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 2019

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 2019 ANNUAL RESULTS

- The Group has recorded an approximately 62.7% decrease in revenue from approximately HK$50.7 million for the year ended 31 December 2018 to approximately HK$18.9 million for the year ended 31 December 2019.

- Loss for the year ended 31 December 2019 was approximately HK$16.5 million, as compared with the profit of approximately HK$19.5 million for the prior year. Such loss was mainly due to (i) sharp decrease in revenue and (ii) sharp increase in marketing expenses by approximately HK$11.1 million as the Group has invested heavily in the marketing activities in the People's Republic of China ("**PRC**") during the year.

- The basic and diluted loss per share was HK2.07 cents for the year ended 31 December 2019, while the basic and diluted earnings per share was HK2.46 cents for the year ended 31 December 2018.

- The Board of Directors does not recommend the payment of final dividend for the year ended 31 December 2019 (final dividend for the year ended 31 December 2018: Nil).

The board of Directors (the "**Board**") of the Company is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2019, together with the comparative audited figures for the corresponding year in 2018, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019 (Expressed in Hong Kong dollar)

		2019	2018
	Note	***HK$'000***	*HK$'000*
Revenue	*6*	**18,919**	50,736
Other net loss	*7*	**(182)**	(236)
Salaries and other benefits	*8(a)*	**(7,987)**	(6,950)
Other operating and administrative expenses	*8(b)*	**(29,066)**	(18,240)
Listing expenses		**–**	(1,337)
(Loss)/profit before tax		**(18,316)**	23,973
Income tax credit/(expenses)	*9*	**1,781**	(4,490)
(Loss)/profit for the year and total comprehensive (loss)/income for the year		**(16,535)**	19,483
Attributable to:			
Equity shareholders of the Company		**(16,535)**	19,483
Total comprehensive (loss)/income for the year		**(16,535)**	19,483
(Loss)/earnings per share			
Basic and diluted (cents)	*10*	**(2.07)**	2.46

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019 (Expressed in Hong Kong dollar)

	Note	**2019**	2018
		HK$'000	*HK$'000*
Non-current assets			
Property and equipment		**1,014**	1,089
Right-of-use assets		**75**	–
Intangible assets		**1,030**	480
Statutory deposits		**5,024**	3,500
Deferred tax assets		**1,732**	–
		8,875	5,069
Current assets			
Accounts receivables arising from ordinary course of business	*11*	**34,373**	75,417
Other assets		**4,983**	6,374
Amount due from a related party		**6**	6
Financial assets at fair value through profit or loss		**14**	31
Cash and cash equivalents		**37,973**	30,251
		77,349	112,079
Current liabilities			
Accounts payable arising from ordinary course of business	*12*	**29,209**	33,877
Other payables and accruals		**1,545**	1,865
Lease liabilities		**30**	–
Current tax liabilities		**1,994**	2,672
		32,778	38,414
Net current assets		**44,571**	73,665
Non-current liabilities			
Lease liabilities		**47**	–
		47	–
NET ASSETS		**53,399**	78,734
CAPITAL AND RESERVES			
Share capital		**8,000**	8,000
Share premium		**68,009**	68,009
Retained earnings		**(19,811)**	5,524
Other reserves		**(2,799)**	(2,799)
TOTAL EQUITY		**53,399**	78,734

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 and its subsidiaries (together, "**the Group**") mainly provide brokerage services for futures, securities and options traded on the exchanges in Hong Kong, the United States, Japan, Singapore and the United Kingdom. The Group commenced the stock options and security broking and margin financing business since February 2019.

The Group has established two subsidiaries, Excalibur Finance Limited and Shenzhen Qianhai Excalibur Investment Consulting Limited in 2018. There is no actual business operation of the two subsidiaries as at 31 December 2019.

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

The annual results set out in this announcement do not constitute the Group's financial statements for the year ended 31 December 2019 but are extracted from those financial statements.

The consolidated financial statements for the year ended 31 December 2019 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 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. CHANGES IN ACCOUNTING POLICIES

During the year, the Group has adopted all the new and amended HKFRSs which are first effective for the reporting period. Except as explained below, the adoption of new and amended HKFRSs has no material impact on the Group's financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16, Lease

HKFRS 16 replaces HKAS 17, Leases, and the related interpretations, HK(IFRIC) 4, Determining whether an arrangement contains a lease, HK(SIC) 15, Operating leases -incentives, and HK(SIC) 27, Evaluating the substance of transactions involving the legal form of a lease. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low-value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

4. 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.

5. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2019

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, which are not yet effective for the year ended 31 December 2019 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 3, *Definition of a business*	1 January 2020
Amendments to HKAS 1 and HKAS 8, *Definition of material*	1 January 2020

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

6. 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 and margin financing business, also interest income arising from margin loan financing.

	2019	2018
	HK$'000	*HK$'000*
Brokerage commission income derived from		
Future and options trading business		
– Hong Kong market	**7,180**	10,810
– Overseas markets	**11,204**	39,926
Stock options trading business	**106**	–
Securities trading business	**40**	–
Interest income derived from margin financing	**389**	–
	18,919	50,736

7. OTHER NET LOSS

	2019	2018
	HK$'000	*HK$'000*
Interest income	**41**	66
Exchange losses, net	**(295)**	(386)
Loss on financial assets at fair value through profit or loss	**(17)**	(23)
Sundry income	**89**	93
Reversal of provision of bad debt	**–**	14
	(182)	(236)

8. (LOSS)/PROFIT BEFORE TAX

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

(a) Staff costs

	2019	2018
	HK$'000	*HK$'000*
Salaries and allowances	**7,646**	6,655
Staff welfares	**44**	39
Retirement scheme contributions	**297**	256
	7,987	6,950

(b) **Other operating and administrative expenses**

	2019	2018
	HK$'000	*HK$'000*
Marketing expenses	**11,110**	36
IT and communication expenses	**5,711**	7,163
Rental expenses	**2,829**	2,600
Legal and professional fees	**1,978**	1,968
Commission expenses	**1,712**	3,149
Auditors' remuneration	**995**	955
Depreciation of property and equipment	**582**	225
Amortisation of right-of-use assets	**30**	–
Finance costs	**5**	–
Other expenses	**4,114**	2,144
	29,066	18,240

9. INCOME TAX CREDIT/(EXPENSES)

Taxation in the consolidated statement of profit or loss represents:

	2019	2018
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax credit/(expenses)	**–**	(4,559)
Overprovision in respect of prior year	**49**	69
	49	(4,490)
Deferred tax		
Accelerated tax depreciation allowances	**(27)**	–
Tax losses	**1,759**	–
	1,732	–
	1,781	(4,490)

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.

10. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share for the financial year is based on the (loss)/profit attributable to equity shareholders of the Company for the year ended 31 December 2019 of HK$16,535,000 (2018: profit of HK$19,483,000), and the weighted average number of shares in issue during the year ended 31 December 2019 of 800,000,000 (2018: 793,424,658). No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2019 and 2018 as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2019 and 2018.

11. ACCOUNTS RECEIVABLES ARISING FROM THE ORDINARY COURSE OF BUSINESS

	2019	2018
	HK$'000	*HK$'000*
Accounts receivables		
– Cash clients	**54**	–
– Clearing house	**5,549**	4,737
– Margin clients	**3,844**	–
– Overseas brokers	**24,926**	70,680
	34,373	75,417

Aging analysis

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

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

	2019	2018
	HK$'000	*HK$'000*
Current (not past due)	**34,373**	75,417
	34,373	75,417

12. ACCOUNTS PAYABLE ARISING FROM THE ORDINARY COURSE OF BUSINESS

	2019	2018
	HK$'000	*HK$'000*
Accounts payable		
– Cash clients	**29,209**	33,877

Accounts payable to clients arising from the business are margin deposits received from clients for their trading of futures contracts and options on the Hong Kong Futures Exchange Limited and overseas exchanges through overseas brokers, stock options on the SEOCH and securities on the Stock Exchange.

All of the accounts payable are repayable on demand.

13. DIVIDENDS

(i) Dividends payable to equity shareholders of the Company attributable to the year.

	2019	2018
	HK$'000	*HK$'000*
Interim dividend declared, approved and paid of HK0.1 cent per share (2018: HK1 cent per share)	**800**	8,000
Second interim dividend declared, approved and paid HKD nil per share (2018: HK1 cent per share)	**–**	8,000
Third interim dividend declared, approved and paid HKD nil per share (2018: HK1 cent per share)	**–**	8,000
	800	24,000

(ii) Dividends payable to equity shareholders attributable to the previous financial year, approved and paid during the year.

	2019	2018
	HK$'000	*HK$'000*
Fourth interim dividend declared and approved in respect of the previous financial year, and paid during the year, of HK1 cent per share (2018: HKD nil)	**8,000**	–
	8,000	–

14. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

In 2020, the outbreak of COVID-19 raised the uncertainty towards the business environment and operations of the Group. The Group will closely monitor the impacts and devise the contingency measures accordingly.

If necessary, the Group will promptly carry out measures to mitigate the potential impacts. The Group will continue to review the contingency measures and evaluate risk management effectiveness. In view of the rapid spread of COVID-19, it is not appropriate to estimate the potential impacts on the Group's financial performance at present stage due to the possible significant fluctuations.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

Looking ahead to 2020, even though the trade war between the United States ("**US**") and China has been de-escalated after "phase one" deal has been signed between both parties in January 2020, and that the United Kingdom finally withdrew from the European Union on 31 January 2020, the market atmosphere of Hong Kong and China is once again hit by the outspread of the novel coronavirus. Such an outbreak not only affects the financial markets in Asia but also worldwide markets including the US and Europe. Uncertainty once again surrounds in the financial markets resulting in marked increase in market volatility. CBOE Volatility Index, a measure of the stock market's expectation of volatility based on S&P 500 index options, increased from 14 at the end of 2019 to over 80 in March 2020. As there is still no sign of abatement of such outspread, the management believes that the financial market is still heavily affected by developments of the novel coronavirus. In view of the effect of The Government of the Hong Kong Special Administrative Region to control the spread of the outbreak, mainlanders are temporarily suspended to enter Hong Kong. Such restrictive entry measure affects our marketing strategy in the PRC as potential customers from the PRC cannot travel to Hong Kong to complete account opening procedures. The management is looking for ways to encourage more potential customers to open accounts.

The Group expects a challenging year ahead for the Group but is of the view there is still good opportunity to expand our client base after the outbreak. The Group will strictly adhere to its cost control policy and shall adopt its business strategy in response to changes in such environment. The Group will continue to achieve a sustainable growth and long-term benefits to our shareholders.

FINANCIAL REVIEW

Results

For the year ended 31 December 2019 (the "**Year**"), revenue of the Group amounted to approximately HK$18,919,000, representing a sharp decrease of approximately 62.7% from approximately HK$50,736,000 for the year ended 31 December 2018 (the "**Prior Year**"). Such drop was mainly driven by the decrease in revenue in the second half of the Year, especially revenue contributed by the customers from the PRC. In the second half of the Year, potential clients from the PRC were unwilling to travel to Hong Kong to complete the account opening procedures due to the social unrest in Hong Kong.

The Group recorded a loss of approximately HK$16,535,000 for the Year, as compared with the profit of approximately HK$19,483,000 for the Prior Year. Net loss attributable to equity shareholders of the Company amounted to approximately HK$16,535,000 for the Year, compared with the profit of approximately HK$19,483,000 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 drop in revenue generated during the Year; and (ii) the increase in marketing expenses recognised during the Year in order to promote the business in the PRC.

The basic and diluted losses per share of the Company for the Year was approximately HK2.07 cents as compared with the basic and diluted earnings per share of approximately HK2.46 cents for the Prior Year.

Revenue

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

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

Market	**Year ended 31 December 2019**		**Year ended 31 December 2018**		**Increment (Decrement)**	
	HK$'000	***% of total***	*HK$'000*	*% of total*	*HK$'000*	*%*
Brokerage commission income derived from						
Futures and options trading business						
Hong Kong market	**7,180**	**37.9**	10,810	21.3	(3,630)	(33.6)
Overseas markets	**11,204**	**59.2**	39,926	78.7	(28,722)	(71.9)
Sub-total	**18,384**	**97.1**	50,736	100.0	(32,352)	(63.8)
Stock options trading business	**106**	**0.6**	–	–	106	N/A
Securities trading business	**40**	**0.2**	–	–	40	N/A
Interest income derived from margin financing	**389**	**2.1**	–	–	389	N/A
	18,919	**100.0**	50,736	100.0	(31,817)	(62.7)

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

Market	**Year ended 31 December 2019**		Year ended 31 December 2018		Increment (Decrement)	
	HK$'000	***% of total***	*HK$'000*	*% of total*	*HK$'000*	*%*
Index futures and options	**12,656**	**68.9**	29,858	58.8	(17,202)	(57.6)
Energy futures	**3,536**	**19.2**	14,619	28.8	(11,083)	(75.8)
Precious metal futures	**1,610**	**8.8**	2,346	4.6	(736)	(31.4)
Industrial metal futures	**328**	**1.8**	593	1.2	(265)	(44.7)
Forex futures	**136**	**0.7**	2,312	4.5	(2,176)	(94.1)
Agricultural futures	**93**	**0.5**	1,004	2.0	(911)	(90.7)
Other futures	**25**	**0.1**	4	0.1	21	525.0
	18,384	**100.0**	50,736	100.0	(32,352)	(63.8)

There was a sharp decrease in the commission received from futures and options trading for all types of products during the Year. The decrement ranged from 31.4% to 94.1% for all types (except for other futures). Management believed that the decrement of commission received was mainly due to the decrease in trades executed by the clients from the PRC, as well as the decrease in commission rates charged to these clients.

The drop in revenue was mainly due to (i) decrease of income derived from existing clients; and (ii) lack of new clients from the PRC clients who were unwilling to travel to Hong Kong to complete account opening procedures due to the social unrest in second half of the year,

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 2019		Year ended 31 December 2018	
Product category	**Gross commission**	**Net commission**	Gross commission	Net commission
	HK$	*HK$*	*HK$*	*HK$*
	(Note 1)	*(Note 2)*	*(Note 1)*	*(Note 2)*
HSI Futures	**24.5**	**24.5**	37.3	37.3
Light Crude Oil Futures	**62.3**	**46.9**	137.6	122.8
Mini Sized Dow Jones Futures	**51.1**	**38.2**	64.6	51.9
XinHua China A50 Index Futures	**37.4**	**26.4**	60.7	49.8
Mini HSI Futures	**8.8**	**8.8**	*(Note 3)*	
Gold Futures	***(Note 3)***		91.8	76.9

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.

There was a general decrease in both net commission and gross commission for each top five futures and options contract traded through the Group during the Year. In general, the Group could charge more from the PRC customers as the competition of broking business in the PRC is less intense compared to that in Hong Kong. The management believed the decrease in trading volume by the PRC customers will lead to a decrease in net commission earned per each contract.

As at 31 December 2019, the Group has 294 active clients (i.e. have executed at least one trade in the past twelve months period), which represents a slight decrease of approximately 3.6% compared to 305 active clients as at 31 December 2018. Such decrease was mainly due to fewer clients from the PRC to open trading accounts in Hong Kong because of the social unrest in second half of the Year, partly offset by the commencement of new business during the Year. The Group's business strategy is to target high net wealth clients who 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

For the Year, the Group's other net loss amounted to approximately HK$182,000, representing a decrease of 22.9% as compared to approximately HK$236,000 in Prior Year. Such decrease was mainly contributed by the decrease in exchange loss from HK$386,000 in Prior Year to HK$295,000 in the Year.

Staff costs and remuneration polices

As at 31 December 2019, the Group engaged a total of 19 employees (2018: 19) including the executive Directors. For the Year, the total staff costs amounted to approximately HK$8.0 million (2018: approximately HK$7.0 million). The increase of total staff costs was mainly contributed by the salaries paid for the additional staff who joined the Group in late 2018. Remuneration (including employees' benefit) is maintained at an attractive level and reviewed on a periodic basis. Employees' salary and relevant benefits are determined on the basis of performance, qualification, experience, positions and the Group's business performance.

Other operating and administrative expenses

For the Year, the Group's other operating and administrative expenses ("**G&A expenses**") amounted to approximately HK$29.1 million, representing an increase of approximately 59.9% from approximately HK$18.2 million for the Prior Year. Several key expenses items being included in this category are discussed below.

(a) ***Marketing expenses (accounts for approximately 38.2% of G&A expenses)***

In the Year, the Group incurred HK$11.1 million for marketing expenses, which represents an increase of 309 times compared to HK$36,000 in Prior Year. During the Year, the Group adopted an aggressive marketing plan in the PRC to promote the new stock options and securities brokerage business starting from second quarter of the Year. Seminars and other promotion activities were organised by marketing consultancy company in the PRC. Small scaled workshops were held in its office while large scaled seminars were held in various locations in Guangzhou region of the PRC, However, being hit by the social unrest in Hong Kong, the marketing strategy adopted by the Group did not pay off. Even though some potential clients were interested in trading in future stock option and securities only a few of them came to our office in Hong Kong to complete the account opening procedures. The marketing efforts made during the Year could not convert to our revenue or new clients during the Year. The management will assess the effectiveness of the marketing plan regularly and revise the marketing plan if necessary to increase the return of the shareholders of the Company.

(b) ***Trade-related expenses (accounts for approximately 17.7% 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 fees for the trading software provider) were approximately HK$5.2 million, which represents a decrease of approximately 41.0% compared to approximately HK$8.7 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 in trade-related expenses.

(c) ***Rental expenses (accounts for approximately 9.7% of G&A expenses)***

The rental expenses increased slightly from HK$2.6 million in the Prior Year to HK$2.8 million in the Year. The Group has entered into new rental contracts with higher rental charges during the Year, leading to an increase in rental expenses recorded in the Year.

(d) ***Legal, professional and audit fee (accounts for approximately 10.2% of G&A expenses)***

In the Year, the legal, professional and audit fee were approximately HK$3.0 million, which increased slightly by approximately 1.7% compared to Prior Year.

Income tax credit/(expenses)

In the Year, the Group incurred HK$1.8 million of tax credit, compared with tax expenses of HK$4.5 million for Prior Year. It was driven by the recognition of deferred tax assets from the tax losses of the Group during the Year.

Accounts receivables arising from ordinary course of business

The accounts receivables decreased sharply from approximately HK$75.4 million as at 31 December 2018 to approximately HK$34.4 million as at 31 December 2019. The balance of accounts receivables are mainly placed in the clearing houses and overseas brokers, and the margin loan being provided to our margin clients. Such decrease in accounts receivables was mainly attributable to the decrease in the number of open positions of future contracts held by the Group as at 31 December 2019 compared to 31 December 2018, being partly offset by the increase in margin loan provided to our clients after the margin financing business commenced in the Year. Less funds were needed to be placed in the overseas brokers to be acted as cushions to avoid position liquidation if there was any adverse market movement.

The Group assesses the counterparty risk of the clearing houses and overseas brokers on a regular basis and the management considered that such risk is very low. For the margin loan provided to our clients, as the balance is fully covered by the collateral provided by these clients, the management considered that the recovery risk of these balances is 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$44.6 million as at 31 December 2019, compared to the net current assets of approximately HK$73.7 million as at 31 December 2018. Such decrease was mainly due to (i) the loss recognised in the Year, (ii) dividends paid during the Year. As at 31 December 2019, the Group had cash and cash equivalent of approximately HK$38.0 million.

Capital structure

For the year ended 31 December 2019, the capital structure of the Group consisted of cash and cash equivalent 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 2019 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 22.5% and 61.6% 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 2 to 17 years. The Group continued to target those clients with high net worth requiring premium trading service as the 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 receivables due from clients, overseas brokers and clearing house and the margin loans to clients. 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 2019, 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 its development in Qianhai office as the economic situation of China is unclear. The Group has engaged an investment consulting firm to 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. However, as the trading volume of stock options and securities were below the expectation from the management. The Group has delayed the second phase enhancement of the IT capability until the situation 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 in assisting on daily accounting operations and adoption of new accounting system to enhance the efficiency and internal control. In the view of unclear economic situation, the management has slowed down the recruitment process.

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, 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 2019 is set out below:

	Total planned amount to be used *HK$' million*	**Actual amount utilised up to 31 December 2019** *HK$' million*	**Actual balance as at 31 December 2019** *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	1.0	4.8
	46.5	30.8	15.7

Note:

1) Includes HK$3.0 million deposits paid to vendor on the IT infrastructure in Qianhai office and marketing expenses incurred up to 31 December 2019.

2) Includes HK$9.0 million working capital for providing securities margin financing to the customers.

The difference of approximately HK$15.7 million between the planned use of proceeds of approximately HK$46.5 million and the actual amount utilised up to 31 December 2019 of approximately HK$30.8 million was mainly due to the fact that we have delayed the development of Qianhai office, expansion of manpower and enhancement of IT infrastructure as the economic situation in Hong Kong and China is unclear since second half of 2019. The management will continue the development and expansion in coming year after the business of the Group recovers.

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 Board is committed to achieving good corporate governance standards. The Board believes that good corporate governance standards are essential in providing a framework for the Group to safeguard the interests of the shareholders of the Company, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has applied the principles and practices as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 15 to the GEM Listing Rules and has adopted the CG Code as the code to govern the Company's corporate governance practices.

During the Year and up to the date of this announcement, the Company has complied with the applicable code provisions as set out in the CG Code except for the deviation from code provision 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.

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

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES

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

SECURITIES TRANSACTIONS BY DIRECTORS

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

EVENTS AFTER THE REPORTING DATE

After the reporting period up to the date of this announcement, there was no significant event relevant to the business or financial performance of the Group that come to the attention of the Directors.

DIVIDENDS

The Board of the Company does not recommend the payment of a final dividend for the Year (2018: Nil).

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company, the Company has maintained the prescribed public float under Rule 11.23(7) of the GEM Listing Rules during the year ended 31 December 2019 and up to the date of this announcement.

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

The forthcoming AGM of the Company will be held on Thursday, 11 June 2020 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, 5 June 2020 to Thursday, 11 June 2020, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 4 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 Audit Committee consists of three independent non-executive Directors, namely Mr. Chin Kam Cheung, Mr. Ang Wayne Wu-yee 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, 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 2019.

ESTABLISHMENT OF RISK MANAGEMENT COMMITTEE

The Board has established the risk management committee (the "**Risk Management Committee**") with effect from 26 March 2020.

The purpose of establishment of the Risk Management Committee is to assist the Board in its strategy and approach on risk management of the Company and the Risk Management Committee forms part of the enterprise risk management system of the Company.

The Risk Management Committee shall consist of not less than three members, at least one of whom shall be an independent non-executive Director. The Board has appointed Mr. Poon Kwok Wah Allan and Ms. Lee Mei Chun, executive Directors, and Mr. Siu Miu Man, M.H., independent non-executive Director, as members of the Risk Management Committee. Mr. Siu Miu Man, M.H. has been appointed as the chairman of the Risk Management Committee.

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

Hong Kong, 26 March 2020

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, M.H.

This announcement will remain on the "Latest Listed Company Information" 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.