

eBROKER GROUP LIMITED

電子交易集團有限公司

(incorporated in the Cayman Islands with limited liability)

Stock code: 8036



2021

THIRD QUARTERLY REPORT

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this report 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 report misleading.



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THIRD QUARTERLY RESULTS

The Board is pleased to announce the unaudited condensed consolidated results of the Group for the three months and nine months ended 30 September 2021 together with the unaudited comparative figures for the corresponding periods in 2020, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the three months and nine months ended 30 September 2021

	Note	Three months ended 30 September		Nine months ended 30 September	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Revenue	4	11,298	9,919	31,368	29,721
Other income	5	124	836	206	1,489
Other gains and losses, net	5	(692)	(20)	(925)	(1,077)
Purchases of and changes in inventories		(411)	(170)	(667)	(170)
Staff costs		(6,300)	(5,659)	(18,603)	(17,133)
Depreciation expenses		(598)	(830)	(1,418)	(2,247)
Other operating expenses		(3,221)	(2,262)	(9,552)	(8,534)
Profit from operations		200	1,814	409	2,049
Finance costs	8(b)	(25)	(44)	(54)	(151)
Profit before tax	8(a)	175	1,770	355	1,898
Income tax credit/(expense)	7	61	53	13	(32)
Profit for the period attributable to owners of the Company		236	1,823	368	1,866
Other comprehensive income after tax: Items that may be reclassified to profit or loss:					
Exchange differences on translating financial statements of a foreign subsidiary		113	222	385	193
Other comprehensive income for the period, net of tax		113	222	385	193
Total comprehensive income for the periods attributable to owners of the Company		349	2,045	753	2,059
Earnings per share					
– Basic (HK cent per share)	9	0.02	0.16	0.03	0.17
– Diluted (HK cent per share)	9	N/A	N/A	N/A	N/A

* Less than HK cent 0.01

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the nine months ended 30 September 2021

	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Foreign currency translation reserve HK\$'000	Shares held for share award scheme HK\$'000	Share-based compensation reserve HK\$'000	Retained profits HK\$'000	Total equity HK\$'000
At 1 January 2020	1,230	61,921	(54,333)	48	(23,300)	-	68,032	53,598
Grant of shares under share award scheme	-	-	-	-	-	245	-	245
Total comprehensive income for the period	-	-	-	193	-	-	1,866	2,059
At 30 September 2020	1,230	61,921	(54,333)	241	(23,300)	245	69,898	55,902
At 1 January 2021	1,230	61,921	(54,333)	1,244	(21,805)	-	68,701	56,958
Grant of shares under share award scheme	-	-	-	-	-	1,174	-	1,174
Total comprehensive income for the period	-	-	-	-	-	-	368	368
Other comprehensive income for the period	-	-	-	385	-	-	-	385
At 30 September 2021	1,230	61,921	(54,333)	1,629	(21,805)	1,174	69,069	58,885

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2021

1. GENERAL INFORMATION

eBroker Group Limited (the “Company”) was incorporated in the Cayman Islands with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 23 May 2016. The Company’s shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 19 February 2019.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the nine months ended 30 September 2021 have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). These unaudited condensed consolidated financial statements comply with the accounting principles generally accepted in Hong Kong and the GEM Listing Rules.

The unaudited condensed consolidated financial statements for the nine months ended 30 September 2021 should be read in conjunction with the audited consolidated financial statements for the year ended 31 December 2020 and the notes thereto (the “2020 Audited Consolidated Financial Statements”). The significant accounting policies adopted in the preparation of the unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the 2020 Audited Consolidated Financial Statements except for the new and revised standards, amendments and interpretations issued by the HKICPA that are adopted for the first time for the current period’s financial statements. It should be noted that accounting estimates and assumptions were adopted in the preparation of the unaudited condensed consolidated financial statements. Although the estimates are based on the management’s best knowledge of and judgement on the present events and actions, the actual results may eventually differ from those estimates.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2021

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

Certain new and revised HKFRSs have been issued. The Directors considered that the adoption of new and revised HKFRSs which are effective for the accounting period beginning on 1 January 2021 will not have any material impact on the preparation and presentation of the results and financial conditions of the current and previous periods. For the HKFRSs that are not yet effective nor have not been early adopted, the Group is in the process of making an assessment of the potential impact of the newly issued HKFRSs.

4. REVENUE

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service line for the periods is as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2021 HK\$'000 <i>(unaudited)</i>	2020 HK\$'000 <i>(unaudited)</i>	2021 HK\$'000 <i>(unaudited)</i>	2020 HK\$'000 <i>(unaudited)</i>
Front office solution service income	4,865	5,314	14,789	16,326
Back office solution service income	2,601	2,551	7,668	7,603
Installation and customisation services income	2,088	427	4,178	1,595
Managed cloud service income	781	964	2,412	2,755
Others	963	663	2,321	1,442
	11,298	9,919	31,368	29,721

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2021

4. REVENUE (continued)

Disaggregation of revenue (continued)

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product or service lines and geographical regions:

	Three months ended 30 September		Nine months ended 30 September	
	2021 HK\$'000 <i>(unaudited)</i>	2020 HK\$'000 <i>(unaudited)</i>	2021 HK\$'000 <i>(unaudited)</i>	2020 HK\$'000 <i>(unaudited)</i>
<i>Products and services transferred at a point in time</i>				
Others	496	196	829	196
<i>Products and services transferred over time</i>				
Front office solution service income	4,865	5,314	14,789	16,326
Back office solution service income	2,601	2,551	7,668	7,603
Installation and customisation services income	2,088	427	4,178	1,595
Managed cloud service income	781	964	2,412	2,755
Others	467	467	1,492	1,246
Total	11,298	9,919	31,368	29,721
<i>Primary geographical markets</i>				
Hong Kong	10,332	9,793	29,876	28,930
Macau	966	126	1,492	791
Total	11,298	9,919	31,368	29,721

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2021

5. OTHER INCOME, AND OTHER GAINS AND LOSSES, NET

	Three months ended 30 September		Nine months ended 30 September	
	2021 HK\$'000 <i>(unaudited)</i>	2020 HK\$'000 <i>(unaudited)</i>	2021 HK\$'000 <i>(unaudited)</i>	2020 HK\$'000 <i>(unaudited)</i>
Other income				
Interest income on bank deposits	4	19	18	345
Management fees from a joint venture	–	31	–	95
Employment support scheme	–	786	–	1,049
Government subsidies	120	–	188	–
	124	836	206	1,489
Other gains and losses, net				
Fair value gain/(loss) on financial assets at fair value through profit or loss				
– Listed equity investments	(343)	215	(239)	(25)
– Derivatives	(349)	(235)	(686)	(1,052)
	(692)	(20)	(925)	(1,077)

6. SEGMENT INFORMATION

During the periods, all of the Group's contract revenue has been generated from the sale of computer products, provision of contracted trading solutions and development of electronics trading systems for brokerage.

The Group has one reportable segment which is the provision of services to the Group's customers. Information reported to the Group's chief operating decision maker, for the purpose of resources allocation and assessment of the Group's performance, is focused on the operating results of the Group as a whole as the Group's resources are integrated and no discrete financial information is available. Accordingly, no segment analysis or information about the Group's services is presented.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2021

6. SEGMENT INFORMATION (continued)

The following table sets out information about the geographical location of the Group's revenue from external customers during the periods. The geographical location of customers is based on the location to which the services were provided or the goods delivered:

	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Hong Kong	10,332	9,793	29,876	28,930
Macau	966	126	1,492	791
	11,298	9,919	31,368	29,721

During the periods, no individual customer contributes over 10% of the total revenue of the Group.

7. INCOME TAX CREDIT/(EXPENSE)

Income tax has been recognised in unaudited condensed consolidated statement of profit or loss and other comprehensive income as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current tax – Hong Kong Profits Tax Provision for the periods	61	53	13	(32)
	61	53	13	(32)

Under the two-tiered profits tax regime, profits tax rate for the first HK\$2 million of assessable profits of qualifying corporation established in Hong Kong will be lowered to 8.25%, and profits above that amount will subject to the tax rate of 16.5%.

No provision for Hong Kong Profits Tax has been made in the financial statements for the period ended 30 September 2021 and 30 September 2020 since the Group has no assessable profit during these periods.

People's Republic of China ("PRC") Enterprise Income Tax rate for the subsidiary in the PRC is 25%. However, no provision was made for the nine months ended 30 September 2021 and 2020 as the subsidiary incurred tax loss for the periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2021

8. PROFIT BEFORE TAX

(a) The Group's profit before tax is stated after charging the following:

	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Auditor's remuneration	162	200	487	600
Cost of inventories sold	411	170	667	170
Depreciation of property, plant and equipment	352	255	855	519
Depreciation of right-of-use-assets	246	575	563	1,728
Legal and professional fees	418	552	1,251	2,190

(b) Finance costs

	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Other interest expenses	4	7	4	20
Interest expense on lease liabilities	21	37	50	131
	25	44	54	151

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2021

9. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following:

	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Earnings				
Profit attributable to owners of the Company and earnings for the purpose of calculating basic earnings per share	236	1,823	368	1,866
	'000	'000	'000	'000
Number of shares				
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	1,117,700	1,110,000	1,117,700	1,110,000

The weighted average number of ordinary shares for the three months and nine months ended 30 September 2021 the purpose of calculating basic earnings per share has been adjusted to exclude the shares held for share award scheme.

The weighted average number of ordinary shares for the three months and nine months ended 30 September 2020 for the purpose of calculating basic earnings per share has been adjusted to exclude the shares held for share award scheme.

No diluted earnings per share is calculated for the three months and nine months ended 30 September 2021 and 2020 as there was no potential dilutive ordinary share in existence.

10. DIVIDEND

The Directors do not recommend any payment of dividend for the nine months ended 30 September 2021 (2020: HK\$ Nil).

11. RESERVES

The amounts of the Group's reserves and the movements therein for the period and the same period in 2020 are presented in the unaudited condensed consolidated statement of changes in equity in this report.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the provision of financial software solution services to financial institutions (including mainly brokerage firms, proprietary trading firms and wealth management companies) in Hong Kong. The Group derives its revenue mainly from front office solution service, back office solution service, installation and customisation services, managed cloud service and other services income.

For the nine months ended 30 September 2021, the Group recorded a revenue of approximately HK\$31.4 million, representing an increase of approximately 5.5% from approximately HK\$29.7 million recorded for the nine months ended 30 September 2020. Profit attributable to owners of the Company for the nine months ended 30 September 2021 amounted to approximately HK\$0.4 million, representing a decrease of approximately 80.3% as compared with the profit of approximately HK\$1.9 million for the nine months ended 30 September 2020, such decrease was attributable to (i) decrease in front office solution service income by approximately HK\$1.5 million; (ii) increase in staff costs by approximately HK\$1.5 million after the establishment of the research and development centre in Shenzhen; (iii) increase in other operating expenses of approximately HK\$1.0 million; (iv) decrease in interest income on bank deposits of approximately HK\$0.3 million; and (v) decrease income from employment support scheme of approximately HK\$0.8 million, these were partially offset by (i) increase of non-recurring installation and customisation service income by approximately HK\$2.6 million; and (ii) the decrease in legal and professional fees of approximately HK\$0.9 million.

OUTLOOK

With the Group's long term objective to strengthen its position as one of the major financial software solution services providers by enhancing its overall competitiveness in the financial technology market, the Group intends to focus on (i) expanding its customer base in wealth management solution; (ii) improving user trading applications; and (iii) expanding our managed cloud services to local brokerage firm clients. The Group believes that the coming year will continue to be shaped by the impact of the COVID-19 pandemic, ongoing geopolitical tensions and the challenging road to economic recovery. Despite these challenges, the Group will continue its focus on executing and delivering its business strategies in response to changes of the external environment, whilst adopting prudent approach to cost control and risk management. We will continue to explore market opportunities so as to achieve a sustainable business growth and long-term benefits of the Shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group derives its revenue primarily from the provision of financial technology solutions which can be classified into (i) front office solution service; (ii) back office solution service; (iii) installation and customisation services; (iv) managed cloud service and (v) other services income. For the nine months ended 30 September 2021, the Group recorded revenue of approximately HK\$31.4 million, representing an increase of approximately 5.5% as compared with the previous corresponding period of approximately HK\$29.7 million. Such increase was mainly attributable to the significant increase in installation and customisation services income. The installation and customisation services income increased by approximately 161.9% from approximately HK\$1.6 million for the nine months ended 30 September 2020 to approximately HK\$4.2 million for the nine months ended 30 September 2021. The Group's managed cloud service income decreased by approximately 12.5% from approximately HK\$2.8 million for the nine months ended 30 September 2020 to approximately HK\$2.4 million for the nine months ended 30 September 2021. Back office solution service income increased by approximately 0.9% from approximately HK\$7.6 million for the nine months ended 30 September 2020 to approximately HK\$7.7 million for the nine months ended 30 September 2021. Front office solution service income decreased by approximately 9.4% from approximately HK\$16.3 million for the nine months ended 30 September 2020 to approximately HK\$14.8 million for the nine months ended 30 September 2021 due to adverse business and economic conditions.

Purchases of and Changes in Inventories

The Group's purchases of and changes in inventories for the nine months ended 30 September 2021 increased by approximately HK\$497,000. Such increase was primarily due to an increase of approximately HK\$633,000 in product sales of the Group for the nine months ended 30 September 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Profit before Tax

The Group's profit before tax for the nine months ended 30 September 2021 was approximately HK\$0.4 million, representing a decrease by approximately 81.3% when compared with its profit before tax of approximately HK\$1.9 million for the nine months ended 30 September 2020. This was primarily due to (i) increase of other operating expenses by approximately HK\$1.0 million; (ii) increase of staff costs by approximately HK\$1.5 million; and (iii) decrease of other income by approximately HK\$1.3 million.

Other Income

The Group's other income mainly consists of management fee received from a joint venture and interest income on bank deposits. For the nine months ended 30 September 2021, the Group's other income decreased to approximately HK\$0.2 million from approximately HK\$1.5 million for the nine months ended 30 September 2020 due to the decrease of subsidy received under Employment Support Scheme, an anti-epidemic fund launched by the Hong Kong Government, of approximately HK\$0.9 million during the previous corresponding period.

Staff Costs

For the nine months ended 30 September 2021, the Group's staff costs were approximately HK\$18.6 million, representing an increase of approximately 8.6% over the staff costs of approximately HK\$17.1 million for the nine months ended 30 September 2020. The increase was primarily due to increased staff costs for the research and development centre in the PRC and share-based compensation under the share award scheme of approximately HK\$0.8 million.

Depreciation

The Group's depreciation expenses decreased significantly by approximately HK\$0.8 million for the nine months ended 30 September 2021 representing a decrease of approximately 36.9% from approximately HK\$2.2 million for the nine months ended 30 September 2020. The decrease was primarily due to the decrease of depreciation expenses for right-of-use-assets during the period.

Other Operating Expenses

The Group's other operating expenses mainly include (i) cost of services; and (ii) building management fee and rates. The Group's other operating expenses for the nine months ended 30 September 2021 were approximately HK\$9.6 million, representing an increase of approximately 11.9% over the other operating expenses of approximately HK\$8.5 million for the nine months ended 30 September 2020. The increase was primarily attributable to an increase in rent and rates of approximately HK\$0.8 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Income Tax Expense

The Group's income tax credit for the nine months ended 30 September 2021 was approximately HK\$13,000, compared with its income tax expense of approximately HK\$32,000 for the nine months ended 30 September 2020. Such decrease in income tax expense was due to the over-provision of income tax expense in previous year. The effective income tax rates of the Group, which equal to the income tax expense divided by profit before tax, were approximately Nil and 1.7% for the nine months ended 30 September 2021 and 2020, respectively. The decrease in the effective income tax rate for the nine months ended 30 September 2021 was primarily attributable to the subsidies received under Employment Support Scheme that was not taxable and the capitalisation of development costs that was fully deductible at the time when such costs were incurred during the nine months ended 30 September 2020.

Profit for the period attributable to owners of the Company

Profit attributable to owners of the Company for the nine months ended 30 September 2021 amounted to approximately HK\$0.4 million, representing a decrease of approximately 80.3% as compared with the profit of approximately HK\$1.9 million for the nine months ended 30 September 2020. The decrease was primarily attributable to (i) decrease of other income by approximately HK\$1.3 million; (ii) decrease of front office solution service income by approximately HK\$1.5 million; (iii) increase of staff costs by approximately HK\$1.5 million; and (iv) decrease in investment loss by approximately HK\$0.2 million.

DIVIDEND

The Board did not recommend the payment of any dividend for the nine months ended 30 September 2021 (2020: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENTS AND PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Saved as disclosed herein, there was no significant investment held by the Group or have any other plans for material investments or capital assets.

USE OF PROCEEDS FROM LISTING

The net proceeds from the share offer were approximately HK\$23.3 million, which was based on the gross proceeds from the share offer less the actual expenses related to the Listing.

On 22 January 2020, the Board resolved to change the use of proceeds in relation to the location of establishment of the Group's research and development centre. For details, please refer to the Company's announcement dated 22 January 2020.

On 29 September 2021, the Board resolved to change the use of the unutilized net proceeds to allow the Company to deploy its financial resources more efficiently. For details, please refer to the Company's announcement dated 29 September 2021. Subsequent to the Listing and up to 30 September 2021, these proceeds were used for the purposes in accordance with the future plans as set out in the Prospectus (as changed on 22 January 2020 and 29 September 2021) and the details of the utilization amount of net proceeds from Listing up to 30 September 2021 set out as below:

Intended use of the net proceeds	Amount of net proceeds allocated at the Listing (as changed on 22 January 2020)	Actual	Reallocation	Amount of unutilized net proceeds after reallocation	Actual	Unutilized net proceeds up to 30 September 2021	Expected timeline for full utilisation of the unutilised net proceeds
		amount utilized from the date of Listing up to 29 September 2021	in use of unutilized net proceeds on 29 September 2021		amount utilized up to 30 September 2021		
Expand our business in Wealth Management Solution	2.60	1.08	2.11	3.63	1.41	3.30	End of December 2022
(i) man power investment by hiring one experienced business analyst	1.09	1.07	-	0.02	1.09	-	N/A
(ii) man power investment by hiring independent third party research and development personnels	1.45	-	(1.45)	-	-	-	N/A
(iii) establishing and developing own in-house research and development team	-	-	3.46	3.46	0.31	3.15	End of December 2022
(iv) marketing communication expenses including fees for participating in industry exhibitions or seminars and running sales campaigns	0.06	0.01	(0.05)	-	0.01	-	N/A
(v) marketing communication expenses including fees for digital marketing activities	-	-	0.15	0.15	-	0.15	End of December 2022

MANAGEMENT DISCUSSION AND ANALYSIS

Intended use of the net proceeds	Amount of net proceeds allocated at the Listing (as changed on 22 January 2020)	Actual amount utilized from the date of Listing up to 29 September 2021	Reallocation in use of unutilized net proceeds on 29 September 2021	Amount of unutilized net proceeds after reallocation	Actual amount utilized up to 30 September 2021	Unutilized net proceeds up to 30 September 2021	Expected timeline for full utilisation of the unutilised net proceeds
Improve our user trading applications	6.80	1.60	(0.71)	4.49	2.11	3.98	End of December 2022
(i) man power investment by hiring one experienced business analyst	1.16	1.08	–	0.08	1.16	–	N/A
(ii) man power investment by hiring independent third party research and development personnels	1.91	–	(1.91)	–	–	–	N/A
(iii) establishing and developing own in-house research and development team	–	–	3.44	3.44	0.31	3.13	End of December 2022
(iv) application for market data licence from HKEX involving OMD securities premium feed redistribution fee, OMD derivatives premium feed redistribution fee, and connection fee	1.88	0.50	(0.57)	0.81	0.61	0.70	End of December 2022
(v) data centre deployment involving fees for deployment of low latency infrastructure at HKEX co-location data centre, network equipment, and annual maintenance cost	1.58	–	(1.58)	–	–	–	N/A
(vi) marketing communication expenses including fees for digital marketing activities	0.27	0.02	(0.09)	0.16	0.03	0.15	End of December 2022
Expand our managed cloud services to local brokerage firm clients	2.60	1.23	(0.25)	1.12	1.46	0.89	End of December 2022
(i) man power investment by hiring a network support engineering for running the cloud services	0.83	0.67	–	0.16	0.75	0.08	End of December 2022
(ii) data centre deployment	1.28	0.56	(0.14)	0.58	0.65	0.49	End of December 2022
(iii) marketing communication expenses involving hosting industry seminar, participating in industry exhibitions and seminars, and putting advertisements	0.49	–	(0.49)	–	–	–	N/A
(iv) marketing communication expenses including fees for digital marketing activities	–	–	0.38	0.38	0.06	0.32	End of December 2022

MANAGEMENT DISCUSSION AND ANALYSIS

Intended use of the net proceeds	Amount of net proceeds allocated at the Listing (as changed on 22 January 2020)	Actual amount utilized from the date of Listing up to 29 September 2021	Reallocation in use of unutilized net proceeds on 29 September 2021	Amount of unutilized net proceeds after reallocation	Actual amount utilized up to 30 September 2021	Unutilized net proceeds up to 30 September 2021	Expected timeline for full utilisation of the unutilised net proceeds
Establish our research and development centre in the PRC	10.70	9.45	(1.25)	-	9.45	-	N/A
(i) Acquisition of property in Luohu, Shenzhen, the PRC	9.50	9.43	(0.07)	-	9.43	-	N/A
(ii) Renovation of the acquired property and acquisition of furnitures	0.37	-	(0.37)	-	-	-	N/A
(iii) Acquisition of computer hardware such as computers and network modules	0.55	0.02	(0.53)	-	0.02	-	N/A
(iv) Acquisition of computer software such as operating system and data processing software	0.28	-	(0.28)	-	-	-	N/A
General working capital	0.60	0.60	0.10	0.10	0.60	0.10	End of December 2022
	23.30	13.96		9.34	15.03	8.27	

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2021, the interests or short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) have to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

MANAGEMENT DISCUSSION AND ANALYSIS

Long positions in the shares and underlying shares of the Company

Name of Director	Capacity and nature of interest	Number of shares/ underlying shares held	Approximate percentage of shareholding
Mr. Chan Lap Tak, Douglas ("Mr. Chan")	Interest of spouse (<i>note 1</i>)	2,291,420	0.19%
Mr. Lo Chi Ho (<i>who is also the chief executive officer</i>)	Beneficial interest (<i>note 2</i>)	9,830,010	0.80%

Notes:

1. Mr. Chan is the spouse of Ms. Cheung Mee Kuen, Amy ("**Ms. Cheung**") and is deemed to be interested in all the Shares in which Ms. Cheung is interested by virtue of the SFO.
2. The interest comprises 9,100,010 Shares and 730,000 underlying Shares in respect of award Shares vested on 31 December 2020 pursuant to the Share Award Scheme.

Save as disclosed above, as at 30 September 2021, none of the Directors or chief executive of the Company nor their associates had registered an interest or short position in any Shares or underlying Shares and/or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions in which they are taken or deemed to have under such provisions of the SFO) or that was required to be recorded in the register kept by the Company pursuant to section 352 of the SFO, or which are required to be notified to the Company and the Stock Exchange, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

MANAGEMENT DISCUSSION AND ANALYSIS

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2021, the following persons (other than the Directors or chief executive of the Company) had interests and short positions in the Shares or underlying Shares of the Company which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Long positions in the Shares

Name	Capacity and nature of interest	Number of Shares held	Approximate percentage of the issued Shares
Quantsmile (BVI) Limited ("Quantsmile BVI")	Beneficial interests	411,902,870 <i>(note 1)</i>	33.49%
Eagle Business Consulting Limited ("Eagle Business Consulting")	Beneficial interests and interest in a controlled corporation	664,296,910 <i>(note 1 and note 2)</i>	54.01%
Good Steward Foundation Limited ("Good Steward Foundation")	Interest in a controlled corporation	664,296,910 <i>(note 2 and note 3)</i>	54.01%
Financial Data Technologies Limited ("Financial Data Technologies")	Beneficial interests	130,000,000 <i>(note 4)</i>	10.57%
Mr. Nie Lehui	Interest in a controlled corporation	130,000,000 <i>(note 4)</i>	10.57%
Bank of Communications Trustee Ltd.	Trustee	112,300,000 <i>(note 5)</i>	9.13%

MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

- (1) Quantsmile (BVI) is an investment holding company incorporated in the BVI and is held as to approximately 50.85% by Eagle Business Consulting, 23.73% by Supergrand and 25.42% jointly by Mr. Chan (an executive Director) and Ms. Cheung (the spouse of Mr. Chan). By virtue of the SFO, Eagle Business Consulting is deemed to be interested in the Shares held by Quantsmile (BVI) in the Company.
- (2) Eagle Business Consulting is an investment holding company incorporated in Hong Kong and is held as to approximately 95.24% by Good Steward Foundation, 4.76% by Ms. Cheung (the spouse of Mr. Chan) and 0.05% by Mr. Ng. By virtue of the SFO, Good Steward Foundation is deemed to be interested in the Shares held by Quantsmile (BVI), which held approximately 33.49% interests in the Company.
- (3) Good Steward Foundation is a charitable company incorporated in Hong Kong and holds approximately 95.19% interest in Eagle Business Consulting, which holds approximately 50.85% in Quantsmile (BVI), which in turn held approximately 33.49% interests in the Company. By virtue of the SFO, Good Steward Foundation is deemed to be interested in the Shares held by Eagle Business Consulting.
- (4) Financial Data Technologies is beneficially and wholly owned by Mr. Nie Lehui.
- (5) Bank of Communication Trustee Ltd. is the trustee appointed by the Company in relation to the Share Award Scheme.

Save as disclosed above, as at 30 September 2021, so far as is known by or otherwise notified to the Directors, no other entity or person (other than a Director or the chief executive officer of the Company) had interests or short positions in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be recorded in the register referred to therein.

SHARE OPTION SCHEME

The Company has adopted the Share Option Scheme on 22 January 2019. No share option has been granted for the nine months ended 30 September 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

SHARE AWARD SCHEME

On 12 August 2019, the Company adopted the Share Award Scheme. The Share Award Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 23 of the GEM Listing Rules. The shares under the Share Award Scheme will be acquired by the trustee by way of subscription of new shares (whether pursuant to general mandate or specific mandate granted by the Shareholders or otherwise) and/or purchase of shares from the market out of the funds contributed by the Group and be held on trust for the participants until such awarded Shares are vested in the relevant selected participants in accordance with the rules of the Share Award Scheme. Subject to any early termination as may be determined by the Board by resolution, the Share Award Scheme shall be valid and effective for a term of 10 years commencing from the date of adoption of the Share Award Scheme. The Board shall not make any further award of awarded shares which will result in the total number of issued Shares awarded by the Board under Share Award Scheme exceeding 10% of the total number of issued Shares from time to time.

During the nine months ended 30 September 2021, the trustee of the Share Award Scheme, pursuant to the terms of the rules and trust deed of the Share Award Scheme, did not purchase any Shares on the Stock Exchange. As at 30 September 2021, there were 112,300,000 Shares held by the trustee pursuant to the Share Award Scheme. On 10 February 2021, the Board has resolved to grant an aggregate of 21,400,000 award shares, all in the form of existing Shares, to 50 selected persons under the Share Award Scheme. Subject to the satisfaction of the vesting conditions, 50% of these award Shares shall be vested to the respective selected persons on 31 December 2021 and the remaining 50% of the award shares shall be vested to the respective selected persons on 31 December 2022. For details, please refer to the Company's announcement dated 10 February 2021.

COMPETING INTEREST AND DEED OF NON-COMPETITION

Each of the Controlling Shareholders entered into a deed of non-competition in favour of the Company on 22 January 2019, details of which are set out in the section headed "Relationship with our Controlling Shareholders – Non-competition undertaking" in the Prospectus.

During the nine months ended 30 September 2021 and up to the date of this report, none of the Directors or the Controlling Shareholders or their close associates (as defined in the GEM Listing Rules) are interested in any business which competes or may compete, either directly or indirectly, with the business of the Group nor did they have any conflicts of interest with the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance. The Directors believe that sound and reasonable corporate governance practices are essential in providing a framework for the Company to safeguard the interests of Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted and complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules as the basis of the Company's corporate governance practices during the nine months ended 30 September 2021.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its code of conduct regarding directors' securities transactions ("**Required Standard of Dealings**").

Having made specific enquiry with all the Directors, all Directors have confirmed that they have complied with the Required Standard of Dealings and no non-compliance events with the Required Standard of Dealings have to be reported during the nine months ended 30 September 2021.

INTERESTS OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Group has appointed Somerley Capital Limited as its compliance adviser, which will provide advice and guidance to the Group in respect of compliance with the applicable laws and the GEM Listing Rules including various requirements relating to directors' duties and internal controls. Except for the compliance adviser agreement entered into between the Company and the compliance adviser dated 19 December 2018, neither the compliance adviser nor its directors, employees or close associates had any interests in relation to the Company which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

There is no material event undertaken by the Company or by the Group subsequent to 30 September 2021 and up to the date of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

AUDIT COMMITTEE

The audit committee of the Company, which consists of Mr. Au Yeung Po Fung, Mr. Chan Chi Kwong Dickson and Mr. Liu Kin Sing, all being independent non-executive Directors, has reviewed this report and the Group's unaudited condensed consolidated financial results for the nine months ended 30 September 2021, and is of the opinion that the preparation of such results complied with applicable accounting standards, the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made in respect thereof.

By order of the Board
eBroker Group Limited
Chan Lap Tak, Douglas
Chairman and executive Director

Hong Kong, 9 November 2021

DEFINITIONS

In this report, unless the context otherwise requires, the following expressions have the following meaning:

“Board”	the board of Directors
“China” or “PRC”	The People’s Republic of China and, except where the context requires otherwise and only for the purposes of this report, references to China or the PRC exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Company”	eBroker Group Limited (電子交易集團有限公司), a company incorporated as an exempted company with limited liability in the Cayman Islands on 23 May 2016
“Controlling Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange, as amended, supplemented or otherwise modified from time to time as the context may require
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	Hong Kong Special Administrative Region of the PRC
“Listing”	the listing of the Shares on GEM on the Stock Exchange on 19 February 2019
“Listing Date”	19 February 2019, the date on which the Shares were listed on GEM of the Stock Exchange
“Prospectus”	the prospectus of the Company published on 30 January 2019 in connection with the Listing
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	Ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Share Award Scheme”	the share award scheme adopted by the Company on 12 August 2019, as amended from time to time
“Share Option Scheme”	the share option scheme of the Company adopted on 22 January 2019
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent