

# TARGET

## Intelligence Report

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### **eBROKER GROUP LTD: WILL MANAGEMENT BE ABLE TO ESCAPE ITS INCAPACITATED HISTORY ?**

eBroker Group Ltd (電子交易集團有限公司) (Code: 8036, Growth Enterprise Market – The GEM – The Stock Exchange of Hongkong Ltd) has a history of only four Financial Years as a corporate entity, the entire Issued and Fully Paid-Up Share Capital of which is listed on the secondary equity market of The Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

In brief, the Company has, thus far, not fared particularly well in terms of its financials since its introduction as a qualified member of The GEM.

The 2022 Annual Report of the Company with regard to the Financial Year, ended December 31, 2022, was published and disseminated in the HKSAR on or about Wednesday, March 29, 2023.

At Page Three of the 2022 Annual Report, Mr Douglas Chan Lap Tak (陳立德), the Chairman of the Company, took the trouble to inscribe just two paragraphs of any materiality, dating his attempts of penmanship as at Thursday, March 23, 2023:

*'For the year ended 31 December 2022, the Group recorded revenue of approximately HK\$38.6 million, representing a decrease of approximately 7.3% as compared to the year ended 31 December 2021. Profit attributable to owners of the Company increased by approximately 503.1% from approximately HK\$0.3 million for the year ended 31 December 2021 to approximately HK\$2.0 million for the year ended 31 December 2022. If the other income and other gains and losses were excluded, the profit attributable to owners of the Company increased by approximately 672.8% from approximately HK\$0.3 million for the year ended 31 December 2021 to approximately HK\$2.5 million for the year ended 31 December 2022.*

*'The outbreak of Covid-19 in Hong Kong severely impacted the business environment and the daily life in Hong Kong. The travel restrictions made it difficult to expand our business beyond Hong Kong. We rely on our business model emphasizing recurring income and cost control measures*

*to maintain profitability while investing on additional products and services using the latest technologies. Nonetheless, we were able to expand our business into new geographical markets to Singapore and Mainland China. In particular, our China subsidiary was awarded a procurement contract for “labour union IT enhancement project” of a PRC-based leading provider of information and communications technology solutions.’*

### **A BUSINESS REVIEW OF eBROKER GROUP LTD**

At the top of Page Four of the 2022 Annual Report of eBroker Group Ltd, under the heading, ‘**MANAGEMENT DISCUSSION AND ANALYSIS**,’ a ‘**BUSINESS REVIEW**’ was presented as follows:

*‘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 offices solution service, back office solution service, installation and customisation services, managed cloud service and other services income.’*

*‘For the year ended 31 December 2022, the Group recorded a revenue of approximately HK\$38.6 million, representing a decrease of approximately 7.3% from approximately HK\$41.6 million recorded for the year ended 31 December 2021. Profit attributable to owners of the Company for the year ended 31 December 2022 amounted to approximately HK\$2.0 million, representing an increase of approximately 503.1% as compared with the profit of approximately HK\$0.3 million for the year ended 31 December 2021 mainly due to the decrease of other operating expenses of approximately HK\$4.5 million.’*

Two paragraphs below, under the heading, ‘**FINANCIAL REVIEW**’, subheading, ‘**Revenue**,’ one was informed of the following paragraph:

*‘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 year ended 31 December 2022, the Group recorded revenue of approximately HK\$38.6 million, representing a decrease of approximately 7.3% as compared with the previous year of approximately HK\$41.6 million. Such decrease was mainly attributable to the significant decrease in the revenue from installation and customisation services. The revenue from front office solution service decreased by approximately 6.1% from approximately HK\$19.7 million for the year ended 31 December 2021 to approximately HK\$18.5 million for the year ended 31 December 2022 due to adverse business and economic conditions. The revenue from installation and customisation services decreased by approximately 22.7% from approximately HK\$5.5 million for the year ended 31 December 2021 to approximately HK\$4.2 million for the year*

*ended 31 December 2022 mainly due to decrease in demand for customisation services. The income from managed cloud service decreased by approximately 1.3% from approximately HK\$3.2 million for the year ended 31 December 2021 to approximately HK\$3.1 million for the year ended 31 December 2022. Other services income decreased by approximately 27.3% from approximately HK\$3.0 million for the year ended 31 December 2021 to approximately HK\$2.2 million for the year ended 31 December 2022 due to decrease in product sales.'*

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