



Excalibur Global Financial Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8350



2022
INTERIM REPORT

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.

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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.



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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
Certified Public Accountants
Registered Public Interest Entity Auditors
8/F Catic Plaza
8 Causeway Road
Causeway Bay
Hong Kong

REGISTERED OFFICE

PO Box 1350, Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

CORPORATE INFORMATION (CONTINUED)

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 3711
37/F, West Tower
Shun Tak Centre
168-200 Connaught Road Central
Sheung Wan
Hong Kong
Tel: (852) 2526-0388
Fax: (852) 2526-0618

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
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong
Tel: (852) 2980-1333
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 2022

	Notes	Three months ended 30 June		Six months ended 30 June	
		2022	2021	2022	2021
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Revenue	5	1,678	1,964	3,241	4,013
Other income and net gain	6	225	15	205	109
Salaries and other benefits	7(a)	(1,492)	(2,532)	(3,017)	(4,764)
Other operating and administrative expenses	7(b)	(2,350)	(4,144)	(6,423)	(11,190)
Finance costs	7(c)	(726)	(202)	(962)	(426)
Loss before tax	7	(2,665)	(4,899)	(6,956)	(12,258)
Income tax credit	8	377	704	934	1,608
Loss for the period and total comprehensive loss for the period		(2,288)	(4,195)	(6,022)	(10,650)
Attributable to:					
Equity shareholders of the Company		(2,288)	(4,195)	(6,022)	(10,650)
Total comprehensive loss for the period		(2,288)	(4,195)	(6,022)	(10,650)
Losses per share					
Basic and diluted (cents)	9	(0.29)	(0.52)	(0.75)	(1.33)

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 27 form part of these financial statements.

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	At 30 June 2022 HK\$'000 (Unaudited)	At 31 December 2021 HK\$'000 (Audited)
Non-current assets			
Property and equipment	10	348	393
Right-of-use assets	10	1,587	2,807
Intangible assets	11	526	526
Statutory deposits	12	5,038	5,032
Deferred tax assets		8,530	7,595
		16,029	16,353
Current assets			
Accounts receivable arising from ordinary course of business	13	17,343	22,970
Other assets	14	606	1,947
Loan receivables		31,142	–
Cash and cash equivalents	15(a)	8,340	5,637
		57,431	30,554
Current liabilities			
Accounts payable arising from ordinary course of business	16	12,709	18,992
Other payables and accruals	17	1,344	1,430
Lease liabilities		1,791	1,953
		15,844	22,375
Net current assets		41,587	8,179
Total assets less current liabilities		57,616	24,532
Non-current liabilities			
Lease liabilities		2,754	3,648
Bank borrowing	18	9,400	9,400
Notes payables	19	40,000	–
		52,154	13,048
NET ASSETS		5,462	11,484

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2022

	Notes	At 30 June 2022 HK\$'000 (Unaudited)	At 31 December 2021 HK\$'000 (Audited)
CAPITAL AND RESERVES			
Share capital	20(b)	8,000	8,000
Share premium		68,009	68,009
Accumulated losses	20(c)	(67,748)	(61,726)
Other reserves	20(d)	(2,799)	(2,799)
TOTAL EQUITY		5,462	11,484

Approved and authorised for issue by the board of directors on 5 August 2022.

Poon Kwok Wah Allan

Choi Ching Jennifer

Directors

The notes on pages 10 to 27 form part of these financial statements.

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

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 and 1 July 2021 (Unaudited)	8,000	68,009	(52,209)	(2,799)	21,001
Changes in equity for the six months ended 31 December 2021:					
Loss and total comprehensive loss for the period	-	-	(9,517)	-	(9,517)
Balance at 31 December 2021 (Audited)	8,000	68,009	(61,726)	(2,799)	11,484

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2022

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 2022 (Audited)	8,000	68,009	(61,726)	(2,799)	11,484
Changes in equity for the six months ended 30 June 2022:					
Loss and total comprehensive loss for the period	-	-	(6,022)	-	(6,022)
Balance at 30 June 2022 (Unaudited)	8,000	68,009	(67,748)	(2,799)	5,462

The notes on pages 10 to 27 form part of these financial statements.

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Operating activities			
Cash used in operations	15(b)	(35,554)	(8,904)
Income tax paid		–	–
Net cash used in operating activities		(35,554)	(8,904)
Investing activities			
Disposal of financial assets at fair value through profit or loss		–	14
Purchases of property and equipment		(37)	(109)
Net cash used in investing activities		(37)	(95)
Financing activities			
Net proceeds from bank loans		–	776
Net proceeds from notes payables		40,000	–
Lease rentals paid		(1,286)	(2,216)
Interest paid		(233)	(3)
Net cash generated from (used in) financing activities		38,481	(1,443)
Net increase (decrease) in cash and cash equivalents		2,890	(10,442)
Cash and cash equivalents at 1 January		5,637	19,559
Effects of foreign exchange rate changes		(187)	(254)
Cash and cash equivalents at 30 June	15(a)	8,340	8,863

The notes on pages 10 to 27 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 2022.

The unaudited interim financial statements has been prepared in accordance with the same accounting policies adopted in the 2021 annual consolidated financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 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 2021 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 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

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.

4 SEGMENT REPORTING

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management, being the chief operating decision maker, for the purposes of resource allocation and performance assessment, the Group has presented the following four reportable segments. No operating segments have been aggregated to form any of the following reportable segments.

Brokerage and margin financing	–	Provision of brokerage services and securities and initial public offering financing service
Money lending	–	Provision of money lending service

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

4 SEGMENT REPORTING (continued)

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the revenue, results, assets and liabilities attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation of assets attributable to those segments.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the profit earned or the loss incurred by each segment without allocation of corporate income and central administrative costs. This is the measure reported to the chief operating decision-maker for the purpose of resources allocation and performance assessment.

No segment assets and liabilities are presented as the information is not regularly reported to the chief operating decision maker for the purpose of resource allocation and assessment of performance.

(a) Business segments

For the six months ended 30 June 2022 (unaudited)

	Brokerage and margin financing HK\$'000	Money lending HK\$'000	Total HK\$'000
Segment revenue ¹	2,109	1,132	3,241
Segment results ²	316	883	1,199

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

4 SEGMENT REPORTING (continued)

(a) Business segments (continued)

For the six months ended 30 June 2021 (unaudited)

	Brokerage and margin financing HK\$'000	Money lending HK\$'000	Total HK\$'000
Segment revenue ¹	4,013	–	4,013
Segment results ²	(2,532)	–	(2,532)

Notes:

- 1 Segment revenue reported above represents revenue generated from external customers. There were no material inter-segment sales for both periods.
- 2 The accounting policies of the operating segments are same as the Group's accounting policies described in Note 2 to the unaudited interim financial statements.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

4 SEGMENT REPORTING (continued)

(b) Reconciliation of reportable business segments

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Reportable segment profit (loss)	1,199	(2,532)
Unallocated other income and net gain	205	109
Unallocated salaries and other benefits	(2,205)	(3,285)
Unallocated other operating and administrative expenses	(5,193)	(6,124)
Unallocated finance costs	(962)	(426)
Loss before tax	(6,956)	(12,258)

(c) Geographical segment information

All of the revenue from external customers of the Group are derived from activities or located in Hong Kong. Accordingly, no geographical information is presented.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

4 SEGMENT REPORTING (continued)

(d) Information about major customers

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Customer A ¹	N/A ²	669
Customer B ¹	N/A ²	567
Customer C ¹	N/A ²	448

Notes:

- 1 Revenue from provision of brokerage service.
- 2 The corresponding revenue did not contribute over 10% of the total revenue of the Group.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

5 REVENUE

The principal activities of the Group are (i) futures and options, stock options and securities broking and margin financing business and (ii) money lending business.

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

	Three months ended 30 June		Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Brokerage commission income derived from:				
Futures and options trading business				
– Hong Kong market	496	686	1,161	1,689
– Overseas markets	165	1,184	494	2,092
Stock options trading business	64	41	158	102
Securities trading business	38	23	72	74
Interest income derived from margin financing	114	26	224	52
Interest income derived from IPO financing	–	4	–	4
Interest income derived from money lending business	801	–	1,132	–
	1,678	1,964	3,241	4,013

6 OTHER INCOME AND NET GAIN

	Three months ended 30 June		Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Exchange loss, net	(28)	(54)	(70)	(56)
(Loss)/gain on changes in fair value of financial assets at fair value through profit or loss	–	(2)	–	4
Government grants	192	60	192	60
Sundry income	61	11	83	101
	225	15	205	109

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

7 LOSS BEFORE TAX

Loss before tax is arrived at after charging:

	Three months ended 30 June		Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
(a) Staff costs				
Directors' fee	285	335	570	650
Salaries, allowances and benefits in kind	1,147	2,118	2,333	3,952
Retirement scheme contributions	60	79	114	162
	1,492	2,532	3,017	4,764
(b) Other operating and administrative expenses				
IT and communication expenses	923	939	1,745	1,760
Marketing expenses	3	340	4	3,038
Legal and professional fees	242	591	539	1,529
Depreciation of right-of-use assets	457	965	1,220	1,930
Short-term operating lease expense in respect of rented premises	85	129	227	261
Commission expenses	197	520	510	978
Auditors' remuneration	137	202	242	217
Depreciation of property and equipment	36	128	81	270
Relocation costs for office	–	–	789	–
Notes issuance costs	–	–	400	–
Other expenses	270	330	666	1,207
	2,350	4,144	6,423	11,190
(c) Finance costs				
Finance costs on				
– Lease liabilities	120	199	229	423
– Bank loan	106	–	233	–
– Notes payables	500	–	500	–
– Bank loans for IPO financing	–	3	–	3
	726	202	962	426

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

8 INCOME TAX CREDIT

	Three months ended		Six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Deferred tax movement				
Tax losses	377	704	934	1,608
Total income tax credit	377	704	934	1,608

9 LOSSES PER SHARE

The calculation of the basic losses per share for the three months and the six months ended 30 June 2022 is based on the losses for the period attributable to ordinary equity shareholders of the Company of HK\$2,288,000 and HK\$6,022,000, 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 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.

No potential ordinary shares in issue during the three months and six months ended 30 June 2022 and 2021, so no adjustment has been made to basic losses per share amounts.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

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

During the current interim period, the Group acquired property and equipment amounted HK\$37,000 (six months ended 30 June 2021: HK\$109,000).

During the current interim period, no additions to the right-of-use assets were recorded (six months ended 30 June 2021: HK\$nil).

11 INTANGIBLE ASSETS

	At 30 June 2022 HK\$'000 (Unaudited)	At 31 December 2021 HK\$'000 (Audited)
Hong Kong Futures Exchange ("HKFE") trading right	245	245
The Stock Exchange trading right	281	281
	526	526

12 STATUTORY DEPOSITS

	At 30 June 2022 HK\$'000 (Unaudited)	At 31 December 2021 HK\$'000 (Audited)
Deposits with		
– HKFE Clearing Corporation Limited	3,500	3,500
– SEHK Options Clearing House Limited ("SEOCH")	1,538	1,532
	5,038	5,032

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

13 ACCOUNTS RECEIVABLE ARISING FROM ORDINARY COURSE OF BUSINESS

	At 30 June 2022 HK\$'000 (Unaudited)	At 31 December 2021 HK\$'000 (Audited)
Accounts receivable		
– Cash clients	754	1,735
– Clearing houses	6,451	8,595
– Overseas brokers	5,489	8,217
– Margin clients	4,649	4,423
	17,343	22,970

Aging analysis

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

	At 30 June 2022 HK\$'000 (Unaudited)	At 31 December 2021 HK\$'000 (Audited)
Current (not past due)	17,343	22,970

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

14 OTHER ASSETS

	At 30 June 2022 HK\$'000 (Unaudited)	At 31 December 2021 HK\$'000 (Audited)
Prepayments	141	321
Rental and other deposits	465	1,626
	606	1,947

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.

15 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	At 30 June 2022 HK\$'000 (Unaudited)	At 31 December 2021 HK\$'000 (Audited)
Cash at banks and on hand	8,340	5,637

The Group maintains segregated accounts with authorised institutions as a result of its normal business transactions. At 30 June 2022, segregated accounts not otherwise dealt with in these accounts amounted to HK\$33,143,000 (31 December 2021: HK\$35,649,000).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

15 CASH AND CASH EQUIVALENTS (continued)

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

	Notes	Six months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Operating activities			
Loss before tax		(6,956)	(12,258)
Adjustments for:			
Finance costs	7(c)	962	426
Gain on changes in fair value of financial assets at fair value through profit or loss	6	–	(4)
Depreciation of property and equipment	7(b)	81	270
Depreciation of right-of-use assets	7(b)	1,220	1,930
Unrealised foreign exchange loss	6	70	56
Operating cash flows before movements in working capital		(4,623)	(9,580)
(Increase) decrease in statutory deposits		(6)	1,983
Decrease in accounts receivable arising from ordinary course of business		5,526	6,362
Decrease in other assets		1,341	149
Increase of loan receivables		(31,142)	–
Decrease in accounts payable arising from ordinary course of business		(6,064)	(7,410)
Decrease in other payables and accruals		(586)	(408)
Cash used in operations		(35,554)	(8,904)
Income tax paid		–	–
Net cash used in operating activities		(35,554)	(8,904)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

16 ACCOUNTS PAYABLE ARISING FROM ORDINARY COURSE OF BUSINESS

	At 30 June 2022 HK\$'000 (Unaudited)	At 31 December 2021 HK\$'000 (Audited)
Accounts payable		
– Clearing houses	1,787	1,731
– Cash clients	10,922	17,261
	12,709	18,992

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 SEOCH and securities on SEHK.

All of the accounts payable are repayable on demand.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

17 OTHER PAYABLES AND ACCRUALS

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

18 BANK BORROWING

	At 30 June 2022 HK\$'000 (Unaudited)	At 31 December 2021 HK\$'000 (Audited)
Secured loan		
– Bank borrowing	9,400	9,400

The bank borrowing bears interest at 6% per annum and is repayable on 15 August 2023. It is denominated in HK\$.

As at 30 June 2022, the bank borrowing was secured by i) a promissory note undersigned by the Group in the amount of HK\$11,000,000; ii) personal guarantee by one of the Directors, Ms. Choi Ching, Jennifer (“**Ms. Choi**”); and iii) securities account which held by a related company, in which the shareholder is Ms. Choi. The marketing value of the pledged securities account should not less than HK\$10.5 million throughout the continuance of the bank borrowing and/or as long as the bank borrowing is outstanding. The Group has complied with this financial covenant throughout the reporting period.

As at 30 June 2022, the Company has available undrawn borrowing facilities of HK\$600,000.

19 NOTES PAYABLES

	At 30 June 2022 HK\$'000 (Unaudited)	At 31 December 2021 HK\$'000 (Audited)
Notes payables	40,000	–

The notes payables bear interest at 3% per annum and are repayable on 31 January 2025. It is denominated in HK\$.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

20 SHARE CAPITAL AND RESERVES

(a) Authorised share capital

The authorised ordinary share capital of the Company at 30 June 2022 and 31 December 2021 was HK\$100,000,000 divided into 10,000,000,000 ordinary shares of HK\$0.01 each.

(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 2021, 31 December 2021, 1 January 2022 and 30 June 2022	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)

21 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

During the six months ended 30 June 2022, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (six months ended 30 June 2021: 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)

22 MATERIAL RELATED PARTY TRANSACTIONS

Directors' remuneration are as follows:

	Six months ended	
	30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Directors' fees	570	650
Salaries, allowances and benefits in kind	438	798
Retirement scheme contributions	34	44
	1,042	1,492

23 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 30 June 2022, the directors consider the ultimate controlling shareholders of the Company to be Mr. Poon Kwok Wah Allan and Mr. Chan Ying Leung.

24 NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

There are no event 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 19.2% from approximately HK\$4.0 million for the six months ended 30 June 2021 to approximately HK\$3.2 million for the six months ended 30 June 2022 (the "**Period**"). Such drop in revenue was contributed by sharp decrease of brokerage fee from futures and options trading business, and offset by interest income derived from money lending business newly established during the Period. The brokerage fee from futures and options trading from Hong Kong market and overseas markets decreased by approximately 31.2% and approximately 76.4% respectively. In 2022, the continuation of compulsory quarantine arrangement for the non-Hong Kong residents was still the biggest hurdle for the potential customers from the People's Republic of China (the "**PRC**") to set up their trading accounts. Besides, increasing volatility in both equity and commodity markets discouraged the customers to enter into the markets. In the Period, the Group has successfully placed of HK\$40 million notes and the Group could use the proceeds to commence and finance the money lending business. In the Period, the Group recognised approximately HK\$1.1 million of interest income from the money lending business, representing approximately 34.9% of the total revenue of the Group.

During the Period, the Group recorded other income and net gain amounted to approximately HK\$205,000, compared to other income and net gain of approximately HK\$109,000 during the six months ended 30 June 2021. Such increase in other income and net gain as there was increase of subsidies from the Government of the Hong Kong Special Administrative Region (the "**Government of HKSAR**") of approximately HK\$132,000 during the Period.

Salaries and other benefits expenses decreased from approximately HK\$4.8 million for the six months ended 30 June 2021 to approximately HK\$3.0 million for the Period. Such decrease in salaries and related expenses as the Group dismissed several staff in the second half of 2021.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Other operating and administrative expenses increased from approximately HK\$11.2 million for the six months ended 30 June 2021 to approximately HK\$6.4 million for the Period, which was mainly due to decrease in marketing expenses by HK\$3.0 million as most of the marketing activities in the PRC were halted in 2022.

As a result of the foregoing, the Group recorded a net loss for the Period of approximately HK\$6.0 million, as compared to a net loss of approximately HK\$10.7 million for the corresponding period in 2021.

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 Group newly entered into money lending business in the Period.

The brokerage fees from the PRC clients are used to contribute significant portion to the total revenue for the Group. However, given the number of infected cases of COVID-19 in Hong Kong are still high, the management of the Group believe that compulsory quarantine arrangements imposed by the Government of the HKSAR would not be lifted in the near future. The Group has detailed plans to improve business performance of the Group in last year and being implemented in 2022.

As discussed in the announcement dated 25 October 2021, the Group was in discussion with securities and future brokerage companies in Hong Kong (the “**Broker Client**”) and the Group has contracted with one of the Broker Clients in 2022. During the Period, the Group worked with the Broker Client on the connectivity. It is expected that network configuration will be completed by third quarter of 2022 and the Broker Client will then channel all Hong Kong and global futures dealing through the Group. The management expected that it could boost the brokerage income generated by the Group.

Besides, the Group has launched money lending business in early 2022 after placing HK\$40 million notes and it helps the Group to diversify the revenue stream of the Group beyond brokerage fee income which depends on market performance.



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, bank borrowings and notes payables. The Group recorded net current assets and working capital of approximately HK\$41.6 million as at 30 June 2022, compared to approximately HK\$8.2 million as at 31 December 2021. Such significant increase was mainly due to the issuance of long-term notes during the Period, offset by loss recognised during the Period. As at 30 June 2022, the Group had cash and cash equivalents of approximately HK\$8.3 million (31 December 2021: approximately HK\$5.6 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

The Group's operations were financed by shareholders' equity, bank borrowings and the notes payables.

The Group had bank borrowings of HK\$9.6 million as at 30 June 2022 (31 December 2021: HK\$9.6 million) which bore fixed interest rate and payable beyond one year from the end of the Period. The Group also had notes payables of HK\$40.0 million as at 30 June 2022 (31 December 2021: HK\$nil) which bore fixed interest rate and payable beyond one year from the end of the Period.

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 2022 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 2022, the Group did not have any significant investment, material acquisition and disposal of subsidiaries.

CONTINGENT LIABILITIES

As at 30 June 2022, the Group did not have any significant contingent liabilities (31 December 2021: 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 2022 is set out below:

Use of net proceeds	Total planned amount to be used HK\$ million	Actual amount utilised up to 30 June 2022 HK\$ million	Actual balance as at 30 June 2022 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	6.8	–
Expand the manpower for providing more customised client services and to strengthen the compliance and operational and accounting capabilities	5.8	5.8	–
	46.5	46.5	–

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.



OTHER INFORMATION

DIVIDENDS

The Board of Directors did not declare the payment of dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: 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 2022, 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 2022, 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 2022, 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 2022, 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 2022 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 2022, 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 2022, the Company has complied with the applicable code provisions as set out in the CG Code except for the deviation from code provision C.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 C.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 2022.

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 2022.

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 D.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 2022 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 2022