



Excalibur Global Financial Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8350

INTERIM REPORT 2021

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

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

This report, for which the directors (the "**Directors**") of Excalibur Global Financial Holdings Limited (the "**Company**") 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 (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.

The background of the page is a collage of financial and business-related images. At the top, there is a candlestick chart with a white line graph overlaid. Below that, there are several numerical values: 879.7723, 1005.01, 301.2117, 175.33, 158.17, 155.2, 174.1, 53.1749, 892.98, and 401.02. The right side of the page features a large, stylized graphic of a globe with a white line graph and a bar chart. The overall color scheme is blue and white.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Poon Kwok Wah Allan
(*Chairman and Chief Executive Officer*)
Ms. Choi Ching Jennifer
Ms. Lee Mei Chun

Independent Non-executive Directors

Mr. Chin Kam Cheung
Mr. Siu Miu Man, M. H.
Mr. Lam Ka Tai

COMPANY SECRETARY

Mr. Lo Wai Hang

AUTHORISED REPRESENTATIVES

Mr. Poon Kwok Wah Allan
Ms. Choi Ching Jennifer

MEMBERS OF AUDIT COMMITTEE

Mr. Chin Kam Cheung (*Chairman*)
Mr. Siu Miu Man, M. H.
Mr. Lam Ka Tai

MEMBERS OF REMUNERATION COMMITTEE

Mr. Lam Ka Tai (*Chairman*)
Mr. Siu Miu Man, M. H.
Mr. Chin Kam Cheung

MEMBERS OF NOMINATION COMMITTEE

Mr. Poon Kwok Wah Allan (*Chairman*)
Mr. Lam Ka Tai
Mr. Siu Miu Man, M. H.

MEMBERS OF RISK MANAGEMENT COMMITTEE

Mr. Siu Miu Man, M. H. (*Chairman*)
Mr. Poon Kwok Wah Allan
Ms. Lee Mei Chun

AUDITOR

Asian Alliance (HK) CPA Limited
8/F Catic Plaza
8 Causeway Road
Causeway Bay
Hong Kong

REGISTERED OFFICE

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75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

CORPORATE INFORMATION (CONTINUED)

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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183 Queen's Road Central
Hong Kong
Tel: (852) 2526-0388
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PRINCIPAL BANKERS

Hang Seng Bank Limited
Bank of Communications
Company Limited

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Trust (Cayman) Limited
PO Box 1350, Clifton House
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Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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Hong Kong
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Fax: (852) 2810-8185

STOCK CODE

8350

WEBSITE

<http://www.excalibur.com.hk>

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2021

	Notes	Three months ended 30 June		Six months ended 30 June	
		2021	2020	2021	2020
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Revenue	4	1,964	2,880	4,013	6,121
Other income and net gain	5	15	1,344	109	1,350
Salaries and other benefits	6(a)	(2,532)	(2,102)	(4,764)	(6,252)
Other operating and administrative expenses	6(b)	(4,144)	(4,690)	(11,190)	(8,969)
Finance cost	6(c)	(202)	(118)	(426)	(236)
Loss before tax	6	(4,899)	(2,686)	(12,258)	(7,986)
Income tax credit	7	704	319	1,608	939
Loss for the period and total comprehensive loss for the period		(4,195)	(2,367)	(10,650)	(7,047)
Attributable to:					
Equity shareholders of the Company		(4,195)	(2,367)	(10,650)	(7,047)
Total comprehensive loss for the period		(4,195)	(2,367)	(10,650)	(7,047)
Losses per share					
Basic and diluted (cents)	8	(0.52)	(0.30)	(1.33)	(0.88)

The Group had no components of comprehensive loss other than “loss for the period” in either of the periods presented. Accordingly, the Group’s “total comprehensive loss” was the same as the “loss for the period” in both periods.

The notes on pages 10 to 23 form part of these financial statements.

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Notes	At 30 June 2021 HK\$'000 (Unaudited)	At 31 December 2020 HK\$'000 (Audited)
Non-current assets			
Property and equipment	9	285	445
Right-of-use assets	9	6,096	8,026
Intangible assets	10	1,030	1,030
Statutory deposits	11	3,022	5,006
Deferred tax assets		6,301	4,693
		16,734	19,200
Current assets			
Accounts receivable arising from ordinary course of business	12	24,939	31,320
Other assets	13	1,403	1,552
Financial assets at fair value through profit or loss	15	–	11
Cash and cash equivalents	14(a)	8,863	19,559
		35,205	52,442
Current liabilities			
Accounts payable arising from ordinary course of business	16	22,979	30,606
Other payables and accruals	17	803	1,211
Bank loans	18	776	–
Lease liabilities		3,907	3,692
		28,465	35,509
Net current assets		6,740	16,933
Total assets less current liabilities		23,474	36,133
Non-current liabilities			
Lease liabilities		2,473	4,482
NET ASSETS		21,001	31,651

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2021

	Notes	At 30 June 2021 HK\$'000 (Unaudited)	At 31 December 2020 HK\$'000 (Audited)
CAPITAL AND RESERVES			
Share capital	19(b)	8,000	8,000
Share premium		68,009	68,009
Accumulated losses	19(c)	(52,209)	(41,559)
Other reserves	19(d)	(2,799)	(2,799)
TOTAL EQUITY		21,001	31,651

Approved and authorised for issue by the board of directors on 5 August 2021.

Poon Kwok Wah Allan

Choi Ching Jennifer

Directors

The notes on pages 10 to 23 form part of these financial statements.

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Note	Attributable to equity shareholders of the Company				Total equity HK\$'000
		Share capital HK\$'000	Share premium HK\$'000	Accumulated losses HK\$'000	Other reserves HK\$'000	
Balance at 1 January 2020 (Audited)		8,000	68,009	(19,811)	(2,799)	53,399
Changes in equity for the six months ended 30 June 2020:						
Loss and total comprehensive loss for the period		-	-	(7,047)	-	(7,047)
Balance at 30 June 2020 and 1 July 2020 (Unaudited)		8,000	68,009	(26,858)	(2,799)	46,352
Changes in equity for the six months ended 31 December 2020:						
Loss and total comprehensive loss for the period		-	-	(14,701)	-	(14,701)
Balance at 31 December 2020 (Audited)		8,000	68,009	(41,559)	(2,799)	31,651

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2021

	Note	Attributable to equity shareholders of the Company				Total equity HK\$'000
		Share capital HK\$'000	Share premium HK\$'000	Accumulated losses HK\$'000	Other reserves HK\$'000	
Balance at 1 January 2021 (Audited)		8,000	68,009	(41,559)	(2,799)	31,651
Changes in equity for the six months ended 30 June 2021:						
Loss and total comprehensive loss for the period		-	-	(10,650)	-	(10,650)
Balance at 30 June 2021 (Unaudited)		8,000	68,009	(52,209)	(2,799)	21,001

The notes on pages 10 to 23 form part of these financial statements.

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2021

	Notes	Six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Operating activities			
Cash used in operations	14(b)	(8,904)	(9,713)
Income tax paid		–	(1,994)
Net cash used in operating activities		(8,904)	(11,707)
Investing activities			
Interest received		–	40
Disposal of financial assets at fair value through profit or loss		14	–
Purchases of property and equipment		(109)	–
Net cash (used in)/generated from investing activities		(95)	40
Financing activities			
Net proceeds from bank loans		776	–
Lease rentals paid		(2,216)	(1,849)
Interest paid		(3)	–
Net cash used in financing activities		(1,443)	(1,849)
Net decrease in cash and cash equivalents		(10,442)	(13,516)
Cash and cash equivalents at 1 January		19,559	37,973
Effects of foreign exchange rate changes		(254)	75
Cash and cash equivalents at 30 June	14(a)	8,863	24,532

The notes on pages 10 to 23 form part of these financial statements.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

1 GENERAL

Excalibur Global Financial Holdings Limited (the “**Company**”) was incorporated in Cayman Islands on 13 July 2016 as an exempted company with limited liability under the Companies Law (2011 Revision) (as consolidated and revised) of the Cayman Islands. Its ultimate controlling parties are Mr. Poon Kwok Wah Allan, who is also the Chairman and Chief Executive Officer of the Company and Mr. Chan Ying Leung. The addresses of the registered office and principle place of business of the Company are disclosed in the corporate information section to the interim report.

The Company and its subsidiaries (together, the “**Group**”) mainly provide brokerage services for futures and options traded on the exchanges in Hong Kong, the United States, Japan, Singapore and the United Kingdom. The Group commenced the stock options and securities broking and margin financing business since February 2019.

The unaudited interim financial statements are presented in Hong Kong dollar (“**HK\$**”), which is also the functional currency of the Company.

2 BASIS OF PREPARATION

This unaudited interim financial report has been prepared in accordance with the applicable disclosure provisions of Chapter 18 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange of Hong Kong**” or “**SEHK**”), including compliance with Hong Kong Accounting Standard (“**HKAS**”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). It was authorised for issue on 5 August 2021.

The unaudited interim financial statements has been prepared in accordance with the same accounting policies adopted in the 2020 annual consolidated financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual consolidated financial statements. Details of any changes in accounting policies are set out in Note 3.

The preparation of an unaudited interim financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The unaudited interim financial statements contains unaudited condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2020 annual consolidated financial statements. The unaudited condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of consolidated financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

3 CHANGES IN ACCOUNTING POLICIES

In the current interim period, the Group has applied the following amendments issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest rate Benchmark Reform – Phase 2

Above amendments have been adopted for the first time in the current accounting period, but do not have material impact on the financial results and position of the Group.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

4 REVENUE

The principal activities of the Group are futures and options, stock options and securities broking and margin financing business.

Revenue represents the brokerage commission from futures and options, stock options and securities broking, also interest income arising from margin and IPO financing.

	Three months ended 30 June		Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Brokerage commission income derived from:				
Futures and options trading business				
– Hong Kong market	686	1,244	1,689	2,875
– Overseas markets	1,184	1,457	2,092	2,866
Stock options trading business	41	35	102	90
Securities trading business	23	19	74	25
Interest income derived from margin financing	26	125	52	265
Interest income derived from IPO financing	4	–	4	–
	1,964	2,880	4,013	6,121

5 OTHER INCOME AND NET GAIN

	Three months ended 30 June		Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Interest income – clearing houses	–	13	–	40
Exchange (loss)/gain, net	(54)	97	(56)	64
(Loss)/gain on changes in fair value of financial assets at fair value through profit or loss	(2)	10	4	2
Government grants	60	589	60	589
Rental income	–	618	–	618
Sundry income	11	17	101	37
	15	1,344	109	1,350

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

6 LOSS BEFORE TAX

Loss before tax is arrived at after charging:

	Three months ended 30 June		Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
(a) Staff costs				
Directors' fee	335	210	650	420
Salaries, allowances and benefits in kind	2,118	1,815	3,952	3,679
Discretionary bonus to executive directors	–	–	–	2,000
Retirement scheme contributions	79	77	162	153
	2,532	2,102	4,764	6,252
(b) Other operating and administrative expenses				
IT and communication expenses	939	1,233	1,760	2,265
Marketing expenses	340	643	3,038	1,235
Legal and professional fees	591	538	1,529	1,081
Depreciation of right-of-use assets	965	1,027	1,930	1,714
Short-term operating lease expense in respect of rented premises	129	277	261	413
Commission expenses	520	193	978	538
Auditors' remuneration	202	42	217	242
Depreciation of property and equipment	128	149	270	298
Other expenses	330	588	1,207	1,183
	4,144	4,690	11,190	8,969
(c) Finance cost				
Finance costs on – Lease liabilities	199	118	423	236
– Bank loans for IPO financing	3	–	3	–
	202	118	426	236

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

7 INCOME TAX CREDIT

	Three months ended		Six months ended	
	30 June		30 June	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Deferred tax movement				
Tax losses	704	319	1,608	939
Total income tax credit	704	319	1,608	939

8 LOSSES PER SHARE

The calculation of the basic losses per share for the three months and the six months ended 30 June 2021 is based on the losses for the period attributable to ordinary equity shareholders of the Company of HK\$4,195,000 and HK\$10,650,000, and the weighted average number of ordinary shares of 800,000,000 in issue during the respective periods.

The calculation of the basic losses per share for the three months and the six months ended 30 June 2020 is based on the losses for the period attributable to ordinary equity shareholders of the Company of HK\$2,367,000 and HK\$7,047,000, and the weighted average number of ordinary shares of 800,000,000 in issue during the respective periods.

No potential ordinary shares in issue during the three months and six months ended 30 June 2021 and 2020, so no adjustment has been made to basic losses per share amounts.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

9 MOVEMENT IN PROPERTY AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the current interim period, the Group acquired property and equipment amounted HK\$109,000 (six months ended 30 June 2020: HK\$nil).

During the current interim period, no additions to the right-of-use assets were recorded (six months ended 30 June 2020: HK\$12,235,000).

10 INTANGIBLE ASSETS

	At 30 June 2021 HK\$'000 (Unaudited)	At 31 December 2020 HK\$'000 (Audited)
Hong Kong Futures Exchange ("HKFE") trading right	480	480
The Stock Exchange trading right	550	550
	1,030	1,030

11 STATUTORY DEPOSITS

	At 30 June 2021 HK\$'000 (Unaudited)	At 31 December 2020 HK\$'000 (Audited)
Deposits with		
– HKFE Clearing Corporation Limited	1,500	3,500
– SEHK Options Clearing House Limited ("SEOCH")	1,522	1,506
	3,022	5,006

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

12 ACCOUNTS RECEIVABLE ARISING FROM ORDINARY COURSE OF BUSINESS

	At 30 June 2021 HK\$'000 (Unaudited)	At 31 December 2020 HK\$'000 (Audited)
Accounts receivable		
– Cash clients	53	7,297
– Clearing houses	9,291	13,678
– Overseas brokers	13,577	9,307
– Margin clients	1,069	1,038
– Subscription of new shares in IPO	949	–
	24,939	31,320

Aging analysis

The aging analysis of accounts receivable that are neither individually nor collectively considered to be impaired are as follows:

	At 30 June 2021 HK\$'000 (Unaudited)	At 31 December 2020 HK\$'000 (Audited)
Current (not past due)	24,939	31,320

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

13 OTHER ASSETS

	At 30 June 2021 HK\$'000 (Unaudited)	At 31 December 2020 HK\$'000 (Audited)
Prepayments	283	432
Rental and other deposits	1,120	1,120
	1,403	1,552

Except for rental and management fee deposits, all of the prepayments, deposits and receivables are expected to be recovered or recognised as expenses within one year.

14 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	At 30 June 2021 HK\$'000 (Unaudited)	At 31 December 2020 HK\$'000 (Audited)
Cash at banks and on hand	8,863	19,559

The Group maintains segregated accounts with authorised institutions as a result of its normal business transactions. At 30 June 2021, segregated accounts not otherwise dealt with in these accounts amounted to HK\$51,356,000 (31 December 2020: HK\$59,753,000).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

14 CASH AND CASH EQUIVALENTS (continued)

(b) Reconciliation of loss before taxation to net cash used in operating activities:

	Notes	Six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Operating activities			
Loss before tax		(12,258)	(7,986)
Adjustments for:			
Interest income	5	–	(40)
Finance cost	6(c)	426	236
Gain on changes in fair value of financial assets at fair value through profit or loss	5	(4)	(2)
Depreciation of property and equipment	6(b)	270	298
Depreciation of right-of-use assets	6(b)	1,930	1,714
Unrealised foreign exchange losses/(gains)	5	56	(64)
Operating cash flows before movements in working capital		(9,580)	(5,844)
Decrease in statutory deposits		1,983	14
Decrease in accounts receivable arising from ordinary course of business		6,362	8,848
Decrease/(increase) in other assets		149	(371)
Decrease in accounts payable arising from ordinary course of business		(7,410)	(11,863)
Decrease in other payables and accruals		(408)	(497)
Cash used in operations		(8,904)	(9,713)
Income tax paid		–	(1,994)
Net cash used in operating activities		(8,904)	(11,707)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 June 2021 HK\$'000 (Unaudited)	At 31 December 2020 HK\$'000 (Audited)
Long positions in trading securities		
– Equity securities listed in Hong Kong	–	11

The fair values of the above listed securities were determined basing on the quoted market bid prices available on SEHK. All financial assets at fair value through profit or loss were disposal in six months ended 30 June 2021.

16 ACCOUNTS PAYABLE ARISING FROM ORDINARY COURSE OF BUSINESS

	At 30 June 2021 HK\$'000 (Unaudited)	At 31 December 2020 HK\$'000 (Audited)
Accounts payable		
– Clearing houses	1,319	7,280
– Cash clients	21,660	23,326
	22,979	30,606

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

16 ACCOUNTS PAYABLE ARISING FROM ORDINARY COURSE OF BUSINESS (continued)

Accounts payable on clients arising from the business are margin deposits received from clients for the their trading of futures contracts and options on the HKFE and overseas exchanges through overseas brokers, stock options on the SECH and securities on SEHK.

All of the accounts payable are repayable on demand.

17 OTHER PAYABLES AND ACCRUALS

Other payables and accruals are unsecured and are expected to be settled within one year.

18 BANK LOANS

	At 30 June 2021 HK\$'000 (Unaudited)	At 31 December 2020 HK\$'000 (Audited)
Secured loan		
– Bank loans for IPO	776	–

All the bank loans are repayable within one year and classified as current liabilities. The carrying amounts of the bank loans approximate their fair value. The bank loans as at 30 June 2021 are interest-bearing.

19 SHARE CAPITAL AND RESERVES

(a) Authorised share capital

The authorised ordinary share capital of the Company at 30 June 2021 and 31 December 2020 was HK\$100,000,000 divided into 10,000,000,000 ordinary shares of HK\$0.01 each.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

19 SHARE CAPITAL AND RESERVES (continued)

(b) Issued share capital

A summary of movements of issued share capital of the Company is as follows:

	No. of shares '000	Share capital HK\$'000
Ordinary shares, issued and fully paid: At 1 January 2020, 31 December 2020, 1 January 2021 and 30 June 2021	800,000	8,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

- (c) Accumulated losses are accumulated losses since incorporation, which included a gain on bargain purchase of HK\$9,223,000 recognised as a result of the acquisition of 80% of shares of New Century Excalibur Holdings Limited ("**New Century**") on 19 October 2012.

(d) Other reserves

On 9 July 2015, the Group further acquired 16% of the issued share capital of New Century, at a consideration of HK\$4,000,000, resulting in a gain of HK\$2,062,000 recognised in other reserves.

On 12 October 2017, the Group further acquired the 4.00002% of New Century. New Century then became a wholly-owned subsidiary of the Group. The non-controlling interest of HK\$1,139,000 as at that date was transferred to other reserves.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

20 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Financial instruments measured at fair value

Fair value hierarchy

HKFRS 13, *Fair value measurement* categorises fair value measurements into a three-level hierarchy. The level into which fair value is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair values measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair values measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

At 30 June 2021, there was no financial instruments of the Group carried at fair value (31 December 2020: HK\$11,000).

During the six months ended 30 June 2021, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (six months ended 30 June 2020: HK\$nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

21 MATERIAL RELATED PARTY TRANSACTIONS

Directors' remuneration are as follows:

	Six months ended	
	30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Directors' fees	650	420
Salaries, allowances and benefits in kind	798	874
Discretionary bonus to executive directors	–	2,000
Retirement scheme contributions	44	39
	1,492	3,333

22 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 30 June 2021, the directors consider the ultimate controlling shareholders of the Company to be Mr. Poon Kwok Wah Allan and Mr. Chan Ying Leung.

23 NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

There are no events between the reporting date and the authorisation of the financial statements requiring disclosure.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group's revenue decreased by approximately 34.4% from approximately HK\$6.1 million for the six months ended 30 June 2020 to approximately HK\$4.0 million for the six months ended 30 June 2021 (the "**Period**"). During the Period, most of the Group's revenue was mainly derived from brokerage fees from futures and options trading. The brokerage fees from futures and options trading from Hong Kong market and overseas markets decreased by approximately 41.3% and approximately 27.0%, respectively. Such decrease in brokerage fees due to (i) failed to attract and retain new high net worth clients from the People's Republic of China ("**PRC**") resulting from their loss of interest in trading high-risk products including futures and options and (ii) dropped in gross commission income (commission income net fees charged by overseas brokers) charged during the Period as there was intense competition from other brokerage firms in Hong Kong. As most of the Group's revenue are derived from the clients from the PRC, the loss of growth in the PRC sector could severely affect the financial performance of the Group. The brokerage of stock options and securities and IPO and margin financing recorded approximately HK\$232,000 revenue during the Period in aggregated, compared to approximately HK\$380,000 revenue in aggregated for the six months ended 30 June 2020.

During the Period, the Group recorded other income and net gain amounted to approximately HK\$109,000, compared to other income and net gain of approximately HK\$1,350,000 during the six months ended 30 June 2020. Such sharp decrease in other income and net gain as there was one-off monetary subsidies from the Government of the Hong Kong Special Administrative Region (the "**Government of HKSAR**") of approximately HK\$589,000 and rental income of approximately HK\$618,000 recorded in the six months ended 30 June 2020. As there were no such items incurred in the Period, the other income and net gain dropped significantly as a result.

Salaries and other benefits expenses decreased from approximately HK\$6.3 million for the six months ended 30 June 2020 to approximately HK\$4.7 million for the Period. Such decrease in salaries and related expenses as there was no payment of discretionary bonus to the executive Directors of the Company during the Period (six months ended 30 June 2020: HK\$2.0 million), partly offset by increase of salaries for the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONTINUED)

Other operating and administrative expenses increased from approximately HK\$9.0 million for the six months ended 30 June 2020 to approximately HK\$11.2 million for the Period, which was mainly due to increase in marketing expenses by HK\$1.8 million as more marketing activities were performed in the first quarter of 2021.

As a result of the foregoing, the Group recorded a net loss for the Period of approximately HK\$10.7 million, as compared to a net loss of approximately HK\$7.0 million for the corresponding period in 2020.

BUSINESS REVIEW AND OUTLOOK

The Group is principally engaged in brokerage business in futures and options products being traded in Hong Kong and overseas markets, together with the stock options and securities being traded in the Stock Exchange and IPO and margin financing business.

The compulsory quarantine arrangement implemented by the Government of HKSAR since early 2020 still highly affected the revenue of the Group for the first six months of 2021. Even though the Group has implemented several measures to attract potential customers from Hong Kong and mainland China, the business of the Group still could not recovered in this Period. The revenue for the Period continued to decrease compared to second half of 2020. The management expected that the brokerage revenue will not increase sharply until the quarantine arrangement is lifted.

During the Period, the Group expanded the securities brokerage business commenced IPO financing business in June 2021. The Group has implemented several marketing activities and promotion for this new business and offer incentives to potential customers to open account.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONTINUED)

LIQUIDITY AND FINANCIAL RESOURCES

The Group's principal source of funds was cash generated from operations accumulated over the previous years, the IPO proceeds obtained in January 2018 and bank borrowings. The Group recorded net current assets and working capital of approximately HK\$6.7 million as at 30 June 2021, compared to approximately HK\$16.9 million as at 31 December 2020. Such decrease was mainly due to the loss incurred during the Period. As at 30 June 2021, the Group had cash and cash equivalents of approximately HK\$8.9 million (31 December 2020: approximately HK\$19.6 million). The management will continue to follow a prudent treasury policy in managing its cash balance and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of growth opportunities of the business.

CAPITAL STRUCTURE

For the six months ended 30 June 2021, the capital structure of the Group consisted of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves. The Group had total bank borrowings of HK\$776,000 as at 30 June 2021 (31 December 2020: HK\$nil) which bore interest primarily at floating rates. The bank borrowings were primarily collateralised by its margin clients' securities pledged to the Group. As at 30 June 2021, unutilised banking facilities amounted to HK\$9.2 million (31 December 2020: HK\$nil). As at 30 June 2021, the share capital and equity attributable to the owners of the Company amounted to HK\$8.0 million and approximately HK\$21.0 million, respectively (31 December 2020: HK\$8.0 million and approximately HK\$31.7 million, respectively). For the licensed subsidiary, the Group ensures the subsidiary maintains a liquidity adequate to support the level of activities with a sufficient buffer to accommodate potential increases in the level of business activities. During the Period, licensed subsidiary has complied with the liquidity requirements under the Securities and Futures (Financial Resources) Rules ("FRR").

MANAGEMENT DISCUSSION AND ANALYSIS

(CONTINUED)

FOREIGN CURRENCY RISK EXPOSURE

The Group's transactions for the six months ended 30 June 2021 were denominated in Hong Kong dollar and United States dollar. As the Hong Kong dollar is pegged to the United States dollar, no significant exposure to the currency risk is expected by the management. As the management expected that the foreign currency risk is low, the Group currently does not have a foreign currency hedging policy.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

Save as disclosed in the section headed "Management Discussion and Analysis" in this report, the Group did not have other future plans for material investment or capital assets.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

During the six months ended 30 June 2021, the Group did not have any significant investment, material acquisition and disposal of subsidiaries.

CONTINGENT LIABILITIES

As at 30 June 2021, the Group did not have any significant contingent liabilities (31 December 2020: HK\$nil).

MANAGEMENT DISCUSSION AND ANALYSIS

(CONTINUED)

USE OF PROCEEDS

The net proceeds from the issue of new shares of the Company through the share offering of 200,000,000 ordinary shares of HK\$0.01 each in share capital of the Company at the price of HK\$0.40 per share (the “**Share Offer**”), after deducting all listing expenses in connection therewith, were approximately HK\$46.5 million. The utilization of net proceeds as at 30 June 2021 is set out below:

Use of net proceeds	Total planned amount to be used HK\$ million	Actual amount utilised up to 30 June 2021 HK\$ million	Actual balance as at 30 June 2021 HK\$ million
Strengthen the Group’s position in the futures market by enhancing the marketing resources in the PRC	20.7	20.7 (Note 1)	–
Establish and commence the stock and stock options business	13.2	13.2 (Note 2)	–
Enhance the IT capability of the Group	6.8	3.5	3.3
Expand the manpower for providing more customised client services and to strengthen the compliance and operational and accounting capabilities	5.8	2.0	3.8
	46.5	39.4	7.1

MANAGEMENT DISCUSSION AND ANALYSIS

(CONTINUED)

Notes:

1. Includes HK\$3.0 million deposit paid to vendor on the IT infrastructure, rental deposits, setup fee and other miscellaneous expenses in Qianhai office.
2. Includes HK\$9.0 million working capital for providing securities margin financing to the customers.

The Company has opened and maintained separate bank accounts in a licensed bank in Hong Kong designated for proceeds from the Share Offer. All unutilised balances have been placed in a designated bank account in the licensed bank in Hong Kong.

OTHER INFORMATION

DIVIDENDS

The Board of Directors did not declare the payment of dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: HK\$nil per share).

EVENT AFTER THE REPORTING PERIOD

After the reporting period and up to the date of this report, there was no significant event relevant to the business or financial performance of the Group that come to the attention of the Directors.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2021, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which were required (i) 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 which they were taken or deemed to have under such provisions of the SFO); or (ii) to be entered into the register required to be kept therein, pursuant to Section 352 of the SFO; or (iii) to be notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules relating to the required standard of dealings by Directors were as follows:

Long Position in the Shares of the Company

Name of Directors	Capacity/ Nature of interest	Number of shares held	Approximate percentage of issued share capital of the Company
Mr. Poon Kwok Wah Allan (Notes 3 and 4)	Beneficial owner; interest held jointly with another person	559,504,000 (L)	69.94%

OTHER INFORMATION (CONTINUED)

Notes:

1. The letter "L" denotes long position of shares.
2. The total number of the issued shares of the Company as at the date of this report was 800,000,000.
3. On 27 October 2017, Mr. Poon Kwok Wah Allan and Mr. Chan Ying Leung (the "**Controlling Shareholders**") entered into the Concert Parties Confirmatory Deed to acknowledge and confirm, amongst other things, that they are parties acting in concert in respect of each of the members of the Company. As such, pursuant to the parties acting in concert arrangement, each of the Controlling Shareholders is deemed to be interested in 69.94% of the issued share capital of the Company.
4. 559,504,000 shares in which Mr. Poon Kwok Wah Allan is interested consist of (i) 271,504,060 shares held by him; and (ii) 287,999,940 shares in which Mr. Chan Ying Leung is deemed to be interested as a result of being a party acting-in-concert with Mr. Poon Kwok Wah Allan.

Save as disclosed above, as at 30 June 2021, none of the Directors and chief executive of the Company has any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (i) 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/or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) to be entered into the register required to be kept therein, pursuant to Section 352 of the SFO; or (iii) to be notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules relating to the required standard of dealings by directors.

OTHER INFORMATION (CONTINUED)

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as known to the Directors, as at 30 June 2021, the following persons had or were deemed to have interests in shares or underlying shares which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the GEM Listing Rules.

Long Position in the Shares and underlying Shares of the Company

Name of shareholders	Capacity/ Nature of interest	Number of shares held	Approximate percentage of issued share capital of the Company
Mr. Poon Kwok Wah Allan (Notes 3 and 4)	Beneficial owner; interest held jointly with another person	559,504,000 (L)	69.94%
Mr. Chan Ying Leung (Notes 3 and 5)	Beneficial owner; interest held jointly with another person	559,504,000 (L)	69.94%

Notes:

1. The letter "L" denotes long position of shares.
2. The total number of the issued shares of the Company as at the date of this report was 800,000,000.
3. On 27 October 2017, the Controlling Shareholders entered into the Concert Parties Confirmatory Deed to acknowledge and confirm, amongst other things, that they are parties acting in concert in respect of each of the members of the Company. As such, pursuant to the parties acting in concert arrangement, each of the Controlling Shareholders is deemed to be interested in 69.94% of the issued share capital of the Company.

OTHER INFORMATION (CONTINUED)

4. 559,504,000 shares in which Mr. Poon Kwok Wah Allan is interested consist of (i) 271,504,060 shares held by him; and (ii) 287,999,940 shares in which Mr. Chan Ying Leung is deemed to be interested as a result of being a party acting-in-concert with Mr. Poon Kwok Wah Allan.
5. 559,504,000 shares in which Mr. Chan Ying Leung is interested consist of (i) 287,999,940 shares held by him; and (ii) 271,504,060 shares in which Mr. Poon Kwok Wah Allan is deemed to be interested as a result of being a party acting-in-concert with Mr. Chan Ying Leung.

Save as disclosed above, as at 30 June 2021, the Company has not been notified by any person (other than the Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the GEM Listing Rules.

SHARE OPTION SCHEME

The Company has adopted a share option scheme on 19 December 2017 (the “**Scheme**”) as approved by a written resolution of all shareholders of the Company passed on 19 December 2017. No share option has been granted under the Scheme since its adoption and up to the date of this interim report.

DIRECTORS’ RIGHT TO ACQUIRE SHARES OR DEBENTURES

Other than as disclosed in the paragraph headed “Share Option Scheme” in this report, at no time during the six months ended 30 June 2021 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or chief executive of the Company (including their spouses or children under 18 years of age) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

OTHER INFORMATION (CONTINUED)

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the six months ended 30 June 2021, none of the Directors or the Controlling Shareholders or their respective close associates (as defined in the GEM Listing Rules) of the Company had an interest in a business which competed with or might compete with the business of the Group.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving good corporate governance standards. The Board believes that good corporate governance standards are essential in providing a framework for the Group to safeguard the interests of the shareholders of the Company, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has applied the principles and practices as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 15 to the GEM Listing Rules and has adopted the CG Code as the code to govern the Company’s corporate governance practices.

During the six months ended 30 June 2021, the Company has complied with the applicable code provisions as set out in the CG Code except for the deviation from code provision A.2.1 which stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

OTHER INFORMATION (CONTINUED)

Mr. Poon Kwok Wah Allan is the Chairman and the Chief Executive Officer of the Company and is responsible for the overall strategic planning, business development and operational management of the Group. In view of Mr. Poon Kwok Wah Allan joined the Group in September 2000 as the general manager of Excalibur Global Financial Group Limited (駿溢環球金融集團有限公司), (formerly known as Home Great Investment Limited (亨偉投資有限公司), Excalibur Futures Limited (加利保期貨有限公司), and Excalibur Futures Limited (駿溢期貨有限公司)), the key operating subsidiary of the Company, the Board believes that it is in the best interest of the Group to have Mr. Poon Kwok Wah Allan to take up both roles for effective management and business development of the Group. Therefore, the Directors consider that the deviation from the code provision A.2.1 of the CG Code is appropriate in such circumstance.

The Company will periodically review and improve its corporate governance practices with reference to the latest development of corporate governance.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS

The Company has adopted the Required Standard of Dealings as the code for securities transactions by the Directors on the guidelines as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Further, the Company had made specific enquiry with all Directors and each of them has confirmed his/her compliance with the Required Standard of Dealings during the six months ended 30 June 2021.

The Company has also adopted written guidelines as the code for securities transactions by relevant employees of the Group who are likely to possess inside information in relation to the Company or its securities based on the Required Standard of Dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. No incidence of non-compliance of this code by the relevant employees was noted by the Company.

OTHER INFORMATION (CONTINUED)

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of listed securities of the Company by the Company or any of its subsidiaries during the six months ended 30 June 2021.

AUDIT COMMITTEE

The Company established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The primary duties of the Audit Committee are to review the Company’s annual report and accounts, interim report and quarterly reports and to provide advices and comments thereon to the Board. The Audit Committee will also be responsible for reviewing and supervising the Company’s financial reporting, risk management and internal control systems. The Audit Committee comprises three independent non-executive Directors, namely Mr. Chin Kam Cheung (chairman of the Audit Committee), Mr. Lam Ka Tai and Mr. Siu Miu Man, M.H.. Mr. Chin Kam Cheung possesses the appropriate professional accounting qualifications and related financial management expertise as required in Rule 5.05(2) of the GEM Listing Rules.

The Group’s unaudited results for the six months ended 30 June 2021 have been reviewed by the Audit Committee which was of the opinion that the preparation of such results complied with the applicable accounting standards, the GEM Listing Rules and legal requirements and that adequate disclosures have been made.

By order of the Board
Excalibur Global Financial Holdings Limited
Poon Kwok Wah Allan
Chairman

Hong Kong, 5 August 2021