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PF Group Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8221)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2020

The board (the “**Board**”) of directors (the “**Directors**”) of PF Group Holdings Limited (the “**Company**”) hereby announces the unaudited condensed consolidated quarterly results of the Company and its subsidiaries (collectively the “**Group**”) for the nine months ended 31 December 2020. This announcement, containing the full text of the third quarterly report 2020 of the Company (the “**Third Quarterly Report 2020**”), complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) in relation to information to accompany the preliminary announcement of the quarterly results. Printed version of the Third Quarterly Report 2020 containing the information required by the GEM Listing Rules will be despatched to the shareholders of the Company in due course.

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

Hong Kong, 9 February 2021

As at the date of this announcement, the Board comprises nine Directors, namely Mr. Fok Yuk Tong, Ms. Hsieh Ching Chun, Dr. Lee Chun Pong Bruce (Chairman), Mr. Zhong Chu Jian and Ms. Fok Kit Yee as executive Directors; Ms. Fong Man Julisa as non-executive Director; and Mr. Wong Che Man Eddy, Mr. Cho Chun Man and Ms. Chan Hoi Wuen Katherine as independent non-executive Directors.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” 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.

CHARACTERISTICS OF GEM (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

*This report, for which the directors (the “**Directors**”) of PF Group Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

The board of Directors (the “**Board**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the three months and nine months ended 31 December 2020 together with the comparative unaudited figures for the corresponding periods in 2019 as follows:

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

For the three months and nine months ended 31 December 2020

	Notes	Three months ended 31 December		Nine months ended 31 December	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Revenue					
Commission income from securities dealing and brokerage services		1,572	1,868	6,144	4,970
Fee and commission income from placing and underwriting activities	4	8	219	371	10,632
Interest income from margin and loan financing services		1,311	1,596	5,403	4,865
Fee income from asset management services		452	323	1,359	962
Others	5	500	1,397	1,500	3,240
Total revenue		3,843	5,403	14,777	24,669
Bank interest income		–	68	256	220
Other gains and losses		717	1,798	2,118	2,029
		4,560	7,269	17,151	26,918
Commission expenses	6	(786)	(781)	(2,118)	(7,502)
Depreciation expenses		(1,342)	(1,239)	(3,815)	(2,540)
Staff costs	7	(2,915)	(6,838)	(13,362)	(12,882)
Other operating expenses		(3,418)	(2,391)	(8,295)	(8,154)
Finance costs	8	(27)	(75)	(114)	(209)
Loss before tax		(3,928)	(4,055)	(10,553)	(4,369)
Income tax credit	10	–	76	–	–
Loss and total comprehensive loss for the period attributable to owners of the Company		(3,928)	(3,979)	(10,553)	(4,369)
		HK cents	HK cents	HK cents	HK cents
Loss per share					
Basic	11	(0.20)	(0.20)	(0.53)	(0.22)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2020

	Equity attributable to owners of the Company				
	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 April 2020 (audited)	20,000	48,229	9,762	166,161	244,152
Loss and total comprehensive loss for the period	-	-	-	(10,553)	(10,553)
Dividend declared and payable	-	-	-	(50,000)	(50,000)
At 31 December 2020 (unaudited)	20,000	48,229	9,762	105,608	183,599

For the nine months ended 31 December 2019

	Equity attributable to owners of the Company				
	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 April 2019 (audited)	20,000	48,229	9,762	202,424	280,415
Loss and total comprehensive loss for the period	-	-	-	(4,369)	(4,369)
At 31 December 2019 (unaudited)	20,000	48,229	9,762	198,055	276,046

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and nine months ended 31 December 2020

1. GENERAL

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

The Company is an investment holding company. The 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 II, 16–18 Queen’s Road Central, Central, Hong Kong.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company and its subsidiaries and all values are rounded to the nearest thousands (“**HK\$’000**”), unless otherwise stated.

The unaudited condensed consolidated financial statements are unaudited, but have been reviewed by the audit committee of the Company (the “**Audit Committee**”). The unaudited condensed consolidated financial statements were approved for issue by the Directors on 9 February 2021.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The Group's unaudited condensed consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of the GEM Listing Rules.

The unaudited condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the Group's annual financial statements for the year ended 31 March 2020 except in relation to the new and revised HKFRSs issued by the HKICPA that are adopted for the first time for the current period's financial information as described below:

HKFRS 16 Leases

Impacts and accounting policies on early application of Amendment to HKFRS 16 "COVID-19-Related Rent Concessions"

Leases

COVID-19-Related Rent Concessions

Rent concessions relating to lease contracts that occurred as a direct consequence of Coronavirus Disease 2019 (the "COVID-19") Pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

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

HKFRS 16 Leases *(Continued)*

Impacts and accounting policies on early application of Amendment to HKFRS 16 "COVID-19-Related Rent Concessions" *(Continued)*

COVID-19-Related Rent Concessions *(Continued)*

The Group has applied the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 "Leases" if the changes were not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

3. SEGMENT REPORTING

The chief operating decision maker ("CODM") of the Group, being the executive Directors and senior management of the Group, regularly review revenue analysis by major services to make decisions about resource allocation. No discrete financial information other than revenue is regularly provided to the CODM. The management assesses the performance of the Group based on the revenue and profit as presented in the unaudited condensed consolidated statement of profit or loss and other comprehensive income.

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.

3. SEGMENT REPORTING *(Continued)*

Revenue represents the aggregate of the amounts received and receivable from third parties, income from securities dealing and brokerage services, placing and underwriting services and asset management services. Revenue recognised during the relevant periods are as follows:

Disaggregation of revenue from contracts with customers

	Three months ended 31 December		Nine months ended 31 December	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Securities dealing and brokerage services	1,572	1,868	6,144	4,970
Placing and underwriting services	8	219	371	10,632
Asset management services	452	323	1,359	962
Other services	500	1,397	1,500	3,240
Revenue from contracts with customers	2,532	3,807	9,374	19,804
Revenue from other sources				
Interest income from margin financing services	677	1,596	3,508	4,865
Interest income from loan financing	634	–	1,895	–
	1,311	1,596	5,403	4,865
	3,843	5,403	14,777	24,669
Timing of revenue recognition:		(Restated)		(Restated)
A point in time	2,107	3,555	8,099	19,051
Over time	425	252	1,275	753
	2,532	3,807	9,374	19,804

4. FEE AND COMMISSION INCOME FROM PLACING AND UNDERWRITING ACTIVITIES

	Three months ended 31 December		Nine months ended 31 December	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Fee and commission income from selling shareholders/issuers/brokers	8	167	371	7,688
Commission income from subscribers	-	52	-	2,944
	8	219	371	10,632

5. OTHER REVENUE

	Three months ended 31 December		Nine months ended 31 December	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Handling fee income	-	-	-	143
Professional service fee income	500	450	1,500	1,350
Loan set up and commitment fee income	-	947	-	1,747
	500	1,397	1,500	3,240

6. COMMISSION EXPENSES

	Three months ended 31 December		Nine months ended 31 December	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Commission to account executives	590	658	1,922	2,341
Commission to sub-placing agents and sub-underwriters	196	123	196	5,161
	786	781	2,118	7,502

7. STAFF COSTS

	Three months ended 31 December		Nine months ended 31 December	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Salaries	1,837	2,002	5,578	6,193
Contributions to Mandatory Provident Fund	58	70	168	211
Directors' emoluments				
– Fees	248	99	446	297
– Salaries	764	748	2,144	2,243
– Bonus	–	3,910	5,000	3,910
– Contributions to Mandatory Provident Fund	8	9	26	28
	2,915	6,838	13,362	12,882

8. FINANCE COSTS

	Three months ended 31 December		Nine months ended 31 December	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Interest on bank borrowing	–	–	–	60
Interest on lease liabilities	27	75	114	149
	27	75	114	209

9. DIVIDEND

No quarterly dividend has been paid or declared by the Company for the nine months ended 31 December 2020 (2019: Nil).

10. INCOME TAX CREDIT

	Three months ended 31 December		Nine months ended 31 December	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Current tax:				
Hong Kong profits tax	-	76	-	-

Hong Kong profits tax is calculated at 8.25% on the first HK\$2,000,000 of the estimated assessable profit of the qualifying entity and 16.5% of the remaining balance of the estimated assessable profit of the Group for the nine months ended 31 December 2020. No provision for Hong Kong Profit Tax has been made as there are no assessable profits for the period ended 31 December 2020.

11. LOSS PER SHARE

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

	Three months ended 31 December		Nine months ended 31 December	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Loss for the purpose of basic earnings per share:				
Loss for the period attributable to owners of the Company	(3,928)	(3,979)	(10,553)	(4,369)

	Three months ended 31 December		Nine months ended 31 December	
	2020 (unaudited)	2019 (unaudited)	2020 (unaudited)	2019 (unaudited)
Number of shares				
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000

For each of the three months and nine months ended 31 December 2020 and 2019, there were no dilutive potential ordinary shares in issue, thus no diluted earnings per share is presented.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

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

For the nine months ended 31 December 2020 (the “**Period**” or “**3Q2020**”), as compared to the nine months ended 31 December 2019 (the “**Corresponding Period**” or “**3Q2019**”), the Group had 432 active securities trading accounts for 3Q2020 (3Q2019: 345). The Group’s commission income from securities dealing and brokerage services increased by approximately 22% from approximately HK\$5.0 million for 3Q2019 to approximately HK\$6.1 million for 3Q2020.

The Group’s fee and commission income from placing and underwriting activities decreased by approximately 96.2% from approximately HK\$10.6 million for 3Q2019 to approximately HK\$0.4 million for 3Q2020. This decrease was mainly attributable to the decrease in number of engagements participated by the Group. For 3Q2020, the Group only completed 2 placing and underwriting engagements with a total transaction value of approximately HK\$26 million (3Q2019: 7 placing and underwriting engagements with a total transaction value of approximately HK\$148.9 million).

The Group’s fee income from asset management services for the 3Q2020 was approximately HK\$1.4 million, representing an increase of approximately 40% as compared to approximately HK\$1.0 million for 3Q2019. As at 31 December 2020, the Group had two asset management clients (of which one client has terminated our service with the last date of our service on 31 December 2020) in total and the total net assets value managed by the Group was approximately HK\$6.1 billion.

Interest income from margin financing mainly represents the interest income generated from the provision of margin and loan financing services for customers to purchase securities listed on the Stock Exchange on a margin basis. For the Period, interest income from margin and loan financing increased by 10.2% from approximately HK\$4.9 million for 3Q2019 to approximately HK\$5.4 million for 3Q2020.

On the other hand, the Group recorded revenue from other services of approximately HK\$1.5 million for 3Q2020 which was mainly comprised of agency fee and professional service income.

Overall, total revenue for 3Q2020 was approximately HK\$14.7 million, representing a decrease of approximately 40.5% as compared to 3Q2019.

Looking ahead, the global epidemic is still the biggest uncertainty to the global economy, the impact of COVID-19 will probably last for a period of time. Economic activities will not fully resume until the crisis is under control. At the same time, the conflict between China and the United States brought further uncertainties to the global trading environment. It is expected that the uncertainties to the overall economy will also last for a while.

Dealing with the future challenges, the management of the Group would review and adjust business strategies on a regular basis with a prudent and balanced risk management approach. The management of the Group remains cautiously optimistic about the business development and overall performance of the Group in the future.

FINANCIAL REVIEW

Revenue

The Group's total revenue for 3Q2020 was approximately HK\$14.7 million, representing a decrease of approximately HK\$10.0 million or 40.5% from approximately HK\$24.7 million for 3Q2019. The decrease in total revenue was mainly attributed to the decrease in fee and commission income generated from placing and underwriting activities of approximately HK\$10.2 million.

The Group's commission income from securities dealing and brokerage services increased by approximately HK\$1.1 million or 22.0% from approximately HK\$5.0 million for 3Q2019 to approximately HK\$6.1 million.

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 3Q2020, the Group only completed 2 placing and underwriting engagements with a total transaction value of approximately HK\$26.0 million (3Q2019: 7 placing and underwriting engagements with a total transaction value of approximately HK\$148.9 million). Attributed to the decrease in both the number of engagements participated by the Group and the total transaction value, fee and commission income from placing and underwriting activities decreased by approximately 96.2% from approximately HK\$10.6 million for 3Q2019 to approximately HK\$0.4 million for 3Q2020.

Interest income from margin and loan financing services increased by approximately 10.2% from approximately HK\$4.9 million for 3Q2019 to approximately HK\$5.4 million for 3Q2020.

As at 31 December 2020, the Group had two (31 December 2019: six) asset management clients (of which one client has terminated our service with the last date of our service on 31 December 2020) and the total net assets value managed by the Group amounted to approximately HK\$6.1 billion (31 December 2019: approximately HK\$5.4 billion). Pursuant to the relevant asset management agreements with these clients, the Group acts as an investment manager and provides asset management services to them on a discretionary basis pursuant to each client's investment requirements, objectives and restrictions, and is entitled to (i) management fees on a fixed fee basis or on a percentage basis (2.0% per annum); (ii) performance fees on a percentage basis; and (iii) discretionary bonus. For 3Q2020, the Group recorded a total fee income from its asset management services of approximately HK\$1.4 million (3Q2019: approximately HK\$1.0 million).

In addition to the above business activities, the Group may on a case by case basis come across other projects, the fee income from which is recorded as other revenue.

For 3Q2020, revenue from other services was mainly comprised of agency fee and professional service income of approximately HK\$1.5 million (3Q2019: 3.1 million).

Loss for the Period

Loss for the 3Q2020 was approximately HK\$10.5 million, representing a substantial increase of approximately HK\$6.1 million from loss of approximately HK\$4.4 million for 3Q2019 which was primarily attributed to the decrease in total revenue as discussed above.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the Period, the Group mainly financed its operations by internal resources. As at 31 December 2020, the Group had net current assets of approximately HK\$175.1 million (31 December 2019: approximately HK\$267.4 million), including cash and cash equivalents of approximately HK\$119.7 million (31 December 2019: approximately HK\$123.6 million). The current ratio, being the ratio of current assets to current liabilities, was approximately 3.4 times as at 31 December 2020 (31 December 2019: approximately 3 times).

As at 31 December 2020, the Group had no bank borrowings outstanding (31 December 2019: no bank borrowings).

The capital of the Group comprises only ordinary shares. Total equity attributable to owners of the Company amounted to approximately HK\$184 million as at 31 December 2020 (31 December 2019: approximately HK\$276 million).

PLEDGE OF THE GROUP'S ASSETS

As at 31 December 2020, the Group had pledged its bank deposit amounting to HK\$5 million (31 December 2019: HK\$5 million) for banking facilities granted by a bank in Hong Kong to the Group.

EMPLOYEE INFORMATION

As at 31 December 2020, the Group had 21 employees (31 December 2019: 24), including the Directors. Total staff costs (including staff salaries, Directors' emoluments and contribution to Mandatory Provident Fund) for 3Q2020 were approximately HK\$13.3 million (3Q2019: approximately HK\$12.9 million).

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

There was no material acquisition or disposal of subsidiaries and affiliated companies during the Period.

FOREIGN EXCHANGE RISK

The Group's exposure to foreign exchange risk is primarily related to transactions denominated in a currency other than Hong Kong dollars. Except for part of the referral fee income which was settled in Renminbi, the turnover and operation costs of the Group were principally denominated in Hong Kong dollars. The Group currently does not have a policy on hedges of foreign exchange risk. However, the Group will closely monitor the fluctuations in exchange rates and will consider to employ financial instrument for hedging should the needs arise.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 31 December 2020.

CHANGE OF CONTROLLING SHAREHOLDER OF THE COMPANY

As disclosed in the Interim Report 2020, Thoughtful Mind Limited, a company incorporated in British Virgin Islands with limited liability and is owned as to 57.1% by Mr. Lo Tak Wing Benson and as to 42.9% by Mr. Lo Shiu Wing Chester (together with Mr. Lo Tak Wing Benson, the “**Warrantors**”), as a vendor (the “**Vendor**”) and the Warrantors that on 28 April 2020 (after trading hours), had entered into the sale and purchase agreement (the “**Sale and Purchase Agreement**”) with CWIL, as a purchaser and offeror (the “**Offeror**”), pursuant to which the Vendor conditionally agreed to sell and the Offeror conditionally agreed to purchase the sale shares, being 1,500,000,000 ordinary shares of the Company (the “**Sale Shares**”), for a total consideration of HK\$120,000,000, equivalent to HK\$0.08 per Sale Share, which was agreed between the Vendor and the Offeror after arm’s length negotiations. The Sale Shares represent 75% of the entire issued share capital of the Company. The completion of the Sale and Purchase Agreement (the “**Completion**”) took place on 28 October 2020.

Immediately following the Completion, the Offeror and parties acting in concert with it (“**Concert Parties**”) were interested in an aggregate of 1,500,360,000 Shares, representing 75.018% of the entire issued share capital of the Company as at the date thereof. Pursuant to Rule 26.1 of the Hong Kong Code on Takeovers and Mergers, the Offeror made a mandatory unconditional general offer (the “**Offer**”) in cash for all the issued shares other than those already owned or agreed to be acquired by the Offeror and its Concert Parties upon Completion.

The Offer was closed on 11 December 2020 and was not revised or extended by the Offeror. Immediately after the close of the Offer, the Offeror and its Concert Parties were interested in an aggregate of 1,764,880,000 Shares, representing approximately 88.24% of the issued share capital of the Company.

Trading in the Shares was suspended from 14 December 2020, being the trading day immediately after the close of the Offer as the percentage of the public float had fallen below 15% following the close of the Offer at the request of the Company.

The Offeror appointed a placing agent to place down certain number of Shares held by it to independent third parties for the purpose of restoring the Company’s minimum public float to at least 25% in compliance with Rule 11.23(7) of the GEM Listing Rules. An application was made by the Company to the Stock Exchange for a temporary waiver (the “**Waiver**”) from strict compliance with Rule 11.23(7) of the GEM Listing Rules. On 22 December 2020, the Company was granted the Waiver by the Stock Exchange for the period from 28 October 2020 to 8 January 2021.

The Company was informed by the Offeror that on 5 January 2021, the Offeror and its Concert Parties had completed to place down a total number of 264,880,000 Shares to independent third parties (the **"Placing"**). Upon completion of the Placing, the interest of the Offeror and its Concert Parties was reduced to 75%. Accordingly, upon completion of the Placing, a total of 500,000,000 Shares, representing 25% of the issued share capital of the Company, are being held by the public in compliance with the minimum public float requirement under Rule 11.23(7) of the GEM Listing Rules.

Details of the Sale and Purchase Agreement and the Offer are set out in the Company's announcements dated 6 May 2020, 5 June 2020, 3 July 2020, 4 August 2020, 3 September 2020, 4 September 2020, 7 September 2020, 7 October 2020, 28 October 2020, 4 November 2020, 20 November 2020, 14 December 2020, 24 December 2020, 5 January 2021 and the Composite Document dated 20 November 2020.

EVENT AFTER THE REPORTING PERIOD

Save as disclosed above, after the reporting period and up to the date of this report, there was no significant event relevant to the business or financial performance of the Group that come to the attention of the Directors.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2020, the interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the **"SFO"**)) held by the Directors and chief executives of the Company (the **"Chief Executives"**) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or as otherwise have been notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules are as follows:

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

Name of Director	Capacity/Nature of interest	Number of shares held	Approximate percentage of shareholding
Mr. Fok Yuk Tong (“ Mr. Fok ”) (Notes 1 & 3)	Interest in controlled corporation	1,464,520,000	73.23
Ms. Hsieh Ching Chun (“ Ms. Hsieh ”) (Notes 1 & 3)	Interest in controlled corporation	1,464,520,000	73.23
Dr. Lee Chun Pong Bruce (“ Dr. Lee ”) (Note 2)	Interest in controlled corporation	300,000,000	15.00
Ms. Fok Kit Yee	Beneficial interest	360,000	0.02

Notes:

1. The issued share capital of CWIL is beneficially owned as to 30% by Mr. Fok and 70% by Ms. Hsieh respectively. Mr. Fok is the spouse of Ms. Hsieh. Therefore, Mr. Fok and Ms. Hsieh are deemed to be interested in the 1,464,520,000 shares of the Company held by CWIL by virtue of the SFO.
2. Mega Wise Group Limited (“**MWGL**”) is wholly-owned by Dr. Lee. Therefore, Dr. Lee is deemed to be interested in the 300,000,000 shares of the Company held by MWGL by virtue of the SFO.
3. The Company was informed by CWIL that on 5 January 2021, CWIL and its Concert Parties had completed to place down a total number of 264,880,000 Shares to independent third parties. Upon completion of the Placing, the shareholding of CWIL in the Company has been reduced to 1,199,640,000.

Save as disclosed above, as at 31 December 2020, none of the Directors or Chief Executives had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which was required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as the Directors and the Chief Executives are aware, as at 31 December 2020, other than the Directors and the Chief Executives, the following person/corporation had or was deemed or taken to have an interest and/or short position in the shares or the underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of the Company required to be kept under section 336 of the SFO, or which would be, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group:

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

Name	Capacity/Nature of interest	Number of shares held	Approximate percentage of shareholding
CWIL (Notes 1 &4)	Beneficial interest	1,464,520,000	73.23
MWGL (Notes 2 & 3)	Beneficial interest	300,000,000	15.00
Ms. Chow Nim Pui ("Ms. Chow") (Notes 2 & 3)	Interest in spouse	300,000,000	15.00

Notes:

1. The issued share capital of CWIL is beneficially owned as to 30% by Mr. Fok and 70% by Ms. Hsieh respectively. Mr. Fok is the spouse of Ms. Hsieh. Therefore, Mr. Fok and Ms. Hsieh are deemed to be interested in the 1,464,520,000 shares of the Company held by CWIL by virtue of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO").
2. MWGL is wholly-owned by Dr. Lee. Therefore, Dr. Lee is deemed to be interested in the 300,000,000 shares of the Company held by MWGL by virtue of the SFO.

3. Ms. Chow is the spouse of Dr. Lee. Therefore, Ms. Chow is deemed to be interested in the 300,000,000 shares of the Company held by Dr. Lee through MWGL under the SFO.
4. The Company was informed by CWIL that on 5 January 2021, CWIL and its Concert Parties had completed to place down a total number of 264,880,000 Shares to independent third parties. Upon completion of the Placing, the shareholding of CWIL in the Company has been reduced to 1,199,640,000.

Save as disclosed above, as at 31 December 2020, the Directors were not aware of any person or corporation (other than the Directors and the Chief Executives) who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or pursuant to section 336 of the SFO, which would have to be recorded in the register referred to therein.

SHARE OPTION SCHEME

A share option scheme (the “**Scheme**”) was adopted by the shareholder of the Company and was effective on 5 December 2016. Unless otherwise cancelled or amended, the Scheme will remain in force for a period of 10 years from the date of its adoption on 5 December 2016. Subject to the terms of the Scheme, the Board shall be entitled to make an offer of the grant of an option to subscribe for shares of the Company to any Directors, employees of the Group, consultants or advisers of the Group, providers of goods and/or services to the Group, customers of the Group, holders of securities issued by any member of the Group, or any other person, who at the sole discretion of the Board, has contributed to the Group, whom the Board may select at its absolute discretion. Since the adoption of the Scheme and up to the date of this report, no share option has been granted under the Scheme.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the Period.

COMPETING INTERESTS

None of the Directors, the controlling shareholders of the Company nor their respective close associates (as defined in the GEM Listing Rules) had any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group during the Period and up to the date of this report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings (the “**Required Standard of Dealing**”) set out in rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiries with all the Directors, all of them confirmed that they have complied with the Required Standard of Dealings throughout the Period and up to the date of this report.

CHANGES IN BOARD COMPOSITION

The changes in the composition of the Board during the Period and up to the date of this report are set out below:–

1. Mr. Fok and Ms. Hsieh were appointed as executive Directors on 20 November 2020;
2. Mr. Lo Tak Wing Benson resigned as an executive Director and the chairman of the Board on 11 December 2020;
3. Mr. Lo Shiu Wing Chester resigned as an executive Director on 11 December 2020;
4. Mr. Khoo Wen Wee resigned as a non-executive Director on 11 December 2020;
5. Mr. Ma Wai Hung Vincent, Mr. Mok Kwai Pui Bill and Mr. Ng Shu Bun Andrew resigned as independent non-executive Directors on 11 December 2020;
6. Dr. Lee Chun Pong Bruce was appointed as an executive Director and the chairman of the Board on 11 December 2020;
7. Mr. Zhong Chu Jian and Ms. Fok Kit Yee were appointed as executive Directors on 11 December 2020;
8. Ms. Fong Man Julisa was appointed as a non-executive Director on 11 December 2020;

9. Mr. Wong Che Man Eddy and Ms. Chan Hoi Wuen Katherine were appointed as independent non-executive Directors on 11 December 2020;
10. Mr. Tang Yiu Wing was appointed as an independent non-executive Director on 11 December 2020 and resigned on 8 January 2021; and
11. Mr. Cho Chun Man was appointed as an independent non-executive Director on 8 January 2021.

The existing Directors were appointed as an addition to the existing Board. Pursuant to article 83(3) of the Articles of Association of the Company, they shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

CORPORATE GOVERNANCE

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. Throughout the Period, to the best knowledge of the Board, the Company has complied with all the applicable code provisions set out in the CG Code.

AUDIT COMMITTEE

The Company has established the Audit Committee in compliance with rules 5.28 and 5.29 of the GEM Listing Rules and with the written terms of reference in compliance with the CG Code. The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Wong Che Man Eddy ("**Mr. Wong**"), Mr. Cho Chun Man and Ms. Chan Hoi Wuen Katherine and one non-executive Director, Ms. Fong Man Julisa. Mr. Wong is the chairman of the Audit Committee.

The Audit Committee had reviewed the Group's unaudited condensed consolidated results for the Period and this report with the senior management of the Company and was of the opinion that such results had complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements and that adequate disclosures had been made.

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

Hong Kong, 9 February 2021

As at the date of this report, the Board comprises nine Directors, namely Mr. Fok Yuk Tong, Ms. Hsieh Ching Chun, Dr. Lee Chun Pong Bruce (Chairman), Mr. Zhong Chu Jian and Ms. Fok Kit Yee as executive Directors; Ms. Fong Man Julisa as non-executive Director; and Mr. Wong Che Man Eddy, Mr. Cho Chun Man and Ms. Chan Hoi Wuen Katherine as independent non-executive Directors.