



PF Group Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8221



2016
Third Quarterly Report

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the “Directors”) of PF Group Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the 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.

The board of Directors (the "Board") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the three months and nine months ended 31 December 2016 together with the comparative unaudited figures for the corresponding periods in 2015, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 31 December 2016

	Notes	Three months ended 31 December		Nine months ended 31 December	
		2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Revenue					
Commission income from securities dealing and brokerage services		1,279	1,471	3,859	9,802
Fee and commission income from placing and underwriting activities	5	1,552	984	23,510	15,684
Interest income from margin financing		1,185	992	4,519	2,787
Fee income from asset management services		2,453	–	3,723	434
Others	6	3,234	–	11,154	4
Total revenue		9,703	3,447	46,765	28,711
Bank interest income		4	2	8	7
Other gains and losses		319	138	509	329
Commission expenses	7	10,026 (546)	3,587 (730)	47,282 (2,850)	29,047 (3,975)
Depreciation expenses		(35)	(60)	(105)	(179)
Staff costs	8	(1,908)	(1,853)	(5,617)	(5,775)
Other operating expenses		(3,040)	(2,646)	(7,688)	(7,805)
Finance costs		(5)	(68)	(139)	(205)
Listing expenses		(3,196)	(3,367)	(6,893)	(5,670)
Profit/(loss) before tax		1,296	(5,137)	23,990	5,438
Income tax (expense)/credit	10	(741)	307	(5,097)	(1,924)
Profit/(loss) and total comprehensive income/(expense) for the period		555	(4,830)	18,893	3,514
Profit/(loss) and total comprehensive income/(expense) for the period attributable to:					
Owners of the Company		555	(4,810)	18,893	3,568
Non-controlling interests		–	(20)	–	(54)
		555	(4,830)	18,893	3,514
		HK cents	HK cents	HK cents	HK cents
Earnings/(loss) per share					
Basic	11	0.04	(0.32)	1.26	0.24

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2016

	Equity attributable to owners of the Company					Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Capital reserve HK\$'000	Other reserve HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000		
At 1 April 2016 (audited)	-	-	3,640	119,717	123,357	-	123,357
Profit and total comprehensive income for the period	-	-	-	18,893	18,893	-	18,893
Capital contribution	-	6,122	-	-	6,122	-	6,122
At 31 December 2016 (unaudited)	-	6,122	3,640	138,610	148,372	-	148,372

For the nine months ended 31 December 2015

	Equity attributable to owners of the Company					Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Capital reserve HK\$'000	Other reserve HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000		
At 1 April 2015 (audited)	-	-	-	112,762	112,762	(333)	112,429
Profit and total comprehensive income for the period	-	-	-	3,568	3,568	(54)	3,514
At 31 December 2015 (unaudited)	-	-	-	116,330	116,330	(387)	115,943

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and nine months ended 31 December 2016

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 3 August 2015 under the Companies Law of the Cayman Islands. The shares of the Company have been listed on the GEM of the Stock Exchange since 6 January 2017 (the "Listing Date"). Its ultimate holding company is Thoughtful Mind Limited ("TML"), a company incorporated in the British Virgin Islands with limited liability.

The Company is an investment holding company. The Group is principally engaged in the provision of (i) securities dealing and brokerage services; (ii) placing and underwriting services; (iii) financing services including securities and initial public offering ("IPO") margin financing; and (iv) asset management services.

The Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business of the Company is 11/F, New World Tower II, 16-18 Queen's Road Central, Central, Hong Kong.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Company and its subsidiaries.

The unaudited condensed consolidated financial statements are unaudited, but have been reviewed by the audit committee of the Company (the "Audit Committee"). The unaudited condensed consolidated financial statements were approved for issue by the Directors on 13 February 2017.

2. BASIS OF PRESENTATION

Through the group reorganisation (the “Reorganisation”), as fully explained in the section headed “History, Reorganisation and Development” in the prospectus of the Company dated 12 December 2016 (the “Prospectus”), the Company became the holding company of the companies now comprising the Group on 1 December 2016. The Group is under common control of Mr. Lo Tak Wing Benson (“Mr. B Lo”) and Mr. Lo Shiu Wing Chester (“Mr. C Lo”) before and after the Reorganisation and throughout the nine months ended 31 December 2016 and 2015. As a result, the Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity.

The unaudited condensed consolidated statements of profit or loss and other comprehensive income and the unaudited condensed consolidated statements of changes in equity for the periods presented, which include the results and changes in equity of the companies comprising the Group, have been prepared as if the Company had always been the holding company of the Group and the current group structure had been in existence throughout those periods.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The Group’s unaudited condensed consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards and interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of the GEM Listing Rules.

The unaudited condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the Group’s annual financial statements for the year ended 31 March 2016 except for the adoption of the standards, amendments and interpretation issued by the HKICPA mandatory for the annual periods beginning on 1 April 2016. The effect of the adoption of these standards, amendments and interpretation is not material on these unaudited condensed consolidated financial statements.

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for the held-for-trading investment that is measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

The preparation of the unaudited condensed consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

4. SEGMENT REPORTING

The chief operating decision maker ("CODM") of the Group, being the management of the Group, regularly review revenue analysis by major services to make decisions about resource allocation. No discrete financial information other than revenue is regularly provided to the CODM. The management assesses the performance of the Group based on the revenue and profit as presented in the unaudited condensed consolidated statements of profit or loss and other comprehensive income.

Revenue from major services

The Group provides five types of services:

- (a) securities dealing and brokerage services, which primarily generate commission on securities dealing;
- (b) placing and underwriting services, which primarily generate fee and commission from equity and debt securities placing and underwriting;
- (c) financing services, including securities and IPO margin financing, which generate interest income from margin clients;
- (d) asset management services, which primarily generate management fee and performance fee; and
- (e) other services, which primarily generate fee income (such as settlement fees and referral fees) from other services provided.

4. SEGMENT REPORTING *(Continued)*

The following is an analysis of the Group's revenue from its major services.

	Three months ended 31 December		Nine months ended 31 December	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Securities dealing and brokerage services	1,279	1,471	3,859	9,802
Placing and underwriting services	1,552	984	23,510	15,684
Financing services	1,185	992	4,519	2,787
Asset management services	2,453	–	3,723	434
Other services	3,234	–	11,154	4
	9,703	3,447	46,765	28,711

Revenue reported above represents revenue generated from external customers during the periods.

5. FEE AND COMMISSION INCOME FROM PLACING AND UNDERWRITING ACTIVITIES

	Three months ended 31 December		Nine months ended 31 December	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Fee and commission income from selling shareholders/issuers/ brokers	1,495	975	21,196	13,913
Commission income from subscribers	57	9	2,314	1,771
	1,552	984	23,510	15,684

6. OTHER REVENUE

	Three months ended 31 December		Nine months ended 31 December	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Settlement fee income	-	-	1,120	-
Referral fee income	-	-	6,800	-
Handling fee income	34	-	34	4
Professional service fee	500	-	500	-
Loan commitment fee	2,700	-	2,700	-
	3,234	-	11,154	4

7. COMMISSION EXPENSES

	Three months ended 31 December		Nine months ended 31 December	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Commission to account executives	324	230	953	2,131
Commission to asset management staff	142	-	151	-
Commission to sub-placing agents and sub-underwriters	80	500	1,746	1,844
	546	730	2,850	3,975

8. STAFF COSTS

	Three months ended 31 December		Nine months ended 31 December	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Salaries and bonus	1,299	1,164	3,789	3,756
Contributions to Mandatory Provident Fund	60	57	181	163
Directors' emoluments				
— Fees	—	—	—	—
— Salaries	540	600	1,620	1,800
— Bonus	—	20	—	20
— Contributions to Mandatory Provident Fund	9	12	27	36
	1,908	1,853	5,617	5,775

9. DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 31 December 2016 (2015: Nil).

10. INCOME TAX EXPENSE/(CREDIT)

	Three months ended 31 December		Nine months ended 31 December	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Current tax:				
Hong Kong Profits Tax expense/(credit)	741	(307)	5,097	1,924

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for each of the periods.

11. EARNINGS/(LOSS) PER SHARE

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

	Three months ended 31 December		Nine months ended 31 December	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Earnings/(loss)				
Earnings/(loss) for the purpose of basic earnings/(loss) per share:				
Profit/(loss) for the period attributable to owners of the Company	555	(4,810)	18,893	3,568

	Three months ended 31 December		Nine months ended 31 December	
	2016 (unaudited)	2015 (unaudited)	2016 (unaudited)	2015 (unaudited)
Number of shares				
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	1,500,000,000	1,500,000,000	1,500,000,000	1,500,000,000

The weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share for the three months and nine months ended 31 December 2016 and 2015 was derived from 1,500,000,000 shares in issue, representing the number of shares of the Company immediately after the Reorganisation and the capitalisation issue as disclosed in Appendix IV to the Prospectus but excluding any placing shares to be issued in January 2017, as if these 1,500,000,000 shares had been in issue throughout the periods.

For each of the three months and nine months ended 31 December 2016 and 2015, there were no dilutive potential ordinary shares in issue, thus no diluted earnings/(loss) per share is presented.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is principally engaged in the provision of (i) securities dealing and brokerage services; (ii) placing and underwriting services; (iii) financing services including securities and IPO margin financing; and (iv) asset management services.

2016 has been a challenging year, Hong Kong stock market has been clouded with uncertainties and remained volatile. Concerns about the US interest rates hike, the unpredictable long term effects surrounding the referendum outcome of the British exit (“Brexit”) from the European Union and the slowdown of the China’s economies have adversely affected the market sentiment.

During the period under review, the Group and the management have been putting extra efforts in developing its business. Despite the decrease in commission income from securities dealing and brokerage services, the Group’s revenue from placing and underwriting business and margin financing business for the nine months ended 31 December 2016 increased significantly by approximately 49.9% and 62.1% respectively as compared to the corresponding period in 2015. Furthermore, the Group hired two asset management staff (i.e. a chief investment officer and an assistant portfolio manager) in July 2016 to restart its asset management business and the Group recorded revenue of approximately HK\$3.7 million from asset management services for the nine months ended 31 December 2016. The management has always been exploring business opportunities to bring greater returns to shareholders of the Company. During the nine months ended 31 December 2016, the Group completed a referral transaction for the acquisition of a controlling stake in a company listed on the Stock Exchange and the general offer on behalf of the acquirer in which the Group has generated total revenue of HK\$10.0 million. Overall, the Group has achieved a substantial growth in operating results in adversity.

The Group has continued to grow as compared to the corresponding period in 2015 despite sluggish market conditions and investor sentiment. Going forward, with the increased public awareness and enhanced capital resources upon the successful listing of the Company’s shares on the GEM of the Stock Exchange in January 2017, the Group and the Directors shall continue to strive and achieve the business objective as stated in the Prospectus, i.e. to increase the Group’s exposure and scale of operations in Hong Kong within the capital markets and try to capture a larger market share.

FINANCIAL REVIEW

Revenue

The Group's total revenue for the nine months ended 31 December 2016 was approximately HK\$46.8 million, representing an increase of approximately HK\$18.1 million, or 62.9% from approximately HK\$28.7 million for the nine months ended 31 December 2015. The significant increase in total revenue was mainly attributed to the increase in revenue generated from the placing and underwriting services, margin financing services, asset management services and other services, which was partly offset by the decrease in commission income from securities dealing and brokerage services.

Commission income from securities dealing and brokerage services decreased significantly by approximately 60.6% from approximately HK\$9.8 million for the nine months ended 31 December 2015 to approximately HK\$3.9 million for the nine months ended 31 December 2016. The relatively high commission income from securities dealing and brokerage services for the nine months ended 31 December 2015 was mainly contributed by the bullish market sentiment during April 2015 to July 2015 which resulted in a significant increase in both the transaction value of securities trading carried out by the Group on behalf of customers and commission income.

For the nine months ended 31 December 2016, the Group completed 20 placing and underwriting transactions with a total transaction value of approximately HK\$1.4 billion (2015: 10 placing and underwriting transactions with a total transaction value of approximately HK\$0.5 billion). Due to the increase in both the number of transactions and total transaction value, fee and commission income from placing and underwriting activities increased significantly by approximately HK\$7.8 million from approximately HK\$15.7 million for the nine months ended 31 December 2015 to approximately HK\$23.5 million for the nine months ended 31 December 2016.

Interest income from margin financing increased significantly by approximately 62.1% from approximately HK\$2.8 million for the nine months ended 31 December 2015 to approximately HK\$4.5 million for the nine months ended 31 December 2016, which was mainly attributable to the increase in average financing provided by our Group during the period.

FINANCIAL REVIEW *(Continued)*

Revenue *(Continued)*

On 27 May 2015, the Group entered into a novation agreement with its single asset management client ("Client A") and ceased to provide asset management services to Client A. Fee income from asset management services for the nine months ended 31 December 2015 of approximately HK\$0.4 million represented management fee received from Client A. The Group's asset management operations have been restarted in July 2016. As at 31 December 2016, the Group had four asset management clients and the discretionary funds managed by the Group amounted to approximately HK\$116.1 million. Pursuant to the relevant asset management agreements with these clients, the Group is entitled to management fees with a range from 1.5% per annum to 2% per annum and performance fees with a range from 15% to 20%. During the nine months ended 31 December 2016, the Group recorded a total fee income from asset management services of approximately HK\$3.7 million.

Other revenue for the nine months ended 31 December 2016 mainly comprised the followings:

- (i) Pursuant to a placing agreement entered into between the Group and a Hong Kong listed company in September 2015, the Group was initially appointed to place a certain number of shares by 31 October 2015. Subsequently, the said placing did not take place by 31 October 2015, and thereafter the Hong Kong listed company agreed to pay a settlement fee of approximately HK\$1.1 million to the Group which is conditional upon the Hong Kong listed company failing to engage the Group to place a certain number of shares by 30 June 2016. During June 2016, the Group recognised such settlement fee as other revenue as the Hong Kong listed company had failed to meet the aforesaid condition.
- (ii) In September 2016, the Group completed a referral transaction for the acquisition of a controlling stake in a company listed on the Stock Exchange and generated a referral fee income of HK\$6.8 million. The Group had also completed the general offer on behalf of the acquirer and was entitled to a professional service fee and a loan commitment fee of HK\$0.5 million and HK\$2.7 million respectively.

Profit for the period

Profit for the nine months ended 31 December 2016 was approximately HK\$18.9 million, representing an increase of approximately HK\$15.4 million, or 437.6% from approximately HK\$3.5 million for the nine months ended 31 December 2015, which was primarily attributed to the increase in total revenue as discussed above.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the nine months ended 31 December 2016, the Group financed its operations by cash flows from business operation and financing activities. As at 31 December 2016, the Group had net current assets of approximately HK\$146.2 million (2015: HK\$113.5 million), including cash and cash equivalents of approximately HK\$91.4 million (2015: HK\$80.5 million). The current ratio, being the ratio of current assets to current liabilities, was approximately 2.3 times as at 31 December 2016 (2015: 2.1 times).

As at 31 December 2016, the Group had no bank borrowings outstanding (2015: HK\$10.0 million).

The capital of the Group comprises only ordinary shares. Total equity attributable to owners of the Company amounted to approximately HK\$148.4 million as at 31 December 2016 (2015: HK\$116.3 million).

PLEDGE OF THE GROUP'S ASSETS

As at 31 December 2016, the Group had pledged its bank deposit amounting to HK\$5.0 million for banking facilities granted by a bank in Hong Kong to the Group (2015: Nil).

EMPLOYEE INFORMATION

As at 31 December 2016, the Group had 27 employees (2015: 24), including the Directors. Total staff costs for the nine months ended 31 December 2016 was approximately HK\$5.6 million (2015: HK\$5.8 million).

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Save for the Reorganisation, there was no material acquisition or disposal of subsidiaries and affiliated companies during the nine months ended 31 December 2016.

FOREIGN EXCHANGE RISK

The turnover and operation costs of the Group were principally denominated in Hong Kong dollars, hence the exposure to the risk of foreign exchange rate fluctuations for the Group was minimal. As such, no financial instrument for hedging was employed.

CONTINGENT LIABILITIES

The Group did not have any material contingent liability in the nine months ended 31 December 2016 and up to the date of this report.

EVENT AFTER THE REPORTING PERIOD

Subsequent to 31 December 2016, the shares of the Company have been successfully listed on the GEM of the Stock Exchange on the Listing Date (i.e. 6 January 2017) by way of placing, details of which were set out in the Prospectus and the allotment results announcement of the Company dated 5 January 2017.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2016, the shares of the Company were not listed on the Stock Exchange. The respective Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), section 352 of the SFO and rules 5.46 to 5.67 of the GEM Listing Rules were not applicable.

As at the Listing Date, the interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) held by the Directors and chief executives of the Company (the "Chief Executives") which have been 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 have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or as otherwise have been notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules are as follows:

Long position in ordinary shares of HK\$0.01 each of the Company

Name of Director	Capacity/Nature of interest	Number of shares held	Approximate percentage of shareholding
Mr. B Lo	Interest in controlled corporation (Note)	1,500,000,000	75%
Mr. C Lo	Interest in controlled corporation (Note)	1,500,000,000	75%

Note: TML is beneficially owned by Mr. B Lo and Mr. C Lo as to 57.1% and 42.9%, respectively. As such, Mr. B Lo and Mr. C Lo are deemed to be interested in the 1,500,000,000 shares held by TML under the SFO.

Save as disclosed above, as at the Listing Date, none of the Directors or Chief Executives had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have 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 which was required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

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

As at 31 December 2016, the shares of the Company were not listed on the Stock Exchange. The respective Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO were not applicable.

So far as the Directors and the Chief Executives are aware, as at the Listing Date, other than the Directors and the Chief Executives, the following person/corporation had or was deemed or taken to have an interest and/or short position in the shares or the underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of the Company required to be kept under section 336 of the SFO, or which would be, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group:

Long position in ordinary shares of HK\$0.01 each of the Company

<u>Name</u>	<u>Capacity/Nature of interest</u>	<u>Number of shares held</u>	<u>Approximate percentage of shareholding</u>
TML	Beneficial interest	1,500,000,000	75%
Ms. Lui Wing Patsie	Interest in spouse (Note)	1,500,000,000	75%

Note: Ms. Lui Wing Patsie is the spouse of Mr. B Lo.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY *(Continued)*

Save as disclosed above, as at the Listing Date, according to the register of interests required to be kept by the Company under section 336 of the SFO, there was no person or corporation (other than the Directors and the Chief Executives) who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

A share option scheme (the "Share Option Scheme") was adopted by the shareholders of the Company and was effective on 5 December 2016. Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for a period of 10 years from the date of its adoption. No share option has been granted since the adoption of the Share Option Scheme and there was no share option outstanding as at 31 December 2016.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period from the Listing Date to the date of this report.

COMPETING INTERESTS

As at 31 December 2016, none of the Directors, the controlling shareholders of the Company and their respective close associates (as defined in the GEM Listing Rules) had any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

COMPLIANCE ADVISER'S INTERESTS

As at the date of this report, save and except for (i) the participation of Ample Capital Limited (the "Compliance Adviser") as the sponsor and Ample Orient Capital Limited as one of the underwriters and joint lead managers in relation to the listing of the Company's shares on the GEM; and (ii) the compliance adviser's agreement entered into between the Company and the Compliance Adviser dated 5 December 2016, neither the Compliance Adviser, nor any of its directors, employees or close associates (as defined in the GEM Listing Rules) had any interests in the securities of the Company or any other companies of the Group (including options or rights to subscribe for such securities) which is required to be notified to the Company pursuant to rule 6A.32 of the GEM Listing Rules.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings (the "Required Standard of Dealing") set out in rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiries of all the Directors, each of them have confirmed that they have complied with the Required Standard of Dealings throughout the period from the Listing Date to the date of this report.

CORPORATE GOVERNANCE

The Company is committed to achieve high standards of corporate governance to safeguard the interests of the shareholders of the Company and enhance its corporate value. The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code in Appendix 15 to the GEM Listing Rules (the "CG Code").

AUDIT COMMITTEE

The Audit Committee has been established with written terms of reference in compliance with rules 5.28 and 5.29 of the GEM Listing Rules and code provisions C.3.3 and C.3.7 of the CG Code. The Audit Committee comprises three independent non-executive Directors, namely Mr. Mok Kwai Pui Bill, Mr. Ma Wai Hung Vincent and Mr. Ng Shu Bun Andrew. The chairman of the Audit Committee is Mr. Mok Kwai Pui Bill.

The Group's unaudited condensed consolidated results for the nine months ended 31 December 2016 have been reviewed by the Audit Committee, which was of the opinion that such results have complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable requirement and that adequate disclosures have been made.

By order of the Board
PF Group Holdings Limited
Lo Tak Wing Benson
Chairman and Executive Director

Hong Kong, 13 February 2017

As at the date of this report, the executive Directors are Mr. Lo Tak Wing Benson and Mr. Lo Shiu Wing Chester; the non-executive Director is Mr. Khoo Ken Wee; and the independent non-executive Directors are Mr. Ma Wai Hung Vincent, Mr. Mok Kwai Pui Bill and Mr. Ng Shu Bun Andrew.