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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)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

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.

*This announcement, 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 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.*

HIGHLIGHTS OF 2022 ANNUAL RESULTS

- The Group has recorded a slight increase in revenue of approximately 6.4% from approximately HK\$6.6 million for the year ended 31 December 2021 to approximately HK\$7.0 million for the year ended 31 December 2022. Such increment was mainly contributed by the newly formed money lending business, which generated approximately HK\$2.9 million of interest income during the year ended 31 December 2022.
- Loss for the year ended 31 December 2022 was approximately HK\$12.7 million, as compared to the loss of approximately HK\$20.2 million for year ended 31 December 2021. Such decrease in loss for the Group was mainly due to decrease in other operating and administrative expenses and staff costs by approximately HK\$7.8 million and HK\$1.4 million respectively after several cost-cutting measures implemented by the Group in 2022; which was partly offset by decrease of income tax credit by approximately HK\$1.3 million in year ended 31 December 2022 compared to last year.
- The basic loss per share was approximately HK1.59 cents for the year ended 31 December 2022, while the basic loss per share was approximately HK2.52 cents for the year ended 31 December 2021.
- The Board of Directors does not recommend the payment of final dividend for the year ended 31 December 2022 (final dividend for the year ended 31 December 2021: Nil).

The board of Directors (the “**Board**”) of the Company is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2022, together with the comparative audited figures for the corresponding period in 2021, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	5		
Contracts with customers		3,639	6,416
Interest under effective interest method		3,383	187
		<u>7,022</u>	<u>6,603</u>
Other income, net	6a	773	318
Impairment losses	6b	(3,813)	(3,573)
Salaries and other benefits		(6,125)	(7,574)
Other operating and administrative expenses		(10,160)	(17,927)
Finance costs	7	(2,081)	(916)
Loss before tax		(14,384)	(23,069)
Income tax credit	8	1,644	2,902
Loss and total comprehensive expense attributable to owners of the Company for the year	9	<u>(12,740)</u>	<u>(20,167)</u>
Loss per share	11		
Basic (cents)		(1.59)	(2.52)
Diluted (cents)		N/A	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	Notes	2022 HK\$'000	2021 HK\$'000
Non-current assets			
Property and equipment		–	393
Right-of-use assets		174	2,807
Intangible assets		–	526
Statutory deposits		5,042	5,032
Deferred tax assets		9,406	7,595
Loan and interest receivables	13	1,550	–
		<u>16,172</u>	<u>16,353</u>
Current assets			
Accounts receivables arising from ordinary course of business	12	16,766	22,970
Prepayments and other receivables		1,070	1,947
Loan and interest receivables	13	26,263	–
Cash and cash equivalents		5,861	5,637
		<u>49,960</u>	<u>30,554</u>
Current liabilities			
Accounts payables arising from ordinary course of business	14	11,834	18,992
Other payables and accruals		2,036	1,430
Lease liabilities		1,937	1,953
Bank borrowing		9,400	–
Tax payables		167	–
		<u>25,374</u>	<u>22,375</u>
Net current assets		<u>24,586</u>	<u>8,179</u>
Total assets less current liabilities		<u>40,758</u>	<u>24,532</u>
Non-current liabilities			
Lease liabilities		2,014	3,648
Bank borrowing		–	9,400
Notes payables	15	40,000	–
		<u>42,014</u>	<u>13,048</u>
NET (LIABILITIES) ASSETS		<u>(1,256)</u>	<u>11,484</u>
Capital and reserves			
Share capital		8,000	8,000
Reserves		(9,256)	3,484
TOTAL (DEFICIT) EQUITY		<u>(1,256)</u>	<u>11,484</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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 former executive Director of the Company.

The Group mainly provides brokerage services for futures, securities and options traded on the exchanges in Hong Kong, the United States, Japan, Singapore and the United Kingdom. The Group also provides margin financing business for the year. During the year ended 31 December 2022, the Group commenced the money lending business in Hong Kong.

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

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2022 for the preparation of the 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

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.1 Impacts on application of Amendments to HKFRS 3 *Reference to the Conceptual Framework*

The Group has applied the amendments to business combinations for which the acquisition date was on or after 1 January 2022. The amendments update a reference in HKFRS 3 *Business Combinations* so that it refers to the *Conceptual Framework for Financial Reporting 2018* issued in June 2018 (the “**Conceptual Framework**”) instead of *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting 2010* issued in October 2010), add a requirement that, for transactions and events within the scope of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or HK(IFRIC)-Int 21 *Levies*, an acquirer applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination and add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The application of the amendments in the current year has had no impact on the Group’s consolidated financial statements.

2.2 Impacts on application of Amendments to HKFRSs *Annual Improvements to HKFRSs 2018 – 2020*

The Group has applied the amendments for the first time in the current year. The annual improvements make amendments to the following standards:

HKFRS 9 Financial Instruments

The amendment clarifies that for the purpose of assessing whether modification of terms of original financial liability constitutes substantial modification under the “**10 per cent**” test, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other’s behalf.

In accordance with the transitional provisions, the Group applies the amendment to financial liabilities that are modified or exchanged as at the date of initial application, 1 January 2022.

HKFRS 16 Leases

The amendment to Illustrative Example 13 accompanying HKFRS 16 removes from the example the illustration of reimbursement relating to leasehold improvements by the lessor in order to remove any potential confusion.

The application of the amendments in the current year has had no impact on the Group’s consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 1	Non-current Liabilities with Covenants (2022) ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or after 1 January 2024.

Except for the new and amendments to HKFRSs mentioned in the consolidated financial statements, the Directors anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by the primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and by the Hong Kong Companies Ordinance (“**CO**”).

As stated in the consolidated financial statements, the Group reported a net loss attributable to the owners of the Company of approximately HK\$12,740,000 and had approximately HK\$36,770,000 net cash used in operating activities for the year ended 31 December 2022. In addition, the Group had net liabilities of approximately HK\$1,256,000 as at 31 December 2022. As at the same date, the Group’s total borrowings amounted to approximately HK\$49,400,000, while its cash and cash equivalents amounted to approximately HK\$5,861,000 only. Notwithstanding the above, the consolidated financial statements have been prepared on a going concern basis as the Directors have given careful consideration to the impact of the current and anticipated future liquidity of the Group and are satisfied that:

- (1) The Group will continue to explore other business opportunities in the coming year, for example, acting as placing agents and looking for other institutional clients as our distribution channels for Hong Kong and global futures products. In 2023, after the border between Hong Kong and the People’s Republic of China (the “**PRC**”) was reopened, potential customers from the PRC could finally come to Hong Kong in person and open trading accounts with the Group. The management expected that the business performance of the Group will improve in 2023.
- (2) The Directors will negotiate with the bank to extend the loan facility in order to maintain stable resource available for the sustainable operation of the Group. Ms. Choi Ching Jennifer (“**Ms. Choi**”) is willing to undertake the loan facility by pledging the stock in her securities account that is held under her related company.
- (3) The Group has been actively monitoring its loan and interest receivables to ensure their collectability upon their maturity. The Group will retain sufficient fund within the Group in order to alleviate the Group’s liquidity pressure.

Through continuing the abovementioned business strategies, the Directors believe that the Group would be able to meet its financial obligations and fulfill its operational needs while obtaining additional financing resources in pursuing other businesses.

Accordingly, the Directors are of the opinion that it is appropriate to prepare these consolidated financial statements for the year ended 31 December 2022 on a going concern basis. The consolidated financial statements do not provide for further liabilities which might arise, and do not include any adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

4. SEGMENT REPORTING

Information reported to the Board, being the chief operating decision maker (“**CODM**”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

For the year ended 31 December 2021, the Group's reportable and operating segment under HKFRS 8 *Operating Segments* is provision of brokerage services for futures, securities and options traded on the exchange in Hong Kong, the United States, Japan, Singapore and the United Kingdom and margin financing. Since this was the only reportable and operating segment of the Group, no segment information in relation to the revenue and results, assets and liabilities and other information was presented for the year ended 31 December 2021.

During the year ended 31 December 2022, the Group commenced the business engaging in money lending business in Hong Kong and it is considered as a new operating and reportable segment by the CODM.

No operating segments have been aggregated in arriving at the reportable segments of the Group. Specifically, the Group's reportable segments under HKFRS 8 *Operating Segments* are as follows:

- a. Brokerage services and margin financing – Provision of brokerage services and margin financing
- b. Money lending – Provision of money lending service

Segment revenue and results

For the year ended 31 December 2022

	Brokerage services and margin financing HK\$'000	Money lending HK\$'000	Total HK\$'000
Segment revenue	<u>4,102</u>	<u>2,920</u>	<u>7,022</u>
Segment results	<u><u>(4,703)</u></u>	<u><u>(161)</u></u>	<u>(4,864)</u>
Unallocated corporate income			773
Unallocated corporate expenses			<u>(10,293)</u>
Loss before tax			<u><u>(14,384)</u></u>

5. REVENUE

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

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Brokerage commission income derived from:		
Futures and options trading business		
– Hong Kong market	1,945	2,989
– Overseas markets	1,043	3,028
Stock options trading business	282	234
Securities trading business	369	165
	<hr/>	<hr/>
Revenue from contracts with customers	3,639	6,416
	<hr/>	<hr/>
Interest income under effective interest method derived from:		
– Margin financing	463	187
– Money lending business	2,920	–
	<hr/>	<hr/>
	3,383	187
	<hr/>	<hr/>
Total revenue	<u>7,022</u>	<u>6,603</u>

Performance obligations for contracts with customers

Brokerage services

The Group provides brokerage services to customers on futures and options, stock options and securities trading. Commission income is recognised at a point in time on the execution date of the trades at a certain percentage of the transaction value of the trades executed.

6a. OTHER INCOME, NET

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest income	28	–
Exchange loss, net	(74)	(118)
Government grants (<i>Note</i>)	360	118
Gain from changes in fair value of financial assets at fair value through profit or loss	–	4
Account maintenance fee income	56	100
Sundry income	403	20
Gain on lease modification	–	194
	<u>773</u>	<u>318</u>

Note:

During the year ended 31 December 2022, the Group recognised government grants of HK\$360,000 in respect of COVID-19-related subsidies, related to Employment Support Scheme under the Anti-epidemic Fund provided by the Government of Hong Kong Special Administrative Region (“**HKSAR**”).

During the year ended 31 December 2021, the Group recognised government grants of approximately HK\$118,000 in respect of COVID-19-related subsidies, of which approximately HK\$95,000 and HK\$23,000 related to FinTech Anti-epidemic Scheme for Talent Development and Distance Business Programme under the Anti-epidemic Fund respectively provided by the Government of HKSAR.

6b. IMPAIRMENT LOSSES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Impairment losses recognised on:		
– Property and equipment	276	377
– Right-of-use assets	1,570	2,692
– Intangible assets	526	504
	<u>2,372</u>	<u>3,573</u>
Impairment losses under expected credit loss (“ ECL ”) model:		
– Loan and interest receivables	1,441	–
	<u>3,813</u>	<u>3,573</u>

7. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interests on:		
– Lease liabilities	417	699
– Bank borrowing	564	217
– Notes payables	1,100	–
	<u>2,081</u>	<u>916</u>

8. INCOME TAX CREDIT

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax		
Hong Kong	(167)	–
Deferred tax		
Current year	1,811	2,902
Total income tax credit	<u>1,644</u>	<u>2,902</u>

9. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Staff costs:		
Directors' remuneration	2,085	2,558
Other staff costs (excluding directors' emoluments)		
– Salaries, allowance and benefits in kind	3,877	4,816
– Contribution to retirement benefits schemes	163	200
	<u>4,040</u>	<u>5,016</u>
Total staff costs	<u>6,125</u>	<u>7,574</u>
Marketing expenses	21	3,474
IT and communication expenses	3,511	3,738
Commission expenses	980	1,311
Auditor's remuneration	518	490
Legal and professional fee	914	2,078
Depreciation of property and equipment	153	439
Depreciation of right-of-use assets	1,186	4,010
Loss on written-off of property and equipment	–	7
	<u>–</u>	<u>7</u>

10. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2022, nor has any dividend been proposed since the end of the reporting period (2021: Nil).

11. LOSS PER SHARE

The calculation of the basic loss per share attributable to owners of the Company is based on the following data:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company	<u>(12,740)</u>	<u>(20,167)</u>
	2022 '000	2021 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>800,000</u>	<u>800,000</u>

No diluted loss per share for both 2022 and 2021 were presented as there were no potential ordinary shares in issue for both 2022 and 2021.

12. ACCOUNTS RECEIVABLES ARISING FROM ORDINARY COURSE OF BUSINESS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Accounts receivables – contracts with customers		
– Cash clients	128	1,735
– Clearing houses	3,527	8,595
– Overseas brokers	<u>8,223</u>	<u>8,217</u>
	11,878	18,547
Accounts receivables from margin clients	<u>4,888</u>	<u>4,423</u>
	<u>16,766</u>	<u>22,970</u>

As at 1 January 2021, accounts receivables from contracts with customers amounted to approximately HK\$30,282,000.

Ageing analysis

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current (not past due)	<u><u>16,766</u></u>	<u><u>22,970</u></u>

Other than receivables from cash clients and margin clients in aggregate of approximately HK\$5,016,000 (2021: approximately HK\$6,158,000), the Group does not hold any collateral over these balances.

13. LOAN AND INTEREST RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Fixed-rate loan and interest receivables		
– Secured	3,696	–
– Unsecured	<u>25,558</u>	<u>–</u>
	29,254	–
Less: Allowance for credit losses	<u>(1,441)</u>	<u>–</u>
	<u><u>27,813</u></u>	<u><u>–</u></u>
Analysed as:		
Non-current assets	1,550	–
Current assets	<u>26,263</u>	<u>–</u>
	<u><u>27,813</u></u>	<u><u>–</u></u>

As at 31 December 2022, included in the Group's loan and interest receivables are debtors with aggregate carrying amount of approximately HK\$137,000 (2021: HK\$Nil) which are past due as at the reporting date.

Included in the carrying amount of loan and interest receivables as at 31 December 2022 is accumulated impairment losses of approximately HK\$1,441,000 (2021: HK\$Nil).

The exposure of the Group's loan and interest receivables before ECL to interest rate risks and their contractual maturity dates are as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loan and interest receivables:		
– On demand or within one year	27,704	–
– Within a period of more than one year but not exceeding two years	1,055	–
– Within a period of more than two years but not exceeding five years	495	–
	<u>29,254</u>	<u>–</u>

14. ACCOUNTS PAYABLES ARISING FROM ORDINARY COURSE OF BUSINESS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Accounts payables		
– Clearing houses	128	1,731
– Cash and margin clients	11,706	17,261
	<u>11,834</u>	<u>18,992</u>

Accounts payables to clients arising from ordinary course of business are margin deposits received from clients for their trading of futures contracts and options on the Hong Kong Futures Exchange Limited and overseas exchanges through overseas brokers, stock options on The SEHK Options Clearing House Limited and securities on The Stock Exchange of Hong Kong Limited (“SEHK”).

All of the accounts payables are repayable on demand.

15. NOTES PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current liabilities:		
Notes payables	<u>40,000</u>	<u>–</u>

On 28 January 2022, the Company entered into a placing agreement with Well Link Securities Limited, a placing agent, to procure placees to subscribe in cash for the notes with an aggregate principal amount of up to HK\$40 million (the “Notes”). The Company has completed the issuance of the Notes to the placees in an aggregate principal amount of HK\$40,000,000 on 31 January 2022. The Notes are unsecured, bear interest at 3% per annum, payable annually in arrears and will be matured on the third anniversary date (i.e. 30 January 2025) of the issuance of the Notes.

The Notes are denominated in HK\$.

EXTRACT OF THE INDEPENDENT AUDITOR’S REPORT

The following is an extract of the independent auditor’s report on the Group’s consolidated financial statements for the year ended 31 December 2022.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 3.1 to the consolidated financial statements, which indicates that the Group incurred a net loss attribute to the owners of the Company of approximately HK\$12,740,000 and had approximately HK\$36,770,000 net cash used in operating activities for the year ended 31 December 2022. In addition, the Group had net liabilities of approximately HK\$1,256,000 as at 31 December 2022. As at the same date, the Group’s total borrowings amounted to approximately HK\$49,400,000, while its cash and cash equivalents amounted to approximately HK\$5,861,000 only. These events or conditions, along with other matters as set forth in Note 3.1 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The aforesaid “Note 3.1 to the consolidated financial statements” in the extract of the independent auditor’s report is disclosed in Note 3 to this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

Looking ahead to 2023, it is believed that the business performance of the Group will recover after the border between Hong Kong and People's Republic of China (the "PRC") was reopened. Potential customers from the PRC could finally come to Hong Kong in person and open trading accounts with the Group. As the revenue from the customers from the PRC was the key to our financial performances in the past few years before COVID-19 pandemic, it is expected that these potential customers could bring more brokerage income which will improve the financial results of the Group for the coming year. Furthermore, the Group will continue to search for more business opportunities beyond brokerage business such as placing and other corporate finance businesses to further increase the revenue of the Group.

For money lending business, however, as most of the borrowers for corporate structural loans have key business in the PRC and are in the property market sector, management will take a prudent approach and intend not to allow renewal of these loans to minimise the credit risk of the Group.

BUSINESS REVIEWS

Brokerage business and margin financing business

The Group mainly provides futures and options, stock options and securities broking, margin financing service, and money lending service to clients. The Group mainly derived the revenue from brokerage fees received from the clients for the execution and/or facilitation of execution of trades through the online trading platform and finance charges received for the margin loan to clients.

The revenue for the year ended 31 December 2022 (the "Year") of the brokerage service and margin financing business was approximately HK\$4.1 million, represents a decrease of approximately HK\$2.5 million or approximately 37.9% compared to the year ended 31 December 2021 (the "Prior Year").

The Group is still suffering from the impact of the compulsory quarantine arrangement for potential customers from the PRC. Besides, in order to retain several key customers, the Group has lower the commission rate charged to them and hence the overall performance from brokerage business is far below from initial expectation from the management. The Group has started several initiatives to promote the brokerage business and develop new distribution channels. It is believed that these initiatives could pay dividend for the coming year.

The table below sets out the breakdown of the revenue generated by the Group from brokerage fees received for different broking businesses, and also interest income arising from margin loan financing for the Year.

	Year ended 31 December 2022		Year ended 31 December 2021		(Decrement)/ Increment	
	HK\$'000	% of total	HK\$'000	% of total	HK\$'000	%
Brokerage commission income derived from Future and options trading business						
– Hong Kong market	1,945	47.4	2,989	45.3	(1,044)	(34.9)
– Overseas markets	1,043	25.4	3,028	45.9	(1,985)	(65.6)
Sub-total	2,988	72.8	6,017	91.2	(3,029)	(50.3)
Stock options trading business	282	6.9	234	3.5	48	20.5
Securities trading business	106	2.6	165	2.5	(59)	(35.8)
	3,376	82.3	6,416	97.2	(3,040)	(47.4)
Commission income from placing	263	6.4	–	–	263	N/A
Interest income under effective interest method (derived from margin financing)	463	11.3	187	2.8	276	147.6
	4,102	100.0	6,603	100.0	(2,501)	(37.9)

The following table sets forth a breakdown of the revenue derived from futures and options trading, being the major broking business of the Group, in respect of types of products traded by the clients in the Year.

	Year ended 31 December 2022		Year ended 31 December 2021		Decrement	
	HK\$'000	% of total	HK\$'000	% of total	HK\$'000	%
Index futures and options	2,352	78.7	4,066	67.6	(1,714)	(42.2)
Precious metal futures	250	8.4	921	15.3	(671)	(72.9)
Energy futures	221	7.4	550	9.1	(329)	(59.8)
Industrial metal futures	113	3.8	373	6.2	(260)	(69.7)
Agricultural futures	45	1.5	90	1.5	(45)	(50.0)
Other futures	7	0.2	17	0.3	(10)	(58.8)
	2,988	100.0	6,017	100.0	(3,029)	(50.3)

There was a sharp decrease in the commission received from futures and options trading for all types of products. The decrement of commission received ranged from approximately 42.2% to approximately 72.9%. Management believed that the decrease of commission received was mainly due to the drop in brokerage commission charged in order to retain the existing clients from PRC.

The pricing strategy of the Group charged to the clients is mainly based on (i) the cost structure of trading of the relevant futures/options contracts, (ii) willingness and ability of the clients to pay for service provided by the Group and (iii) other factors of the clients such as background and profile.

Among the top five futures and options contracts traded through the Group by the clients, the gross commission and the net commission per each contract are as follows:

	Year ended 31 December 2022		Year ended 31 December 2021	
	Gross commission HK\$ (Note 1)	Net commission HK\$ (Note 2)	Gross commission HK\$ (Note 1)	Net commission HK\$ (Note 2)
Mini HSI Futures	7.1	7.1	7.2	7.2
HSI Futures	15.0	15.0	12.4	12.4
HSI Options	19.4	19.4	20.5	20.5
Gold Futures	62.6	47.5	54.8	39.7
Light Crude Oil Futures	(Note 3)		41.5	26.2
Mini Sized Dow Jones Futures	64.7	49.7	(Note 3)	

- (1) “Gross commission” refers to the amount of fees which the clients were charged for trading futures and options products through the trading platform (inclusive of fees charged by the overseas brokers in respect of products traded on overseas futures exchanges, including their brokerage commission and overseas exchange and clearing fees) and assessment fees charged by National Futures Association, a self-regulating organisation in the United States derivatives industry.
- (2) “Net commission” refers to the amount of fees which were received by the Group in respect of each executed transaction facilitated through the Group exclusive of the fees mentioned in Note 1.
- (3) The information is not presented as the products are not top five futures and options contracts traded in that year.

As at 31 December 2022, the Group has 240 active clients (i.e. have executed at least one trade in the past twelve months period), which represents a sharp decrease of approximately 16.1% compared to 286 active clients as at 31 December 2021. There was a sharp decrease of active clients as some of the customers from the PRC ceased trading in future and stock option contracts.

Money lending business

The Group has entered into money lending business in early 2022 in order to diversify the business and the revenue stream of the Group. The Group’s money lending business was conducted through its wholly-owned subsidiary, Excalibur Finance Limited, to grant loans to individuals and enterprises. The Group strived to adhere to a set of comprehensive policy and procedural manual in respect of loan approval, loan renewal, loan recovery, loan compliance, monitoring and anti-money laundering.

As at 31 December 2022, the Group had loan and interest receivables of approximately HK\$29.3 million, net of allowance for expected credit loss of approximately HK\$1.4 million. The Group recorded interest income from loan receivables of approximately HK\$2.9 million for the Year.

During the Year, the Group acquired 8 mortgages from an independent third party amounted approximately HK\$6.0 million and also granted 6 corporate structural loans to enterprises, all of them are independent third parties. As at 31 December 2022, 12 loans were outstanding, which comprise 6 mortgage loans with terms ranging from 1 year to 4 years, interest rates ranging from 18.0% to 19.2% per annum and with second legal charge of property and/or personal guarantee as collateral; and 6 corporate structural loans with terms of 1 year, interest rate ranging from 11.4% to 12.6% per annum and with no collateral. As at 31 December 2022, the gross amount outstanding from the five largest borrowers of the Group together amounted to approximately HK\$21.6 million (representing approximately 73.7% to the total gross loan and interest receivables of the Group) while the gross amount outstanding from the largest borrower amounted to approximately HK\$4.4 million (representing approximately 15.0% to the total gross loan and interest receivables of the Group).

As at 31 December 2022, the management had engaged an independent qualified valuer to determine the expected credit losses of the Group's loan receivables (the "ECL"). In assessing the ECL of the Group, a credit rating analysis of the underlying debtors was adopted by reviewing the historical accounting information to estimate the default risk. The Group applied different expected loss rates to different classes of receivables according to their respective risk characteristics. In determining the default risk, factors including but not limited to, the ageing analysis of the receivables, the Group's internal assessment of the debtors' credit worthiness, historical and forecast occurrence of event of default, existence and valuation of the collaterals, the relevant regulatory framework and government policies in Hong Kong and global economic outlook in general and the specific economic condition of Hong Kong would be considered. The rate of ECL for corporate structural loans was 5.6% and the rate of ECL for mortgage loans was 0%. The rates were determined based on the nature, probability of default and loss given default of the loan receivables.

The Group has adopted a credit policy to manage its money lending business which includes compliance with all applicable laws and regulations, credit assessment on potential borrower and his/its assets, the credibility of the potential borrower, the necessity in obtaining collaterals and determination of suitable interest rate to reflect the risk level of the provision of loan. The Group has performed background and credit risk assessment on the potential borrowers before granting the loans by (a) reviewing and assessing their financial information; and (b) performing an assessment on their creditability. The Group also assesses and decides the necessity and the value of security/collateral for granting of each loan, whether to an individual or enterprise, on a case by case basis considering factors, including but not limited to, the repayment history, results of public search towards the borrower, the value and location of the assets owned by the borrower and the financial condition of the borrower.

FINANCIAL REVIEW

Revenue and result

For the Year, the revenue of the Group amounted to approximately HK\$7.0 million, representing a slight increase of approximately 6.4% from approximately HK\$6.6 million for the Prior Year. Such an increase was mainly driven by the interest revenue derived from the new money lending business set up in this Year, offset by the decrease in brokerage revenue from future markets due to poor market conditions in both Hong Kong and overseas markets.

The Group recorded a loss of approximately HK\$12.7 million for the Year, as compared with a loss of approximately HK\$20.2 million for the Prior Year. Net loss attributable to equity shareholders of the Company amounted to approximately HK\$12.7 million for the Year, compared with the loss of approximately HK\$20.2 million for the Prior Year. The decrease in loss attributable to equity shareholders of the Company was mainly due to (i) a decrease in other operating and administrative expenses and staff costs by approximately HK\$7.8 million and HK\$1.4 million respectively after cost-cutting measures implemented in the Prior Year; which was partly offset by a decrease in income tax credit by approximately HK\$1.3 million. The basic losses per share of the Company for the Year was approximately HK1.59 cents as compared with the basic losses per share of approximately HK2.52 cents for the Prior Year.

Other net income

For the Year, the Group's other net income amounted to approximately HK\$0.8 million, compared to approximately HK\$0.3 million for the Prior Year. Such slight increase was mainly due to increase in government grants received from the Government of the HKSAR by approximately HK\$0.2 million.

Staff costs and remuneration policies

As at 31 December 2022, the Group engaged a total of 17 employees (2021: 16) including the executive Directors. For the Year, the total staff costs amounted to approximately HK\$6.1 million (2021: approximately HK\$7.6 million). The decrease of total staff cost during the Year was due to the reason that the Group has dismissed several staff in Prior Year to save cost, which was slightly offset by the new staff for the new money lending business hired in the Year. Remuneration (including employees' benefit) is maintained at an attractive level and reviewed on a periodic basis. Employees' salary and relevant benefits are determined on the basis of performance, qualification, experience, positions and the Group's business performance.

Other operating and administrative expenses

For the Year, the Group's other operating and administrative expenses ("G&A expenses") amounted to approximately HK\$10.2 million, representing a decrease of approximately 43.3% from approximately HK\$17.9 million for the Prior Year. Several key expenses items being included in this category are discussed below:

(i) IT and communications expenses (accounts for approximately 34.6% of G&A expenses)

In the Year, IT and communication expenses (including service fee paid to our trading software vendor and other trade-related services) of the Group were approximately HK\$3.5 million, which represents a slight decrease of approximately 6.1% compared to approximately HK\$3.7 million recorded in the Prior Year. Such expenses comprised with fixed costs (including network fee or licensing fee for the system) and variable costs with directly proportional to transactions executed through the Group and most of the costs are essential for the brokerage business of the Group. The IT and communication expenses still contributed a significant portion of total G&A expenses even though the revenue for brokerage business dropped significantly.

(ii) Depreciation of right-of-use assets (accounts for approximately 11.7% of G&A expenses)

The depreciation of right-of-use assets decreased sharply from approximately HK\$4.0 million in the Prior Year to approximately HK\$1.2 million in the Year. It is mainly due to the drop of the carrying amount of the right-of-use assets as impairment loss has been recognised on right-of-use assets in Prior Year.

Income tax credit

In the Year, the Group incurred approximately HK\$1.6 million of tax credit for the Year, represents a decrease of approximately 43.3% from approximately HK\$2.9 million for the Prior Year due to decrease in tax loss. Majority of the deferred tax recognised for the Year was due to the tax loss incurred in the Year.

RISK MANAGEMENT

Credit risk

The Group's credit risk is primarily attributable to cash and cash equivalents and the accounts receivable due from clients, overseas brokers and clearing houses and the margin loans to clients and the loan and interest receivables. The management does not expect significant credit risk as all bank balances and deposits are placed with recognised banks and financial institutions in Hong Kong and Macau and the Group has comprehensive credit policy in place.

For the loan receivables, the Group has adopted a comprehensive credit policy which was set out in the section headed "Business Review – Money lending business" in this announcement.

Liquidity risk

The Group is exposed to liquidity risk which arises from the timing difference between settlement with clearing houses, overseas brokers and clients and repayment of bank borrowing and notes payable. Finance team of the Group works closely with the settlement staffs to monitor the Group's liquidity position. The proceeds obtained from the notes placing in early 2022 further enhance the liquidity of the Group.

Foreign currency risk

The Group's transactions in the Year 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 the foreign currency risk is low, the Group currently does not have a foreign currency hedging policy.

CONTINGENT LIABILITIES

As at 31 December 2022, the Group did not have any significant contingent liabilities.

BUSINESS PLAN

In view of the deteriorating business performance in previous years, the Group has detailed a business plan stated in the announcement dated 25 October 2021 in order to improve the financial performance. The progress of the business plan are as follows:

(i) Diversification of product base and service offering to our existing customers

The Group has earned commission income by acting as a placing agent for the listed companies in the Stock Exchange. More commission income from placing is expected in 2023 and the management will further explore other business opportunities to improve the financial performance of the Group.

Most of the borrowers for corporate structural loans have key business in the PRC and are in property market sector. In view of the current upsetting economic environment in the PRC, especially the property market sector, the management intends not to allow renewals of those corporate structural loans as for minimizing the credit risk of the Group.

(ii) Development of new distribution channels

During the Year, the Group has partnered with a Hong Kong SFC licensed institutional client, in which they will channel all Hong Kong and global futures dealing through the Group. Various connectivity testing has been completed and the service has been launched late December 2022. The launch date was behind the schedule expected by the management because i) due to preventive and quarantine measures imposed in Hong Kong amid the outbreak of COVID-19 in first half of 2022, unexpected difficulty was seen and thus extra time was spent in communications between the management of both parties and ii) more time are required to perform the testing as the Group encountered several technical difficulties. The Group will continue to look for other institutional clients with similar requirement to expand our distribution channels.

(iii) Establishment of new financing channel

In early 2022, the Company successfully placed HK\$40 million of fixed interest notes. It gave the Group opportunity to enter into money lending business and create new stream of income for the Group.

(iv) Controlling Group's expenses

Several cost cutting measures have been implemented including but not limited to: i) dismissal of redundancy, ii) moving to a smaller office and iii) opting for alternative service provider/vendor which offer similar service with lower price. We will continue to management our expenses effectively until the financial performance of the Group improved.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

During the Year, the Group did not have any significant investments, material acquisitions nor disposals of subsidiaries and affiliated companies save for those reorganisation activities done for the purpose of listing of the Company as set out in the paragraph headed “Reorganisation” under the section headed “History, Reorganisation and Corporate Structure” in the Prospectus.

PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION

The Board proposes to amend the existing memorandum and articles of association of the Company (collectively, “**Memorandum and Articles**”) in order to bring the Memorandum and Articles in line with the latest legal and regulatory requirements, including the amendments made to Appendix 3 to the GEM Listing Rules which took effect on 1 January 2022.

The proposed amendments to the Memorandum and Articles (“**Proposed Amendments**”) are summarised below:

1. to specify that the Company shall hold an annual general meeting within six months after the end of the Company’s financial year;
2. to provide that all shareholders of the Company (“**Shareholder(s)**”) shall have the right to (i) speak at a general meeting of the Company; and (ii) vote at a general meeting of the Company, except where a Shareholder is required, by the GEM Listing Rules, or the rules, codes or regulations of any competent regulatory authority, to abstain from voting to approve the matter under consideration;
3. to provide that in addition to the right to convene an extraordinary general meeting on the requisition of one or more Shareholders holding not less than one tenth (1/10th) of the paid up capital of the Company having the right of voting at general meetings, such Shareholder(s) shall also have the right to add resolutions to the meeting agenda of a general meeting;
4. to provide that the branch register of Shareholders in Hong Kong may be closed on terms equivalent to section 632 of the Companies Ordinance (Chapter 622 of the Laws in Hong Kong); and
5. to make other necessary amendments for updating the Articles and better aligning with the wording in the applicable laws of Cayman Islands and the GEM Listing Rules.

The Proposed Amendments are subject to consideration and approval by the Shareholders by way of a special resolution at the 2023 AGM (as defined below). A circular containing, among other things, particulars relating to Proposed Amendments together with a notice convening the 2023 AGM (as defined below) will be despatched to the Shareholders according to the applicable law, the Memorandum and Articles and the GEM Listing Rules.

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 Year and up to the date of this announcement, 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.

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 has 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 circumstances.

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

SCOPE OF WORK OF ASIAN ALLIANCE

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Group’s independent auditor, Asian Alliance (HK) CPA Limited (“**Asian Alliance**”), to the amounts set out in the Group’s consolidated financial statements for the year. The work performed by Asian Alliance in this respect did not constitute an

assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Asian Alliance on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF THE 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 Year.

SECURITIES TRANSACTIONS BY DIRECTORS

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 Year.

EVENTS AFTER THE REPORTING DATE

There were no other significant events arising subsequent to the Year as at the date of this announcement.

DIVIDENDS

The Board of the Company does not recommend the payment of a final dividend for the Year (2021: Nil).

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company, the Company has maintained the prescribed public float under Rule 11.23(7) of the GEM Listing Rules during the year ended 31 December 2022 and up to the date of this announcement.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting of the Company will be held on Wednesday, 14 June 2023 at 3:00 p.m. (the “**2023 AGM**”). A notice convening the 2023 AGM will be published and despatched to the shareholders of the Company in due course.

The register of members of the Company will be closed from Friday, 9 June 2023 to Wednesday, 14 June 2023, both days inclusive, during which period no transfer of shares of the Company will be registered. For determining the entitlement of members of the Company to attend and vote at the 2023 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 8 June 2023.

PUBLICATION OF RESULT AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange at <http://www.hkexnews.hk> and the Company's website at <http://www.excalibur.com.hk>. The 2022 Annual Report of the Company will be published on the same websites and dispatched to the shareholders of the Company in due course.

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 Audit Committee consists of three independent non-executive Directors, namely Mr. Chin Kam Cheung, Mr. Siu Miu Man, M.H. and Mr. Lam Ka Tai, 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, and he serves as the chairman of the Audit Committee.

The primary duties of the Audit Committee are to assist the Board in providing an independent review of the effectiveness of the Group's internal audit function, financial reporting process, internal control and risk management systems, and to oversee the audit process. The Audit Committee had reviewed the audited final results of the Company for the year ended 31 December 2022.

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

Hong Kong, 22 March 2023

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

This announcement will remain on the "Latest Listed Company Information" page of the website of the Stock Exchange at www.hkexnews.hk for a minimum period of 7 days from the date of its publication and on the website of the Company at www.excalibur.com.hk.