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 2018

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 2018 ANNUAL RESULTS

- The Group has recorded an approximately 54.5% increase in revenue from approximately HK$32.8 million for the year ended 31 December 2017 to approximately HK$50.7 million for the year ended 31 December 2018.

- Profit for the year ended 31 December 2018 was approximately HK$19.5 million, as compared with the loss of approximately HK$0.6 million for the prior year. Excluding the non-recurring listing expenses for both years, profit for the year ended 31 December 2018 increased by approximately 63.2%, from approximately HK$12.8 million in 2017 to approximately HK$20.8 million in 2018.

- The basic and diluted earnings per share was HK2.46 cents for the year ended 31 December 2018, while the basic and diluted loss per share was HK0.16 cents for the year ended 31 December 2017.

- The Board declared the payment of a fourth interim dividend of HK1 cent per share for the year ended 31 December 2018.

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 2018, together with the comparative audited figures for the corresponding year in 2017, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018 (Expressed in Hong Kong dollar)

	Note	**2018** **HK$'000**	2017 HK$'000
Revenue	*5*	**50,736**	32,840
Other net (loss)/income	*6*	**(236)**	203
Salaries and other benefits	*7(a)*	**(6,950)**	(5,162)
Other operating and administrative expenses	*7(b)*	**(18,240)**	(12,430)
Listing expenses		**(1,337)**	(13,337)
Profit before tax	*7*	**23,973**	2,114
Income tax expenses	*8*	**(4,490)**	(2,692)
Profit/(loss) for the year and total comprehensive income for the year		**19,483**	(578)
Attributable to:			
Equity shareholders of the Company		**19,483**	(971)
Non-controlling interests		**–**	393
Total comprehensive income for the year		**19,483**	(578)
Earnings/(loss) per share			
Basic and diluted (cents)	*9*	**2.46**	(0.16)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018 (Expressed in Hong Kong dollar)

	Note	**2018** **HK$'000**	2017 HK$'000
Non-current assets			
Property and equipment		**1,089**	137
Intangible assets		**480**	480
Statutory deposits		**3,500**	1,723
Other assets		**–**	644
		5,069	2,984
Current assets			
Accounts receivable arising from ordinary course of business of trading in futures contracts and options	*10*	**75,417**	11,938
Other assets		**6,374**	1,392
Amount due from a related party		**6**	–
Financial assets at fair value through profit or loss		**31**	54
Current tax assets		**–**	238
Cash and cash equivalents		**30,251**	12,964
		112,079	26,586
Current liabilities			
Accounts payable arising from ordinary course of business of trading in futures contracts and options	*11*	**33,877**	10,440
Other payables and accruals		**1,865**	5,874
Current tax liabilities		**2,672**	–
		38,414	16,314
Net current assets		**73,665**	10,272
NET ASSETS		**78,734**	13,256
CAPITAL AND RESERVES			
Share capital		**8,000**	6,000
Share premium		**68,009**	–
Retained earnings		**5,524**	10,055
Other reserves		**(2,799)**	(2,799)
TOTAL EQUITY		**78,734**	13,256

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 (the "**Reorganisation**") on 12 October 2017. 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 the Reorganisation, the Company became the holding company of the companies now comprising the Group. The Group has established two subsidiaries, Excalibur Finance Limited and Shenzhen Qianhai Excalibur Investment Consulting Limited, during the year. There is no actual business operation of the two subsidiaries as at 31 December 2018.

In connection with the listing of the shares of the Company on 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.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND THE CHANGES IN ACCOUNTING POLICIES

The consolidated financial statements for the year ended 31 December 2018 comprise the Group.

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

The Hong Kong Institute of Certified Public Accountants ("**HKICPA**") has issued a number of new Hong Kong Financial Reporting Standards ("**HKFRSs**") and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's consolidated financial statements:

(i) HKFRS 9, *Financial instruments*

The Group has applied HKFRS 9 retrospectively to items that existed at 1 January 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 January 2018. Therefore, comparative information continues to be reported under Hong Kong Accounting Standard ("**HKAS**") HKAS 39.

The following table summarises the impact of transition to HKFRS 9 on retained earnings and reserves and the related tax impact at 1 January 2018.

	HK$'000
Retained earnings	
Recognition of additional expected credit losses on:	
– Accounts receivable arising from ordinary course of business of trading in futures contracts and options	(14)
Net decrease in retained earnings at 1 January 2018	(14)

(ii) HKFRS 15, *Revenue from contracts with customers*

Currently, revenue arising from the provision of services is recognised when the transactions are executed. HKFRS 15 does not have a material impact on the Group's consolidated financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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 Group 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. For financial assets measured at amortised costs that are not credit impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount of net of loss allowance) of the assets.

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

4. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2018

Up to the date of issue of the 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 2018 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 16, *Leases*	1 January 2019
HK(IFRIC) 23, *Uncertainty over income tax treatments*	1 January 2019
Annual Improvements to HKFRSs 2015-2017 Cycle	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 HKFRS 16 which may have a significant impact on the consolidated financial statements. While the assessment has been substantially completed for HKFRS 16, the actual impact upon the initial adoption of this standard 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 standard is initially applied in the Group's interim financial report for the six months ended 30 June 2019. The Group may also change its accounting policy elections, including the transition options, until the standard is initially applied in that financial report.

5. REVENUE

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

Revenue represents the brokerage commission from futures and options broking.

	2018	2017
	HK$'000	*HK$'000*
Hong Kong market	**10,810**	6,403
Overseas markets	**39,926**	26,437
	50,736	32,840

6. OTHER NET (LOSS)/INCOME

	2018	2017
	HK$'000	*HK$'000*
Interest income	**66**	2
Exchange (losses)/gains, net	**(386)**	155
Loss on financial assets at fair value through profit or loss	**(23)**	(68)
Sundry income	**93**	114
Reversal of provision of bad debt	**14**	–
	(236)	203

7. PROFIT BEFORE TAX

Profit before tax is arrived at after charging:

(a) Staff costs

	2018	2017
	HK$'000	*HK$'000*
Salaries and allowances	**6,655**	4,913
Staff welfares	**39**	42
Retirement scheme contributions	**256**	207
	6,950	5,162

(b) Other operating and administrative expenses

	2018	2017
	HK$'000	*HK$'000*
IT and communication expenses	**7,163**	4,748
Marketing expenses	**36**	23
Commission expenses	**3,149**	1,495
Rental expenses	**2,600**	2,603
Legal and professional fees	**1,968**	1,362
Auditors' remuneration	**955**	805
Depreciation of property and equipment	**225**	51
Other expenses	**2,144**	1,343
	18,240	12,430

8. INCOME TAX EXPENSES

Taxation in the consolidated statement of profit or loss represents:

	2018	2017
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax	**4,559**	2,692
Overprovision in respect of prior year	**(69)**	–
	4,490	2,692
Deferred tax		
Origination and reversal of temporary differences	**–**	–

The provision for Hong Kong Profits Tax for year ended 31 December 2018 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 (2017: 16.5% on all assessable profits).

9. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share for the financial year is based on the profit/(loss) attributable to equity shareholders of the Company for the year ended 31 December 2018 of HK$19,483,000 (2017: loss of HK$971,000), and the weighted average number of shares in issue during the year ended 31 December 2018 of 793,424,658 (2017: 600,000,000). The weighted average number of shares in issue during the year ended 31 December 2017 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 year ended 31 December 2017. No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2018 and 2017 as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2018 and 2017.

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

	2018	2017
	HK$'000	*HK$'000*
Accounts receivable		
– Cash clients	**–**	143
– Clearing house	**4,737**	5,665
– Overseas brokers	**70,680**	6,130
	75,417	11,938

Aging analysis

The normal settlement terms of accounts receivable from cash clients, 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:

	2018	2017
	HK$'000	*HK$'000*
Current (not past due)	**75,417**	11,795
1 – 30 days past due	**–**	143
	75,417	11,938

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

	2018	2017
	HK$'000	*HK$'000*
Accounts payable		
– Cash clients	**33,877**	10,440

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 ("**HKFE**") and overseas exchanges through overseas brokers.

All of the accounts payable are repayable on demand.

12. DIVIDENDS

Dividends payable to equity shareholders of the Company attributable to the year.

	2018	2017
	HK$'000	*HK$'000*
Interim dividend declared, approved and paid of HK1 cent per share (2017: nil)	**8,000**	–
Second interim dividend declared, approved and paid HK1 cent per share (2017: nil)	**8,000**	–
Third interim dividend declared, approved and paid HK1 cent per share (2017: nil)	**8,000**	–
Fourth interim dividend declared after the end of the reporting period of HK1 cent per share (2017: nil)	**8,000**	–
	32,000	–

The fourth interim dividend declared after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

After obtaining a listing status on the Stock Exchange, the Board believes that the Group will benefit from a higher market profile and an enhanced reputation in the financial industry. The Group could also obtain financial resources to strengthen its existing business by offering better services to its customers. The Group has upgraded its network and increased the bandwidth capacities in order to provide better and more stable connection with the exchanges and other brokers. In order to cope with the increasing demand from clients and upcoming securities and stock option trading business, the Group will continue to invest to provide better services and hence increase satisfaction from clients. The Group values its clients and strives to deliver services in the highest quality.

In early 2019, the Group finally obtained the approval from the Stock Exchange on the application of trading rights to trade securities and stock options. Together with the license granted by Securities and Futures Commission (the "**SFC**") in late 2018, the Group has commenced its securities and stock options brokerage business to existing and new clients in February 2019. The expansion into new businesses, being one of the reasons for the Company's listing, will bring new clients together with a new revenue stream to the Group. More diversified income source could help the Group to stablise revenue during different market conditions in global financial markets. Even though the management does not expect there is a significant revenue from these new businesses in the next fiscal year, the new income stream will be essential and key for the Group to grow and expand as a diversified brokerage firm in the market. For the development of representative office in Qianhai, a party has been engaged to assist the Group to establish the Qianhai representative office. Due to unforeseeable difficulties, the Group has not yet commenced the development of Qianhai office. In the meantime, the Group will reallocate resources to explore the market in the People's Republic of China ("**PRC**") by holding seminars and other marketing activities to expand its client base.

Looking ahead to 2019, the environment of financial market is still full of uncertainty, such as the ongoing trade war between China and the United States, the undecided situation of Brexit and the potential second referendum, and three of the world's largest economies namely the United States, China and European Union faced different degrees of uncertainty for the economy. It is not hard to say that the financial market around the world will become more volatile and it will be very challenging for the Group as the risk appetite of the clients will change from time to time. The Group will further strengthen itself to overcome these challenges and continue to expand to increase the returns to the shareholders.

FINANCIAL REVIEW

Results

For the year ended 31 December 2018 (the "**Year**"), revenue of the Group amounted to approximately HK$50,736,000, representing an increase of approximately 54.5% from approximately HK$32,840,000 for the year ended 31 December 2017 (the "**Prior Year**"). Such increase was mainly driven by the high volatility in the financial markets including stock markets and commodity markets, especially in the second half of 2018. In the second half of 2018, volatility in global financial markets created speculation opportunities for the clients by trading futures contracts, which resulted in a sharp increase in commission revenue for the Group during the Year. Revenue of the second half of the Year accounts for approximately HK$31,394,000, or approximately 61.9% of total revenue of the Year.

The Group recorded a profit of approximately HK$19,483,000 for the Year, as compared with the loss of approximately HK$578,000 for the Prior Year. Net profit attributable to equity shareholders of the Company amounted to approximately HK$19,483,000 for the Year, compared with the loss of approximately HK$971,000 for the Prior Year. The overall performance from net loss to net profit attributable to equity shareholders of the Company was mainly contributed by (i) the increase in revenue generated during the Year; and (ii) the decrease in listing expenses recognised during the Year after the completion of listing. By excluding the listing expenses, the Group recorded a profit of approximately HK$20,820,000 for the Year, which represents an increase of approximately 63.2% compared to a profit of approximately HK$12,759,000 for the Prior Year.

The basic and diluted earnings per share of the Company for the Year was approximately HK2.46 cents as compared with the basic and diluted loss per share of approximately HK0.16 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 2018**		Year ended 31 December 2017		Increment	
	HK$'000	***% of total***	*HK$'000*	*% of total*	*HK$'000*	*%*
Hong Kong market *(Note 1)*	**10,810**	**21.3%**	6,403	19.5%	4,407	68.8%
Overseas markets *(Note 2)*	**39,926**	**78.7%**	26,437	80.5%	13,489	51.0%
	50,736	**100.0%**	32,840	100.0%	17,896	54.5%

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 Hang Seng Index ("**HSI**") futures and options while key products from overseas markets were XinHua China A50 Index futures and crude oil futures.

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

Market	**Year ended 31 December 2018**		Year ended 31 December 2017		Increment/ (Decrement)	
	HK$'000	***% of total***	*HK$'000*	*% of total*	*HK$'000*	*%*
Index futures and options	**29,858**	**58.8%**	7,421	22.6%	22,437	302.3%
Energy futures	**14,619**	**28.8%**	18,912	57.6%	(4,293)	-22.7%
Precious metal futures	**2,346**	**4.6%**	3,401	10.3%	(1,055)	-31.0%
Forex futures	**2,312**	**4.5%**	1,835	5.6%	477	26.0%
Agricultural futures	**1,004**	**2.0%**	467	1.4%	537	115.0%
Industrial metal futures	**593**	**1.2%**	750	2.3%	(157)	-20.9%
Other futures	**4**	**0.1%**	54	0.2%	(50)	-92.6%
	50,736	**100.0%**	32,840	100.0%	17,896	54.5%

There was a sharp increase in commission received from index futures and options trading. Management believed that such sharp increase in trading volume in index futures and options was driven by high fluctuation in index of various stock markets during the Year. As stock indices are more sensitive to financial news compared to the price of commodities such as light crude oil and precious metals, the clients of the Group found more speculation opportunities by trading index futures and options. It also explained the decrease in commission revenue from energy futures and precious metal futures by approximately 22.7% and 31.0%, respectively.

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

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

	Year ended 31 December 2018		Year ended 31 December 2017	
Product category	**Gross commission** *HK$* *(Note 1)*	**Net commission** *HK$* *(Note 2)*	Gross commission *HK$* *(Note 1)*	Net commission *HK$* *(Note 2)*
HSI Futures	**37.3**	**37.3**	47.1	47.1
Light Crude Oil Futures	**137.6**	**122.8**	156.6	141.7
Gold Futures	**91.8**	**76.9**	106.4	91.5
XinHua China A50 Index Futures	**60.7**	**49.8**	*(Note 3)*	
Mini Sized Dow Jones Futures	**64.6**	**51.9**	*(Note 3)*	
Mini HSI Futures	***(Note 3)***		11.7	11.7
Euro FX Futures	***(Note 3)***		75.8	59.8

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 (inclusive of fees charged by the overseas brokers in respect of products traded on overseas futures exchanges, including their brokerage commission and overseas exchange and clearing fees) and assessment fees charged by National Futures Association, a self-regulating organisation in the United States derivatives industry.

(2) "Net commission" refers to the amount of fees which were received by the Group in respect of each executed transaction facilitated through the Group, exclusive of the fees mentioned in Note 1.

(3) The information is not presented as the products are not top five futures and options contracts traded in that year.

As at 31 December 2018, the Group has 305 active clients (i.e. have executed at least one trade in the past twelve months period), which represents a decrease of approximately 45.0% compared to 555 active clients as at 31 December 2017. The Group's business strategy 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 net (loss)/income

For the Year, the Group's other net loss amounted to approximately HK$236,000, as compared with the other income of approximately HK$203,000 for the Prior Year. Net other loss was mainly contributed by the net exchange loss for the Year amounted approximately HK$386,000, compared to net exchange gain for the Prior Year amounted approximately HK$155,000.

Staff costs and remuneration policies

As at 31 December 2018, the Group engaged a total of 19 employees (2017: 18) including the executive Directors. For the Year, total staff costs amounted to approximately HK$7.0 million (2017: approximately HK$5.2 million). The increase of total staff costs was mainly contributed by the directors' fee paid to the Directors after listing and salaries paid for the additional staff. 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$18.2 million, representing an increase of approximately 46.7% from approximately HK$12.4 million for the Prior Year. Several key expense items being included in this category are discussed below:

(i) Trade-related expenses (accounts for approximately 47.9% 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 the trading software provider) were approximately HK$8.7 million, which represents an increase of approximately 78.4% compared to approximately HK$4.9 million recorded in the Prior Year. As most of these expenses are directly proportional to transactions executed through the Group, the increase in trade volume in the Year leads to the increase in the trade-related expenses.

(ii) Rental expenses (accounts for approximately 14.3% of G&A expenses)

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

(iii) Legal, professional and audit fee (accounts for approximately 16.0% of G&A expenses)

In the Year, the legal, professional and audit fee increased from approximately HK$2.2 million for the Prior Year to approximately HK$2.9 million, representing an increase of approximately 34.9%. Such increase was mainly contributed by the increase in professional services required after listing.

Listing expenses

As the listing of the Company has been completed, no further listing expenses have been recognised since the first quarter of 2018. The listing expenses of the Group decreased sharply from approximately HK$13.3 million for the Prior Year to approximately HK$1.3 million in the Year.

Income tax expenses

For the Year, the Group's income tax expenses amounted to approximately HK$4.5 million, representing an increase of approximately 66.8% from approximately HK$2.7 million for the Prior Year. Such increase was mainly attributable to the increase in taxable profit of the Group generated in the Year.

Accounts receivable arising from the ordinary course of business or trading in futures and contracts and options

The accounts receivable increased sharply from approximately HK$11.9 million as at 31 December 2017 to approximately HK$75.4 million as at 31 December 2018. The balance of the accounts receivable are either placed in the clearing house and overseas brokers. Such increase in accounts receivable was mainly attributable to the number of open positions of futures contracts held by the Group as at year end and part of the funds was acted as cushion in relation to required margin to ensure the adverse market movement will not results in position liquidation as at year end.

The Group assesses the counterparty risk of the clearing house and overseas brokers in regular basis and the management considered that such risk is very low.

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$73.7 million as at 31 December 2018, compared to net current assets of approximately HK$10.3 million as at 31 December 2017, such sharp increase was mainly due to (i) profit recognised in the Year, and (ii) issuance of shares after listing offsetting by (a) dividend declared during the Year and (b) cost of issuance of shares. As at 31 December 2018, the Group had cash and cash equivalents of approximately HK$30.3 million.

Capital structure

For the year ended 31 December 2018, 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 2018 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 28.1% and 65.1% of the Group's total revenue for the year, respectively. Among the 5 largest customers, they averagely have approximately 6.8 years of relationship with the Group, ranging from 1 to 16 years. The Group continued to target those clients with high net worth requiring premium trading service as management believed that this direction could bring higher return for the shareholders of the Company.

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. The management does not expect significant credit risk as all bank balances and deposits are placed with recognised banks and financial institutions in Hong Kong and 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, overseas brokers and clients. Finance team of the Group works closely with the settlement staffs to monitor the Group's liquidity position. The proceeds obtained from the listing proceeds further enhance the liquidity of the Group.

Foreign currency risk

The Group's transactions in the Year were denominated in Hong Kong dollar and United States dollar. As the Hong Kong dollar is pegged to the United States dollar, no significant exposure to the currency risk is expected by the management. As the management expected the foreign currency risk is low, the Group currently does not have a foreign currency hedging policy.

CONTINGENT LIABILITIES

As at 31 December 2018, the Group did not have any significant contingent liabilities.

COMPARISON OF BUSINESS PLAN WITH ACTUAL BUSINESS PROGRESS

The following is a comparison of the Group's business plan as set out in the Prospectus with actual business progress up to the date of this announcement:

Business plan as set out in the Prospectus	Progress up to the date of this announcement
Strengthen the Group's position in the futures market by enhancing the marketing resources in the PRC	The Group has slowed down the development in Qianhai office as the economic situation of China is unclear. The Group is searching for opportunities to explore the PRC market and increase its presence in the market.
Establish and commence the stock and stock options business	The Group has already received approval from the SFC and the Stock Exchange and the stock and stock options business commenced on 1 February 2019.
Enhance the information technology ("**IT**") capability of the Group	The Group has made purchase orders to vendors to upgrade the server and network capacity, as well as the upgrade of firewall and security of online trading system according to the implementation plan. Internal and external testing with the brokers and clearing houses have been completed before the new business launched in February 2019. Continuous improvement on the IT capability will be made in the upcoming years.
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 in assisting on daily accounting operations. The Group has also purchased comprehensive accounting system in order to enhance the efficiency of report preparation and management analysis. The Group is still looking for appropriate candidates on strengthening the Group's compliance and operations capabilities.

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 the related underwriting fees and issuance expenses paid by the Company in connection therewith, were approximately HK$46.5 million, as compared to the estimated net proceeds of approximately HK$49.5 million. There were shortage of approximately HK$3.0 million mainly due to the additional listing expenses at final payment. Accordingly, the Group has adjusted the use of proceeds on a pro-rata basis. The utilization of net proceeds as at 31 December 2018 is set out below:

	Total planned amount to be used	**Planned use of proceeds up to 31 December 2018**	**Actual amount utilised up to 31 December 2018**	**Actual balance as at 31 December 2018**
	HK$' million	*HK$' million*	*HK$' million*	*HK$' million*
Strengthen the Group's position in the futures market by enhancing the marketing resources in the PRC	20.7	12.8	3.0 *(Note 1)*	17.7
Establish and commence the stock and stock options business	13.2	12.1	2.2 *(Note 2)*	11.0
Enhance the IT capability of the Group	6.8	5.8	1.7	5.1
Expand the manpower for providing more customised client services and to strengthen the compliance and operational and accounting capabilities	5.8	3.0	0.4	5.4
	46.5	33.7	7.3	39.2

Note:

(1) Includes HK$3.0 million deposits paid to vendor on the IT infrastructure in Qianhai office.

(2) Includes HK$2.2 million deposit to the Stock Exchange for applying relevant trading rights.

The difference of approximately HK$26.4 million between the planned use of proceeds up to 31 December 2018 of approximately HK$33.7 million and the actual amount utilised up to 31 December 2018 of approximately HK$7.3 million was mainly due to the fact that (i) the licensing process for the stock and stock option broking business was longer than expected originally leading to delay of the utilisation of proceeds; (ii) the Group has not yet engaged in enhancing and upgrading the margin and risk control software system as the Group is planning to upgrade the whole system after the launch of stock and stock option business; and (iii) the Group has not yet commenced the development to Qianhai office as there was delay in obtaining relevant license. We have earmarked a total of approximately HK$9.8 million to lease an office in Qianhai, renovate such office, purchase additional IT equipment and hire additional marketing personnel. The above earmarked funds will continue to be reserved for this purpose, pending for the development of Qianhai office.

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 12 January 2018 (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, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

There was no purchase, sale or redemption of listed securities of the Company by the Company or any of its subsidiaries during the Year.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Required Standard of Dealings as the code for securities transactions by the Directors on the guidelines as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Further, the Company had made specific enquiry with all Directors and each of them has confirmed his/her compliance with the Required Standard of Dealings from the Listing Date up to 31 December 2018.

EVENTS AFTER THE REPORTING DATE

After the end of the reporting period, the Directors declared the payment of the fourth interim dividend of HK1 cent per share for the year ended 31 December 2018.

DIVIDENDS AND CLOSURE OF REGISTER OF MEMBERS

The Board of the Company has resolved to declare the payment of the fourth interim dividend of HK1 cent per share for the year ended 31 December 2018 (2017: nil) payable to the shareholders of the Company whose names appear on the register of members of the Company on Monday, 18 March 2019.

For the purpose of ascertaining the shareholders' entitlement to the fourth interim dividend, the register of members of the Company will be closed from Thursday, 14 March 2019 to Monday, 18 March 2019, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be qualified for the fourth interim dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 13 March 2019.

The dividend warrants are expected to be dispatched to the shareholders on or about Friday, 29 March 2019.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company as at the date of this announcement, the Company has maintained the prescribed public float under Rule 11.23(7) of the GEM Listing Rules.

ANNUAL GENERAL MEETING (THE "AGM") AND CLOSURE OF REGISTER OF MEMBERS

The forthcoming AGM of the Company will be held on Wednesday, 29 May 2019 at 3:00 p.m.. A notice convening the AGM will be published and despatched to the shareholders of the Company in due course.

The register of members of the Company will be closed from Friday, 24 May 2019 to Wednesday, 29 May 2019, both days inclusive, during which period no transfer of shares of the Company will be registered. For determining the entitlement of members of the Company to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 23 May 2019.

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 2018.

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

Hong Kong, 27 February 2019

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 GEM website at www.hkgem.com for at least 7 days from the date of its publication and on the website of the Company at www.excalibur.com.hk.