PF Group Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8221)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2018

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.

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 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 2018, together with the comparative audited figures for the year ended 31 March 2017, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Notes	**2018** *HK$'000*	2017 *HK$'000*
Revenue			
Commission income from securities dealing and brokerage services		**9,934**	5,184
Fee and commission income from placing and underwriting activities	*6*	**60,101**	44,988
Interest income from margin financing		**6,536**	5,901
Fee income from asset management services		**1,638**	3,997
Others	*7*	**4,836**	11,192
Total revenue		**83,045**	71,262
Bank interest income		**22**	11
Other gains and losses		**1,744**	545
		84,811	71,818
Commission expenses	*8*	**(8,620)**	(4,888)
Depreciation expenses		**(254)**	(145)
Staff costs	*9*	**(18,548)**	(15,263)
Other operating expenses		**(15,150)**	(12,131)
Finance costs		**–**	(139)
Listing expenses		**–**	(6,966)
Profit before tax	*10*	**42,239**	32,286
Income tax expense	*11*	**(7,133)**	(6,713)
Profit and total comprehensive income for the year attributable to owners of the Company		**35,106**	25,573
		HK cents	*HK cents*
Earnings per share			
Basic	*12*	**1.76**	1.58

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current assets			
Property and equipment		**759**	404
Intangible asset		**5,000**	–
Deposits placed with stock exchange and clearing house		**630**	630
Rental and utility deposit		**1,188**	1,182
Total non-current assets		**7,577**	2,216
Current assets			
Accounts receivable	*14*	**84,342**	124,838
Prepayments and other receivables		**690**	2,073
Cash and bank balances:			
Bank balance — house accounts		**178,388**	106,792
Pledged bank deposit		**5,000**	5,000
Cash held on behalf of customers		**130,133**	87,035
Total current assets		**398,553**	325,738
Current liabilities			
Accounts payable	*15*	**136,213**	92,105
Other payables and accruals		**11,073**	8,901
Tax payable		**457**	3,667
Total current liabilities		**147,743**	104,673
Net current assets		**250,810**	221,065
Net assets		**258,387**	223,281
Equity			
Share capital	*16*	**20,000**	20,000
Reserves		**238,387**	203,281
Total equity attributable to owners of the Company		**258,387**	223,281

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

	Equity attributable to owners of the Company				
	Share capital	**Share premium**	**Other reserves**	**Retained profits**	**Total**
	HK$'000 *(Note 16)*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2016	–	–	3,640	119,717	123,357
Profit and total comprehensive income for the year	–	–	–	25,573	25,573
Deemed contribution from a Director	–	–	6,122	–	6,122
Issue of ordinary shares by placing *(Note 16(d))*	5,000	70,000	–	–	75,000
Share issue costs	–	(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
Profit and total comprehensive income for the year	–	–	–	35,106	35,106
At 31 March 2018	20,000	48,229	9,762	180,396	258,387

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

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. 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 2018 were approved and authorised for issue by the Directors on 22 June 2018.

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 year ended 31 March 2017. As a result, the Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity.

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 March 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 year ended 31 March 2017, or since the respective dates of incorporation, where there is a shorter period.

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

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle

Except as described below, the application of the amendments to HKFRSs in the current year has had no material effect on the Group's consolidated financial performance and positions for the current year and prior period and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 7 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year.

New and revised HKFRSs and interpretations in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs and interpretations that have been issued but are not yet effective and which may be relevant to the Group:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[4]
HK(IFRIC)–Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC)–Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2021

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 2017 except for the adoption of the amendments to HKFRSs issued by the HKICPA mandatory for the annual periods beginning on 1 April 2017.

The 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 consolidated financial statements in conformity with HKFRSs requires the management of the Company to make judgments, 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 judgments 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 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 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.

	2018 *HK$'000*	2017 *HK$'000*
Securities dealing and brokerage services	**9,934**	5,184
Placing and underwriting services	**60,101**	44,988
Financing services	**6,536**	5,901
Asset management services	**1,638**	3,997
Other services	**4,836**	11,192
	83,045	71,262

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:

	2018 *HK$'000*	2017 *HK$'000*
Customer 1	**N/A**[1]	8,353

[1] No single customer contributed 10% or more to the Group's revenue during the year ended 31 March 2018.

No other single customer contributed 10% or more to the Group's revenue during the year ended 31 March 2017.

6. FEE AND COMMISSION INCOME FROM PLACING AND UNDERWRITING ACTIVITIES

	2018 *HK$'000*	2017 *HK$'000*
Fee and commission income from selling shareholders/issuers/brokers	**56,069**	41,311
Commission income from subscribers	**4,032**	3,677
	60,101	44,988

7. OTHER REVENUE

	2018	2017
	HK$'000	*HK$'000*
Settlement fee income	**–**	1,120
Referral fee income	**4,268**	6,800
Handling fee income	**418**	72
Professional service fee income	**150**	500
Loan commitment fee income	**–**	2,700
	4,836	11,192

8. COMMISSION EXPENSES

	2018	2017
	HK$'000	*HK$'000*
Commission to account executives	**2,210**	1,192
Commission to sub-placing agents and sub-underwriters	**6,410**	3,696
	8,620	4,888

9. STAFF COSTS

	2018	2017
	HK$'000	*HK$'000*
Salaries and bonus	**9,386**	6,521
Contributions to Mandatory Provident Fund	**277**	245
Allowances	**313**	208
Directors' emoluments		
— Fees	**396**	93
— Salaries	**2,160**	2,160
— Bonus	**5,980**	6,000
— Contributions to Mandatory Provident Fund	**36**	36
	18,548	15,263

10. PROFIT BEFORE TAX

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

	2018	2017
	HK$'000	*HK$'000*
Net foreign exchange (gain) loss	**(744)**	18
Gain on disposal of property and equipment	**(8)**	–
Minimum lease payments paid under operating lease in respect of rented premises	**4,498**	4,129
Auditor's remuneration	**859**	800
Legal and professional fees (excluding listing expenses)	**3,234**	1,653
Donation	**1,269**	1,300
Entertainment expenses	**1,480**	1,527
Loss arising on change in fair value of financial assets classified as held-for-trading	**–**	71

11. INCOME TAX EXPENSE

	2018	2017
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax	**7,105**	6,600
Under provision in prior year:		
Hong Kong Profits Tax	**28**	113
Income tax expense for the year	**7,133**	6,713

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 owners of the Company is based on the following data:

	2018	2017
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic earnings per share:		
Profit for the year attributable to owners of the Company	**35,106**	25,573

	2018	2017
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,000,000,000**	1,616,438,000

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the year ended 31 March 2017 has been determined on the assumption that the Reorganisation as disclosed in note 2 and the capitalisation issue as disclosed in note 16 had been effective on 1 April 2016.

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 2018 (2017: nil).

14. ACCOUNTS RECEIVABLE

	2018	2017
	HK$'000	*HK$'000*
Accounts receivable arising from the business of dealing in securities:		
— Clearing house	**2,211**	–
— Cash clients	**11,861**	5,951
— Margin clients	**66,786**	108,149
Accounts receivable arising from the placing and underwriting business	**3,131**	3,897
Accounts receivable arising from asset management services	**353**	241
Accounts receivable arising from other services	**–**	6,600
	84,342	124,838
Less: Impairment	**–**	–
	84,342	124,838

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 10.75% as at 31 March 2018 (2017: 3.25% to 8.25%). 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 2018 and 2017 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$464,741,000 as at 31 March 2018 (2017: HK$712,176,000). 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:

	2018	2017
	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 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. Except as described above, all accounts receivable from margin clients are included in "neither past due nor impaired" category.

As at 31 March 2018, 100% (2017: 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.

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 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:

	2018	2017
	HK$'000	*HK$'000*
0–60 days	**378**	3,072
61–90 days	**749**	–
>90 days	**2,357**	7,666
	3,484	10,738

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

	2018	2017
	HK$'000	*HK$'000*
0–60 days past due	**25**	139
61–90 days past due	**749**	–
>90 days past due	**2,357**	7,200
	3,131	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 2018 are debtors with aggregate carrying amount of approximately HK$3,131,000 (2017: HK$7,339,000) 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 51 days (2017: 96 days). Except as described above, all accounts receivable 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

	2018	2017
	HK$'000	*HK$'000*
Accounts payable arising from the business of dealing in securities:		
— Clearing house	**6,859**	3,827
— Cash clients	**119,368**	72,831
— Margin clients	**9,947**	13,596
Accounts payable arising from the placing and underwriting business	**39**	1,851
	136,213	92,105

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 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:

	2018	2017
	HK$'000	*HK$'000*
0–60 days	**39**	1,851
	39	1,851

16. SHARE CAPITAL

	Number of ordinary shares	Amount *HK$'000*
Ordinary shares of HK$0.01 each		
Authorised:		
1 April 2016 *(Note (a))*	38,000,000	380
Increase in authorised share capital *(Note (c))*	7,962,000,000	79,620
At 31 March 2017 and 2018	8,000,000,000	80,000
Issued and fully paid:		
1 April 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 and 2018	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 2018, the Group had 677 active securities trading accounts (2017: 618).

For the year ended 31 March 2018, the Group completed a securities trading transaction in which the Group generated commission income of approximately HK$2.9 million. Together with the effect of overall positive atmosphere of the Hong Kong stock market during the year, the total transaction value of securities trading carried out by the Group on behalf of customers increased to approximately HK$5.8 billion for the year ended 31 March 2018 (2017: HK$3.1 billion). As a result, the Group's commission income from securities dealing and brokerage services increased significantly by approximately HK$4.8 million or 91.6% from approximately HK$5.2 million for the year ended 31 March 2017 to approximately HK$9.9 million for the year ended 31 March 2018.

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.

Placing and underwriting fee and commission income is principally affected by the number of engagements participated by the Group, the size of engagements and the commission rates. For the year ended 31 March 2018, the Group completed 44 placing and underwriting engagements with a total transaction value of approximately HK$1.3 billion (2017: 30 placing and underwriting engagements with a total transaction value of approximately HK$1.9 billion). Attributed to the increase in (i) number of engagements participated by the Group and (ii) the average commission rate, the Group generated fee and commission income from placing and underwriting activities of approximately HK$60.1 million for the year ended 31 March 2018, representating an increase of approximately HK$15.1 million or 33.6% compared with that of 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.

The Group's margin financing business continues to grow. The Group recorded an average daily margin loan balance of approximately HK$96.2 million for the year ended 31 March 2018 (2017: HK$91.1 million) and interest income from margin financing recorded an increase of approximately 10.8% from approximately HK$5.9 million for the year ended 31 March 2017 to approximately HK$6.5 million for the year ended 31 March 2018.

Asset Management Services

The Group's asset management operations have been resumed in July 2016. As at 31 March 2018, the Group had six (2017: four) asset management clients and the total net assets value managed by the Group amounted to approximately HK$4.8 billion (2017: HK$119.6 million). 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. Total fee income from asset management services for the year ended 31 March 2018 was approximately HK$1.6 million, representing a decrease of approximately 59.0% as compared to the year ended 31 March 2017, which was mainly due to the decrease in performance fee recorded.

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.

The Group was notified the interest of some investors in trading securities through Shanghai-Hong Kong Stock Connect. However, the Group currently does not have a Shanghai-Hong Kong Stock Connect licence to execute such trades on behalf of these investors. As such, the Group entered into referral agreements with other securities companies in Hong Kong (the "Securities Companies"), who have proper licences, and pursuant to the referral agreements, the Group will refer investors to the Securities Companies (the "Referral") and is entitled to a monthly referral fee calculated with reference to the revenue of the Securities Companies generated from the referred investors. For the year ended 31 March 2018, revenue from other services mainly represented referral fee income of approximately HK$4.3 million generated from such Referral.

For the year ended 31 March 2017, the Group completed a 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**
	2018	2017	
Results of operation *(HK$'000)*			
Revenue	**83,045**	71,262	16.5%
Profit before tax	**42,239**	32,286	30.8%
Net profit	**35,106**	25,573	37.3%
Financial position *(HK$'000)*			
Current assets	**398,553**	325,738	22.4%
Current liabilities	**147,743**	104,673	41.1%
Net assets	**258,387**	223,281	15.7%
Key financial ratios			
Net profit margin	**42.3%**	35.9%	
Return on equity	**13.6%**	11.5%	
Return on total assets	**8.6%**	7.8%	
Current ratio	**2.7 times**	3.1 times	
Net debt to equity ratio	**Net cash position**	Net cash position	
Gearing ratio	**Not applicable**	Not applicable	

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.

	2018	2017
	HK$'000	*HK$'000*
Commission income from securities dealing and brokerage services	**9,934**	5,184
Fee and commission income from placing and underwriting activities	**60,101**	44,988
Interest income from margin financing	**6,536**	5,901
Fee income from asset management services	**1,638**	3,997
Others	**4,836**	11,192
	83,045	71,262

The Group recorded a total revenue for the year ended 31 March 2018 of approximately HK$83.0 million, representing an increase of approximately HK$11.8 million, or 16.5% from approximately HK$71.3 million for the year ended 31 March 2017. The increase in revenue was mainly attributed to:

(i) an increase in commission income from securities dealing and brokerage services by approximately HK$4.8 million due to the recognition of commission income of approximately HK$2.9 million from a securities trading transaction and the overall positive atmosphere of the Hong Kong stock market during the year;

(ii) an increase in revenue generated from the placing and underwriting services by approximately HK$15.1 million mainly as a result of the increase in number of placing and underwriting engagements participated by the Group and the average commission rate during the year; and

(iii) an increase in interest income from margin financing by approximately HK$0.6 million which was mainly attributable to the increase in average daily margin loan provided by the Group during the year.

Such increase was partly offset by:

(i) the decrease in fee income from asset management services by approximately HK$2.4 million which was mainly due to the decrease in performance fee recorded; and

(ii) the decrease in income from other services from approximately HK$11.2 million for the year ended 31 March 2017 to approximately HK$4.8 million for the year ended 31 March 2018.

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 exchange gain. The total other gains and losses for the year ended 31 March 2018 was approximately HK$1.7 million (2017: HK$0.5 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 76.4% from approximately HK$4.9 million for the year ended 31 March 2017 to approximately HK$8.6 million for the year ended 31 March 2018 which was mainly due to the increase in both (i) commission paid to accounts executives and (ii) commission paid to sub-placing agents or sub-underwriters by approximately HK$1.0 million and HK$2.7 million respectively.

Staff Costs

Staff costs include Directors' emoluments, staff salaries, bonus, allowances and contribution to Mandatory Provident Fund. As at 31 March 2018, the Group had a total of 29 employees including Directors (2017: 27). Staff costs is a major expense item for the Group which accounted for approximately 37.3% of the total expenses of the Group for the year ended 31 March 2018 (2017: 33.0%). Total staff costs for the year ended 31 March 2018 was approximately HK$18.5 million, representing an increase of approximately HK$3.3 million or 21.5% from approximately HK$15.3 million for the year ended 31 March 2017. 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, software and stock information expenses and various miscellaneous office expenses. For the year ended 31 March 2018, the Group's other operating expenses increased to approximately HK$15.2 million as compared to approximately HK$12.1 million for the year ended 31 March 2017, representing an increase of approximately 24.9%, which was mainly due to the increase in legal and professional fees of approximately HK$1.6 million, increase in office rent and rates of approximately HK$0.4 million and increase in software and stock information expenses of approximately HK$0.3 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. No such expenses were recorded for the year ended 31 March 2018.

Income Tax Expense

Income tax expense for the year ended 31 March 2018 was approximately HK$7.1 million (2017: HK$6.7 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$9.5 million, or 37.3% from approximately HK$25.6 million for the year ended 31 March 2017 to approximately HK$35.1 million for the year ended 31 March 2018.

Dividends

The Directors do not recommend the payment of any dividend in respect of the year ended 31 March 2018 (2017: nil).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

For the year ended 31 March 2018, 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 2018, the net current assets of the Group amounted to approximately HK$250.8 million (2017: HK$221.1 million), including cash and cash equivalents of approximately HK$178.4 million excluding pledged bank deposit and cash held on behalf of customers (2017: HK$106.8 million). The current ratio of the Group, being the ratio of current assets to current liabilities, was approximately 2.7 times (2017: 3.1 times).

The capital of the Group comprises only ordinary shares. As at 31 March 2018, the total equity attributable to owners of the Company amounted to approximately HK$258.4 million (2017: HK$223.3 million). Such increase was attributed by the profit for the year ended 31 March 2018 of approximately HK$35.1 million.

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 Group's asset management staff involved in the promotion and marketing activities for the Group by, among other things, providing 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 2018, there were 26 new Mainland China clients who have opened securities accounts with the Group, which have accounted for approximately 22.2% of the total new clients during the year.

For the year ended 31 March 2018, although the Group's securities dealing and brokerage business had achieved a remarkable growth, the management, after considering existing manpower of the Group and the market condition, did not hire any new in-house accounts executive during the year. 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

For the year ended 31 March 2018, the Group completed 44 placing and underwriting engagements with a total transaction value of approximately HK$1.3 billion (2017: 30 placing and underwriting engagements with a total transaction value of approximately HK$1.9 billion) and the fee and commission income from placing and underwriting activities increased significantly by approximately 33.6%. The Directors believe there are 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 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 in progress and is expected to be completed in the second half calendar year of 2018. 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 2018 is as follows:

	Planned use of proceeds up to 31 March 2018 adjusted in the same manner and proportion as stated in the Prospectus and the Announcement	**Actual usage up to 31 March 2018**
	HK$ million	*HK$ million*
Expansion of margin financing services	37.5	37.5
Upgrade of the Group's IT Systems	0.8	0.8
General working capital	5.5	5.5
	43.8	43.8

OUTLOOK

The Directors are of the view that the Hong Kong and global financial markets are still challenging and full of uncertainties. 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 potential development opportunities arising from favorable policies, such as the Mainland China's Belt and Road Initiative and the reform of the Hong Kong stock market, the Group and the Directors shall continue to strive to achieve the business objective to increase the Group's exposure and scale of operations in Hong Kong within the capital markets and to capture a larger market share.

EMPLOYEE INFORMATION

As at 31 March 2018, the Group had a total of 29 employees including Directors (2017: 27). Total staff costs (including Directors' emoluments, staff salaries, bonus, allowances and contribution to Mandatory Provident Fund) for the year ended 31 March 2018 were approximately HK$18.5 million (2017: HK$15.3 million). Employees' remuneration was determined based on the employees' qualification, experience, position and seniority. The remuneration packages comprise mainly monthly fixed salaries and discretionary 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 2018, the Group had pledged its bank deposit amounting to HK$5.0 million (2017: HK$5.0 million) for banking facilities granted by a bank in Hong Kong to the Group.

FOREIGN EXCHANGE EXPOSURE

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.

SIGNIFICANT INVESTMENTS

The Group did not hold any significant investments during the year ended 31 March 2018 (2017: nil).

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

There was no material acquisition or disposal of subsidiaries and affiliated companies during the year ended 31 March 2018.

CAPITAL COMMITMENTS

As at 31 March 2018, the Group did not have any significant capital commitments.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 31 March 2018 (2017: 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. For the year ended 31 March 2018, 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 year ended 31 March 2018 and up 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 during the year ended 31 March 2018.

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 2018, 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 for the year ended 31 March 2018 and 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 2018 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 2018 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 "2018 AGM") will be held at 10:30 a.m. on 29 August 2018 at 7/F, Nexxus Building, 77 Des Voeux Road Central, Hong Kong and a notice of the 2018 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 2018

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.