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**PF Group Holdings Limited**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 8221)**

**SUPPLEMENTAL ANNOUNCEMENT  
IN RELATION TO THE ANNUAL REPORT OF THE COMPANY  
FOR THE YEAR ENDED 31 MARCH 2022**

Reference is made to the annual report of PF Group Holdings Limited (the “**Company**” and together with the subsidiaries, the “**Group**”) for the year ended 31 March 2022 published by the Company on 29 June 2022 (the “**2022 Annual Report**”). Unless otherwise specified, all capitalised terms used herein have the same meaning as those defined in the 2022 Annual Report.

**SUPPLEMENTAL INFORMATION ON THE 2022 ANNUAL REPORT IN RELATION  
TO THE MONEY LENDING BUSINESS OF THE GROUP**

In addition to the information disclosed in the 2022 Annual Report, the Board would like to provide supplemental information regarding the Money Lending Business of the Group.

**Business model of the Group’s Money Lending Business**

The Group’s money lending services are generally provided to individual and corporate borrowers that have short-to-medium term funding needs and could provide sufficient collaterals for their borrowings in the form of hire purchases (vehicle financing) or mortgage loans (first or second mortgage with residential or commercial properties as collaterals) through an indirectly wholly owned subsidiary of the Company, PF Finance Limited (“**PF Finance**”). The Group may also consider personal loans without collaterals on a case-by-case basis. PF Finance is a Money Lenders Licence holder registered under the Money Lenders Ordinance, Cap. 163 (the “**MLO**”). The Group’s clientele is primarily acquired through business referrals and introductions from the Group’s management, business partners or customers.

During the Reporting Period, the range of interest rate on the Group's fixed rate loans receivable was 2.75% to 14% (2021: N/A) per annum. The Group generates interest income from such loan facility as revenue. The Group recorded revenue from this segment amounted to approximately HK\$124,000 (2021: Nil).

### **The Group's credit risk assessment policy in respect of its Money Lending Business**

The Group's credit risk is mainly arising from its loan receivable from customers. To monitor its credit risk, the Group sets out the following credit policies which is documented in Credit Policy Manual (the "**Manual**") adopted by the Group for its Money Lending Business.

In order to ensure adequate check and balances to prevent undue reliance on decision of a single credit officer, the board of directors of PF Finance delegates its own credit authority to the approval committee (the "**Approval Committee**"), a specialised committee established to assist any one of the directors of PF Finance in overseeing the credit risk management. The Approval Committee consists of three members, the current composition including one of the directors of the PF Finance, one of the director of the Company and a director of other group companies of the Group. All loans must be approved and endorsed by any two members of the Approval Committee in accordance with their credit approval limits for loans and the approval guidelines as set out in the Manual.

The current approved credit positions of all PF Finance customers will be continuously monitored and adjusted based on the latest financial position of the customers or market conditions. In order to protect PF Finance from the risk of customer's default on repayment, PF Finance will take the following preventive measures:

#### **1. Credit Watchlist**

A customer will be placed in the credit watchlist and will be notified of such action accordingly when:

- a) repayment is overdue for 7 days, or
- b) the value of the collateral dropped by 20% when compared to the initial valuation of the collateral at the time of credit extension, or
- c) the customer is adversely affected by financial crisis.

A customer may be asked to provide additional collateral in the forms acceptable by PF Finance in order to maintain its established credit limit. Customers will also be informed of PF Finance's intended course of action, which could include the request for early repayment if additional collaterals are not furnished promptly.

## **2. *Early Repayment***

A customer that could not furnish additional collateral will be subject to early repayment of whole or partial outstanding amount.

## **3. *Valuation of Collateral***

To enable PF Finance to have up-to-date view of value of the collateral, an updated valuation exercise will be conducted against the whole portfolio in March each year.

As at 31 March 2022, four loans and interest receivables remained outstanding with the aggregate gross balance of approximately HK\$1,806,000. A total loss allowance on loan receivables of approximately HK\$128,000 (31 March 2021: Nil) was made for the Reporting Period, which was incurred by default in one loan (fully provided) with recovery of collateral being in progress.

### **Size and diversity of customers**

As at 31 March 2022, loan receivables were denominated in Hong Kong dollars with interest rate of 2.75% - 4.25% per annum. The loan amounts with five years period term were lent to four independent third parties in the form of hire purchase arrangements with the vehicles as collaterals. The gross carrying amount was approximately HK\$1,806,000 (2021: Nil). During the Reporting Period, there was also one mortgage loan with principal amount of HK\$2,000,000 and interest rate was 14% per annum. This was fully repaid in three months from initial loan drawdown. The Group's largest borrower of the Group by itself and together with the other three borrowers of the Group accounted for approximately 81.4% (2021: N/A) and 100% (2021: N/A) respectively of the Group's loans receivable of its Money Lending Business at 31 March 2022.

Since the performance of the hire purchase business has been weak, the Group has decided to focus on mortgage loan financing after the Reporting Period. There were three new mortgage loans (second mortgages) with terms within one year and residential properties as collaterals, of total loan principals of HK\$3,000,000 and one personal loan without collateral of HK\$600,000 (which was fully repaid within three months after initial loan drawdown) booked after the Reporting Period.

## **Key internal controls**

The Group generally provides short-to-medium term loans. For loans booked during the Reporting Period, 20% was with a term within one year, and 80% was more than one year but not more than five years. The repayment terms and conditions are determined from the factors including the liquidity needs of the borrowers, the Group's funding and cash flows management strategies, and the terms and rates of the prevailing market.

The licensing of money lenders and regulation of money-lending transactions are governed by the "MLO". The Group has credit policies, guidelines and procedures in place which cover key internal controls of a loan transaction including due diligence, credit appraisal, proper execution of documentations, continuous monitoring and collection and recovery. The due diligence procedures included conducting research on the borrowers' background, evaluating its current business operations and financial conditions, market reputation and creditability, and conducting financial analysis and recoverability analysis. To minimise credit or investment risks, the Group may require personal guarantees and corporate guarantees in respect of certain loans.

Upon completion of relevant account opening, Know-your-client ("KYC") and credit assessment procedures, the Group would grant a loan facility to such borrowers for their own financing needs. The Group has followed all forms and procedures prescribed under the provisions of the MLO when making relevant application for the renewal of Money Lender License and conducting our Money Lending Business. After drawdown of loan, the loan agreement will be filed with the loan documents properly. The Group maintains regular contact with the borrowers and carries out periodical review to assess the recovery of the loan based on the business development, financial status, repayment ability including such as recent settlement record and any litigations and bankruptcy orders against borrowers. The Group will take all necessary legal actions against the relevant borrowers to follow up the settlement of the outstanding loans.

The above supplemental information does not affect other information contained in the 2022 Annual Report. Save as disclosed above, other information contained in the 2022 Annual Report remains unchanged.

By order of the Board  
**PF Group Holdings Limited**  
**Fok Yuk Tong**  
*Chairman and Executive Director*

Hong Kong, 6 October 2022

*As at the date of this announcement, 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 Ms. Chan Hoi Wuen Katherine, Mr. Tong Wing Chi and Mr. Kwan Tsz Chun Sun as independent non-executive Directors.*

*This announcement, for which the Directors 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 of Hong Kong Limited 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 announcement 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 announcement misleading.*

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