

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



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 2017**

**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 2017 ANNUAL RESULTS

- The Group has recorded an approximately 19.5% decrease in revenue from approximately HK\$40.8 million for the year ended 31 December 2016 to approximately HK\$32.8 million for the year ended December 2017.
- Loss for the year ended 31 December 2017 was approximately HK\$0.6 million, representing a 104.9% decrease from profit of HK\$11.8 million for the prior year. Excluding the non-recurring listing expenses for both years, profit for the year ended 31 December 2017 decreased by 38.1%, from HK\$20.6 million in 2016 to HK\$12.8 million in 2017.
- The basic and diluted loss per share was HK0.16 cents for the year ended 31 December 2017, while the basic and diluted earnings per share was HK1.84 cents for the year ended 31 December 2016.
- The Board does not recommend any payment of final dividend for the year ended 31 December 2017.

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 2017, together with the comparative audited figures for the corresponding year in 2016, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017 (Expressed in Hong Kong dollars)

	<i>Note</i>	2017 HK\$'000	2016 HK\$'000
Revenue	5	32,840	40,776
Other net income	6	203	196
Salaries and other benefits		(5,162)	(5,051)
Other operating and administrative expenses		(12,430)	(11,660)
Listing expenses		<u>(13,337)</u>	<u>(8,838)</u>
Profit before tax	7	2,114	15,423
Income tax expense	8	<u>(2,692)</u>	<u>(3,635)</u>
(Loss)/profit for the year and total comprehensive income for the year		<u>(578)</u>	<u>11,788</u>
Attributable to:			
Equity shareholders of the Company		(971)	11,042
Non-controlling interests		<u>393</u>	<u>746</u>
Total comprehensive income for the year		<u>(578)</u>	<u>11,788</u>
(Loss)/earnings per share			
Basic and diluted (cents)	9	<u>(0.16)</u>	<u>1.84</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017 (Expressed in Hong Kong dollars)

	<i>Note</i>	2017 HK\$'000	2016 HK\$'000
Non-current assets			
Property and equipment		137	101
Intangible assets		480	480
Statutory deposits		1,723	1,544
Other assets		644	644
		<u>2,984</u>	<u>2,769</u>
Current assets			
Accounts receivable arising from ordinary course of business of trading in futures contracts and options	10	11,938	11,788
Other assets		1,392	1,769
Amounts due from related parties		–	28
Financial assets at fair value through profit or loss		54	122
Cash and cash equivalents		12,964	10,472
Current tax assets		238	–
		<u>26,586</u>	<u>24,179</u>
Current liabilities			
Accounts payable arising from ordinary course of business of trading in futures contracts and options	11	10,440	10,196
Other payables and accruals		5,874	1,444
Amounts due to a related party		–	325
Current tax liabilities		–	1,149
		<u>16,314</u>	<u>13,114</u>
Net current assets		<u>10,272</u>	<u>11,065</u>
NET ASSETS		<u>13,256</u>	<u>13,834</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*As at 31 December 2017 (Expressed in Hong Kong dollars)*

	2017 HK\$'000	2016 HK\$'000
CAPITAL AND RESERVES		
Share capital	6,000	–
Retained earnings	10,055	11,026
Other reserves	(2,799)	2,062
Total equity attributable to equity shareholders of the Company	13,256	13,088
Non-controlling interests	–	746
TOTAL EQUITY	13,256	13,834

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:

1 CORPORATE INFORMATION

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 has not carried on any business since the date of its incorporation save for the Group reorganisation below. 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.

Pursuant to a group reorganisation (the “Reorganisation”) on 12 October 2017, the Company became the holding company of the companies now comprising the Group. Further details of the Reorganisation are set out in the section headed “History, Reorganisation and Corporate Structure” in the Company’s prospectus dated 29 December 2017 (the “Prospectus”).

In connection with the listing of the shares of the Company on GEM of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”), 200,000,000 new ordinary shares of HK\$0.01 each of the Company were issued at a price of HK\$0.40 per share for a total cash consideration, before expenses, of HK\$80,000,000. Dealings in the shares of the Company on GEM of the Stock Exchange commenced on 12 January 2018 (the “Listing Date”).

2 GROUP REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (“GEM Listing Rules”).

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 4 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

Prior to the incorporation of the Company, the above mentioned principal activities were carried out by Excalibur Global Financial Group Limited (“Excalibur Global BVI”) and its subsidiaries. To rationalise the corporate structure in preparation of the listing of the Company’s shares on GEM of the Stock Exchange, the Group underwent the Reorganisation. Upon completion of the Reorganisation, the Company became the holding company of the Group. As Excalibur Global BVI was controlled by Mr. Poon Kwok Wah, Allan and Mr. Chan Ying Leung before and after the Reorganisation and therefore there were no changes in the economic substance of the ownership and the business of the Group. The Reorganisation only involved inserting a newly formed entity with no substantive operations as the new holding company of Excalibur Global BVI, the former holding company of the Group. Accordingly, the Reorganisation has been accounted for using a principle similar to that as a reverse acquisition, with Excalibur Global BVI treated as the acquirer for accounting purposes. The consolidated financial statements have been prepared and presented as a continuation of the financial statement of Excalibur Global BVI with the assets and liabilities of Excalibur Global BVI recognised and measured at their historical carrying amounts prior to the Reorganisation.

Major steps of the Reorganisation are as follows:

- (i) On 13 July 2016, the Company was incorporated under the laws of the Cayman Islands. Upon incorporation of the Company, one subscriber share was allotted and issued at par to Reid Services Limited (“Reid Services”) as the initial subscriber. On 13 July 2016, Reid Services transferred such one share to Mr. Poon Kwok Wah, Allan. On the same date, the Company allotted and issued at par 18,999 shares and 19,000 shares to Mr. Poon Kwok Wah, Allan and Mr. Chan Ying Leung, respectively, following which the Company became legally and beneficially owned as to 50% by each of Mr. Poon Kwok Wah, Allan and Mr. Chan Ying Leung.
- (ii) On 12 October 2017, Mr. Poon Kwok Wah, Allan and Mr. Chan Ying Leung, controlling shareholders of the Company, each transferred one share in Excalibur Global BVI to the Company in exchange of 4,780,999 shares of the Company respectively. Excalibur Global BVI became a directly wholly-owned subsidiary of the Company.
- (iii) On 12 October 2017, Mr. Poon Kwok Wah, Allan and Mr. Ding Yimin, shareholders of New Century Excalibur Holdings Limited (“New Century”), transferred one share and 200,000 shares respectively to Excalibur Global BVI in consideration of (i) the allotment and issue of two shares by the Company to Mr. Poon Kwok Wah, Allan; and (ii) the allotment and issue of 400,000 shares by the Company to Fortune Millennium Investment Limited (solely owned by Mr. Ding Yimin). New Century became a directly wholly-owned subsidiary of Excalibur Global BVI.

Upon completion of the Reorganisation and as at the date of this announcement, the Company has direct or indirect interests in the following subsidiaries, all of which are private companies:

Company name	Place and date of incorporation/ establishment	Particulars of issued and paid-up capital	Proportion of ownership interest		Principal activities
			Held by the Company	Held by the subsidiary	
Excalibur Global BVI	British Virgin Islands 6 July 2009	US\$2	100%	–	Investment Holding
New Century	Hong Kong 29 June 2011	HK\$20,780,000	–	100%	Investment Holding
Excalibur Global Financial Group Limited 駿溢環球金融集團有限公司	Hong Kong 18 November 1993	HK\$12 million	–	100%	Futures brokerage business

All companies comprising the Group have adopted 31 December as their financial year end date.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that financial assets that are designated at fair value through profit or loss are stated at their fair value.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3 REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

All transactions related to futures and options contracts dealings and the commission income that arises are recognised and accounted for on a trade date basis. Accordingly, only those transactions whose trade dates fall within the accounting period have been taken into account.

Interest income is recognised as it accrues using the effective interest method.

Dividend income from listed investments is recognised when the share price of the investments goes ex-dividend.

4 APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The HKICPA has issued amendments to HKFRSs which are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

New and revised HKFRSs issued but not yet effective

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2017 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
HKFRS 9, <i>Financial instruments</i>	1 January 2018
HKFRS 15, <i>Revenue from contracts with customers</i>	1 January 2018
Amendments to HKFRS 2, <i>Share-based payment:</i> <i>Classification and measurement of share-based payment transactions</i>	1 January 2018
Amendments to HKAS 40, <i>Investment property: Transfers of investment property</i>	1 January 2018
HK(IFRIC) 22, <i>Foreign currency transactions and advance consideration</i>	1 January 2018
HKFRS 16, <i>Leases</i>	1 January 2019
HK(IFRIC) 23, <i>Uncertainty over income tax treatments</i>	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. While the assessment has been substantially completed for HKFRS 9 and HKFRS 15, the actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standards are initially applied in the Group's interim financial report for the six months ended 30 June 2018. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in that financial report in that report.

5 REVENUE

The principal activities of the Group are futures and options broking.

Revenue represents the brokerage commission from futures and options broking.

	2017 HK\$'000	2016 HK\$'000
Hong Kong market	6,403	12,393
Overseas markets	26,437	28,383
	<u>32,840</u>	<u>40,776</u>

6 OTHER NET INCOME

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Interest income	2	4
Exchange gain, net	155	122
Loss on financial assets at fair value through profit or loss	(68)	(70)
Sundry income	114	140
	<u>203</u>	<u>196</u>

7 PROFIT BEFORE TAX

Profit before tax is arrived at after charging:

(a) Staff costs

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Salaries and allowances	4,913	4,814
Staff welfares	42	47
Retirement scheme contributions	207	190
	<u>5,162</u>	<u>5,051</u>

(b) Other operating and administrative expenses

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
IT and communication expenses	4,748	4,746
Marketing expenses	23	101
Commission expenses	1,495	1,641
Rental expenses	2,603	2,468
Legal and professional fees	1,362	821
Auditors' remuneration	805	305
Depreciation of property and equipment	51	76
Other expenses	1,343	1,502
	<u>12,430</u>	<u>11,660</u>

8 INCOME TAX EXPENSE

Taxation in the consolidated statement of profit or loss represents:

	2017 HK\$'000	2016 HK\$'000
Current tax		
Hong Kong Profits Tax	2,692	3,954
Overprovision in respect of prior year	—	(319)
	<u>2,692</u>	<u>3,635</u>
Deferred tax		
Origination and reversal of temporary differences	<u>—</u>	<u>—</u>

The provision for Hong Kong Profits Tax for year ended 31 December 2017 is calculated at 16.5% (2016: 16.5%).

9 (LOSS)/EARNINGS PER SHARE

The calculation of basic loss per share for the financial year is based on the loss attributable to equity shareholders of the Company for the year ended 31 December 2017 of HK\$971,000 (2016: profit of HK\$11,042,000), and the weighted average number of shares in issue during the year ended 31 December 2017 of 600,000,000 (2016: 600,000,000). The weighted average number of shares in issue during the years ended 31 December 2017 and 2016 is based on the assumption that 600,000,000 ordinary shares were in issue as if the shares issued at the date the Company became the holding company of the Group were outstanding throughout the years ended 31 December 2017 and 2016. No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2017 and 2016 as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2017 and 2016.

10 ACCOUNTS RECEIVABLE ARISING FROM THE ORDINARY COURSE OF BUSINESS OF TRADING IN FUTURES CONTRACTS AND OPTIONS

	2017 HK\$'000	2016 HK\$'000
Accounts receivable		
— Cash clients	143	45
— Clearing house	5,665	4,264
— Overseas brokers	<u>6,130</u>	<u>7,479</u>
	<u>11,938</u>	<u>11,788</u>

Aging analysis

The normal settlement terms of accounts receivable from cash clients and clearing house 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:

	2017 HK\$'000	2016 <i>HK\$'000</i>
0–30 days	<u>11,938</u>	<u>11,788</u>

Accounts receivable that were past due but not impaired relate to a number of independent customers that either have a good track record for repayment with the Group or fully settled the outstanding balances within a few days subsequently. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances would be fully recoverable within a short period. The Group does not hold any collateral over these balances.

Impairment loss in respect of receivables from margin clients are recorded using an allowance account unless the Company considered that recovery of the amount is remote in which case the impairment loss is written off against margin client receivables directly.

11 ACCOUNTS PAYABLE ARISING FROM THE ORDINARY COURSE OF BUSINESS OF TRADING IN FUTURES CONTRACTS AND OPTIONS

	2017 HK\$'000	2016 <i>HK\$'000</i>
Accounts payable		
— Cash clients	<u>10,440</u>	<u>10,196</u>

Accounts payable to clients arising from the business of trading in futures contracts and options are margin deposits received from clients for their trading of futures contracts and options on the Hong Kong Futures Exchange Limited (the “HKFE”) and overseas exchanges through overseas brokers.

All of the accounts payable are repayable on demand.

12 DIVIDENDS

The Board does not recommend any payment of final dividend for the year ended 31 December 2017 (2016: HK\$Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

On 12 January 2018, the Group reached a new milestone with the successful listing of the Company's shares on GEM of the Stock Exchange. Proceeds from the Company's initial public offering ("IPO") have greatly strengthened the Group's financial resources to expand the futures and options brokerage business, particularly for setting the office in Qianhai and entering the stock option business. Setting up an office in Qianhai will allow the Group to offer tailor-made service to existing and potential clients in Mainland China. The Group could also use Qianhai as a stepping-stone to further expand the exposure in other regions in Mainland China. In the long term, our goal is to develop the Group as a financial institution which provide all-rounded financial services and products to the customers in Hong Kong and Mainland China.

The successful listing has given the Group higher visibility in the market and further strengthened our brand name. This has in turn boosted the confidence of the clients in the Group. Together with the future office in Qianhai, the Group will invest more marketing resource in Mainland China by organising more seminars, workshops and training to the Group's existing and potential clients from Mainland China. The Group will extend the marketing activities beyond the Pearl Delta Area into other parts of Mainland China. Through such effort, the Group expects to attract more clients from Mainland China over time. Such investment will bring the Group to the next level and increase the presence in Mainland China.

The Group's marketing approach is to reach high net worth customers through referral from existing customers or hosting seminars in relation to futures and options products trading. In order to attract these customers, who demand higher service quality from brokerage firms, the Group intends to further strengthen the infrastructure on the network capacity and speed. Improvement of the IT infrastructure includes improving security firewall and enhancing the connectivity between the servers and servers of clearing house/overseas brokers. These investments are believed to be essential for the Group's success in attracting more customers and maintaining the competitive edge in the market.

Although the stock markets in Hong Kong and Mainland China surged, the Hang Sang Index ("HSI") Volatility Index remained low throughout the Year. Based on past experience, clients are less interested in trading futures and options products in such market condition. It therefore leads to a slight decrease in revenue of the Group contributed by trading of futures contracts. The Group is planning to diversify the revenue stream in order to generate a stable and growing return to our shareholders. The Group is going to commence stock options and securities margin financing business after obtaining approval from regulatory bodies for lifting the current licensing condition. By entering into these markets, the Group could offer more products to our clients and increase revenue by expanding the revenue source. The Group will strive to expand our business and customer base and become a more diversified financial institution to achieve further success and business growth in the future.

Looking ahead to 2018, the environment of financial market is expected to be more challenging compared to the Year, political and economic uncertainties will remain high across the world especially in APAC region. The Group will further strengthen ourselves to overcome these challenges and continue the growth in brokerage business in futures and options trading, and introduce stock options business in 2018.

FINANCIAL REVIEW

Results

For the year ended 31 December 2017 (the “Year”), revenue of the Group amounted to approximately HK\$32,840,000, representing a decrease of approximately 19.5% from approximately HK\$40,776,000 for the year ended 31 December 2016 (the “Prior Year”). Such decrease was mainly driven by the low volatility in the financial markets including stock markets and commodity markets. As futures trading by the clients are mainly based on speculations on the prices of different underlying assets, the clients are generally less interested in trading futures contracts when the volatility is low, leading to lower revenue recorded compared to Prior Year.

The Group recorded a loss of approximately HK\$578,000 for the Year, as compared with the profit of approximately HK\$11,788,000 for the Prior Year. Net loss attributable to owners of the Company amounted to approximately HK\$971,000 for the Year, representing a decrease of approximately 108.8% compared with the profit of approximately HK\$11,042,000 for the Prior Year. The overall performance from net profit to net loss attributable to equity shareholders of the Company was mainly contributed by (i) the decrease in revenue generated in the Year; and (ii) the increase in listing expenses recognised during the Year. By excluding the listing expenses, the Group recorded a profit of approximately HK\$12,759,000 for the Year, which represents a decrease of 38.1% compared to a profit of HK\$20,626,000 for the Prior Year.

The basic and diluted loss per share of the Company for the Year was approximately HK0.16 cents as compared with the basic and diluted earnings per share of approximately HK1.84 cents for the Prior Year.

Revenue

The Group mainly provides futures brokerage services to the clients. The Group derived the revenue principally from brokerage fees received from the clients for the execution and/or facilitation of execution of futures contracts through the online trading platform.

The table below sets out the breakdown of the revenue generated by the Group from brokerage fees received for futures and options broking activities (by market):

Market	Year ended 31 December 2017		Year ended 31 December 2016		Increment/ (Decrement)	
	HK\$'000	% of total	HK\$'000	% of total	HK\$'000	%
Hong Kong market (<i>Note 1</i>)	6,403	19.5	12,393	30.4	(5,990)	(48.3)
Overseas markets (<i>Note 2</i>)	26,437	80.5	28,383	69.6	(1,946)	(6.9)
	32,840	100.0	40,776	100.0	(7,936)	(19.5)

Note:

- (1) In respect of products traded on HKFE.
- (2) In respect of products traded in various global futures exchanges.

The key products from Hong Kong market were HSI futures and options while key products from overseas markets were commodity futures. It was noted that the drop of revenue from overseas markets was less than the one from Hong Kong market. It was contributed by the Group's continuing effort to encourage the clients to trade in futures products from overseas exchanges in which the Group charges higher fee.

The following table sets forth a breakdown of the revenue in respect of types of products traded by the clients in the Year.

Product category	Year ended 31 December 2017		Year ended 31 December 2016		Increment/ (Decrement)	
	HK\$'000	% of total	HK\$'000	% of total	HK\$'000	%
Energy futures	18,912	57.6	21,014	51.5	(2,102)	(10.0)
Index futures and options	7,421	22.6	13,735	33.7	(6,314)	(46.0)
Precious metal futures	3,401	10.3	2,781	6.8	620	22.3
Forex futures	1,835	5.6	2,056	5.0	(221)	(10.8)
Industrial metal futures	750	2.3	533	1.3	217	40.7
Agricultural futures	467	1.4	606	1.5	(139)	(22.9)
Other futures	54	0.2	51	0.2	3	5.9
	<u>32,840</u>	<u>100.0</u>	<u>40,776</u>	<u>100.0</u>	<u>(7,936)</u>	<u>(19.5)</u>

As explained in the above paragraph about the decrease in index futures and options trading, there was approximately 10.0% decrease in the trading fee received from energy futures which mainly represents light crude oil futures. Management believed that the decrease in trading volume in light crude oil futures was driven by the fluctuation in crude oil prices during the Year which was unfavorable for clients to carry out speculative activities.

The pricing strategy of the Group applied to the clients is mainly based on (i) the cost structure of trading of the relevant futures/options contracts, (ii) willingness and ability of 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:

Product category	Year ended 31 December 2017		Year ended 31 December 2016	
	Gross	Net	Gross	Net
	commission	commission	commission	commission
	HK\$ (Note 1)	HK\$ (Note 2)	HK\$ (Note 1)	HK\$ (Note 2)
HSI Futures	47.1	47.1	54.2	54.2
Mini HSI Futures	11.7	11.7	13.9	13.9
Light Crude Oil Futures	156.6	141.7	156.6	141.7
Gold Futures	106.4	91.5	102.8	87.9
Euro FX Futures	75.8	59.8	84.2	68.2

Note:

- (1) “Gross commission” refers to the amount of fees which the clients were charged for trading futures and options products through the trading platform of the Group (inclusive of fees charged by the overseas brokers of the Group 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 us, exclusive of the fees mentioned in Note 1.

As at 31 December 2017, the Group has 555 active clients (i.e. have executed at least one trade in the past twelve months period), which represents a decrease of 25.5% compared to 745 active clients as at 31 December 2016. The business strategy of the Group is to target high net wealth clients which could generate high revenue to the Group. The management does not view the number of active clients as a clear indicator of the business performance.

Other income

For the Year, the Group’s other income amounted to approximately HK\$203,000, representing a slight increase of approximately 3.6% from HK\$196,000 for the Prior Year. The increase was mainly contributed by the increase in exchange gains, which was primarily affected by currency rate fluctuations, and offset by the decrease in sundry income.

Staff cost and remuneration policies

As at 31 December 2017, the Group engaged a total of 18 employees (2016: 17) including the executive Directors. For the Year, total staff costs amounted to approximately HK\$5.2 million (2016: approximately HK\$5.1 million). Remuneration (including employees’ benefits) 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\$12.4 million, representing an increase of approximately 6.6% from HK\$11.7 million for the Prior Year. Several key expense items being included in this category are discussed below:

(i) Trade-related expenses (accounts for 39.5% of G&A expenses)

In the Year, the trade-related expenses of the Group (including commission expenses paid to the Accounts Executives, overseas brokers, exchange fees and service fee for our trading software provider) were approximately HK\$4.9 million, which represents a decrease of 9.3% compared to HK\$5.4 million recorded in Prior Year. As most of these expenses are directly proportional to transactions executed through the Group, the decrease in trade volume in the Year leads to the decrease of the trade-related expenses.

(ii) Rental expenses (accounts for 20.9% of G&A expenses)

In the Year, the rental expenses remains the same as Prior Year. No new rental contract was entered during the Year.

(iii) Legal, professional and audit fee (accounts for 17.4% of G&A expenses)

In the Year, the legal, professional and audit fee increased sharply from HK\$1.1 million from Prior Year to HK\$2.2 million, represents an increase of 100.0%. Such sharp increase was mainly contributed by the increase in audit fee for the Group after listing and the professional service fee paid for enhancing the Group's anti-money laundering procedures.

Listing expenses

For the Year, the Group's listing expenses amounted to approximately HK\$13.3 million, representing an increase of approximately 50.9% from HK\$8.8 million for the Prior Year. The listing expenses are non-recurring in nature and the management expects that such expenses will decrease sharply in financial year ending 31 December 2018.

Income tax expense

For the Year, the Group's income tax expense amounted to approximately HK\$2.7 million, representing a decrease of approximately 25.9% from approximately HK\$3.6 million for the Prior Year. Such decrease was mainly attributable to the decrease in taxable profit of the Group generated in 2017.

Liquidity and financial resources

The Group's principal source of funds was cash generated from operations accumulated over the previous years. The Group recorded net current assets of approximately HK\$10.3 million as at 31 December 2017, compared to net current assets of approximately HK\$11.1 million as at 31 December 2016, such slight decrease was mainly due to loss recognised in the Year. As at 31 December 2017, the Group had cash and cash equivalents of approximately HK\$13.0 million. The financial position has been further enhanced by the IPO proceeds obtained in January 2018.

Capital structure

For the year ended 31 December 2017, 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 31 December 2017 and up to the date of this announcement.

RISK MANAGEMENT

The Group is exposed to various types of risks in the normal course of the business, and four major risks namely operational risk, credit risk, liquidity risk and foreign currency risk are discussed below:

Operational risk

The Group's revenue is highly concentrated on several key customers. In the Year, revenue attributable to the largest and 5 largest customers of the Group accounted for approximately 23.8% and 52.0% of the Group's total revenue for the Year, respectively. Among the 5 largest customers, they averagely have approximately 5.2 years of relationship with the Group, ranging from 1 to 15 years. Management believed the Group could continue to retain these key customers by providing premium trading services.

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 house. Management does not expect significant credit risk as all bank balances are placed with recognised banks in Hong Kong and the Group has comprehensive credit policy in place.

Liquidity risk

The Group is exposed to liquidity risk which arises from the timing difference between settlement with clearing house or overseas brokers and clients. Finance team of the Group works closely with the settlement staff to monitor the Group's liquidity position. The proceeds obtained from the listing 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 ("U.S. dollar"). As the Hong Kong Dollar is pegged to the U.S. dollar, no significant exposure to the currency risk is expected by the management. As the management expected the foreign currency risk to be low, the Group currently does not have a foreign currency hedging policy.

CONTINGENT LIABILITIES

As of 31 December 2017 and up to the date of this announcement, the Group did not have any guarantees or other material contingent liabilities.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS AND USE OF PROCEEDS FROM THE PUBLIC LISTING OF SHARES

The following sets out a comparison and analysis of the business objectives as stated in the Prospectus with the Group's actual business progress up to 31 December 2017:

Futures plans	Progress
Strengthen the position in the futures market by enhancing the marketing resources in the PRC	Working with the PRC lawyers on setting up the legal entity in Qianhai
Establish and commence the stock and stock options business	Applying licenses with respective regulatory bodies
Enhance the Information Technology capability of the Group	Identification of target softwares, hardwares and the solutions from potential service providers, recruitment of programmers for the Artificial Intelligence trading software
Expand the manpower for providing more customised client services and to strengthen the compliance and operational and accounting capabilities	Screening potential candidates for job openings by the Human Resources department

The Company was successfully listed on GEM of the Stock Exchange on 12 January 2018 and 200,000,000 ordinary shares were issued at HK\$0.40 per share on 11 January 2018 by way of share offer. Net proceeds from the share offer amounted to approximately HK\$46.8 million (after deducting the underwriting fees and other related expenses).

During the Year and up to the date of this announcement, the Group had only utilised insignificant amount of proceeds raised from the listing. The unutilised proceeds were placed on interest-bearing deposits with licensed banks in Hong Kong.

The Directors regularly evaluate the Group's business plan and may change or modify plans against the changing market condition to ascertain the business growth of the Group. During the Year, the Directors considered that no modification of the use of proceeds described in the Prospectus was required.

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.

CORPORATE GOVERNANCE PRACTICES

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.

Since the Listing Date 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 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.

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 A.2.1 of the CG Code is appropriate in such circumstance.

PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES OF THE COMPANY

Since the listing of the shares of the Company was subsequent to the year ended 31 December 2017, neither the Company nor any of its subsidiaries has purchased, sold or redeemed the Company's listed securities for the year ended 31 December 2017.

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 from the Listing Date to the date of this announcement.

EVENTS AFTER THE REPORTING DATE

In connection with the listing of the shares of the Company on GEM of the Stock Exchange, 200,000,000 new ordinary shares of HK\$0.01 each of the Company were issued at a price of HK\$0.40 per share for a total cash consideration, before expenses, of HK\$80,000,000. Dealings in the shares of the Company on GEM of the Stock Exchange commenced on 12 January 2018.

DIVIDENDS

The Board does not recommend any payment of final dividend for the year ended 31 December 2017 (2016: HK\$Nil).

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued shares were held by the public as required under the GEM Listing Rules since the Listing Date and up to the date of this announcement.

ANNUAL GENERAL MEETING (THE "AGM")

The forthcoming AGM of the Company will be held on Friday, 8 June 2018 at 3:00 p.m.. A notice convening the AGM will be published and despatched to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 5 June 2018 to Friday, 8 June 2018, both days inclusive, during which period no transfer of shares will be registered. For determining the entitlement of members of the Company to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 4 June 2018.

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 Audit Committee consists of three independent non-executive Directors, namely Mr. Chin Kam Cheung, Mr. Ang Wayne Wu-yee and Mr. Siu Miu Man. 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 2017.

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

Hong Kong, 26 March 2018

As at the date of this announcement, the executive Directors are Mr. Poon Kwok Wah, Allan, Mr. Chan Ying Leung and Ms. Lee Mei Chun; and the independent non-executive Directors are Mr. Chin Kam Cheung, Mr. Ang Wayne Wu-yee and Mr. Siu Miu Man.

This announcement will remain on the "Latest Company Announcements" page of the website of GEM (www.hkgem.com) for at least seven days from its date of publication. This announcement will also be published on the website of the Company at www.excalibur.com.hk.