

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement appears for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.



ETS GROUP LIMITED
易通訊集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8031)

**CONNECTED TRANSACTION
IN RELATION TO
THE ISSUE OF CONVERTIBLE BONDS UNDER
SPECIFIC MANDATE**

Financial Adviser

TRINITY

Trinity Corporate Finance Limited

THE ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

The Board is pleased to announce that on 10 May 2021 (after trading hours of the Stock Exchange), the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, the Convertible Bonds in the principal amount of HK\$9.5 million.

Assuming full conversion of the Convertible Bonds at the Conversion Price of HK\$0.608 per Conversion Share (subject to adjustments), a maximum number of 15,625,000 Conversion Shares will be allotted and issued, representing approximately 5.58% of the issued share capital of the Company as at the date of this announcement and approximately 5.29% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares (assuming that there will be no change in the issued share capital of the Company from the date of this announcement and up to conversion of the Convertible Bonds in full at the initial Conversion Price).

The initial Conversion Price of HK\$0.608 per Conversion Share represents a premium of approximately 102.67% over (i) the closing price of HK\$0.30 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; (ii) the average closing price of approximately HK\$0.30 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Subscription Agreement; and (iii) the average closing price of approximately HK\$0.30 per Share as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to the date of the Subscription Agreement.

Subject to completion of the Subscription, the gross proceeds and net proceeds (after deducting all the relevant costs and expenses) from the issue of the Convertible Bonds will be approximately HK\$9,500,000 and approximately HK\$8,700,000, respectively. The Company intends to use such net proceeds for expansion of the financial services business of the Group, if and when opportunities arise, and for working capital purposes of the Group.

GEM LISTING RULES IMPLICATIONS

As at the date of this announcement, the Subscriber is an indirect wholly-owned subsidiary of Pine Care Group, and Mr. YS Tang, who is an executive Director, is also an executive director and a controlling shareholder of Pine Care Group. Accordingly, the Subscriber is a connected person of the Company under the GEM Listing Rules. The Subscription therefore constitutes a connected transaction on the part of the Company and is subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

The Conversion Shares will be allotted and issued under the Specific Mandate. No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

Save for Mr. Tang, being a non-executive Director and the father of Mr. YS Tang, and Mr. YS Tang and Mr. Yeung Ka Wing, each being an executive Director and also an executive director of Pine Care Group, who have abstained from voting on the relevant resolutions of the Board, none of the Directors has material interest in the Subscription Agreement and the transactions contemplated thereunder and is required to abstain from voting on the relevant resolutions of the Board.

GENERAL

The EGM will be convened and held for the Independent Shareholders to consider, and if thought fit, approve the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate).

The Independent Board Committee comprising Mr. Wong Sik Kei, Mr. Cheung Kong Ting and Mr. Wong Kam Tai, being all the independent non-executive Directors, will be established to give a recommendation to the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate). The Independent Financial Adviser will be appointed to provide advice and recommendation to the Independent Board Committee and the Independent Shareholders in this regard.

The voting in respect of the Subscription Agreement and the transactions contemplated thereunder will be conducted by way of poll. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for Million Top Enterprises and its associates, who will abstain from voting on the relevant resolutions at the EGM, no Shareholder has a material interest in the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) and is required to abstain from voting on the relevant resolutions at the EGM.

A circular containing, among other matters, (i) further details of the Subscription Agreement and the transactions contemplated thereunder; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate); (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in the same regard; and (iv) a notice of the EGM, is expected to be despatched to the Shareholders on or before 31 May 2021 as additional time is required for the preparation of the relevant information to be included in the circular.

Completion of the Subscription is subject to fulfillment of the conditions precedent under the Subscription Agreement. Accordingly, the Subscription may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

INTRODUCTION

The Board is pleased to announce that on 10 May 2021 (after trading hours of the Stock Exchange), the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, the Convertible Bonds in the principal amount of HK\$9.5 million.

SUBSCRIPTION AGREEMENT

The principal terms of the Subscription Agreement are set out below.

Date: 10 May 2021

Parties: (i) the Company, as the issuer; and
(ii) Pine Care Titanium Limited, as the Subscriber

Subscription

The Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, the Convertible Bonds in the principal amount of HK\$9.5 million.

Conditions precedent

The obligations of the Company and the Subscriber to effect Completion is conditional upon:

- (i) all necessary consents and approvals required to be obtained on the part of the Company in respect of the Subscription Agreement and the transactions contemplated thereunder, including but not limited to the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares upon exercise of the Conversion Rights under the Specific Mandate, having been obtained;
- (ii) all necessary consents and approvals required to be obtained on the part of the Subscriber in respect of the Subscription Agreement and the transactions contemplated thereunder having been obtained;
- (iii) the passing of an ordinary resolution by the Independent Shareholders at an extraordinary general meeting of the Company to approve the Subscription Agreement and the transactions contemplated thereunder, including but not limited to the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares upon exercise of the Conversion Rights under the Specific Mandate;

- (iv) the GEM Listing Committee of the Stock Exchange granting listing of and permission to deal in the Conversion Shares to be allotted and issued upon exercise of the Conversion Rights attached to the Convertible Bonds;
- (v) none of the warranties given by the Company under the Subscription Agreement having been breached in any material respect (or, if capable of being remedied, has not been remedied), or is misleading or untrue in any material respect;
- (vi) none of the warranties given by the Subscriber under the Subscription Agreement having been breached in any material respect (or, if capable of being remedied, has not been remedied), or is misleading or untrue in any material respect; and
- (vii) as at the date of the Subscription Agreement and up to the date of Completion, there shall have been no occurrence of any circumstances or events which individually or together, is or is likely to have a Material Adverse Effect or a prolonged suspension or material limitation of trading in the Shares on GEM.

The conditions set out in (i), (ii), (iii) and (iv) above are incapable of being waived. If the conditions above are not fulfilled (or waived, as the case may be) on or before 9 September 2021 or such later date as may be agreed by the Company and the Subscriber in writing, the Subscription Agreement shall cease and determine and no party shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Subscription Agreement save in respect of any antecedent breach of any obligation thereof.

Completion

Completion shall take place on a date falling on the third Business Day (or such other date as the Company and the Subscriber may agree) after fulfilment (or waiver, as the case may be) of all conditions precedent set out above.

ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

The principal terms of the Convertible Bonds to be issued under the Subscription Agreement are set out as follows:

Issuer:	The Company
Principal amount:	HK\$9.5 million
Interest:	The Convertible Bonds shall bear no interest.

Maturity date(s): The day falling on the second anniversary of the issue of the Convertible Bonds, provided that if such date is not a Business Day, the Business Day immediately after such date (the “**Initial Maturity Date**”).

In the event that any of the Convertible Bonds remain unconverted and outstanding on the date falling one (1) month prior to the Initial Maturity Date, the Company may serve a written notice on the Bondholder(s) (the “**Extension Notice**”) at least 14 days prior to the Initial Maturity Date to extend the maturity date of such Convertible Bonds which remain unconverted and outstanding at the Initial Maturity Date to the day falling on the third anniversary of the issue of the Convertible Bonds, provided that if such date is not a Business Day, the Business Day immediately after such date (the “**Extended Maturity Date**”) (the “**Extension**”), whereupon the Bondholder(s) shall have a right to refuse the Extension by serving a written notice (the “**Refusal Notice**”) to the Company within 7 days from the receipt of the Extension Notice (the “**Refusal Period**”). For the avoidance of doubt, consent to the Extension shall be deemed to have given by the Bondholder(s) to the Company unless the Refusal Notice was served by the Bondholder(s) to the Company within the Refusal Period.

Conversion right and limitation: A Bondholder shall have the right at any time during the Conversion Period to convert the whole or part (in multiples of HK\$1,000,000) of the outstanding principal amount of Convertible Bonds registered in its name into Conversion Shares at the Conversion Price, provided that only a portion of the principal amount of the Convertible Bonds may be converted such that:

- (i) the conversion of such portion of the principal amount of the Convertible Bonds will not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the Bondholder(s) which exercised the Conversion Rights and parties acting in concert with it;

- (ii) the public float of the Shares shall not be less than 25% (or any given percentage as required by the GEM Listing Rules for the minimum percentage of Shares being held by the public as per Rule 11.23(7) of the GEM Listing Rules) of the issued Shares of the Company at the time in compliance with the GEM Listing Rules; and
- (iii) the conversion will not cause a change of control of the Company

(collectively, the “**Conversion Restrictions**”).

Mandatory conversion:

- (i) During the Conversion Period, in the event that the closing price per Share as quoted on the Stock Exchange represents a premium of 5% over the then applicable Conversion Price (the initial Conversion Price being HK\$0.608 per Conversion Share) for five (5) consecutive Trading Days (the “**Mandatory Conversion Triggering Event**”), subject to the Conversion Restrictions, the Company has the absolute right (the “**Mandatory Conversion Right**”) to require the Bondholder(s) to mandatorily convert all or such maximum portion of the principal amount of the Convertible Bonds remaining outstanding without triggering the Conversion Restriction(s) into Conversion Shares at the then applicable Conversion Price at any time during the Conversion Period. For the avoidance of doubt, the Mandatory Conversion Right is a continuing right and may be exercised by the Company more than once during the Conversion Period.
- (ii) At Maturity, provided that there are any Convertible Bonds which remain outstanding on the Maturity Date (“**Remaining Principal Amount at Maturity**”), subject to the Conversion Restriction(s), the Bondholder(s) is required to mandatorily convert all or such maximum portion of the Remaining Principal Amount at Maturity into Conversion Shares at the then applicable Conversion Price on the Maturity Date (“**Mandatory Conversion Mechanism at Maturity**”).

In the event that all of the Remaining Principal Amount at Maturity are converted into Conversion Shares at the then applicable Conversion Price on the Maturity Date immediately after the Mandatory Conversion Mechanism at Maturity, provided that the closing price per Share as quoted on the Stock Exchange on the Maturity Date is equal to or is higher than the then applicable Conversion Price on the Maturity Date, neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

In the event that all of the Remaining Principal Amount at Maturity are converted into Conversion Shares at the then applicable Conversion Price on the Maturity Date immediately after the Mandatory Conversion Mechanism at Maturity, but the closing price per Share as quoted on the Stock Exchange on the Maturity Date is lower than the then applicable Conversion Price on the Maturity Date, the Company is obliged to pay to the Bondholder(s) an amount in cash equivalent to the difference between (I) 105% of the Remaining Principal Amount at Maturity and (II) the multiplication of such number of Conversion Shares issued by the Company by virtue of the Mandatory Conversion Mechanism at Maturity and the closing price of the Shares as quoted on the Stock Exchange on the Maturity Date.

In the event that only a portion of the Remaining Principal Amount at Maturity are converted into Conversion Shares at the then applicable Conversion Price on the Maturity Date immediately after the Mandatory Conversion Mechanism at Maturity, such remaining portion of the Remaining Principal Amount at Maturity not converted immediately after the Mandatory Conversion Mechanism at Maturity (“**Remaining Principal Amount after Mandatory Conversion**”) shall be redeemed by the Company in accordance with the provisions under the paragraph headed “Redemption of the outstanding Convertible Bonds on the Maturity Date” below in this announcement.

Conversion price:

The initial Conversion Price for the Convertible Bonds shall be equal to HK\$0.608 per Conversion Share, subject to adjustments.

Transferability: The Bondholder may assign or transfer the Convertible Bonds in whole or in part to any other persons subject to the prior written notification to the Company having been made, and compliance with the GEM Listing Rules and applicable laws.

Any such assignment or transfer of the Convertible Bonds to connected person(s) of the Company shall be subject to compliance with the applicable GEM Listing Rules.

Conversion Price adjustments: The initial Conversion Price shall from time to time be adjusted due to occurrence of the following:

- (i) consolidation, sub-division or reclassification of Shares;
- (ii) the Company issuing Shares credited as fully paid by capitalisation of profits or reserves;
- (iii) the Company making a capital distribution in cash or specie to the Shareholders; or
- (iv) the Company offering the Shareholders new Shares for subscription by way of rights, or granting Shareholders any options, warrants or other rights to subscribe for or purchase any Shares, at a price which is less than the current market price per Share on the last trading day preceding the date of announcement of the terms of the offer or grant.

Ranking of Conversion Shares: The Conversion Shares issued upon conversion of the Convertible Bonds will in all respects rank *pari passu* with the Shares in issue on the date of allotment and issue of such Conversion Shares.

Redemption: *Redemption of the Convertible Bonds on the occurrence of an Event of Default*

Following the occurrence of an Event of Default, a Bondholder has the right at its option, to require the Company to redeem all (or any portion of the principal amount thereof) of the Convertible Bonds on the fifth (5th) Business Day after the date of the notice of redemption completed and signed by the Bondholder to the Company at their principal amount.

Redemption of the Convertible Bonds on the occurrence of a relevant event

Following the occurrence of (i) when the Shares cease to be listed on the Stock Exchange or (ii) when there is a change of control in the Company (each a “**Relevant Event**”), a Bondholder has the right at its option, to require the Company to redeem all (or any portion of the principal amount thereof) of the Convertible Bonds on the tenth (10th) Business Day after the date of notice of redemption completed and signed by the Bondholder to the Company at their principal amount.

Redemption prior to Maturity

Except as otherwise provided on the occurrence of an Event of Default or a Relevant Event, the Company is not entitled to redeem any of the Convertible Bonds prior to Maturity.

Redemption of the outstanding Convertible Bonds on the Maturity Date

In the event that there is any Remaining Principal Amount after Mandatory Conversion, whether by reason of the Conversion Restriction(s) or otherwise, provided that the closing price of the Shares as quoted on the Stock Exchange is equal to or is higher than the then applicable Conversion Price on the Maturity Date, any Remaining Principal Amount after Mandatory Conversion shall be redeemed by the Company at 105% of such Remaining Principal Amount after Mandatory Conversion on the Maturity Date in cash.

In the event that there is any Remaining Principal Amount after Mandatory Conversion, whether by reason of the Conversion Restriction(s) or otherwise, but the closing price of the Shares as quoted on the Stock Exchange is lower than the then applicable Conversion Price on the Maturity Date, any Remaining Principal Amount after Mandatory Conversion shall be redeemed and settled by the Company on the Maturity Date by way of payment of an amount in cash equivalent to the difference between (I) 105% of the Remaining Principal Amount at Maturity and (II) the multiplication of such number of Conversion Shares issued by the Company by virtue of the Mandatory Conversion Mechanism at Maturity as set out in the paragraph headed “Mandatory conversion” above in this announcement and the closing price of the Shares as quoted on the Stock Exchange on the Maturity Date.

Events of default:

Any of the following events, among others, shall constitute an event of default (“**Event of Default**”):

(i) Failure to pay:

the Company fails to pay the principal amount and entitlements due in respect of any of the Convertible Bonds, and such default is not cured within thirty (30) days;

(ii) Insolvency:

the Company is insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a substantial part of its debts proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Company; or if an administrator or liquidator of the Company or the whole or any substantial part of the assets and revenues of the Company is appointed (or application for any such appointment is made);

(iii) Winding-up:

any action, legal proceedings or other procedure or step is taken (or any analogous procedure or step is taken in any jurisdiction) against the Company or any of its subsidiaries in relation to:

- (a) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution or reorganisation except a solvent liquidation;
- (b) a composition, assignment or arrangement with any creditor;
- (c) the appointment of an administrator or a liquidator (except in respect of a solvent liquidation) or other similar officer in respect of any of the assets of the Company or any of its subsidiaries;
- (d) enforcement of any security over any of the assets of the Company or any of its subsidiaries; or
- (e) termination of the business of the Company or any of its subsidiaries;

(iv) Cessation of listing and suspension of trading:

the Shares cease to be listed on the Stock Exchange or are suspended for the trading on the Stock Exchange for more than 30 consecutive trading days, unless otherwise agreed to be extended by the Bondholder(s) in writing;

(v) Illegality:

it is or will become unlawful for the Company to perform its payment and/or delivery of Shares obligations under any of the Convertible Bonds.

Voting:

A Bondholder shall not be entitled to attend or vote at any meetings of the Company by reason only it being a Bondholder.

Listing:

No application will be made for a listing of the Convertible Bonds on the Stock Exchange or any other stock exchange.

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

Conversion Shares

Assuming full conversion of the Convertible Bonds at the Conversion Price of HK\$0.608 per Conversion Share (subject to adjustments), a maximum number of 15,625,000 Conversion Shares will be allotted and issued, representing approximately 5.58% of the issued share capital of the Company as at the date of this announcement and approximately 5.29% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares (assuming that there will be no change in the issued share capital of the Company from the date of this announcement and up to conversion of the Convertible Bonds in full at the initial Conversion Price).

Conversion Price

The initial Conversion Price of HK\$0.608 per Conversion Share represents a premium of approximately 102.67% over:

- (i) the closing price of HK\$0.30 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement;
- (ii) the average closing price of approximately HK\$0.30 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Subscription Agreement; and
- (iii) the average closing price of approximately HK\$0.30 per Share as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to the date of the Subscription Agreement.

The initial Conversion Price was arrived at after arm's length negotiations between the Company and the Subscriber taking into account (i) the business prospects of the Group, (ii) the existing capital market conditions in Hong Kong; and (iii) the recent closing prices of the Shares as quoted on the Stock Exchange up to and including the date of the Subscription Agreement.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Company is an investment holding company and the Group is principally engaged in providing comprehensive multi-media contact centre services, contact centre system and financial services. The principal activities of the Group include provisions of outsourcing inbound and outbound contact services, staff insource service, contact service centre and service centre facilities management service. The Group also carries out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO through Gear Securities Investment Limited and Gear Asset Management Limited, both being an indirect wholly-owned subsidiary of the Company.

Subject to completion of the Subscription, the gross proceeds and net proceeds (after deducting all the relevant costs and expenses) from the issue of the Convertible Bonds will be approximately HK\$9,500,000 and approximately HK\$8,700,000, respectively. The Company intends to use such net proceeds for expansion of the financial services business of the Group, if and when opportunities arise, and for working capital purposes of the Group.

The Directors consider that the raising of funds by the issue of Convertible Bonds is justifiable taking into account the recent market conditions which represent an opportunity for the Group to strengthen its capital base and financial position. The Directors consider that the issue of Convertible Bonds is an appropriate means of raising additional capital since the Conversion Price is at a premium to the market price as set out above, which was arrived at after arm's length negotiations between the Company and the Subscriber. The Directors (excluding the independent non-executive Directors who will form their opinion after reviewing the letter from the Independent Financial Adviser) consider that the terms of the Subscription Agreement and the transactions contemplated thereunder, including the Conversion Price, are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

For illustrative purpose only, set out below is the shareholding structure of the Company (a) as at the date of this announcement; and (b) immediately upon full conversion of the Convertible Bonds at the initial Conversion Price, assuming there being no other change in the issued share capital and shareholding structure of the Company from the date of this announcement and up to the date of full conversion of the Convertible Bonds:

Shareholders	As at the date of this announcement		Immediately upon full conversion of the Convertible Bonds at the initial Conversion Price (assuming there being no other change in the issued share capital and shareholding structure of the Company from the date of this announcement and up to the date of full conversion of the Convertible Bonds)	
	<i>Number of Shares</i>	<i>Approximate % of shareholding</i>	<i>Number of Shares</i>	<i>Approximate % of shareholding</i>
Mr. Tang (<i>Note 1</i>)	210,000,000	75.00%	210,000,000	71.04%
The Subscriber	–	–	15,625,000	5.29%
Public Shareholders (<i>Note 2</i>)	70,000,000	25.00%	70,000,000	23.67%
Total	<u>280,000,000</u>	<u>100.00%</u>	<u>295,625,000</u>	<u>100.00%</u>

Notes:

- These interests were held by Million Top Enterprises, which was wholly and beneficially owned by Mr. Tang. Mr. Tang is therefore deemed to be interested in such Shares by virtue of Part XV of the SFO.
- According to the Subscription Agreement, a Bondholder shall have the right at any time during the Conversion Period to convert the whole or part (in multiples of HK\$1,000,000) of the outstanding principal amount of Convertible Bonds registered in its name into Conversion Shares at the Conversion Price, provided that only a portion of the principal amount of the Convertible Bonds may be converted such that, among others, (i) the conversion of such portion of the principal amount of the Convertible Bonds will not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the Bondholder(s) which exercised the Conversion Rights and parties acting in concert with it; and (ii) the public float of the Shares shall not be less than 25% (or any given percentage as required by the GEM Listing Rules for the minimum percentage of Shares being held by the public as per Rule 11.23(7) of the GEM Listing Rules) of the issued Shares of the Company at the time in compliance with the GEM Listing Rules.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not carried out any equity fund raising activities during the past 12 months immediately preceding the date of this announcement.

INFORMATION OF THE SUBSCRIBER

The Subscriber is a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of Pine Care Group. It is principally engaged in investment holding. Pine Care Group (stock code: 1989) is a limited liability company incorporated in the Cayman Islands and the issued shares of which are listed on the Main Board of the Stock Exchange.

As at the date of this announcement, Mr. YS Tang, who is an executive Director, is also an executive director and a controlling shareholder of Pine Care Group.

GEM LISTING RULES IMPLICATIONS

As at the date of this announcement, the Subscriber is an indirect wholly-owned subsidiary of Pine Care Group, and Mr. YS Tang, who is an executive Director, is also an executive director and a controlling shareholder of Pine Care Group. Accordingly, the Subscriber is a connected person of the Company under the GEM Listing Rules. The Subscription therefore constitutes a connected transaction on the part of the Company and is subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

The Conversion Shares will be allotted and issued under the Specific Mandate. No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

Save for Mr. Tang, being a non-executive Director and the father of Mr. YS Tang, and Mr. YS Tang and Mr. Yeung Ka Wing, each being an executive Director and also an executive director of Pine Care Group, who have abstained from voting on the relevant resolutions of the Board, none of the Directors has material interest in the Subscription Agreement and the transactions contemplated thereunder and is required to abstain from voting on the relevant resolutions of the Board.

GENERAL

The EGM will be convened and held for the Independent Shareholders to consider, and if thought fit, approve the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate).

The Independent Board Committee comprising Mr. Wong Sik Kei, Mr. Cheung Kong Ting and Mr. Wong Kam Tai, being all the independent non-executive Directors, will be established to give a recommendation to the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate). The Independent Financial Adviser will be appointed to provide advice and recommendation to the Independent Board Committee and the Independent Shareholders in this regard.

The voting in respect of the Subscription Agreement and the transactions contemplated thereunder will be conducted by way of poll. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for Million Top Enterprises and its associates, who will abstain from voting on the relevant resolutions at the EGM, no Shareholder has a material interest in the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) and is required to abstain from voting on the relevant resolutions at the EGM.

A circular containing, among other matters, (i) further details of the Subscription Agreement and the transactions contemplated thereunder; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate); (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in the same regard; and (iv) a notice of the EGM, is expected to be despatched to the Shareholders on or before 31 May 2021 as additional time is required for the preparation of the relevant information to be included in the circular.

Completion of the Subscription is subject to fulfillment of the conditions precedent as set out in the Subscription Agreement. Accordingly, the Subscription may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings, unless the context requires otherwise:

“Board”	the board of Directors
“Bondholder(s)”	a holder or holders in whose name the Convertible Bonds is registered in the register in relation to the Convertible Bonds
“Business Day”	any day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning no.8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	ETS Group Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM of the Stock Exchange (stock code: 8031)
“Completion”	completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement
“connected person”	has the meaning ascribed thereto under the GEM Listing Rules
“Conversion Period”	the period commencing from the date on which the Convertible Bonds are issued to the Bondholder(s) up to and including the Initial Maturity Date, or if the Initial Maturity Date has been extended, up to and including the Extended Maturity Date
“Conversion Price”	HK\$0.608 per Conversion Share (subject to adjustments)
“Conversion Rights”	the rights of the Bondholder(s) to convert the principal amount outstanding under the Convertible Bonds registered in its name into Conversion Shares
“Conversion Share(s)”	Share(s) to be allotted and issued upon exercise of the Conversion Rights

“Convertible Bonds”	unlisted zero coupon convertible bonds in the principal amount of HK\$9,500,000 to be issued by the Company pursuant to the terms and conditions of the Subscription Agreement
“Director(s)”	director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate)
“Event(s) of default”	has the meaning ascribed thereto in the section headed “Issue of Convertible Bonds under Specific Mandate – Events of default” in this announcement
“Extended Maturity Date”	has the meaning ascribed thereto in the section headed “Issue of Convertible Bonds under Specific Mandate – Maturity date” in this announcement
“Extension”	has the meaning ascribed thereto in the section headed “Issue of Convertible Bonds under Specific Mandate – Maturity date” in this announcement
“Extension Notice”	has the meaning ascribed thereto in the section headed “Issue of Convertible Bonds under Specific Mandate – Maturity date” in this announcement
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors to be established to give a recommendation to the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate)

“Independent Financial Adviser”	the independent financial adviser to be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate)
“Independent Shareholders”	Shareholders who are not required to abstain from voting on the resolutions approving the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate)
“Initial Maturity Date”	has the meaning ascribed thereto in the section headed “Issue of Convertible Bonds under Specific Mandate – Maturity date” in this announcement
“Mandatory Conversion Mechanism at Maturity”	has the meaning ascribed thereto in the section headed “Issue of Convertible Bonds under Specific Mandate – Mandatory conversion” in this announcement
“Mandatory Conversion Right”	has the meaning ascribed thereto in the section headed “Issue of Convertible Bonds under Specific Mandate – Mandatory conversion” in this announcement
“Mandatory Conversion Triggering Event”	has the meaning ascribed thereto in the section headed “Issue of Convertible Bonds under Specific Mandate – Mandatory conversion” in this announcement
“Material Adverse Effect”	a condition, a development or a circumstance which, individually or together, would have a material adverse effect on: (a) the condition (financial or otherwise), prospects, results of operations, assets or liabilities of the companies within the Group; or (b) the ability of the Company to perform any of its obligations under the Subscription Agreement, the Convertible Bonds and/or the instrument constituting the Convertible Bonds; (c) the validity or enforceability of the Subscription Agreement, the Convertible Bonds and/or the instrument constituting the Convertible Bonds
“Maturity Date”	the Initial Maturity Date, or if the Initial Maturity Date has been extended, the Extended Maturity Date

“Million Top Enterprises”	Million Top Enterprises Limited, a company incorporated in Hong Kong with limited liability and wholly and beneficially owned by Mr. Tang
“Mr. Tang”	Mr. Tang Shing Bor, being (i) a non-executive Director and chairman of the Company; and (ii) the father of Mr. YS Tang
“Mr. YS Tang”	Mr. Tang Yiu Sing, being (i) an executive Director and chief executive officer of the Company; (ii) an executive director and chairman of Pine Care Group; and (iii) the son of Mr. Tang
“Pine Care Group”	Pine Care Group Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1989)
“Refusal Notice”	has the meaning ascribed thereto in the section headed “Issue of Convertible Bonds under Specific Mandate – Maturity date” in this announcement
“Refusal Period”	has the meaning ascribed thereto in the section headed “Issue of Convertible Bonds under Specific Mandate – Maturity date” in this announcement
“Relevant Event”	has the meaning ascribed thereto in the section headed “Issue of Convertible Bonds under Specific Mandate – Redemption” in this announcement
“Remaining Principal Amount after Mandatory Conversion”	has the meaning ascribed thereto in the section headed “Issue of Convertible Bonds under Specific Mandate – Mandatory conversion” in this announcement
“Remaining Principal Amount at Maturity”	has the meaning ascribed thereto in the section headed “Issue of Convertible Bonds under Specific Mandate – Mandatory conversion” in this announcement
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong

“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Shares
“Specific Mandate”	the specific mandate to be sought from the Independent Shareholders for the allotment and issue of the Conversion Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Pine Care Titanium Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Pine Care Group
“Subscription”	the subscription of the Convertible Bonds pursuant to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 10 May 2021 and entered into between the Company and the Subscriber in relation to the subscription of the Convertible Bonds
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Trading Day”	a day when the Stock Exchange is open for dealing business, provided that, if no closing price is reported for one or more consecutive dealing days, such day or days will be disregarded in any relevant calculation and shall be deemed not to have existed when ascertaining any period of dealing days
“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, 10 May 2021

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the Company’s website at www.etsgroup.com.hk.