Excalibur

Excalibur Global Financial Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8350

2018

Interim Report

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 report for which the directors (the "**Directors**") of Excalibur Global Financial Holdings Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Poon Kwok Wah Allan
(Chairman and Chief Executive Officer)
Mr. Chan Ying Leung
Ms. Lee Mei Chun

Independent Non-executive Directors

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

COMPANY SECRETARY

Mr. Lo Wai Hang

AUTHORISED REPRESENTATIVES

Mr. Poon Kwok Wah Allan
Mr. Chan Ying Leung

MEMBERS OF AUDIT COMMITTEE

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

MEMBERS OF REMUNERATION COMMITTEE

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

MEMBERS OF NOMINATION COMMITTEE

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

AUDITOR

KPMG
Certified Public Accountants

REGISTERED OFFICE

PO Box 1350, Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2512, Cosco Tower
183 Queen's Road Central
Hong Kong
Tel: (852) 2526-0388
Fax: (852) 2526-0618

PRINCIPAL BANKERS

Hang Seng Bank Limited
Bank of Communications Company Limited

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Trust (Cayman) Limited
PO Box 1350, Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong
Tel: (852) 2980-1333
Fax: (852) 2810-8185

STOCK CODE

8350

WEBSITE

http://www.excalibur.com.hk

Independent Review Report

Review report to the Board of Directors of
Excalibur Global Financial Holdings Limited
(Incorporated in Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 6 to 37, which comprises the consolidated statement of financial position of Excalibur Global Financial Holdings Limited (the "**Company**") and its subsidiaries (together, the "**Group**") as of 30 June 2018 and the related consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial report*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2018 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

8 August 2018

Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the three months and six months ended 30 June 2018
(Expressed in Hong Kong dollars)

	Note	Three months ended 30 June 2018 $'000	Three months ended 30 June 2017 $'000	Six months ended 30 June 2018 $'000	Six months ended 30 June 2017 $'000
Revenue	4	**9,894**	7,434	**19,342**	13,608
Other net (loss)/income	5	**(154)**	69	**(77)**	128
Salaries and other benefits	6(a)	**(1,703)**	(1,315)	**(3,412)**	(2,632)
Other operating and administrative expenses		**(3,981)**	(2,995)	**(7,945)**	(5,838)
Listing expenses		**–**	(63)	**(1,337)**	(4,065)
Profit before tax	6	**4,056**	3,130	**6,571**	1,201
Income tax expense	7	**(808)**	(537)	**(1,626)**	(914)
Profit for the period and total comprehensive income for the period		**3,248**	2,593	**4,945**	287
Attributable to:					
Equity shareholders of the Company		**3,248**	2,483	**4,945**	122
Non-controlling interest		**–**	110	**–**	165
Total comprehensive income for the period		**3,248**	2,593	**4,945**	287
Earnings per share					
Basic and diluted (cents)	8	**0.41**	0.41	**0.63**	0.02

The Group had no components of comprehensive income other than "profit for the period" in either of the periods presented. Accordingly, the Group's "total comprehensive income" was the same as the "profit for the period" in both periods.

The notes on pages 12 to 37 form part of these financial statements.

Unaudited Consolidated Statement of Financial Position

As at 30 June 2018
(Expressed in Hong Kong dollars)

	Note	At 30 June 2018 $'000	At 31 December 2017 $'000
Non-current assets			
Property and equipment	9	**335**	137
Intangible asset	10	**480**	480
Statutory deposits	11	**1,500**	1,723
Other assets	13	**644**	644
		2,959	2,984
Current assets			
Accounts receivable arising from ordinary course of business of trading in futures contracts and options	12	**53,566**	11,938
Other assets	13	**5,468**	1,392
Amount due from a related party	15	**6**	–
Financial assets at fair value through profit or loss	16	**48**	54
Current tax assets	19	**–**	238
Cash and cash equivalents	14(a)	**74,278**	12,964
		133,366	26,586
Current liabilities			
Accounts payable arising from ordinary course of business of trading in futures contracts and options	17	**53,464**	10,440
Other payables and accruals	18	**2,263**	5,874
Current tax liabilities	19	**402**	–
		56,129	16,314
Net current assets		**77,237**	10,272
NET ASSETS		**80,196**	13,256

Unaudited Consolidated Statement of Financial Position (continued)

As at 30 June 2018
(Expressed in Hong Kong dollars)

	Note	At 30 June 2018 $'000	At 31 December 2017 $'000
CAPITAL AND RESERVES			
Share capital	20(b)	**8,000**	6,000
Reserves	20(c)	**72,196**	7,256
TOTAL EQUITY		**80,196**	13,256

Approved and authorized for issue by the board of directors on 8 August 2018.

Poon Kwok Wah Allan **Chan Ying Leung**

Directors

The notes on pages 12 to 37 form part of these financial statements.

Unaudited Consolidated Statement of Changes in Equity

For the six months ended 30 June 2018
(Expressed in Hong Kong dollars)

	Note	Share capital $'000	Retained earnings $'000	Other reserve $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
		Attributable to equity shareholders of the Group					
Balance at 1 January 2017		–	11,026	2,062	13,088	746	13,834
Profit and total comprehensive income for the period		–	122	–	122	165	287
Balance at 30 June 2017 and 1 July 2017		–	11,148	2,062	13,210	911	14,121
Loss and total comprehensive income for the year		–	(1,093)	–	(1,093)	228	(865)
Effect of the Reorganisation							
— Issuance of new ordinary shares		6,000	–	(6,000)	–	–	–
— Acquisition of non-controlling interest		–	–	1,139	1,139	(1,139)	–
Balance at 31 December 2017	20(b)	6,000	10,055	(2,799)	13,256	–	13,256

Unaudited Consolidated Statement of Changes in Equity (continued)

For the six months ended 30 June 2018
(Expressed in Hong Kong dollars)

	Note	Attributable to equity shareholders of the Group				
		Share capital $'000	Share premium $'000	Retained earnings $'000	Other reserve $'000	Total equity $'000
Balance at 31 December 2017	20(b)	6,000	–	10,055	(2,799)	13,256
Impact on initial application of HKFRS 9		–	–	(14)	–	(14)
Adjusted balance at 1 January 2018		6,000	–	10,041	(2,799)	13,242
Profit and total comprehensive income for the period		–	–	4,945	–	4,945
Issuance of ordinary shares under IPO, net of share issuance expenses	20(b)	2,000	68,009	–	–	70,009
Dividend paid	20(d)	–	–	(8,000)	–	(8,000)
Balance at 30 June 2018	20(b)	8,000	68,009	6,986	(2,799)	80,196

The notes on pages 12 to 37 form part of these financial statements.

Unaudited Consolidated Statement of Cash Flows

For the six months ended 30 June 2018
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June 2018 $'000	2017 $'000
Cash (used in)/generated from operations	14(b)	**(3,997)**	2,524
Income tax paid		**(986)**	(936)
Net cash (used in)/generated from operating activities		**(4,983)**	1,588
Investing activities			
Interest received		**62**	1
Purchases of property and equipment		**(244)**	(23)
Net cash used in investing activities		**(182)**	(22)
Financing activities			
Issuance of shares		**80,000**	–
Dividend paid		**(8,000)**	–
Payment for listing expenses		**(5,521)**	(2,577)
Net cash generated from/(used in) financing activities		**66,479**	(2,577)
Net increase/(decrease) in cash and cash equivalents		**61,314**	(1,011)
Cash and cash equivalents at the beginning of the period		**12,964**	10,472
Cash and cash equivalents at the end of the period	14(a)	**74,278**	9,461

The notes on pages 12 to 37 form part of these financial statements.

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2018
(Expressed in Hong Kong dollars)

1 GENERAL

Excalibur Global Financial Holdings Limited (the "**Company**") was incorporated in Cayman Islands on 13 July 2016 as an exempted company with limited liability under the Companies Law (2011 Revision) (as consolidated and revised) of the Cayman Islands.

The Company has not carried on any business since the date of its incorporation save for the group reorganisation below. The Company and its subsidiaries (together, the "**Group**") mainly provide brokerage services for futures and options traded on the exchanges in Hong Kong, the United States, Japan, Singapore and the United Kingdom.

Pursuant to a group reorganisation (the "**Reorganisation**") on 12 October 2017, the Company became the holding company of the companies now comprising the Group. The Group has established a subsidiary, Excalibur Finance Limited, during the six-month period, which is in the progress of applying for a money lending license, and there is no actual business operation as at 30 June 2018.

In connection with the listing of the shares of the Company on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange of Hong Kong**"), 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 the Stock Exchange of Hong Kong commenced on 12 January 2018.

2 BASIS OF PREPARATION

This unaudited interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong, including compliance with Hong Kong Accounting Standard ("**HKAS**") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). It was authorized for issue on 8 August 2018.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2017 annual financial statements, expect for the accounting policy changes that are expected to be reflected in the 2018 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

2 BASIS OF PREPARATION (continued)

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2017 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on pages 4 and 5.

3 CHANGES IN ACCOUNTING POLICIES

(a) Overview

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 9, *Financial instruments*
- HKFRS 15, *Revenue from contracts with customers*

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

The Group has been impacted by HKFRS 9 in relation to classification of financial assets and measurement of credit losses, and not impacted by HKFRS 15 in relation to timing of revenue recognition, capitalisation of contract costs, significant financing benefit obtained from customers and presentation of contract assets and contract liabilities. Details of the changes in accounting policies are discussed in note 3(b) for HKFRS 9 and note 3(c) for HKFRS 15.

Under the transition methods chosen, the Group recognises cumulative effect of the initial application of HKFRS 9 as an adjustment to the opening balance of equity at 1 January 2018. Comparative information is not restated. The following table gives a summary of the opening balance adjustments recognised for each line item in the consolidated statement of financial position that has been impacted by HKFRS 9.

3 CHANGES IN ACCOUNTING POLICIES (continued)

(a) Overview (continued)

	At 31 December 2017 $'000	Impact on initial application of HKFRS 9 (Note 3(b)) $'000	**At 1 January 2018 $'000**
Property and equipment	137	–	137
Intangible assets	480	–	480
Statutory deposits	1,723	–	1,723
Other assets	644	–	644
Total non-current assets	**2,984**	**–**	**2,984**
Accounts receivable arising from ordinary course of business of trading in futures contracts and options	11,938	(14)	11,924
Other assets	1,392	–	1,392
Financial assets at fair value through profit or loss	54	–	54
Current tax asset	238	–	238
Cash and cash equivalents	12,964	–	12,964
Total current assets	**26,586**	**(14)**	**26,572**
Accounts payable arising from ordinary course of business of trading in futures contracts and options	10,440	–	10,440
Other payables and accruals	5,874	–	5,874
Total current liabilities	**16,314**	**–**	**16,314**
Net current assets	**10,272**	**(14)**	**10,258**
Net assets	**13,256**	**–**	**13,242**
Share capital	6,000	–	6,000
Reserves	7,256	(14)	7,242
Total equity attributable to equity shareholders of the Company	**13,256**	**(14)**	**13,242**

Further details of these changes are set out in sub-section (b) of this note.

3 CHANGES IN ACCOUNTING POLICIES (continued)

(b) HKFRS 9, Financial instruments

HKFRS 9 replaces HKAS 39, *Financial instruments: recognition and measurement*. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

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

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

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

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

(i) Classification of financial assets and financial liabilities

HKFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income ("**FVOCI**") and at fair value through profit or loss ("**FVPL**"). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

3 CHANGES IN ACCOUNTING POLICIES (continued)

(b) HKFRS 9, Financial instruments (continued)

(i) Classification of financial assets and financial liabilities (continued)

Non-equity investments held by the Group are classified into one of the following measurement categories:

— Amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method;

— FVOCI — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss; or

— FVPL, if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI (non-recycling), are recognised in profit or loss as other income.

3 CHANGES IN ACCOUNTING POLICIES (continued)

(b) HKFRS 9, Financial instruments (continued)

(i) Classification of financial assets and financial liabilities (continued)

Under HKFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

The measurement categories for all financial assets and liabilities remain the same.

The carrying amounts for all financial liabilities (including financial guarantee contracts) at 1 January 2018 have not been impacted by the initial application of HKFRS 9.

The Group did not designate or de-designate any financial asset or financial liability at FVPL at 1 January 2018.

(ii) Credit losses

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the ECL model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The Group applies the new ECL model to the following items:

— financial assets measured at amortised cost (including cash and cash equivalents, accounts receivable and other assets).

Financial assets measured at fair value, including equity securities measured at FVPL, equity securities designated at FVOCI (non-recycling) and derivative financial assets, are not subject to the ECL assessment.

3 CHANGES IN ACCOUNTING POLICIES (continued)

(b) HKFRS 9, Financial instruments (continued)

(ii) Credit losses (continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

Loss allowances for accounts receivable and other assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

3 CHANGES IN ACCOUNTING POLICIES (continued)

(b) HKFRS 9, Financial instruments (continued)

(ii) Credit losses (continued)

Significant increases in credit risk (continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

— failure to make payments of principal or interest on their contractually due dates;

— an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

— an actual or expected significant deterioration in the operating results of the debtor; and

— existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

3 CHANGES IN ACCOUNTING POLICIES (continued)

(b) HKFRS 9, Financial instruments (continued)

(ii) Credit losses (continued)

Basis of calculation of interest income on credit-impaired financial assets

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

— the disappearance of an active market for a security because of financial difficulties of the issuer.

3 CHANGES IN ACCOUNTING POLICIES (continued)

(b) HKFRS 9, Financial instruments (continued)

(ii) Credit losses (continued)

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Opening balance adjustment

As a result of this change in accounting policy, the Group has recognised additional ECLs amounting to HK$14,000, which decreased retained earnings by HK$14,000 at 1 January 2018.

The following table reconciles the closing loss allowance determined in accordance with HKAS 39 as at 31 December 2017 with the opening loss allowance determined in accordance with HKFRS 9 as at 1 January 2018.

	$'000
Loss allowance at 31 December 2017 under HKAS 39	–
Additional credit loss recognised at 1 January 2018 on:	
— Accounts receivable arising from ordinary course of business of trading in futures contracts and options	14
Loss allowance at 1 January 2018 under HKFRS 9	14

(iii) Hedge accounting

The Group did not apply hedge accounting, so there is no significant impact on the Group's financial statements in this regard.

3 CHANGES IN ACCOUNTING POLICIES (continued)

(b) HKFRS 9, Financial instruments (continued)

(iv) Transition

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below:

— Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 continues to be reported under HKAS 39 and thus may not be comparable with the current period.

— The following assessment has been made on the basis of the facts and circumstances that existed at 1 January 2018 (the date of initial application of HKFRS 9 by the Group):

  — the determination of the business model within which a financial asset is held.

— If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

(c) HKFRS 15, Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers, HKFRS 15 replaces HKAS 18, *Revenue*, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, *Construction contracts*, which specified the accounting for construction contracts.

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

4 REVENUE

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

Revenue represents the brokerage commission from futures and options broking.

	Three months ended 30 June		Six months ended 30 June	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Hong Kong market	**2,603**	1,387	**4,553**	3,165
Overseas markets	**7,291**	6,047	**14,789**	10,443
	9,894	7,434	**19,342**	13,608

5 OTHER NET (LOSS)/INCOME

	Three months ended 30 June		Six months ended 30 June	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Interest income — banks	**–**	–	**1**	1
Interest income — HKCC	**–**	–	**1**	–
Interest income — others	**48**	–	**60**	–
Exchange (loss)/gain, net	**(235)**	84	**(195)**	141
Gain/(loss) on financial assets at fair value through profit or loss	**3**	(45)	**(6)**	(74)
Sundry income	**30**	30	**48**	60
Reversal of provision for doubtful debt	**–**	–	**14**	–
	(154)	69	**(77)**	128

6 PROFIT BEFORE TAX

Profit before tax is arrived at after charging:

	Three months ended 30 June		Six months ended 30 June	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
(a) Staff costs				
Salaries and allowances	**1,641**	1,254	**3,270**	2,496
Staff welfares	**4**	9	**14**	30
Retirement scheme contributions	**58**	52	**128**	106
	1,703	1,315	**3,412**	2,632
(b) Other items				
Auditors' remuneration	**353**	78	**553**	153
Depreciation of property and equipment	**31**	10	**47**	21
Operating lease expense in respect of rented premises	**679**	683	**1,299**	1,300

7 INCOME TAX EXPENSE

	Three months ended 30 June		Six months ended 30 June	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Current tax				
Hong Kong Profits Tax	**808**	537	**1,626**	914

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2017: 16.5%) to the six months ended 30 June 2018.

8 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK$4,945,000 (six months ended 30 June 2017: HK$122,000) and the weighted average of 786,740,331 ordinary shares (2017: 600,000,000 shares) in issue during the interim period. The weighted average number of shares in issue during the six months ended 30 June 2017 is based on the assumption that 600,000,000 ordinary shares were in issue as if the shares issued at the date the Company became the holding company of the Group were outstanding throughout the six months ended 30 June 2017.

(b) Diluted earnings per share

No potential dilutive ordinary shares in issue during the six months ended 30 June 2018 and 2017, so no adjustment has been made to basic earnings per share amounts.

9 PROPERTY AND EQUIPMENT

	Leasehold improvements $'000	Furniture and fixture $'000	Computer equipment $'000	Office equipment $'000	Total $'000
Cost:					
At 1 January 2018	676	41	4,508	1,382	6,607
Additions	–	–	245	–	245
At 30 June 2018	676	41	4,753	1,382	6,852
Accumulated depreciation:					
At 1 January 2018	(676)	(35)	(4,411)	(1,348)	(6,470)
Charge for the period	–	(2)	(40)	(5)	(47)
At 30 June 2018	(676)	(37)	(4,451)	(1,353)	(6,517)
Net carrying values:					
At 30 June 2018	–	4	302	29	335

9 PROPERTY AND EQUIPMENT (continued)

	Leasehold improvements $'000	Furniture and fixture $'000	Computer equipment $'000	Office equipment $'000	Total $'000
Cost:					
At 1 January 2017	676	41	4,421	1,382	6,520
Additions	–	–	87	–	87
At 31 December 2017	676	41	4,508	1,382	6,607
Accumulated depreciation:					
At 1 January 2017	(676)	(31)	(4,376)	(1,336)	(6,419)
Charge for the year	–	(4)	(35)	(12)	(51)
At 31 December 2017	(676)	(35)	(4,411)	(1,348)	(6,470)
Net carrying values:					
At 31 December 2017	–	6	97	34	137

10 INTANGIBLE ASSET

	At 30 June 2018 $'000	At 31 December 2017 $'000
Hong Kong Futures Exchange ("**HKFE**") trading right	**480**	480

11 STATUTORY DEPOSITS

	At 30 June 2018 $'000	At 31 December 2017 $'000
Reserve fund deposit with HKFE Clearing Corporation Limited	**1,500**	1,723

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

	At 30 June 2018 $'000	At 31 December 2017 $'000
Accounts receivable		
— Cash clients	**32**	143
— Clearing house	**19,227**	5,665
— Overseas brokers	**34,307**	6,130
	53,566	11,938

Aging analysis

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

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

	At 30 June 2018 $'000	At 31 December 2017 $'000
0–30 days	**53,566**	11,938

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

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

13 OTHER ASSETS

	At 30 June 2018 $'000	At 31 December 2017 $'000
Current assets		
Prepayment	**207**	1,336
Rental and other deposits	**5,246**	41
Other receivables	**15**	15
	5,468	1,392
Non-current assets		
Rental and management fee deposits	**644**	644
	6,112	2,036

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

14 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	At 30 June 2018 $'000	At 31 December 2017 $'000
Cash at banks and on hand	**74,278**	12,964

The Group maintains segregated accounts with authorised institutions as a result of its normal business transactions. At 30 June 2018, segregated accounts not otherwise dealt with in these accounts amounted to HK$51,207,000 (31 December 2017: HK$32,327,000).

14 CASH AND CASH EQUIVALENTS (continued)

(b) Reconciliation of profit before tax to net cash generated from operating activities:

	Six months ended 30 June 2018 $'000	Six months ended 30 June 2017 $'000
Operating activities		
Profit before tax	**6,571**	1,201
Adjustments for:		
Interest income	**(62)**	(1)
Loss on changes in fair value of financial assets at fair value through profit or loss	**6**	74
Depreciation	**47**	21
Reversal of provision for doubtful debt	**(14)**	–
Operating cash flows before movements in working capital	**6,548**	1,295
Decrease/(increase) in statutory deposits	**223**	(216)
(Increase)/decrease in accounts receivable arising from ordinary course of business of trading in futures contracts and options	**(41,628)**	4,242
(Increase)/decrease in other assets	**(5,178)**	552
Increase in amount due from a related party	**(6)**	–
Increase/(decrease) in accounts payable arising from ordinary course of business of trading in futures contracts and options	**43,024**	(2,785)
Decrease in other payables and accruals	**(6,980)**	(564)
Cash (used in)/generated from operations	**(3,997)**	2,524
Income tax paid	**(986)**	(936)
Net cash (used in)/generated from operating activities	**(4,983)**	1,588

15 AMOUNT DUE FROM A RELATED PARTY

	At 30 June 2018 $'000	At 31 December 2017 $'000
Future Concept Limited	6	–

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

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 June 2018 $'000	At 31 December 2017 $'000
Long positions in trading securities		
— Equity securities listed in Hong Kong	48	54

The fair values of the above listed securities were determined basing on the quoted market bid prices available on the Stock Exchange of Hong Kong.

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

	At 30 June 2018 $'000	At 31 December 2017 $'000
Accounts payable		
— Cash clients	53,464	10,440

Accounts payable to clients arising from the business of trading in futures contracts and options are margin deposits received from clients for their trading of futures contracts and options on the HKFE and overseas exchanges through overseas brokers.

All of the accounts payable are repayable on demand.

18 OTHER PAYABLES AND ACCRUALS

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

19 INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION

Current taxation in the statement of financial position

	At 30 June 2018 $'000	At 31 December 2017 $'000
Provision for Hong Kong Profits Tax	**(402)**	–
Tax recoverable	**–**	238
	(402)	238

20 CAPITAL, RESERVES AND DIVIDENDS

(a) Authorised share capital

The authorised ordinary share capital of the Company at 30 June 2018 was HK$100,000,000 divided into 10,000,000,000 ordinary shares of HK$0.01 each.

(b) Issued share capital

Movements of issued share capital of the Company during the reporting period are as follows:

	No. of shares '000	**Share capital** $'000
Issued:		
At 1 January 2018	600,000	6,000
Issuance of shares	200,000	2,000
At 30 June 2018	800,000	8,000

Prior to the Reorganisation of the Group on 12 October 2017, the share capital of the Group represented the aggregate amount of share capital of the companies comprising the Group. Pursuant to the Reorganisation as set out in note 1 on 12 October 2017, the Company's issued share capital was increased from HK$380 to HK$100,000 through the issuance of 4,781,001 shares, 4,780,999 shares and 400,000 shares, credited as fully paid, to Mr. Poon Kwok Wah Allan, Mr. Chan Ying Leung and Fortune Millennium Investment Limited (solely owned by Mr. Ding Yimin) respectively.

The Company issued 200,000,000 shares for its listing on the Stock Exchange of Hong Kong.

20 CAPITAL, RESERVES AND DIVIDENDS (continued)

(c) Other reserve

On 9 July 2015, the Group further acquired 16% of the issued share capital of New Century Excalibur Holdings Limited ("**New Century**"), at a consideration of HK$4,000,000, resulting in a gain of HK$2,062,138 recognised in other reserves.

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

(d) Dividends

Dividends payable to equity shareholders attributable to, approved and paid during the interim period:

	Six months ended 30 June	
	2018	2017
	$'000	$'000
Interim dividend declared, approved and paid during the interim period, of HK1 cent per share (six months ended 30 June 2017: nil)	**8,000**	–
Second interim dividend declared after the end of reporting period, of HK1 cent per share (six months ended 30 June 2017: nil)	**8,000**	–
	16,000	–

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

21 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Financial instruments measured at fair value

Fair value hierarchy

HKFRS 13, *Fair value measurement* categorises fair value measurements into a three-level hierarchy. The level into which fair value is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

— Level 1 valuations: Fair values measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

— Level 2 valuations: Fair values measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

— Level 3 valuations: Fair value measured using significant unobservable inputs

At 30 June 2018, the only financial instruments of the Group carried at fair value were listed equity securities of $48,000 (31 December 2017: $54,000) listed on the Stock Exchange of Hong Kong (see note 16). These instruments are measured at fair value on a recurring basis and their fair value measurements fall into Level 1 of the fair value hierarchy described above.

During the six months ended 30 June 2018, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2017: nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

22 OPERATING LEASES COMMITMENTS

At 30 June 2018, the total future minimum lease payments under non-cancellable operating lease are payables as follows:

	At 30 June 2018 $'000	At 31 December 2017 $'000
Within 1 year	**2,259**	2,259
After 1 year but within 5 years	**477**	1,607
	2,736	3,866

23 MATERIAL RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group entered into the following material related party transactions and had the following balances due from/to related parties:

		Six months ended 30 June	
		2018	2017
		$'000	$'000
Transactions:			
Ding Yimin, shareholder of the immediate holding company	Consultancy fee	**–**	180

Ding Yimin sold all his shares of Fortune Millennium Investment Limited on 8 May 2018 and was no longer a material related party.

(b) Directors' remuneration are as follows:

	Six months ended 30 June	
	2018	2017
	$'000	$'000
Directors' fees	**420**	–
Salaries and allowances	**714**	699
Retirement scheme contributions	**38**	26
	1,172	725

(c) **Financing arrangement**

	Notes	Amount owed to the Group As at 30 June		Related interest income Six months ended 30 June	
		2018	2017	**2018**	2017
		$'000	$'000	**$'000**	$'000
Loan to director	*(i),(ii)*	**–**	–	**60**	–

Notes:

(i) The loan was fully repaid on 28 June 2018, no outstanding balance noted as at 30 June 2018.

(ii) Further details of the loan to director of the Group are disclosed in note 27.

24 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 30 June 2018, the directors consider the ultimate controlling shareholders of the Company to be Mr. Poon Kwok Wah Allan and Mr. Chan Ying Leung.

25 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2018

A number of amendments and new standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted. The Group has not early adopted any new or amended standards in preparing this interim financial report.

The Group has the following update to the information provided in the last annual financial statements in respect of HKFRS 16, *Leases*, which may have a significant impact on the Group's consolidated financial statements.

HKFRS 16 *Leases*

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognize and measure a lease liability at the present value of the minimum future lease payments and will recognize a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognize interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognizing rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term in 12 months or less) and to leases of low- value assets, in which case the rental expenses would continue to be recognized on a systematic basis over the lease term.

25 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2018 (continued)

HKFRS 16 *Leases* (continued)

HKFRS 16 will primarily affect the Group's accounting as a lessee of a lease for a property which is currently classified as an operating lease. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease. As disclosed in note 22, at 30 June 2018 the Group's future minimum lease payments under non-cancellable operating leases amount to HK$2,736,000 for a property under an operating lease, over half of which is payable between 1 and 5 years after the reporting date. This amount may therefore need to be recognized as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. The standard offers different transition options and practical expedients, including the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. If this practical expedient is chosen, the Group will apply the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application. If the practical expedient is not chosen, the Group will need to reassess all of its decisions about which existing contracts are, or contain, leases, using the new definition. Depending on whether the Group elects to adopt the standard retrospectively or follow a modified retrospective method of recognising a cumulative-effect adjustment to the opening balance of equity at the date of initial application, the Group may or may not need to restate comparative information for any changes in accounting resulting from the reassessment. The Group has not yet decided which transition approach to be taken.

26 COMPARATIVE FIGURES

The Group has initially applied HKFRS 9 at 1 January 2018. Under the transition method chosen, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 3.

(Expressed in Hong Kong dollars)

27 LOAN TO DIRECTOR

Loan to director of the Group disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

Name of borrower	Mr. Chan Ying Leung
Relationship with the Group	Director and one of the two ultimate controlling parties of the Company
Terms of the loan	
— duration and repayment terms	3 months starting from the drawdown date (i.e. 9 March 2018), the borrower has the right to extend for further 3 months
— loan amount	$2,500,000
— interest rate	3% above Hang Seng Bank Hong Kong Dollar Prime Rate at the agreement date
— security	None
Balance of the loan	
— at 30 June 2018	Nil
Maximum balance outstanding	
— during 2018	$2,500,000

There was no amount due but unpaid, nor any provision made against the principal amount of or interest on the loan at 30 June 2018.

28 NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

After the end of the reporting period the directors declared the payment of the second interim dividend. Further details are disclosed in note 20(d).

Management Discussion and Analysis

FINANCIAL REVIEW

The Group's revenue increased by approximately 42.1% from approximately HK$13.6 million for the six months ended 30 June 2017 to approximately HK$19.3 million for the six months ended 30 June 2018. During the six months ended 30 June 2018, the revenue of the Group from Hong Kong market and overseas markets increased by 43.9% and 41.6% respectively. Instable political situation in Asia Pacific Region and US-China trade war has led to high volatility in world financial markets. The average Hang Seng Index Volatility Index increased from approximately 13.26 for the six months end 30 June 2017 to 19.64 for the six months ended 30 June 2018. As such, customers had more speculation opportunities in futures and options trading, which led to an increase in revenue recorded by the Group.

During the six months ended 30 June 2018, the Group recorded other net loss amounted approximately HK$77,000, compared to other net income approximately HK$128,000 during the six months ended 30 June 2017. The Group recorded net exchange loss approximately HK$195,000 during the six months ended 30 June 2018 while the Group recorded net exchange gain approximately HK$141,000 during the six months ended 30 June 2017. The exchange rate of USD to HKD increased from 7.78 in 2017 to 7.85 in 2018, which led to exchange loss arose from the accounts payables denominating in foreign currencies. The management will monitor the market closely to minimise the impact of exchange rate movement on the Group's financial performance.

Salaries and other benefits expenses increased from approximately HK$2.6 million for the six months ended 30 June 2017 to approximately HK$3.4 million for the six months ended 30 June 2018. Such increase in salaries and related expenses was contributed by the additions of directors' fee after listing of shares on the Stock Exchange amounted HK$0.4 million and increase in salary level and manpower for business expansion in the Group for the six months ended 30 June 2018.

Other operating and administrative expenses increased from approximately HK$5.8 million for the six months ended 30 June 2017 to approximately HK$7.9 million for the six months ended 30 June 2018, which was mainly due to the increase in trade-related expenses of approximately HK$0.8 million as compared with corresponding period in 2017. Trade-related expenses include commission expenses and exchange fees paid to overseas brokers and charges from software vendors for the trades being executed through their platform based on the volume of transactions. These increased expenses were in line with the increase in revenue of the Group. In addition, there was an aggregate increase in legal and professional fee and audit fee of approximately HK$0.7 million as compared with the corresponding period in 2017 as there was more legal and professional fee incurred after listing of shares on the Stock Exchange in January 2018.

Listing expenses decreased from approximately HK$4.1 million for the six months ended 30 June 2017 to approximately HK$1.3 million for the six months ended 30 June 2018, which was mainly due to the completion of listing exercise in January 2018. No further listing expenses was recorded in the remaining financial period.

As a result of the foregoing, the Group recorded a net profit for the six months ended 30 June 2018 of approximately HK$4.9 million, as compared to a net profit of approximately HK$0.3 million for the corresponding period in 2017.

BUSINESS REVIEW AND OUTLOOK

The Group is principally engaged in brokerage business in futures and options products being traded in Hong Kong and overseas markets.

The successful listing of the Company's shares on GEM of the Stock Exchange on 12 January 2018 by way of share offer was a milestone for the Group in improving capital strength and corporate governance as well as enhancing its competitive edge in the industry.

The business performance of the Group is highly dependent on the Hong Kong and the global financial markets. During the first half of 2018, market volatility was high in the world financial markets due to instable political situation in Asia Pacific Region and the trade war between the United States and the People's Republic of China ("**PRC**"). The elevated volatilities in different index and commodities markets offered speculating opportunities to the customers, which resulted in improved performance of the Group during the period under review.

Looking forward, in order to expand the Group's business opportunities and bring additional value to the shareholders, the Group will continue to implement the business strategies as set out in the Company's prospectus dated 29 December 2017 ("**Prospectus**") in support of the Group's business objectives of maintaining its growth in the brokerage business in futures and options business, and entering into stock options business. In order to deal with the unpredictable market conditions and intense competition among the Group's competitors, the Group will continue to maintain close relationship with the existing customers and explore business opportunities by approaching potential customers through referrals by existing customers. The Group will also provide better services to both the existing and potential customers by offering upgraded network with faster connectivity to different exchanges.

Up the date of this interim report, the Group has not yet obtained relevant licenses in the operation for Qianhai business being stated in the section headed "Future plan and use of proceeds" in the Prospectus. The Group has received approval from the Securities and Futures Commission (the "**SFC**") on stock and stock options business. The management is trying every effort to work with the Stock Exchange to commence to business as soon as possible. The management expected that operation in Qianhai and stock option business will be launched in the second half of 2018 and revenue from these two new business streams will be recorded. For a more detailed update on each item of the Group's business plan as set out in the Prospectus, please refer to the section headed "Comparison of business plan with actual business progress" in this interim report.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's principal source of funds was the cash generated from operations accumulated over the previous years and the IPO proceeds obtained in January 2018. The Group recorded net current assets and working capital of approximately HK$77.2 million as at 30 June 2018, compared to approximately HK$10.3 million as at 31 December 2017. Such an increase was mainly due to the proceeds received from the share offer. As at 30 June 2018, the Group had cash and cash equivalents of approximately HK$74.3 million (31 December 2017: HK$13.0 million). The management will continue to follow a prudent treasury policy in managing its cash balance and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of growth opportunities of the business.

CAPITAL STRUCTURE

For the six months ended 30 June 2018, the capital structure of the Group consisted of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves. The Group did not have any borrowing as at 30 June 2018 and up to the date of this interim report. As at 30 June 2018, the share capital and equity attributable to the owners of the Company amounted to HK$8.0 million and approximately HK$80.2 million, respectively (31 December 2017: HK$6.0 million and approximately HK$13.3 million, respectively).

FOREIGN CURRENCY RISK EXPOSURE

The Group's transactions for the six months ended 30 June 2018 were denominated in Hong Kong Dollar and United States Dollar ("**U.S. Dollar**"). As the Hong Kong Dollar is pegged to U.S. Dollar, no significant exposure to the currency risk is expected by the management. As the management expects the foreign currency risk to be low, the Group currently does not have a foreign currency hedging policy.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

Save as disclosed in the Prospectus, the Group currently has no other plan for material investment.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

During the six months ended 30 June 2018, the Group did not have any material acquisitions and disposals of subsidiaries.

CONTINGENT LIABILITIES

As at 30 June 2018, the Group did not have any significant contingent liabilities (31 December 2017: nil).

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 30 June 2018:

Business plan as set out in the Prospectus	Progress up to date of interim report
Strengthen our position in the futures market by enhancing our marketing resources in the PRC	We are working with our PRC lawyers on setting up the legal entity in Qianhai.
Establish and commence our stock and stock options business	The Group has already received approval from the SFC on lifting the restriction on our Type 1 licence and the application of our Type 4 licence. We are working closely with the Stock Exchange to commence the stock and stock options business as soon as possible.
Enhance the IT capability of the Group	The Group has made purchase order to vendors to upgrade the server and network capacity, as well as upgrade of firewall and security of online trading system according to the implementation plan. Our IT department is working with these vendors and software providers closely to install the newly purchased hardware and perform a throughout test to ensure that customers were not affected due to such enhancement.
Expand our manpower for providing more customised client services and to strengthen our compliance and operational and accounting capabilities	We have expanded our accounting department by employing an additional accountant in assisting on daily accounting operations. We are still looking for appropriate candidates on strengthening the Group's compliance and operations capabilities.

USE OF PROCEEDS

The net proceeds from the issue of new shares of the Company through the share offering of 200,000,000 ordinary shares of HK$0.01 each in share capital of the Company at the price of HK$0.40 per share (the "**Share Offer**"), after deducting the related underwriting fees and issuance expenses paid by the Company in connection therewith, were approximately HK$46.5 million, as compared to the estimated net proceeds of approximately HK$49.5 million. There were shortage of approximately HK$3.0 million mainly due to the additional listing expenses at final payment. Accordingly, the Group has adjusted the use of proceeds on a pro-rata basis. The utilization of net proceeds as at 30 June 2018 is set out below:

Use of net proceeds	Total planned amount to be used HK$' million	Planned use of proceeds up to 30 June 2018 HK$' million	Actual amount utilised up to 30 June 2018 HK$' million	Actual balance as at 30 June 2018 HK$' million
Strengthen our position in the futures market by enhancing our marketing resources in the PRC	20.7	7.9	3.0 (Note 1)	17.7
Establish and commence our stock and stock options business	13.2	11.5	2.2 (Note 2)	11.0
Enhance the IT capability of the Group	6.8	5.0	1.1	5.7
Expand our manpower for providing more customised client services and to strengthen our compliance and operational and accounting capabilities	5.8	1.4	0.1	5.7
	46.5	25.8	6.4	40.1

Notes:

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

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

The difference of approximately HK$19.4 million between the planned use of proceeds up to 30 June 2018 of approximately HK$25.8 million and the actual amount utilised up to 30 June 2018 of approximately HK$6.4 million was mainly due to the fact that (i) the licensing process for our stock and stock option broking business was longer than expected originally leading to delay of the utilisation of proceeds; (ii) the Group has not yet engaged in enhancing and upgrading the margin and risk control software system as the Group is planning to upgrade the whole system after the launch of stock and stock option business; and (iii) the Group has not yet commenced the development of Qianhai office as there was delay in obtaining relevant licence.

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

Other Information

SECOND INTERIM DIVIDEND

The board of directors (the "**Board**") of the Company has resolved to declare the payment of the second interim dividend of HK1 cent per share for the six months ended 30 June 2018 (2017: Nil) payable to the shareholders of the Company whose names appear on the register of members of the Company on Monday, 27 August 2018. The dividend warrants are expected to be dispatched to the shareholders on or about Friday, 7 September 2018.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 23 August 2018 to Monday, 27 August 2018, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be qualified for the second interim dividend, all share transfers of the Company accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 22 August 2018.

EVENT AFTER THE REPORTING PERIOD

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

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

As at 30 June 2018, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**") which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) to be entered into the register required to be kept therein, pursuant to Section 352 of the SFO; or (iii) to be notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules relating to the required standard of dealings by Directors were as follows:

Long Position in the shares of the Company

Name of Directors	Capacity/Nature of interest	Number of shares held	Approximate percentage of issued share capital of the Company
Mr. Poon Kwok Wah Allan *(notes 3 and 4)*	Beneficial owner; interest held jointly with another person	576,000,000 (L)	72.0%
Mr. Chan Ying Leung *(notes 3 and 5)*	Beneficial owner; interest held jointly with another person	576,000,000 (L)	72.0%

Notes:

1. The letter "L" denotes long position of shares.

2. The total number of the issued shares of the Company as at the date of this report was 800,000,000.

3. On 27 October 2017, Mr. Poon Kwok Wah Allan and Mr. Chan Ying Leung (the "**Controlling Shareholders**") entered into the Concert Parties Confirmatory Deed to acknowledge and confirm, amongst other things, that they are parties acting in concert in respect of each of the members of the Company. As such, pursuant to the parties acting in concert arrangement, each of the Controlling Shareholders is deemed to be interested in 72.0% of the issued share capital of the Company.

4. 576,000,000 shares in which Mr. Poon Kwok Wah Allan is interested consist of (i) 288,000,060 shares held by him; and (ii) 287,999,940 shares in which Mr. Chan Ying Leung is deemed to be interested as a result of being a party acting-in-concert with Mr. Poon Kwok Wah Allan.

5. 576,000,000 shares in which Mr. Chan Ying Leung is interested consist of (i) 287,999,940 shares held by him; and (ii) 288,000,060 shares in which Mr. Poon Kwok Wah Allan is deemed to be interested as a result of being a party acting-in-concert with Mr. Chan Ying Leung.

Save as disclosed above, as at the date of this report, none of the Directors and chief executive of the Company has any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) to be entered into the register required to be kept therein, pursuant to Section 352 of the SFO; or (iii) to be notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules relating to the required standard of dealings by directors.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as known to the Directors, as at 30 June 2018, the following persons had or were deemed to have interests in shares or underlying shares which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the GEM Listing Rules.

Long Position in the shares and underlying shares of the Company

Name of shareholders	Capacity/Nature of interest	Number of shares held	Approximate percentage of issued share capital of the Company
Mr. Poon Kwok Wah Allan *(notes 3 and 4)*	Beneficial owner; interest held jointly with another person	576,000,000 (L)	72.0%
Mr. Chan Ying Leung *(notes 3 and 5)*	Beneficial owner; interest held jointly with another person	576,000,000 (L)	72.0%

Notes:

1. The letter "L" denotes long position of shares.

2. The total number of the issued shares of the Company as at the date of this report was 800,000,000.

3. On 27 October 2017, the Controlling Shareholders entered into the Concert Parties Confirmatory Deed to acknowledge and confirm, amongst other things, that they are parties acting in concert in respect of each of the members of the Company. As such, pursuant to the parties acting in concert arrangement, each of Controlling Shareholders is deemed to be interested in 72.0% of the issued share capital of the Company.

4. 576,000,000 shares in which Mr. Poon Kwok Wah Allan is interested consist of (i) 288,000,060 shares held by him; and (ii) 287,999,940 shares in which Mr. Chan Ying Leung is deemed to be interested as a result of being a party acting-in-concert with Mr. Poon Kwok Wah Allan.

5. 576,000,000 shares in which Mr. Chan Ying Leung is interested consist of (i) 287,999,940 shares held by him; and (ii) 288,000,060 shares in which Mr. Poon Kwok Wah Allan is deemed to be interested as a result of being a party acting-in-concert with Mr. Chan Ying Leung.

Save as disclosed above, as at the date of this report, the Company has not been notified by any person (other than the Directors or chief executive of the Company) who had interests or short positions in the shares, underlying shares or debentures of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the GEM Listing Rules.

SHARE OPTION SCHEME

The Company has adopted a share option scheme on 19 December 2017 (the "**Scheme**") as approved by a written resolution of all shareholders of the Company passed on 19 December 2017. No share option has been granted under the Scheme since its adoption and up to the date of this interim report.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Other than as disclosed in the paragraph headed "Share Option Scheme" in this report, at no time during the six months ended 30 June 2018 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or chief executive of the Company (including their spouses or children under 18 years of age) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the six months ended 30 June 2018, none of the Directors or the Controlling Shareholders or their respective close associates (as defined in the GEM Listing Rules) of the Company had an interest in a business which competed with or might compete with the business of the Group.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by Alliance Capital Partners Limited, the Company's compliance adviser, neither it nor any of its Directors or employees or close associates had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities, if any) or otherwise in relation to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules (except for the compliance adviser agreement entered into between the Company and Alliance Capital Partners Limited on 22 February 2017 (the "**Compliance Adviser Agreement**")) as at 30 June 2018. Pursuant to the Compliance Adviser Agreement, Alliance Capital Partners Limited has received and will receive fees for acting as the Company's compliance adviser.

DISCLOSURE OF CHANGE OF DIRECTORS' INFORMATION

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the changes of Directors' information are as follows:

With effect from 22 January 2018, Mr. Siu Miu Man has resigned as an independent non-executive director of Sheung Yue Group Holdings Limited and has ceased to be the chairman of the remuneration committee, the member of the audit committee and the member of the nomination committee of that company after his resignation became effective. Mr. Siu has been re-designated as an executive director of Asia Energy Logistics Group Limited with effect from 24 March 2018. Mr. Siu has also resigned as members of the audit committee, the remuneration committee and the nomination committee of Asia Energy Logistics Group Limited. Both companies are listed on the Stock Exchange.

CORPORATE GOVERNANCE PRACTICES

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

The Company has complied with the applicable code provisions as set out in the CG Code during the six months ended 30 June 2018 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.

COMPLIANCE OF CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry with all Directors, all Directors have and each of them has confirmed his/her compliance with the required standard of dealings and the code of conduct regarding securities transactions by Directors adopted by the Company throughout the six months ended 30 June 2018.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed the Company's listed securities during the six months ended 30 June 2018.

AUDIT COMMITTEE

The Company has established its audit committee (the "**Audit Committee**") with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and code provision C3.3 of the CG Code. The primary duties of the Audit Committee are to review the Company's annual report and accounts, interim report and quarterly reports and to provide advices and comments thereon to the Board. The Audit Committee will also be responsible for reviewing and supervising the Company's financial reporting, risk management and internal control systems. The Audit Committee comprises three independent non-executive Directors, namely Mr. Chin Kam Cheung (chairman of the Audit Committee), Mr. Ang Wayne Wu-yee and Mr. Siu Miu Man. Mr. Chin Kam Cheung possesses the appropriate professional accounting qualifications and related financial management expertise as required in Rule 5.05(2) of the GEM Listing Rules.

The Group's unaudited results for the six months ended 30 June 2018 have been reviewed by the Audit Committee which was of the opinion that the preparation of such results complied with the applicable accounting standards, the GEM Listing Rules and legal requirements and that adequate disclosures have been made.

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

Hong Kong, 8 August 2018