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eBROKER GROUP LIMITED

電子交易集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8036)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

The board of directors of eBroker Group Limited (the “**Company**”) hereby announces the unaudited third quarterly results of the Company and its subsidiaries for the nine months ended 30 September 2020. This announcement, containing the full text of the 2020 third quarterly report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcements of quarterly results. The printed version of the Company’s 2020 third quarterly report will be dispatched to the shareholders of the Company and available for viewing on the website of GEM of the Stock Exchange at www.hkgem.com and the website of the Company at www.ebrokersystems.com by the mid of November 2020.

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

Hong Kong, 9 November 2020

As at the date of this announcement, the executive Directors are Mr. CHAN Lap Tak, Douglas and Mr. LO Chi Ho and the independent non-executive Directors are Mr. CHAN Chi Kwong Dickson, Mr. LIU Kin Sing and Mr. AU YEUNG Po Fung.

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

This announcement will remain on the website of GEM at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting and on the website of the Company at www.ebrokersystems.com.

In case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.

CHARACTERISTICS OF 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 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 2020 together with the unaudited comparative figures for the corresponding periods in 2019, as follows:

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

For the three months and nine months ended 30 September 2020

	Note	Three months ended 30 September		Nine months ended 30 September	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Revenue	4	9,919	10,289	29,721	33,868
Other income	5	836	322	1,489	534
Other gains and losses, net	5	(20)	–	(1,077)	–
Purchases of and changes in inventories		(170)	(5)	(170)	(15)
Staff costs		(5,659)	(4,893)	(17,133)	(14,944)
Depreciation expenses		(830)	(571)	(2,247)	(1,687)
Other operating expenses		(2,262)	(5,051)	(8,534)	(15,464)
Profit from operations		1,814	91	2,049	2,292
Finance costs	8(b)	(44)	(61)	(151)	(195)
Profit before tax	8(a)	1,770	30	1,898	2,097
Income tax credit/(expense)	7	53	(46)	(32)	(566)
Profit/(loss) for the period attributable to owners of the Company		1,823	(16)	1,866	1,531
Other comprehensive income after tax:					
Items that may be reclassified to profit or loss:					
Exchange differences on translating financial statements of a foreign subsidiary		222	–	193	–
Other comprehensive income for the period, net of tax		222	–	193	–
Total comprehensive income for the periods attributable to owners of the Company		2,045	(16)	2,059	1,531
Earnings/(loss) per share					
– Basic (HK cent per share)	9	0.16	(–)*	0.17	0.13
– 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 2020

	Share capital	Share premium	Capital reserve	Foreign currency translation reserve	Shares held for share award scheme	Share-based compensation reserve	Retained profits	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2019	1,000	12,651	(54,333)	-	-	-	67,018	26,336
Issue of ordinary shares	230	64,170	-	-	-	-	-	64,400
Capitalisation of listing expenses	-	(14,900)	-	-	-	-	-	(14,900)
Purchase of shares under share award scheme	-	-	-	-	(7,701)	-	-	(7,701)
Total comprehensive income for the period	-	-	-	-	-	-	1,531	1,531
At 30 September 2019	1,230	61,921	(54,333)	-	(7,701)	-	68,549	69,666
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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2020

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 2020 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 2020 should be read in conjunction with the audited consolidated financial statements for the year ended 31 December 2019 and the notes thereto (the “2019 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 2019 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 2020

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 2020 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	
	2020 HK\$'000 <i>(unaudited)</i>	2019 HK\$'000 <i>(unaudited)</i>	2020 HK\$'000 <i>(unaudited)</i>	2019 HK\$'000 <i>(unaudited)</i>
Front office solution service income	5,314	5,701	16,326	18,345
Back office solution service income	2,551	2,854	7,603	8,948
Installation and customisation services income	427	437	1,595	2,716
Managed cloud service income	964	750	2,755	2,543
Others	663	547	1,442	1,316
	9,919	10,289	29,721	33,868

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2020

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	
	2020 HK\$'000 <i>(unaudited)</i>	2019 HK\$'000 <i>(unaudited)</i>	2020 HK\$'000 <i>(unaudited)</i>	2019 HK\$'000 <i>(unaudited)</i>
<i>Products and services transferred at a point in time</i>				
Others	196	10	196	27
<i>Products and services transferred over time</i>				
Front office solution service income	5,314	5,701	16,326	18,345
Back office solution service income	2,551	2,854	7,603	8,948
Installation and customisation services income	427	437	1,595	2,716
Managed cloud service income	964	750	2,755	2,543
Others	467	537	1,246	1,289
Total	9,919	10,289	29,721	33,868
<i>Primary geographical markets</i>				
Hong Kong	9,793	10,079	28,930	33,658
Macau	126	210	791	210
Total	9,919	10,289	29,721	33,868

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2020

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

	Three months ended 30 September		Nine months ended 30 September	
	2020 HK\$'000 (<i>unaudited</i>)	2019 HK\$'000 (<i>unaudited</i>)	2020 HK\$'000 (<i>unaudited</i>)	2019 HK\$'000 (<i>unaudited</i>)
Other income				
Interest income on bank deposits	19	291	345	438
Management fees from a joint venture	31	31	95	96
Government subsidies under employment support scheme	786	-	1,049	-
	836	322	1,489	534
Other gains and losses, net				
Fair value gain/(loss) on financial assets at fair value through profit or loss				
- Listed equity investments	215	-	(25)	-
- Derivatives	(235)	-	(1,052)	-
	(20)	-	(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 2020

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	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Hong Kong	9,793	10,079	28,930	33,658
Macau	126	210	791	210
	9,919	10,289	29,721	33,868

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	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current tax – Hong Kong Profits Tax				
Provision for the periods	(53)	46	32	566
	(53)	46	32	566

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%.

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 2020 as the subsidiary incurred tax loss for the period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2020

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	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Auditor's remuneration	200	151	600	446
Cost of inventories sold	170	5	170	15
Depreciation of property, plant and equipment	255	51	519	143
Depreciation of right-of-use-assets	575	520	1,728	1,544
Listing expenses	–	–	–	1,835
Legal and professional fees	552	1,056	2,190	2,309
Expenses relating to short-term lease	56	52	448	209

(b) Finance costs

	Three months ended		Nine months ended	
	30 September		30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Other interest expenses	7	–	20	–
Interest expense on lease liabilities	37	61	131	195
	44	61	151	195

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2020

9. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share is based on the following:

	Three months ended 30 September 2020		Nine months ended 30 September 2020	
	HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Earnings/(loss)				
Profit/(loss) attributable to owners of the Company and earnings/(loss) for the purpose of calculating basic earnings/(loss) per share	1,823	(16)	1,866	1,531
	'000	'000	'000	'000
Number of shares				
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share	1,110,000	1,212,696	1,110,000	1,182,886

The weighted average number of ordinary shares for the three months and nine months ended 30 September 2020 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 2019 for the purpose of calculating basic earnings/(loss) per share has been adjusted for the shares issued on 19 February 2019 in connection with the Listing on GEM of the Hong Kong Stock Exchange and excluded shares held for share award scheme adopted during the period.

No diluted earnings/(loss) per share is calculated for the three months and nine months ended 30 September 2020 and 2019 as there was no potential dilutive ordinary share in existence.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2020

10. DIVIDEND

The Directors do not recommend any payment of dividend for the nine months ended 30 September 2020 (2019: HK\$ Nil).

11. RESERVES

The amounts of the Group's reserves and the movements therein for the period and the same period in 2019 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 primarily 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 2020, the Group recorded revenue of approximately HK\$29.7 million, representing a decrease of approximately 12.2% from approximately HK\$33.9 million recorded for the nine months ended 30 September 2019. Profit attributable to owners of the Company for the nine months ended 30 September 2020 amounted to approximately HK\$1.9 million, representing an increase of approximately 21.9% as compared with the profit of approximately HK\$1.5 million for the nine months ended 30 September 2019 mainly due to (i) the absence of listing expense of approximately HK\$1.8 million; (ii) reduction in sub-contracting cost of approximately HK\$1.8 million; (iii) decrease in cost of services of approximately HK\$2.6 million; and (iv) government subsidy received under Employment Support Scheme of approximately HK\$1.0 million and these were partially offset by (i) decrease in front office solution service income by approximately HK\$2.0 million; a decrease in back office solution service income by approximately HK\$1.3 million and a decrease of non-recurring installation and customisation services income by approximately HK\$1.1 million mainly due to poor market sentiment resulting from the outbreak of COVID-19 in early 2020; (ii) increase in staff costs by approximately HK\$2.2 million after the establishment of the research and development centre in Shenzhen; (iii) investment loss of approximately HK\$1.1 million.

OUTLOOK

With the Group's long term objective to strengthen its position as one of the leading financial software solution service 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 its managed cloud services to brokerage firm clients in Asia Pacific region. The Group's next generation wealth management solution is expected to be launched in late 2020 which aims to empower individual investors with professional tools on a mobile app.

MANAGEMENT DISCUSSION AND ANALYSIS

The recent outbreak of COVID-19 has a significant impact on the global economy and it has imposed uncertainty on the Group's businesses this year. The Group will pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Group. Despite various challenges, the Group is of the view that demand of financial software solution service will increase after the outbreak of COVID-19 is under control and economy activities resume normal. The Group will strictly adhere to its cost control policy and shall swiftly adjust its business strategies in response to the changes of external environment. The Group will continue to capture market opportunities so as to achieve sustainable business growth and provide long-term benefits for the shareholders.

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 2020, the Group recorded revenue of approximately HK\$29.7 million, representing a decrease of approximately 12.2% as compared with the previous period of approximately HK\$33.9 million. Such decrease was mainly attributable to the significant decrease in installation and customisation services income, back office solution service income and front office solution service income. The installation and customisation services income decreased by approximately 41.3% from approximately HK\$2.7 million for the nine months ended 30 September 2019 to approximately HK\$1.6 million for the nine months ended 30 September 2020. The managed cloud service income increased slightly by approximately 8.3% from approximately HK\$2.5 million for the nine months ended 30 September 2019 to approximately HK\$2.8 million for the nine months ended 30 September 2020. Back office solution service income decreased by approximately 14.6% from approximately HK\$8.9 million for the nine months ended 30 September 2019 to approximately HK\$7.6 million for the nine months ended 30 September 2020. Front office solution service income decreased by approximately 11.0% from approximately HK\$18.3 million for the nine months ended 30 September 2019 to approximately HK\$16.3 million for the nine months ended 30 September 2020 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 2020 increased by approximately HK\$155,000. Such increase was primarily due to an increase of approximately HK\$169,000 in product sales of the Group for the nine months ended 30 September 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

Profit before Tax

The Group's profit before tax for the nine months ended 30 September 2020 was approximately HK\$1.9 million, representing a decrease by approximately 9.5% when compared with its profit before tax of approximately HK\$2.1 million for the nine months ended 30 September 2019. This was primarily due to (i) decrease of non-recurring installation and customisation services income by approximately HK\$1.1 million; (ii) decrease of front office solution service income by approximately HK\$2.0 million; and (iii) decrease of listing expenses by approximately HK\$1.8 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 2020, the Group's other income increased to approximately HK\$1.5 million from approximately HK\$0.5 million for the nine months ended 30 September 2019 due to the subsidy received under Employment Support Scheme, an anti-epidemic fund launched by the Hong Kong Government, of approximately HK\$1.0 million during the period.

Staff Costs

For the nine months ended 30 September 2020, the Group's staff costs were approximately HK\$17.1 million, representing an increase of approximately 14.6% over the staff costs of approximately HK\$14.9 million for the nine months ended 30 September 2019. The increase was primarily due to the general inflation rate of staff costs and the set up of the research and development centre in the PRC.

Depreciation

The Group's depreciation expenses increased significantly by approximately HK\$0.6 million for the nine months ended 30 September 2020 representing an increase of approximately 33.2% from approximately HK\$1.7 million for the nine months ended 30 September 2019. The increase was primarily due to the addition of fixed 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 2020 were approximately HK\$8.5 million, representing a decrease of approximately 44.8% over the other operating expenses of approximately HK\$15.5 million for the nine months ended 30 September 2019. The decrease was primarily attributable to a decrease in cost of services of approximately HK\$2.6 million, a decrease in sub-contracting cost of approximately HK\$1.8 million as a result of set up of inhouse development team in Shenzhen, the PRC and a decrease in listing expenses of approximately HK\$1.8 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Income Tax Expense

The Group's income tax expense for the nine months ended 30 September 2020 was approximately HK\$32,000, representing a decrease of approximately 94.3% from approximately HK\$566,000 for the nine months ended 30 September 2019. Such decrease was in line with the decrease in revenue for the nine months ended 30 September 2020. The effective income tax rates of the Group, which equal to the income tax expense divided by profit before tax, were approximately 27% and 1.7% for the nine months ended 30 September 2019 and 2020, respectively. The decrease in the effective income tax rate for the nine months ended 30 September 2020 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.

Profit for the period attributable to owners of the Company

Profit attributable to owners of the Company for the nine months ended 30 September 2020 amounted to approximately HK\$1.9 million, representing an increase of approximately 21.9% as compared with the profit of approximately HK\$1.5 million for the nine months ended 30 September 2019. The increase was primarily attributable to (i) decrease of non-recurring installation and customisation service income by approximately HK\$1.1 million; (ii) decrease of front office solution service income by approximately HK\$2.0 million; (iii) decrease of listing expenses by approximately HK\$1.8 million; and (iv) decrease in cost of service by approximately HK\$2.6 million.

DIVIDEND

The Board did not recommend the payment of any dividend for the nine months ended 30 September 2020 (2019: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

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. Subsequent to the Listing, these proceeds will be used for the purposes in accordance with the future plans as set out in the Prospectus and the utilisation amount of net proceeds is set out as below:

Use of proceeds

Description of intended use of the proceeds	Net proceeds <i>HK\$ million</i>	Approximate percentage of total net proceeds	Actual use of proceeds from Listing Date to 30 September 2020 <i>HK\$ million</i>	Unutilised amount as at 30 September 2020 <i>HK\$ million</i>	Expected timeline of full utilisation of the remaining net proceeds
Expand the business in Wealth Management Solution	2.6	11%	0.64	1.96	By end of 31 December 2022
Improve the user trading applications	6.8	29%	0.65	6.15	By end of 31 December 2022
Expand the managed cloud services to local brokerage firm clients	2.6	11%	0.42	2.18	By end of 31 December 2022
Establish a research and development centre in the PRC	10.7	46%	9.43	1.27	By end of 31 December 2022
General working capital	0.6	3%	–	0.6	By end of 31 December 2022
	23.3	100%	11.14	12.16	

Note: As there was a delay in the set up of the PRC subsidiary and the acquisition of property for use as the Group's research and development centre in the PRC, the utilisation of the relevant proceeds had been delayed. Reference is made to the announcements made by the Company on 22 January 2020, 6 February 2020 and 29 April 2020 regarding the acquisition of property in the PRC and change of use of proceeds. The delay in the application of the intended use of proceeds was mainly due to the social unrest in Hong Kong in the second half of 2019 and the outbreak of COVID-19 which have an adverse impact on the local and global economic environment. Hence, the Group considers the conservative approach in postponing the utilisation of the remaining net proceeds for the intended use of proceeds. Save for the abovementioned, there is no other change in the use of proceeds from the share offer.

MANAGEMENT DISCUSSION AND ANALYSIS

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

As at 30 September 2020, 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:

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	9,830,010 (<i>note 2</i>)	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 granted pursuant to Share Award Scheme. A total of 730,000 award shares were granted to Mr. Lo Chi Ho on 7 August 2020. Subject to the satisfaction of the vesting conditions, all of the award shares shall be vested on 31 December 2020.

Save as disclosed above, as at 30 September 2020, 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 2020, 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	652,896,910 <i>(note 1 and note 2)</i>	53.08%
Good Steward Foundation Limited ("Good Steward Foundation")	Interest in a controlled corporation	652,896,910 <i>(note 2 and note 3)</i>	53.08%
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	120,000,000 <i>(note 5)</i>	9.76%

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 95.19% 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.

Eagle Business Consulting also directly holds approximately 19.59% interest in the Company. By virtue of the SFO, Good Steward Foundation is deemed to be interested in the Shares held by Eagle Business Consulting 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 2020, 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 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

SHARE AWARD SCHEME

On 12 August 2019, the Company adopted a 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.

The maximum number of Shares which may be allocated and awarded to a selected participant under the share award scheme in any 12-month period shall not exceed 1% of the issued share capital of the Company from time to time.

During the nine months ended 30 September 2020, the Company did not issue any new shares nor arranged any funds to be paid to the trustee for purchasing Shares of the Company on the Stock Exchange. As at 30 September 2020, there were 120,000,000 Shares of the Company held by the trustee pursuant to the Share Award Scheme. On 7 August 2020, 8,010,000 award shares were granted to 40 selected persons under the Share Award Scheme. For details, please refer to the announcement of the Company dated 7 August 2020.

As at 30 September 2020, there are 310,000 award shares were lapsed.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the nine months ended 30 September 2020, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

COMPETING INTEREST

During the nine months ended 30 September 2020 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) were 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

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.

REVIEW OF FINANCIAL STATEMENTS

The Company established an audit committee on 19 June 2018 (the "**Audit Committee**") in accordance with Rule 5.28 of the GEM Listing Rules. Written terms of reference in compliance with Rule 5.29 of the GEM Listing Rules and code provision C.3.3 of the CG Code have been adopted. The primary duties of the Audit Committee are mainly to make recommendations to the Board on appointment, reappointment and removal of the external auditor, review and supervise the financial reporting process and the financial controls, internal control and risk management systems of the Company.

The Audit Committee consists of three independent non-executive Directors, being Mr. Au Yeung Po Fung, Mr. Chan Chi Kwong Dickson and Mr. Liu Kin Sing. Mr. Au Yeung Po Fung is the chairman of the Audit Committee.

The Group's unaudited condensed consolidated financial statements for the nine months ended 30 September 2020, the accounting policies and practices adopted by the Group, and this report have been reviewed by the Audit Committee.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the nine months ended 30 September 2020, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

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

Hong Kong, 9 November 2020

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