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Excalibur Global Financial Holdings Limited

駿溢環球金融控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8350)

UPDATE ON BUSINESS PERFORMANCE

Reference is made to (i) annual reports of Excalibur Global Financial Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the years ended 31 December 2019 and 2020 (the 2019 Annual Report and the 2020 Annual Report); and (ii) interim results announcement for the six months ended 30 June 2021 (the 2021 Interim Results) published on 6 August 2021. The management would like to provide further information on the business performance of the Group.

DETERIORATION OF FINANCIAL PERFORMANCE AND THE VIEW FROM THE MANAGEMENT

As disclosed in our 2019 Annual Report, 2020 Annual Report, and 2021 Interim Results, our Group’s financial performance deteriorated as a result of a number of factors such as competition and quarantine arrangement from COVID-19. However, the management of the Group is still optimistic with the future of the Group and believe that it is merely an indication of a temporary downturn because:

- Hong Kong remains as the global financial center. According to the statistics issued by the Hong Kong Stock Exchange, the total contract volume of Futures and Options remained relatively stable from 2018 to 2021 (up to 30 September 2021). Therefore, this demonstrates that the market size for our business remains vigilant.
- New products continue to be launched in the Hong Kong market, such as MSCI China A 50 Connect Index Futures, which would further attract new investors to the market.
- We remain as one of the few brokers in Hong Kong with an emphasis on futures and options products across the global market. Given our long operating history since 1994, our operation know-how and brand image continue to provide us with operating premium over our competitors.

BUSINESS PLAN FOR NEXT 24 MONTHS

In light of the above, the Group has detailed out a business plan to improve our financial performance in the next 24 months.

1. Increase Revenue

We established a number of strategies below to increase our revenue in the coming 24 months.

a) Diversification of product base and service offerings

Our clients are increasingly looking for comprehensive product offering so that they can meet their entire investment needs on a one-stop platform. Historically, despite are we licensed to carry on Type 1 and Type 4 regulated activity with the Securities and Futures Commission (“SFC”) since 2013 and 2018, respectively, we have not promoted on securities trading and related advisory services. We expect to grow this line of business targeting at our existing client base initially. In the future, we also expect that combined together with our existing futures and options brokerage business, it will better enhance our product’s attractiveness for new clients.

In the first half of 2021, we expanded to provide IPO financing business. We are also expanding to provide securities margin financing businesses in the third quarter of 2021. We project to extend approximately HK\$20 million by the next 12 months to generate higher interest income which is more stable and recurring in nature.

b) Development of new distribution channels

We noted that across Hong Kong, more securities and future brokerage companies are looking to diversify their product base. For example, a number of online securities brokerage companies are starting to offer global futures trading business for their clients. However, the running cost of future brokerage business is relatively high, so they would choose to execute through other brokers instead of directly with the future exchanges in the market.

We are in discussion with a number of securities and future brokerage companies in Hong Kong to provide futures and option brokerage services. The operation model is proposed to be as follows:

- The licensed securities and futures broker (the “**Broker Client**”) would open an omnibus account with us and be our institution clients;
- Their retail clients would place order with Broker Client who would route its orders to us;
- We would provided IT support solutions to the Broker Client in setting up and running of futures related IT systems.

We expect to at least contract with one Broker Client in the coming quarter and is expected to increase our indirect client reach to its existing client base in a cost-efficient manner.

c) Establishment of new financing channels

In order to grow our margin financing business, we are discussing with a number of financial institutions to provide margin financing credit line. We have already obtained a credit financing line from a financial institution in the third quarter of 2021. We are in discussion to further increase this with a securities margin financing line.

2. Cost control

As disclosed in our audited financial statements for the year ended 31 December 2020, we incurred total expenses of approximately HK\$36.7 million. We identified a number of expenses which could be reduced. We expect our normalized annual expenses would be reduced by approximately HK\$22.7 million, or approximately 62%, to approximately HK\$14.0 million through relocation of office, controlling of expenses budgets.

The profit forecast of the Group up to 31 December 2021 is as follows:

	Year Ended 31-Dec-20 Audited HK\$'000	Six Months Ended 30-Jun-21 Unaudited HK\$'000	Three Months Ended 30-Sep-21 Unaudited⁽¹⁾ HK\$'000	Three Months Ending 31-Dec-21 Forecasted HK\$'000
Total Income	10,621	4,039	1,331	2,593
Total Expenses	36,800	15,800	5,000	5,100
Operating loss before interest and tax	(26,179)	(11,761)	(3,669)	(2,507)

Note 1) The Company is in the process of finalising the quarterly results of the Group for the nine months ended 30 September 2021. The information contained in this announcement is only based on the information currently available to the Board, including the preliminary assessment by the Board of the unaudited consolidated financial information of the Group for nine months ended 30 September 2021, which has not been audited or reviewed by the independent auditors and the audit committee of the Company. Details of the quarterly results of the Group for the nine months ended 30 September 2021 is expected to be announced before 14 November 2021.

The Board will strive to improve the Group's financial performance and to recover from the downturn of business. We shall make announcement(s) to provide update to the Group's business development when appropriate.

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

Hong Kong, 25 October 2021

As at the date of this announcement, the executive directors of the Company are Mr. Poon Kwok Wah Allan, Ms. Lee Mei Chun and Ms. Choi Ching Jennifer; and the independent non-executive directors of the Company are Mr. Chin Kam Cheung, Mr. Siu Miu Man, M.H. and Mr. Lam Ka Tai.

This announcement, for which the directors of 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 for the purpose of giving information with regard to the Company. The directors of the Company, 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 “Latest Listed Company Information” page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication and on the website of the Company at www.excalibur.com.hk.