



PF Group Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8221



2020 Interim 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 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 2020 together with the comparative unaudited figures for the corresponding periods in 2019, as follows:

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

For the three months and six months ended 30 September 2020

	Notes	Three months ended 30 September		Six months ended 30 September	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Revenue					
Commission income from securities dealing and brokerage services		2,707	1,554	4,572	3,102
Fee and commission income from placing and underwriting activities	4	297	9,865	363	10,413
Interest income from margin and loan financing services		1,872	1,736	4,092	3,269
Fee income from asset management services		454	322	907	639
Others	5	495	485	1,000	1,843
Total revenue		5,825	13,962	10,934	19,266
Bank interest income		64	102	256	152
Other gains and losses		470	130	1,401	231
		6,359	14,194	12,591	19,649
Commission expenses	6	(779)	(6,299)	(1,332)	(6,721)
Depreciation expenses		(1,237)	(1,234)	(2,473)	(1,301)
Staff costs	7	(2,399)	(3,532)	(10,447)	(6,044)
Other operating expenses		(2,051)	(2,671)	(4,877)	(5,763)
Finance costs	8	(38)	(93)	(87)	(134)
(Loss)/profit before tax	9	(145)	365	(6,625)	(314)
Income tax expense	10	-	(76)	-	(76)
(Loss)/profit for the period attributable to owners of the Company		(145)	289	(6,625)	(390)
Other comprehensive loss:					
Items that may be reclassified subsequently to profit or loss:					
Fair value loss on financial assets measured at fair value through other comprehensive income		(27)	-	(27)	-
Other comprehensive loss for the period		-	-	(27)	-
Total comprehensive (loss)/income for the period attributable to owners of the Company		(172)	289	(6,652)	(390)
		HK cents	HK cents	HK cents	HK cents
(Loss)/earnings per share					
Basic	11	(0.01)	0.01	(0.33)	(0.02)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

	Notes	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
Non-current assets			
Property and equipment	13	321	430
Right-of-use assets	14	3,545	5,909
Financial assets at fair value through other comprehensive income	15	1,506	1,505
Deposits placed with stock exchange and clearing house		630	630
Total non-current assets		6,002	8,474
Current assets			
Accounts receivable	16	98,299	125,518
Rental and utility deposits		1,422	1,420
Prepayments and other receivables		1,613	1,619
Tax recoverables		4,757	4,757
Cash and bank balances:			
Bank balance — house accounts		79,596	107,466
Pledged bank deposits		5,000	5,000
Cash held on behalf of customers		49,273	45,650
Total current assets		239,960	291,430
Current liabilities			
Accounts payable	17	51,639	45,592
Other payables and accruals		3,192	4,168
Lease liabilities	18	3,631	4,771
Total current liabilities		58,462	54,531
Net current assets		181,498	236,899
Total assets less current liabilities		187,500	245,373
Non-current liability			
Lease liability	18	–	1,221
Total non-current liability		–	1,221
Net assets		187,500	244,152
Equity			
Share capital	19	20,000	20,000
Reserves		167,500	224,152
Total equity attributable to owners of the Company		187,500	244,152

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 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	166,161	244,152
Loss and total comprehensive loss for the period	-	-	-	(6,652)	(6,652)
Dividend declared and payable	-	-	-	(50,000)	(50,000)
At 30 September 2020 (unaudited)	20,000	48,229	9,762	109,509	187,500

For the six months ended 30 September 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	-	-	-	(390)	(390)
At 30 September 2019 (unaudited)	20,000	48,229	9,762	202,034	280,025

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2020

	Six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Net cash generated from/(used in) operating activities	24,533	(10,448)
Net cash generated from/(used in) investing activities	–	5,118
Net cash used in financing activities	(52,403)	(6,285)
Net decrease in cash and cash equivalents	(27,870)	(11,615)
Cash and cash equivalents at the beginning of the period	107,466	189,585
Cash and cash equivalents at the end of the period		
Represented by cash and bank balances — house accounts	79,596	177,970

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 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 of Hong Kong Limited (the “**Stock Exchange**”) since 6 January 2017. Its ultimate holding company is Thoughtful Mind Limited (“**TML**”), a company incorporated in the British Virgin Islands the (“**BVI**”) with limited liability.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as 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 Group 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 13 November 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 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 2020 except in relation to the new and revised HKFRSs issued by the HKICPA that are adopted for the first time for the periods financial information.

The Group has applied for the first time in the current period as described below.

HKFRS 16 Leases

Impacts and accounting policies on early application of Amendment to HKFRS 16 "COVID-19-Related Rent Concessions"

Leases

COVID-19-Related Rent Concessions

Rent concessions relating to lease contracts that occurred as a direct consequence of Coronavirus disease 2019 (the "**COVID-19**") pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 "Leases" if the changes were not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

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

HKFRS 16 Leases *(Continued)*

Save for the above, the adoption of new and revised HKFRSs has no significant effect on these financial statements. The Group has not applied the new HKFRSs that have been issued but are not yet effective.

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.

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;

3. SEGMENT REPORTING (Continued)

Revenue from major services (Continued)

- (c) financing services, including securities and IPO margin financing and loan financing, which generate interest income from margin and loan financing clients;
- (d) asset management services, which primarily generate management fee and performance fee; and
- (e) other services, which primarily generate fee income (such as agency fee and professional service fee income) from other services provided.

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 periods are as followings:

Disaggregation of revenue from contracts with customers

	Three months ended 30 September		Six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Securities dealing and brokerage service	2,707	1,554	4,572	3,102
Placing and underwriting services	297	9,865	363	10,413
Asset management services	454	322	907	639
Other services	495	485	1,000	1,843
Revenue from contracts with customers	3,953	12,226	6,842	15,997
Revenue from other sources				
Interest income from margin financing services	1,238	1,736	2,831	3,269
Interest income from loan financing	634	-	1,261	-
	1,872	1,736	4,092	3,269
	5,825	13,962	10,934	19,266
Timing of revenue recognition:				
A point in time	5,400	13,710	10,084	18,765
Over time	425	252	850	501
	5,825	13,962	10,934	19,266

4. FEE AND COMMISSION INCOME FROM PLACING AND UNDERWRITING ACTIVITIES

	Three months ended 30 September		Six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Fee and commission income from selling shareholders/issuers/brokers	297	6,973	363	7,521
Commission income from subscribers	-	2,892	-	2,892
	297	9,865	363	10,413

5. OTHER REVENUE

	Three months ended 30 September		Six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Handling and agency fee income	-	35	-	143
Professional service fee income	495	450	1,000	1,700
	495	485	1,000	1,843

6. COMMISSION EXPENSES

	Three months ended 30 September		Six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Commission to account executives	779	1,261	1,332	1,683
Commission to sub-placing agents and sub-underwriters	-	5,038	-	5,038
	779	6,299	1,332	6,721

7. STAFF COSTS

	Three months ended 30 September		Six months ended 30 September	
	2020	2019	2020	2019
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Salaries	1,115	1,697	2,881	3,150
Contributions to Mandatory Provident Fund	47	59	92	126
Directors' emoluments				
— Fees	99	99	198	198
— Salaries	1,120	1,020	2,239	1,895
— Bonus	–	641	5,000	641
— Contributions to Mandatory Provident Fund	18	16	37	34
	2,399	3,532	10,447	6,044

8. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2020	2019	2020	2019
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Interest on bank borrowings	–	19	–	60
Interest on lease liabilities	38	74	87	74
	38	93	87	134

9. (LOSS)/PROFIT BEFORE TAX

(Loss)/profit before tax has been arrived at after charging:

	Three months ended 30 September		Six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Depreciation expenses in respect of:				
Right-of-use assets	1,182	1,176	2,364	1,176
Property, plant and equipment	55	58	109	125
Minimum lease payments paid under operating lease in respect of rented premises	–	224	–	1,331
Legal and professional fees	260	533	1,151	1,409
Donation	–	80	–	180
Entertainment expenses	26	112	64	366
Referral fee	–	580	–	580

10. INCOME TAX EXPENSE

	Three months ended 30 September		Six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Current tax:				
Hong Kong profits tax	–	76	–	76

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 2020. No provision for Hong Kong Profit Tax has been made as there are no assessable profits for the period ended 30 September 2020.

11. (LOSS)/EARNINGS PER SHARE

The calculation of the basic (loss)/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	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
(Loss)/earnings				
(Loss)/earnings for the purpose of basic earnings per share:				
(Loss)/profit for the period attributable to owners of the Company	(172)	289	(6,652)	(390)

	Three months ended 30 September		Six months ended 30 September	
	2020 (unaudited)	2019 (unaudited)	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	2,000,000,000	2,000,000,000

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

12. DIVIDEND

	2020 HK\$'000	2019 HK\$'000
Dividends for ordinary shareholders for the Company recognised as distribution during the period:		
— Dividends	50,000	–

A final dividend in respect of the year ended 31 March 2020 of HK\$0.025 (2019: HK\$nil) per ordinary share, in aggregate amount of HK\$50,000,000 (2019: HK\$nil) has been declared and paid to the ordinary shareholders of the Company.

13. PROPERTY AND EQUIPMENT

There was no acquisition (2019: HK\$34,000) and disposal (2019: no disposal) of property and equipment during the six months ended 30 September 2020 and 2019.

14. RIGHT-OF-USE ASSETS

	Office premises HK\$'000
COST	
At 1 April 2019 and 30 September 2020 (Note)	9,454
ACCUMULATED DEPRECIATION	
At 1 April 2020	3,545
Charge for the year	2,364
At 31 March 2020	5,909
CARRYING VALUES	
As at 30 September 2020	3,545
As at 31 March 2020	5,909

14. RIGHT-OF-USE ASSETS (Continued)

Note:

Expense relating to short-term leases and other leases with lease terms end within 12 months from the date of initial application of HKFRS 16 amounted to approximately HK\$1,004,000 during current year.

Lease liabilities of HK\$9,454,000 are recognised with the related right-of-use assets of HK\$9,454,000 at 1 April 2019.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 September 2020 HK\$'000	31 March 2020 HK\$'000
Bonds	1,506	1,505
Analysed for reporting purposes as:		
Non-current assets	1,506	1,505

As at 31 March 2020, the carrying amount of bonds was approximately HK\$1,505,000 and the maturity dates are beyond one year after the end of report period.

The bonds denominated in United States Dollars carry at fixed rate 14% per annum of which notional amount was US\$200,000. The bonds are stated at fair values at the end of the reporting period and their fair values are determined by reference to market bid prices quoted by financial institutions and brokers.

16. ACCOUNTS RECEIVABLE

	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
Accounts receivable arising from the business of dealing in securities:		
— Clearing house	–	429
— Cash clients	8,665	7,789
— Margin clients	88,924	103,641
Accounts receivable arising from loan financing	–	13,018
Accounts receivable arising from the placing and underwriting services	295	340
Accounts receivable arising from asset management services	415	266
Accounts receivable arising from other services	–	35
	98,299	125,518

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 5.38% to 20% as at 30 September 2020 (31 March 2020: 5.38% to 13.00%). 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.

16. ACCOUNTS RECEIVABLE *(Continued)*

Accounts receivable from margin clients as at 30 September 2020 and 31 March 2020 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\$403,910,000 as at 30 September 2020 (31 March 2020: HK\$497,959,000). The Group is not prohibited to sell the collaterals upon customers' default or repledge the collaterals upon receiving customers' authorisation.

As at 30 September 2020, 98.9% (31 March 2019: 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 2020, there was no accounts receivable from margin clients and due from Directors (31 March 2020: HK\$1,161,000), accounts receivable from a family member of a Director of approximately HK\$23,569,000 (31 March 2020: HK\$23,828,000) and there was no accounts receivable due from an entity controlled by the Directors (31 March 2020: approximately HK\$1,009,000).

Except for the ageing of accounts receivable from margin clients which are past due but not impaired, 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 services and asset management services are repayable in accordance with the contract terms.

16. ACCOUNTS RECEIVABLE *(Continued)*

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

	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
0-60 days	388	215
61-90 days	42	51
>90 days	280	375
	710	641

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

17. ACCOUNTS PAYABLE

	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
Accounts payable arising from the business of dealing in securities:		
— Clearing house	675	109
— Cash clients	43,314	41,004
— Margin clients	7,159	4,457
Accounts payable arising from the placing and underwriting services	—	22
Accounts payable arising from other services	491	—
	51,639	45,592

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.

17. 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 included amounts payable to Directors of approximately HK\$463,000 as at 30 September 2020 (31 March 2020: approximately HK\$78,000).

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 services are payable in accordance with the contract terms.

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

	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
0-60 days	491	22
61-90 days	-	-
	491	22

18. LEASE LIABILITY

	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
Minimum lease payments due		
— Within one year	3,631	4,900
— More than one year but not more than two years	—	1,225
	3,631	6,125
Less: total future interest expense	—	(133)
Present value of lease liabilities	3,631	5,992
	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
Current liabilities	3,631	4,771
Non-current liabilities	—	1,221
	3,631	5,992

19. SHARE CAPITAL

	Number of ordinary shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 31 March 2020 and 30 September 2020	8,000,000,000	80,000
Issued and fully paid:		
At 31 March 2020 and 30 September 2020	2,000,000,000	20,000

20. RELATED PARTY TRANSACTIONS

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

	Six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Commission income from securities dealing and brokerage services received or receivable from:		
Directors	7	-
Family member of a Director	-	7
Entity controlled by the Directors	-	22

20. RELATED PARTY TRANSACTIONS *(Continued)*

	Six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Interest income from margin financing received or receivable from:		
Directors	17	36
Family member of a Director	639	683
Entity controlled by the Directors	4	38

The balances with related parties have been disclosed in notes 16 and 17.

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	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Short term employee benefits	7,437	2,082
Contributions to Mandatory Provident Fund	37	34
	7,474	2,116

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 loan financing; and (iv) asset management services.

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

For the six months ended 30 September 2020 (the “**Period**” or “**2Q2020**”), as compared to the six months ended 30 September 2019 (the “**Corresponding Period**” or “**2Q2019**”). The Group had 345 active securities trading accounts (2Q2019: 298), the total transaction value for 2Q2020 was approximately HK\$2.1 billion (2Q2019: approximately HK\$1.5 billion). The Group’s commission income from securities dealing and brokerage services increased by approximately 48.4% from approximately HK\$3.1 million for 2Q2019 to approximately HK\$4.6 million for 2Q2020. 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 40.0% compared to 2Q2019.

Fee and commission income from placing and underwriting activities decreased by approximately 96.2% from approximately HK\$10.4 million for 2Q2019 to approximately HK\$0.4 million for 2Q2020, which was mainly attributable to the decrease in the number of placing and underwriting engagement participated by the Group and the total transaction value decreased by approximately HK\$ 88.3 million.

Interest income from margin financing mainly represents the interest income generated from the provision of margin and loan financing services for customers to purchase securities listed in the Stock Exchange on a margin basis. For the Period, interest income from margin and loan financing increased by 24.2% from approximately HK\$3.3 million for 2Q2019 to approximately HK\$4.1 million for 2Q2020.

The Group’s fee income from asset management services for the 2Q2020 approximately HK\$0.9 million, representing an increase of approximately 50.0% as compared to approximately HK\$0.6 million for 2Q2019. As at 30 September 2020, the Group had five asset management clients in total and the total net assets value managed by the Group was approximately HK\$4.9 billion.

The Group recorded revenue from other services of approximately HK\$1.0 million for 2Q2020 which mainly comprised of agency fee and professional service income of approximately HK\$1.0 million.

Overall, total revenue for 2Q2020 was approximately HK\$10.9 million, representing a decrease of approximately 43.5% as compared to 2Q2019.

BUSINESS REVIEW AND OUTLOOK *(Continued)*

Entering into 2020, the rapid spread of 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

The Group's total revenue for 2Q2020 was approximately HK\$10.9 million, representing a decrease of approximately HK\$8.4 million or 43.5% from approximately HK\$19.3 million for 2Q2019. The decrease in total revenue was mainly attributed to the decrease in fee and commission income from placing and underwriting activities of approximately HK\$10.0 million due to the decrease in number of engagements participated by the Group.

The Group's commission income from securities dealing and brokerage services increased by approximately HK\$1.5 million or 48.4% from approximately HK\$3.1 million for 2Q2019 to approximately HK\$4.6 million for 2Q2020. The increase was mainly attributable to the total transaction value of securities trading carried out by the Group on behalf of customers increased to approximately HK\$2.1 billion for 2Q2020 (2Q2019: approximately HK\$1.5 billion).

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 2Q2020, the Group completed 2 placing and underwriting engagements with a total transaction value of approximately HK\$26.0 million (2Q2019: 5 placing and underwriting engagements with a total transaction value of approximately HK\$114.3 million). The Group generated fee and commission income from placing and underwriting activities decreased by approximately 96.2% from approximately HK\$10.4 million in 2Q2019 to approximately HK\$0.4 million in 2Q2020. The decrease was mainly attributable to the decrease in number of engagements participated by the Group and the total transaction value decreased by approximately HK\$88.3 million.

FINANCIAL REVIEW *(Continued)*

Revenue *(Continued)*

Interest income from margin and loan financing services increased by approximately HK\$0.8 million for 2Q2020 (2Q2019: approximately HK\$3.3 million).

As at 30 September 2020, the Group had five (2Q2019: four) asset management clients and the total net assets value managed by the Group amounted to approximately HK\$4.9 billion (2Q2019: approximately HK\$4.4 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 2Q2020, the Group recorded a total fee income from its asset management services of approximately HK\$0.9 million (2Q2019: approximately 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 2Q2020, revenue from other services mainly comprised of agency fee and professional service income of approximately HK\$1.0 million (2Q2019: approximately HK\$1.8 million).

Loss for the Period

Loss for 2Q2020 was approximately HK\$6.7 million, representing an increase of approximately HK\$6.3 million from loss of approximately HK\$0.4 million for 2Q2019, which was primarily attributed to the decrease in fee and commission income from placing and underwriting activities as discussed above.

On 10 August 2020, the Board resolved the declaration and payment of a final dividend of HK\$0.025 (2019: HK\$nil) per ordinary share of the Company (the "**Final Dividend**"), in aggregate amounting to HK\$50,000,000 (2019: HK\$nil). The Final dividend was paid in cash on or around 28 August 2020.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the Period, the Group mainly financed its operations, capital expenditure and other capital requirement by internal resources and net proceeds raised from the placing (the “**Placing**”) upon listing. As at 30 September 2020, the Group had net current assets of approximately HK\$181.5 million (31 March 2020: approximately HK\$236.9 million), including cash and cash equivalents of approximately HK\$79.6 million excluding pledged bank deposit and cash held on behalf of customers (31 March 2020: approximately HK\$107.5 million). The current ratio, being the ratio of current assets to current liabilities, was approximately 4.1 times as at 30 September 2020 (31 March 2020: approximately 5.3 times).

As at 30 September 2020, the Group had no bank borrowings outstanding (31 March 2020: no bank borrowings).

The capital of the Group comprises only ordinary shares. Total equity attributable to owners of the Company amounted to approximately HK\$187.5 million as at 30 September 2020 (31 March 2020: approximately HK\$244.2 million).

PLEDGE OF THE GROUP’S ASSETS

As at 30 September 2020, the Group had pledged its bank deposit amounting to HK\$5.0 million (31 March 2020: HK\$5.0 million) for banking facilities granted by a bank in Hong Kong to the Group.

EMPLOYEE INFORMATION

As at 30 September 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 six months ended 30 September 2020 were approximately HK\$10.4 million (2Q2019: approximately HK\$6.0 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 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 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. The completion of the Sale and Purchase Agreement (the "**Completion**") took place on 28 October 2020. Pursuant to the Sale and Purchase Agreement, the consideration (the "**Consideration**") would be adjusted if the cash level (the "**Cash Level**") on the date of the Completion is less than HK\$110 million. As at 28 October 2020, the Cash Level is above HK\$110 million and accordingly, no adjustment on the Consideration has been made.

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.

Accordingly, the minimum public float requirement of 25% as set out in Rule 11.23(7) of the GEM Listing Rules is not satisfied. The Company has applied to the Stock Exchange for a temporary waiver from strict compliance with Rule 11.23(7) of the GEM Listing Rules from the Completion Date to 31 December 2020, details of which will be disclosed in the composite document to be jointly issued by the Offeror and the Company.

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, 4 August 2020, 3 September 2020, 4 September 2020, 7 September 2020, 7 October 2020, 28 October 2020 and 4 November 2020.

EVENT AFTER THE REPORTING PERIOD

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

OTHER INFORMATION

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 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%

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)*

Notes:

- (1) 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.
- (2) 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 (the “**Completion**”). Following the Completion on 28 October 2020, Mr. B Lo and Mr. C Lo ceased to have interest in the 1,500,000,000 shares of the Company under the SFO.

Save as disclosed above, as at 30 September 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 September 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:

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 ("CWIL") (Notes 4 & 5)	Beneficial Interest	1,500,000,000	75%
Mr. Fok Yuk Tong (Notes 3, 4 & 5)	Interest in controlled corporation	1,500,000,000	75%
Ms. Hsieh Ching Chun (Notes 3, 4 & 5)	Interest in controlled corporation	1,500,000,000	75%

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)*

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. Following the Completion on 28 October 2020, TML and Ms. Lui ceased to have interest in the 1,500,000,000 shares of the Company under the SFO.

Save as disclosed above, as at 30 September 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 the date of this report, no share option has been granted under the Scheme.

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.

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 in Appendix 15 of the GEM Listing Rules (the “**CG Code**”). Throughout the Period, to the best knowledge of the Board, the Company has 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 unaudited condensed consolidated results of the Group for the Period and this report with the senior management of the Company 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 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.