



## **Excalibur Global Financial Holdings Limited**

(Incorporated in the Cayman Islands with limited liability)

**Stock Code: 8350**

**Interim Report**

**2020**

## 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)*  
Mr. Chan Ying Leung  
Ms. Lee Mei Chun

### Independent Non-executive Directors

Mr. Chin Kam Cheung  
Mr. Ang Wayne Wu-yee  
Mr. Siu Miu Man, M. H.

## COMPANY SECRETARY

Mr. Lo Wai Hang

## AUTHORISED REPRESENTATIVES

Mr. Poon Kwok Wah Allan  
Mr. Chan Ying Leung

## MEMBERS OF AUDIT COMMITTEE

Mr. Chin Kam Cheung *(Chairman)*  
Mr. Ang Wayne Wu-yee  
Mr. Siu Miu Man, M. H.

## MEMBERS OF REMUNERATION COMMITTEE

Mr. Ang Wayne Wu-yee *(Chairman)*  
Mr. Siu Miu Man, M. H.  
Mr. Chin Kam Cheung

## MEMBERS OF NOMINATION COMMITTEE

Mr. Poon Kwok Wah Allan *(Chairman)*  
Mr. Ang Wayne Wu-yee  
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

## COMPLIANCE ADVISER

Alliance Capital Partners Limited  
Room 1502-03A  
15/F Wing On House  
71 Des Voeux Road Central  
Hong Kong

## AUDITOR

KPMG  
*Certified Public Accountants and Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance*

## 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

Room 2512, Cosco Tower  
183 Queen's Road Central  
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 2020

	Notes	Three months ended 30 June		Six months ended 30 June	
		2020	2019	2020	2019
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Revenue</b>	4	<b>2,880</b>	4,827	<b>6,121</b>	15,066
Other income and net gain/(loss)	5	<b>1,344</b>	(86)	<b>1,350</b>	(156)
Salaries and other benefits	6(a)	<b>(2,102)</b>	(1,919)	<b>(6,252)</b>	(3,971)
Other operating and administrative expenses	6(b)	<b>(4,808)</b>	(6,050)	<b>(9,205)</b>	(10,584)
<b>(Loss)/profit before tax</b>	6	<b>(2,686)</b>	(3,228)	<b>(7,986)</b>	355
Income tax credit/(expense)	7	<b>319</b>	290	<b>939</b>	(271)
<b>(Loss)/profit for the period and total comprehensive (loss)/income for the period</b>		<b>(2,367)</b>	(2,938)	<b>(7,047)</b>	84
Attributable to:					
Equity shareholders of the Company		<b>(2,367)</b>	(2,938)	<b>(7,047)</b>	84
<b>Total comprehensive (loss)/income for the period</b>		<b>(2,367)</b>	(2,938)	<b>(7,047)</b>	84
<b>(Losses)/earnings per share</b>					
Basic and diluted (cents)	8	<b>(0.30)</b>	(0.37)	<b>(0.88)</b>	0.01

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

The notes on pages 10 to 24 form part of these financial statements.

# UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	At 30 June 2020 HK\$'000 (Unaudited)	At 31 December 2019 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property and equipment	9	716	1,014
Right-of-use assets	9	10,596	75
Intangible assets	10	1,030	1,030
Statutory deposits	11	5,010	5,024
Deferred tax assets		2,671	1,732
		<b>20,023</b>	8,875
<b>Current assets</b>			
Accounts receivable arising from ordinary course of business	12	25,449	34,373
Other assets	13	5,354	4,983
Amount due from a related party	15	6	6
Financial assets at fair value through profit or loss	16	16	14
Cash and cash equivalents	14(a)	24,532	37,973
		<b>55,357</b>	77,349
<b>Current liabilities</b>			
Accounts payable arising from ordinary course of business	17	17,282	29,209
Other payables and accruals	18	1,048	1,545
Lease liabilities		4,007	30
Current tax liabilities	19	–	1,994
		<b>22,337</b>	32,778
<b>Net current assets</b>		<b>33,020</b>	44,571
<b>Total assets less current liabilities</b>		<b>53,043</b>	53,446
<b>Non-current liabilities</b>			
Lease liabilities		6,691	47
<b>NET ASSETS</b>		<b>46,352</b>	53,399

# UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2020

		At 30 June 2020	At 31 December 2019
	Notes	HK\$'000 (Unaudited)	HK\$'000 (Audited)
<b>CAPITAL AND RESERVES</b>			
Share capital	20(b)	<b>8,000</b>	8,000
Share premium		<b>68,009</b>	68,009
Accumulated losses	20(c)	<b>(26,858)</b>	(19,811)
Other reserves	20(d)	<b>(2,799)</b>	(2,799)
<b>TOTAL EQUITY</b>		<b>46,352</b>	53,399

Approved and authorised for issue by the board of directors on 6 August 2020.

**Poon Kwok Wah Allan**

**Chan Ying Leung**

Directors

The notes on pages 10 to 24 form part of these financial statements.



# UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Note	Attributable to equity shareholders of the Company				Total equity HK\$'000
		Share capital HK\$'000	Share premium HK\$'000	Retained earnings/ (Accumulated losses) HK\$'000	Other reserves HK\$'000	
<b>Balance at 1 January 2019 (Audited)</b>		8,000	68,009	5,524	(2,799)	78,734
<b>Changes in equity for the six months ended 30 June 2019:</b>						
Profit and total comprehensive income for the period		-	-	84	-	84
Interim dividends declared and paid in respect of the current period	20(e)	-	-	(8,800)	-	(8,800)
<b>Balance at 30 June 2019 and 1 July 2019 (Unaudited)</b>		8,000	68,009	(3,192)	(2,799)	70,018
<b>Changes in equity for the six months ended 31 December 2019:</b>						
Loss and total comprehensive loss for the period		-	-	(16,619)	-	(16,619)
<b>Balance at 31 December 2019 (Audited)</b>		8,000	68,009	(19,811)	(2,799)	53,399

# UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2020

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

The notes on pages 10 to 24 form part of these financial statements.

# UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2020

	Notes	Six months ended 30 June	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
<b>Operating activities</b>			
Cash (used in)/generated from operations	14(b)	(9,949)	23,853
Income tax paid		(1,994)	(629)
<b>Net cash (used in)/generated from operating activities</b>		<b>(11,943)</b>	23,224
<b>Investing activities</b>			
Interest received		40	18
Purchases of property and equipment		–	(121)
<b>Net cash generated from/(used in) investing activities</b>		<b>40</b>	(103)
<b>Financing activities</b>			
Dividend paid	20(e)	–	(8,800)
Lease rentals paid		(1,613)	(15)
<b>Net cash used in financing activities</b>		<b>(1,613)</b>	(8,815)
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(13,516)</b>	14,306
<b>Cash and cash equivalents at 1 January</b>		<b>37,973</b>	30,251
<b>Effects of foreign exchange rate changes</b>		<b>75</b>	(50)
<b>Cash and cash equivalents at 30 June</b>	14(a)	<b>24,532</b>	44,507

The notes on pages 10 to 24 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.

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.

## 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 6 August 2020.

The unaudited interim financial statements has been prepared in accordance with the same accounting policies adopted in the 2019 annual consolidated financial statements, expect for the accounting policy changes that are expected to be reflected in the 2020 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 2019 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)

## 2 BASIS OF PREPARATION (continued)

The outbreak of Coronavirus Disease 2019 (“**COVID-19**”) in the first half of 2020 and the subsequent quarantine measures implemented by the Government of the Hong Kong Special Administrative Region (the “**Government of HKSAR**”) had negative impact to the business performance of the Group as the potential customers from the People’s Republic of China (“**PRC**”) could not travel to Hong Kong to complete the account opening procedures. On the other hand, the Government of HKSAR has announced some financial measures and supports for corporations to overcome the negative impact arising from the pandemic. As such, the financial positions and performance of the Group were affected in different aspects, including government grants in respect of the payment of staff salaries. Such amount is recorded as other income and disclosed in Note 5 of the financial statements.

## 3 CHANGES IN ACCOUNTING POLICIES

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendments to HKAS 1 and HKAS 8	Definition of Material

Several amendments have been adopted for the first time in the current accounting period, but do not have material impact on the interim financial report of the Group.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

## 4 REVENUE

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

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

	Three months ended 30 June		Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Brokerage commission income derived from:				
Futures and options trading business				
– Hong Kong market	1,244	1,981	2,875	4,787
– Overseas markets	1,457	2,745	2,866	10,168
Stock options trading business	35	34	90	44
Securities trading business	19	7	25	7
Interest income derived from margin financing	125	60	265	60
	<b>2,880</b>	<b>4,827</b>	<b>6,121</b>	<b>15,066</b>

## 5 OTHER INCOME AND NET GAIN/(LOSS)

	Three months ended 30 June		Six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited)	2020 (Unaudited)	2019 (Unaudited)
Interest income – banks	–	1	–	10
Interest income – clearing houses	13	4	40	8
Exchange gain/(loss), net	97	(102)	64	(209)
Gain/(loss) on changes in fair value of financial assets at fair value through profit or loss	10	(3)	2	(7)
Government grants	589	–	589	–
Rental income	618	–	618	–
Sundry income	17	14	37	42
	<b>1,344</b>	<b>(86)</b>	<b>1,350</b>	<b>(156)</b>

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

## 6 (LOSS)/PROFIT BEFORE TAX

(Loss)/profit before tax is arrived at after charging:

	Three months ended 30 June		Six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>(a) Staff costs</b>				
Directors' fee	210	210	420	420
Salaries, allowances and benefits in kind	1,815	1,640	3,679	3,402
Discretionary bonus to executive directors	–	–	2,000	–
Retirement scheme contributions	77	69	153	149
	<b>2,102</b>	<b>1,919</b>	<b>6,252</b>	<b>3,971</b>
<b>(b) Other operating and administrative expenses</b>				
IT and communication expenses	1,233	1,711	2,265	3,520
Marketing expenses	643	1,508	1,235	1,511
Legal and professional fees	538	560	1,081	1,060
Depreciation of right-of-use assets	1,027	7	1,714	15
Short-term operating lease expense in respect of rented premises	277	658	413	1,310
Commission expenses	193	468	538	1,194
Auditors' remuneration	42	195	242	495
Depreciation of property and equipment	149	173	298	312
Finance costs on lease liabilities	118	1	236	2
Other expenses	588	769	1,183	1,165
	<b>4,808</b>	<b>6,050</b>	<b>9,205</b>	<b>10,584</b>

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

## 7 INCOME TAX CREDIT/(EXPENSE)

	Three months ended		Six months ended	
	30 June		30 June	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Current tax</b>				
Hong Kong Profits Tax credit/ (expense)	–	290	–	(271)
<b>Deferred tax movement</b>				
Tax losses	319	–	939	–
<b>Total income tax credit/(expense)</b>	<b>319</b>	290	<b>939</b>	(271)

The provision for Hong Kong Profits Tax for the six months ended 30 June 2019 is calculated at 8.25% on the assessable profits up to HK\$2 million and 16.5% on any part of the assessable profits over HK\$2 million.

## 8 (LOSSES)/EARNINGS PER SHARE

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

The calculation of the basic (losses)/earnings per share for the three months and the six months ended 30 June 2019 is based on the losses for the period attributable to ordinary equity shareholders of the Company of HK\$2,938,000 and profits of HK\$84,000, and the weighted average number of ordinary shares of 800,000,000 in issue during the respective periods.

No potential dilutive ordinary shares in issue during the three months and six months ended 30 June 2020 and 2019, so no adjustment has been made to basic earnings per share amounts.



# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

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

During the current interim period, the Group did not acquire any property and equipment (six months ended 30 June 2019: HK\$507,000).

During the current interim period, the Group entered into new lease agreement for its office with the lease term of 3 years. The Group is required to make fixed monthly payments. During the current period, the Group recognised an additional amount of HK\$12,235,000 (six months ended 30 June 2019: HK\$ nil) of right-of-use assets and HK\$12,235,000 (six months ended 30 June 2019: HK\$ nil) of lease liabilities.

## 10 INTANGIBLE ASSETS

	At 30 June 2020 HK\$'000 (Unaudited)	At 31 December 2019 HK\$'000 (Audited)
Hong Kong Futures Exchange ("HKFE") trading right	480	480
The Stock Exchange trading right	550	550
	<b>1,030</b>	1,030

## 11 STATUTORY DEPOSITS

	At 30 June 2020 HK\$'000 (Unaudited)	At 31 December 2019 HK\$'000 (Audited)
Deposits with		
– HKFE Clearing Corporation Limited	3,500	3,500
– SEHK Options Clearing House Limited ("SEOCH")	1,510	1,524
	<b>5,010</b>	5,024

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

## 12 ACCOUNTS RECEIVABLE ARISING FROM ORDINARY COURSE OF BUSINESS

	At 30 June 2020 HK\$'000 (Unaudited)	At 31 December 2019 HK\$'000 (Audited)
Accounts receivable		
– Cash clients	89	54
– Clearing houses	4,555	5,549
– Margin clients	1,685	3,844
– Overseas brokers	19,120	24,926
	<b>25,449</b>	34,373

### Aging analysis

The normal settlement terms of accounts receivable from cash clients, clearing houses, margin clients and overseas brokers are one day after trade.

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

	At 30 June 2020 HK\$'000 (Unaudited)	At 31 December 2019 HK\$'000 (Audited)
Current (not past due)	25,449	34,373

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

## 13 OTHER ASSETS

	At 30 June 2020 HK\$'000 (Unaudited)	At 31 December 2019 HK\$'000 (Audited)
Prepayments	343	698
Rental and other deposits	4,996	4,270
Other receivables	15	15
	<b>5,354</b>	4,983

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

## 14 CASH AND CASH EQUIVALENTS

### (a) Cash and cash equivalents comprise:

	At 30 June 2020 HK\$'000 (Unaudited)	At 31 December 2019 HK\$'000 (Audited)
Cash at banks and on hand	<b>24,532</b>	37,973

The Group maintains segregated accounts with authorised institutions as a result of its normal business transactions. At 30 June 2020, segregated accounts not otherwise dealt with in these accounts amounted to HK\$57,177,000 (31 December 2019: HK\$74,178,000).

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

## 14 CASH AND CASH EQUIVALENTS (continued)

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

	Notes	Six months ended	
		2020	2019
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
<b>Operating activities</b>			
(Loss)/profit before tax		<b>(7,986)</b>	355
Adjustments for:			
Interest income	5	<b>(40)</b>	(18)
(Gain)/loss on changes in fair value of financial assets at fair value through profit or loss	5	<b>(2)</b>	7
Depreciation of property and equipment	6(b)	<b>298</b>	312
Depreciation of right-of-use assets	6(b)	<b>1,714</b>	15
Unrealised foreign exchange (gains)/losses	5	<b>(64)</b>	209
<b>Operating cash flows before movements in working capital</b>		<b>(6,080)</b>	880
Decrease/(increase) in statutory deposits		<b>14</b>	(1,658)
Decrease in accounts receivable arising from ordinary course of business		<b>8,848</b>	40,244
Increase in other assets		<b>(371)</b>	(4,375)
Increase in intangible assets		<b>–</b>	(550)
Decrease in accounts payable arising from ordinary course of business		<b>(11,863)</b>	(10,755)
(Decrease)/increase in other payables and accruals		<b>(497)</b>	67
<b>Cash (used in)/generated from operations</b>		<b>(9,949)</b>	23,853
Income tax paid		<b>(1,994)</b>	(629)
<b>Net cash (used in)/generated from operating activities</b>		<b>(11,943)</b>	23,224

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

## 15 AMOUNT DUE FROM A RELATED PARTY

	At 30 June 2020 HK\$'000 (Unaudited)	At 31 December 2019 HK\$'000 (Audited)
Future Concept Limited	6	6

The amounts are unsecured, interest-free and have no fixed terms of repayment. Mr. Poon Kwok Wah Allan is a director of Future Concept Limited and the Group.

## 16 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 June 2020 HK\$'000 (Unaudited)	At 31 December 2019 HK\$'000 (Audited)
Long positions in trading securities – Equity securities listed in Hong Kong	16	14

The fair values of the above listed securities were determined basing on the quoted market bid prices available on SEHK.

## 17 ACCOUNTS PAYABLE ARISING FROM ORDINARY COURSE OF BUSINESS

	At 30 June 2020 HK\$'000 (Unaudited)	At 31 December 2019 HK\$'000 (Audited)
Accounts payable – Cash clients	17,282	29,209

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

## 17 ACCOUNTS PAYABLE ARISING FROM ORDINARY COURSE OF BUSINESS (continued)

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

All of the accounts payable are repayable on demand.

## 18 OTHER PAYABLES AND ACCRUALS

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

## 19 INCOME TAX IN THE UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Current taxation in the unaudited consolidated statement of financial position represents:

	At 30 June 2020 HK\$'000 (Unaudited)	At 31 December 2019 HK\$'000 (Audited)
Provision for Hong Kong Profits Tax	–	1,994

## 20 SHARE CAPITAL, RESERVES AND DIVIDENDS

### (a) Authorised share capital

The authorised ordinary share capital of the Company at 30 June 2020 and 31 December 2019 was HK\$100,000,000 divided into 10,000,000,000 ordinary shares of HK\$0.01 each.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

## 20 SHARE CAPITAL, RESERVES AND DIVIDENDS (continued)

### (b) Issued share capital

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

	No. of shares '000	Share capital HK\$'000
Ordinary shares, issued and fully paid: At 1 January 2019, 31 December 2019, 1 January 2020 and 30 June 2020	800,000	8,000

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

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

### (d) Other reserves

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

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

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

## 20 SHARE CAPITAL, RESERVES AND DIVIDENDS (continued)

### (e) Dividends

- (i) Dividends payable to equity shareholders of the Company attributable to the interim period:

	Six months ended	
	30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interim dividend declared, approved and paid during the interim period, of HK\$ nil per share (six months ended 30 June 2019: HK0.1 cent per share)	–	800

- (ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the interim period:

	Six months ended	
	30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Fourth interim dividend declared and approved in respect of the previous financial year, and paid during the interim period, of HK\$ nil per share (six months ended 30 June 2019: HK1 cent per share)	–	8,000



# 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

At 30 June 2020, the only financial instruments of the Group carried at fair value were listed equity securities of HK\$16,000 (31 December 2019: HK\$14,000) listed on the Stock Exchange of Hong Kong (see Note 16). These instruments are measured at fair value on a recurring basis and their fair value measurements fall into Level 1 of the fair value hierarchy described above.

During the six months ended 30 June 2020, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2019: 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	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Directors' fees	420	420
Salaries, allowances and benefits in kind	874	815
Discretionary bonus to executive directors	2,000	–
Retirement scheme contributions	39	39
	<b>3,333</b>	1,274

## 23 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 30 June 2020, 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 events between the reporting date and the authorisation of the financial statements requiring disclosure.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

The Group's revenue decreased by approximately 59.4% from approximately HK\$15.1 million for the six months ended 30 June 2019 to approximately HK\$6.1 million for the six months ended 30 June 2020 (the "Period"). During the Period, most of the Group's revenue was derived from brokerage fees from futures and options trading. The brokerage fees from futures and options trading from Hong Kong market and overseas markets decreased by approximately 40.0% and approximately 71.8%, respectively. Such decrease in brokerage fees, especially the fees from overseas markets, was mainly due to (i) decrease in income derived from existing clients; and (ii) lack of new clients from the People's Republic of China ("PRC") who could not travel to Hong Kong to complete account opening procedures due to the social unrest in the second half of 2019 and border closure for all non-Hong Kong residents due to the outbreak of Coronavirus Disease 2019 ("COVID-19") in the first half of 2020. As most of the Group's revenue are derived from the clients from the PRC, the loss of growth in the PRC sector could severely affect the financial performance of the Group. The revenue from brokerage of stock options and securities and margin financing recorded approximately HK\$380,000 revenue during the Period in aggregated, compared to approximately HK\$111,000 revenue in aggregated for the six months ended 30 June 2019.

During the Period, the Group recorded other income and net gain amounted to approximately HK\$1,350,000, compared to other income and net loss of approximately HK\$156,000 during the six months ended 30 June 2019. During the Period, the Group recorded monetary subsidies of approximately HK\$589,000 (six months ended 30 June 2019: HK\$nil) mainly from the Employee Support Scheme implemented by the Government of the Hong Kong Special Administrative Region (the "Government of HKSAR") for the payment of staff salaries. Other income also included rental income of HK\$618,000 (six months ended 30 June 2019: HK\$nil) from the co-tenant of the office of the Group. Besides, the Group recorded net exchange gain of approximately HK\$64,000 during the Period while the Group recorded net exchange loss of approximately HK\$209,000 during the six months ended 30 June 2019. The management will monitor the market closely to minimise the impact of exchange rate movement on the Group's financial performance.

Salaries and other benefits expenses increased from approximately HK\$4.0 million for the six months ended 30 June 2019 to approximately HK\$6.3 million for the Period. Such increase in salaries and related expenses was contributed by the payment of the one-off discretionary bonus of HK\$2.0 million to the executive Directors of the Group in the Period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### (CONTINUED)

Other operating and administrative expenses decreased from approximately HK\$10.6 million for the six months ended 30 June 2019 to approximately HK\$9.2 million for the Period, which was mainly due to (i) decrease in trade-related expenses by HK\$1.6 million as the number of trade executed during the Period dropped; (ii) decrease in legal and professional fee by approximately HK\$0.5 million as less expenses incurred related to the development in Qianhai office; partly offset by increase in rental expenses by approximately HK\$0.8 million after the commencement of new lease terms in February 2020.

As a result of the foregoing, the Group recorded a net loss for the Period of approximately HK\$7.0 million, as compared to a net profit of approximately HK\$0.1 million for the corresponding period in 2019.

### 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 margin financing business.

The first six months of 2020 were extremely challenging for all businesses. The outbreak of COVID-19 has caused severe disruptions to the Hong Kong and global financial markets since the beginning of the year. It has impacted almost all businesses and sectors worldwide. Financial markets, including both stock markets and commodity markets, reacted nervously to the news of COVID-19 and are afraid it will cause financial crisis and global recession. Investors, including the customers, preferred to adopt “wait and see” attitude, and less trades were made by the customers during the six months ended 30 June 2020. The management is pessimistic about the results of the second half of 2020 as it is expected that it may take at least half a year for the economy to recover to a normal level.

## MANAGEMENT DISCUSSION AND ANALYSIS

### (CONTINUED)

The performance of the brokerage business of the Group was highly reliant on the high net wealth clients from the PRC. However, the social unrest in the second half of 2019 discouraged the potential clients of the Group to open accounts in Hong Kong and the compulsory quarantine arrangement implemented by the Government of HKSAR completely stopped new account opening from the PRC customers. As Hong Kong is facing a new wave of the pandemic and the number of COVID-19 infection cases surged recently, it is unrealistic for the management to believe that these implementations conducted by the Government of HKSAR will be lifted in the near future. The Group has slowed down the investment in the Qianhai office and the promotion in the PRC as the management believed that these investments and promotions may not be effective at this moment. The Board believed that it would be in the best interest of the Group and the shareholders of the Company to suspend the expansion in the PRC and improve the liquidity of the Group to face the challenges in the near future.

### LIQUIDITY AND FINANCIAL RESOURCES

The Group's principal source of funds was cash generated from operations accumulated over the previous years and the IPO proceeds obtained in January 2018. The Group recorded net current assets and working capital of approximately HK\$33.0 million as at 30 June 2020, compared to approximately HK\$44.6 million as at 31 December 2019. Such decrease was mainly due to the loss incurred during the Period. As at 30 June 2020, the Group had cash and cash equivalents of approximately HK\$24.5 million (31 December 2019: approximately HK\$38.0 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## (CONTINUED)

### CAPITAL STRUCTURE

For the six months ended 30 June 2020, the capital structure of the Group consisted of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves. The Group did not have any borrowing as at 30 June 2020 and up to the date of this interim report. As at 30 June 2020, the share capital and equity attributable to the owners of the Company amounted to HK\$8.0 million and approximately HK\$46.4 million, respectively (31 December 2019: HK\$8.0 million and approximately HK\$53.4 million, respectively).

### FOREIGN CURRENCY RISK EXPOSURE

The Group's transactions for the six months ended 30 June 2020 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 2020, the Group did not have any significant investment, material acquisition and disposal of subsidiaries.

### CONTINGENT LIABILITIES

As at 30 June 2020, the Group did not have any significant contingent liabilities (31 December 2019: nil).

# MANAGEMENT DISCUSSION AND ANALYSIS

## (CONTINUED)

### COMPARISON OF BUSINESS PLAN WITH ACTUAL BUSINESS PROGRESS

The following is a comparison of the Group's business plan as set out in the Company's Prospectus dated 29 December 2017 ("**Prospectus**") with actual business progress up to 30 June 2020:

Business plan as set out in the Prospectus	Progress up to 30 June 2020
Strengthen the Group's position in the futures market by enhancing the marketing resources in the PRC	The Group has temporarily suspended its development in Qianhai office, given that the COVID-19 situation in the PRC and Hong Kong and the measures taken by the Government of HKSAR that mainlanders are temporarily suspended from entering Hong Kong. Our management believed that it would be in the best interest of the Company and the shareholders of the Company to recommence the development in Qianhai office after lifting of immigration restriction when the pandemic situation become stable.
Establish and commence the stock and stock options business	The Group has already commenced the stock options and securities business.

# MANAGEMENT DISCUSSION AND ANALYSIS

## (CONTINUED)

### Business plan as set out in the Prospectus

### Progress up to 30 June 2020

Enhance the information technology (“IT”) capability of the Group

The Group has completed the first phase of server and network capacity upgrade, which include the upgrade of firewall and security of the online trading system according to the implementation plan. However, as the trading volume of the stock options and securities were below the expectation from the management and due to the uncertainty of the economy in the near future, the Group has delayed the second phase enhancement of the IT capacity until these situations improve.

Expand the manpower for providing more customised client services and to strengthen the compliance and operational and accounting capabilities

The Group has expanded the accounting department by employing an additional accountant to assist in daily accounting operations and adoption of new accounting system to enhance the efficiency and internal control. In view of the unclear economic situation, the management has slowed down the recruitment process.



# 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 2020 is set out below:

Use of net proceeds	Total planned amount to be used HK\$ million	Actual amount utilised up to 30 June 2020 HK\$ million	Actual balance as at 30 June 2020 HK\$ million
Strengthen the Group’s position in the futures market by enhancing the marketing resources in the PRC	20.7	14.1 (Note 1)	6.6
Establish and commence the stock and stock options business	13.2	13.2 (Note 2)	–
Enhance the IT capability of the Group	6.8	2.5	4.3
Expand the manpower for providing more customised client services and to strengthen the compliance and operational and accounting capabilities	5.8	1.3	4.5
	46.5	31.1	15.4

# MANAGEMENT DISCUSSION AND ANALYSIS

## (CONTINUED)

Notes:

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

The difference of approximately HK\$15.4 million between the planned use of proceeds of approximately HK\$46.5 million and the actual amount utilised up to 30 June 2020 of approximately HK\$31.1 million was mainly due to the fact that the Group has delayed the development in Qianhai office, expansion of manpower and enhancement of IT infrastructure as the outbreak of COVID-19 pandemic has caused a lot of uncertainties in the future operating performance of the Group. The Board believed that it would be a better option for the Group and the shareholders of the Company to slow down the expansion. The Board is of the view that the business plan set out in the Prospectus will be continued after the business of the Group recovers.

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

## OTHER INFORMATION

### DIVIDENDS

The Board of Directors did not declare the payment of dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: HK0.1 cent 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.

## OTHER INFORMATION (CONTINUED)

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

As at 30 June 2020, 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	559,496,000 (L)	69.94%
Mr. Chan Ying Leung (Notes 3 and 5)	Beneficial owner; interest held jointly with another person	559,496,000 (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.

## OTHER INFORMATION (CONTINUED)

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. 559,496,000 shares in which Mr. Poon Kwok Wah Allan is interested consist of (i) 271,496,060 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. 559,496,000 shares in which Mr. Chan Ying Leung is interested consist of (i) 287,999,940 shares held by him; and (ii) 271,496,060 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 2020, 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 2020, 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	559,496,000 (L)	69.94%
Mr. Chan Ying Leung (Notes 3 and 5)	Beneficial owner; interest held jointly with another person	559,496,000 (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. 559,496,000 shares in which Mr. Poon Kwok Wah Allan is interested consist of (i) 271,496,060 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. 559,496,000 shares in which Mr. Chan Ying Leung is interested consist of (i) 287,999,940 shares held by him; and (ii) 271,496,060 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 2020, 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 2020 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 2020, 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.

### INTERESTS OF THE COMPLIANCE ADVISER

As notified by Alliance Capital Partners Limited, the Company's compliance adviser, neither it nor any of its directors or employees or close associates had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities, if any) or otherwise in relation to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules (except for the compliance adviser agreement entered into between the Company and Alliance Capital Partners Limited on 22 February 2017 (the "**Compliance Adviser Agreement**") as at 30 June 2020. Pursuant to the Compliance Adviser Agreement, Alliance Capital Partners Limited has received and will receive fees for acting as the Company's compliance adviser.

### 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 2020, the Company has complied with the applicable code provisions as set out in the CG Code except for the deviation from code provision A.2.1 which stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.



## OTHER INFORMATION (CONTINUED)

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

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

### CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS

The Company has adopted the Required Standard of Dealings as the code for securities transactions by the Directors on the guidelines as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Further, the Company had made specific enquiry with all Directors and each of them has confirmed his/her compliance with the Required Standard of Dealings during the six months ended 30 June 2020.

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 2020.

### AUDIT COMMITTEE

The Company established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The primary duties of the Audit Committee are to review the Company’s annual report and accounts, interim report and quarterly reports and to provide advices and comments thereon to the Board. The Audit Committee will also be responsible for reviewing and supervising the Company’s financial reporting, risk management and internal control systems. The Audit Committee comprises three independent non-executive Directors, namely Mr. Chin Kam Cheung (chairman of the Audit Committee), Mr. Ang Wayne Wu-ye 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 2020 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, 6 August 2020