

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 2019 together with the comparative unaudited figures for the corresponding periods in 2018, as follows:

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

For the three months and six months ended 30 September 2019

	Notes	Three months ended 30 September		Six months ended 30 September	
		2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Revenue					
Commission income from securities dealing and brokerage services		1,554	1,829	3,102	3,658
Fee and commission income from placing and underwriting activities	4	9,865	9,560	10,413	21,071
Interest income from margin financing		1,736	1,956	3,269	3,293
Fee income from asset management services		322	491	639	1,018
Others	5	485	48	1,843	2,668
Total revenue		13,962	13,884	19,266	31,708
Bank interest income		102	5	152	9
Other gains and losses		130	261	231	487
		14,194	14,150	19,649	32,204
Commission expenses	6	(6,299)	(625)	(6,721)	(4,245)
Depreciation expenses		(1,234)	(63)	(1,301)	(127)
Staff costs	7	(3,532)	(2,457)	(6,044)	(4,855)
Other operating expenses		(2,671)	(4,960)	(5,763)	(8,844)
Finance costs		(93)	-	(134)	-
Profit/(loss) before tax	8	365	6,045	(314)	14,133
Income tax expense	9	(76)	(1,205)	(76)	(2,565)
Profit/(loss) and total comprehensive income for the period attributable to owners of the Company		289	4,840	(390)	11,568
		HK cents	HK cents	HK cents	HK cents
Earnings/(loss) per share					
Basic	10	0.01	0.24	(0.02)	0.58

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

	Notes	30 September 2019 HK\$'000 (unaudited)	31 March 2019 HK\$'000 (audited)
Non-current assets			
Property and equipment	12	553	644
Intangible asset	13	5,000	5,000
Deposits placed with stock exchange and clearing house		630	630
Right-of-use asset	14	8,231	–
Total non-current assets		14,414	6,274
Current assets			
Accounts receivable	15	110,521	103,016
Rental and utility deposits		1,420	1,195
Prepayments and other receivables		1,263	1,300
Tax recoverables		2,005	2,005
Cash and bank balances:			
Cash and bank balance — house accounts		177,970	189,585
Pledged bank deposit		–	5,000
Cash held on behalf of customers		50,379	73,441
Total current assets		343,558	375,542
Current liabilities			
Accounts payable	16	66,456	92,036
Other payables and accruals		3,158	4,365
Lease liability	17	2,301	–
Bank borrowing		–	5,000
Tax payable		76	–
Total current liabilities		71,991	101,401
Net current assets		271,567	274,141
Total assets less current liabilities		285,981	280,415
Non-current liability			
Lease liability	17	5,956	–
Total non-current liability		5,956	–
Net assets		280,025	280,415
Equity			
Share capital	18	20,000	20,000
Reserves		260,025	260,415
Total equity attributable to owners of the Company		280,025	280,415

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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
Profit and total comprehensive income for the period	-	-	-	(390)	(390)
At 30 September 2019 (unaudited)	20,000	48,229	9,762	202,034	280,025

For the six months ended 30 September 2018

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2019

	Six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Net cash used in operating activities	(10,448)	(59,484)
Net cash generated from/(used in) investing activities	5,118	(113)
Net cash used in financing activities	(6,285)	–
Net decrease in cash and cash equivalents	(11,615)	(59,597)
Cash and cash equivalents at the beginning of the period	189,585	178,388
Cash and cash equivalents at the end of the period		
Represented by cash and bank balances — house accounts	177,970	118,791

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

1. GENERAL

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

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

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

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the 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 8 November 2019.

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 2019 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 changes in accounting policies of application on HKFRS 16 "Leases" ("HKFRS 16")

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 "Leases" ("HKAS 17"), and the related interpretations.

(a) Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

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

HKFRS 16 Leases *(Continued)*

Impacts and changes in accounting policies of application on HKFRS 16 "Leases" ("HKFRS 16") *(Continued)*

(a) **Key changes in accounting policies resulting from application of HKFRS 16** *(Continued)*

As a lessee (Continued)

Short-term leases

The Group applies the short-term lease recognition exemption to leases of premises that have a lease term of 12 months or less from the date of initial application of HKFRS 16. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets in a separate line on the unaudited condensed consolidated statement of financial position.

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

HKFRS 16 Leases *(Continued)*

Impacts and changes in accounting policies of application on HKFRS 16 "Leases" ("HKFRS 16") *(Continued)*

(a) **Key changes in accounting policies resulting from application of HKFRS 16** *(Continued)*

As a lessee (Continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable; and
- amounts expected to be paid under residual value guarantees.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

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

HKFRS 16 Leases *(Continued)*

Impacts and changes in accounting policies of application on HKFRS 16 "Leases" ("HKFRS 16") *(Continued)*

(a) **Key changes in accounting policies resulting from application of HKFRS 16** *(Continued)*

As a lessee (Continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

(b) **Transition and summary of effects arising from initial application of HKFRS 16**

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standards to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

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

HKFRS 16 Leases *(Continued)*

Impacts and changes in accounting policies of application on HKFRS 16 "Leases" ("HKFRS 16") *(Continued)*

(b) Transition and summary of effects arising from initial application of HKFRS 16 *(Continued)*

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- (i) relied on the assessment of whether leases are onerous by applying HKAS 37 Provisions, Contingent Liabilities and Contingent Assets as an alternative of impairment review;
- (ii) elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- (iii) excluded initial direct costs from measuring the right-of-use assets at the date of initial application;
- (iv) applied a single discount rate to a portfolio of leases with similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of premises in Hong Kong was determined on a portfolio basis; and
- (v) used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

At 1 April 2019, all the leases of premises are within 12 months. Thus, the Group applies the short-term lease recognition exemption to leases of premises from the date of initial application of HKFRS 16. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

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, which generate interest income from margin clients;
- (d) asset management services, which primarily generate management fee and performance fee; and
- (e) other services, which primarily generate fee income (such as settlement fees and referral fees) from other services provided.

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 follows:

Disaggregation of revenue from contracts with customers

	Three months ended 30 September		Six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Securities dealing and brokerage service	1,554	1,829	3,102	3,658
Placing and underwriting services	9,865	9,560	10,413	21,071
Asset management services	322	491	639	1,018
Other services	485	48	1,843	2,668
Revenue from contracts with customers	12,226	11,928	15,997	28,415
Revenue from other sources				
Interest income from margin financing services	1,736	1,956	3,269	3,293
	1,736	1,956	3,269	3,293
	13,962	13,884	19,266	31,708
Timing of revenue recognition:				
A point in time	13,710	13,632	18,765	31,207
Over time	252	252	501	501
	13,962	13,884	19,266	31,708

4. FEE AND COMMISSION INCOME FROM PLACING AND UNDERWRITING ACTIVITIES

	Three months ended 30 September		Six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Fee and commission income from selling shareholders/issuers/brokers	6,973	8,982	7,521	19,987
Commission income from subscribers	2,892	578	2,892	1,084
	9,865	9,560	10,413	21,071

5. OTHER REVENUE

	Three months ended 30 September		Six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Referral fee income	–	–	–	2,500
Handling fee income	35	48	143	168
Professional service and commitment fee income	450	–	1,700	–
	485	48	1,843	2,668

6. COMMISSION EXPENSES

	Three months ended 30 September		Six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Commission to account executives	1,261	575	1,683	1,205
Commission to sub-placing agents and sub-underwriters	5,038	50	5,038	3,040
	6,299	625	6,721	4,245

7. STAFF COSTS

	Three months ended 30 September		Six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Salaries	2,338	1,592	3,791	3,119
Contributions to Mandatory Provident Fund	59	66	126	139
Directors' emoluments				
— Fees	99	99	198	198
— Salaries	1,020	690	1,895	1,380
— Contributions to Mandatory Provident Fund	16	10	34	19
	3,532	2,457	6,044	4,855

8. PROFIT/(LOSS) BEFORE TAX

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

	Three months ended 30 September		Six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Depreciation expenses in respect of:				
Right-of-use assets	1,176	–	1,176	–
Property, plant and equipment	58	63	125	127
Minimum lease payments paid under operating lease in respect of rented premises	224	1,159	1,331	2,318
Legal and professional fees	533	2,349	1,409	3,525
Donation	80	8	180	256
Entertainment expenses	112	384	366	827
Referral fee	580	–	580	–

9. INCOME TAX EXPENSE

	Three months ended 30 September		Six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Current tax:				
Hong Kong profits tax	76	1,205	76	2,565

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 2019.

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit of the Group for the six months ended 30 September 2018.

10. EARNINGS/(LOSS) PER SHARE

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

	Three months ended 30 September		Six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Earnings/(loss)				
Earnings/(loss) for the purpose of basic earnings per share:				
Profit/(loss) for the period attributable to owners of the Company	289	4,840	(390)	11,568

	Three months ended 30 September		Six months ended 30 September	
	2019 (unaudited)	2018 (unaudited)	2019 (unaudited)	2018 (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 2019 and 2018, there were no dilutive potential ordinary shares in issue, thus no diluted earnings per share is presented.

11. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2019 (2018: Nil).

12. PROPERTY AND EQUIPMENT

During the six months ended 30 September 2019, the Group acquired items of furniture and equipment with a cost of approximately HK\$34,000 (2018: HK\$113,000).

There was no disposal of property and equipment during the six months ended 30 September 2019 and 2018.

13. INTANGIBLE ASSET

In 2017, the Group acquired a club membership with a cost of HK\$5,000,000.

The club membership is considered by the management of the Group as having indefinite useful life. Accordingly, the club membership is not amortised. Instead, it will be tested for impairment annually and whenever there is an indication that it may be impaired. No impairment loss on intangible asset is recognised for the six months ended 30 September 2019 (2018: Nil).

14. RIGHT-OF-USE ASSET

	HK\$'000
COST:	
At 1 April 2019	–
Recognition upon initial application of HKFRS 16	9,407
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At 30 September 2019 (unaudited)	9,407
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ACCUMULATED DEPRECIATION:	
At 1 April 2019	–
Provided for the period	1,176
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At 30 September 2019 (unaudited)	1,176
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NET CARRYING AMOUNT:	
At 30 September 2019 (unaudited)	8,231

The right-of-use asset represent the Group's rights to use underlying leased premises under operating lease arrangements over the lease terms, which are stated at cost less accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of the lease liability.

15. ACCOUNTS RECEIVABLE

	30 September 2019 HK\$'000 (unaudited)	31 March 2019 HK\$'000 (audited)
Accounts receivable arising from the business of dealing in securities:		
— Clearing house	10,390	18,664
— Cash clients	5,203	5,382
— Margin clients	92,327	77,869
Accounts receivable arising from the placing and underwriting business	1,760	268
Accounts receivable arising from asset management services	841	293
Accounts receivable arising from other services	–	540
	110,521	103,016

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 14.0% as at 30 September 2019 (31 March 2019: 5.25% to 10.38%). 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.

15. ACCOUNTS RECEIVABLE *(Continued)*

Accounts receivable from margin clients as at 30 September 2019 and 31 March 2019 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\$509,866,000 as at 30 September 2019 (31 March 2019: HK\$539,041,000). The Group is not prohibited to sell the collaterals upon customers' default or repledge the collaterals upon receiving customers' authorisation.

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

As at 30 September 2019, 100% (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 2019, accounts receivable from margin clients includes accounts receivable from Directors of approximately HK\$1,358,000 (31 March 2019: HK\$1,322,000), accounts receivable from a family member of a Director of approximately HK\$26,183,000 (31 March 2019: HK\$24,992,000) and accounts receivable from an entity controlled by the Directors of HK\$1,098,000 (31 March 2019: approximately HK\$689,000).

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

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

15. ACCOUNTS RECEIVABLE *(Continued)*

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

	30 September 2019 HK\$'000 (unaudited)	31 March 2019 HK\$'000 (audited)
0-60 days	2,051	197
61-90 days	274	96
>90 days	276	808
	2,601	1,101

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

	30 September 2019 HK\$'000 (unaudited)	31 March 2019 HK\$'000 (audited)
0-60 days past due	1,760	-
61-90 days past due	-	-
>90 days past due	-	268
	1,760	268

As at 30 September 2019, the Group had no accounts receivable arising from the placing and underwriting business and asset management services which are past due as at the reporting date for which the Group has not provided for impairment loss (31 March 2019: HK\$268,000). The Group does not hold any collateral over these balances. Except as described above, all accounts receivable arising from the placing and underwriting business and asset management services are included in "neither past due nor impaired" category.

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

16. ACCOUNTS PAYABLE

	30 September 2019 HK\$'000 (unaudited)	31 March 2019 HK\$'000 (audited)
Accounts payable arising from the business of dealing in securities:		
— Clearing house	13,149	–
— Cash clients	51,459	88,066
— Margin clients	1,848	3,920
Accounts payable arising from the placing and underwriting business	–	50
	66,456	92,036

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 included amounts payable to Directors of approximately HK\$691,000 as at 30 September 2019 (31 March 2019: approximately HK\$2,412,000).

As at 30 September 2019, no amounts payable to Director or an entity controlled by the Directors was included in the accounts payable to margin clients balance (31 March 2019: amounts payable to Directors of approximately HK\$265,000).

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

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

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

16. ACCOUNTS PAYABLE (Continued)

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

	30 September 2019 HK\$'000 (unaudited)	31 March 2019 HK\$'000 (audited)
0-60 days	-	-
61-90 days	-	50
	-	50

17. LEASE LIABILITY

	As at 30 September 2019 (unaudited) HK\$'000
Minimum lease payments due	
— Within one year	4,900
— In the second to fifth years, inclusive	3,676
	8,576
Less: future finance charges	(319)
Present value of lease liability	8,257
Non-current portion	(5,956)
Current portion	2,301
	As at 30 September 2019 (unaudited) HK\$'000
Within one year	2,301
In the second to fifth years, inclusive	5,956
	8,257

18. SHARE CAPITAL

	Number of ordinary shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 31 March 2019 and 30 September 2019	8,000,000,000	80,000
Issued and fully paid:		
At 31 March 2019 and 30 September 2019	2,000,000,000	20,000

19. RELATED PARTY TRANSACTIONS

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

	Six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Commission income from securities dealing and brokerage services received or receivable from:		
Directors	-	6
Family member of a Director	7	64
Entity controlled by the Directors	22	68

19. RELATED PARTY TRANSACTIONS *(Continued)*

	Six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Interest income from margin financing received or receivable from:		
Directors	36	81
Family member of a Director	683	460
Entity controlled by the Directors	38	78

The balances with related parties have been disclosed in notes 15 and 16.

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	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Short term employee benefits	2,082	2,754
Contributions to Mandatory Provident Fund	34	55
	2,116	2,809

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

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

For the six months ended 30 September 2019 (the “**Period**” or “**2Q2019**”), the market’s average daily transaction value decreased by approximately 13.6% as compared to the corresponding period in 2018 (the “**Corresponding Period**” or “**2Q2018**”). As a result of the relatively saturated stock market sentiment, the Group’s commission income from securities dealing and brokerage services for the Period decreased by approximately 16.2% from approximately HK\$3.7 million for 2Q2018 to approximately HK\$3.1 million for 2Q2019. Fee and commission income from placing and underwriting activities decreased by approximately 50.7% from approximately HK\$21.1 million for 2Q2018 to approximately HK\$10.4 million for 2Q2019.

The Group’s fee income from asset management services for the 2Q2019 was approximately HK\$0.6 million, representing a decrease of approximately 40.0% as compared to approximately HK\$1.0 million for 2Q2018. As at 30 September 2019, the Group had five asset management clients in total and the total net assets value managed by the Group was approximately HK\$4.4 billion. The management believes that the Group’s asset management business will continue to expand in the coming future.

Interest income from margin financing mainly represents the interest income generated from the provision of margin financing services to customers who would like to purchase securities listed on the Stock Exchange on a margin basis, which offers funding flexibility to the Group’s customers. For the Period, interest income from margin financing remained stable at approximately HK\$3.3 million (2Q2018: HK\$3.3 million).

On the other hand, the Group recorded revenue from other services of approximately HK\$1.8 million for 2Q2019 which mainly comprised of professional service and commitment fee income of approximately HK\$1.7 million.

Overall, total revenue for 2Q2019 was approximately HK\$19.3 million, representing a decrease of approximately 39.1% as compared to 2Q2018.

Looking forward, under the affair of the trade war between China and the United States and the United Kingdom’s Brexit from the European Union, there are signals of uncertainties in the global economy and financial markets. It is expected that these uncertainties will continue to affect the business performance in many commercial sectors.

BUSINESS REVIEW AND OUTLOOK *(Continued)*

Although Hong Kong economy continues to fluctuate in the third quarter of the year 2019, this year until now, more than a hundred of companies have been listed in the Stock Exchange. The aggregate amount of these fund raising activities was more than HK\$140 billion. It is the high range of fund raising place in the world.

Nevertheless, the Directors are of the view that we endeavour to seek business opportunities in order to increase better returns of the shareholders of the Company for the interest of the Company as a whole. It would enhance the long-term profitability and sustainability of the Group by generating the revenue and strengthening the assets of the Group.

FINANCIAL REVIEW

Revenue

The Group's total revenue for 2Q2019 was approximately HK\$19.3 million, representing a decrease of approximately HK\$12.4 million or 39.1% from approximately HK\$31.7 million for 2Q2018. The decrease in total revenue was mainly attributed to the decrease in fee and commission income generated from placing and underwriting activities of approximately HK\$10.7 million.

As a result of the overall investment downturn of the Hong Kong stock market for 2Q2019 as compared to the Corresponding Period, the Group's commission income from securities dealing and brokerage services decreased by approximately HK\$0.6 million or 16.2% from approximately HK\$3.7 million for 2Q2018 to approximately HK\$3.1 million for 2Q2019. 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\$1.5 billion for 2Q 2019 (2Q2018: approximately HK\$2.0 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 2Q2019, the Group completed 5 placing and underwriting engagements with a total transaction value of approximately HK\$114.3 million (2Q2018: 13 placing and underwriting engagements with a total transaction value of approximately HK\$342.2 million). Attributed to the decrease in both the number of engagements participated by the Group and the total transaction value, fee and commission income from placing and underwriting activities decreased by approximately HK\$10.7 million or 50.7% from approximately HK\$21.1 million for 2Q2018 to approximately HK\$10.4 million for 2Q2019.

Interest income from margin financing remained stable at approximately HK\$3.3 million for 2Q2019 (2Q2018: approximately HK\$3.3 million).

FINANCIAL REVIEW *(Continued)*

Revenue *(Continued)*

As at 30 September 2019, the Group had five (31 March 2019: five) asset management clients and the total net assets value managed by the Group amounted to approximately HK\$4.4 billion (31 March 2019: approximately HK\$5.2 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 2Q2019, the Group recorded a total fee income from its asset management services of approximately HK\$0.9 million (2Q2018: approximately HK\$1.0 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 2Q2019, revenue from other services mainly comprised of professional service and commitment fee income of approximately HK\$1.7 million (2Q2018: Nil).

Loss for the Period

Loss for 2Q2019 was approximately HK\$0.4 million, representing a decrease of approximately HK\$12.0 million or 103.4% from profit of approximately HK\$11.6 million for 2Q2018, which was primarily attributed to the decrease in total revenue as discussed above.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the Period, the Group mainly financed its operations by internal resources and net proceeds raised from the placing (the "Placing") upon listing. As at 30 September 2019, the Group had net current assets of approximately HK\$271.6 million (31 March 2019: approximately HK\$274.1 million), including cash and cash equivalents of approximately HK\$178.0 million (31 March 2019: approximately HK\$189.6 million). The current ratio, being the ratio of current assets to current liabilities, was approximately 4.8 times as at 30 September 2019 (31 March 2019: approximately 3.7 times).

As at 30 September 2019, the Group had no bank borrowings outstanding (31 March 2019: HK\$5.0 million).

The capital of the Group comprises only ordinary shares. Total equity attributable to owners of the Company amounted to approximately HK\$280.0 million as at 30 September 2019 (31 March 2019: approximately HK\$280.4 million).

PLEDGE OF THE GROUP'S ASSETS

As at 30 September 2019, no cash and cash equivalents of the Group were pledged for banking facilities (31 March 2019: HK\$5.0 million).

EMPLOYEE INFORMATION

As at 30 September 2019, the Group had 27 employees (31 March 2019: 28), including the Directors. Total staff costs (including staff salaries, Directors' emoluments and contribution to Mandatory Provident Fund) for the six months ended 30 September 2019 were approximately HK\$6.0 million (2Q2018: approximately HK\$4.9 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 2019.

EVENT AFTER THE REPORTING PERIOD

Advance to an entity

On 10 October 2019, Pacific Foundation Securities Limited, an indirect wholly-owned subsidiary of the Company (the “**Lender**”) entered into a loan agreement (the “**Loan Agreement**”) with Success Seven Limited, a company incorporated in the Cayman Islands with limited liability (the “**Borrower**”), pursuant to which the Lender has agreed to grant a secured loan facility of up to HK\$67,500,000 (the “**Facility**” or “**Loan**”) to the Borrower to finance the payment obligation of the Borrower upon acceptance of a cash offer to acquire all the issued shares of a company listed on Main Board of the Stock Exchange (other than those already owned by the Borrower and its parties acting in concert) in accordance with the Hong Kong Code on Takeovers and Mergers (the “**Offer**”) and the related expenses including stamp duties and expenses arising from the brokerage services directly related to the Offer.

Pursuant to the Loan Agreement, the Borrower shall pay to the Lender a set-up fee, commitment fee and interest. The set-up fee for the Loan shall be in the sum of HK\$675,000, being 1% on the total principal amount of the Loan made available to the Borrower under the Loan Agreement. The commitment fee for the Loan shall be at 7% per annum on the standby amount of the Facility (the “**Standby Amount**”). As at the date of the Loan Agreement, the Lender has set aside HK\$67,500,000 for the Borrower. The beginning balance of the Standby Amount shall be HK\$67,500,000, which shall be reduced by any actual amount of each lending by the Borrower pursuant to the Loan Agreement or principal amount advanced to the Borrower on each such occasion. Interest on any drawdown amount of the Loan shall accrue from the date of drawdown at the rate of 14% per annum.

The loan is secured by a share charge and a personal guarantee. The Borrower shall repay the Loan in full together with all interest accrued together with the set-up fee and the commitment fee and all other monies payable under the Loan Agreement in one lump sum on the repayment date.

For further details, please refer to the announcement of the Company dated 10 October 2019.

Save as disclosed above, 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 2019, the interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") held by the Directors and chief executives of the Company (the "Chief Executives") which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or as otherwise have been notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules are as follows:

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

Name of Director	Capacity/Nature of interest	Number of shares held	Approximate percentage of shareholding
Mr. Lo Tak Wing Benson ("Mr. B Lo")	Interest in controlled corporation ^{Note}	1,500,000,000	75%
Mr. Lo Shiu Wing Chester ("Mr. C Lo")	Interest in controlled corporation ^{Note}	1,500,000,000	75%

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

Save as disclosed above, as at 30 September 2019, 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 2019, other than the Directors and the Chief Executives, the following person/corporation had or was deemed or taken to have an interest and/or short position in the shares or the underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of the Company required to be kept under section 336 of the SFO, or which would be, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group:

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

Name	Capacity/Nature of interest	Number of shares held	Approximate percentage of shareholding
TML	Beneficial interest	1,500,000,000	75%
Ms. Lui Wing Patsie	Interest in spouse ^{Note}	1,500,000,000	75%

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

Save as disclosed above, as at 30 September 2019, 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, 8 November 2019

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.