PF Group Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8221)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2017

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, 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.

This announcement, 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 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.

ANNUAL RESULTS

The board of Directors (the "Board") of the Company is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2017, together with the comparative audited figures for the year ended 31 March 2016, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	Notes	**2017** ***HK$'000***	2016 *HK$'000*
Revenue			
Commission income from securities dealing and brokerage services		**5,184**	10,918
Fee and commission income from placing and underwriting activities	*6*	**44,988**	15,884
Interest income from margin financing		**5,901**	4,245
Fee income from asset management services		**3,997**	434
Others	*7*	**11,192**	9,440
Total revenue		**71,262**	40,921
Bank interest income		**11**	9
Other gains and losses		**545**	198
		71,818	41,128
Commission expenses	*8*	**(4,888)**	(4,030)
Depreciation expenses		**(145)**	(241)
Staff costs	*9*	**(15,263)**	(10,343)
Other operating expenses		**(12,131)**	(10,617)
Finance costs		**(139)**	(272)
Listing expenses		**(6,966)**	(5,989)
Profit before tax	*10*	**32,286**	9,636
Income tax expense	*11*	**(6,713)**	(2,753)
Profit and total comprehensive income for the year		**25,573**	6,883
Profit and total comprehensive income for the year attributable to:			
Owners of the Company		**25,573**	6,955
Non-controlling interests		**–**	(72)
		25,573	6,883
		HK cents	*HK cents*
Earnings per share			
Basic	*12*	**1.58**	0.46

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2017

	Notes	**2017** **HK$'000**	2016 *HK$'000*
Non-current assets			
Property and equipment		**404**	282
Deposits placed with stock exchange and clearing house		**630**	675
Rental and utility deposit		**1,182**	1,100
Deposit paid for office equipment		**–**	119
Total non-current assets		**2,216**	2,176
Current assets			
Held-for-trading investment		**–**	1,529
Accounts receivable	*14*	**124,838**	123,655
Prepayments and other receivables		**2,073**	2,270
Tax recoverables		**–**	473
Cash and bank balances:			
Bank balance — house accounts		**106,792**	36,724
Pledged bank deposit		**5,000**	5,000
Cash held on behalf of customers		**87,035**	44,943
Total current assets		**325,738**	214,594
Current liabilities			
Accounts payable	*15*	**92,105**	51,688
Other payables and accruals		**8,901**	7,406
Amounts due to directors		**–**	24,319
Tax payables		**3,667**	–
Bank borrowings		**–**	10,000
Total current liabilities		**104,673**	93,413
Net current assets		**221,065**	121,181
Net assets		**223,281**	123,357
Equity			
Share capital	*16*	**20,000**	–
Reserves		**203,281**	123,357
Total equity attributable to owners of the Company		**223,281**	123,357

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

	Equity attributable to owners of the Company						
	Share capital	**Share premium**	**Other reserves**	**Retained profits**	**Sub-total**	**Non-controlling interests**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 16)						
At 1 April 2015	–	–	–	112,762	112,762	(333)	112,429
Profit and total comprehensive income for the year	–	–	–	6,955	6,955	(72)	6,883
Disposal of subsidiary	–	–	3,640	–	3,640	405	4,045
At 31 March 2016	–	–	3,640	119,717	123,357	–	123,357
Profit and total comprehensive income for the year	**–**	**–**	**–**	**25,573**	**25,573**	**–**	**25,573**
Capital contribution	**–**	**–**	**6,122**	**–**	**6,122**	**–**	**6,122**
Issue of ordinary shares by placing *(Note 16(d))*	**5,000**	**70,000**	**–**	**–**	**75,000**	**–**	**75,000**
Share issue costs	**–**	**(6,771)**	**–**	**–**	**(6,771)**	**–**	**(6,771)**
Capitalisation issue of shares *(Note 16(e))*	**15,000**	**(15,000)**	**–**	**–**	**–**	**–**	**–**
At 31 March 2017	**20,000**	**48,229**	**9,762**	**145,290**	**223,281**	**–**	**223,281**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

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 GEM of the Stock Exchange (the "Listing") since 6 January 2017 (the "Listing Date"). 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 consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company and its subsidiaries.

The consolidated financial statements for the year ended 31 March 2017 were approved and authorised for issue by the Directors on 22 June 2017.

2. BASIS OF PRESENTATION

Through the group reorganisation (the "Reorganisation"), as fully explained in the section headed "History, Reorganisation and Development" in the prospectus of the Company dated 12 December 2016 (the "Prospectus"), the Company became the holding company of the companies now comprising the Group on 1 December 2016. The Group is under common control of the controlling shareholders, namely Mr. Lo Tak Wing Benson ("Mr. B Lo") and Mr. Lo Shiu Wing Chester ("Mr. C Lo"), before and after the Reorganisation and throughout the years ended 31 March 2016 and 2017. As a result, the Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended 31 March 2016 and 2017 which include the results, changes in equity and cash flows of the companies comprising the Group have been prepared as if the Company had always been the holding company of the Group and the current group structure had been in existence throughout the years ended 31 March 2016 and 2017, or since the respective dates of incorporation, where there is a shorter period. The consolidated statement of financial position of the Group as at 31 March 2016 has been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence as at 31 March 2016 taking into account their respective date of incorporation.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has applied the amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are mandatorily effective for the current year. The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective.

HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[2]
HKFRS 16	Leases[3]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[2]
Amendments to HKFRS 10 and Hong Kong Accounting Standard ("HKAS") 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to HKAS 40	Transfers of Investment Property[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle[5]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[2]

1 Effective for annual periods beginning on or after 1 January 2017.
2 Effective for annual periods beginning on or after 1 January 2018.
3 Effective for annual periods beginning on or after 1 January 2019.
4 Effective for annual periods beginning on or after a date to be confirmed.
5 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The Group's consolidated financial statements have been prepared in accordance with all applicable HKFRSs, which collective term includes all applicable individual HKFRSs, HKASs and interpretations issued by the HKICPA and the applicable disclosure requirements of the GEM Listing Rules and the Hong Kong Companies Ordinance.

The 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 2016 except for the adoption of the amendments to HKFRSs issued by the HKICPA mandatory for the annual periods beginning on 1 April 2016.

The consolidated financial statements have been prepared on the historical cost basis except for the held-for-trading investment that is measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the management of the Company 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.

5. SEGMENT REPORTING

The chief operating decision maker ("CODM") of the Group, being the 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 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;

(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.

The following is an analysis of the Group's revenue from its major services.

	2017	2016
	HK$'000	*HK$'000*
Securities dealing and brokerage services	**5,184**	10,918
Placing and underwriting services	**44,988**	15,884
Financing services	**5,901**	4,245
Asset management services	**3,997**	434
Other services	**11,192**	9,440
	71,262	40,921

Revenue reported above represents revenue generated from external customers.

Geographical information

The Group's non-current assets are located in Hong Kong. The Group operates in Hong Kong and its revenue is derived from its operations in Hong Kong.

Information about major customers

Revenue from major customers contributing over 10% of the total revenue of the Group are as follows:

	2017	2016
	HK$'000	*HK$'000*
Customer 1	**8,353**	N/A[1]
Customer 2	**N/A[1]**	9,430
Customer 3	**N/A[1]**	4,719

[1] No revenue was generated from the customer in the relevant year.

No other single customer contributed 10% or more to the Group's revenue during the reporting period (2016: nil).

6. FEE AND COMMISSION INCOME FROM PLACING AND UNDERWRITING ACTIVITIES

	2017	2016
	HK$'000	*HK$'000*
Fee and commission income from selling shareholders/issuers/brokers	**41,311**	14,053
Commission income from subscribers	**3,677**	1,831
	44,988	15,884

7. OTHER REVENUE

	2017	2016
	HK$'000	*HK$'000*
Settlement fee income	**1,120**	–
Referral fee income	**6,800**	9,430
Handling fee income	**72**	10
Professional service fee income	**500**	–
Loan commitment fee income	**2,700**	–
	11,192	9,440

8. COMMISSION EXPENSES

	2017	2016
	HK$'000	*HK$'000*
Commission to account executives	**1,192**	2,166
Commission to sub-placing agents and sub-underwriters	**3,696**	1,864
	4,888	4,030

9. STAFF COSTS

	2017	2016
	HK$'000	*HK$'000*
Salaries and bonus	**6,521**	5,319
Contributions to Mandatory Provident Fund	**245**	224
Allowances	**208**	331
Directors' emoluments		
— Fees	**93**	–
— Salaries	**2,160**	2,400
— Bonus	**6,000**	2,020
— Contributions to Mandatory Provident Fund	**36**	49
	15,263	10,343

10. PROFIT BEFORE TAX

	2017	2016
	HK$'000	*HK$'000*
Net foreign exchange loss	**18**	–
Minimum lease payments paid under operating lease in respect of rented premises	**4,129**	4,068
Auditor's remuneration	**800**	304
Legal and professional fees (excluding listing expenses)	**1,653**	103
Donation	**1,300**	481
Entertainment expenses	**1,527**	1,601
Loss arising on change in fair value of financial asset classified as held-for-trading	**71**	514

11. INCOME TAX EXPENSE

	2017	2016
	HK$'000	*HK$'000*
Current tax:		
Hong Kong profits tax	**6,600**	2,753
Under provision in prior year:		
Hong Kong profits tax	**113**	–
Income tax expense for the year	**6,713**	2,753

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit for both years.

12. EARNINGS PER SHARE

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

	2017	2016
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic earnings per share:		
Profit for the year attributable to owners of the Company	**25,573**	6,955

	2017	2016
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,616,438,000**	1,500,000,000

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the Reorganisation and the capitalisation issue as disclosed in note 16 had been effective on 1 April 2015.

There was no dilutive potential ordinary share in issue for both years, thus no diluted earnings per share is presented.

13. DIVIDENDS

The Directors do not recommend the payment of any dividend in respect of the year ended 31 March 2017 (2016: nil).

14. ACCOUNTS RECEIVABLE

	2017	2016
	HK$'000	*HK$'000*
Accounts receivable arising from the business of dealing in securities:		
— Clearing house	**–**	4,044
— Cash clients	**5,951**	7,482
— Margin clients	**108,149**	111,989
Accounts receivable arising from the placing and underwriting business	**3,897**	140
Accounts receivable arising from asset management services	**241**	–
Accounts receivable arising from other services	**6,600**	–
	124,838	123,655
Less: Impairment	**–**	–
	124,838	123,655

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 3.25% to 8.25% as at 31 March 2017 (2016: 3.25% to 10.25%). 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 31 March 2017 and 2016 were secured by securities or debt instrument, which were pledged to Pacific Foundation Securities Limited ("PFSL"), the Company's subsidiary, as collateral. The securities had a fair value of approximately HK$712,176,000 as at 31 March 2017 (2016: HK$525,854,000). The Group is not prohibited to sell the collaterals upon customers' default or repledge the collaterals upon receiving customers' authorisation.

Ageing of accounts receivable from margin clients which are past due but not impaired:

	2017	2016
	HK$'000	*HK$'000*
0–60 days past due	**–**	–
61–90 days past due	**–**	–
> 90 days past due	**18,376**	–
	18,376	–

Included in the Group's accounts receivable from margin clients as at 31 March 2017 are debtors with aggregate amount of approximately HK$18,376,000 (2016: nil) which are past due as at reporting date for which the Group has not provided for impairment loss. The Group held securities and debt instrument as collateral over these balances. The average age of these receivables is 120 days (2016: nil). Except as described above, all accounts receivable from margin clients are included in "neither past due nor impaired" category.

As at 31 March 2017, 100% (2016: 100%) of the accounts receivable from margin clients were secured by sufficient collateral on an individual basis. 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.

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 the 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 business, asset management services and other services are repayable in accordance with the contract terms.

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

	2017	2016
	HK$'000	*HK$'000*
0–60 days	**3,072**	100
61–90 days	**–**	40
>90 days	**7,666**	–
	10,738	140

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

	2017	2016
	HK$'000	*HK$'000*
0–60 days past due	**139**	–
61–90 days past due	**–**	–
>90 days past due	**7,200**	–
	7,339	–

Included in the Group's accounts receivable arising from the placing and underwriting business, asset management services and other services as at 31 March 2017 are debtors with aggregate carrying amount of approximately HK$7,339,000 (2016: nil) which are past due as at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. The average age of these receivables is 96 days (2016: nil). Except as described above, all accounts receivables arising from the placing and underwriting business, asset management services and other 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, asset management services and other services because these debtors are of good credit.

15. ACCOUNTS PAYABLE

	2017	2016
	HK$'000	*HK$'000*
Accounts payable arising from the business of dealing in securities:		
— Clearing house	**3,827**	–
— Cash clients	**72,831**	50,945
— Margin clients	**13,596**	743
Accounts payable arising from the placing and underwriting business	**1,851**	–
	92,105	51,688

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 trade pending settlement or deposits received from clients for their trading activities under the normal course of business. Only the excessive amounts over the required deposits stipulated are repayable on demand.

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 the 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.

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

	2017	2016
	HK$'000	*HK$'000*
0–60 days	**1,851**	–
	1,851	–

16. SHARE CAPITAL

	Number of ordinary shares	**Amount**
		HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 3 August 2015 (date of incorporation) and 31 March 2016 *(Note (a))*	38,000,000	380
Increase in authorised share capital *(Note (c))*	7,962,000,000	79,620
At 31 March 2017	8,000,000,000	80,000
Issued and fully paid:		
At 3 August 2015 (date of incorporation) and 31 March 2016 *(Note (a))*	1	–
Issue of shares by placing *(Note (d))*	500,000,000	5,000
Capitalisation issue of shares *(Note (e))*	1,499,999,999	15,000
At 31 March 2017	2,000,000,000	20,000

Notes:

(a) The Company was incorporated in the Cayman Islands on 3 August 2015. As at the date of incorporation and up to 31 March 2016, the authorised share capital of the Company was HK$380,000 divided into 38,000,000 ordinary shares of HK$0.01 each. Upon incorporation, one nil paid share of HK$0.01 was issued and transferred to TML on the same date.

(b) On 1 December 2016, pursuant to the Reorganisation (Note 2), the Company credited as fully paid the one nil paid share issued upon incorporation.

(c) Pursuant to the written resolution passed by the shareholder on 5 December 2016, the authorised share capital of the Company was increased from HK$380,000 divided into 38,000,000 ordinary shares of HK$0.01 each to HK$80,000,000 divided into 8,000,000,000 ordinary shares of HK$0.01 each by the creation of an additional 7,962,000,000 ordinary shares of HK$0.01 each which rank pari passu in all respects with the existing shares.

(d) On 6 January 2017, the Company issued 500,000,000 ordinary shares of HK$0.01 each pursuant to the Listing by way of placing at a price of HK$0.15 per placing share (the "Placing").

(e) Pursuant to the written resolution passed by the shareholder on 5 December 2016, a sum of approximately HK$15,000,000 standing to the credit of the share premium account of the Company was capitalised by paying up in full at par a total of 1,499,999,999 new shares for allotment and issue to TML upon Listing.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the provision of (i) securities dealing and brokerage services; (ii) placing and underwriting services; (iii) financing services including securities and IPO margin financing; and (iv) asset management services. The Group's services mainly relate to equity and debt securities trading on the Stock Exchange in Hong Kong.

The Group conducts its abovementioned principal business activities through PFSL which is a corporation licensed to carry on Type 1 (dealing in securities) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Since 6 January 2017, the shares of the Company have been successfully listed on GEM of the Stock Exchange by way of Placing.

Securities Dealing and Brokerage Services

The Group provides securities and brokerage services to customers for trading in securities listed on the Stock Exchange which comprise of corporate and individual customers. For the year ended 31 March 2017, the Group had 618 active securities trading accounts (2016: 718).

For the year ended 31 March 2017, the securities market of Hong Kong was clouded with uncertainties and performed less well than that for the year ended 31 March 2016. The market's average daily transaction value recorded a year-on-year decrease of approximately 34.2%. Affected by the general business climate in the reporting period, the total transaction value of securities trading carried out by the Group on behalf of customers decreased to approximately HK$3.1 billion for the year ended 31 March 2017 (2016: HK$5.3 billion). As a result, the Group's commission income from securities dealing and brokerage services decreased significantly by approximately 52.5% from approximately HK$10.9 million for the year ended 31 March 2016 to approximately HK$5.2 million for the year ended 31 March 2017.

Placing and Underwriting Services

The Group acts as an underwriter or a sub-underwriter or a placing agent or a sub-placing agent for companies listed or to be listed on the Stock Exchange or for shareholders of companies listed on the Stock Exchange for their fund raising exercises such as IPOs, rights issue, open offer or placing of new or existing shares or bonds.

For the year ended 31 March 2017, the Group completed 30 placing and underwriting engagements (2016: 12 engagements), including 19 new listing engagements, 9 placing of new or existing shares or bonds engagements and 2 rights issue engagements, with total transaction value of approximately HK$1.9 billion (2016: HK$0.6 billion). Due to the increase in both the number of engagements completed and the overall transaction value, fee and commission income from placing and underwriting activities increased significantly by approximately 183.2% from approximately HK$15.9 million for the year ended 31 March 2016 to approximately HK$45.0 million for the year ended 31 March 2017.

Margin Financing Services

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.

Margin financing services of the Group recorded a remarkable growth during the year due to the keen demand for financing services from the Group's customers. The Group recorded an average daily margin loan balance of approximately HK$91.1 million for the year ended 31 March 2017 (2016: HK$76.8 million). Interest income from margin financing services for the year ended 31 March 2017 surged to approximately HK$5.9 million, representing an increase of approximately 39.0% as compared to approximately HK$4.2 million recorded for the year ended 31 March 2016, which was mainly attributable to the increase in average daily margin loan provided by the Group.

Asset Management Services

On 27 May 2015, the Group entered into a novation agreement with its single asset management client ("Client A") and ceased to provide asset management services to Client A. Fee income from asset management services for the year ended 31 March 2016 of approximately HK$0.4 million represented the management fee received from Client A.

The Group's asset management operations have been resumed in July 2016. As at 31 March 2017, the Group had four asset management clients and the discretionary funds managed by the Group amounted to approximately HK$119.6 million. Pursuant to the relevant asset management agreements with these clients, the Group acts as an investment manager and provides wealth management services to them on a discretionary basis pursuant to each client's investment requirements, objectives and restrictions, and is entitled to management fees with a range from 1.0% per annum to 2.0% per annum and performance fees with a range from 15% to 20%. For the year ended 31 March 2017, the Group recorded a total fee income from its asset management services of approximately HK$4.0 million.

Other Services

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 year ended 31 March 2016, other revenue mainly consisted of a referral fee income of approximately HK$9.4 million in relation to the referral of a potential investor to a controlling shareholder of a company listed on the Stock Exchange who was looking for purchasers of the controlling interest in such listed company.

For the year ended 31 March 2017, the Group completed another referral transaction for the acquisition of a controlling stake in a company listed on the Stock Exchange and generated a referral fee income of HK$6.8 million. Subsequently, the Group had also completed a general offer on behalf of the acquirer and was entitled to a professional service fee and a loan commitment fee of HK$0.5 million and HK$2.7 million, respectively.

FINANCIAL REVIEW

Key Financial Data

	As at/Year ended 31 March		Approximate percentage change
	2017	2016	
Results of operation *(HK$'000)*			
Revenue	**71,262**	40,921	74.1%
Profit before tax	**32,286**	9,636	235.1%
Net profit	**25,573**	6,883	271.5%
Financial position *(HK$'000)*			
Current assets	**325,738**	214,594	51.8%
Current liabilities	**104,673**	93,413	12.1%
Net assets	**223,281**	123,357	81.0%
Key financial ratios			
Net profit margin	**35.9%**	16.8%	
Return on equity	**11.5%**	5.6%	
Return on total assets	**7.8%**	3.2%	
Current ratio	**3.1 times**	2.3 times	
Net debt to equity ratio	**Net cash position**	Net cash position	
Gearing ratio	**Not applicable**	27.8%	

Revenue

The Group's revenue comprises (i) commission income from securities dealing and brokerage services; (ii) fee and commission income from placing and underwriting activities; (iii) interest income from margin financing; (iv) fee income from asset management services; and (v) income from other services provided.

	2017	2016
	HK$'000	*HK$'000*
Commission income from securities dealing and brokerage services	**5,184**	10,918
Fee and commission income from placing and underwriting activities	**44,988**	15,884
Interest income from margin financing	**5,901**	4,245
Fee income from asset management services	**3,997**	434
Others	**11,192**	9,440
	71,262	40,921

The Group recorded a total revenue for the year ended 31 March 2017 of approximately HK$71.3 million, representing an increase of approximately HK$30.3 million, or 74.1% from approximately HK$40.9 million for the year ended 31 March 2016. The significant increase in revenue was mainly attributed to:

(i) an increase in revenue generated from the placing and underwriting services by approximately HK$29.1 million mainly as a result of the increase in both the number of transactions and overall transaction value of placing and underwriting transactions participated by the Group during the year;

(ii) an increase in interest income from margin financing by approximately HK$1.7 million which was mainly attributable to the increase in average daily margin loan provided by the Group during the year;

(iii) the resumption of the Group's asset management services in July 2016 from which the Group generated fee income of approximately HK$4.0 million during the year; and

(iv) the recognition of other revenue of approximately HK$11.2 million which mainly comprised settlement fee of approximately HK$1.1 million, referral fee of HK$6.8 million, professional service fee of HK$0.5 million and loan commitment fee of HK$2.7 million.

Such increase was partly offset by the decrease in commission income from securities dealing and brokerage services from approximately HK$10.9 million for the year ended 31 March 2016 to approximately HK$5.2 million for the year ended 31 March 2017.

Other Gains and Losses

Other gains and losses mainly consist of interest charged on overdue accounts receivable (at 5% plus prime rate), settlement and handling fee income and fair value loss on held-for-trading investment. The total other gains and losses for the year ended 31 March 2017 was approximately HK$0.5 million (2016: HK$0.2 million).

Commission Expenses

Commission expenses represent commission paid to the Group's accounts executives (including in-house and self-employed accounts executives) and commission paid to sub-placing agents or sub-underwriters engaged by the Group for the fund raising exercises participated by the Group. Total commission expenses increased by approximately 21.3% from approximately HK$4.0 million for the year ended 31 March 2016 to approximately HK$4.9 million for the year ended 31 March 2017 which was mainly due to the increase in commission paid to sub-placing agents or sub-underwriters.

Staff Costs

Staff costs include staff salaries, bonus, allowances, Directors' emoluments and contribution to Mandatory Provident Fund. As at 31 March 2017, the Group had a total of 27 employees including Directors (2016: 21). Staff costs is a major expense item for the Group which accounted for approximately 33.0% of the total expenses of the Group for the year ended 31 March 2017 (2016: 30.2%). Total staff costs for the year ended 31 March 2017 was approximately HK$15.3 million, representing an increase of approximately HK$4.9 million or 47.6% from approximately HK$10.3 million for the year ended 31 March 2016. Such increase was mainly attributable to the increase in number of employees and bonus for the year.

Other Operating Expenses

Other operating expenses primarily consist of donations, entertainment expenses, legal and professional fees, office rent and rates, subscription fees, stock information expenses and various miscellaneous office expenses. For the year ended 31 March 2017, the Group's other operating expenses increased to approximately HK$12.1 million as compared to approximately HK$10.6 million for the year ended 31 March 2016, representing an increase of approximately 14.3%, which was mainly due to the increase in legal and professional fees of approximately HK$2.0 million.

Listing Expenses

For the purpose of the Listing, the Group incurred listing expenses of approximately HK$7.0 million for the year ended 31 March 2017 (2016: HK$6.0 million).

Income Tax Expense

Income tax expense for the year ended 31 March 2017 was approximately HK$6.7 million (2016: HK$2.8 million) and such growth was consistent with the increase in profits assessable under Hong Kong profits tax.

Profit for the Year

As a result of the foregoing, profit increased significantly by approximately HK$18.7 million, or 271.5% from approximately HK$6.9 million for the year ended 31 March 2016 to approximately HK$25.6 million for the year ended 31 March 2017.

Dividend

The Directors do not recommend the payment of any dividend in respect of the year ended 31 March 2017 (2016: nil).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group had amounts due to Directors and bank borrowings of approximately HK$24.3 million and HK$10.0 million, respectively as at 31 March 2016 (collective the "Debts"), which were fully settled during the year ended 31 March 2017. The Group did not have any outstanding debt as at 31 March 2017 and therefore the gearing ratio was not applicable.

For the year ended 31 March 2017, after the settlement of the Debts, the Group mainly financed its operations, capital expenditure and other capital requirements by internal resources and net proceeds raised from the Placing.

As at 31 March 2017, the net current assets of the Group amounted to approximately HK$221.1 million (2016: HK$121.2 million), including cash and cash equivalents of approximately HK$106.8 million (2016: HK$36.7 million). The current ratio of the Group, being the ratio of current assets to current liabilities, was approximately 3.1 times (2016: 2.3 times). The increase in net current assets and current ratio was mainly due to the increase in total bank balances as at 31 March 2017 compared to 31 March 2016.

The capital of the Group comprises only ordinary shares. As at 31 March 2017, the total equity attributable to owners of the Company amounted to approximately HK$223.3 million (2016: HK$123.4 million). Such increase was mainly attributed by the profit for the year ended 31 March 2017 of approximately HK$25.6 million and the net proceeds of approximately HK$55.3 million raised from the Placing.

ACHIEVEMENT OF BUSINESS OBJECTIVES

As set out in the Prospectus, the principal business objective of the Group is to increase the Group's exposure and scale of operations in Hong Kong within the capital markets and to capture a larger market share. Set out below are the key business strategies adopted by the Group in order to achieve such business objective and the Group's actual business progress:

(i) Developing the Group's brokerage services with a focus on enlarging its customer base and targeting high net worth customers from the mainland China

In order to further enhance the Group's reputation and public awareness after listing so as to soliciting new customers through referrals, the two new asset management staff hired in July 2016 were involved in the promotion and marketing activities for the Group by, among other things, providing weekly stock market commentary published in various local newspapers, participating in radio broadcasts hosted by Hong Kong Radio and discussing the Hong Kong stock market. For the year ended 31 March 2017, there were 11 new mainland China clients who have opened securities accounts with the Group, which have accounted for approximately 9.8% of the total new clients during the year.

For the year ended 31 March 2017, the Group's securities dealing and brokerage business was adversely affected by the general securities market performance of Hong Kong. As such, during the year and up to the date of this announcement, the Group did not hire any new in-house accounts executive, but the management will continue to review the market condition from time to time and look for suitable candidates when appropriate.

(ii) Developing the Group's placing and underwriting services

During the year ended 31 March 2017, the Group completed 30 placing and underwriting engagements (2016: 12 engagements) with a total transaction value of approximately HK$1.9 billion (2016: HK$0.6 billion) and the fee and commission income from placing and underwriting activities increased significantly by approximately 183.2%. The Directors believe there still exists ample opportunities for the Group to strive and expand.

(iii) Enhancing PFSL's revolving capital resources

The Group planned to apply majority of the net proceeds from the Placing to its margin financing services. With these additional capital resources and coupled with the keen demand for financing services from the Group's customers, the Directors believe that the margin financing business of the Group will continue to expand in the long run.

Furthermore, as margin receivable, subject to the Hong Kong Securities and Futures (Financial Resources) Rules ("SF(FR)R") calculation, is classified as liquid assets, the funds designated for margin financing also improved the liquid capital and thus raising the Group's capacity of undertaking underwriting activities.

(iv) Enhancing the Group's quality of service offered to its customers by upgrading the Group's IT systems as well as increasing the capital markets knowledge and development of the staff

At the date of this announcement, the upgrade of the Group's IT systems was already in progress and is expected to be completed in the second half calendar year of 2017. All Directors and employees are encouraged to attend relevant training courses to keep abreast of the latest market and regulation changes.

USE OF PROCEEDS

Net proceeds from the Placing was approximately HK$55.3 million. As disclosed in the Prospectus and the allotment results announcement of the Company dated 5 January 2017 (the "Announcement"), (i) approximately HK$48.1 million or approximately 87.0% of the net proceeds will be used for the expansion of the Group's margin financing services; (ii) approximately HK$1.7 million or approximately 3.0% of the net proceeds will be used to upgrade the Group's IT systems; and (iii) approximately HK$5.5 million or approximately 10.0% of the net proceeds will be used as general working capital of the Group.

The Group's planned and actual use of net proceeds from the Placing up to 31 March 2017 is as follows:

	Planned use of proceeds up to 31 March 2017 adjusted in the same manner and proportion as stated in the Prospectus and the Announcement	**Actual usage up to 31 March 2017**
	HK$ million	*HK$ million*
Expansion of margin financing services	7.5	7.5
Upgrade of the Group's IT Systems	–	–
General working capital	5.5	5.5
	13.0	13.0

OUTLOOK

The Directors and senior management of the Group will continue to monitor the Group's risk and credit exposure prudently, review the working capital level on an on-going basis, keep abreast of the latest developments of statutory requirements and the Hong Kong financial industry in order to maximise returns to shareholders.

Going forward, with the increased public awareness and enhanced capital resources upon the Listing, the Group and the Directors shall continue to strive and 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.

EMPLOYEE INFORMATION

As at 31 March 2017, the Group had a total of 27 employees including Directors (2016: 21). Total staff costs (including staff salaries, bonus, allowances, Directors' emoluments and contribution to Mandatory Provident Fund) for the year ended 31 March 2017 were approximately HK$15.3 million (2016: HK$10.3 million). Employees' remuneration was determined based on the employees' qualification, experience, position and seniority. The remuneration packages comprise mainly monthly fixed salaries and discretionary year-end bonuses based on individual performance, which are paid to employees as recognition of, and reward for, their contributions.

PLEDGE OF THE GROUP'S ASSETS

As at 31 March 2017, the Group had pledged its bank deposit amounting to HK$5.0 million (2016: HK$5.0 million) for banking facilities granted by a bank in Hong Kong to the Group.

FOREIGN EXCHANGE EXPOSURE

The turnover and operation costs of the Group were principally denominated in Hong Kong dollars, hence the exposure to the risk of foreign exchange rate fluctuations for the Group was minimal. As such, no financial instrument for hedging was employed.

SIGNIFICANT INVESTMENTS

The Group did not hold any significant investments during the year ended 31 March 2017 (2016: nil).

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Save for the Reorganisation undertaken in preparation for the Listing, there was no material acquisition or disposal of subsidiaries and affiliated companies during the year ended 31 March 2017.

CAPITAL COMMITMENTS

As at 31 March 2017, the Group did not have any significant capital commitments.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 31 March 2017 (2016: nil).

EVENT AFTER THE REPORTING PERIOD

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

CORPORATE GOVERNANCE PRACTICES

The Board is committed to promoting high standards of corporate governance practices and procedures. The Directors believe that sound and reasonable corporate governance practices are essential for the growth of the Group and for safeguarding the shareholders' interests and the Group's assets.

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "CG Code") in Appendix 15 of the GEM Listing Rules. From the Listing Date to 31 March 2017, to the best knowledge of the Board, the Company has complied with all the code provisions set out in the CG Code. The Board will continue to review its corporate governance practices in order to enhance its corporate governance standards, comply with the increasingly complicated regulatory requirements, and meet with the rising expectations of the shareholders and respective investors.

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 Directors, all of them confirmed that they have complied with the Required Standard of Dealings throughout the period from the Listing Date to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities from the Listing Date to 31 March 2017.

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 31 March 2017, no share option has been granted by the Company.

NON-COMPETITION UNDERTAKING

Each of TML, Mr. B Lo and Mr. C Lo (collectively, the "Covenantors" and each a "Covenantor") entered into a deed of non-competition (the "Deed of Non-Competition") with the Company on 5 December 2016 pursuant to which each of the Covenantors has, among other things, undertaken with the Company that at any time during the period that the Deed of Non-Competition remains effective, such Covenantor shall not, and shall procure that neither their respective close associates nor companies controlled by the Covenantors (other than the members of the Group) will, directly or indirectly, be interested in or engaged in any form of business, including but not limited to any joint venture, alliance, cooperation, partnership which competes or is likely to compete directly or indirectly with the Group's business in any area in which the Group carries or may carry on business ("Restricted Activity") from time to time; nor provide support in any form to persons other than the members of the Group to engage in business that constitute or may constitute direct or indirect competition with the businesses that the Group is currently and from time to time carrying on.

Such non-competition undertaking does not apply to holding shares of a company which conducts or is engaged in any Restricted Activity provided that, such shares are listed on a recognised stock exchange and: (a) the total number of the shares held by the Covenantors and/or their respective close associates (in aggregate) does not amount to more than 5% of the issued shares of such company; and (b) the Covenantors and/or their respective associates are not entitled to appoint a majority of the directors or management of that company.

The Covenantors have confirmed in writing to the Company of their compliance with the Deed of Non-Competition, and the independent non-executive Directors have reviewed the status of compliance and confirmed that all the undertakings under the Deed of Non-Competition have been complied by each of the Covenantors from the Listing Date up to the date of this announcement.

AUDIT COMMITTEE

The Company has established an audit committee (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. Ma Wai Hung Vincent, Mr. Mok Kwai Pui Bill and Mr. Ng Shu Bun Andrew. Mr. Mok Kwai Pui Bill is the chairman of the Audit Committee.

The Audit Committee had reviewed the annual results of the Group for the year ended 31 March 2017 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.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2017 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company (the "2017 AGM") will be held at 11:00 a.m. on 29 August 2017 at 3/F, Nexxus Building, 77 Des Voeux Road Central, Hong Kong and a notice of the 2017 AGM will be published and despatched in due course.

By order of the Board
PF Group Holdings Limited
Lo Tak Wing Benson
Chairman and Executive Director

Hong Kong, 22 June 2017

As at the date of this announcement, 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.

This announcement will remain on the ''Latest Company Announcements'' page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and be posted on the website of the Company at www.pfs.com.hk.