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 2020

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

*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 2020 ANNUAL RESULTS

- The Group has recorded an approximately 43.9% decrease in revenue from approximately HK$18.9 million for the year ended 31 December 2019 to approximately HK$10.6 million for the year ended 31 December 2020.

- Loss for the year ended 31 December 2020 was approximately HK$21.7 million, as compared with the loss of approximately HK$16.5 million for the prior year. Such increase in loss for the Group was mainly due to (i) decrease in revenue by approximately HK$8.3 million and (ii) bonus paid to executive directors amounted to HK$2.0 million, which was partly offset by (i) the government grants relating to Employment Support Scheme amounted to approximately HK$1.1 million and (ii) increase in tax credit recognised due to the increase in tax loss.

- The basic and diluted loss per share was HK2.72 cents for the year ended 31 December 2020, while the basic and diluted loss per share was HK2.07 cents for the year ended 31 December 2019.

- The Board of Directors does not recommend the payment of final dividend for the year ended 31 December 2020 (final dividend for the year ended 31 December 2019: 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 2020, together with the comparative audited figures for the corresponding year in 2019, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020 (Expressed in Hong Kong dollar)

	Notes	**2020** ***HK$'000***	2019 *HK$'000*
Revenue	*5*		
Contracts with customers		**10,085**	18,530
Interest under effective interest method		**536**	389
		10,621	18,919
Other income (loss), net	*6*	**2,525**	(182)
Salaries and other benefits		**(10,441)**	(7,987)
Other operating and administrative expenses		**(26,387)**	(29,061)
Finance cost	*7*	**(1,027)**	(5)
Loss before tax		**(24,709)**	(18,316)
Income tax credit	*8*	**2,961**	1,781
Loss for the year and total comprehensive expense attributable to owners of the Company for the year	*9*	**(21,748)**	(16,535)
Loss per share			
Basic and diluted (cents)	*11*	**(2.72)**	(2.07)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020 (Expressed in Hong Kong dollar)

	Notes	**2020** **HK$'000**	2019 HK$'000
Non-current assets			
Property and equipment		**445**	1,014
Right-of-use assets		**8,026**	75
Intangible assets		**1,030**	1,030
Statutory deposits		**5,006**	5,024
Deferred tax assets		**4,693**	1,732
		19,200	8,875
Current assets			
Accounts receivable arising from ordinary course of business	*12*	**31,320**	34,373
Prepayments and other receivables		**1,552**	4,983
Amount due from a related party		**–**	6
Financial assets at fair value through profit or loss		**11**	14
Bank balances and cash		**19,559**	37,973
		52,442	77,349
Current liabilities			
Accounts payables arising from ordinary course of business	*13*	**30,606**	29,209
Other payables and accruals		**1,211**	1,545
Lease liabilities		**3,692**	30
Current tax liabilities		**–**	1,994
		35,509	32,778
Net current assets		**16,933**	44,571
Total assets less current liabilities		**36,133**	53,446
Non-current liabilities			
Lease liabilities		**4,482**	47
Net assets		**31,651**	53,399
Capital and reserves			
Share capital		**8,000**	8,000
Reserves		**23,651**	45,399
TOTAL EQUITY		**31,651**	53,399

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in Cayman Islands on 13 July 2016 as an exempted company with limited liability under the Companies Law (2011 Revision) (as consolidated and revised) of the Cayman Islands. Its ultimate controlling parties are Mr. Poon Kwok Wah, Allan, who is also the Chairman and Chief Executive Officer of the Company and Mr. Chan Ying Leung, the executive director of the Company.

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 consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Company.

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

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

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

Except as described below, the application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKAS 1 and HKAS 8 *Definition of Material*

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current year. The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

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

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments[1]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions[4]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[5]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020[2]
Hong Kong Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations[2]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 June 2020.
5 Effective for annual periods beginning on or after 1 January 2021.

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

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)*

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:

  (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and

(ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

Based on the Group's outstanding liabilities as at 31 December 2020, the application of the amendments will not result in reclassification of the Group's liabilities.

Amendments to HKFRSs *Annual Improvements to HKFRSs 2018-2020*

The annual improvements make amendments to the following standards.

HKFRS 9 Financial Instruments

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

HKFRS 16 Leases

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

HKAS 41 Agriculture

The amendment ensures consistency with the requirements in HKFRS 13 *Fair Value Measurement* by removing the requirement in paragraph 22 of HKAS 41 to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

3.1 Basic of preparation of consolidated financial statements

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

4. SEGMENT REPORTING

Information reported to the Board, being the chief operating decision maker ("**CODM**"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segment under HKFRS 8 *Operating Segments* is provision of brokerage services for futures, security and options traded on the exchange in Hong Kong, the United States, Japan, Singapore and the United Kingdom.

Since this is the only reportable and operating segment of the Group, no further analysis thereof is presented. All the revenue of the Group are generated from provision of brokerage services for futures, security and options for the years ended 31 December 2020 and 2019.

The Group's operation is located in Hong Kong. All the non-current assets of the Group are located in Hong Kong.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2020	2019
	HK$'000	*HK$'000*
Customer A[1]	**1,774**	4,258
Customer B[1]	**1,601**	N/A[2]
Customer C[1]	**N/A[2]**	2,780
Customer D[1]	**N/A[2]**	2,617

1 Revenue from provision of brokerage services.

2 The corresponding revenue did not contribute over 10% of the total revenue of the Group.

5. REVENUE

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

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

	2020	2019
	HK$'000	*HK$'000*
Brokerage commission income derived from:		
Futures and options trading business		
– Hong Kong market	**4,552**	7,180
– Overseas markets	**5,239**	11,204
Stock options trading business	**183**	106
Securities trading business	**111**	40
Revenue from contracts with customers	**10,085**	18,530
Interest income under effective interest method (derived from margin financing)	**536**	389
Total revenue	**10,621**	18,919

Performance obligations for contracts with customers

Brokerage services

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

Transaction price allocated to the remaining performance obligation for contracts with customers

The Group applied the practical expedient for contracts with original expected duration less than one year, and did not disclose the aggregate amount of transaction price allocated to performance obligations of the brokerage services that are unsatisfied.

6. OTHER INCOME (LOSS), NET

	2020	2019
	HK$'000	*HK$'000*
Bank interest income	**40**	41
Exchange gain (loss), net	**554**	(295)
Government grants *(Note)*	**1,108**	–
Loss from changes in fair value of financial assets at fair value through profit or loss	**(3)**	(17)
Sundry income	**72**	89
Operating lease income – lease payments that are fixed	**754**	–
	2,525	(182)

Note:

During the current year, the Group recognised government grants of HK$1,108,000 in respect of Covid-19-related subsides, of which approximately HK$1,058,000 and HK$50,000 related to Employment Support Scheme and Subsidy Scheme for Securities Industry under Anti-epidemic Fund provided by the Hong Kong government respectively.

7. FINANCE COST

	2020	2019
	HK$'000	*HK$'000*
Interest on lease liabilities	**1,027**	5

8. INCOME TAX CREDIT

	2020	2019
	HK$'000	*HK$'000*
Current tax		
Hong Kong		
Overprovision in prior year	**–**	49
Deferred tax		
Current year	**2,961**	1,732
Total income tax credit	**2,961**	1,781

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2019 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Under the Law of the People's Republic of China (the "**PRC**") on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% for both year.

9. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2020	2019
	HK$'000	*HK$'000*
Staff costs		
Directors' remuneration	**4,650**	2,531
Other staff cost (excluding directors' emoluments)		
– Salaries, allowance and benefits in kind	**5,564**	5,237
– Contribution to retirement benefits schemes	**227**	219
	5,791	5,456
Total staff costs	**10,441**	7,987
Marketing expenses	**11,028**	11,110
IT and communication expenses	**4,473**	5,711
Commission expenses	**1,116**	1,712
Auditor's remuneration		
– Audit service	**488**	690
– Non-audit service	**80**	305
Legal and professional fee	**2,298**	1,978
Depreciation of property and equipment	**586**	582
Depreciation of right-to-use assets	**3,541**	30

10. DIVIDENDS

	2020	2019
	HK$'000	*HK$'000*
Dividends payable to equity shareholders of the Company attributable to the year:		
– Interim dividend declared, approved and paid during the year, of HK$ Nil per share (2019: HK0.1 cent per share)	**–**	800
Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year:		
– Fourth interim dividend declared and approved in respect of the previous financial year, and paid during the year, of HK$ Nil (2019: HK1 cent per share)	**–**	8,000
	–	8,800

11. LOSS PER SHARE

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

	2020	2019
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company	**(21,748)**	(16,535)

	2020	2019
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**800,000**	800,000

No diluted loss per share for both 2020 and 2019 were presented as there were no potential ordinary shares in issue for both 2020 and 2019.

12. ACCOUNTS RECEIVABLE ARISING FROM THE ORDINARY COURSE OF BUSINESS

	2020	2019
	HK$'000	*HK$'000*
Accounts receivable – contracts with customers:		
– Cash clients	**7,297**	54
– Clearing houses	**13,678**	5,549
– Overseas brokers	**9,307**	24,926
	30,282	30,529
Accounts receivable from margin clients	**1,038**	3,844
	31,320	34,373

As at 1 January 2019, accounts receivable from contracts with customers amounted to approximately HK$75,417,000.

The settlement terms of accounts receivable, except for margin clients, arising from the business of dealing in securities are two days after trade day and of accounts receivable arising from the business of dealing in futures contracts and options are one day after trade date.

The accounts receivable from margin financing client is repayable on demand subsequent to settlement date and carrying interest at Hong Kong Prime rate plus 5% per annum as at 31 December 2020 and 2019.

Ageing analysis

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

	2020	2019
	HK$'000	*HK$'000*
Current (not pass due)	**31,320**	34,373

Other than receivables from cash clients and margin clients in aggregate of approximately HK$8,335,000 (2019: HK$3,898,000), the Group does not hold any collateral over these balances.

13. ACCOUNTS PAYABLE ARISING FROM ORDINARY COURSE OF BUSINESS

	2020	2019
	HK$'000	*HK$'000*
Accounts payable		
– Clearing houses	**7,280**	60
– Cash and margin clients	**23,326**	29,149
	30,606	29,209

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 SEHK Options Clearing House Limited and securities on The Stock Exchange of Hong Kong Limited.

All of the accounts payable are repayable on demand.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

Looking ahead to 2021, it is believed that the adverse impact of Coronavirus Disease 2019 ("**COVID-19**") will eventually come to an end and it is expected that the border restriction imposed by the Government of the Hong Kong Special Administrative Region ("**HKSAR**") will be lifted in the near future. The Group will grab that opportunity to expand the customer base and get the business back on track. The Group will also launch an advertising campaign and incentive programs in Hong Kong to promote the Group's image and expand the client base for both futures and securities brokerage business. The Group will continue to strive to achieve a sustainable and healthy growth and long-term benefits to the shareholders.

The Group has rolled out several additional plans in the second half of 2020 with a view to improve the business performance of the Group including (i) enhancing of customer service was offered to high net worth customers in this quarter to encourage them to engage in more trade (ii) discussing with social media platform on the promotion campaign to potential younger customer group and would continue to work with them and (iii) engaging a vendor to integrate the remote certification and validation into the online application system of the Group for potential new customers located in the PRC. However, the financial performance of the Group was still highly affected by the current environment. The management will continue to explore any potential business opportunities to attract customers and improve business performance.

FINANCIAL REVIEW

Results

For the year ended 31 December 2020 (the "**Year**"), revenue of the Group amounted to approximately HK$10.6 million, representing a sharp decrease of approximately 43.9% from approximately HK$18.9 million for the year ended 31 December 2019 (the "**Prior Year**"). Such drop was mainly driven by the decrease in revenue from the customers in the People's Republic of China ("**PRC**").

In 2020, due to the outbreak of COVID-19 pandemic, the Government of HKSAR implemented several measures to restrict the customers from the PRC to travel to Hong Kong to complete the account opening procedures. These measures severely impacted the financial performance of the Group.

The Group recorded a loss of approximately HK$21.7 million for the Year, as compared with the loss of approximately HK$16.5 million for the Prior Year. Net loss attributable to equity shareholders of the Company amounted to approximately HK$21.7 million for the Year, compared with the loss of approximately HK$16.5 million for the Prior Year. The overall performance from net profit to net loss attributable to equity shareholders of the Company was mainly contributed by the drop in revenue generated during the Year and the one-off discretionary bonus paid to executive Directors amounted HK$2.0 million which was partly offset by the government grant received from the Government of HKSAR during the Year. The basic and diluted losses per share of the Company for the Year was approximately HK2.72 cents as compared with the basic and diluted losses per share of approximately HK2.07 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.

	Year ended 31 December 2020		**Year ended 31 December 2019**		**(Decrement)/Increment**	
	HK$'000	***% of total***	*HK$'000*	*% of total*	*HK$'000*	*%*
Brokerage commission income derived from:						
Future and options trading business						
– Hong Kong market	**4,552**	**42.9**	7,180	37.9	(2,628)	(36.6)
– Overseas markets	**5,239**	**49.3**	11,204	59.2	(5,965)	(53.2)
Sub-total	**9,791**	**92.2**	18,384	97.1	(8,593)	(46.7)
Stock options trading business	**183**	**1.7**	106	0.6	77	72.6
Securities trading business	**111**	**1.1**	40	0.2	71	177.5
Revenue from contracts with customers	**10,085**	**95.0**	18,530	97.9	(8,445)	(45.6)
Interest income under effective interest method (derived from margin financing)	**536**	**5.0**	389	2.1	147	37.8
	10,621	**100.0**	18,919	100.0	(8,298)	(43.9)

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

Market	**Year ended 31 December 2020**		Year ended 31 December 2019		(Decrement)/Increment	
	HK$'000	***% of total***	*HK$'000*	*% of total*	*HK$'000*	*%*
Index futures and options	**6,554**	**66.9**	12,656	68.9	(6,102)	(48.2)
Energy futures	**1,232**	**12.6**	3,536	19.2	(2,304)	(65.2)
Precious metal futures	**1,736**	**17.7**	1,610	8.8	126	7.8
Industrial metal futures	**222**	**2.3**	328	1.8	(106)	(32.3)
Forex futures	**21**	**0.2**	136	0.7	(115)	(84.6)
Agricultural futures	**21**	**0.2**	93	0.5	(72)	(77.4)
Other futures	**5**	**0.1**	25	0.1	(20)	(80.0)
	9,791	**100.0**	18,384	100.0	(8,593)	(46.7)

There was a sharp decrease in the commission received from futures and options trading for most types of products during the Year. The decrement of commission received ranged from approximately 32.3% to approximately 84.6% for most product types except for precious metal futures, which increased by approximately 7.8%. Management believed that the decrease of commission received was mainly due to the decrease in active clients from the PRC because of (i) drop of new clients from the PRC and (ii) decrease in trading volume from the existing customers.

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:

Product category	**Year ended 31 December 2020** Gross commission HK$ (Note 1)	**Year ended 31 December 2020** Net commission HK$ (Note 2)	Year ended 31 December 2019 Gross commission HK$ (Note 1)	Year ended 31 December 2019 Net commission HK$ (Note 2)
HSI Futures	**19.3**	**19.3**	24.5	24.5
Light Crude Oil Futures	**44.7**	**29.3**	62.3	46.9
Mini Sized Dow Jones Futures	**69.9**	**57.0**	51.1	38.2
XinHua China A50 Index Futures	***(Note 3)***		37.4	26.4
Mini HSI Futures	**8.2**	**8.2**	8.8	8.8
HSI Options	**17.5**	**17.5**	*(Note 3)*	

1) "Gross commission" refers to the amount of fees which the clients were charged for trading futures and options products through the trading platform (inclusive of fees charged by the overseas brokers in respect of products traded on overseas futures exchanges, including their brokerage commission and overseas exchange and clearing fees) and assessment fees charged by National Futures Association, a self-regulating organisation in the United States derivatives industry.

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

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

There was a general decrease in both net commission and gross commission for majority of the top five futures and options contracts 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 that 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 2020, the Group has 306 active clients (i.e. have executed at least one trade in the past twelve months period), which represents a slight increase of approximately 4.1% compared to 294 active clients as at 31 December 2019. The slight increase of active clients mainly contributed from the new customers based in Hong Kong for stock options and securities brokerage business. However, the commission rate for Hong Kong customers is lower in general compared to customers from the PRC and the Group's financial performance could not be benefited from these new customers. The Group's business strategy is to target high net wealth clients who could generate high revenue to the Group. The management does not treat the number of active clients as a clear indicator of the business performance.

Other net income/(loss)

For the Year, the Group's other net income amounted to approximately HK$2.5 million, compared to other net loss amounted to approximately HK$0.2 million for the Prior Year. Majority of the other net income for the Year represents the government grants from the Government of HKSAR relating to Employment Support Scheme amounted to approximately HK$1.1 million (HK$ Nil for the Prior Year) and the rental income from the co-tenant of the office of the Group amounted to approximately HK$0.8 million (HK$ Nil for the Prior Year).

Staff costs and remuneration policies

As at 31 December 2020, the Group engaged a total of 19 employees (2019: 19) including the executive Directors. For the Year, the total staff costs amounted to approximately HK$10.4 million (2019: approximately HK$8.0 million). The increase of total staff cost was mainly contributed by the bonus paid to the executive Directors amounted to HK$2.0 million for the Year (2019: Nil). 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$26.4 million, representing a decrease of approximately 9.2% from approximately HK$29.1 million for the Prior Year. Several key expenses items being included in this category are discussed below.

(a) ***Marketing expenses (accounts for approximately 41.8% of G&A expenses)***

In the Year, the Group incurred HK$11.0 million for marketing expenses, which represents a slight decrease of HK$0.1 million compared to Prior Year. During the Year, the Group continued its marketing plan in the PRC to promote the brokerage business after the outbreak of COVID-19. Several online seminars and other promotion activities were organised by marketing consultancy company in the PRC to promote the brand image of the Group. The potential customers in PRC were not allowed to travel to Hong Kong due to prolonged border closure implemented by the Government of HKSAR. The marketing efforts made during the Year could not convert to the Group's revenue or new clients during the Year. Besides, the Group has offered incentive to the existing customers to promote their trading activities but these measures could not pay off in the Year.

(b) ***IT and communication expenses (accounts for approximately 17.0% of G&A expenses)***

In the Year, IT and communication expenses (including service fee paid to the trading software vendor and other trade-related services) of the Group were approximately HK$4.5 million, which represents a decrease of approximately 21.7% compared to approximately HK$5.7 million recorded in the 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) ***Depreciation of right-of-use assets (accounts for approximately 13.4% of G&A expenses)***

The depreciation of right-of-use assets increased sharply from HK$30,000 in the Prior Year to HK$3.5 million in the Year. The Group has entered into new rental contract in the Year which leads to sharp increase in depreciation of right-of-use assets. The rental expenses recognised in Prior Year in relating to short-term lease was HK$2.5 million.

(d) ***Legal, professional and audit fee (accounts for approximately 10.9% of G&A expenses)***

In the Year, the legal, professional and audit fee were approximately HK$2.9 million, which decreased slightly by approximately 3.6% compared to the Prior Year.

Income tax credit

In the Year, the Group incurred HK$3.0 million of tax credit for the Year, represents an increase of 66.3% from HK$1.8 million for the Prior Year. Such increase was mainly due to the increase of deferred tax recognised for the tax loss incurred in the Year.

Accounts receivable arising from ordinary course of business

The accounts receivables decreased from approximately HK$34.4 million as at 31 December 2019 to approximately HK$31.3 million as at 31 December 2020. 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 2020 compared to 31 December 2019 and the decrease in margin loan provided to our clients, being partly offset by the increase in receivables from clearing house which takes two days to settle after trade date of securities transactions by clients.

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$16.9 million as at 31 December 2020, compared to the net current assets of approximately HK$44.6 million as at 31 December 2019. Such decrease was mainly due to (i) the loss recognised in the Year and (ii) recognition of lease liabilities for the right-of-use assets during the Year. As at 31 December 2020, the Group had cash and cash equivalent of approximately HK$19.6 million.

Capital structure

For the year ended 31 December 2020, 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 2020 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 16.7% and 45.8% of the Group's total revenue for the Year, respectively. Among the 5 largest customers, they averagely have approximately 7.8 years of relationship with the Group, ranging from 1 to 18 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 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 2020, 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 during the COVID-19 pandemic. The Group has engaged an marketing 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 IT capability of the Group	The Group has delayed the second phase enhancement of the IT capability as the trading volume of stock options and securities were below the expectation from the management.
Expand the manpower for providing more customised client services and to strengthen the compliance and operational and accounting capabilities	In the view of unclear economic situation for the brokerage business, the management has slowed down the recruitment process. Instead, the Group provided training to existing staff to increase their efficiency and knowledge of internal control.

USE OF PROCEEDS

Net proceeds from the issue of new shares of the Company through the share offering of 200,000,000 ordinary shares of HK$0.01 each in share capital of the Company at the price of HK$0.40 per share (the "**Share Offer**"), after deducting all listing expenses in connection therewith, were approximately HK$46.5 million. The utilization of net proceeds as at 31 December 2020 is set out below:

	Total planned amount to be used	**Actual amount utilised up to 31 December 2020**	**Actual balance as at 31 December 2020**
	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	20.7 *(Note 1)*	–
Establish and commence the stock and stock options business	13.2	13.2 *(Note 2)*	–
Enhance the IT capability of the Group	6.8	3.3	3.5
Expand the manpower for providing more customised client services and to strengthen the compliance and operational and accounting capabilities	5.8	1.5	4.3
	46.5	38.7	7.8

Note:

(1) Includes deposits paid to vendor on the IT infrastructure in Qianhai office and marketing expenses incurred up to 31 December 2020.

(2) Includes working capital for providing securities margin financing to the customers.

The difference of approximately HK$7.8 million between the planned use of proceeds of approximately HK$46.5 million and the actual amount utilised up to 31 December 2020 of approximately HK$38.7 million was mainly due to the fact that we have delayed the expansion of manpower and enhancement of IT infrastructure as the economic situation in Hong Kong and China is unclear after the COVID-19 pandemic. The management will continue the development and expansion in coming years 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 (2019: 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 2020 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, 10 June 2021 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, 4 June 2021 to Thursday, 10 June 2021, 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, 3 June 2021.

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 2020.

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

Hong Kong, 25 March 2021

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.