



PF Group Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8221



Environmental, Social and Governance Report 2020

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.

Pursuant to the requirements set out in Appendix 20 “Environmental, Social and Governance (“ESG”) Reporting Guide” of the GEM Listing Rules, the Board hereby presents the ESG report of the Group for the year ended 31 March 2020.

The Board is responsible for the Group’s ESG strategy and reporting and is of the view that sound ESG performance is important to the sustainable development of the Group’s business and community, and hence the Group is committed to promoting environmental protection, social responsibility and effective corporate governance. The Group adheres closely to the principle of sustainable development and seeks to achieve required standards in various ESG areas so as to create positive values to stakeholders.

Being an integrated financial service provider, the Group offers a broad range of services including (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. As the Group’s business nature is the provision of financial services in Hong Kong and primarily an office based group with relatively low energy, power and water consumption, the direct environmental impact is immaterial in the process of the Group’s daily operation and business development.

The following sections provide more information about the Group’s practices in areas of environmental protection, employment and labour practices and operating practices.

ENVIRONMENTAL PROTECTION

Emissions, Use of Resources, the Environment and Natural Resources

As the Group’s primary business is the provision of financial services, waste generated from the Group’s business activities mainly consists of paper and no substantial hazardous waste was produced by the Group. The water consumption of the Group is not material. In addition, there is minimal need for the employees of the Group to travel overseas for business, so the main contributor to the Group’s carbon footprint is the indirect greenhouse gas (“GHG”) emissions from electricity consumption, which is mainly attributed to the use of lighting system, air-conditioning and office equipment. The details of the Group’s GHG emissions and uses of resources for the years ended 31 March 2020 and 2019 were as follows:

GHG Emissions

The GHG emissions emitted by the Group’s business operation for the year ended 31 March 2020 were approximately 38,103 kg (2019: 41,976 kg) of carbon dioxide equivalent (“CO₂e”) and were mainly from indirect emission. Analysis of the major GHG emissions of the Group for the years ended 31 March 2020 and 2019 is set out below:

Sources of GHG emission	GHG Emission	
	2020 (kg CO ₂ e)	2019 (kg CO ₂ e)
Purchased electricity	33,717	37,419
Paper waste	4,386	4,557
Total GHG emissions	38,103	41,976

ENVIRONMENTAL PROTECTION (continued)

Emissions, Use of Resources, the Environment and Natural Resources (continued)

Uses of Resources

(a) Energy — Electricity

Electricity consumed by the Group in its normal business operations is supplied by The Hongkong Electric Co., Limited. For the year ended 31 March 2020, the total electricity consumption was approximately 42,680 Kilowatt-hour (kWh) (2019: 47,366 kWh), with an energy intensity of approximately 8.7 kWh per square foot (2019: 9.6 kWh per square foot) or approximately 1,707.20 kWh per person (2019: 1,691.60 kWh per person). The slight decrease in electricity consumption was mainly attributable to the Group's continuous encouragement of energy-saving in office.

(b) Water

Due to the nature and scope of the Group's business, the Group's office is located in commercial premises. The water consumption of the Group is minimal and was included in the management fee and therefore the figures were not available for the GHG emission calculation.

(c) Paper

During the year ended 31 March 2020, the Group used a total of approximately 914 kg (2019: 949 kg) of paper in its normal business operations. This equates to approximately 36.6 kg per person (2019: 33.9 kg per person). The slight decrease in total paper consumption was mainly due to the Group's decrease the bulk printing of quarterly report.

The Group is committed to fulfilling the environmental protection and realising the sustainable co-development between the Group and the environment. The Group's commitment to the environment is mainly focused on the energy saving, minimising the use of paper and the reduction of waste by recycling. With the vision of incorporating environmental sustainability into its business functions and processes, the Group has established environmental policies which are communicated to every staff of the Group, including, but not limited to:

Energy saving

- Lights and air-conditioning in office premise are turned off when not in use.
- Air-conditioning is set at optimal temperature.
- Electronic appliances, such as computers, photocopy machines, printers, are turned off when employees are off duty or on leave.

Use of paper

- Other than formal documents that require the use of papers, each department is advised to handle documents electronically and employees are also encouraged to communicate electronically.
- When the use of paper is required, duplex printing and reusing single-side printed papers are recommended.

Reduction of waste

- When procuring office equipment and supplies, considerations are taken on environmental protection, resource saving and recycling readiness.
- The Group will donate unused computer devices to charity organisations.

EMPLOYMENT AND LABOUR PRACTICES

Employment and Labour Standards

Employees are the most valuable assets of the Group. To retain and motivate employees, the Group recognises their contribution by offering competitive remuneration package, including staff salaries, discretionary bonus and allowances. The management regularly reviews the Group's remuneration policy in relation to relevant market standards.

The Group also strives to create a workplace that is free from discrimination and provide equal employment and promotion opportunities by recruiting or promoting people mainly based on job requirements and employees' performance. No one is subject to discrimination due to nationality, age, gender, religion, marital status, disability, and/or other forms of difference. The Group has published an employment hand book that includes the terms and conditions of employment, the staff benefits and the office rules and policies.

The Group strictly prohibits the use of child and forced labour. Through the well-established recruitment policies, the Group ensures that its employees are all above the minimum legal working age and no forced labour is hired. The Group has complied with all applicable laws and regulations in relation to employment matters during the year ended 31 March 2020.

Health and Safety

The Group is committed to providing employees with a safe and healthy working environment. The office layouts are designed based on relevant safety provisions. The exit aisles are equipped with lighting panels "Exit" to guide the way out of the workplace when an emergency (especially fire) occurs. Smoking is strictly prohibited in the entire office premises.

The Group continues to promote work-life balance by encouraging its employees to pursue personal interests and achieve physical and mental health. In addition to annual leave and sick leave, employees of the Group are entitled to maternity leave, paternity leave and marriage leave so that they can manage their work and life more effectively. Group medical insurance packages are provided to each employee at the expenses of the Group.

The Group has complied with all applicable laws and regulations in relation to health and safety matters during the year ended 31 March 2020.

Development and Training

The Group is subject to various ordinances, rules and guidelines such as, but not limited to, the Securities and Futures Commission Ordinance, the Personal Data (Privacy) Ordinance, the GEM Listing Rules and the Hong Kong Securities and Futures Commission's Guideline on Anti-Money Laundering and Counter-Terrorist Financing ("**AML Guideline**"). Every licensed individual must fulfill prescribed hours of continuous professional training for each type of regulated activity in each calendar year. Also, pursuant to the GEM Listing Rules, the company secretary and all Directors are required to participate in continuous professional training to develop and refresh their knowledge and skills.

Knowledge and skills of employees are vital to the continuous business growth and success of the Group. As such, the Group is committed to providing support to its employees in continuous professional training and encourages them to attend professional training programs by offering eligible employees with sponsorship, examination fee reimbursement, education and examination leaves.

OPERATING PRACTICES

Product Responsibilities

Quality of Services

The Group recognises that market reputation and customers' confidence in its services are keys to success and strives to win customer loyalty by providing them with quality and reliant services and managing customers' inquiries and complaints promptly and effectively. In addition, the Group has in place a risk management structure and implemented compliance and operational manuals to ensure its full compliance with all applicable laws, rules and regulations. This is controlled and monitored by a team of experienced management, including responsible officers and compliance officers.

Responsible Margin Financing

Trading securities on a margin basis is a high-risk investment strategy. The Group works closely with margin clients to help them to understand the benefits and risks involved with margin trading, and to closely monitor their margin positions through well-established margin lending policies, including but not limited to conducting sufficient know-your-client procedures to assess the suitability and creditworthiness of margin clients; setting a proper margin loan limit for each margin client; determining appropriate margin ratios for pledging securities; and communicating with margin clients for strategy to meet a margin call should one occurs.

Customer Privacy Protection

The Group emphasises the importance of confidentiality of personal data and privacy of its clients. Apart from complying with the provisions of the Personal Data (Privacy) Ordinance when collecting, processing and using clients' personal data, the Group has implemented various measures to prevent unauthorised access of clients' data, such as installation of firewall and storing clients' data in a secured place.

Anti-corruption

The Group is committed to promoting a culture of integrity, fairness, honesty and openness when doing business and zero tolerance of bribery and corruption. To encourage employees of the Group to report any suspected illegal activities such as money laundering, bribery and fraud, the Group has implemented an effective whistle-blowing policy. All employees of the Group are regulated by the Prevention of Bribery Ordinance in Hong Kong and required to adhere to high standards of business and ethical conducts as lay out in the Group's employment handbook.

In addition, all employees of the Group are required to adhere to the requirements set out in the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance and the AML Guideline and any update in relation thereto. The Group has adopted policies and procedures in its operations and procedures manual to identify and detect money laundering activities, covering policies in relation to, among others, customer due diligence, records retention, handling of cash and reporting of suspicious transactions to the management of the Group.

The Group has complied with all applicable laws and regulations in relation to anti-corruption matters during the year ended 31 March 2020.