did not record any revenue of outsourcing outbound contact services.

### ***Staff Insourcing Services***

The revenue of staff insourcing services segment slightly increased from approximately HK\$48.9 million for the year ended 31 December 2022 to approximately HK\$49.6 million for the year ended 31 December 2023. The increase of the revenue is mainly due to increase of the demand of the staff insourcing services.

### ***Contact Service Centre and Service Centre Facilities Management Services***

The revenue of the contact service centre and service centre facilities management services decreased from approximately HK\$12.8 million for the year ended 31 December 2022 to approximately HK\$9.4 million for the year ended 31 December 2023. The decrease of the revenue is mainly due to decrease of the demand of the contact service centre and service centre facilities management services.

### ***Financial Services***

The overall revenue of financial services decreased from approximately HK\$6.1 million for the year ended 31 December 2022 to approximately HK\$1.6 million for the year ended 31 December 2023.

The revenue of the financial services related to securities business decreased from approximately HK\$1.2 million for the year ended 31 December 2022 to approximately HK\$0.2 million for the year ended 31 December 2023. The decrease of the revenue is mainly due to decrease in the provision of consultancy services related to security products.

The Group does not record any revenue of the financial services related to asset management business for the year ended 31 December 2023 (2022: HK\$1.2 million).

The revenue of the financial services related to credit finance business decreased from approximately HK\$3.7 million for the year ended 31 December 2022 to approximately HK\$1.4 million for the year ended 31 December 2023. The decrease of the revenue is mainly due to decrease in the demand of credit finance services.

## *Others*

For the year ended 31 December 2023, the Group recorded a revenue in licencing and sales of system and software of approximately HK\$1.5 million (2022: approximately HK\$3.9 million), system maintenance income of approximately HK\$2.2 million (2022: approximately HK\$2.1 million).

## **Segment Result and Gross Profit Margin**

The following table sets forth the analysis of segment result and gross profit margin by business units of our Group for the years ended 31 December 2023 and 2022 respectively:

	<b>Year ended</b>		<b>Year ended</b>	
	<b>31 December 2023</b>		<b>31 December 2022</b>	
	<i>HK\$'000</i>	<i>GP Margin %</i>	<i>HK\$'000</i>	<i>GP Margin %</i>
Outsourcing inbound contact service	<b>1,133</b>	<b>7.8%</b>	964	7.8%
Outsourcing outbound contact service	–	–	–	–
Staff insourcing service	<b>4,437</b>	<b>9%</b>	3,508	7.2%
Contact service centre facilities management service	<b>2,427</b>	<b>25.9%</b>	3,534	27.6%
Financial services	<b>(3,583)</b>	<b>(225.8%)</b>	(7,224)	(119.4%)
Others	<b>1,395</b>	<b>37.8%</b>	1,947	32.7%
Segment result	<b><u>5,809</u></b>	<b><u>7.4%</u></b>	<b><u>2,729</u></b>	<b><u>3.2%</u></b>

The gross profit percentage of our Group increased from approximately 3.2% for the year ended 31 December 2022 to approximately 7.4% for the year ended 31 December 2023. The overall increase in segment result and the gross profit margin is mainly due to decrease of the gross loss of financial services segment for the year ended 31 December 2023.

### ***Outsourcing Inbound Contact Services***

The Group recorded similar gross profit margin in outsourcing inbound contact services amounted to approximately 7.8% for the year ended 31 December 2022 and 31 December 2023 respectively.

### ***Outsourcing Outbound Contact Services***

The Group did not record any revenue of outsourcing outbound contact services.

### ***Staff Insourcing Services***

The gross profit margin in staff insourcing services increased from approximately 7.2% for the year ended 31 December 2022 to approximately 9% for the year ended 31 December 2023. The increase in the gross profit margin mainly due to the effective cost control on salary expenditures.

### ***Contact Service Centre Facilities Management Services***

The gross profit margin in contact service centre facilities management services decreased from approximately 27.6% for the year ended 31 December 2022 to approximately 25.9% for the year ended 31 December 2023.

### ***Financial Services***

The gross loss margin percentage of financial services increased from approximately 119.4% for the year ended 31 December 2022 to approximately 225.8% for the year ended 31 December 2023. The gross loss margin was recorded mainly due to the provision of expected credit loss and decrease of revenue resulting from decreasing demand of the financial services.

### ***Others***

The “Others” segment principally comprises sale of system and software, licence service fee income and maintenance fee of WISE-xb Contact Centre System. The gross profit margin was increased mainly due to effective cost control of the expenditures.

### **Other Gains (Net)**

The Group recorded net other gains amounted approximately HK\$0.2 million (2022: losses HK\$1.1 million). The other gains mainly comprise the financial effect of disposal of Subsidiaries and the financial effect of the conversion of the convertible bond.

### **Expenses**

During the year under review, the employee benefits expenses decreased from approximately HK\$70 million for the year ended 31 December 2022 to approximately HK\$67 million for the year ended 31 December 2023. The decreases of employee benefit expenses are mainly due to less employees were employed.

The Group recorded other operating expenses amounted to approximately HK\$17.5 million (2022: approximately HK\$25.5 million). The other operating expenses mainly include auditors’ remuneration, insourcing expenses, insurance, legal and professional expenses, rent and rates, repair and maintenance, subcontracting expenses, telephone expenses, travelling, entertainment, utilities expenses and the provision of expected credit loss. The other operating expenses to sales ratio increased from approximately 30% for the year ended 31 December

2022 to approximately 22% for the year ended 31 December 2023. The provision of expected credit loss of the financial assets decreased from approximately HK\$11.1 million for the year ended 31 December 2022 to approximately HK\$6.2 million for the year ended 31 December 2023. The decrease of the other operating expenses are mainly due to less provision was provided for the expected credit loss.

The Group's depreciation and amortization expenses decreased from approximately HK\$3.8 million for the year ended 31 December 2022 to approximately HK\$2.2 million for the year ended 31 December 2023. The decrease of depreciation and amortization expenses is mainly due to the decrease of depreciation of property, plant and equipment and right-of-use asset.

### **Loss Attributable to Owners of the Company**

The Group's loss attributable to owners of the Company decreased from approximately HK\$9.3 million for the year ended 31 December 2022 to approximately HK\$7.9 million for the year ended 31 December 2023. The loss attributable to owners of the Company was mainly attributable to the provision of credit loss, decrease of revenue and the effect of conversion of convertible bond.

### **Foreign Exchange Exposure**

Substantially all the revenue-generating operations of the Group were transacted in Hong Kong dollars during the year under review which is the functional currency of the Company and the presentation currency of the Group. The Group therefore does not have significant foreign exchange risk.

### **Contingent Liabilities and Capital Commitments**

The Group had no significant contingent liabilities as at 31 December 2023 (2022: Nil). As at 31 December 2023, there was no capital commitments outstanding but not provided for in the financial statements (2022: Nil).

### **Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, and Future Plans for Material Investments Or Capital Assets**

During the year ended 31 December 2023, the Group disposed of in aggregate the entire interest in Gear Future Limited (an indirect wholly-owned subsidiary of the Company) via Eastside Future Limited (a direct wholly-owned subsidiary of the Company) to three buyers in the proportionate interest of 34%, 33% and 33% at the respective consideration of HK\$3,028,000, HK\$2,939,000 and HK\$2,939,000 (collectively, the “Disposal”). The Disposal constituted a discloseable transaction of the Company under the GEM Listing Rules and are subject to the reporting and announcement requirements, but are exempt from Shareholders' approval requirement under the GEM Listing Rules. Details were announced in the Company's announcement dated 12 October 2023.

Save for those disclosed in this announcement, there were no significant investments held as at 31 December 2023, nor were there material acquisitions and disposals of subsidiaries during the year. There is no plan for material investments or capital assets as at 31 December 2023.

## **PURCHASE, SALES 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 year ended 31 December 2023.

## **REVIEW OF FINANCIAL STATEMENTS**

The audit committee of the Company comprising Mr. Wong Kam Tai (Chairman), Ms. Kwong Yuk Ying and Ms. Tsang Lee Mei, all are independent non-executive Directors, had reviewed the audited consolidated results of the Group for the year ended 31 December 2023.

## **SCOPE OF WORK OF HLB HODGSON IMPEY CHENG LIMITED**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in this preliminary announcement have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on this preliminary announcement.

## **CORPORATE GOVERNANCE**

For the year ended 31 December 2023, the Company has complied with all the code provisions as set out in the Corporate Governance Code in Appendix C1 to the GEM Listing Rules.

The Company continues to enhance its corporate governance practices appropriate to the conduct and growth of its business, and to review and improve such practices from time to time to ensure that business activities and decision making processes are regulated in a proper and prudent manner in accordance with international best practices.

The Directors acknowledged their responsibility for preparing the annual financial statements for the year ended 31 December 2023 and each Director participated in the Company's operation pursuant to their established terms of reference and contributed to the success of the Company.

## **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 with the Directors, all Directors (including ex-Directors who held office during the year) confirmed that they had complied with the required standard of dealings concerning securities transactions by the Directors throughout the year ended 31 December 2023.

## **APPRECIATION**

The Board would like to take this opportunity to express their thanks and gratitude to the Group's management and staff who dedicated their endless efforts and devoted services, and to our shareholders, suppliers, clients and bankers for their continuous support.

By Order of the Board

**ETS Group Limited**

**Tang Yiu Sing**

*Executive Director and Chief Executive Officer*

Hong Kong, 22 March 2024

*As at the date of this announcement, the executive Director are Mr. Tang Yiu Sing; and the independent non-executive Directors are Mr. Wong Kam Tai, Ms. Kwong Yuk Ying and Ms. Tsang Lee Mei.*

*This announcement will remain on the "Latest Listed Company Information" page of the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) for at least 7 days from the date of its posting and on the Company's website at [www.etsgroup.com.hk](http://www.etsgroup.com.hk).*