



Excalibur Global Financial Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8350



Interim Report **2019**

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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.



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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, M. H.

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, M. H.

MEMBERS OF REMUNERATION COMMITTEE

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

MEMBERS OF NOMINATION COMMITTEE

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

COMPLIANCE ADVISER

Alliance Capital Partners Limited
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AUDITOR

KPMG
Certified Public Accountants

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PRINCIPAL BANKERS

Hang Seng Bank Limited
Bank of Communications
Company Limited

CORPORATE INFORMATION (CONTINUED)

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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STOCK CODE

8350

WEBSITE

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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 2019 and the related consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement 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.

INDEPENDENT REVIEW REPORT (CONTINUED)

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 2019 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 2019

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2019 (Expressed in Hong Kong dollars)

	Note	Three months ended		Six months ended	
		30 June		30 June	
		2019	2018	2019	2018
		\$'000	\$'000	\$'000	\$'000
Revenue	4	4,827	9,894	15,066	19,342
Other net loss	5	(86)	(154)	(156)	(77)
Salaries and other benefits	6(a)	(1,919)	(1,703)	(3,971)	(3,412)
Other operating and administrative expenses		(6,050)	(3,981)	(10,584)	(7,945)
Listing expenses		–	–	–	(1,337)
(Loss)/profit before tax	6	(3,228)	4,056	355	6,571
Income tax credit/(expense)	7	290	(808)	(271)	(1,626)
(Loss)/profit for the period and total comprehensive income for the period		(2,938)	3,248	84	4,945
Attributable to:					
Equity shareholders of the Company		(2,938)	3,248	84	4,945
Total comprehensive income for the period		(2,938)	3,248	84	4,945
(Losses)/earnings per share					
Basic and diluted (cents)	8	(0.37)	0.41	0.01	0.63

The Group had no components of comprehensive income other than “(loss)/profit for the period” in either of the periods presented. Accordingly, the Group’s “total comprehensive income” was the same as the “(loss)/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 2019 (Expressed in Hong Kong dollars)

	Notes	At 30 June 2019 \$'000	At 31 December 2018 \$'000
Non-current assets			
Property and equipment	9	1,284	1,089
Right-of-use assets	3	60	–
Intangible assets	10	1,030	480
Statutory deposits	11	5,158	3,500
		7,532	5,069
Current assets			
Accounts receivable arising from ordinary course of business	12	35,195	75,417
Other assets	13	10,363	6,374
Right-of-use assets	3	30	–
Amount due from a related party	15	6	6
Financial assets at fair value through profit or loss	16	23	31
Cash and cash equivalents	14(a)	44,507	30,251
		90,124	112,079
Current liabilities			
Accounts payable arising from ordinary course of business	17	23,302	33,877
Other payables and accruals	18	1,932	1,865
Lease liabilities	3(c)	28	–
Current tax liabilities	19	2,314	2,672
		27,576	38,414
Net current assets		62,548	73,665
Non-current liabilities			
Lease liabilities	3(c)	62	–
NET ASSETS		70,018	78,734

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2019 (Expressed in Hong Kong dollars)

		At 30 June 2019 \$'000	At 31 December 2018 \$'000
CAPITAL AND RESERVES			
Share capital	20(b)	8,000	8,000
Share premium		68,009	68,009
(Accumulated loss)/retained earnings		(3,192)	5,524
Other reserves	20(c)	(2,799)	(2,799)
TOTAL EQUITY		70,018	78,734

Approved and authorised for issue by the board of directors on 8 August 2019.

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 2019 (Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Group					
	Note	Share	Share	Retained	Other	Total
		capital	premium	earnings	reserves	
		\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2018		6,000	–	10,041	(2,799)	13,242
Changes in equity for the six months ended 30 June 2018:						
Profit and total comprehensive income for the period		–	–	4,945	–	4,945
Issuance of ordinary shares under IPO, net of share issuance expenses		2,000	68,009	–	–	70,009
Interim dividends declared and paid in respect of the current period	20(d)(i)	–	–	(8,000)	–	(8,000)
Balance at 30 June 2018 and 1 July 2018		8,000	68,009	6,986	(2,799)	80,196
Changes in equity for the six months ended 31 December 2018:						
Profit and total comprehensive income for the period		–	–	14,538	–	14,538
Interim dividends declared and paid in respect of the current period		–	–	(16,000)	–	(16,000)
Balance at 31 December 2018		8,000	68,009	5,524	(2,799)	78,734

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2019 (Expressed in Hong Kong dollars)

	Note	Attributable to equity shareholders of the Group				Total equity \$'000
		Share capital	Share premium	Retained earnings/ (Accumulated losses)	Other reserves	
		\$'000	\$'000	\$'000	\$'000	
Balance at 1 January 2019		8,000	68,009	5,524	(2,799)	78,734
Changes in equity for the six months ended 30 June 2019:						
Profit and total comprehensive income for the period		-	-	84	-	84
Interim dividends declared and paid in respect of current period	20(d)(i)	-	-	(8,800)	-	(8,800)
Balance at 30 June 2019		8,000	68,009	(3,192)	(2,799)	70,018

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

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2019 (Expressed in Hong Kong dollars)

	Notes	Six months ended 30 June	
		2019 \$'000	2018 \$'000
Operating activities			
Cash generated from/(used in) operations	14(b)	23,853	(3,997)
Income tax paid		(629)	(986)
Net cash generated from/(used in) operating activities		23,224	(4,983)
Investing activities			
Interest received		18	62
Purchases of property and equipment		(121)	(244)
Net cash used in investing activities		(103)	(182)
Financing activities			
Issuance of shares	20(b)	–	80,000
Dividend paid	20(d)	(8,800)	(8,000)
Lease rentals paid		(15)	–
Payment for listing expenses		–	(5,521)
Net cash (used in)/generated from financing activities		(8,815)	66,479
Net increase in cash and cash equivalents		14,306	61,314
Cash and cash equivalents at 1 January		30,251	12,964
Effects of foreign exchange rate changes		(50)	–
Cash and cash equivalents at 30 June	14(a)	44,507	74,278

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 2019 (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 (the "**Reorganisation**") on 12 October 2017. The Company and its subsidiaries (together, the "**Group**") mainly provide brokerage services for futures and options traded on the exchanges in Hong Kong, the United States, Japan, Singapore and the United Kingdom. The Group commenced the stock options and securities broking and margin financing business since February 2019.

Pursuant to the Reorganisation, the Company became the holding company of the companies now comprising the Group. The Group has established two subsidiaries, Excalibur Finance Limited and Shenzhen Qianhai Excalibur Investment Consulting Limited, in 2018. There is no actual business operation of the two subsidiaries as at 30 June 2019.

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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2019 (Expressed in Hong Kong dollars)

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 authorised for issue on 8 August 2019.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2018 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2019 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.

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 2018 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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2019 (Expressed in Hong Kong dollars)

3 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a new HKFRS, HKFRS 16, *Leases*, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, *Leases*, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16, *Leases*

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

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

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2019 (Expressed in Hong Kong dollars)

3 CHANGES IN ACCOUNTING POLICIES (continued)

HKFRS 16, Leases (continued)

(a) Changes in the accounting policies

(i) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 to contracts that were entered into or changed on or after 1 January 2019 and to contracts entered into before 1 January 2019, which the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases cannot be applied.

Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16.

(ii) Lessee accounting

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2019 (Expressed in Hong Kong dollars)

3 CHANGES IN ACCOUNTING POLICIES (continued)

HKFRS 16, Leases (continued)

(a) Changes in the accounting policies (continued)

(ii) Lessee accounting (continued)

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) Transitional impact

At the date of transition to HKFRS 16 (i.e. 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant borrowing rate at 1 January 2019. The borrowing rate used for determination of the present value of the remaining lease payments was 5.125%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2019 (Expressed in Hong Kong dollars)

3 CHANGES IN ACCOUNTING POLICIES (continued)

HKFRS 16, Leases (continued)

(b) Transitional impact (continued)

- (i) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 December 2019;
- (ii) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and
- (iii) when measuring the right-of-use assets at the date of initial application of HKFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 31 December 2018 as an alternative to performing an impairment review.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2019 (Expressed in Hong Kong dollars)

3 CHANGES IN ACCOUNTING POLICIES (continued)

HKFRS 16, Leases (continued)

(b) Transitional impact (continued)

The following table reconciles the operating lease commitments as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

	1 January 2019 \$'000
Operating lease commitments at 31 December 2018	1,722
Less: commitments relating to leases exempt from capitalisation: – short-term leases and other leases with remaining lease term ending on or before 31 December 2019	(1,607)
	115
Less: total future interest expenses	(10)
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and total lease liabilities recognised at 1 January 2019	105

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2019 (Expressed in Hong Kong dollars)

3 CHANGES IN ACCOUNTING POLICIES (continued)

HKFRS 16, Leases (continued)

(b) Transitional impact (continued)

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at 31 December 2018 \$'000	Capitalisation of operating lease contracts \$'000	Carrying amount at 1 January 2019 \$'000
Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16:			
Right-of-use assets (non-current)	–	75	75
Total non-current assets	5,069	75	5,144
Right-of-use assets (current)	–	30	30
Total current assets	112,079	30	112,109
Lease liabilities (current)	–	28	28
Total current liabilities	38,414	28	38,442
Net current assets	73,665	2	73,667
Total assets less current liabilities	78,734	77	78,811
Lease liabilities (non-current)	–	77	77
Total non-current liabilities	–	77	77
Net assets	78,734	–	78,734

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2019 (Expressed in Hong Kong dollars)

3 CHANGES IN ACCOUNTING POLICIES (continued)

HKFRS 16, Leases (continued)

(c) Lease liabilities

The remaining contractual maturities of the Group's lease liabilities at the end of the reporting period and at the date of transition to HKFRS 16 are as follows:

	At 30 June 2019		At 1 January 2019	
	Present value of the minimum lease payments \$'000	Total minimum lease payments \$'000	Present value of the minimum lease payments \$'000	Total minimum lease payments \$'000
Within 1 year	28	32	32	32
After 1 year but within 2 years	30	32	30	32
After 2 years but within 5 years	32	33	43	51
	62	65	73	83
	90	97	105	115
Less: total future interest expenses		(7)		(10)
Present value of lease liabilities		90		105

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2019 (Expressed in Hong Kong dollars)

3 CHANGES IN ACCOUNTING POLICIES (continued)

HKFRS 16, Leases (continued)

(d) Impact on the financial result of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a negative impact on the reported profit from operations in the Group's consolidated statement of profit or loss, as compared to the results if HKAS 17 had been applied during the period.

4 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.

	Three months ended		Six months ended	
	30 June		30 June	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Brokerage commission income derived from:				
Futures and options trading business				
Hong Kong market	1,981	2,603	4,787	4,553
Overseas markets	2,745	7,291	10,168	14,789
Stock options trading business	34	–	44	–
Securities trading business	7	–	7	–
Interest income derived from margin financing	60	–	60	–
	4,827	9,894	15,066	19,342

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2019 (Expressed in Hong Kong dollars)

5 OTHER NET LOSS

	Three months ended		Six months ended	
	30 June		30 June	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Interest income – banks	1	–	10	1
Interest income – clearing houses	4	–	8	1
Interest income – others	–	48	–	60
Exchange loss, net	(102)	(235)	(209)	(195)
(Loss)/gain on financial assets at fair value through profit or loss	(3)	3	(7)	(6)
Sundry income	14	30	42	48
Reversal of provision for doubtful debt	–	–	–	14
	(86)	(154)	(156)	(77)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2019 (Expressed in Hong Kong dollars)

6 (LOSS)/PROFIT BEFORE TAX

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

	Three months ended		Six months ended	
	30 June		30 June	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
(a) Staff costs				
Salaries and allowances	1,839	1,641	3,790	3,270
Staff welfares	11	4	32	14
Retirement scheme contributions	69	58	149	128
	1,919	1,703	3,971	3,412
(b) Other items				
Auditors' remuneration	195	353	495	553
Depreciation of property and equipment	173	31	312	47
Operating lease expense in respect of rented premises	658	679	1,310	1,299

7 INCOME TAX CREDIT/(EXPENSE)

	Three months ended		Six months ended	
	30 June		30 June	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Current tax				
Hong Kong Profits Tax Credit/ (Expense)	290	(808)	(271)	(1,626)

The provision for Hong Kong Profits Tax for the six months ended 30 June 2019 and 2018 is calculated at 8.25% on the assessable profits up to HK\$2 million and 16.5% on any part of the assessable profits over HK\$2 million.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2019 (Expressed in Hong Kong dollars)

8 (LOSSES)/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\$84,000 (six months ended 30 June 2018: HK\$4,945,000) and 800,000,000 ordinary shares (2018: weighted average of 786,740,331 shares) in issue during the interim period. No potential dilutive ordinary shares in issue during the six months ended 30 June 2019 and 2018, so no adjustment has been made to basic earnings per share amounts.

9 PROPERTY AND EQUIPMENT

	Leasehold improvement \$'000	Furniture and fixture \$'000	Computer equipment \$'000	Office equipment \$'000	Total \$'000
Cost:					
At 1 January 2019	676	64	5,658	1,386	7,784
Additions	-	-	507	-	507
At 30 June 2019	676	64	6,165	1,386	8,291
Accumulated depreciation:					
At 1 January 2019	(676)	(39)	(4,621)	(1,359)	(6,695)
Charge for the period	-	(4)	(302)	(6)	(312)
At 30 June 2019	(676)	(43)	(4,923)	(1,365)	(7,007)
Net carrying values:					
At 30 June 2019	-	21	1,242	21	1,284

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2019 (Expressed in Hong Kong dollars)

9 PROPERTY AND EQUIPMENT (continued)

	Leasehold improvement	Furniture and fixture	Computer equipment	Office equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000

Cost:

At 1 January 2018	676	41	4,508	1,382	6,607
Additions	–	23	1,150	4	1,177
At 31 December 2018	676	64	5,658	1,386	7,784

Accumulated depreciation:

At 1 January 2018	(676)	(35)	(4,411)	(1,348)	(6,470)
Charge for the year	–	(4)	(210)	(11)	(225)
At 31 December 2018	(676)	(39)	(4,621)	(1,359)	(6,695)

Net carrying values:

At 31 December 2018	–	25	1,037	27	1,089
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10 INTANGIBLE ASSETS

	At 30 June 2019 \$'000	At 31 December 2018 \$'000
Hong Kong Futures Exchange (“HKFE”) trading right	480	480
The Stock Exchange trading right	550	–
	1,030	480

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2019 (Expressed in Hong Kong dollars)

11 STATUTORY DEPOSITS

	At 30 June 2019 \$'000	At 31 December 2018 \$'000
Deposits with		
– HKFE Clearing Corporation Limited	3,500	3,500
– SEHK Options Clearing House Limited	1,658	–
	5,158	3,500

12 ACCOUNTS RECEIVABLE ARISING FROM ORDINARY COURSE OF BUSINESS

	At 30 June 2019 \$'000	At 31 December 2018 \$'000
Accounts receivable		
– Cash clients	930	–
– Margin clients	5,044	–
– Clearing houses	10,273	4,737
– Overseas brokers	18,948	70,680
	35,195	75,417

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2019 (Expressed in Hong Kong dollars)

12 ACCOUNTS RECEIVABLE ARISING FROM ORDINARY COURSE OF BUSINESS (continued)

Aging analysis

The normal settlement terms of accounts receivable from cash clients, margin clients, clearing houses 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 2019 \$'000	At 31 December 2018 \$'000
Current (not past due)	34,265	75,417
1-30 days past due	930	–
	35,195	75,417

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2019 (Expressed in Hong Kong dollars)

13 OTHER ASSETS

	At 30 June 2019 \$'000	At 31 December 2018 \$'000
Current assets		
Prepayment	393	3,883
Rental and other deposits	9,955	2,476
Other receivables	15	15
	10,363	6,374

All of the prepayments, deposits and other 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 2019 \$'000	At 31 December 2018 \$'000
Cash at banks and on hand	44,507	30,251

The Group maintains segregated accounts with authorised institutions as a result of its normal business transactions. At 30 June 2019, segregated accounts not otherwise dealt with in these accounts amounted to HK\$67,267,000 (31 December 2018: HK\$65,323,000).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2019 (Expressed in Hong Kong dollars)

14 CASH AND CASH EQUIVALENTS (continued)

(b) Reconciliation of profit before taxation to net cash generated from/ (used in) operating activities:

	Note	Six months ended	
		2019	2018
		\$'000	\$'000
Operating activities			
Profit before tax		355	6,571
Adjustments for:			
Interest income		(18)	(62)
Loss on changes in fair value of financial assets at fair value through profit or loss	5	7	6
Depreciation		327	47
Reversal of provision for doubtful debt	5	–	(14)
Unrealised foreign exchange losses	5	209	–
Operating cash flows before movements in working capital		880	6,548
(Increase)/decrease in statutory deposits		(1,658)	223
Decrease/(increase) in accounts receivable arising from ordinary course of business		40,244	(41,628)
Increase in other assets		(4,375)	(5,178)
Increase in intangible assets		(550)	–
Increase in amount due from a related party		–	(6)
(Decrease)/increase in accounts payable arising from ordinary course of business		(10,755)	43,024
Increase/(decrease) in other payables and accruals		67	(6,980)
Cash generated from/(used in) operations		23,853	(3,997)
Income tax paid		(629)	(986)
Net cash generated from/(used in) operating activities		23,224	(4,983)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2019 (Expressed in Hong Kong dollars)

15 AMOUNT DUE FROM A RELATED PARTY

	At 30 June 2019 \$'000	At 31 December 2018 \$'000
Future Concept Limited	6	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 2019 \$'000	At 31 December 2018 \$'000
Long positions in trading securities – Equity securities listed in Hong Kong	23	31

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

	At 30 June 2019 \$'000	At 31 December 2018 \$'000
Accounts payable – Cash clients	23,302	33,877

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2019 (Expressed in Hong Kong dollars)

17 ACCOUNTS PAYABLE ARISING FROM ORDINARY COURSE OF BUSINESS (continued)

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 UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Current taxation in the unaudited consolidated statement of financial position represents:

	At 30 June 2019 \$'000	At 31 December 2018 \$'000
Provision for Hong Kong Profits Tax	2,314	2,672

20 SHARE CAPITAL, RESERVES AND DIVIDENDS

(a) Authorised share capital

The authorised ordinary share capital of the Company at 30 June 2019 was HK\$100,000,000 divided into 10,000,000,000 ordinary shares of HK\$0.01 each.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2019 (Expressed in Hong Kong dollars)

20 SHARE CAPITAL, RESERVES AND DIVIDENDS (continued)

(b) Issued share capital

A summary of movements of issued share capital of the Company is as follows:

	No. of shares '000	Share capital \$'000
Ordinary shares, issued and fully paid:		
At 1 January 2018	600,000	6,000
Issuance of shares (Note a)	200,000	2,000
At 31 December 2018, 1 January 2019 and 30 June 2019	800,000	8,000

Note:

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

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the Company do not have a par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2019 (Expressed in Hong Kong dollars)

20 SHARE CAPITAL, RESERVES AND DIVIDENDS (continued)

(c) Other reserves

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

- (i) Dividends payable to equity shareholders attributable to, approved and paid during the interim period:

	Six months ended	
	30 June	
	2019	2018
	\$'000	\$'000
Fourth interim dividend declared and approved in respect of the previous financial year, and paid during the interim period, of HK1 cent per share (six months ended 30 June 2018: nil)	8,000	–
Interim dividend declared, approved and paid during the interim period, of HK0.1 cent per share (six months ended 30 June 2018: HK1 cent per share)	800	8,000
	8,800	8,000

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2019 (Expressed in Hong Kong dollars)

20 SHARE CAPITAL, RESERVES AND DIVIDENDS (continued)

(d) Dividends (continued)

- (ii) Dividends payable to equity shareholders attributable to the interim period:

	Six months ended	
	30 June	
	2019	2018
	\$'000	\$'000
Interim dividend declared, approved and paid during the interim period, of HK0.1 cent per share (six months ended 30 June 2018: HK1 cent per share)	800	8,000
Second interim dividend proposed after the end of reporting period, of HKD nil per share (six months ended 30 June 2018: HK1 cent per share)	–	8,000
	800	16,000

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2019 (Expressed in Hong Kong dollars)

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 2019, the only financial instruments of the Group carried at fair value were listed equity securities of \$23,000 (31 December 2018: \$31,000) 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 2019, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2018: 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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2019 (Expressed in Hong Kong dollars)

22 OPERATING LEASES COMMITMENTS

At 30 June 2019, the total future minimum lease payments under non-cancellable operating lease are payables as follows:

	At 30 June 2019 \$'000	At 31 December 2018 \$'000
Within 1 year	477	1,607

23 MATERIAL RELATED PARTY TRANSACTIONS

(a) Directors' remuneration are as follows:

	Six months ended 30 June	
	2019 \$'000	2018 \$'000
Directors' fees	420	420
Salaries, allowances and benefits in kind	815	714
Retirement scheme contributions	39	38
	1,274	1,172

(b) Financing arrangement

	Amount owed to the Group		Related interest income	
	As at 30 June		Six months ended 30 June	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Loan to director	-	-	-	60

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2019 (Expressed in Hong Kong dollars)

24 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 30 June 2019, 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 2019

The Group has initially applied HKFRS 16 at 1 January 2019. Under the transition method chosen, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 3.

26 NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

There are no events between the reporting date and the authorisation of the financial statements requiring disclosure.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group's revenue decreased by approximately 22.1% from approximately HK\$19.3 million for the six months ended 30 June 2018 to approximately HK\$15.1 million for the six months ended 30 June 2019 (the "Period"). During the Period, over 99% of the Group's revenue was derived from brokerage fees from futures and options trading. The brokerage fees from futures and options trading from Hong Kong market increased by approximately 5.1% while the fees from overseas markets decreased by approximately 31.2%. Such decrease in brokerage fee derived from the overseas markets was mainly due to change of trading strategy of the customers. In the Period, customers were switching from trading in commodity futures, such as crude oil futures or gold futures to index futures and options products. Such changes in their trading pattern led to decrease in revenue in brokerage fees as the average commission fee charged for index futures and options were generally lower than that of commodity products. Our new businesses, namely brokerage of stock options and securities and margin financing, were commenced in February 2019 and the Group only recorded approximately HK\$111,000 revenue in aggregate from these new businesses for the Period.

During the Period, the Group recorded other net loss amounted to approximately HK\$156,000, compared to other net loss of approximately HK\$77,000 during the six months ended 30 June 2018. The Group recorded net exchange loss of approximately HK\$209,000 during the Period while the Group recorded net exchange loss of approximately HK\$195,000 during the six months ended 30 June 2018. 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\$3.4 million for the six months ended 30 June 2018 to approximately HK\$4.0 million for the Period. Such increase in salaries and related expenses was contributed by the increase in salary level and manpower for business expansion in the Group for the Period.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Other operating and administrative expenses increased from approximately HK\$7.9 million for the six months ended 30 June 2018 to approximately HK\$10.6 million for the Period, which was mainly due to (i) increase in marketing expenses by approximately HK\$1.5 million in order to promote the brand name of the Group in the People's Republic of China ("PRC"); (ii) increase in depreciation expenses due to acquisition of computer equipment in order to improve the IT capacity of the Group; and (iii) increase in professional and consultancy fee paid for the development in Qianhai office.

No listing expenses were recorded in the Period compared to HK\$1.3 million in six months ended 30 June 2018 as the listing exercise was completed in January 2018.

As a result of the foregoing, the Group recorded a net profit for the Period of approximately HK\$0.1 million, as compared to a net profit of approximately HK\$4.9 million for the corresponding period in 2018.

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, together with the stock options and securities being traded in the Stock Exchange and margin financing business.

In early 2019, the Group has commenced margin financing business and brokerage business of stock options and securities being traded in the Stock Exchange after obtaining approval from the Securities and Futures Commission. Even though the revenue contributed by new businesses only accounted for approximately HK\$111,000 for the Period, the management believed that new businesses could help the Group to establish itself to be a brokerage firm which offer more comprehensive brokerage service to its customers.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The business performance of the Group is highly dependent on the Hong Kong and global financial markets. In the second quarter of 2019, the Group noticed that there was a downward trend in revenue from approximately HK\$10.2 million in the three months ended 31 March 2019 to approximately HK\$4.8 million in the three months ended 30 June 2019, leading to a loss of approximately HK\$2.9 million for the three months ended 30 June 2019. In the period, the financial market was still affected by the uncertainty in Brexit decision and the trade war between the PRC and United States. Investors, including the customers, preferred to adopt “wait and see” attitude and less trade was made by the customers during the three months ended 30 June 2019. The management is pessimistic on the third quarter results as it is expected that these uncertainties and the social unrest in Hong Kong will continue to affect the investment sentiments of our customers.

After commencing the stock options and securities brokerage and margin financing businesses in early 2019, the Group has invested more resources in promoting its brand name in PRC, especially in Pearl River Delta Region of PRC, before the operation of the business in Qianhai. The Group has engaged an investment consultancy firm to promote the trading of futures and stock options products to PRC investors. The Group believed that the continuance of the marketing efforts in the PRC would facilitate the Group in strengthening its image as a diversified brokerage firm in the market.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's principal source of funds was the cash generated from operations accumulated over previous years and the IPO proceeds obtained in January 2018. The Group recorded net current assets and working capital of approximately HK\$62.5 million as at 30 June 2019, compared to approximately HK\$73.7 million as at 31 December 2018. Such decrease was mainly due to the payment of dividend during the period. As at 30 June 2019, the Group had cash and cash equivalents of approximately HK\$44.5 million (31 December 2018: approximately HK\$30.3 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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

CAPITAL STRUCTURE

For the six months ended 30 June 2019, 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 2019 and up to the date of this interim report. As at 30 June 2019, the share capital and equity attributable to the owners of the Company amounted to HK\$8.0 million and approximately HK\$70.0 million, respectively (31 December 2018: HK\$8.0 million and approximately HK\$78.7 million, respectively).

FOREIGN CURRENCY RISK EXPOSURE

The Group's transactions for the six months ended 30 June 2019 were denominated in Hong Kong dollar and United States dollar. As the Hong Kong dollar is pegged to United States 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 section headed "Management Discussion and Analysis" in this report, the Group did not have other plans for material investment or capital assets.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

During the six months ended 30 June 2019, the Group did not have any significant investment, material acquisition and disposal of subsidiaries.

CONTINGENT LIABILITIES

As at 30 June 2019, the Group did not have any significant contingent liabilities (31 December 2018: nil).

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

COMPARISON OF BUSINESS PLAN WITH ACTUAL BUSINESS PROGRESS

The following is a comparison of the Group's business plan as set out in the Company's Prospectus dated 29 December 2017 ("**Prospectus**") with actual business progress up to 30 June 2019:

Business plan as set out in the Prospectus

Progress up to 30 June 2019

Strengthen the Group's position in the futures market by enhancing the marketing resources in the PRC

The Group has slowed down the development in Qianhai office as the economic situation of the PRC is unclear. The Group has engaged a PRC investment consultancy firm to promote the Group's futures and stock options business in PRC before the commencement of business in Qianhai office.

Establish and commence the stock and stock options business

The Group stock and stock options business has already commenced in February 2019.

Enhance the information technology ("IT") capability of the Group

The Group has completed the first stage of upgrade of firewall and the securities of online trading system. The Group has commenced second stage of upgrade including expanding the bandwidth of the connections between data centres.

Expand the manpower for providing more customised client services and to strengthen the compliance and operational and accounting capabilities

The Group is hiring more account executives to cope with the expanded business and to provide better service to customers. New software tools for staff is being tested internally which could increase efficiency for credit control and monitoring.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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. The discrepancy of approximately HK\$3.0 million was mainly due to the additional listing expenses. Accordingly, the Group has adjusted the use of proceeds on a pro-rata basis. The utilization of net proceeds as at 30 June 2019 is set out below:

Use of net proceeds	Total planned amount to be used HK\$ million	Planned use of proceeds up to 30 June 2019 HK\$ million	Actual amount utilised up to 30 June 2019 HK\$ million	Actual balance as at 30 June 2019 HK\$ million
Strengthen the Group’s position in the futures market by enhancing the marketing resources in the PRC	20.7	17.8	4.5 (Note 1)	16.2
Establish and commence the stock and stock options business	13.2	12.9	11.6 (Note 2)	1.6
Enhance the IT capability of the Group	6.8	6.7	2.5	4.3
Expand the manpower for providing more customised client services and to strengthen the compliance and operational and accounting capabilities	5.8	4.6	0.7	5.1
	46.5	42.0	19.3	27.2

Notes:

- Includes HK\$3.0 million deposit paid to vendor on the IT infrastructure, rental deposits, setup fee and other miscellaneous expenses in Qianhai office.
- Includes HK\$9.0 million working capital for providing securities margin financing to the customers.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The difference of approximately HK\$22.7 million between the planned use of proceeds up to 30 June 2019 of approximately HK\$42.0 million and the actual amount utilised up to 30 June 2019 of approximately HK\$19.3 million was mainly due to the fact that the Group has not yet commenced the development in Qianhai office as there was delay in obtaining relevant license. We have earmarked a total of approximately HK\$13.3 million to lease an office in Qianhai, renovate such office, purchase additional IT equipment and hire additional marketing personnel. The above earmarked funds will continue to be reserved for this purpose, pending for the development in Qianhai office.

OTHER INFORMATION

DIVIDENDS

The Board of Directors did not declare the payment of dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: HK1 cent per share).

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.

OTHER INFORMATION (CONTINUED)

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

As at 30 June 2019, 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	559,496,000 (L)	69.94%
Mr. Chan Ying Leung (Notes 3 and 5)	Beneficial owner; interest held jointly with another person	559,496,000 (L)	69.94%

Notes:

- The letter "L" denotes long position of shares.
- The total number of the issued shares of the Company as at the date of this report was 800,000,000.

OTHER INFORMATION (CONTINUED)

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 69.94% of the issued share capital of the Company.
4. 559,496,000 shares in which Mr. Poon Kwok Wah Allan is interested consist of (i) 271,496,060 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. 559,496,000 shares in which Mr. Chan Ying Leung is interested consist of (i) 287,999,940 shares held by him; and (ii) 271,496,060 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 30 June 2019, 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.

OTHER INFORMATION (CONTINUED)

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 2019, 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	559,496,000 (L)	69.94%
Mr. Chan Ying Leung (Notes 3 and 5)	Beneficial owner; interest held jointly with another person	559,496,000 (L)	69.94%

Notes:

- The letter "L" denotes long position of shares.
- The total number of the issued shares of the Company as at the date of this report was 800,000,000.
- 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 the Controlling Shareholders is deemed to be interested in 69.94% of the issued share capital of the Company.

OTHER INFORMATION (CONTINUED)

4. 559,496,000 shares in which Mr. Poon Kwok Wah Allan is interested consist of (i) 271,496,060 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. 559,496,000 shares in which Mr. Chan Ying Leung is interested consist of (i) 287,999,940 shares held by him; and (ii) 271,496,060 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 30 June 2019, 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 or underlying shares 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 2019 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.

OTHER INFORMATION (CONTINUED)

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the six months ended 30 June 2019, 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 2019. Pursuant to the Compliance Adviser Agreement, Alliance Capital Partners Limited has received and will receive fees for acting as the Company's compliance adviser.

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 six months ended 30 June 2019, 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.

OTHER INFORMATION (CONTINUED)

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.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS

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 six months ended 30 June 2019.

The Company has also adopted written guidelines as the code for securities transactions by relevant employees of the Group who are likely to possess inside information in relation to the Company or its securities based on the Required Standard of Dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. No incidence of non-compliance of this code by the relevant employees was noted by the Company.

OTHER INFORMATION (CONTINUED)

PURCHASE, SALE OR REDEMPTION OF 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 six months ended 30 June 2019.

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 C.3.3 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-yea 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.

The Group’s unaudited results for the six months ended 30 June 2019 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 2019