

INTERIM REPORT 2009



**Get Nice Holdings Limited**

(incorporated in the Cayman Islands with limited liability)

Stock code : 64

## UNAUDITED INTERIM RESULTS

The Board of Directors of Get Nice Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30th September, 2009 together with comparative figures for the last corresponding period. The unaudited condensed consolidated interim financial statements for the six months ended 30th September, 2009 have been reviewed by the Company's audit committee.

## CONDENSED CONSOLIDATED INCOME STATEMENT

		<b>Unaudited</b>	
		<b>Six months ended</b>	
		<b>30th September,</b>	
		<b>2009</b>	<b>2008</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
Turnover	2	<b>159,100</b>	140,365
Other operating income		<b>8,639</b>	5,112
Other gains		<b>868</b>	–
Commission expense		<b>(15,966)</b>	(15,704)
Depreciation and amortisation of property and equipment		<b>(1,527)</b>	(1,530)
Release from prepaid lease payments		<b>(1,225)</b>	(1,225)
Finance costs		<b>(2,808)</b>	(5,176)
Staff costs		<b>(7,102)</b>	(7,257)
Convertible note redemption loss		–	(804)
Fair value change of derivative		–	13,649
Other operating expenses		<b>(17,723)</b>	(19,584)
Share of results of jointly controlled entities		<b>23,611</b>	(115,545)
		<hr/>	<hr/>
Profit (Loss) before taxation		<b>145,867</b>	(7,699)
Taxation	3	<b>(19,032)</b>	(15,372)
		<hr/>	<hr/>
Profit (Loss) for the period		<b><u>126,835</u></b>	<b><u>(23,071)</u></b>
Profit (Loss) attributable to:			
– Equity holders of the Company		<b>126,617</b>	(10,390)
– Minority interests		<b>218</b>	(12,681)
		<hr/>	<hr/>
		<b><u>126,835</u></b>	<b><u>(23,071)</u></b>
Dividends	4	<b><u>77,140</u></b>	<b><u>95,067</u></b>
Earnings (Loss) per share	5		
Basic		<b><u>3.66 cents</u></b>	<b><u>(0.33) cents</u></b>
Diluted		<b><u>3.61 cents</u></b>	<b><u>(0.24) cents</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	Six months ended	
	30th September,	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit (Loss) for the period	126,835	(23,071)
Other comprehensive income (loss):		
– Exchange difference on translation of financial statement of an overseas subsidiary	(92)	(181)
Total comprehensive income/(loss) for the period	<u>126,743</u>	<u>(23,252)</u>
Total comprehensive income/(loss) attributable to:		
Equity holders of the Company	126,525	(10,571)
Minority interests	<u>218</u>	<u>(12,681)</u>
Total comprehensive income/(loss) for the period	<u>126,743</u>	<u>(23,252)</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited At 30th September, 2009 <i>HK\$'000</i>	Audited At 31st March, 2009 <i>HK\$'000</i>
	<i>Notes</i>		
<b>Non-current assets</b>			
Prepaid lease payments		90,876	91,331
Property and equipment		32,567	34,586
Investment properties		71,381	74,600
Intangible assets		8,004	8,004
Goodwill		15,441	15,441
Interest in an associate		–	–
Interest in jointly controlled entities		696,137	665,103
Other assets		3,245	4,386
Amount due from jointly controlled entities		355,399	226,594
Loans receivable		–	100,000
Loans and advances	7	14,555	23,044
Deposit		–	50,000
		<b>1,287,605</b>	1,293,089
<b>Current assets</b>			
Accounts receivable	6	1,473,200	1,348,051
Loans and advances	7	128,550	276,540
Prepaid lease payments		2,450	2,450
Properties under development for sale		42,198	42,082
Prepayments, deposits and other receivables		4,604	3,236
Taxation recoverable		727	431
Financial assets at fair value through profit or loss		72,696	84,000
Bank balances – client accounts		154,502	140,691
Bank balances – general accounts and cash		298,157	94,834
		<b>2,177,084</b>	1,992,315

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**(Continued)**

		<b>Unaudited</b>	Audited
		<b>At 30th</b>	At 31st
		<b>September,</b>	March,
		<b>2009</b>	2009
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Current liabilities</b>			
Accounts payable	8	<b>234,441</b>	296,467
Accrued charges and other accounts payable		<b>17,992</b>	11,170
Amounts due to minority shareholders		<b>17,000</b>	88,104
Taxation payable		<b>19,686</b>	7,193
		<b>289,119</b>	402,934
Net current assets		<b>1,887,965</b>	1,589,381
Total assets less current liabilities		<b>3,175,570</b>	2,882,470
<b>Non-current liabilities</b>			
Deferred tax liabilities		<b>3,759</b>	3,769
		<b>3,759</b>	3,769
Net assets		<b>3,171,811</b>	2,878,701
<b>Capital and reserves</b>			
Share capital		<b>391,148</b>	316,888
Reserves		<b>2,780,650</b>	2,543,880
Equity attributable to equity holders of the Company		<b>3,171,798</b>	2,860,768
Minority interests		<b>13</b>	17,933
Total equity		<b>3,171,811</b>	2,878,701

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Convertible note equity reserve HK\$'000	Properties Revaluation reserve HK\$'000	Share option reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 1st April, 2009	316,888	1,914,904	123,337	-	1,548	-	122	503,969	2,860,768	17,933	2,878,701
Recognition of equity component of convertible notes	-	-	-	27,463	-	-	-	-	27,463	-	27,463
Issue of shares by conversion of convertible notes	63,360	95,906	-	(27,463)	-	-	-	-	131,803	-	131,803
Issue of shares by placement	10,900	49,050	-	-	-	-	-	-	59,950	-	59,950
Share options granted	-	-	-	-	-	3,314	-	-	3,314	-	3,314
Dividend paid	-	-	-	-	-	-	-	(38,025)	(38,025)	-	(38,025)
Arising from acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	(18,138)	(18,138)
Total comprehensive income for the period	-	-	-	-	-	-	(92)	126,617	126,525	218	126,743
At 30th September, 2009	<u>391,148</u>	<u>2,059,860</u>	<u>123,337</u>	<u>-</u>	<u>1,548</u>	<u>3,314</u>	<u>30</u>	<u>592,561</u>	<u>3,171,798</u>	<u>13</u>	<u>3,171,811</u>
At 1st April, 2008	316,888	1,914,904	123,337	7,729	-	-	-	611,571	2,974,429	39,489	3,013,918
Release from redemption of convertible notes	-	-	-	(7,729)	-	-	-	2,315	(5,414)	-	(5,414)
Dividend paid	-	-	-	-	-	-	-	(63,378)	(63,378)	-	(63,378)
Total comprehensive loss for the period	-	-	-	-	-	-	(181)	(10,390)	(10,571)	(12,681)	(23,252)
At 30th September, 2008	<u>316,888</u>	<u>1,914,904</u>	<u>123,337</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(181)</u>	<u>540,118</u>	<u>2,895,066</u>	<u>26,808</u>	<u>2,921,874</u>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	Six months ended	
	30th September,	
	2009	2008
	HK\$'000	HK\$'000
Net cash from operating activities	65,462	572,669
Net cash used in investing activities	(38,248)	(39,562)
Net cash from (used in) financing activities	<u>178,382</u>	<u>(276,849)</u>
Net increase in cash and cash equivalents	205,596	256,258
Effect on foreign exchange rate changes	(2,273)	–
Cash and cash equivalents at beginning of period	<u>94,834</u>	<u>186,636</u>
Cash and cash equivalents at end of period	<u><u>298,157</u></u>	<u><u>442,894</u></u>
Being:		
Bank balances – general accounts and cash	<u><u>298,157</u></u>	<u><u>442,894</u></u>

## **Notes to the Condensed Consolidated Financial Statements**

*For the six months ended 30th September, 2009*

### **1. Basis of preparation**

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and are in compliance with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

The Company is an investment holding company. The principal activities of the Group are (i) provision of financial services, including securities dealing and broking, futures and options broking, securities margin financing, corporate finance services, money lending and brokerage of mutual funds and insurance-linked investment plans and products, property development and holding and investment in financial instruments; (ii) property holding, hotel operation and provision of gaming-related marketing and administration of business promotion services through its 50%-owned jointly controlled entities.

#### **Principal accounting policies**

The unaudited condensed consolidated interim financial statements have been prepared under the historical cost convention except for certain financial instruments and properties, which are measured at fair value as appropriate.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st March, 2009 except that in the current period, the Group has adopted the following new standards and interpretations, which became effective for the financial year beginning on or after 1st January, 2009:

#### **HKFRS 8, Operating segments**

HKFRS 8 is a disclosure Standard that has had no impact on the designation of the Group's reportable segments, reported segment results or financial position of the Group.

#### **HKAS 1 (revised), Presentation of financial statements**

HKAS 1 (revised) has introduced a number of terminology changes (including revised titles for the condensed consolidated financial statements) and has resulted in a number of changes in presentation and disclosure. However, HKAS 1 (revised) has had no impact on the reported results or financial position of the Group.



## 2. Segment information

An analysis of the Group's unaudited turnover and segment results for the period by principal activities and the Group's unaudited total assets (31st March, 2009: audited) by operation segments are as follows:

### Business segments

For the six months ended 30th September, 2009

	Securities margin	Money lending	Corporate finance	Property development	Investments	Total	
	Broking HK\$'000	financing HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
REVENUE							
Turnover	72,391	55,609	16,028	1,771	–	13,301	159,100
RESULTS							
Segment profit	41,991	53,382	14,909	1,386	–	16,306	127,974
Other operating income							6,304
Unallocated expenses							(12,022)
Share of results of jointly controlled entities							23,611
Profit before taxation							145,867
Taxation							(19,032)
Profit for the period							126,835

## 2. Segment information (Continued)

### Business segments (Continued)

As at 30th September, 2009

	Broking	Securities margin financing	Money lending	Corporate finance	Property development	Investments	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS							
Segment assets	<u>373,221</u>	<u>1,570,575</u>	<u>146,069</u>	<u>7,059</u>	<u>42,903</u>	<u>145,349</u>	2,285,176
Interest in joint controlled entities						696,137	696,137
Amount due from jointly controlled entities						355,399	355,399
Unallocated corporate assets							<u>127,977</u>
Consolidated total assets							<u>3,464,689</u>

## 2. Segment information (Continued)

### Business segments (Continued)

For the six months ended 30th September, 2008

	Securities margin financing	Money lending	Corporate finance	Property development	Investments	Total	
	Broking HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
REVENUE							
Turnover	57,676	67,578	13,296	1,568	99	148	140,365
RESULTS							
Segment profit (loss)	25,328	65,363	9,543	1,089	99	(3,627)	97,795
Other operating income							5,112
Unallocated income and expenses							4,939
Share of results of jointly controlled entities							(115,545)
(Loss) before taxation							(7,699)
Taxation							(15,372)
(Loss) for the period							(23,071)

## 2. Segment information (Continued)

### Business segments (Continued)

As at 31st March, 2009

	Securities margin financing	Money lending	Corporate finance	Property development	Investments	Consolidated	
	Broking HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
ASSETS							
Segment assets	202,893	1,399,558	301,476	7,375	42,904	159,107	2,113,313
Interest in a joint controlled entity						665,103	665,103
Amount due from a jointly controlled entity						226,594	226,594
Unallocated corporate assets							280,394
Consolidated total assets							3,285,404

### Geographical segments

Majority of the activities of the Group are based in Hong Kong and majority of the Group's turnover and profit (loss) before taxation are derived from Hong Kong.

### 3. Taxation

	<b>Six months ended 30th September,</b>	
	<b>2009</b>	<b>2008</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Hong Kong Profits Tax		
Current period	<b>19,042</b>	15,849
Deferred taxation	<b>(10)</b>	(477)
	<b>19,032</b>	15,372

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both periods.

### 4. Dividends

	<b>Six months ended 30th September,</b>	
	<b>2009</b>	<b>2008</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Final dividend paid	<b>38,025</b>	63,378
Proposed interim dividend of HK1.0 cent (2008: HK1.0 cent) per share	<b>39,115</b>	31,689
	<b>77,140</b>	95,067

On 7th September, 2009, a dividend of HK1.0 cent per share was paid to shareholders as the final dividend for the year ended 31st March, 2009.

At a meeting held on 11th December, 2009, the directors recommended an interim dividend of HK1.0 cent per share for the six months ended 30th September, 2009 to the shareholders whose names appear in the register of members on 29th December, 2009. This proposed dividend is not reflected as a dividend payable in these unaudited condensed consolidated interim financial statements, but will be reflected as an appropriation of retained earnings for the year ended 31st March, 2010.

## 5. Earnings (Loss) per share

	<b>Six months ended</b>	
	<b>30th September,</b>	
	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Earnings (Loss)		
Profit (Loss) for the purposes of basic earnings (loss) per share		
Profit (Loss) for the period attributable to equity holders of the Company	<b>126,617</b>	(10,390)
Effect of dilutive potential ordinary shares:		
Interest on convertible notes	<b>536</b>	1,833
Convertible note redemption loss	–	804
	<hr/>	<hr/>
Profit (Loss) for the purpose of diluted earnings (loss) per share	<b>127,153</b>	(7,753)
	<hr/> <hr/>	<hr/> <hr/>
	<b>2009</b>	2008
	<b>'000</b>	'000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings (loss) per share	<b>3,459,949</b>	3,168,876
Convertible notes	<b>65,325</b>	80,570
	<hr/>	<hr/>
Weighted average number of ordinary shares for the purposes of diluted earnings (loss) per share	<b>3,525,274</b>	3,249,446
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*Note:* No effects of dilutive potential shares in respect of share options is resulted for both period ends as the exercise price of the Company's share options was higher than the average market price of the Company's shares.

## 6. Accounts receivable

	<b>At 30th September, 2009 HK\$'000</b>	At 31st March, 2009 HK\$'000
Accounts receivable arising from the business of dealing in securities:		
– Cash clients	<b>39,518</b>	70,568
– Margin clients:		
– Directors and their associates	<b>1,708</b>	1,501
– Other margin clients	<b>1,441,493</b>	1,282,602
– A broker	–	3,606
Accounts receivable from futures clearing houses arising from the business of dealing in futures contracts	<b>6,172</b>	5,487
Commission receivable from brokerage of mutual funds and insurance-linked investment plans and products	<b>49</b>	27
	<hr/> <b>1,488,940</b>	<hr/> 1,363,791
Less: allowance for impaired debts	<b>(15,740)</b>	(15,740)
	<hr/> <b>1,473,200</b> <hr/>	<hr/> 1,348,051 <hr/>

The normal settlement terms of accounts receivable from cash clients and a broker and from futures clearing house are two days after trade date, respectively.

Included in the accounts receivable from cash clients are debtors with a carrying amount of HK\$5,946,000 (2009: HK\$4,792,000) which are past due at the reporting date for which the directors of the Company consider not to be impaired as there has not been a significant change in credit quality and a substantial portion of the carrying amount is subsequently settled.

**6. Accounts receivable (Continued)**

In respect of accounts receivable from cash clients which are past due but not impaired at the end of the reporting period, the ageing analysis (from settlement date) is as follows:

	<b>At 30th September, 2009 HK\$'000</b>	At 31st March, 2009 HK\$'000
0 – 30 days	<b>5,946</b>	3,460
31 – 60 days	–	1,332
	<hr/> <b>5,946</b> <hr/>	<hr/> 4,792 <hr/>

The accounts receivable from cash clients with a carrying amount of HK\$33,572,000 (2009: HK\$65,776,000) are neither past due nor impaired at the reporting date for which the Directors of the Company are of the opinion that the amounts are considered recoverable.

Loans to securities margin clients are secured by clients' pledged securities with a fair value of HK\$4,283,311,000 (2009: HK\$3,112,916,000), repayable on demand and bear fixed and variable interest at commercial rates. No aged analysis is disclosed as in the opinion of Directors, the aged analysis does not give additional value in view of the nature of business of securities margin financing.

Commission receivable from brokerage of mutual funds and insurance-linked investment plans and products is settled within 60 days after the Group has submitted the subscription application/policies to the fund managers/policy issuers. The age of this balance is within 60 days.

The fair value of the accounts receivable at the end of the reporting period was approximate to the corresponding carrying amounts.



## 7. Loans and advances

	<b>At 30th September, 2009 HK\$'000</b>	At 31st March, 2009 HK\$'000
Fixed-rate loan receivables	129,740	282,202
Variable-rate loan receivables	26,190	29,454
Less: allowance for impaired debts	(12,825)	(12,072)
	<u>143,105</u>	<u>299,584</u>
Secured	18,456	74,093
Unsecured	124,649	225,491
	<u>143,105</u>	<u>299,584</u>
Analysed as:		
Current assets	128,550	276,540
Non-current assets	14,555	23,044
	<u>143,105</u>	<u>299,584</u>
Effective interest rate:		
Fixed-rate loan receivables	10% – 24%	10% – 24%
Variable-rate loan receivables	<b>Prime rate to Prime rate + 4%</b>	Prime rate to Prime rate + 4%

The loan and advances are secured by investment properties with a fair value at 30th September, 2009 of HK\$63,340,000 (2009: HK\$272,120,000).

As at 31st March, 2009, included in the Group's loans and advances are debtors with a carrying amount of HK\$180,000 which are past due but not impaired at the reporting date. The Directors of the Company consider such debts as recoverable since the amounts are either fully secured by a pledge over properties with an estimated market value of HK\$1,360,000 or were subsequently settled and thus no impairment allowance is considered necessary.

## 7. Loans and advances (Continued)

In respect of loans and advances which are past due but not impaired at the end of the reporting period, the ageing analysis (from due date) is as follows:

	<b>At 30th September, 2009 HK\$'000</b>	At 31st March, 2009 HK\$'000
0 – 30 days	–	–
31 – 60 days	–	–
Over 90 days	–	180
	<u>–</u>	<u>180</u>

The loans and advances with a carrying amount of HK\$143,105,000 (2009: HK\$299,404,000) are neither past due nor impaired at the reporting date. In view of the repayment history of these customers and collateral security, the Directors of the Company consider the amount to be recoverable and of good credit quality.

## 8. Accounts payable

	<b>At 30th September, 2009 HK\$'000</b>	At 31st March, 2009 HK\$'000
Accounts payable arising from the business of dealing in securities:		
– Cash clients	<b>65,415</b>	95,434
– Margin clients	<b>156,540</b>	109,128
– Clearing houses	<b>2,314</b>	78,940
Accounts payable to clients arising from the business of dealing in futures contracts	<b>10,140</b>	12,947
Commission payable for brokerage of mutual funds and insurance-linked investment plans and products	<b>32</b>	18
	<u><b>234,441</b></u>	<u>296,467</u>

The normal settlement terms of accounts payable to cash clients and clearing houses are two days after trade date. The age of these balances is within 30 days.

Amounts due to securities margin clients are repayable on demand and carry interest at 0.25% (2009: 0.25%). No aged analysis is disclosed as in the opinion of directors, the aged analysis does not give additional value in view of the nature of business of securities margin financing.

## 8. Accounts payable (*Continued*)

Accounts payable to clients arising from the business of dealing in futures contracts are margin deposits received from clients for their trading of futures contracts on the Hong Kong Futures Exchange Limited ("HKFE"). The excesses of the outstanding amounts over the required initial margin deposits stipulated by the HKFE are repayable to clients on demand. No aged analysis is disclosed as in the opinion of directors, the aged analysis does not give additional value in view of the nature of business of futures contract dealing.

Commission payable for brokerage of mutual funds and insurance-linked investment plans and products is settled immediately once the Group has received payments from fund managers/policy issuers. The age of this balance is within 60 days.

Included in accounts payable to margin clients arising from business of dealing in securities are amounts due to directors and their associates of HK\$1,144,000 (2009: HK\$3,965,000).

The fair value of the Group's accounts payable at the end of the reporting period was approximate to the corresponding carrying amounts.

## 9. Financial risk management

The Group adopts stringent risk management policies and monitoring system in particular on the exposure associated with the financial risks as set out below:

- *Market risk*

- Interest rate risk

- The Group's interest rate risk relates primarily to loans and advances, accounts receivable, amount due from jointly controlled entities, bank balances and amount due to minority shareholders. The Group currently does not have an interest rate hedging policy. However, the Group is closely monitoring its exposure arising from margin financing and other lending activities undertaken by allowing an appropriate margin on the interest received and paid by the Group.

- Equity price risk

- The Group is exposed to equity price risk as a result of changes in fair value of its investments in equity securities. The Directors of the Company manage the exposure by closely monitoring the portfolio of equity investments.

## 9. Financial risk management (*Continued*)

- *Credit risk*

As at 30th September, 2009, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failures to discharge an obligation by the counterparts is arising from the carrying amount of the respective recognised financial assets as stated in the condensed consolidated statement of financial position and the amount of contingent liabilities in relation to the financial guarantees provided to a jointly controlled entity.

The Group takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Impairment allowances are made for losses that have been incurred at the end of the reporting period. Significant changes in the economy, or in the health of a particular industry segment, could result in losses that are different from those provided for at the end of the reporting period. Management therefore carefully manages its exposure to credit risk.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to a quarterly or more frequent review.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees.

The credit risk on bank balances and deposits is limited as the counterparties are banks with high credit rating assigned by international credit-rating agencies.

Apart from the exposure to concentration of credit risk from amount due from its jointly controlled entities to which the Group closely monitors, the Group has no other significant concentration of credit risk on accounts receivable and loans and advances with exposure spread over a number of counterparts and customers.

- *Liquidity risk*

As part of ordinary broking activities, the Group is exposed to liquidity risk arising from timing difference between settlement with clearing houses or brokers and clients. To address the risk, treasury team works closely with the settlement division on monitoring the liquidity gap.

## 10. Acquisition of a subsidiary

On 12th February, 2009, the Group entered into an agreement with Cheung Chung Kiu to acquire an additional 10% interest in More Profit International Limited ("More Profit"), through the acquisition of the entire equity interest of Group Success International Limited ("GSI") at a consideration of HK\$100 million. On 27th July, 2009, the transaction was completed and thereafter the Group held a 100% equity interest in More Profit. The Group's effective interest in the Macau investment properties held by Great China Company Limited ("Great China"), the jointly controlled entity of More Profit has increased from 45% to 50% as a result of this transaction. The fair value of Group's share of the interest in the jointly controlled entity has been determined based on the fair value of the property interest at the date of acquisition, which was valued by Messrs. Vigers Appraisal & Consulting Limited at market value determined by reference to market comparables.

The assets and liabilities acquired in the transaction are as follows:

	<i>HK\$'000</i>
Net assets acquired:	
Interest in More Profit	25,561
Amount due from More Profit	74,439
Loan from former shareholder	(64,966)
	<hr/>
	35,034
Shareholder's loan assigned to the Group	64,966
	<hr/>
Total consideration	100,000
	<hr/> <hr/>
Satisfied by cash consideration paid	100,000
	<hr/> <hr/>

GSI contributed profit of HK\$1,071,000 to the Group's profit for the period between the date of acquisition and 30th September, 2009.

## 11. Related Party Transactions

Name of related party	Nature of transaction	Six months ended 30th September,	
		2009 HK\$'000	2008 HK\$'000
Messrs. Shum Kin Wai, Frankie, Cham Wai Ho, Anthony, Cheng Wai Ho, and Wong Sheung Kwong, and their associates	Commission income (Note i)	191	81
Honeylink Agents Limited	Commission income (Note i)	174	25
Messrs. Cheng Wai Ho, Wong Sheung Kwong, and their associates	Interest income (Note ii)	60	137
		<hr/>	<hr/>

### Notes:

- (i) Commission was charged at 0.125% on the total value of transactions for both periods.
- (ii) Interest was charged at Hong Kong Prime Rate +2% on the outstanding balance of margin loans for both periods.

## **INTERIM DIVIDEND**

The directors have declared an interim dividend of HK1.0 cent per share for the six months ended 30th September, 2009. The interim dividend will be payable on 11th January, 2010 to those shareholders whose names appear on the register of members on 29th December, 2009.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 30th December, 2009 to 31st December, 2009 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar, Tricor Secretaries Limited, 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on 29th December, 2009.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

During a challenging period, the Group has recorded a turnover of approximately HK\$159.1 million, representing an increase of 13.3% as compared to approximately HK\$140.4 million during the corresponding period last year. Net profit attributable to the equity holders of the Company was approximately HK\$126.6 million, compared to a loss of approximately HK\$10.4 million during the corresponding period last year. Profit turnaround was mainly due to a loss of HK\$115.5 million shared from jointly controlled entities (mainly driven by a property revaluation loss) had turned to profit of HK\$23.6 million.

Thanks to vigorous stimulus measures implemented by numerous governments, the global economies seems to have stabilized and the Group's sustained investment in its four core businesses, which include brokerage, corporate finance, margin and consumer finance and investments segment continued to general positive results. In Hong Kong the Hang Seng Index went up to 20,955 with market capitalization of HK\$16 trillion at the last trading day of September 2009, compared to 18,016 with market capitalization of HK\$13 trillion at the same day in 2008, both substantially raised by 16% and 23%. The average daily turnover on the stock exchange recorded HK\$69 billion during the period, slightly fall of 1% as compared to HK\$70 billion of last corresponding period.

## **MANAGEMENT DISCUSSION AND ANALYSIS (continued)**

The Group's commission and fee income from brokerage segment up by 25.5% to approximately HK\$72.4 million this period and the segmental result achieved a profit of HK\$42 million, surge by 65.8% compared to last corresponding period due to better market sentiment.

The Group's margin lending business remained relatively stable, interest income from margin financing slid by 17.7% due to the drop in average outstanding securities margin loans during the period, compared a year earlier to approximately HK\$55.6 million, contributing a segmental profit of approximately HK\$53.4 million. The Group's margin loan book at the period end up by 12.4% to approximately HK\$1,443.2 million compared a year ago.

The money lending, which is provision of consumer and mortgage loans, had recorded a segmental profit of approximately HK\$14.9 million this period (2008: HK\$9.5 million), rise by 56.2% compared to the corresponding period of 2008 due to decrease in loan impairment charge for the current period.

Corporate finance continues to focus on the provision of financial advisory services to listed issuers. The corporate finance completed 11 financial advisory assignments in relation to Listing Rules and Takeover Code, a net profit of approximately HK\$1.4 million was recorded for the current period (2008: HK\$1.1 million).

The investments segment, which is holding financial instruments and investment properties, had recorded a segment profit of HK\$16.3 million (2008: loss of HK\$3.6 million) resulting mainly from increasing in fair value of the financial instruments.



## **MANAGEMENT DISCUSSION AND ANALYSIS (continued)**

### **Financial Review**

The equity attributable to equity holders of the Company amounted to HK\$3,171.8 million as at 30th September, 2009, representing an increase of HK\$311 million or approximately 10.9% from that of 31st March, 2009. During the period, the Company issued 109,000,000 new shares by placement at the placement price of HK\$0.55 per share and the convertible notes issued during the period were converted into 633,600,000 new shares at the conversion price of HK\$0.25. The Group continued to maintain a strong cash position and had net current assets amounting to HK\$1,888 million (2009: HK\$1,589.4 million). The Group relied principally on its internal resources to fund its operations and investment activities. Bank loan was raised occasionally to meet operating cash flow demand. The Group had no outstanding bank borrowings as at 30th September, 2009 (2009: nil).

The gearing ratio of the Group (total liabilities over the equity attributable to equity holders of the Company) was 0.1 times as at 30th September, 2009 (2009: 0.1 times).

The business activities of the Group had not exposed to material fluctuation in exchange rates as majority of the transactions were denominated in Hong Kong dollars, except for certain transactions carried out in Taiwanese dollar for a subsidiary's operation in Taiwan.

As at 30th September, 2009, the Group had available and unutilized banking facilities amounting to HK\$677 million. The banking facilities were secured by land and buildings, prepaid lease payments, client's pledged securities and corporate guarantees provided by the Company.

As at 30th September, 2009, the Group and certain parties provided financial guarantees to banks on a joint and several basis in respect of banking facilities granted to Great China Company Limited, the Group's jointly controlled entity. The maximum amount that could be required to be paid if the guarantees were called upon the Group and those parties amounted to HK\$1,250 million (2009: HK\$1,250 million). In addition, the Group and the other joint venturer of Great China Company Limited pledged in favour of the banks all the shares of Great China Company Limited in respect of the aforesaid banking facilities.

Save as aforesaid, the Group had no material contingent liabilities at the period end.

## **MANAGEMENT DISCUSSION AND ANALYSIS (continued)**

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### **Charges on Group Assets**

Investment properties, buildings and interests in land of the Group with a total book value of HK\$141 million were pledged for banking facilities granted to the Group.

### **Capital Commitments**

The Group did not have any material capital commitment at the end of the period.

### **Material Investments**

As at 30th September, 2009, the Group was holding a portfolio of listed and unlisted securities with a total value of approximately HK\$72.3 million and a gain on such investments of HK\$13.3 million was recorded for the period.

### **Material Acquisition and Disposals of Subsidiaries, Associates and Jointly Controlled Entities**

On 12th February, 2009, the Group entered into an agreement to acquire an additional 10% interest in More Profit International Limited ("More Profit"), through the acquisition of the entire equity interest of Group Success International Limited at a consideration of HK\$100 million. On 27th July, 2009, the transaction was completed and thereafter the Group held a 100% equity interest in More Profit. The Group's effective interest in the Macau investment properties held by Great China Company Limited ("Great China"), the jointly controlled entity of More Profit has increased from 45% to 50% as a result of this transaction.

On 12th February, 2009, the Group entered into an agreement to acquire 50% equity interest in Grand Waldo Entertainment Limited ("GWE") at a consideration of HK\$2. On 27th July, 2009, the transaction was completed. GWE shall be responsible for marketing and administration of business promotion of the casino located in the casino block of the Grand Waldo Complex.

### **Staff**

As at 30th September, 2009, the Group had a total of 52 employees and 80 account executives, 28 of whom were also employed as full time employee of the Group. The Group remunerated employees based on the industry practice and individual's performance.

## PROSPECTS

A range of fiscal and monetary stimuli implemented by governments globally began to gain traction in the second quarter of 2009, with the Mainland economy leading the recovery. It is expected that the Hong Kong economy will benefit from healthy domestic demand and the Mainland's abundant liquidity. As such, the Group is optimistic about Hong Kong's economies outlook. On the brokerage business, the Group will strengthen its exiting client base by satisfying the needs of clients. Corporate finance is another business to expand as it can bring opportunities to the brokerage. The success in raising funds during the period, combined to its exiting financial resources provides an important financial support for the Group to strengthen and further develop its business. The Group will continue to seek new investments and merger and acquisition opportunities to expand business scale.

## DIRECTORS' INTERESTS IN SHARES

At 30th September, 2009, the interests of the directors and their associates in the shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO") or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code"), were as follows:

### 1. Long positions in the ordinary shares of HK10 cents each of the Company

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Mr. Hung Hon Man	Interest of controlled corporation ( <i>Note</i> )	1,131,358,583	28.92%

*Note:* Mr. Hung Hon Man is deemed to be interested in 1,131,358,583 ordinary shares of the Company which are held by Honeylink Agents Limited ("Honeylink"), a company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of which is beneficially owned by Mr. Hung Hon Man.

At the beginning of the period, there were 231,588,236 options held by Honeylink under the option agreement which were fully expired on 6th June, 2009.

## DIRECTORS' INTERESTS IN SHARES (continued)

### 2. Long positions in the non-voting deferred shares of HK\$1.0 each of Get Nice Securities Limited, a wholly owned subsidiary of the Company

Name of director	Capacity	Number of non-voting deferred shares held
Mr. Hung Hon Man	Beneficial owner	36,000,000
Mr. Shum Kin Wai, Frankie	Beneficial owner	4,000,000
		<hr/>
		40,000,000
		<hr/>

Save as disclosed above, at 30th September, 2009, none of the directors nor their associates had any interests or short positions in any shares or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## SUBSTANTIAL SHAREHOLDERS

At 30th September, 2009, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that the following shareholders had an interest of 5% or more in the issued share capital of the Company and these interests represent long positions in the ordinary shares of HK\$0.1 each of the Company.

Name	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Honeylink Agents Limited	Beneficial owner	1,131,358,583	28.92%

Note: At the beginning of the period, there were 231,588,236 options held by Honeylink under the option agreement which were fully expired on 6th June, 2009.

Save as disclosed above, the Company had not been notified of any other relevant interests or short positions in the issued share capital of the Company at 30th September, 2009.

## ARRANGEMENTS TO PURCHASE SHARES AND OPTIONS

The share option scheme (the "Option Scheme") of the Company was adopted by the Company pursuant to a resolution passed on 16th May, 2002. The Option Scheme became effective on 6th June, 2002 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. The major terms of the Option Scheme has been set out in appendix VII to the Company's prospectus dated 24th May, 2002 under the section headed "Share Option Scheme".

At 30th September, 2009, the total number of shares available for issue under the Option Scheme was 361,247,595, representing 10% of the shares of the Company in issue at the date of approval of the refreshment of the share Option Scheme limit. No share option was exercised during the period.

The following table discloses details of the Company's share options granted and movements in such holdings during the period:

Option grant date	Exercise price per share <i>HK\$</i>	Number of share option			Outstanding as at 30th September, 2009
		Outstanding as at 1st April, 2009	Granted during the period	Exercised during the period	
<b>F. TV Limited</b>					
21st August, 2009	0.82	-	19,000,000	-	19,000,000

Total consideration received during the period from F. TV Limited for taking up the options granted amounted to HK\$1 (2008: Nil).

During the period ended 30th September, 2009, options granted on 21st August, 2009 were fully vested. The estimated fair values of the options granted were HK\$3,314,000. The Group recognised the total expenses of HK\$3,314,000 for the period ended 30th September, 2009 (2008: Nil) in relation to share options granted by the Company.

## ARRANGEMENTS TO PURCHASE SHARES AND OPTIONS (continued)

These fair values are calculated by using the Black-Scholes Option Pricing Mode. The inputs into the model were as follows:

	<b>Share option grant date 21st August, 2009</b>
Share closing	HK\$0.82
Exercise price	HK\$0.82
Expected volatility	79.41%
Expected life	6 months
Risk-free rate	0.16
Dividend yield	2.44%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 130 days. The expected life used in the model has been adjusted, based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural consideration.

Other than as disclosed above, at no time during the period was the Company, its ultimate holding company or any subsidiaries of its ultimate holding company a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the directors, their spouses or children under the age of 18, had any right to subscribe for the shares of the Company, or had exercised any such rights during the period.

## PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the current period, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the listed shares of the Company.

## AUDIT COMMITTEE

The audit committee has three members comprising Messrs. Liu Chun Ning, Wilfred, Man Kong Yui and Kwong Chi Kit, Victor, all being independent non-executive directors. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group. The audit committee has reviewed with directors the accounting principals and practices adopted by the Group and discussed internal controls and financial reporting matters related to the preparation of the unaudited condensed consolidated interim financial statements for the current period.

## COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the applicable code provisions of the Code on Corporate Governance Practices (the “CG Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the six months ended 30th September, 2009, except for certain deviations.

The major areas of deviation are as follows:

- Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term subject to re-election. The non-executive Directors of the Company are not appointed for specific terms but subject to retirement by rotation and re-election at the annual general meeting of the Company according to the provisions of the Company’s Articles of Association.
- Code provision A.2.1 stipulates that the roles chairman and chief executive officer (“CEO”) should be separated and should not be performed by the same individual. The Company does not at present have any officer with the title CEO. Mr. Hung Hon Man is the chairman of the Company and has also carried out the responsibilities of CEO. Mr. Hung possesses the essential leadership skills to manage the Board and extensive knowledge in the business of the Group. The Board considers the present structure is more suitable to the Company because it can promote the efficient formulation and implementation of the Company’s strategies.

## CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the directors. All directors have confirmed, following a specific enquiry by the Company, that they have fully complied with the required standard as set out in the Model Code throughout the period under review.

By order of the Board  
**Hung Hon Man**  
Chairman

Hong Kong, 11th December, 2009

*As at the date of this report, Mr. Hung Hon Man, Mr. Cham Wai Ho, Anthony, Mr. Shum Kin Wai, Frankie, Mr. Wong Sheung Kwong and Mr. Cheng Wai Ho are executive directors of the Company. Mr. Liu Chun Ning, Wilfred, Mr. Man Kong Yui and Mr. Kwong Chi Kit, Victor are independent non-executive directors of the Company.*