



# PF Group Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8221



## 2018 Interim Report

## CHARACTERISTICS OF GEM (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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

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*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 six months ended 30 September 2018 together with the comparative unaudited figures for the corresponding periods in 2017, as follows:

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

For the three months and six months ended 30 September 2018

	Notes	Three months ended 30 September		Six months ended 30 September	
		2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Revenue					
Commission income from securities dealing and brokerage services		1,829	4,572	3,658	5,700
Fee and commission income from placing and underwriting activities	4	9,560	12,466	21,071	21,687
Interest income from margin financing		1,956	1,626	3,293	3,393
Fee income from asset management services		491	198	1,018	561
Others	5	48	236	2,668	4,514
Total revenue		13,884	19,098	31,708	35,855
Bank interest income		5	5	9	10
Gain on disposal of property and equipment		–	–	–	8
Other gains and losses		261	268	487	632
Commission expenses	6	14,150 (625)	19,371 (1,110)	32,204 (4,245)	36,505 (1,665)
Depreciation expenses		(63)	(46)	(127)	(88)
Staff costs	7	(2,457)	(2,102)	(4,855)	(4,178)
Other operating expenses		(4,960)	(3,782)	(8,844)	(6,929)
Profit before tax	8	6,045	12,331	14,133	23,645
Income tax expense	9	(1,205)	(2,109)	(2,565)	(4,079)
Profit and total comprehensive income for the period attributable to owners of the Company		4,840	10,222	11,568	19,566
		HK cents	HK cents	HK cents	HK cents
Earnings per share					
Basic	10	0.24	0.51	0.58	0.98

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

	Notes	30 September 2018 HK\$'000 (unaudited)	31 March 2018 HK\$'000 (audited)
<b>Non-current assets</b>			
Property and equipment	12	745	759
Intangible asset	13	5,000	5,000
Deposits placed with stock exchange and clearing house		630	630
Rental and utility deposit		1,191	1,188
<b>Total non-current assets</b>		<b>7,566</b>	7,577
<b>Current assets</b>			
Accounts receivable	14	168,542	84,342
Prepayments and other receivables		1,063	690
Cash and bank balances:			
Cash and bank balance — house accounts		118,791	178,388
Pledged bank deposit		5,000	5,000
Cash held on behalf of customers		67,530	130,133
<b>Total current assets</b>		<b>360,926</b>	398,553
<b>Current liabilities</b>			
Accounts payable	15	93,237	136,213
Other payables and accruals		2,278	11,073
Tax payable		3,022	457
<b>Total current liabilities</b>		<b>98,537</b>	147,743
<b>Net current assets</b>		<b>262,389</b>	250,810
<b>Net assets</b>		<b>269,955</b>	258,387
<b>Equity</b>			
Share capital	16	20,000	20,000
Reserves		249,955	238,387
<b>Total equity attributable to owners of the Company</b>		<b>269,955</b>	258,387

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2018

	Equity attributable to owners of the Company				
	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 April 2018 (audited)	20,000	48,229	9,762	180,396	258,387
Profit and total comprehensive income for the period	-	-	-	11,568	11,568
At 30 September 2018 (unaudited)	20,000	48,229	9,762	191,964	269,955

For the six months ended 30 September 2017

	Equity attributable to owners of the Company				
	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 April 2017 (audited)	20,000	48,229	9,762	145,290	223,281
Profit and total comprehensive income for the period	-	-	-	19,566	19,566
At 30 September 2017 (unaudited)	20,000	48,229	9,762	164,856	242,847

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2018

	Six months ended 30 September	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Net cash (used in) generated by operating activities	(59,484)	27,497
Net cash used in investing activities	(113)	(5,382)
Net (decrease) increase in cash and cash equivalents	(59,597)	22,115
Cash and cash equivalents at the beginning of period	178,388	106,792
Cash and cash equivalents at the end of period Represented by cash and bank balances — house accounts	118,791	128,907

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2018*

## 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. 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, Tower II, 16–18 Queen’s Road 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 November 2018.

## **2. 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 2018 except for the adoption of the standards, amendments and interpretations issued by the HKICPA mandatory for the annual periods beginning on 1 April 2018. The effect of the adoption of these standards, amendments and interpretations is not material on these unaudited condensed consolidated financial statements.

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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.

## **3. SEGMENT REPORTING**

The chief operating decision maker ("CODM") of the Group, being the executive Directors and senior 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 statement of profit or loss and other comprehensive income.



### 3. SEGMENT REPORTING *(Continued)*

No segment assets or liabilities is presented as the CODM does not review segment assets and liabilities.

#### 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.

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

	Three months ended 30 September		Six months ended 30 September	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Securities dealing and brokerage services	1,829	4,572	3,658	5,700
Placing and underwriting services	9,560	12,466	21,071	21,687
Financing services	1,956	1,626	3,293	3,393
Asset management services	491	198	1,018	561
Other services	48	236	2,668	4,514
	13,884	19,098	31,708	35,855

Revenue reported above represents revenue generated from external customers.

#### 4. FEE AND COMMISSION INCOME FROM PLACING AND UNDERWRITING ACTIVITIES

	Three months ended 30 September		Six months ended 30 September	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Fee and commission income from selling shareholders/issuers/brokers	8,982	11,929	19,987	20,591
Commission income from subscribers	578	537	1,084	1,096
	<b>9,560</b>	12,466	<b>21,071</b>	21,687

#### 5. OTHER REVENUE

	Three months ended 30 September		Six months ended 30 September	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Referral fee income	–	65	2,500	4,268
Handling fee income	48	171	168	246
	<b>48</b>	236	<b>2,668</b>	4,514

## 6. COMMISSION EXPENSES

	Three months ended 30 September		Six months ended 30 September	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Commission to account executives	575	517	1,205	872
Commission to sub-placing agents and sub-underwriters	50	593	3,040	793
	<b>625</b>	1,110	<b>4,245</b>	1,665

## 7. STAFF COSTS

	Three months ended 30 September		Six months ended 30 September	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Salaries	1,592	1,388	3,119	2,746
Contributions to Mandatory Provident Fund	66	65	139	135
Directors' emoluments				
— Fees	99	99	198	198
— Salaries	690	540	1,380	1,080
— Contributions to Mandatory Provident Fund	10	10	19	19
	<b>2,457</b>	2,102	<b>4,855</b>	4,178

## 8. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging (crediting):

	Three months ended 30 September		Six months ended 30 September	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Net foreign exchange loss (gain)	4	190	(96)	190
Minimum lease payments paid under operating lease in respect of rented premises	1,159	1,152	2,318	2,188
Legal and professional fees	2,349	864	3,525	1,820
Donation	8	1	256	351
Entertainment expenses	384	470	827	735

## 9. INCOME TAX EXPENSE

	Three months ended 30 September		Six months ended 30 September	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Current tax:				
Hong Kong profits tax	1,205	2,109	2,565	4,079

Hong Kong profits tax is calculated at 8.25% on the first HK\$2,000,000 of the estimated assessable profit of the qualifying entity and 16.5% of the remaining balance of the estimated assessable profit of the Group for the six months ended 30 September 2018.

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit of the Group for the six months ended 30 September 2017.

## 10. EARNINGS PER SHARE

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

	Three months ended 30 September		Six months ended 30 September	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
<b>Earnings</b>				
Earnings for the purpose of basic earnings per share:				
Profit for the period attributable to owners of the Company	4,840	10,222	11,568	19,566
	Three months ended 30 September		Six months ended 30 September	
	2018 (unaudited)	2017 (unaudited)	2018 (unaudited)	2017 (unaudited)
<b>Number of shares</b>				
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000

For each of the three months and six months ended 30 September 2018 and 2017, there were no dilutive potential ordinary shares in issue, thus no diluted earnings per share is presented.

## 11. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2018 (2017: Nil).

## 12. PROPERTY AND EQUIPMENT

During the six months ended 30 September 2018, the Group acquired items of furniture and equipment with a cost of approximately HK\$113,000 (2017: HK\$412,000).

There was no disposal of property and equipment during the six months ended 30 September 2018, whereas items of furniture and equipment with a net book value of approximately HK\$22,000 were disposed of during the six months ended 30 September 2017 resulting in a gain on disposal of approximately HK\$8,000.

## 13. INTANGIBLE ASSET

During the six months ended 30 September 2017, the Group acquired a club membership with a cost of HK\$5,000,000.

The club membership is considered by the management of the Group as having indefinite useful life. Accordingly, the club membership is not amortised. Instead, it will be tested for impairment annually and whenever there is an indication that it may be impaired. No impairment loss on intangible asset is recognised for the six months ended 30 September 2018 (2017: Nil).

## 14. ACCOUNTS RECEIVABLE

	30 September 2018 HK\$'000 (unaudited)	31 March 2018 HK\$'000 (audited)
Accounts receivable arising from the business of dealing in securities:		
— Clearing house	29,688	2,211
— Cash clients	8,290	11,861
— Margin clients	129,417	66,786
Accounts receivable arising from the placing and underwriting business	—	3,131
Accounts receivable arising from asset management services	1,147	353
	168,542	84,342
Less: Impairment	—	—
	168,542	84,342

## 14. ACCOUNTS RECEIVABLE *(Continued)*

Accounts receivable from clearing house and cash clients represent trades pending settlement arising from business of dealing in securities transactions which are normally due within two trading days after the trade date. All accounts receivable from clearing house and cash clients are included in "neither past due nor impaired" category. The management believes that no impairment allowance is necessary in respect of these balances as the balances are considered fully recoverable.

Accounts receivable from margin clients are repayable on demand or according to agreed repayment schedules, and bearing interest at a rate of 5.25% to 10.25% as at 30 September 2018 (31 March 2018: 5.25% to 8.25%). The credit facility limits to margin clients are determined by the discounted market value of the collateral securities accepted by the Group. The Group maintains a list of approved stocks for margin lending at a specified loan-to-collateral ratio. A margin call may occur when the balances of the accounts receivable from margin clients exceed the permitted margin loan limit, or when the discounted market value of the collateral security is less than the balances of the accounts receivable from margin clients.

Accounts receivable from margin clients as at 30 September 2018 and 31 March 2018 were secured by securities, which were pledged to Pacific Foundation Securities Limited, the Company's subsidiary, as collateral. The securities had a fair value of approximately HK\$519,004,000 as at 30 September 2018 (31 March 2018: HK\$464,741,000). The Group is not prohibited to sell the collaterals upon customers' default or repledge the collaterals upon receiving customers' authorisation.

All accounts receivable from margin clients are included in "neither past due nor impaired" category.

As at 30 September 2018, 100% (31 March 2018: 100%) of the accounts receivable from margin clients were secured by sufficient collateral on an individual basis. The management of the Group has assessed the market value of the pledged securities of each individual customer as at the end of each reporting period and considered that no impairment allowance is necessary taking into consideration of client's credit quality, collateral provided and subsequent repayment of monies.

As at 30 September 2018, accounts receivable from margin clients includes accounts receivable from Directors of approximately HK\$1,287,000 (31 March 2018: HK\$3,779,000), accounts receivable from a family member of a Director of approximately HK\$22,448,000 (31 March 2018: nil) and accounts receivable from an entity controlled by the Directors of nil (31 March 2018: approximately HK\$26,000).

## 14. ACCOUNTS RECEIVABLE *(Continued)*

No ageing analysis is disclosed for accounts receivable arising from the business of dealing in securities as, in the opinion of Directors, the ageing analysis does not give additional value in view of the nature of broking business.

Accounts receivable arising from the placing and underwriting business and asset management services are repayable in accordance with the contract terms.

The following is an aged analysis of accounts receivable arising from the placing and underwriting business and asset management services presented based on the date of rendering services:

	<b>30 September 2018 HK\$'000 (unaudited)</b>	31 March 2018 HK\$'000 (audited)
0–60 days	294	378
61–90 days	136	749
>90 days	717	2,357
	<b>1,147</b>	3,484

Ageing of accounts receivable arising from the placing and underwriting business and asset management services which are past due but not impaired:

	<b>30 September 2018 HK\$'000 (unaudited)</b>	31 March 2018 HK\$'000 (audited)
0–60 days past due	19	25
61–90 days past due	15	749
>90 days past due	62	2,357
	<b>96</b>	3,131



## 14. ACCOUNTS RECEIVABLE *(Continued)*

Included in the Group's accounts receivable arising from the placing and underwriting business and asset management services as at 30 September 2018 are debtors with aggregate carrying amount of approximately HK\$96,000 (31 March 2018: HK\$3,131,000) which are past due as at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. Except as described above, all accounts receivable arising from the placing and underwriting business and asset management services are included in "neither past due nor impaired" category.

The management believes that no impairment allowance is necessary in respect of all accounts receivable arising from the placing and underwriting business and asset management services because these debtors are of good credit.

## 15. ACCOUNTS PAYABLE

	<b>30 September 2018 HK\$'000 (unaudited)</b>	31 March 2018 HK\$'000 (audited)
Accounts payable arising from the business of dealing in securities:		
— Clearing house	<b>3,851</b>	6,859
— Cash clients	<b>75,335</b>	119,368
— Margin clients	<b>14,051</b>	9,947
Accounts payable arising from the placing and underwriting business	—	39
	<b>93,237</b>	136,213

Accounts payable to clearing house represent trades pending settlement arising from business of dealing in securities transactions which are normally due within two trading days after the trade date.

## 15. ACCOUNTS PAYABLE *(Continued)*

The accounts payable to cash clients and margin clients are repayable on demand except where certain balances represent trades pending settlement or deposits received from clients for their trading activities under the normal course of business. Only the amounts in excess of the required deposits are repayable on demand.

Accounts payable to cash clients include amounts payable to Directors of approximately HK\$2,140,000 as at 30 September 2018 (31 March 2018: HK\$3,332,000).

As at 30 September 2018, accounts payable to margin clients include accounts payable to an entity controlled by the Directors of approximately HK\$265,000 (31 March 2018: nil) and accounts payable to a family member of a Director of nil (31 March 2018: approximately HK\$13,000).

Accounts payable arising from the business of dealing in securities are interest-bearing, except for amounts representing pending trades payable to the clearing house, cash clients and margin clients.

No ageing analysis is disclosed for accounts payable arising from the business of dealing in securities as, in the opinion of Directors, the ageing analysis does not give additional value in view of the nature of broking business.

Accounts payable arising from the placing and underwriting business are payable in accordance with the contract terms.

The following is an aged analysis of accounts payable arising from the placing and underwriting business presented based on the date of rendering services:

	30 September 2018 HK\$'000 (unaudited)	31 March 2018 HK\$'000 (audited)
0-60 days	-	39
	-	39

## 16. SHARE CAPITAL

	Number of ordinary shares	Amount HK\$'000
<b>Ordinary shares of HK\$0.01 each</b>		
<b>Authorised:</b>		
At 31 March 2018 and 30 September 2018	8,000,000,000	80,000
<b>Issued and fully paid:</b>		
At 31 March 2018 and 30 September 2018	2,000,000,000	20,000

## 17. RELATED PARTY TRANSACTIONS

During the period, the Group entered into the following transactions with related parties:

	Six months ended 30 September	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
<b>Commission income from securities dealing and brokerage services received or receivable from:</b>		
Directors	6	26
Family member of a Director	64	75
Entity controlled by the Directors	68	-

## 17. RELATED PARTY TRANSACTIONS *(Continued)*

	Six months ended 30 September	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
<b>Fee and commission income from placing and underwriting activities received or receivable from:</b>		
Directors	–	18

	Six months ended 30 September	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
<b>Interest income from margin financing received or receivable from:</b>		
Directors	81	16
Family member of a Director	460	347
Entity controlled by the Directors	78	70

The balances with related parties have been disclosed in notes 14 and 15.

### Compensation of key management personnel

Key management includes Directors and senior management of the Group. The remuneration of key management are as follows:

	Six months ended 30 September	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Short term employee benefits	2,754	2,297
Contributions to Mandatory Provident Fund	55	54
	<b>2,809</b>	2,351

## 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.

For the six months ended 30 September 2018, the market's average daily transaction value increased by approximately 15.6% as compared to the corresponding period in 2017. However, the Group's commission income from securities dealing and brokerage services for the period decreased by approximately HK\$2.0 million from approximately HK\$5.7 million for the six months ended 30 September 2017. This was mainly due to the fact that during the six months ended 30 September 2017, the Group completed a securities trading transaction in which the Group generated commission income of approximately HK\$2.9 million, whereas no such one-off significant commission income was recorded for the six months ended 30 September 2018.

During the period under review, the Group managed to generate a stable income of approximately HK\$21.1 million and HK\$3.3 million (2017: HK\$21.7 million and HK\$3.4 million) from its placing and underwriting business and margin financing business respectively.

The Group's fee income from asset management services for the six months ended 30 September 2018 was approximately HK\$1.0 million, representing an increase of approximately 81.5% as compared to approximately HK\$0.6 million for the six months ended 30 September 2017. As at 30 September 2018, the Group had seven asset management clients in total and the total net assets value managed by the Group was approximately HK\$3.8 billion. The management believes that the Group's asset management business will continue to expand in the coming future.

On the other hand, the Group recorded revenue from other services of approximately HK\$2.7 million for the six months ended 30 September 2018 which mainly comprised of referral fee income of approximately HK\$2.5 million.

Overall, total revenue for the six months ended 30 September 2018 was approximately HK\$31.7 million, representing a decrease of approximately 11.6% as compared to the six months ended 30 September 2017.

Going forward, the Directors are of the view that the Hong Kong and global financial markets are still full of uncertainties arising from, among others, concerns over hikes in Hong Kong's benchmark interest rate to catch up with the United States (the "US"), the Brexit negotiation process and the US's policies on interest rate and tariff. The Directors and senior management of the Group will continue to monitor the Group's risk and credit exposure prudently, review the working capital level on an on-going basis, keep abreast of the latest developments of statutory requirements and the Hong Kong financial industry in order to maximise returns to shareholders.

With the potential development opportunities arising from favorable policies, such as the Mainland China's Belt and Road Initiative and the reform of the Hong Kong stock market, the Group and the Directors shall continue to strive to achieve the business objective to increase the Group's exposure and scale of operations in Hong Kong within the capital markets and to capture a larger market share.

## FINANCIAL REVIEW

### Revenue

The Group's total revenue for the six months ended 30 September 2018 was approximately HK\$31.7 million, representing a decrease of approximately HK\$4.1 million or 11.6% from approximately HK\$35.9 million for the six months ended 30 September 2017. The decrease in total revenue was mainly attributed to the decrease in commission income from securities dealing and brokerage services and other revenue.

During the six months ended 30 September 2017, the Group completed a securities trading transaction in which the Group generated commission income of approximately HK\$2.9 million, whereas no such one-off significant commission income was recorded for the six months ended 30 September 2018. As a result, although there was an increase in the market's average daily transaction value during the period, the Group's commission income from securities dealing and brokerage services decreased by approximately HK\$2.0 million or 35.8% from approximately HK\$5.7 million for the six months ended 30 September 2017 to approximately HK\$3.7 million for the six months ended 30 September 2018.

Placing and underwriting fee and commission income is principally affected by the number of engagements participated by the Group, the size of engagements and the commission rates. For the six months ended 30 September 2018, the Group completed 13 placing and underwriting engagements with a total transaction value of approximately HK\$342.2 million (2017: 19 placing and underwriting engagements with a total transaction value of approximately HK\$607.3 million). Attributed to the decrease in both the number of engagements participated by the Group and the total transaction value which was then partly offset by the increase in the average commission rate, fee and commission income from placing and underwriting activities slightly decreased by approximately HK\$0.6 million or 2.8% from approximately HK\$21.7 million for the six months ended 30 September 2017 to approximately HK\$21.1 million for the six months ended 30 September 2018.

Interest income from margin financing recorded a slight decrease of approximately 2.9% from approximately HK\$3.4 million for the six months ended 30 September 2017 to approximately HK\$3.3 million for the six months ended 30 September 2018.

As at 30 September 2018, the Group had seven (31 March 2018: six) asset management clients and the total net assets value managed by the Group amounted to approximately HK\$3.8 billion (31 March 2018: HK\$4.8 billion). Pursuant to the relevant asset management agreements with these clients, the Group acts as an investment manager and provides asset management services to them on a discretionary basis pursuant to each client's investment requirements, objectives and restrictions, and is entitled to (i) management fees on a fixed fee basis or on a percentage basis ranging from 1.0% per annum to 1.5% per annum; (ii) performance fees on a percentage basis ranging from 10% to 20%; and (iii) discretionary bonus. For the six months ended 30 September 2018, the Group recorded a total fee income from its asset management services of approximately HK\$1.0 million (2017: HK\$0.6 million).

In addition to the above business activities, the Group may on a case by case basis come across other projects, the fee income from which is recorded as other revenue.

For the six months ended 30 September 2018, revenue from other services mainly represented referral fee income of approximately HK\$2.5 million generated from the referral of a client to obtain financing services from third party and the Group is entitled to a referral fee calculated with reference to the amount of financing obtained by such client.

The Group was notified the interest of some investors in trading securities through Shanghai-Hong Kong Stock Connect. However, the Group currently does not have a Shanghai-Hong Kong Stock Connect licence to execute such trades on behalf of these investors. As such, the Group entered into referral agreements with other securities companies in Hong Kong (the "Securities Companies"), who have proper licences, and pursuant to the referral agreements, the Group will refer investors to the Securities Companies (the "Referral") and is entitled to a monthly referral fee calculated with reference to the revenue of the Securities Companies generated from the referred investors. For the six months ended 30 September 2017, revenue from other services mainly represented referral fee income of approximately HK\$4.3 million generated from such Referral.

### **Profit for the period**

Profit for the six months ended 30 September 2018 was approximately HK\$11.6 million, representing a decrease of approximately HK\$8.0 million or 40.9% from approximately HK\$19.6 million for the six months ended 30 September 2017, which was primarily attributed to (i) the decrease in total revenue as discussed above; and (ii) the increase in commission expenses and other operating expenses of approximately HK\$2.6 million and HK\$1.9 million respectively.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

During the six months ended 30 September 2018, the Group mainly financed its operations by internal resources and net proceeds raised from the placing (the "Placing") upon listing. As at 30 September 2018, the Group had net current assets of approximately HK\$262.4 million (31 March 2018: HK\$250.8 million), including cash and cash equivalents of approximately HK\$118.8 million (31 March 2018: HK\$178.4 million). The current ratio, being the ratio of current assets to current liabilities, was approximately 3.7 times as at 30 September 2018 (31 March 2018: 2.7 times).

As at 30 September 2018, the Group had no bank borrowings outstanding (31 March 2018: Nil).

The capital of the Group comprises only ordinary shares. Total equity attributable to owners of the Company amounted to approximately HK\$270.0 million as at 30 September 2018 (31 March 2018: HK\$258.4 million).

### **PLEDGE OF THE GROUP'S ASSETS**

As at 30 September 2018, 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 (31 March 2018: HK\$5.0 million).



## **EMPLOYEE INFORMATION**

As at 30 September 2018, the Group had 27 employees (31 March 2018: 29), including the Directors. Total staff costs (including staff salaries, Directors' emoluments and contribution to Mandatory Provident Fund) for the six months ended 30 September 2018 were approximately HK\$4.9 million (2017: HK\$4.2 million).

## **MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES**

There was no material acquisition or disposal of subsidiaries and affiliated companies during the six months ended 30 September 2018.

## **FOREIGN EXCHANGE RISK**

The Group's exposure to foreign exchange risk is primarily related to transactions denominated in a currency other than Hong Kong dollars. Except for part of the referral fee income which was settled in Renminbi, the turnover and operation costs of the Group were principally denominated in Hong Kong dollars. The Group currently does not have a policy on hedges of foreign exchange risk. However, the Group will closely monitor the fluctuations in exchange rates and will consider to employ financial instrument for hedging should the needs arise.

## **CONTINGENT LIABILITIES**

The Group had no significant contingent liabilities as at 30 September 2018.

## **EVENT AFTER THE REPORTING PERIOD**

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

## USE OF PROCEEDS

Net proceeds from the Placing was approximately HK\$55.3 million. As disclosed in the prospectus of the Company dated 12 December 2016 (the "Prospectus") and the allotment results announcement of the Company dated 5 January 2017 (the "Announcement"), (i) approximately HK\$48.1 million or approximately 87.0% of the net proceeds will be used for the expansion of the Group's margin financing services; (ii) approximately HK\$1.7 million or approximately 3.0% of the net proceeds will be used to upgrade the Group's IT systems; and (iii) approximately HK\$5.5 million or approximately 10.0% of the net proceeds will be used as general working capital of the Group.

The Group's planned and actual use of net proceeds from the Placing up to 30 September 2018 is as follows:

	<b>Planned use of proceeds up to 30 September 2018 adjusted in the same manner and proportion as stated in the Prospectus and the Announcement</b> HK\$ million	<b>Actual usage up to 30 September 2018</b> HK\$ million
Expansion of margin financing services	48.1	48.1
Upgrade of the Group's IT Systems	1.2	1.1
General working capital	5.5	5.5
	<b>54.8</b>	<b>54.7</b>

## OTHER INFORMATION

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

As at 30 September 2018, 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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (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. Lo Tak Wing Benson ("Mr. B Lo")	Interest in controlled corporation (Note)	1,500,000,000	75%
Mr. Lo Shiu Wing Chester ("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 30 September 2018, 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

So far as the Directors and the Chief Executives are aware, as at 30 September 2018, 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

Name	Capacity/Nature of interest	Number of shares held	Approximate percentage of shareholding
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.

Save as disclosed above, as at 30 September 2018, the Directors were not aware of any 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, or pursuant to section 336 of the SFO, which would have to be recorded in the register referred to therein.

## SHARE OPTION SCHEME

A share option scheme (the “Scheme”) was adopted by the shareholder of the Company and was effective on 5 December 2016. Unless otherwise cancelled or amended, the Scheme will remain in force for a period of 10 years from the date of its adoption on 5 December 2016. Subject to the terms of the Scheme, the Board shall be entitled to make an offer of the grant of an option to subscribe for shares of the Company to any Directors, employees of the Group, consultants or advisers of the Group, providers of goods and/or services to the Group, customers of the Group, holders of securities issued by any member of the Group, or any other person, who at the sole discretion of the Board, has contributed to the Group, whom the Board may select at its absolute discretion. Since the adoption of the Scheme and up to 30 September 2018, no share option has been granted by the Company.

## 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 six months ended 30 September 2018.

## COMPETING INTERESTS

None of the Directors, the controlling shareholders of the Company nor 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 during the six months ended 30 September 2018 and up to the date of this report.

## COMPLIANCE ADVISER’S INTERESTS

As at 30 September 2018, as notified by Ample Capital Limited (the “Compliance Adviser”), save and except for the compliance adviser’s agreement entered into between the Company and the Compliance Adviser dated 5 December 2016, neither the Compliance Adviser nor 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 Dealings") 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 with all the Directors, all of them confirmed that they have complied with the Required Standard of Dealings during the six months ended 30 September 2018 and up to the date of this report.

## DISCLOSURE OF INFORMATION ON DIRECTORS PURSUANT TO RULE 17.50A(1) OF THE GEM LISTING RULES

The updated information on Directors disclosable under rule 17.50A(1) of the GEM Listing Rules is as follows:

- With effect from 1 April 2018, the monthly salaries of Mr. B Lo and Mr. C Lo, both of whom are the executive Directors, have been increased to HK\$130,000 and HK\$100,000 respectively. The increments have been reviewed and approved by the remuneration committee of the Company.

## CORPORATE GOVERNANCE

The Board is committed to promoting high standards of corporate governance practices and procedures. The Directors believe that sound and reasonable corporate governance practices are essential for the growth of the Group and for safeguarding the shareholders' interests and the Group's assets.

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "CG Code") in Appendix 15 of the GEM Listing Rules. For the six months ended 30 September 2018, to the best knowledge of the Board, the Company has complied with the code provisions set out in the CG Code, save for the deviation from the code provision A.6.7 as explained below:

Pursuant to A.6.7 of the CG Code, the independent non-executive Directors, as equal board members, should attend general meetings and develop a balanced understanding of the views of shareholders of the Company. Due to other unavoidable engagements, an independent non-executive Director was unable to attend the annual general meeting of the Company held on 29 August 2018.

## AUDIT COMMITTEE

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

The Audit Committee had reviewed the Group's unaudited condensed consolidated results for the six months ended 30 September 2018 and was of the opinion that such results had complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements and that adequate disclosures had been made.

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

Hong Kong, 13 November 2018

*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.*