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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 2022**

**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 2022 was approximately HK\$86,130,000 representing a decrease of approximately 12.8% as compared to that of approximately HK\$98,757,000 in 2021.

Loss attributable to owners of the Company for the year ended 31 December 2022 was approximately HK\$9,296,000 representing a decrease of approximately 50% as compared to the loss attributable to owners of the Company for the year ended 31 December 2021 amounted approximately HK\$18,620,000.

Loss per share for the year ended 31 December 2022 was HK\$3.3 cents (2021: Loss per share: HK\$6.7 cents).

The board of Directors recommends a final dividend of HK\$1.5 cents per ordinary share for the year ended 31 December 2022 (2021: nil).

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

*For the year ended 31 December 2022*

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Revenue</b>	3	<b>86,130</b>	98,757
Other income		<b>6,382</b>	290
Other losses – net		<b>(1,091)</b>	(11,303)
Employee benefits expenses		<b>(69,947)</b>	(73,495)
Depreciation and amortization		<b>(3,793)</b>	(9,343)
Other operating expenses		<b>(25,491)</b>	(22,158)
Share of loss of an associate		<b>(170)</b>	–
		<hr/>	<hr/>
<b>Operating loss</b>		<b>(7,980)</b>	(17,252)
Finance costs		<b>(1,093)</b>	(496)
		<hr/>	<hr/>
<b>Loss before tax</b>	4	<b>(9,073)</b>	(17,748)
Income tax expense	5	<b>(223)</b>	(872)
		<hr/>	<hr/>
<b>Loss for the year</b>		<b>(9,296)</b>	(18,620)
		<hr/>	<hr/>
<b>Other comprehensive income for the year</b>		<b>–</b>	–
		<hr/>	<hr/>
<b>Total comprehensive expense for the year</b>		<b>(9,296)</b>	(18,620)
		<hr/> <hr/>	<hr/> <hr/>
<b>Loss attributable to owners of the Company</b>		<b>(9,296)</b>	(18,620)
		<hr/> <hr/>	<hr/> <hr/>
<b>Total comprehensive expense for the year attributable to owners of the Company</b>		<b>(9,296)</b>	(18,620)
		<hr/> <hr/>	<hr/> <hr/>
Loss per share attributable to owners of the Company			
– Basic and diluted ( <i>HK cents</i> )		<b>(3.3)</b>	(6.7)
		<hr/> <hr/>	<hr/> <hr/>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>1,001</b>	1,541
Right-of-use assets		<b>370</b>	1,004
Intangible assets		<b>2,288</b>	3,771
Interest in an associate		<b>830</b>	–
Financial assets at fair value through profit or loss		<b>1,260</b>	2,200
Deferred income tax assets		<b>669</b>	818
Other assets		<b>205</b>	205
		<b>6,623</b>	9,539
<b>Current assets</b>			
Contract assets		<b>3,972</b>	3,887
Trade and other receivables	7	<b>28,952</b>	58,472
Financial assets at fair value through profit or loss		<b>199</b>	235
Tax recoverable		<b>474</b>	115
Pledged bank deposits		<b>6,092</b>	6,091
Time deposits		<b>20,000</b>	–
Bank trust account balances		<b>6,453</b>	16,593
Cash and cash equivalents		<b>46,437</b>	41,709
		<b>112,579</b>	127,102
<b>Current liabilities</b>			
Contract liabilities		<b>2,248</b>	1,890
Trade and other payables	8	<b>15,365</b>	25,757
Current income tax liabilities		<b>140</b>	700
Borrowings		<b>2,000</b>	–
Lease liabilities		<b>376</b>	773
Convertible bonds		<b>9,206</b>	–
		<b>29,335</b>	29,120
<b>Net current assets</b>		<b>83,244</b>	97,982
<b>Total assets less current liabilities</b>		<b>89,867</b>	107,521

	<i>Notes</i>	<b>2022</b> <b><i>HK\$'000</i></b>	2021 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Deferred income tax liabilities		<b>16</b>	18
Lease liabilities		–	251
Convertible bonds		–	8,105
		<u><b>16</b></u>	<u>8,374</u>
<b>Net assets</b>		<b><u>89,851</u></b>	<b><u>99,147</u></b>
<b>Equity attributable to the owners of the Company</b>			
Share capital	9	<b>2,800</b>	2,800
Share premium	9	<b>25,238</b>	25,238
Reserves		<b>61,813</b>	71,109
		<u><b>89,851</b></u>	<u>99,147</u>
<b>Total equity</b>		<b><u>89,851</u></b>	<b><u>99,147</u></b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2022*

## 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 2022, 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 21 March 2023.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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**”). 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. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of the financial assets at fair value through profit or loss (“**FVTPL**”) and the derivative component of convertible bonds which are measured at fair value.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

### 2.1.1 Amendments to HKFRSs that are mandatorily effective for the current year

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

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs Accounting Guideline 5 (Revised)	Annual Improvements to HKFRSs 2018–2020 Merger Accounting for Common Control Combinations

The application of the 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 New standards and amendments to existing standards not yet adopted

Certain new accounting standards and amendments to existing standards have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group:

Standards	Subject	Effective for annual periods beginning on or after
HKFRS 17	Insurance Contracts and the Related Amendments	1 January 2023
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 HKAS 1 and HKFRS Practice Statements 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Disclosure of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants (the “2022 Amendments”)	1 January 2024

The directors of the Company anticipate that the application of all new and 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, system maintenance fee income and personnel services.

The segment information provided to the board of directors for the reportable segments for the years ended 31 December 2022 and 2021 are as follows:

#### 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>



**For the year ended 31 December 2021**

	Outsourcing inbound contact services HK\$'000	Outsourcing outbound contact services HK\$'000	Staff insourcing services HK\$'000	Contact service centre and service centre facilities management services HK\$'000	Financial services HK\$'000	Others HK\$'000	Total HK\$'000
Segment revenue	<u>12,486</u>	<u>–</u>	<u>53,844</u>	<u>14,101</u>	<u>13,060</u>	<u>5,266</u>	<u>98,757</u>
Segment results	<u>924</u>	<u>(194)</u>	<u>4,409</u>	<u>3,791</u>	<u>(2,148)</u>	<u>2,066</u>	<u>8,848</u>
Depreciation and amortization	<u>255</u>	<u>–</u>	<u>1,072</u>	<u>2,593</u>	<u>2,300</u>	<u>511</u>	<u>6,731</u>
<b>Total segment assets</b>	<u><b>2,670</b></u>	<u><b>–</b></u>	<u><b>15,222</b></u>	<u><b>4,592</b></u>	<u><b>55,894</b></u>	<u><b>3,503</b></u>	<u><b>81,881</b></u>
Total segment assets includes: Additions to non-current assets (other than financial instruments)	<u>92</u>	<u>–</u>	<u>932</u>	<u>386</u>	<u>–</u>	<u>184</u>	<u>1,594</u>
<b>Total segment liabilities</b>	<u><b>1,804</b></u>	<u><b>–</b></u>	<u><b>4,224</b></u>	<u><b>1,318</b></u>	<u><b>–</b></u>	<u><b>1,357</b></u>	<u><b>8,703</b></u>

There were no inter-segment sales during the years ended 31 December 2022 and 2021. 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>2022</b> <b>HK\$'000</b>	2021 HK\$'000
Segment results for reportable segments	<b>2,729</b>	8,848
<b>Unallocated:</b>		
Other income	<b>6,382</b>	290
Other losses – net	<b>(1,091)</b>	(11,303)
Depreciation and amortization	<b>(733)</b>	(2,612)
Finance costs	<b>(1,071)</b>	(462)
Corporate and other unallocated expenses	<u><b>(15,289)</b></u>	<u>(12,509)</u>
<b>Loss before tax</b>	<u><b>(9,073)</b></u>	<u>(17,748)</u>

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:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Segment assets for reportable segments	<b>40,439</b>	81,881
<b>Unallocated:</b>		
Property, plant and equipment	<b>340</b>	817
Right-of-use asset	<b>60</b>	354
Tax recoverable	<b>474</b>	115
Deferred income tax assets	<b>669</b>	818
Financial assets at FVTPL	<b>1,459</b>	2,435
Corporate and other unallocated assets	<b>75,761</b>	50,221
	<hr/>	<hr/>
<b>Total assets per consolidated statement of financial position</b>	<b>119,202</b>	136,641
	<hr/> <hr/>	<hr/> <hr/>

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:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Segment liabilities for reportable segments	<b>13,972</b>	8,703
<b>Unallocated:</b>		
Deferred income tax liabilities	<b>16</b>	18
Current income tax liabilities	<b>140</b>	700
Borrowings	<b>2,000</b>	–
Lease liabilities	<b>90</b>	379
Corporate and other unallocated liabilities	<b>13,133</b>	27,694
	<hr/>	<hr/>
<b>Total liabilities per consolidated statement of financial position</b>	<b>29,351</b>	37,494
	<hr/> <hr/>	<hr/> <hr/>

Breakdown of the revenue from all services is as follows:

**Analysis of revenue by category**

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Service fee income from provision of telecommunication and related services	<b>25,188</b>	26,588
Financial services income	<b>2,389</b>	9,515
Licensing and sales of system and software	<b>3,865</b>	3,214
System maintenance income	<b>2,086</b>	2,052
Staff insourcing services and personnel services	<b>48,941</b>	53,844
	<hr/>	<hr/>
Revenue from contracts with customers	<b>82,469</b>	95,213
Interest income arising from		
– Loans	<b>3,657</b>	3,542
– Margin clients	<b>4</b>	2
	<hr/>	<hr/>
Total revenue	<b>86,130</b>	98,757
	<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\$85,710,000 (2021: approximately HK\$97,434,000), and the total of revenue from external customers from other country is approximately HK\$420,000 (2021: approximately HK\$1,323,000).

The total of non-current assets other than other assets, financial instruments and deferred tax assets located in Hong Kong is approximately HK\$4,489,000 (2021: approximately HK\$6,316,000), and none of these non-current assets is located in other countries (2021: 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>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Customer A <sup>1</sup>	<b>11,620</b>	12,221
Customer B <sup>1</sup>	N/A <sup>2</sup>	10,321
Customer C <sup>1</sup>	<b>8,680</b>	10,235
Customer D <sup>1</sup>	<b>8,968</b>	N/A <sup>2</sup>
	<hr/> <hr/>	<hr/> <hr/>

<sup>1</sup> Revenue from provision of telecommunication services, system maintenance income 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

	2022 <i>HK\$'000</i>	2021 <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	748	913
Depreciation of right-of-use assets	872	5,522
Amortization of intangible assets	<u>2,173</u>	<u>2,908</u>
Total depreciation and amortization	<u><u>3,793</u></u>	<u><u>9,343</u></u>
Auditors' remuneration	1,000	1,000
Provision for impairment of financial assets and contract assets – net	11,062	7,052
Expenses relating to short-term leases	<u>2,764</u>	<u>142</u>

#### 5. INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided at a rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in or derived from Hong Kong for the year.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Current tax:</b>		
Current tax on profits for the year	201	547
Overprovision in prior years	<u>(125)</u>	<u>–</u>
<b>Total current tax</b>	<b>76</b>	<b>547</b>
<b>Deferred income tax</b>	<u><b>147</b></u>	<u><b>325</b></u>
<b>Income tax expense</b>	<u><u><b>223</b></u></u>	<u><u><b>872</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 280,000,000 ordinary shares issued during the year (2021: 280,000,000 ordinary shares).

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 other dilutive potential ordinary shares in issue during the years ended 31 December 2022 and 2021 respectively.

## 7. TRADE AND OTHER RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables		
Amounts receivables arising from multi-media contact services, contact centre system and advisory services	42,352	39,200
Amounts receivables arising from financial services business		
– Clients-margin	–	310
– Clearing house	–	743
Loan and interests receivables	17,511	33,679
Less: loss allowance	<u>(32,559)</u>	<u>(21,423)</u>
Trade receivables – net	<u>27,304</u>	<u>52,509</u>
Other receivables, deposits and prepayments	1,679	6,069
Less: loss allowance	<u>(31)</u>	<u>(106)</u>
Other receivables, deposits and prepayments – net	<u>1,648</u>	<u>5,963</u>
	<u><b>28,952</b></u>	<u><b>58,472</b></u>

The average credit period on the Group's sales is 30 days (2021: 30 days). The aging analysis of the trade receivables net of loss allowance based on invoice date is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0–30 days	6,151	6,619
31–60 days	3,549	2,670
61–90 days	1,985	845
Over 90 days	<u>4,127</u>	<u>8,514</u>
	<u><b>15,812</b></u>	<u><b>18,648</b></u>

The settlements of amounts receivables 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 nature of these receivables.

Margin clients are required to pledge securities collateral to the Group in order to obtain the margin facilities for securities trading. As at 31 December 2021, loan to margin client is secured by client's securities pledged as collateral with market value of approximately HK\$3,033,000. Management has assessed the market value of the pledged securities of each individual client who has margin shortfall at the end of each reporting period. The margin loan is repayable on demand, interest bearing at commercial rates and denominated in HK\$.

The Group's loan and interests receivables, which arise from the money lending business, are denominated in HK\$. The loan receivables are mainly secured by properties located in Hong Kong, personal guarantees and receivables. All the loan receivables are entered with contractual maturity within 1 year. Loan receivables are interest-bearing at a rate range from 12% to 20% (2021: 12% to 22%) per annum.

## 8. TRADE AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	4	125
Amounts payable arising from financial services business		
– Clients-cash	6,289	9,566
– Clients-margin	164	7,765
– Clearing house	–	5
Other payables and accruals	<u>8,908</u>	<u>8,296</u>
	<u><u>15,365</u></u>	<u><u>25,757</u></u>

At 31 December 2022, the aging analysis of the trade payables based on invoice date is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0–30 days	2	59
31–60 days	1	49
61–90 days	1	1
Over 90 days	<u>–</u>	<u>16</u>
	<u><u>4</u></u>	<u><u>125</u></u>

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 AND PREMIUM

	Number of ordinary shares	Ordinary shares of HK0.01 each <i>HK\$'000</i>	Share premium <i>HK\$'000</i>
Ordinary shares, issued and fully paid up: As at 31 December 2022 and 2021	<u>280,000,000</u>	<u>2,800</u>	<u>25,238</u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS ENVIRONMENT AND BUSINESS REVIEW**

With the fifth wave of COVID-19 spanned from early January to late March in 2022, the local economy had faced its most tremendous setback during the period. Although the pandemic gradually calmed down with slight fluctuation for the rest of the year, the overall economic and business situation had yet to recover notably until towards the end of 2022.

Despite the pandemic crisis had gradually eased off in the later part of the period, the overall global geopolitical tension and financial situation had failed to make a positive turn at the same time. In the midst of China-US trade and political strain, prolong Ukraine-Russia war, interest rate hike and looming inflation, the global economy as well as local business environment remained undesirable during 2022.

Uncertainty and weak market sentiment led to an increase in the volatility of Hong Kong stock market. The Hang Seng Index fell to 14,597 points by October 2022, dropping more than 56% from the historical high of 33,484 before the pandemic. Sluggish stock market, fierce competition among trading venues and alternative trading platforms as well as continual interest rate hikes, resulted in poor performance of the Group's financial services business in the period.

Significant rise in interest rates together with a drop in housing demand ascribed to recent exodus of expatriates and local working class had weakened both demand and prices for homes in 2022. Based on the corresponding valuation of our financial assets and collaterals, the Group has decided to make prudent financial adjustment albeit optimistic outcome of the situation.

The talent outflow from Hong Kong had seen its biggest ever increase since early 2022. The tightening local labour market has markedly driven up cost per hire as well as that for retaining staff, and the increasing overhead played a role in eroding the margin of our insourcing business during the period. The management of the Group believes the difficulties in hiring will persist for a considerable period of time, and we tend to focus addressing the issue diversely, including but not limited to, through expanding our recruiting channels, referral networks, offering persistent training, attractive career path as well as better fringe benefits.

The need for technology and digital transformation has reached fever pitch during the period of COVID-19 pandemic. Organizations have rushed to quickly apply digital solutions to allow for efficient remote working conditions and adapt to changing customer behavior, worsening the IT talent gap. As the demand for tech talents escalates, so does the cost of labor. The Group has experienced a busy year of system development especially followed the award of a sizable contract in the middle of 2022. Despite a shortage of IT talents in the market, the Group has been able to expand our development team to address the additional demand and workload so far. And it is the intention of the Group to stay vigilant in managing the growth of our system solution business in the midst of this challenging period.

To capture the next important wave of blockchain technology adopted in the financial industry, the Group acquired 1,000,000 shares (“**Subscription Shares**”) on 31 March 2022, representing approximately 40% of the issued share capital of MetaSTO Group Limited (“**META**”) at HK\$1 million. META is an unlisted company that provides services in regard of securities tokenization and related businesses. The management of the Group believes that the investment in META can further maximize the synergy and investment in Hong Kong Virtual Asset Exchange Limited (“**VAX**”), a company which is currently applying to the Hong Kong Securities and Futures Commission (“**SFC**”) for obtaining licenses to carry out Type 1 (dealing in securities) and Type 7 (providing automated trading services) regulated activities under the Securities and Futures Ordinance (“**SFO**”) for virtual asset trading platform in Hong Kong.

The Group is continuously engaged in the business of providing comprehensive multi-media contact services and contact centre system and financial services. The principle services of the Group include:

### **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 global as well as local economy in the near future will remain uncertain due to a number of unfavorable factors such as interest rate hikes, rising inflation, geopolitical tensions and the Ukraine-Russia war. Besides, with continued labor shortage in Hong Kong keeps driving up the cost of hiring and employment, there will still be pressure on the Group’s financial performance in the coming period.

Nevertheless, following the complete uplift of COVID-19 restrictions, reopening of the border with mainland China, resumption of international travelling together with a series of measures to boost future investment and strengthen the economic recovery by the Government, the Group is cautiously optimistic about Hong Kong’s business outlook in the near future.

To capture the recovery momentum, a lot of companies are reactivating plans and coming up with new initiatives to speed up the business growth, hence more activities and service demands are expected to increase going into the year. With recently unemployment rate fell down to 3.3%, it is believed that the local labour market will remain tight for a period of time and become one of the major obstacles for our future growth. To address the challenge, the Group intends to stay focus and started increasing our resources on talent recruiting, staff training and retention in order to allow us to fully capture all business opportunities to come.

With digital transformation continued to be a journey taken by big and small corporations, the Group predicts the demand on system development and new technology will remain at a high level in the foreseeable future. In addition to further expand and strengthen our software development capacity, the Group has also been actively pursuing collaboration and partnership with experts in the field so as to speed up the roll up of new technology offered by our Marvel Contact Centre System, as well as maintain our competitiveness in the industry.

Followed the ease off of pandemic, uplift of related restrictions and reopening of border with mainland China, Hong Kong stock market is steadily picking up momentum in the past months. However, with looming inflation, recession, escalating geopolitical conflicts and interest rate hikes as the most pressing risks over economy in the coming year, the local stock market may not be able to climb back to the pre-pandemic level any time soon. Also facing increasing competition among securities trading service providers in the market, the Group may consider to re-allocate our resources to more stable and profitable businesses so as to safeguard the overall financial performance of the Group.

Looking forward, the Group anticipates substantial improvement on business environment while local economy returns to a growth track this year. With increasing service activities as well as demand, the Group has confidence to be able to enjoy the strong rebound of the economic recovery and resulting in a better performance in the coming year.

## **FINAL 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.

The Board has resolved to recommend the payment of final dividend of HK\$1.5 cents per share to the shareholders of the Company (the “**Shareholders**”) on the register of members of the Company (the “**Register of Members**”) on 15 May 2023 totaling to approximately HK\$4,200,000. Subject to the approval of the Shareholders at the forthcoming annual general meeting of the Company to be held 5 May 2023 (the “**AGM**”), the proposed final dividend will be paid on or about 29 May 2023 to the Shareholders whose names appear on the Register of Members on 15 May 2023.

## **CLOSURE OF REGISTER OF MEMBERS**

### **(a) Entitlement to attend and vote at the AGM**

The Register of Members will be closed from 2 May 2023 to 5 May 2023 (both days inclusive), during which period no transfers of shares will be registered. To determine the entitlement to attend and vote at the AGM, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company’s branch and share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:00 p.m. on 28 April 2023 (Friday).

**(b) Entitlement to the proposed final dividend**

The Register of Members will also be closed from 11 May 2023 to 15 May 2023 (both days inclusive), during which period no transfer of shares will be registered. In order to ascertain shareholders' entitlement to the proposed final dividend, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's branch and share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:00 p.m. on 10 May 2023 (Wednesday).

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

**Description of the investments**

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Equity securities listed in Hong Kong (FAFVTPL I)	<b>199</b>	235
Unlisted equity securities in Hong Kong (FAFVTPL II)	–	–
Unlisted equity securities in Hong Kong (FAFVTPL III)	<b>1,260</b>	2,200
	<hr/>	<hr/>
Total	<b>1,459</b>	2,435
	<hr/> <hr/>	<hr/> <hr/>
<b>Analysed for reporting purposes as:</b>		
Current asset (FAFVTPL I)	<b>199</b>	235
Non-current asset (FAFVTPL II and FAFVTPL III)	<b>1,260</b>	2,200
	<hr/>	<hr/>
	<b>1,459</b>	2,435
	<hr/> <hr/>	<hr/> <hr/>

***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 2022, the Group held 10,000 Listed shares which amount to fair value of approximately HK\$199,000.

### ***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 2022, the Group held 2,470 Shares with fair value of nil.

### ***FAFVTPL III***

The Group invested 165,385 shares (“**Subscription Shares**”), representing approximately 7.96% 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 2022, the Group held 165,385 shares which amount to fair value of approximately HK\$1,260,000.

### **CONVERTIBLE BONDS**

During the year 2021, the Group raised the issue of the Convertible Bonds in the principal amount of HK\$9.5 million with reference to the announcements dated 10 May 2021, 5 August 2021 and the circular of the Company dated 15 July 2021. The fund net proceeds after deducting all the relevant costs and expenses from the issue of convertible bonds mainly used for expanding the financial services business of the Group for business development purposes of the Group’s securities and asset management business. As at 31 December 2022, the convertible bond is amounted approximately HK\$9.2 million.

## USE OF PROCEEDS FROM ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

The status of the use of such net proceeds from the issue of Convertible Bonds for the year ended 31 December 2022 is shown as follows:

<b>Purpose of net proceeds</b>	<b>Amended Intended use of net proceeds <i>HK\$'000</i></b>	<b>Actual use of net proceeds until the year ended 31 December 2022 <i>HK\$'000</i></b>	<b>Remaining balance of unutilised net proceeds as at 31 December 2022 <i>HK\$'000</i></b>
Expansion of the financial services business of the Group, including costs of hiring additional staff (“ <b>Staff Hiring</b> ”) for business development purposes of the Group’s securities and asset management business as and when suitable candidates are available (“ <b>Financial Services Business Expansion</b> ”)	6,200	1,183	5,017
Potential office relocation and renovation expenses of the Group’s securities and asset management business (“ <b>Office Relocation</b> ”)	807	807	–
Replenishment of working capital and general corporate purposes of the Group (“ <b>Working Capital</b> ”)	1,693	1,693	–
<b>Total</b>	<b>8,700</b>	<b>3,683</b>	<b>5,017</b>

As at 31 December 2022, the Group has applied approximately HK\$3,683,000 of the net proceeds from the issue of Convertible Bonds in accordance with the proposed applications as set out in the circular of the Company dated 15 July 2021 and the announcement dated 24 August 2022. As at 31 December 2022, the unutilised net proceeds from the issue of Convertible Bonds amounted to approximately HK\$5,017,000 (the “**Unutilised Net Proceeds**”).

Since (i) the Company is continuing to identify suitable candidate(s) in respect of the Staff Hiring; and (ii) in light of the current market condition and the uncertainties brought about by the novel coronavirus disease (COVID-19) pandemic, the Company adopts a cautious and prudent approach in its investment strategy and expansion of its financial services businesses, it is expected that there will be a delay in the application of the Unutilised Net Proceeds. It is expected that the Unutilised Net Proceeds in respect of the Financial Services Business Expansion of approximately HK\$5,017,000 will be utilised on or before 31 December 2023.

The above additional information provided in this announcement does not affect other information contained in the Annual Report and save as disclosed above, the contents in the Annual Report remain unchanged.

## **FINANCIAL REVIEW**

The Group recorded a loss attributable to owners of the Company amounted approximately HK\$9.3 million for the year ended 31 December 2022 as compared with the loss attributable to owners of the Company approximately HK\$18.6 million for the year ended 31 December 2021. The loss was mainly due to the decrease in revenue as a result of the outbreak of Novel Coronavirus Disease epidemic as discussed in the section “Business Environment and Business Review” in this announcement, fair value loss of the financial assets and increase of the expected credit loss.

The Group recorded the expected credit loss amounted approximately HK\$11.1 million for the year ended 31 December 2022 (2021: approximately HK\$7.1 million).

Fair value changes in the financial asset at fair value through profit or loss amounted approximately HK\$1 million for the year ended 31 December 2022 (2021: approximately HK\$10.7 million).

## **REVENUE**

The Group recorded a decrease in total revenue to approximately HK\$12.7 million from approximately HK\$98.8 million for the year ended 31 December 2021 to approximately HK\$86.1 million for the year ended 31 December 2022.

The following table sets forth the analysis of revenue in terms of business nature of our Group for the years ended 31 December 2022 and 2021 respectively:

	Year ended 31 December 2022		Year ended 31 December 2021	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Outsourcing inbound contact service	<b>12,396</b>	<b>14.4%</b>	12,486	12.7%
Staff insourcing service	<b>48,941</b>	<b>56.8%</b>	53,844	54.5%
Contact service centre facilities management service	<b>12,792</b>	<b>14.9%</b>	14,101	14.3%
Financial services	<b>6,050</b>	<b>7.0%</b>	13,060	13.2%
Others	<b>5,951</b>	<b>6.9%</b>	5,266	5.3%
Revenue	<b><u>86,130</u></b>	<b><u>100%</u></b>	<b><u>98,757</u></b>	<b><u>100%</u></b>

### **Outsourcing Inbound Contact Services**

The revenue of outsourcing inbound contact services slightly decreased from approximately HK\$12.5 million for the year ended 31 December 2021 to approximately HK\$12.4 million for the year ended 31 December 2022.

### **Staff Insourcing Services**

The revenue of staff insourcing services segment decreased from approximately HK\$53.8 million for the year ended 31 December 2021 to approximately HK\$48.9 million for the year ended 31 December 2022. The decrease of the revenue is mainly due to decrease 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\$14.1 million for the year ended 31 December 2021 to approximately HK\$12.8 million for the year ended 31 December 2022. 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\$13.1 million for the year ended 31 December 2021 to approximately HK\$6.1 million for the year ended 31 December 2022.

The revenue of the financial services related to securities business decreased from approximately HK\$4.3 million for the year ended 31 December 2021 to approximately HK\$1.2 million for the year ended 31 December 2022. The decrease of the revenue is mainly due to decrease in the provision of consultancy services related to security products.

The revenue of the financial services related to asset management business decreased from approximately HK\$5.2 million for the year ended 31 December 2021 to approximately HK\$1.2 million for the year ended 31 December 2022. The decrease of the revenue is mainly due to decrease in the demand of asset management services.

The revenue of the financial services related to credit finance business increased from approximately HK\$3.5 million for the year ended 31 December 2021 to approximately HK\$3.7 million for the year ended 31 December 2022. The increase of the revenue is mainly due to increase in the demand of credit finance services.

## Others

For the year ended 31 December 2022, the Group recorded a revenue in licencing and sales of system and software of approximately HK\$3.9 million (2021: approximately HK\$3.2 million), system maintenance income of approximately HK\$2.1 million (2021: 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 2022 and 2021 respectively:

	Year ended 31 December 2022		Year ended 31 December 2021	
	HK\$'000	GP Margin %	HK\$'000	GP Margin %
Outsourcing inbound contact service	964	7.8%	924	7.4%
Outsourcing outbound contact service ( <i>note 1</i> )	–	N/A	(194)	N/A
Staff insourcing service	3,508	7.2%	4,409	8.2%
Contact service centre facilities management service	3,534	27.6%	3,791	26.9%
Financial services	(7,224)	(119.4%)	(2,148)	(16.4%)
Others	1,947	32.7%	2,066	39.2%
Segment result	<u>2,729</u>	<u>3.2%</u>	<u>8,848</u>	<u>9%</u>

Note:

- No revenue was generated for the year 2022 and 2021.



The gross profit percentage of our Group decreased from approximately 9% for the year ended 31 December 2021 to approximately 3.2% for the year ended 31 December 2022. The overall decrease in segment result and the gross profit margin is mainly due to decrease in demand of financial service segment which recorded a gross loss margin approximately 119.4% for the year ended 31 December 2022.

### **Outsourcing Inbound Contact Services**

The gross profit margin in outsourcing inbound contact services increased from approximately 7.4% for the year ended 31 December 2021 to approximately 7.8% for the year ended 31 December 2022. The increase in the segment result is mainly attributable to the decrease of the employee benefits.

### **Outsourcing Outbound Contact Services**

The Group did not record any revenue of outsourcing outbound contact services due to the suspension of the operation of outsourcing outbound contact services. The gross loss margin mainly generated from the additional provision of expected credit loss of outstanding receivables.

### **Staff Insourcing Services**

The gross profit margin in staff insourcing services decreased from approximately 8.2% for the year ended 31 December 2021 to approximately 7.2% for the year ended 31 December 2022. The decrease in the gross profit margin mainly due to the decrease of the demand of services.

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

The gross profit margin in contact service centre facilities management services increased from approximately 26.9% for the year ended 31 December 2021 to approximately 27.6% for the year ended 31 December 2022.

### **Financial services**

The gross loss margin percentage of financial services increased from approximately 16.4% for the year ended 31 December 2021 to approximately 119.4% for the year ended 31 December 2022. The gross loss margin was recorded mainly due to additional provision of expected credit loss.

### **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 decreased mainly due to additional provision of expected credit loss.

## **OTHER LOSSES**

The Group recorded other losses amounted approximately HK\$1.1 million (2021: losses HK\$11.3 million). The other losses mainly comprise the fair value changes of financial assets amounted approximately HK\$1 million.

## **EXPENSES**

During the year under review, the employee benefits expenses decreased from approximately HK\$73.5 million for the year ended 31 December 2021 to approximately HK\$70 million for the year ended 31 December 2022. The decreases of employee benefit expenses are mainly due to less employees were employed.

The Group recorded other operating expenses amounted to approximately HK\$25.5 million (2021: approximately HK\$22.2 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 expected credit loss. The other operating expenses to sales ratio increased from approximately 22% for the year ended 31 December 2021 to approximately 30% for the year ended 31 December 2022. The expected credit loss of the financial asset increased from approximately HK\$7.1 million for the year ended 31 December 2021 to approximately HK\$11.1 million for the year ended 31 December 2022. The increases of the other operating expenses are mainly due to more provision was provided for the expected credit loss.

The Group's depreciation and amortization expenses decreased from approximately HK\$9.3 million for the year ended 31 December 2021 to approximately HK\$3.8 million for the year ended 31 December 2022. 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\$18.6 million for the year ended 31 December 2021 to approximately HK\$9.3 million for the year ended 31 December 2022. The loss attributable to owners of the Company was mainly attributable to the fair value loss of financial assets, addition of expected credit loss and decrease of revenue.

## **PLEDGE OF ASSETS**

As at 31 December 2022, the Group had pledged its bank deposits of approximately HK\$6.1 million (2021: approximately HK\$6.1 million) to secure its banking facilities.

## **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 2022 (2021: Nil). As at 31 December 2022, there was no capital commitments outstanding but not provided for in the financial statements (2021: Nil).

## **SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

Save for those disclosed in this announcement, there were no significant investments held as at 31 December 2022, 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 2022.

## **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 2022.

## **REVIEW OF FINANCIAL STATEMENTS**

The audit committee of the Company comprising Mr. Wong Kam Tai (Chairman), Mr. Cheung Kong Ting and Ms. Kwong Yuk Ying, all are independent non-executive Directors, had reviewed the audited consolidated results of the Group for the year ended 31 December 2022.

## **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 2022 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 2022, the Company has complied with all the code provisions as set out in the Corporate Governance Code (the “Code”) in Appendix 15 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 2022 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 confirmed that they had complied with the required standard of dealings concerning securities transactions by the Directors throughout the year ended 31 December 2022.

## **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, 21 March 2023

*As at the date of this announcement, the executive Directors are Mr. Tang Yiu Sing and Mr. Yeung Ka Wing; and the independent non-executive Directors are Mr. Cheung Kong Ting, Mr. Wong Kam Tai and Ms. Kwong Yuk Ying.*

*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).*