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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)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2024

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 SUMMARY

The Group's total revenue for the six months ended 30 June 2024 was approximately HK\$42,768,000, representing an increase of approximately 12.3% as compared with the total revenue of approximately HK\$38,097,000 for the corresponding period in 2023.

Profit attributable to owners of the Company for the six months ended 30 June 2024 was approximately HK\$2,825,000, representing a decrease of profit approximately 32.1% as compared with the profit attributable to owners of the Company of approximately HK\$4,158,000 for the corresponding period in 2023.

Earnings per share for the six months ended 30 June 2024 was approximately HK0.96 cents (profit per share for six months ended 30 June 2023: HK1.49 cents).

UNAUDITED INTERIM 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 six months ended 30 June 2024 together with the comparative figures for the corresponding periods ended 30 June 2023 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Revenue	3	42,768	38,097
Other income		6,921	6,537
Other gains		–	10
Employee benefits expenses	4	(35,360)	(32,805)
Depreciation and amortization		(839)	(1,229)
Share of loss of an associate		(123)	(149)
Other operating expenses		(10,353)	(6,026)
Operating profit		3,014	4,435
Finance costs		(12)	(30)
Profit before tax	5	3,002	4,405
Income tax expense	6	(177)	(247)
Profit for the period		2,825	4,158
Total comprehensive income for the period		2,825	4,158
Profit attributable to owners of the Company		2,825	4,158
Total comprehensive income attributable to owners of the Company		2,825	4,158
Earnings per share attributable to owners of the Company			
– Basic and diluted (<i>HK cents</i>)		0.96	1.49

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2024

		As at 30 June 2024		As at 31 December 2023
	<i>Notes</i>	HK\$'000 (unaudited)		HK\$'000 (audited)
Non-current assets				
Property, plant and equipment		510		712
Right-of-use asset		395		535
Intangible assets		1,539		1,642
Interest in an associate		458		581
Financial assets at fair value through profit or loss	9	1,543		1,543
Deferred income tax assets		755		755
		5,200		5,768
Current assets				
Contract assets		800		5,749
Trade and other receivables	10	15,169		16,939
Tax recoverable		242		474
Time deposits		23,158		–
Cash and cash equivalents	11	11,472		26,587
		50,841		49,749
Current liabilities				
Contract liabilities		1,744		2,218
Trade and other payables	12	8,177		9,787
Current income tax liabilities		–		83
Lease liabilities		280		274
		10,201		12,362
Net current assets		40,640		37,387
Total assets less current liabilities		45,840		43,155

		As at 30 June 2024 HK\$'000 (unaudited)	As at 31 December 2023 HK\$'000 (audited)
Non-current liabilities			
Deferred income tax liabilities		8	8
Lease liabilities		122	262
		130	270
Net assets		45,710	42,885
Equity attributable to the owners of the Company			
Share capital	13	2,956	2,956
Share premium		3,488	3,488
Reserves		39,266	36,441
Total equity		45,710	42,885

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2024

	Attributable to owners of the Company					
	Share capital	Share premium	Convertible bonds equity reserve	Merger reserve	Retained profits	Total equity
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance as at 31 December 2022 (audited) and 1 January 2023	<u>2,800</u>	<u>25,238</u>	<u>1,734</u>	<u>25,624</u>	<u>34,455</u>	<u>89,851</u>
Profit for the period	–	–	–	–	4,158	4,158
Other comprehensive income for the period	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Total comprehensive income for the period	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Final dividend paid	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(4,200)</u>	<u>(4,200)</u>
Balance at 30 June 2023 (unaudited)	<u><u>2,800</u></u>	<u><u>25,238</u></u>	<u><u>1,734</u></u>	<u><u>25,624</u></u>	<u><u>34,413</u></u>	<u><u>89,809</u></u>
Balance as at 31 December 2023 (audited) and 1 January 2024	<u>2,956</u>	<u>3,488</u>	<u>–</u>	<u>25,624</u>	<u>10,817</u>	<u>42,885</u>
Profit for the period	–	–	–	–	2,825	2,825
Other comprehensive income for the period	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Total comprehensive income for the period	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,825</u>	<u>2,825</u>
Balance at 30 June 2024 (unaudited)	<u><u>2,956</u></u>	<u><u>3,488</u></u>	<u><u>–</u></u>	<u><u>25,624</u></u>	<u><u>13,642</u></u>	<u><u>45,710</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)*For the six months ended 30 June 2024*

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Net cash generated from operating activities	8,278	5,992
Net cash used in investing activities	(23,259)	(8,800)
Net cash used in financing activities	(134)	(6,424)
Net decrease in cash, cash equivalents and bank overdrafts	(15,115)	(9,232)
Cash, cash equivalents and bank overdrafts at beginning of the period	26,587	46,437
Cash, cash equivalents and bank overdrafts at end of the period	11,472	37,205

NOTES TO THE FINANCIAL INFORMATION

For the six months ended 30 June 2024

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 interim financial information has been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” 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 interim financial information were consistent with those applied for the consolidated financial statements of the Group for the year ended 31 December 2023.

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 2024, 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. SEGMENT INFORMATION AND REVENUE

The Directors 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 facilities management services;
- (e) Financial services related to credit finance which included commercial and personal lending; and
- (f) The “Others” segment which principally comprises sales of system and software, licence service fee income, system maintenance fee income and personnel services.

For the six months ended 30 June 2024

	Outsourcing inbound contact service <i>HK\$'000</i> (unaudited)	Outsourcing outbound contact service <i>HK\$'000</i> (unaudited)	Staff insourcing service <i>HK\$'000</i> (unaudited)	Contact service centre facilities management service <i>HK\$'000</i> (unaudited)	Financial service <i>HK\$'000</i> (unaudited)	Others <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
Segment revenue	8,421	-	26,768	3,312	12	4,255	42,768
Segment results	824	-	1,494	861	6,182	976	10,337
Depreciation and amortization	122	-	184	172	-	56	534
Total segment assets	1,483	-	6,066	880	7,333	407	16,169
Total segment assets includes: Assets (other than financial instruments)	57	-	86	80	-	26	249
Total segment liabilities	1,492	-	3,561	405	-	1,043	6,501

For the six months ended 30 June 2023

	Outsourcing inbound contact service <i>HK\$'000</i> (unaudited)	Outsourcing outbound contact service <i>HK\$'000</i> (unaudited)	Staff insourcing service <i>HK\$'000</i> (unaudited)	Contact service centre facilities management service <i>HK\$'000</i> (unaudited)	Financial service <i>HK\$'000</i> (unaudited)	Others <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
Segment revenue	6,579	-	23,605	4,992	1,165	1,756	38,097
Segment results	554	-	2,245	1,147	4,293	372	8,611
Depreciation and amortization	114	-	158	381	74	74	801
Total segment assets	3,800	-	11,463	3,506	10,840	899	30,508
Total segment assets includes: Assets (other than financial instruments)	15	-	62	150	-	29	256
Total segment liabilities	1,004	-	3,452	834	527	1,296	7,113

A reconciliation of segment result to profit before tax is as follows:

	Six months ended 30 June	
	2024 <i>HK\$'000</i> (unaudited)	2023 <i>HK\$'000</i> (unaudited)
Segment result for reportable segments	10,337	8,611
Unallocated:		
Other income	172	903
Other losses – net	(123)	(139)
Depreciation and amortization	(318)	(428)
Finance costs	–	(27)
Corporate and other unallocated expenses	<u>(7,066)</u>	<u>(4,515)</u>
Profit before tax	<u><u>3,002</u></u>	<u><u>4,405</u></u>

4. EMPLOYEE BENEFITS EXPENSES

	Six months ended 30 June	
	2024 <i>HK\$'000</i> (unaudited)	2023 <i>HK\$'000</i> (unaudited)
Salaries and allowances	34,258	31,829
Pension costs – defined contribution plans	<u>1,467</u>	<u>1,329</u>
Total employee benefits expenses, including Directors' remuneration	35,725	33,158
Less: Amounts capitalized in deferred development costs	<u>(365)</u>	<u>(353)</u>
	<u><u>35,360</u></u>	<u><u>32,805</u></u>

5. PROFIT BEFORE INCOME TAX

	Six months ended 30 June	
	2024 <i>HK\$'000</i> (unaudited)	2023 <i>HK\$'000</i> (unaudited)
Profit before tax is stated after charging:		
Depreciation of owned property, plant and equipment	231	245
Depreciation of right-of-use asset	140	196
Amortization of intangible assets	<u>468</u>	<u>788</u>
Total depreciation and amortization	<u><u>839</u></u>	<u><u>1,229</u></u>
Expenses relating to short-term leases	1,218	1,559
Research and development costs	<u>468</u>	<u>788</u>

6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at a rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in or derived from Hong Kong for the six months period ended 30 June 2024.

	Six months ended	
	30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current income tax	177	247
Deferred income tax	—	—
	<u>177</u>	<u>247</u>
	<u>177</u>	<u>247</u>

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

7. INTERIM DIVIDENDS

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2024 (2023: nil).

8. EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2024 is based on (i) the unaudited consolidated profit attributable to the owners of the Company of approximately HK\$2,825,000 (six months ended 30 June 2023: profit attributable to the owners of the Company approximately HK\$4,158,000); and (ii) the weighted average number of 295,625,000 ordinary shares issued during the six months ended 30 June 2024 (during the six months ended 30 June 2023: weighted average number of 280,000,000 ordinary shares issued).

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares in issue during the six months ended 30 June 2024 and 2023.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at	As at
	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Equity securities listed in Hong Kong	—	—
Unlisted equity investment	1,543	1,543
	<u>1,543</u>	<u>1,543</u>
	<u>1,543</u>	<u>1,543</u>
Analyzed for reporting purposes as:		
Current assets	—	—
Non-current assets	1,543	1,543
	<u>1,543</u>	<u>1,543</u>
	<u>1,543</u>	<u>1,543</u>

10. TRADE AND OTHER RECEIVABLES

	As at 30 June 2024 <i>HK\$'000</i> (unaudited)	As at 31 December 2023 <i>HK\$'000</i> (audited)
Trade receivables		
Amounts receivables arising from multi-media contact services and contact centre system	26,314	30,755
Loan receivable	24,958	23,590
Less: loss allowance	<u>(37,430)</u>	<u>(38,682)</u>
Trade receivables – net	<u>13,842</u>	<u>15,663</u>
Other receivables, deposits and prepayments	1,328	1,277
Less: loss allowance	<u>(1)</u>	<u>(1)</u>
	<u>1,327</u>	<u>1,276</u>
	<u>15,169</u>	<u>16,939</u>

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

	As at 30 June 2024 <i>HK\$'000</i> (unaudited)	As at 31 December 2023 <i>HK\$'000</i> (audited)
0–30 days	10,848	6,604
31–60 days	2,755	3,731
61–90 days	751	1,696
Over 90 days	<u>11,960</u>	<u>18,724</u>
	<u>26,314</u>	<u>30,755</u>

11. CASH AND CASH EQUIVALENTS

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. Cash and cash equivalents represents the cash deposit at bank and cash on hand.

12. TRADE AND OTHER PAYABLES

	As at 30 June 2024 <i>HK\$'000</i> (unaudited)	As at 31 December 2023 <i>HK\$'000</i> (audited)
Trade payables	–	–
Other payables and accruals	8,177	9,787
	<u>8,177</u>	<u>9,787</u>

13. SHARE CAPITAL

	Number of ordinary shares	Ordinary shares at HK\$0.01 each <i>HK\$'000</i>
Authorized share capital	5,000,000,000	50,000
As at 31 December 2023 and 30 June 2024	<u>5,000,000,000</u>	<u>50,000</u>
Issued and fully paid up share capital	295,625,000	2,956
As at 31 December 2023 and 30 June 2024	<u>295,625,000</u>	<u>2,956</u>

14. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in the condensed consolidated financial statements, the Group entered into the following significant related party transactions during the period:

Name of related parties	Nature of transactions	Six months ended 30 June	
		2024 <i>HK\$'000</i> (unaudited)	2023 <i>HK\$'000</i> (unaudited)
Stan Group (Holdings) Limited	Utility expense	–	53
Star China Development Limited	Cleaning expense	–	150
	Premise rental expenses	436	–
Fortune Lake Investments Ltd	Premise rental expenses	61	61

Key management personnel compensation

	Six months ended	
	30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Salaries and short-term employee benefits	240	240
Post-employment benefits	<u>3</u>	<u>3</u>
	<u>243</u>	<u>243</u>

15. CONTINGENT LIABILITIES

The Group did not have any contingent liabilities as at 30 June 2024.

16. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The unaudited condensed consolidated interim financial information was approved by the Board on 9 August 2024.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2024 (2023: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

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

The Hong Kong economy recorded moderate growth during the period ended 30 June 2024. Private consumption and overall investment expenditures continued to expand and real GDP grew by 3.3% in the second quarter of 2024 over a year earlier. The upward trend seems to continue in the remainder of the year, but may vary from industry to industry in terms of performance. With a diversified client portfolio and a wide range of contact centre services, we have seen different degrees of growth among our clients' businesses as reflected in our various service segments.

With the seasonally adjusted unemployment rate stayed low at 3.0% in the second quarter of 2024, the local labour market should remain tight in the near term, and continue to increase the difficulties to our hiring and retention of contact centre staff as well as other corporate and IT related positions. Higher recruiting cost and wages might take some effect on our profit margin in the short term, and the management of the Group has continued to overcome the challenges through more effective management of recruiting process and emphasis on staff engagement and retention.

During the period under review, we continuously focused on the development of our system solutions business. Our new technology transformation investments on our Marvel Contact Centre System have equipped us well for the journey ahead. We have continued to work with other expert companies on integrating the AI technology into our Marvel Contact Centre System. The management of the Company believed the new integrated technologies can enable us to deliver competitive services to our customers.

Looking forward, despite the existence of the threats arising from the global economic downturn and geo-political tension, the management of the Group is optimistic on the growth of the local business environment in the coming future. With a much anticipated lower interest rate in the second half of the year, it is believed that consumer and investor confidence will be further improved to support a better outlook of our business prospects. The management of the Group is cautiously optimistic that our financial performance will continue to improve based on increasing demand of our services from existing as well as new customers.

Interest in an associate

At 31 March 2022, the Group has invested 1,000,000 shares (“Subscription Shares”), representing approximately 40% of the issued share capital of MetaSTO Group Limited (“META”), as enlarged by the allotment and issue of the Subscription Shares, at HK\$1 million in META. META is an unlisted company providing consultancy services in regard of asset tokenization through professional process management services.

As at 30 June 2024, the Group held 1,000,000 shares which amount to carrying amount of approximately HK\$458,000.

Financial assets at fair value through profit or loss

Description of the investments	Carrying amount as at 30 June 2024 <i>HK\$'000</i>
Unlisted equity securities at cost (FAFVTPL I)	–
Unlisted equity securities at cost (FAFVTPL II)	1,543
Total	1,543

FAFVTPL I

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 30 June 2024, the Group held 2,470 Shares with no carrying amount after recording the impairment of the investment of FAFVTPL I in the year 2020.

FAFVTPL II

The Group invested 165,385 shares 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 30 June 2024, the Group held 165,385 shares which amount to carrying amount of approximately HK\$1,543,000.

FINANCIAL REVIEW

For the six months ended 30 June 2024, the Group's unaudited total revenue amounted approximately HK\$42.8 million, representing an increase of approximately HK\$4.7 million as compared with the total revenue of the corresponding period in 2023 (six months ended 30 June 2023: approximately HK\$38.1 million).

The gross profit margin of the Group increased from approximately 22.6% for the six months ended 30 June 2023 to approximately 24.2% for the six months ended 30 June 2024.

Profit attributable to owners of the Company decreased from the profit approximately HK\$4.2 million for the six months ended 30 June 2023 to profit approximately HK\$2.8 million for the six months ended 30 June 2024.

REVENUE AND SEGMENT RESULT

Outsourcing inbound contact service

For the six months ended 30 June 2024, the outsourcing inbound contact service recorded a revenue of approximately HK\$8.4 million, representing an increase of approximately 28% as compared to that of the corresponding period in 2023 (2023: approximately HK\$6.6 million).

The segment results for the six months ended 30 June 2024 was approximately HK\$0.8 million (2023: approximately HK\$0.6 million). The gross profit margin for outsourcing inbound contact service remained approximately 9.8% for the six months ended 30 June 2024 (2023: approximately 8%).

The increase in revenue from the outsourcing inbound contact service was mainly attributed to the increase of the sales order from our existing customers during the period.

Staff insourcing service

For the six months ended 30 June 2024, the staff insourcing service segment recorded a revenue of approximately HK\$26.8 million, representing an increase of approximately 13.4% as compared to that of the corresponding period in 2023 (2023: approximately HK\$23.6 million).

The segment results of staff insourcing service for the six months ended 30 June 2024 was approximately HK\$1.5 million (2023: approximately HK\$2.2 million). The gross profit margin for staff insourcing service decreased from approximately 9.5% for the six months ended 30 June 2023 to approximately 5.6% for the six months ended 30 June 2024.

The increase in revenue from the staff insourcing service was mainly contributed by an increasing demand of staff insourcing service from the existing clients during the period. The decrease in gross profit margin for the staff insourcing service was mainly attributable to the increase of expected credit loss.

Contact service centre facilities management service

For the six months ended 30 June 2024, the contact service centre facilities management service recorded revenue of approximately HK\$3 million, representing a decrease of approximately 33.7% as compared to that of the corresponding period in 2023 (2023: approximately HK\$5 million). The decrease of revenue of contact service centre facilities management service mainly because the customer reduced the demand of services.

The segment results for the six months ended 30 June 2024 was approximately HK\$0.9 million (2023: approximately HK\$1.1 million). The gross profit margin for contact service centre facilities management service increased from approximately 23% for the six months ended 30 June 2023 to approximately 26% for the six months ended 30 June 2024. The increase of gross profit margin mainly due to a decrease in the ratio of lower margin services.

Financial services

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

For the six months ended 30 June 2024, the Group recorded revenue of financial services amounted to approximately HK\$0.01 million (2023: approximately HK\$1.2 million). The Group recorded a gross profit margin for financial services approximately 49,457.6% for the six months ended 30 June 2024 as compared the gross profit margin approximately 368.7% for the six months ended 30 June 2023. The segment results for the six months ended 30 June 2024 was approximately HK\$6.2 million (2023: approximately HK\$4.3 million).

The decrease of the revenue of the financial services was mainly due to the disposal of our consultancy services related to securities and asset management. The increase of segment result of the financial services is attributed from recovery of allowance for expected credit loss of the financial assets.

Others

The “Others” segment principally comprises licencing and system maintenance service, sales of system and software in relation to Wise-xb Contact Centre System (“Other Services related to Wise”). For the six months ended 30 June 2024, the Group recorded revenue of Other Services related to Wise amounted to approximately HK\$4.3 million (2023: approximately HK\$1.8 million).

The Group recorded the gross profit margin in the segment of Other Services related to Wise amounted to approximately HK\$1 million for the six months ended 30 June 2024 compare against to the gross profit margin of approximately HK\$0.3 million for the six months ended 30 June 2023. The increase in gross profit was mainly due to the increase in demand of Other Services related to Wise.

Other income

The other income increased from approximately HK\$6.5 million for the six month ended 30 June 2023 to approximately HK\$6.9 million for the six month ended 30 June 2024. The other income represents income recovered from impairment loss, the bank interest income. The other income largely increased due to recovery of allowance for expected credit loss of the financial assets.

Other operating expenses

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.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The Company recorded approximately HK\$2.8 million profit attributable to owners of the company for the six months ended 30 June 2024 compare against the profit attributable to owners of the Company amounted approximately HK\$4.2 million for the six months ended 30 June 2023. The decrease of profit is mainly attributed to the increase of expected credit loss of the financial assets.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions as set out in the Corporate Governance Code (the "Code") in Appendix C1 to the GEM Listing Rules throughout the six months ended 30 June 2024.

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 (including an ex-Director who held office during the period under review), all Directors and the ex-Director confirmed that they had complied with the required standard of dealings concerning securities transactions for the six months ended 30 June 2024.

SHARE OPTION SCHEME

During the six months ended 30 June 2024, no share option was granted, exercised, expired or lapsed under the share option scheme conditionally adopted by the shareholders of the Company on 4 May 2021 and became unconditional on 6 May 2021 (the “Share Option Scheme”).

DIRECTORS’ RIGHTS TO ACQUIRE SHARES

Apart from the Share Option Scheme, at no time during the six months ended 30 June 2024 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 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 is 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 is 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 2023 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 2023.

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 with the business of the Group or has any other conflict of interest with the Group for the six months ended 30 June 2024.

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 June 2024, 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 Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (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	Number of shares/ underlying shares held	Percentage of the issued share capital of the Company as at 30 June 2024
Tang Yiu Sing	Executor or Administrator of the late Mr. Tang Shing Bor’s estate	Corporate interest	210,000,000 (Note)	71.04%

Note: These interests were held by Million Top Enterprises Limited under the late 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 June 2024, 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 June 2024, 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	Number of Shares/ underlying Shares held	Approximate percentage of the issued share capital of the Company as at 30 June 2024
Tang Yiu Man Raymond	Joint administrator of the late Mr. Tang Shing Bor's estate	210,000,000 (Note 1)	71.04%
Million Top Enterprises Limited	Beneficial owner	210,000,000	71.04%
Pine Care Group Limited ("Pine Care Group")	Interest in a controlled corporation	15,625,000	5.29%
Pine Care Titanium Limited ("Pine Care Titanium") (Note 2)	Beneficial owner	15,625,000	5.29%
Chime Corporation Limited ("Chime Corporation") (Note 3)	Interest in a controlled corporation	15,625,000	5.29%
Jong Yat Kit	Joint and several administrator of Chime Corporation Limited	15,625,000	5.29%
Wong Tak Wai	Joint and several administrator of Chime Corporation Limited	15,625,000	5.29%

Notes:

1. These interests were held by Million Top Enterprises Limited under the late 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.
2. These interests were held by Pine Care Titanium after the conversion of the convertible bonds in a principal amount of HK\$9,500,000 at a conversion price of HK\$0.608 per conversion share into a total of 15,625,000 conversion shares issued and allotted by the Company on 11 August 2023. Pine Care Titanium was wholly and beneficially owned by Pine Care Group.
3. Chime Corporation Limited indirectly and substantially owns Pine Care Group.

Save as disclosed above, as at 30 June 2024, 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 Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2024 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 six months ended 30 June 2024.

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

Hong Kong, 9 August 2024

As at the date of this announcement, the executive director of the Company is Mr. Tang Yiu Sing; and the independent non-executive directors of the Company 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 of Hong Kong Limited at 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.