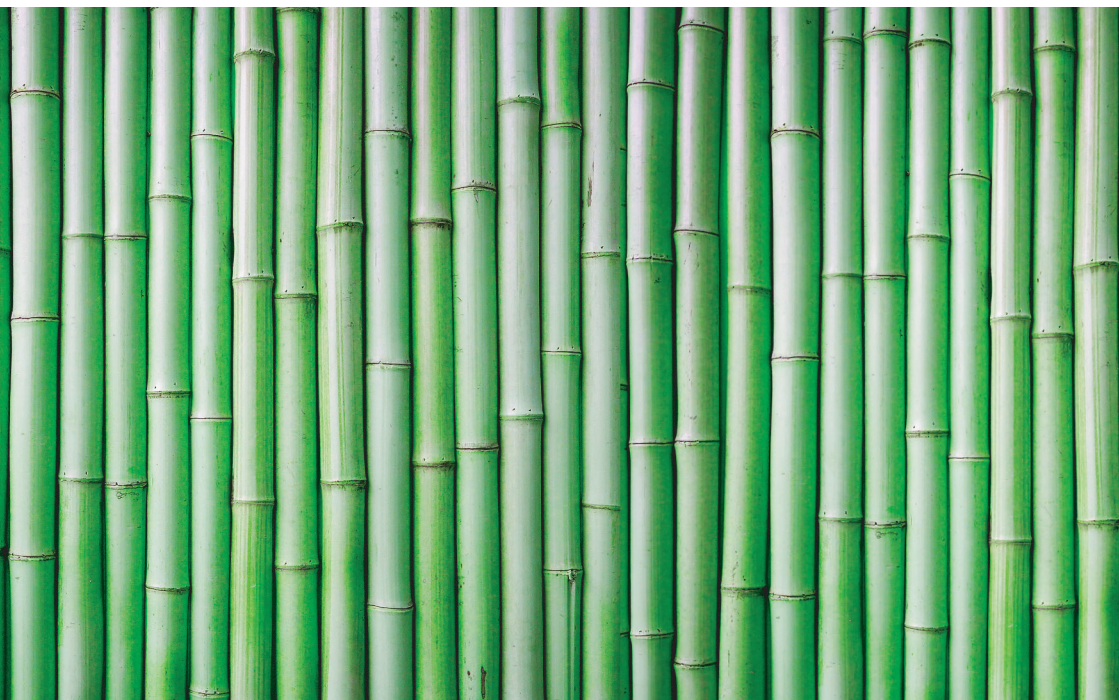




# PF Group Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8221



## 2021 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.

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

*This report, for which the directors (the “**Directors**”) of PF Group Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on 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 2021 together with the comparative unaudited figures for the corresponding periods in 2020, as follows:

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

For the three months and six months ended 30 September 2021

	Notes	Three months ended 30 September		Six months ended 30 September	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Revenue					
Commission income from securities dealing and brokerage services		770	2,707	1,580	4,572
Fee and commission income from placing and underwriting activities	4	-	297	-	363
Interest income from margin and loan financing services		739	1,872	1,691	4,092
Fee income from asset management services		-	454	-	907
Others	5	131	495	154	1,000
Total revenue		1,640	5,825	3,425	10,934
Bank interest income		16	64	16	256
Other gains and losses		1,053	470	1,311	1,401
		2,709	6,359	4,752	12,591
Commission expenses	6	(296)	(779)	(670)	(1,332)
Depreciation expenses		(755)	(1,237)	(1,992)	(2,473)
Staff costs	7	(2,372)	(2,399)	(4,730)	(10,447)
Other operating expenses		(1,011)	(2,051)	(4,075)	(4,877)
Finance costs	8	(63)	(38)	(67)	(87)
Loss before tax	9	(1,788)	(145)	(6,782)	(6,625)
Loss for the period attributable to owners of the Company		(1,788)	(145)	(6,782)	(6,625)
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 for the period attributable to owners of the Company		(1,788)	(172)	(6,782)	(6,652)
		HK cents	HK cents	HK cents	HK cents
Loss per share					
Basic	11	(0.09)	(0.01)	(0.34)	(0.33)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

	Notes	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
<b>Non-current assets</b>			
Property and equipment	13	11,539	830
Right-of-use assets	14	6,764	1,182
Deposits placed with stock exchange and clearing house		630	630
Prepayment for acquisition of property and equipment		–	6,198
<b>Total non-current assets</b>		<b>18,933</b>	8,840
<b>Current assets</b>			
Accounts receivable	15	74,573	52,846
Financial assets at fair value through other comprehensive income	16	1,647	1,538
Rental and utility deposits		782	2,449
Prepayments and other receivables		1,827	1,418
Tax recoverables		–	4,757
Cash and bank balances:			
Bank balance — house accounts		103,815	115,900
Cash held on behalf of customers		36,202	39,126
<b>Total current assets</b>		<b>218,846</b>	218,034
<b>Current liabilities</b>			
Accounts payable	17	53,544	43,375
Other payables and accruals		5,785	4,153
Lease liabilities	18	1,268	1,221
<b>Total current liabilities</b>		<b>60,597</b>	48,749
<b>Net current assets</b>		<b>158,249</b>	169,285
<b>Total assets less current liabilities</b>		<b>177,182</b>	178,125
<b>Non-current liability</b>			
Lease liability	18	5,525	–
<b>Total non-current liability</b>		<b>5,525</b>	–
<b>Net assets</b>		<b>171,657</b>	178,125
<b>Equity</b>			
Share capital	19	20,000	20,000
Reserves		151,657	158,125
<b>Total equity attributable to owners of the Company</b>		<b>171,657</b>	178,125

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2021

	Equity attributable to owners of the Company					
	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Fair value through other comprehensive income reserves HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 April 2021 (audited)	20,000	48,229	9,762	(14)	100,148	178,125
Loss and total comprehensive loss for the period	-	-	314	-	(6,782)	(6,468)
Dividend declared and payable	-	-	-	-	-	-
At 30 September 2021 (unaudited)	20,000	48,229	10,076	(14)	93,366	171,657

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	Fair value through other comprehensive income 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

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2021

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Net cash generated from/(used in) operating activities	562	24,533
Net cash generated from/(used in) investing activities	(10,810)	–
Net cash used in financing activities	(1,837)	(52,403)
Net decrease in cash and cash equivalents	(12,085)	(27,870)
Cash and cash equivalents at the beginning of the period	115,900	107,466
Cash and cash equivalents at the end of the period		
Represented by cash and bank balances – house accounts	103,815	79,596

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2021*

### 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 Chance Wise Investments Limited ("**CWIL**"), a company incorporated in the British Virgin Islands 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 Room 4409, 44/F, COSCO Tower, 183 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 12 November 2021.

### 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**") 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 interim 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 interim results should be read in conjunction with the Group's audited annual financial statements for the year ended 31 March 2021 (the "**2021 Annual Report**"). The accounting policies and methods of computation adopted are consistent with those followed in the preparation of the 2021 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 2021. The adoption of such standards, amendments and interpretations does not have material financial effect on this interim 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.

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 relevant periods are as follows:

#### Disaggregation of revenue from contracts with customers

	Three months ended 30 September		Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Securities dealing and brokerage service	770	2,707	1,580	4,572
Placing and underwriting services	–	297	–	363
Asset management services	–	454	–	907
Other services	131	495	154	1,000
Revenue from contracts with customers	901	3,953	1,734	6,842
<b>Revenue from other sources</b>				
Interest income from margin financing services	451	1,238	1,141	2,831
Interest income from loan financing	288	634	550	1,261
	739	1,872	1,691	4,092
	1,640	5,825	3,425	10,934
<b>Timing of revenue recognition:</b>				
A point in time	901	5,400	1,734	10,084
Over time	–	425	–	850
	901	5,825	1,734	10,934

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

	Three months ended 30 September		Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Fee and commission income from selling shareholders/issuers/ brokers	-	297	-	363
	-	297	-	363

#### 5. OTHER REVENUE

	Three months ended 30 September		Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Handling and agency fee income	-	-	1	-
Professional service fee income	131	495	153	1,000
	131	495	154	1,000

#### 6. COMMISSION EXPENSES

	Three months ended 30 September		Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Commission to account executives	296	779	670	1,332
	296	779	670	1,332

## 7. STAFF COSTS

	Three months ended 30 September		Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Salaries	1,277	1,115	2,658	2,881
Contributions to Mandatory Provident Fund	50	47	96	92
Directors' emoluments				
– Fees	1,029	99	1,943	198
– Salaries	–	1,120	–	2,239
– Bonus	–	–	–	5,000
– Contributions to Mandatory Provident Fund	16	18	33	37
	<b>2,372</b>	<b>2,399</b>	<b>4,730</b>	<b>10,447</b>

## 8. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Interest on bank borrowings	–	–	–	–
Interest on lease liabilities	63	38	67	87
	<b>63</b>	<b>38</b>	<b>67</b>	<b>87</b>

## 9. LOSS BEFORE TAX

Loss before tax has been arrived at after charging:

	Three months ended 30 September		Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Depreciation expenses in respect of:				
Right-of-use assets	655	1,182	1,836	2,364
Property, plant and equipment	101	55	156	109
Minimum lease payments paid under operating lease in respect of rented premises	63	-	67	-
Legal and professional fees	342	260	1,262	1,151
Donation	-	-	-	-
Entertainment expenses	28	26	53	64
Referral fee	-	-	-	-

## 10. INCOME TAX EXPENSE

	Three months ended 30 September		Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Current tax:				
Hong Kong profits tax	-	-	-	-

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 2021. No provision for Hong Kong profits tax has been made as there are no assessable profits for the six months ended 30 September 2021.

## 11. 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 September		Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
<b>Loss</b>				
Loss for the purpose of basic earnings per share:				
Loss for the period attributable to owners of the Company	(1,788)	(172)	(6,782)	(6,652)
	Three months ended 30 September		Six months ended 30 September	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (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 2021 and 2020, there were no dilutive potential ordinary shares in issue, thus no diluted earnings per share is presented.

## 12. DIVIDEND

	2021 HK\$'000	2020 HK\$'000
Dividends for ordinary shareholders for the Company recognised as distribution during the period:		
– Dividends	–	50,000

No dividend was declared and paid during the six months ended 30 September 2021 (2020: A final dividend of HK\$50,000,000 was declared and approved on annual general meeting at 10 August 2020 and payable to the ordinary shareholders of the Company, for the year ended 31 March 2020). The Board does not recommend the payment of any dividend for the six months ended 30 September 2021 (for the six months ended 30 September 2020: Nil).

## 13. PROPERTY AND EQUIPMENT

Due to the relocation of the principal place of business of the Company during the Period and there was an acquisition of a motor vehicle, the aggregate amount of the costs of renovation and acquisition costs of new fixtures and furniture as well as the motor vehicle was approximately HK\$9.8 million (the Corresponding Period: no acquisition) and there was no disposal (the Corresponding Period: no disposal) of property and equipment during the Period.

## 14. RIGHT-OF-USE ASSETS

	Office premises HK\$'000
<b>COST</b>	
At 1 April 2020 and 30 September 2021 (Note)	16,873
<b>ACCUMULATED DEPRECIATION</b>	
At 1 April 2021	8,272
Charge for the year	1,837
At 30 September 2021	10,109
<b>CARRYING VALUES</b>	
As at 30 September 2021	6,764
As at 31 March 2021	1,182

## 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\$67,000 during current year.

Lease liabilities of HK\$1,221,000 are recognised with the related right-of-use assets of HK\$1,182,000 at 1 April 2021.

## 15. ACCOUNTS RECEIVABLE

	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
Accounts receivable arising from the business of dealing in securities:		
– Clearing house	710	3,140
– Cash clients	15,345	8,822
– Margin clients	39,856	26,752
Accounts receivable arising from loan financing	18,662	14,088
Accounts receivable arising from the placing and underwriting services	–	–
Accounts receivable arising from asset management services	–	44
Accounts receivable arising from other services	–	–
	<b>74,573</b>	<b>52,846</b>

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.

## 15. ACCOUNTS RECEIVABLE *(Continued)*

Accounts receivable from margin clients are recoverable on demand or according to agreed repayment schedules, and bearing interest at a rate of 5.38% to 13.00% as at 30 September 2021 (31 March 2021: 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.

Accounts receivable from margin clients as at 30 September 2021 and 31 March 2021 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\$274,812,000 as at 30 September 2021 (31 March 2021: HK\$279,310,000). The Group is not prohibited to sell the collaterals upon customers' default or repledge the collaterals upon receiving customers' authorisation.

As at 30 September 2021, 100% (31 March 2020: 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 2021, there was accounts receivable of approximately HK\$3,465,000 from margin clients and due from Directors (31 March 2021: nil), and there was no accounts receivable due from any entity controlled by the Directors (31 March 2021: nil).

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.



## 15. ACCOUNTS RECEIVABLE *(Continued)*

The following is an ageing 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:

	<b>30 September 2021 HK\$'000 (unaudited)</b>	31 March 2021 HK\$'000 (audited)
0–60 days	–	–
61–90 days	–	9
>90 days	–	35
	–	44

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.

## 16. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<b>30 September 2021 HK\$'000</b>	31 March 2021 HK\$'000
Bonds	<b>1,647</b>	1,538
Analysed for reporting purposes as:		
Non-current assets	–	–
Current assets	<b>1,647</b>	1,538

As at 30 September 2021, the carrying amount of bonds was approximately HK\$1,647,000 and will mature on 19 December 2021.

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.

## 17. ACCOUNTS PAYABLE

	<b>30 September 2021 HK\$'000 (unaudited)</b>	31 March 2021 HK\$'000 (audited)
Accounts payable arising from the business of dealing in securities:		
– Clearing house	–	–
– Cash clients	<b>53,544</b>	35,566
– Margin clients	–	7,809
Accounts payable arising from the placing and underwriting services	–	–
Accounts payable arising from other services	–	–
	<b>53,544</b>	43,375

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.

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 did not include amounts payable to Directors as at 30 September 2021 (31 March 2021: approximately HK\$318,000).

## 17. ACCOUNTS PAYABLE *(Continued)*

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 ageing analysis of accounts payable arising from the placing and underwriting services and other services presented based on the date of rendering services:

	<b>30 September 2021 HK\$'000 (unaudited)</b>	31 March 2021 HK\$'000 (audited)
0–60 days	–	22
61–90 days	–	–
	–	22

## 18. LEASE LIABILITY

	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
Minimum lease payments due		
– Within one year	1,268	1,225
– More than one year but not more than two years	5,525	–
	<b>6,793</b>	1,225
Less: total future interest expense	–	(4)
Present value of lease liabilities	<b>6,793</b>	1,221

	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
Current liabilities	1,268	1,221
Non-current liabilities	5,525	–
	<b>6,793</b>	1,221

## 19. SHARE CAPITAL

	Number of ordinary shares '000	Amount HK\$'000
<b>Ordinary shares of HK\$0.01 each</b>		
<b>Authorised:</b>		
At 31 March 2021 and 30 September 2021	8,000,000	80,000
<b>Issued and fully paid:</b>		
At 31 March 2021 and 30 September 2021	2,000,000	20,000

## 20. RELATED PARTY TRANSACTIONS

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

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
<b>Commission income from securities dealing and brokerage services received or receivable from:</b>		
Directors	121	7
Family member of a Director	–	–
Entity controlled by the Directors	–	–
<b>Interest income from margin financing received or receivable from:</b>		
Directors	68	17
Family member of a Director	–	639
Entity controlled by the Directors	–	4

The balances with related parties have been disclosed in notes 15 and 17.

**20. RELATED PARTY TRANSACTIONS** *(Continued)***Compensation of key management personnel**

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

	<b>Six months ended 30 September</b>	
	<b>2021</b> <b>HK\$'000</b> <b>(unaudited)</b>	<b>2020</b> <b>HK\$'000</b> <b>(unaudited)</b>
Short term employee benefits	<b>2,811</b>	7,437
Contributions to Mandatory Provident Fund	<b>51</b>	37
	<b>2,862</b>	7,474

## 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.

For the six months ended 30 September 2021 (the “**Period**”), as compared to the six months ended 30 September 2020 (the “**Corresponding Period**”), the Group had 283 active securities trading accounts (the Corresponding Period: 345), the total transaction value for the Period was approximately HK\$1.1 billion (the Corresponding Period: approximately HK\$2.1 billion). The Group’s commission income from securities dealing and brokerage services decreased by approximately 65% from approximately HK\$4.6 million for the Corresponding Period to approximately HK\$1.6 million for the Period. The decrease was mainly attributable to the total transaction value of securities trading carried out by the Group on behalf of customers decreased by approximately 48% as compared to the Corresponding Period.

Fee and commission income from placing and underwriting activities decreased by 100% from approximately HK\$0.4 million for the Corresponding Period to nil for the Period, which was attributable to the decrease in the number of placing and underwriting engagement participated by the Group.

Interest income from margin and loan financing services 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 and vehicle financing. For the Period, interest income from margin and loan financing services decreased by 59% from approximately HK\$4.1 million for the Corresponding Period to approximately HK\$1.7 million for the Period.

The Group’s fee income from asset management services for the Period was nil, representing a decrease of 100% as compared to approximately HK\$0.9 million for the Corresponding Period. As at 30 September 2021, the Group had no asset management clients.

The Group recorded revenue from other services of approximately HK\$0.1 million for the Period which mainly comprised of agency fee and professional service income.

Overall, total revenue for the Period was approximately HK\$3.4 million, representing a decrease of approximately 69% as compared to the Corresponding Period.

## **BUSINESS REVIEW AND OUTLOOK** *(Continued)*

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 IPO margin financing and asset management service.

The Group and the Directors have also been reviewing, among many aspects, the commission fee structure, commission sharing policy (with the account executives), margin rate to the brokerage clients and the nature of the clientele. The Group is therefore considering the recruitment of new account executives to strengthen the sales force and in turn develop a larger size of clientele with more active investors. For existing (and new) clients, the Company is considering to offer more favourable terms for their securities dealing and brokerage services businesses in order to attract more clients and increase the number of transactions, particularly in the area of subscribing for new IPOs which is perceived to be relatively active and has potential to grow in the Hong Kong capital markets.

To further supplement the interest income to be generated from the provision of current margin financing and loan financing services, the Group plans to broaden its margin financing services to participate in more large-scaled IPOs in Hong Kong as well as share-backed loan financing transactions which are expected to increase the source of the Group's interest income by better leveraging the Company's balance sheet subject to adequate internal control and risk assessment.

Combining the platform and resources of the Group with the client network and industry experiences of the Group's current management team, the Company will explore the potential of certain new product offerings, such as private equity funds and credit funds under Type 9 regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

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 the Period was approximately HK\$3.4 million, representing a decrease of approximately HK\$7.5 million or 69% from approximately HK\$10.9 million for the Corresponding Period. The decrease in total revenue was mainly attributed to the decrease in commission income from securities dealing and brokerage services activities of approximately HK\$3.0 million due to the decrease in transaction value of securities trading carried out by the Group.

The Group's commission income from securities dealing and brokerage services decreased by approximately HK\$3.0 million or 65% from approximately HK\$4.6 million for the Corresponding Period to approximately HK\$1.6 million for the Period. The decrease was mainly attributable to the total transaction value of securities trading carried out by the Group on behalf of customers decreased to approximately HK\$1.1 billion for the Period (the Corresponding Period: approximately HK\$2.1 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 the Period, the Group did not complete any placing and underwriting engagements (the Corresponding Period: 2 placing and underwriting engagements with a total transaction value of approximately HK\$26.0 million). The Group generated fee and commission income from placing and underwriting activities decreased by 100% from approximately HK\$0.4 million in the Corresponding Period to nil in the Period. The decrease was mainly attributable to the decrease in number of engagements participated by the Group.

Interest income from margin and loan financing services decreased by approximately HK\$2.4 million for the Period (the Corresponding Period: approximately HK\$4.1 million).

As at 30 September 2021, the Group had no (the Corresponding Period: five) asset management clients and the total net assets value managed by the Group was nil (the Corresponding Period: approximately HK\$4.9 billion).

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 Period, revenue from other services mainly comprised of agency fee and professional service income of approximately HK\$0.1 million (the Corresponding Period: approximately HK\$1.0 million).

## FINANCIAL REVIEW *(Continued)*

### Loss for the Period

Loss for the Period was approximately HK\$6.8 million, representing an increase of approximately HK\$0.1 million from loss of approximately HK\$6.7 million for the Corresponding Period, which was primarily attributed to the decrease in commission income from securities dealing and brokerage business and interest income from margin and loan financing services as discussed above.

The Board does not recommend the payment of any dividend for the six months ended 30 September 2021.

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the Period, the Group mainly financed its operations, capital expenditure and other capital requirement by internal resources. As at 30 September 2021, the Group had net current assets of approximately HK\$158.2 million (31 March 2021: approximately HK\$169.3 million), including cash and cash equivalents of approximately HK\$103.8 million excluding pledged bank deposit and cash held on behalf of customers (31 March 2021: approximately HK\$115.9 million). The current ratio, being the ratio of current assets to current liabilities, was approximately 3.6 times as at 30 September 2021 (31 March 2021: approximately 4.4 times).

As at 30 September 2021, the Group had no bank borrowings outstanding (31 March 2021: Nil).

The share capital of the Group comprises only ordinary shares. Total equity attributable to owners of the Company amounted to approximately HK\$171.7 million as at 30 September 2021 (31 March 2021: approximately HK\$178.1 million).

## EMPLOYEE INFORMATION

As at 30 September 2021, the Group had 20 employees (31 March 2021: 22), including the Directors. Total staff costs (including staff salaries, Directors' emoluments and contribution to Mandatory Provident Fund) for the six months ended 30 September 2021 were approximately HK\$4.7 million (the Corresponding Period: approximately HK\$10.4 million).

## **GEARING RATIO**

As at 30 September 2021, the gearing ratio of the Group, which was calculated by dividing the total debts by the total equity, was 4.0% (31 March 2021: 0.7%).

## **SIGNIFICANT INVESTMENTS**

The Group did not hold any significant investments during the Period.

## **MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES**

There was no material acquisition or disposal of subsidiaries, associates or joint ventures 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. 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 2021.

## **EVENT AFTER THE REPORTING PERIOD**

Save as disclosed in this report, 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 September 2021, 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. Fok Yuk Tong ("Mr. Fok") (Note 1)	Interest in controlled corporation	1,199,640,000	59.98
Ms. Hsieh Ching Chun ("Ms. Hsieh") (Note 1)	Interest in controlled corporation	1,199,640,000	59.98
Dr. Lee Chun Pong Bruce ("Dr. Lee") (Note 2, 3)	Interest in controlled corporation	300,000,000	15.00
Ms. Fok Kit Yee	Beneficial interest	360,000	0.02

## 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. The issued share capital of CWIL is beneficially owned as to 30% by Mr. Fok and 70% by Ms. Hsieh respectively. Mr. Fok is the spouse of Ms. Hsieh. Therefore, Mr. Fok and Ms. Hsieh are deemed to be interested in the 1,199,640,000 shares of the Company held by CWIL by virtue of the SFO.
2. Mega Wise Group Limited ("**MWGL**") is wholly-owned by Dr. Lee. Therefore, Dr. Lee is deemed to be interested in the 300,000,000 shares of the Company held by MWGL by virtue of the SFO.
3. Dr. Lee resigned as an executive Director and the chairman of the Board on 12 October 2021.

Save as disclosed above, as at 30 September 2021, 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 2021, 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
CWIL (Note 1)	Beneficial interest	1,199,640,000	59.98
MWGL (Notes 2 & 3)	Beneficial interest	300,000,000	15.00
Ms. Chow Nim Pui ("Ms. Chow") (Notes 2 & 3)	Interest in spouse	300,000,000	15.00

#### Notes:

1. The issued share capital of CWIL is beneficially owned as to 30% by Mr. Fok and 70% by Ms. Hsieh respectively. Mr. Fok is the spouse of Ms. Hsieh. Therefore, Mr. Fok and Ms. Hsieh are deemed to be interested in the 1,199,640,000 shares of the Company held by CWIL by virtue of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO").
2. MWGL is wholly-owned by Dr. Lee. Therefore, Dr. Lee is deemed to be interested in the 300,000,000 shares of the Company held by MWGL by virtue of the SFO.
3. Ms. Chow is the spouse of Dr. Lee. Therefore, Ms. Chow is deemed to be interested in the 300,000,000 shares of the Company held by Dr. Lee through MWGL under the SFO.

Save as disclosed above, as at 30 September 2021, 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. 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 or had any other conflicts of interest with the Group during the Period.

## CHANGES IN BOARD COMPOSITION AND INFORMATION OF DIRECTORS

The changes in the composition of the Board and information of the Directors that are subject to disclosure pursuant to Rule 17.50A(1) of the GEM Listing Rules during the Period and up to the date of this report are as follows:

1. The monthly remuneration of Mr. Fok Yuk Tong has been increased to HK\$106,000.00 with effect from 8 August 2021.
2. Mr. Cho Chun Man ceased to be an independent non-executive Director on 30 September 2021;
3. Mr. Tong Wing Chi has been appointed as an independent non-executive Director on 6 October 2021;
4. Mr. Wong Che Man Eddy has resigned as an independent non-executive Director of the Company on 11 October 2021;

## CHANGES IN BOARD COMPOSITION AND INFORMATION OF DIRECTORS *(Continued)*

5. Mr. Kwan Tsz Chun Sun has been appointed as an independent non-executive Director on 11 October 2021;
6. Dr. Lee Chun Pong Bruce has resigned as an executive Director, the chairman of the Board, an authorised representative of the Company under rule 5.24 of the GEM Listing Rules and the compliance officer of the Company under rule 5.19 of the GEM Listing Rules (the “**Compliance Officer**”) on 12 October 2021;
7. Ms. Fong Man Julisa has resigned as a non-executive Director on 12 October 2021; and
8. Mr. Fok Yuk Tong has been appointed as the chairman of the Board, an authorised representative of the Company under rule 5.24 of the GEM Listing Rules and the Compliance Officer on 12 October 2021.

## NON-COMPLIANCE WITH RULE 5.05(1) OF THE GEM LISTING RULES

After Mr. Cho Chun Man ceased to be an independent non-executive Director on 30 September 2021, the Company had only two independent non-executive Directors, which falls below the minimum number required under Rule 5.05(1) of the GEM Listing Rules. Following the appointment of Mr. Tong Wing Chi as independent non-executive Director with effect from 6 October 2021, the number of independent non-executive Directors had satisfied the minimum number required under Rule 5.05(1) 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, the Company confirmed that all Directors have complied with the Required Standard of Dealings throughout the Period.

## 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.



## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

*(Continued)*

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 of the knowledge of the Board, the Company has complied with all the applicable code provisions set out in the CG Code, except for the deviation from code provision A.2.1 and code provision A.6.7.

Code provision A.2.1 provides that the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. After the resignation of Mr. Lo Shiu Wing Chester as an executive Director and the chief executive officer of the Company on 14 December 2020, the post of Chief Executive Officer of the Company is vacant and the role of the Chief Executive Officer has been performed by the executive Directors collectively. The board of Directors will continue to use its best endeavour in finding a suitable candidate to assume duties as Chief Executive Officer of the Company as soon as possible.

Code provision A.6.7 requires independent non-executive Directors and non-executive Directors to attend general meetings to gain and develop a balanced understanding of the views of shareholders. Two independent non-executive Directors were absent at the annual general meeting held during their tenure on 6 August 2021 due to other commitments.

## AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with rules 5.28 and 5.29 of the GEM Listing Rules and the CG Code. The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Tong Wing Chi ("**Mr. Tong**"), Ms. Chan Hoi Wuen Katherine and Mr. Kwan Tsz Chun Sun. Mr. Tong 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**  
**Fok Yuk Tong**  
*Chairman and Executive Director*

Hong Kong, 12 November 2021

*As at the date of this report, the Board comprises seven Directors, namely Mr. Fok Yuk Tong (Chairman), Ms. Hsieh Ching Chun, Mr. Zhong Chu Jian and Ms. Fok Kit Yee as executive Directors; and Mr. Tong Wing Chi, Ms. Chan Hoi Wuen Katherine and Mr. Kwan Tsz Chun Sun as independent non-executive Directors.*