



PF Group Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8221



2020 First Quarterly Report

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

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

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board 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 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 ended 30 June 2020 together with the comparative unaudited figures for the corresponding period in 2019, as follows:

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

For the three months ended 30 June 2020

	Notes	Three months ended 30 June	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Revenue			
Commission income from securities dealing and brokerage services		1,865	1,548
Fee and commission income from placing and underwriting activities	4	66	548
Interest income from margin and loan financing services		2,220	1,533
Fee income from asset management services		453	317
Others	5	505	1,358
Total revenue		5,109	5,304
Bank interest income		192	50
Other gains and losses	6	931	101
Commission expenses	7	6,232 (553)	5,455 (422)
Depreciation expenses		(1,236)	(67)
Staff costs	8	(8,048)	(2,512)
Other operating expenses		(2,826)	(3,092)
Finance costs	9	(49)	(41)
Loss before tax		(6,480)	(679)
Income tax expense	11	–	–
Loss for the period attributable to owners of the Company		(6,480)	(679)
		HK cents	HK cents
Loss per share			
Basic	12	(0.32)	(0.03)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2020

	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 2020 (audited)	20,000	48,229	9,762	166,162	244,153
Loss and total comprehensive loss for the period	-	-	-	(6,480)	(6,480)
At 30 June 2020 (unaudited)	20,000	48,229	9,762	159,682	237,673

For the three months ended 30 June 2019

	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 2019 (audited)	20,000	48,229	9,762	202,424	280,415
Loss and total comprehensive loss for the period	-	-	-	(679)	(679)
At 30 June 2019 (unaudited)	20,000	48,229	9,762	201,745	279,736

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2020

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 are 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 and loan 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 and all values are rounded to the nearest thousands (“**HK\$’000**”), unless otherwise stated.

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 7 August 2020.

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.

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

The unaudited condensed consolidated quarterly results have been prepared under the historical cost convention except for certain financial instruments which are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The unaudited condensed consolidated quarterly results should be read in conjunction with the Group's audited annual financial statements for the year ended 31 March 2020 (the "**2020 Annual Report**"). The accounting policies and methods of computation adopted are consistent with those followed in the preparation of the 2020 Annual Report.

The Group has adopted the standards, amendments and interpretations that have been issued and effective for the accounting period beginning on 1 April 2020. The adoption of such standards, amendments and interpretations does not have material financial effect on this quarterly results.

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.

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 and loan 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, professional service fee, loan commitment fee and referral fees) from other services provided.

3. SEGMENT REPORTING *(Continued)*

Revenue represents the aggregate of the amounts received and receivable from third parties, income from securities dealing and brokerage services, placing and underwriting services and asset management services. Revenue recognised during the years are as followings:

Disaggregation of revenue from contracts with customers

	Three months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Securities dealing and brokerage services	1,865	1,548
Placing and underwriting services	66	548
Asset management services	453	317
Other services	505	1,358
Revenue from contracts with customers	2,889	3,771
Revenue from other sources		
Interest income from margin financing services	1,593	1,533
Interest income from loan financing	627	–
	2,220	1,533
	5,109	5,304
Timing of revenue recognition:		
A point in time	2,464	3,646
Over time	425	125
	2,889	3,771

4. FEE AND COMMISSION INCOME FROM PLACING AND UNDERWRITING ACTIVITIES

	Three months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Fee and commission income from selling shareholders/issuers/brokers	66	548

5. OTHER REVENUE

	Three months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Handling fee income	5	108
Professional service fee income	500	1,250
	505	1,358

6. OTHER GAINS AND LOSSES

	Three months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Interest on account receivable	142	50
Government grant	454	–
Sundry Income	335	51
	931	101

7. COMMISSION EXPENSES

	Three months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Commission to account executives	553	422

8. STAFF COSTS

	Three months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Salaries	1,766	1,453
Contributions to Mandatory Provident Fund	45	67
Directors' emoluments		
— Fees	99	99
— Salaries	6,120	875
— Contributions to Mandatory Provident Fund	18	18
	8,048	2,512

Staff and directors' bonus are discretionary and determined with reference to the Group's and individuals' performance.

9. FINANCE COSTS

	Three months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Interest on bank borrowings	–	41
Interest on lease liabilities	49	–
	49	41

10. DIVIDEND

No quarterly dividend has been paid or declared by the Company for the three months ended 30 June 2020 (2019: Nil).

11. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax has been made as the Group had no estimated assessable profits arising from Hong Kong for the three months ended 30 June 2020 (2019: Nil).

12. LOSS PER SHARE

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

	Three months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Loss		
Loss for the purpose of basic earnings per share:		
Loss for the period attributable to owners of the Company	(6,480)	(679)

	Three months ended 30 June	
	2020 (unaudited)	2019 (unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,000,000,000	2,000,000,000

For each of the three months ended 30 June 2020 and 2019, there were no dilutive potential ordinary shares in issue, thus no diluted earnings per share is presented.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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 and loan financing; and (iv) asset management services. The Group's services mainly relate to equity and debt securities trading on the Stock Exchange in Hong Kong.

As a result of the protracted trade war between the United States and China and the rapid wide spread of the Coronavirus disease 2019 (the "**COVID-19**") has dealt a severe blow to economic activities and sentiment in Hong Kong.

For the three months ended 30 June 2020 (the "**Period**" or "**1Q2020**"), as compare to the three months ended 30 June 2019 (the "**Corresponding Period**" or "**1Q2019**"). The Group had 224 active securities trading accounts (1Q2019: 198), the total transaction value for 1Q2020 was approximately HK\$0.9 billion (1Q2019: approximately HK\$0.8 billion). The Group's commission income from securities dealing and brokerage services slightly increased by approximately 26.7% from approximately HK\$1.5 million in 1Q2019 to approximately HK\$1.9 million for 1Q2020. The increase was mainly attributable to the total transaction value of securities trading carried out by the Group on behalf of customers increased by approximately 12.5% compared to 1Q2019.

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 three months ended 30 June 2020, the Group completed 1 placing and underwriting engagement with a total transaction value of approximately HK\$6.5 million (1Q2019: 3 placing and underwriting engagements with a total transaction value of approximately HK\$27.2 million). The Group generated fee and commission income from placing and underwriting activities decreased by approximately 80.0% from approximately HK\$0.5 million for 1Q2019 to approximately HK\$0.1 million for 1Q2020. The decrease was mainly attributable to the decrease in number of engagement participated by the Group and the total transaction value decreased by approximately HK\$20.7 million.

Interest income from margin and loan financing mainly represents the interest income generated from the provision of margin financing and loan financing services for customers to purchase securities listed on the Stock Exchange on a margin basis. For the Period, interest income from margin and loan financing increased by approximately 46.7% from approximately HK\$1.5 million for 1Q2019 to approximately HK\$2.2 million for 1Q2020.

BUSINESS REVIEW *(Continued)*

The Group had 7 asset management clients (1Q2019: 6 asset management clients) and the total net assets value managed by the Group was approximately HK\$4.2 billion (1Q2019: 4.7 billion). The Group's fee income from asset management services increased by approximately 66.7% from approximately HK\$0.3 million for 1Q2019 to approximately HK\$0.5 million for 1Q2020.

OUTLOOK

Entering into 2020, the rapid spread of the Coronavirus disease 2019 (the "COVID-19") has dealt a severe blow to economic activities and sentiment in Hong Kong. The management of the Group would review and adjust business strategies on a regular basis with a prudent and balanced risk management approach so as to cope with the current unpredictable economic situation. Looking forward, the Group will primarily focus on securities dealing and brokerage services, placing and underwriting services, financial services including but not limited to securities and initial public offering margin financing and asset management service.

The Group and the Directors will continue to keep abreast of the latest development of the Hong Kong financial market and the update on the regulatory requirements applicable to the Group and 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

As a result of the overall market downturn of the Hong Kong stock market for 1Q2020 as compared to the Corresponding Period, the Group's total revenue for 1Q2020 was approximately HK\$5.1 million, representing a decrease of approximately HK\$0.2 million or 3.8% from approximately HK\$5.3 million for 1Q2019. The decrease in total revenue was mainly attributed to the decrease in fee and commission income from placing and underwriting activities under the challenging business environment during the period.

The Group's commission income from securities dealing and brokerage services slightly increased by approximately HK\$0.4 million or 26.7% from approximately HK\$1.5 million for 1Q2019 to approximately HK\$1.9 million for 1Q2020.

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 1Q2020, the Group completed 1 placing and underwriting engagement with a total transaction value of approximately HK\$6.5 million (1Q2019: 3 placing and underwriting engagements with a total transaction value of approximately HK\$27.2 million). Attributed to the decrease in (i) the number of engagements participated by the Group and (ii) the total transaction value decreased by approximately HK\$20.7 million.

FINANCIAL REVIEW *(Continued)*

Revenue *(Continued)*

Interest income from margin and loan financing recorded an increase of approximately 46.7% from approximately HK\$1.5 million 1Q2019 to approximately HK\$2.2 million for 1Q2020, which was mainly attributable to the loan interest received from the general offer loan during the period.

As at 30 June 2020, the Group had 7 (1Q2019: 6) asset management clients and the total net assets value managed by the Group amounted to approximately HK\$4.2 billion (1Q2019: HK\$4.7 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 Period, the Group recorded a total fee income from its asset management services of approximately HK\$0.5 million (1Q2019: HK\$0.3 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. The other revenue for 1Q2020 was approximately HK\$0.5 million, representing a slightly decrease of approximately 64.3% as compared to the other revenue of approximately HK\$1.4 million for 1Q2019.

Loss for the Period

Loss for the Period was approximately HK\$6.5 million, representing an increase of approximately HK\$5.8 million or 828.6% from loss of approximately HK\$0.7 million for 1Q2019, which was mainly attributed to (i) the decrease in fee and commission income from placing and underwriting activities of approximately HK\$0.4 million as a result of the decrease in the number of engagements participated by the Group and (ii) increase in staff costs.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the Period, the Group mainly financed its operations by internal resources and net proceeds raised from the placing upon listing. As at 30 June 2020, the Group had net current assets of approximately HK\$230.5 million (31 March 2020: HK\$236.9 million), including cash and cash equivalents of approximately HK\$132.9 million (31 March 2020: HK\$107.5 million).

The current ratio, being the ratio of current assets to current liabilities, was approximately 4.4 times as at 30 June 2020 (31 March 2020: 5.3 times).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

(Continued)

The capital of the Group comprises only ordinary shares. Total equity attributable to owners of the Company amounted to approximately HK\$237.7 million as at 30 June 2020 (31 March 2020: HK\$244.2 million).

The Board is of the opinion that the Company will have sufficient financial resources to meet its financial obligations as they fall due for at least the next twelve months from the end of the reporting period, after taking into consideration the needs to obtain additional financing including, but not limited to, borrowing loans and issuing additional equity or debt securities.

PLEDGE OF THE GROUP'S ASSETS

As at 30 June 2020, 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 2020: HK\$5.0 million).

EMPLOYEE INFORMATION

As at 30 June 2020, the Group had 24 employees (31 March 2020: 25), including the Directors. Total staff costs (including staff salaries, Directors' emoluments and contribution to Mandatory Provident Fund) for the Period were approximately HK\$8.0 million (1Q2019: HK\$2.5 million).

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

There was no material acquisition or disposal of subsidiaries and affiliated companies during the Period.

FOREIGN EXCHANGE RISK

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 June 2020.

POSSIBLE CHANGE OF CONTROLLING SHAREHOLDER OF THE COMPANY

The Company was informed by Thoughtful Mind Limited, a company incorporated in British Virgin Islands with limited liability and is owned as to 57.1% by Mr. Lo Tak Wing Benson and as to 42.9% by Mr. Lo Shiu Wing Chester (together with Mr. Lo Tak Wing Benson, the “**Warrantors**”), as a vendor (the “**Vendor**”) and the Warrantors that on 28 April 2020 (after trading hours), they had entered into the sale and purchase agreement (the “**Sale and Purchase Agreement**”) with Chance Wise Investments Limited (“**CWIL**”), a company incorporated in the British Virgin Islands with limited liability and wholly and beneficially owned as to 70% by Ms. Hsieh Ching Chun (“**Ms. Hsieh**”) and as to 30% by Mr. Fok Yuk Tong (“**Mr. Fok**”), as a purchaser and offeror (the “**Offeror**”) and Mr. Fok, as the guarantor to the Offeror, pursuant to which the Vendor conditionally agreed to sell and the Offeror conditionally agreed to purchase the sale shares, being 1,500,000,000 ordinary shares of the Company (the “**Sale Shares**”), for a total consideration of HK\$120,000,000, equivalent to HK\$0.08 per Sale Share, which was agreed between the Vendor and the Offeror after arm’s length negotiations. The Sale Shares represent 75% of the entire issued share capital of the Company. Completion will be subject to the satisfaction or waiver (as applicable) of the conditions precedent to the completion (the “**Completion**”) of the Sale and Purchase Agreement.

POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER BY RSI SECURITIES LIMITED FOR AND ON BEHALF OF CHANCE WISE INVESTMENTS LIMITED TO ACQUIRE ALL THE ISSUED SHARES (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY CHANCE WISE INVESTMENTS LIMITED AND PARTIES ACTING IN CONCERT WITH IT) OF THE COMPANY

Immediately following the Completion, the Offeror and parties acting in concert with it will be interested in an aggregate of 1,500,360,000 Shares, representing 75.018% of the entire issued share capital of the Company. Pursuant to Rule 26.1 of the Hong Kong Code on Takeovers and Mergers, the Offeror is required to make a mandatory unconditional general offer (the “**Offer**”) in cash for all the issued shares other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it upon Completion.

Details of the Sale and Purchase Agreement and the Offer are set out in the Company’s announcements dated 6 May 2020, 5 June 2020, 3 July 2020 and 4 August 2020.

EVENT AFTER THE REPORTING PERIOD

After the 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

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 June 2020, 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") (Notes 1 & 2)	Interest in controlled corporation	1,500,000,000	75%
Mr. Lo Shiu Wing Chester ("Mr. C Lo") (Notes 1 & 2)	Interest in controlled corporation	1,500,000,000	75%

Notes:

- Thoughtful Mind Limited ("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.
- On 28 April 2020 (after trading hours), CWIL as a purchaser, Mr. Fok as the guarantor to CWIL, TML as a vendor and Mr. B Lo and Mr. C Lo as the warrantors had entered into the Sale and Purchase Agreement. Pursuant to the Sale and Purchase Agreement, TML conditionally agreed to sell and CWIL conditionally agreed to purchase 1,500,000,000 Shares, representing 75% of the entire issued share capital of the Company as at the date of the Sale and Purchase Agreement, free from all encumbrances and together with all rights attached thereto at the completion date with effect from the completion of the sale and purchase of the sale shares pursuant to the Sale and Purchase Agreement.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS *(Continued)*

Long position in ordinary shares of HK\$0.01 each of the Company *(Continued)*

Save as disclosed above, as at 30 June 2020, 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 June 2020, 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:

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

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 (Notes 1 & 5)	Beneficial interest	1,500,000,000	75%
Ms. Lui Wing Patsie ("Ms. Lui") (Notes 2 & 5)	Interest in spouse	1,500,000,000	75%
Chance Wise Investments Limited (Notes 4 & 5)	Beneficial Interest	1,500,000,000	75%
Fok Yuk Tong (Notes 3, 4 & 5)	Interest in controlled corporation	1,500,000,000	75%
Hsieh Ching Chun (Notes 3, 4 & 5)	Interest in controlled corporation	1,500,000,000	75%

Notes:

- (1) 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.
- (2) Ms. Lui is the spouse of Mr. B Lo.
- (3) Mr. Fok and Ms. Hsieh are spouses.
- (4) CWIL is beneficially owned by Mr. Fok and Ms. Hsieh as to 30% and 70%, respectively. As such, Mr. Fok and Ms. Hsieh are deemed to be interested in the 1,500,000,000 Shares held by CWIL under the SFO.
- (5) On 28 April 2020 (after trading hours), CWIL as a purchaser, Mr. Fok as the guarantor to CWIL, TML as a vendor and Mr. B Lo and Mr. C Lo as the warrantors had entered into the Sale and Purchase Agreement. Pursuant to the Sale and Purchase Agreement, TML conditionally agreed to sell and CWIL conditionally agreed to purchase 1,500,000,000 Shares, representing 75% of the entire issued share capital of the Company as at the date of the Sale and Purchase Agreement, free from all encumbrances and together with all rights attached thereto at the completion date with effect from the completion of the sale and purchase of the sale shares pursuant to the Sale and Purchase Agreement.

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

Long position in ordinary shares of HK\$0.01 each of the Company *(Continued)*

Save as disclosed above, as at 30 June 2020, 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 June 2020, no share option has been granted by the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period and up to the date of this report.

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 Period and up to the date of this report.

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 throughout the Period and up to the date of this report.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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 Period, to the best knowledge of the Board, the Company has applied the principles and complied with all the applicable code provisions set out in the CG Code.

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. Mok Kwai Pui Bill (“**Mr. Mok**”), Mr. Ma Wai Hung Vincent and Mr. Ng Shu Bun Andrew. Mr. Mok is the chairman of the Audit Committee.

The Audit Committee had reviewed the unaudited condensed consolidated results of the Group for the Period with the management 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, 7 August 2020

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.