



Get Nice Holdings Limited

(incorporated in the Cayman Islands with limited liability)

Stock code : 64



Interim Report
2014



UNAUDITED INTERIM RESULTS

The Board of Directors (the “Board” or the “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, 2014 together with comparative figures for the last corresponding period. The unaudited condensed consolidated interim financial statements for the six months ended 30th September, 2014 have been reviewed by the Company’s audit committee.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Unaudited Six months ended 30th September, 2014		2013
	Notes	HK\$'000	HK\$'000	
Continuing operations				
Revenue	2	164,940	92,825	
Other operating income		3,263	1,511	
Other gains and losses		(1,022)	15,890	
Depreciation		(3,385)	(3,402)	
Commission expenses		(7,335)	(5,980)	
Staff costs		(6,584)	(6,588)	
Other expenses		(10,553)	(12,396)	
Finance costs		(239)	(167)	
Profit before taxation		139,085	81,693	
Taxation	3	(22,152)	(11,083)	
Profit for the period from continuing operations		116,933	70,610	
Discontinued operations				
Profit for the period from discontinued operations	4	17,432	500,226	
Profit for the period		134,365	570,836	
Other comprehensive income				
<i>Items that may be subsequently reclassified to profit and loss</i>				
Exchange difference arising on translation		(66)	14	
Fair value gain on revaluation of available-for-sale investments		1,074	–	
Deferred tax arising on revaluation of available-for-sale investments		(177)	–	
Other comprehensive income for the period		831	14	
Total comprehensive income for the period		135,196	570,850	

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

	Notes	Unaudited	
		Six months ended 30th September, 2014 HK\$'000	2013 HK\$'000
Profit for the period attributable to:			
Owners of the Company			
– from continuing operations		116,933	70,610
– from discontinued operations		11,331	325,147
		128,264	395,757
Non-controlling interests			
– from discontinued operations		6,101	175,079
		134,365	570,836
Total comprehensive income for the period attributable to:			
Owners of the Company		129,095	395,771
Non-controlling interests		6,101	175,079
		135,196	570,850
Dividends	5	89,470	134,205
Earnings per share			
From continuing and discontinued operations:	6		
– Basic and diluted		2.86 cents	8.85 cents
From continuing operations:			
– Basic and diluted		2.61 cents	1.58 cents
From discontinued operations:			
– Basic and diluted		0.25 cent	7.27 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited At 30th September, 2014	Audited At 31st March, 2014
	<i>Notes</i>	HK\$'000	HK\$'000
Non-current assets			
Property and equipment		130,857	133,853
Investment properties		46,200	46,200
Intangible assets		8,955	8,955
Goodwill		15,441	15,441
Other assets		4,791	4,682
Deferred tax assets		611	734
Loans and advances	8	259,601	263,199
Investments in securities		84,950	89,002
		551,406	562,066
Current assets			
Accounts receivable	7	2,180,307	1,786,671
Loans and advances	8	585,947	357,132
Prepayments, deposits and other receivables		649,924	639,319
Taxation recoverable		146	273
Investments in securities		94,250	79,438
Bank balances – client accounts		227,241	796,917
Bank balances – general accounts and cash		314,320	812,432
		4,052,135	4,472,182

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

		Unaudited At 30th September, 2014 HK\$'000	Audited At 31st March, 2014 HK\$'000
	Notes		
Current liabilities			
Accounts payable	9	262,519	845,718
Accrued charges and other accounts payable		15,308	26,454
Amounts due to non-controlling shareholders		124,688	124,688
Taxation payable		167,353	150,351
Bank borrowings		140,000	–
		<u>709,868</u>	<u>1,147,211</u>
Net current assets		<u>3,342,267</u>	<u>3,324,971</u>
Total assets less current liabilities		<u>3,893,673</u>	<u>3,887,037</u>
Non-current liabilities			
Deferred tax liabilities		6,015	5,840
Net assets		<u>3,887,658</u>	<u>3,881,197</u>
Capital and reserves			
Share capital		447,348	447,348
Reserves		3,366,683	3,282,323
Equity attributable to owners of the Company		<u>3,814,031</u>	<u>3,729,671</u>
Non-controlling interests		73,627	151,526
Total equity		<u>3,887,658</u>	<u>3,881,197</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited Six months ended 30th September, 2014 Attributable to owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Properties revaluation reserve HK\$'000	Investments revaluation reserve HK\$'000	Share option reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
Balance as at 1st April 2014	447,348	2,289,139	123,337	10,539	(1,029)	-	428	859,909	3,729,671	151,526	3,881,197
Profit for the period	-	-	-	-	-	-	-	128,264	128,264	6,101	134,365
Other comprehensive income for the period											
Exchange difference arising on translation	-	-	-	-	-	-	(66)	-	(66)	-	(66)
Fair value gain on revaluation of available-for-sale investments	-	-	-	-	1,074	-	-	-	1,074	-	1,074
Deferred tax liability arising on revaluation of available-for-sale investments	-	-	-	-	(177)	-	-	-	(177)	-	(177)
	-	-	-	-	897	-	(66)	-	831	-	831
Total comprehensive income for the period	-	-	-	-	897	-	(66)	128,264	129,095	6,101	135,196
Dividend recognised as distribution	-	-	-	-	-	-	-	(44,735)	(44,735)	-	(44,735)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(84,000)	(84,000)
At 30th September, 2014	<u>447,348</u>	<u>2,289,139</u>	<u>123,337</u>	<u>10,539</u>	<u>(132)</u>	<u>-</u>	<u>362</u>	<u>943,438</u>	<u>3,814,031</u>	<u>73,627</u>	<u>3,887,658</u>

	Unaudited Six months ended 30th September, 2013 Attributable to owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Properties revaluation reserve HK\$'000	Share option reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000	
At 1st April, 2013	447,348	2,289,139	123,337	7,556	6,703	461	500,004	3,374,548	346,545	3,721,093	
Profit for the period	-	-	-	-	-	-	395,757	395,757	175,079	570,836	
Other comprehensive income for the period											
Exchange differences arising on translation	-	-	-	-	-	14	-	14	-	14	
Total comprehensive income for the period	-	-	-	-	-	14	395,757	395,771	175,079	570,850	
Dividend recognised as distribution	-	-	-	-	-	-	(44,735)	(44,735)	-	(44,735)	
Release upon lapse of share option granted	-	-	-	-	(6,703)	-	6,703	-	-	-	
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(369,366)	(369,366)	
At 30th September, 2013	<u>447,348</u>	<u>2,289,139</u>	<u>123,337</u>	<u>7,556</u>	<u>-</u>	<u>475</u>	<u>857,729</u>	<u>3,725,584</u>	<u>152,258</u>	<u>3,877,842</u>	

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	Six months ended	
	30th September, 2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash used in operating activities	(497,857)	(426,325)
Net cash (used in) from investing activities	(11,286)	2,525,801
Net cash from (used in) financing activities	11,097	(1,059,902)
Net (decrease) increase in cash and cash equivalents	(498,046)	1,039,574
Effect on foreign exchange rate changes	(66)	14
Cash and cash equivalents at beginning of the period	812,432	213,628
Cash and cash equivalents at end of the period	<u>314,320</u>	<u>1,253,216</u>
Represented by:		
Bank balances – general accounts and cash	<u>314,320</u>	<u>1,253,216</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th September, 2014

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 ("HKICPA").

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.

This unaudited condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's financial statements for the year ended 31st March, 2014, except for the adoption of the following new and revised standards, amendments and interpretations issued by HKICPA in the current interim period.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

The directors of the Company consider that the adoption of these new and revised HKFRSs have had no material effect on the amounts reported and/or disclosures set out in the Group's unaudited condensed consolidated financial statements.

2. Segment information

The following is an analysis of the Group's unaudited revenue and results from continuing operations by reportable and operating segments:

For the six months ended 30th September, 2014

	Broking	Securities margin financing	Money lending	Corporate finance	Investments	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
SEGMENT REVENUE	<u>41,078</u>	<u>87,827</u>	<u>30,851</u>	<u>2,032</u>	<u>3,152</u>	<u>164,940</u>
SEGMENT PROFIT	<u>20,441</u>	<u>87,713</u>	<u>30,611</u>	<u>1,722</u>	<u>2,113</u>	<u>142,600</u>
Unallocated corporate expenses						<u>(3,515)</u>
Profit before taxation from continuing operations						<u>139,085</u>

For the six months ended 30th September, 2013

	Broking	Securities margin financing	Money lending	Corporate finance	Investments	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
SEGMENT REVENUE	<u>25,150</u>	<u>59,778</u>	<u>5,204</u>	<u>233</u>	<u>2,460</u>	<u>92,825</u>
SEGMENT PROFIT (LOSS)	<u>4,517</u>	<u>59,661</u>	<u>6,546</u>	<u>(52)</u>	<u>16,843</u>	<u>87,515</u>
Unallocated corporate expenses						<u>(5,822)</u>
Profit before taxation from continuing operations						<u>81,693</u>

2. Segment information (Continued)

As at 31st March, 2014

Audited

	Broking HK\$'000	Securities margin financing HK\$'000	Money lending HK\$'000	Corporate finance HK\$'000	Investments HK\$'000	Consolidated HK\$'000
SEGMENT ASSETS	<u>728,365</u>	<u>2,455,633</u>	<u>587,669</u>	<u>6,810</u>	<u>359,021</u>	4,137,498
Unallocated assets						<u>7,308</u>
Total segment assets						4,144,806
Assets relating to discontinued operations (Note 1)						<u>889,442</u>
Consolidated total assets						<u>5,034,248</u>
SEGMENT LIABILITIES	<u>130,163</u>	<u>733,625</u>	<u>116</u>	<u>71</u>	<u>4,504</u>	868,479
Unallocated liabilities						<u>156,191</u>
Total segment liabilities						1,024,670
Liabilities relating to discontinued operations (Note 2)						<u>128,381</u>
Consolidated total liabilities						<u>1,153,051</u>

Note 1: The major part of the assets relating to discontinued operations represents other receivable of HK\$642,754,000 (2014: HK\$627,886,000) as disclosed in note 4 to the condensed consolidated financial statements.

Note 2: The major part of the liabilities relating to discontinued operations represents amounts due to non-controlling shareholders amounting to HK\$124,688,000 (2014: HK\$124,688,000).

All continuing segments' operations are primarily located in Hong Kong and the majority of the Group's revenue is derived from Hong Kong.

3. Taxation

	Six months ended 30th September,	
	2014	2013
	HK\$'000	HK\$'000
Continuing operations		
Current tax:		
Hong Kong	21,854	11,083
Deferred taxation		
Current period	298	–
	<u>22,152</u>	<u>11,083</u>

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



4. Discontinued operations

On 4th May, 2013, the Group entered into agreements, through its 65% owned subsidiaries, Great China Company Limited together with its subsidiaries and Grand Waldo Entertainment Limited (collectively the “Disposal Group”) which carried out the Group’s entire hotel and entertainment operations, to dispose of hotel complex and certain assets (the “Disposal” or the “Assets”). The Disposal constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules and details of the Disposal were set out in the Company’s circular publicly published on 24th May, 2013. The hotel and entertainment business of the Group was discontinued upon the completion of the Disposal on 17th July, 2013. Accordingly, the operating results of the hotel and entertainment business for the period were disclosed as discontinued operations.

The results of the hotel and entertainment business for the period, which have been included in the current condensed consolidated statement of profit or loss and other comprehensive income and corresponding six months ended 30th September, 2013 were as follows:

	Unaudited	
	Six months ended	
	30th September,	
	2014	2013
	HK\$'000	HK\$'000
Revenue	–	67,249
Other operating income	18,765	3,566
Gain on disposal of the Assets	–	526,846
Depreciation	–	(24,034)
Amortisation of prepaid lease payments	–	(9,653)
Commission expenses	–	(9,713)
Staff costs	(970)	(16,366)
Consumables used	–	(5,383)
Other expenses	(363)	(31,394)
Finance costs	–	(2,055)
	<hr/>	<hr/>
Profit before taxation	17,432	499,063
Taxation	–	1,163
	<hr/>	<hr/>
Profit for the period from discontinued operations	17,432	500,226
	<hr/>	<hr/>
Profit for the period from discontinued operations attributable to:		
Owners of the Company	11,331	325,147
Non-controlling interests	6,101	175,079
	<hr/>	<hr/>
	17,432	500,226
	<hr/> <hr/>	<hr/> <hr/>

4. Discontinued operations (Continued)

Gain on disposal of the Assets is calculated as follows:

	<i>HK\$'000</i>
Consideration satisfied by:	
Cash	2,600,000
Deferred cash (<i>Note</i>)	611,980
	<hr/>
	3,211,980
Assets disposed of	(2,631,137)
Transaction costs	(53,997)
	<hr/>
Gain on disposal of the Assets	<u>526,846</u>

Note: The fair value of the deferred consideration is determined using the effective yield on the receivable and the difference between the nominal amount of the consideration and the cash price equivalent is recognized as interest revenue. The deferred cash consideration will be settled in cash by the buyer on or about 16th January, 2015. As at 30th September, 2014, the carrying amount increased to HK\$642,754,000 (2014: HK\$627,886,000) due to the recognition of imputed interest during the period and is included in prepayment, deposits and other receivables.

5. Dividends

	Six months ended	
	30th September,	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Final dividend paid	44,735	44,735
Proposed interim dividend of HK1.0 cent (2013: HK2.0 cents) per share	44,735	89,470
	<hr/>	<hr/>
	<u>89,470</u>	<u>134,205</u>

On 11th September, 2014, a dividend of HK1.0 cent per share was paid to shareholders as the final dividend for the year ended 31st March, 2014.

At a meeting held on 27th November, 2014, the Directors recommended an interim dividend of HK1.0 cent per share for the six months ended 30th September, 2014 to the shareholders whose names appear in the register of members on 17th December, 2014. This proposed interim dividend is not reflected as a dividend payables in these unaudited condensed consolidated interim financial statements, but will be reflected as an appropriation of retained earnings for the year ended 31st March, 2015.

6. Earnings per share

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

	Six months ended	
	30th September,	
	2014	2013
	HK\$'000	HK\$'000
Earnings		
Earnings for the purpose of basic and diluted earnings per share:		
– from continuing operations	116,933	70,610
– from discontinued operations	11,331	325,147
	<hr/>	<hr/>
Total earnings from continuing and discontinued operations	128,264	395,757
	<hr/> <hr/>	<hr/> <hr/>
	2014	2013
	'000	'000
Number of shares		
Number of ordinary shares for the purpose of basic and diluted earnings per share	4,473,476	4,473,476
	<hr/> <hr/>	<hr/> <hr/>

7. Accounts receivable

	At 30th September, 2014 HK\$'000	At 31st March, 2014 HK\$'000
Accounts receivable arising from the business of dealing in securities:		
– Cash clients	19,813	17,439
– Margin clients:		
– Directors and their associates	612	1,413
– Other margin clients	2,109,642	1,761,229
– Hong Kong Securities Clearing Company Limited	63,439	20,064
Accounts receivable from futures clearing house arising from the business of dealing in futures contracts	4,416	4,141
	2,197,922	1,804,286
Less: Impairment allowance	(17,615)	(17,615)
	2,180,307	1,786,671

The normal settlement terms of accounts receivable from cash clients and securities clearing house are two days after trade date while accounts receivable from futures clearing house is one day after trade date.

Included in the accounts receivable from cash clients are debtors with a carrying amount of HK\$1,471,000 (2014: HK\$3,302,000) which are past due at the end of the reporting period but 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.

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:

	At 30th September, 2014 HK\$'000	At 31st March, 2014 HK\$'000
0 – 30 days	1,443	3,233
31 – 60 days	28	69
	1,471	3,302

7. Accounts receivable (Continued)

The accounts receivable from cash clients with a carrying amount of HK\$18,342,000 (2014: HK\$14,137,000) are neither past due nor impaired at the end of the reporting period and the directors of the Company are of the opinion that the amounts are recoverable.

Loans to securities margin clients are secured by clients' pledged securities with fair value of HK\$10,390,320,000 (2014: HK\$6,301,292,000). Significant portion of the pledged securities are listed equity securities in Hong Kong. The loans are repayable on demand and carry interest at Hong Kong prime rate + 2% to 4.45% per annum (2014: Hong Kong prime rate + 2% to 4.45% per annum). Securities are assigned with specific margin ratios for calculating their margin values. Additional funds or collaterals are required if the outstanding amount exceeds the eligible margin value of securities deposited. The collaterals held can be repledged and can be sold at the Group's discretion to settle any outstanding amount owed by margin clients. No ageing analysis is disclosed, as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of business of securities margin financing.

Included in accounts receivable from margin clients arising from the business of dealing in securities are amounts due from certain related parties. The details are as follows:

Name	Balance at 1st April, 2014 <i>HK\$'000</i>	Balance at 30th September, 2014 <i>HK\$'000</i>	Maximum amount outstanding during the period <i>HK\$'000</i>	Market value of pledged securities at 30th September, 2014 <i>HK\$'000</i>
Mr. Lung Hon Lui	260	-	601	-
Mr. Hung Hon Man (Director of the Company)'s associate	569	-	569	-
Mr. Hung Sui Kwan (Director of the Company)'s associate	584	612	612	740
	<u>584</u>	<u>612</u>	<u>612</u>	<u>740</u>

The above balances are repayable on demand and bear interest at commercial rates which are similar to the rates offered to other margin clients.

8. Loans and advances

	At 30th September, 2014 <i>HK\$'000</i>	At 31st March, 2014 <i>HK\$'000</i>
Fixed-rate loan receivables	692,566	467,349
Variable-rate loan receivables	153,000	153,000
	<u>845,566</u>	<u>620,349</u>
Less: Allowance for impaired debts	(18)	(18)
	<u>845,548</u>	<u>620,331</u>
Secured	257,162	255,162
Unsecured	588,386	365,169
	<u>845,548</u>	<u>620,331</u>
Analysed as:		
Current assets	585,947	357,132
Non-current assets	259,601	263,199
	<u>845,548</u>	<u>620,331</u>

8. Loans and advances (Continued)

At 30th September, 2014, certain loans and advances with carrying amount of HK\$257,162,000 (2014: HK\$255,162,000) are secured by first mortgage of properties in Hong Kong with an aggregate fair value of HK\$383,860,000 (2014: HK\$374,300,000); carrying amount of HK\$24,000,000 (2014: HK\$20,800,000) are covered by second mortgages of properties in Hong Kong with an aggregate fair value of HK\$99,500,000 (2014: HK\$116,600,000). The fixed-rate loan receivables carry interest ranging from 9% to 24% (2014: 9% to 24%) per annum. The variable-rate loan receivables carry interest at Hong Kong prime rate + 2% to + 3% (2014: Hong Kong prime rate +2% to +3%) per annum, ranging from 7.25% to 8% per annum.

The Group determines the allowances for impaired debts based on the evaluation of collectability and ageing analysis of accounts and management's judgment, including assessment of change of credit quality, collateral and the past collection history of each customer. The Group has concentration of credit risk as 72% (2014: 84%) of the total loans and advances was due from the five largest borrowing customers. The directors of the Company believe that the allowances for impaired debts are sufficient.

Movement in the allowance for impaired debts is as follows:

	At 30th September, 2014 HK\$'000	At 31st March, 2014 HK\$'000
Balance at beginning and at end of the period	18	18

Included in the Group's loans and advances are an individually impaired customer with an aggregate balance of HK\$180,000 (2014: HK\$180,000). The borrower is facing financial difficulties in meeting commitments and full repayment of principal and interest is in doubt. After taking into account collateral held for the loan, an impairment of HK\$18,000 (2014: HK\$18,000) was made. No further impairment allowance was considered necessary based on the Group's evaluation of collectability.

There were no loans and advances past due but not impaired as at 30th September, 2014 and 31st March, 2014.

The loans and advances with a carrying amount of HK\$845,386,000 (2014: HK\$620,169,000) are neither past due nor impaired at the end of the reporting period. In view of the repayment history of these borrowers and collateral provided, the directors of the Company consider the amount to be recoverable and of good credit quality.

9. Accounts payable

	At 30th September, 2014 HK\$'000	At 31st March, 2014 HK\$'000
Accounts payable arising from the business of dealing in securities:		
– Cash clients	111,965	98,547
– Margin clients	134,185	733,913
– Brokers	–	3,808
Accounts payable to clients arising from the business of dealing in futures contracts	16,369	9,289
Accounts payable arising from hotel and entertainment operations	–	161
	<u>262,519</u>	<u>845,718</u>

The normal settlement terms of accounts payable to cash clients and brokers 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% (2014: 0.25%) per annum. No ageing analysis is disclosed as, in the opinion of directors of the Company, the ageing analysis does not give additional value in view of the nature of business of securities margin financing.

Included in accounts payable to margin clients arising from the business of dealing in securities are amounts due to directors of the Company and their associates of HK\$945,000 (2014: HK\$1,139,000).

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 ageing analysis is disclosed as, in the opinion of directors of the Company, the ageing analysis does not give additional value in view of the nature of business of futures contract dealing.

The average credit period granted by the suppliers or service providers of hotel and entertainment operations is 60 days. As at 31st March, 2014, the age of this balance is within 30 days.

10. 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:

- *Capital risk management*

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the amounts due to non-controlling shareholders and bank borrowings and equity attributable to owners of the Company, comprising issued share capital, reserves and retained earnings as disclosed in the condensed consolidated statement of changes in equity. The management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt. The Group's overall strategy remains unchanged throughout the period.

- *Market risk*

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to accounts receivable, loans and advances, bank balances and bank borrowings. The Group is also exposed to fair value interest rate risk in relation to fixed-rate loans and advances, convertible notes and debt securities held by the Group. The Group currently does not have an interest rate hedging policy. However, the Group closely manages 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 through its investments in listed equity securities, convertible notes and investment fund. The directors of the Company manage the exposure by closely monitoring the portfolio of these financial instruments. The fair value of these financial instruments will be affected either positively or negatively, amongst others, by the changes in the closing market prices of the relevant listed equity securities and quoted price of the investment fund.

- *Currency risk*

In the opinion of the directors of the Company, the currency risk exposure is not significant as most of the transactions and financial assets and liabilities of the group entities are denominated in the functional currency of the respective entities and, in the case of Macau Pataca ("MOP") and United States dollars ("US\$"), the exposure is limited as MOP and US\$ are pegged to HK\$, respectively.

10. Financial risk management (*Continued*)

- *Credit risk*

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.

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 in relation of accounts receivable, loans and advances, other receivables, convertible notes and debt securities by placing limits on the amount of risk accepted in relation to any borrower or issuer, 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 is limited as the counterparties are banks with high credit rating assigned by international credit-rating agencies.

The credit risk on other receivables from the disposal of the Assets, as disclosed in note 4 is limited as the counterparties are subsidiaries of Galaxy Entertainment Group Limited, which is listed on the Stock Exchange of Hong Kong Limited with strong financial position.

The exposure of credit risk on debt securities is limited as they are issued or guaranteed by the holding companies listed on The Stock Exchange of Hong Kong Limited.

- *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.

11. Related Party Transactions

In addition to the balance detailed in note 7, the Group had the following transactions with related parties.

Nature of transaction	Unaudited Six months ended 30th September,		
	2014 HK\$'000	2013 HK\$'000	
Name of related party			
Messrs. Shum Kin Wai, Frankie, Cham Wai Ho, Anthony, Lung Hon Lui, Hung Sui Kwan, Hung Hon Man, Cheng Wai Ho, Ho Kwok Kwan and their associates	Commission income (note i)	33	65
Messrs. Hung Sui Kwan, Lung Hon Lui, Ho Kwok Kwan, Hung Hon Man and their associates	Interest income (note ii)	50	40
Mr. Hung Hon Man's associate	Rental income (note iii)	<u>252</u>	<u>168</u>

Notes:

- (i) Commission was charged at 0.1% to 0.15% (2013: 0.1% to 0.15%) on the total value of transactions.
- (ii) Interest was charged at fixed rates ranging from 7.2360% to 9.2520% (2013: 7.2360% to 9.2520%) on the outstanding balance of margin loans.
- (iii) Monthly rental fee was charged at HK\$42,000 (2013: HK\$42,000).

Compensation of key management personnel

The remuneration of Directors and other members of key management during the period was as follows:

	Unaudited Six months ended 30th September,	
	2014 HK\$'000	2013 HK\$'000
Short-term employee benefits	2,208	12,571
Post-employment benefits	68	59
	<u>2,276</u>	<u>12,630</u>

The remuneration of Directors and other members of key management is determined by the performance of individuals and market trends.



INTERIM DIVIDEND

The Directors have declared an interim dividend of HK1.0 cent per share for the six months ended 30th September, 2014. The interim dividend will be payable on or about 29th December, 2014 to those shareholders whose names appear on the register of members on 17th December, 2014.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 16th December, 2014 to 17th December, 2014, both dates inclusive (record date being 17th December, 2014), during which period no transfer of shares of the Company will be registered.

In order to qualify for entitlement to the interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's registrar, Tricor Secretaries Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 15th December, 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OVERVIEW

For the six months ended 30th September, 2014, the Group's revenue amounted to HK\$164.9 million, surged 78% as compared with HK\$92.8 million for the corresponding period last year. The Group recorded profit attributable to owners of the Company of HK\$128.2 million (2013: HK\$395.7 million), of which HK\$116.9 million was from continuing operations (2013: HK\$70.6 million) and HK\$11.3 million was from discontinued operations (2013: HK\$325.1 million). The basic earnings per share for the period was HK2.86 cents (2013: HK8.85 cents), of which HK2.61 cents (2013: HK1.58 cents) was from continuing operations and HK0.25 cent (2013: HK7.27 cents) was from discontinued operations. Substantial decrease in profit attributable to owners of the Company from the discontinued operations for the six months ended 30th September, 2014 was mainly due to a one-off gain on disposal of hotel complex and certain assets of HK\$526.8 million recorded in 2013, of which the Group shared 65%. However, the profit attributable to owners of the Company from continuing operations for the current period has significantly increased by 66% as compared to that on the same period in 2013.

CONTINUING OPERATIONS

Market Review

During the period under review, the Hong Kong stock market experienced a mixed market sentiment. The good news is that the Hong Kong Securities and Futures Commission and the China Securities Regulatory Commission in April 2014 made a joint announcement regarding the scheme of Shanghai-Hong Kong Stock Connect and that is anticipated to be formally launched in the four quarter of 2014. The hope is that the program will consolidate the position of Hong Kong as an international financial center and provides a boost for the market. Regarding overseas markets, the US Dow Jones Industrial Average Index rose to historical high with economy returned to slow but stable growth that had helped the market sentiment. However, the Hong Kong stock market still faces some considerable uncertainties that make most investors to worry such as US Federal Reserve has planned to end its historic quantitative easing program in October 2014 and the upcoming Occupy Central movement will trigger social and economic instability.

The volatility of the Hong Kong stock market remained low, with narrow trading range. The Hong Kong stock exchange's average daily turnover for the six months ended 30th September, 2014 was HK\$64 billion, up 8% when compared with HK\$59 billion for the same period last year. Hang Seng Index closed flat at 22,933 at 30th September, 2014, as compared to 22,151 on 31st March, 2014. IPO fund raising activities in Hong Kong recorded HK\$85 billion for the six months ended 30th September, 2014, down by 3%, as compared with the same period in 2013.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Business Review

Broking and securities margin financing

Higher stock market turnover helped the Group's brokerage commission income increased during the reporting period. The broking segment recorded 63% rise in revenue for the six months ended 30th September, 2014 at HK\$41.1 million (2013: HK\$25.2 million) as compared with the corresponding period last year, of which HK\$6.7 million (2013: HK\$3.2 million) was contributed from the underwriting and placing businesses. During the current period, the Group provided fund proofs to offerors for two mandatory general offers that had generated revenue of HK\$6.9 million to the Group. The broking segment posted profit of HK\$20.4 million (2013: HK\$4.5 million) for the six month ended 30th September, 2014. The Group will continue to broaden its income sources, with maintaining stringent cost controls over its operations to tackle fragmented and low-margin operating conditions of the security brokerage sector.

Share margin financing remained a major source of income for the Group. Total margin interest income grew to HK\$87.8 million (2013: HK\$59.8 million), up 47% as compared to the same period last year. The increase in margin interest income was largely supported by margin loan growth. Revenue from this business segment accounted for 53% of the Group's total revenue. The Group's margin loan book at period end stood at HK\$2,092.6 million (2014: HK\$1,745.0 million), an increase of 20% compared to that on 31st March, 2014. The margin loan business has grown steadily and the Group will continue to maintain a balance on yield relative to risk and cautious approach to the credit control of its margin financing business.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Business Review (continued)

Money lending

The money lending vehicle is engaged in provision of consumer and mortgage loans. The money lending business continued to show rapid growth during the period due to the Group's continued expansion of loan portfolio. The aggregated loan amount increased to HK\$845.5 million at 30th September, 2014 from HK\$620.3 million at 31st March, 2014, with interest income surging to HK\$30.9 million (2013: HK\$5.2 million) for the period, representing an increase of 4.9 times as compared to the same period last year. This segment is growing increasingly importance to the Group. It recorded profit of HK\$30.6 million (2013: HK\$6.5 million) for the six months ended 30th September, 2014. In addition to two loan agreements in relation to granting of loan of HK\$250 million and of loan facility of HK\$150 million disclosed in 2013, the Group had during the period disclosed one substantial loan agreement in relation to granting of loan facility to a customer, with facility limit up to HK\$150 million. No material impairment loss was made on the loan book of money lending for the period. Building on the Group's expertise and relationships with high net worth customers, the Group remains positive about the money lending business and will continue to target high net worth customers with short-term financial needs.

Corporate finance

The Group's corporate finance division continued to focus on the provision of financial advisory services to listed issuers. It completed 3 financial advisory assignments during the period. This segment recorded a profit of HK\$1.7 million for the period (2013: a loss of HK\$52,000).

Investments

The investments division held properties and financial instruments for the Group. Assets allocations are based on expected return rates and available funding capital. For the period under review, this division reported a profit of HK\$2.1 million (2013: HK\$16.8 million), mainly attributable to interest income on debt securities and fair value change of financial instruments. As at 30th September, 2014, the Group held a portfolio of equity and debt securities and convertibles notes with a total fair value of HK\$179.2 million (2014: HK\$168.4 million).

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

OUTLOOK

The Group has successfully reinforced the robustness of its main revenue stream over the past years and proved its resilience in various economic cycles. Looking forward, with the launch of the Shanghai-Hong Kong Stock Connect scheme in the fourth quarter of 2014, it will benefit the market turnover and improve the market sentiment. The Group will keep abreast of the development of and seek opportunities arising from that scheme. With solid financial strength, the Group will continue to pursue its business growth strategy in a measured and prudent manner.

DISCONTINUED OPERATIONS

Hotel and Entertainment Business

The operating segment of hotel and entertainment was discontinued since year 2013 as a result of the hotel complex and certain assets Disposal. Details of the discontinued operations are set out in note 4 to the unaudited condensed consolidated financial statements for the period.

FINANCIAL REVIEW

Financial Resources and Gearing Ratio

The equity attributable to owners of the Company amounted to HK\$3,814.0 million (2014: HK\$3,729.7 million) as at 30th September, 2014, representing an increase of HK\$84.3 million, or 2.3% from that of 31st March, 2014. The movement was mainly attributable to the profit for the period and dividend payment.

The Group's net current assets as at 30th September, 2014 amounted to HK\$3,342.3 million (2014: HK\$3,325.0 million) and the liquidity of the Group, as demonstrated by the current ratio (current assets/current liabilities) was 5.7 times (2014: 3.9 times). The Group's cash on hand amounted to HK\$314.3 million as at 30th September, 2014 (2014: HK\$812.4 million). As at 30th September, 2014, the Group's total bank borrowings was HK\$140.0 million (2014: nil) and the Group had undrawn banking facilities amounting to HK\$585.5 million (2014: HK\$765.5 million) which were secured by charges over clients' pledged securities, properties as well as corporate guarantees issued by the Company.

The number of issued shares of the Company was 4,473,476,000 as at 30th September, 2014 and 31st March, 2014.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

FINANCIAL REVIEW (continued)

Financial Resources and Gearing Ratio (continued)

As at 30th September, 2014, the Group's gearing ratio (total liabilities over equity attributable to owners of the Company) was 0.19 time (2014: 0.31 time).

The business activities of the Group are not exposed to material fluctuations in exchange rates as the majority of the transactions are denominated in Hong Kong dollar and MOP and US\$ which are pegged to HK\$.

The Group had no material contingent liabilities at the period end.

As at 30th September, 2014, the Group did not have any material outstanding capital commitment.

Charges on Group Assets

As at 30th September, 2014, leasehold land, building and an investment property of the Group with a carrying amount of HK\$122.1 million (2014: HK\$123.6 million) were pledged for banking facilities granted to the Group.

Material Acquisitions and Disposals of Subsidiaries, Associates and Jointly Controlled Entities

The Group did not make any material acquisitions or disposals of subsidiaries, associates or jointly controlled entities during the period.

Employee Information

As at 30th September, 2014, the Group had 69 employees (2014: 68). The Group's employees were remunerated according to their performance, working experience and market conditions. The total amount of remuneration cost of employees of the Group for the period was HK\$6.6 million for its continuing operations (2013: HK\$6.6 million). The Group provides employee benefits including mandatory provident fund, discretionary share options and performance bonus for its staff.

DIRECTORS' INTERESTS IN SHARES

At 30th September, 2014, 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 HK\$0.1 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	Held by controlled corporation (<i>Note</i>)	1,342,018,583	29.99%

Note: Mr. Hung Hon Man is deemed to be interested in 1,342,018,583 ordinary shares of the Company which are held by Honeylink Agents Limited, 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.

DIRECTORS' INTERESTS IN SHARES (continued)**2. Long positions in the non-voting deferred shares of HK\$1.0 each of Get Nice Securities Limited ("GNS"), a wholly owned subsidiary of the Company**

Name of Director	Capacity	Number of non-voting deferred shares* held	Percentage of the issued non-voting deferred share of GNS
Mr. Hung Hon Man	Beneficial owner	36,000,000	90%
Mr. Shum Kin Wai Frankie	Beneficial owner	4,000,000	10%
		<u>40,000,000</u>	<u>100%</u>

- * The non-voting deferred shares carry practically no rights to dividends nor to receive notice of nor to attend or vote at any general meeting of GNS and on liquidation, the assets of GNS available for distribution among the holders of ordinary shares and the holders of non-voting deferred shares shall be applied first in paying to the holders of ordinary shares the sum of HK\$1,000,000,000,000 per ordinary share and secondly in repaying to the holders of non-voting deferred shares the nominal amount paid up or credited as paid up on such shares, and the balances of the GNS's assets shall belong to and be distributed among the holders of ordinary shares in proportion to the amount paid up or credited as paid up on such ordinary shares respectively.

Save as disclosed above, at 30th September, 2014, 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.

ARRANGEMENTS TO PURCHASE SHARES AND OPTIONS

The share option scheme of the Company adopted on 16th May, 2002 has expired on 5th June, 2012. The Company has adopted a new share option scheme ("Option Scheme") pursuant to a resolution passed on 24th August, 2012. The purpose of the Option Scheme is to provide an incentive for eligible participant to work with commitment towards enhancing the value of the Company and the shares for the benefit of the shareholders of the Company and to retain and attract persons whose contribution are or may be beneficial to the growth and development of the Group. No share options were granted during the period.

ARRANGEMENTS TO PURCHASE SHARES AND OPTIONS *(continued)*

Save 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.

SUBSTANTIAL SHAREHOLDERS

At 30th September, 2014, 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.

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
Hung Hon Man	Held by controlled corporation <i>(Note)</i>	1,342,018,583	29.99%
Honeylink Agents Limited ("Honeylink")	Beneficial owner <i>(Note)</i>	1,342,018,583	29.99%

Note: Mr. Hung Hon Man is deemed to be interested in 1,342,018,583 ordinary shares of the Company which are held by 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.

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, 2014.

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 REVIEW

The Audit Committee has reviewed with management of the Company the Group's unaudited condensed consolidated interim financial statements for the six months ended 30th September, 2014 including the accounting principles and practices adopted by the Group.

CORPORATE GOVERNANCE CODE

Throughout the period ended 30th September, 2014, the Company has applied the principles of, and complied with, the applicable code provisions of the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange, except for a deviation which is summarised below:

CG 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 Articles of Association.

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 (save for one of the Directors in respect of the incident mentioned below) they have fully complied with the required standard as set out in the Model Code throughout the period under review.

On 2nd September, 2014, Mr. Lung Hon Lui sold 3 million shares of the Company on the Hong Kong stock exchange. In respect of such sale, he failed (due to inadvertent oversight) to comply with the Model Code of seeking prior clearance from the designated officers of the Board. For clarity purpose, such sale was effected at a time when there was no unpublished inside information.

DISCLOSURE OF THE INFORMATION OF THE DIRECTORS PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Pursuant to rule 13.51B(1) of the Listing Rules, changes in the information of the Directors required to be disclosed in this report are as follows:

Mr. Man Kong Yui, Independent Non-executive Director

- appointed as an independent non-executive director of Mastermind Capital Limited with effect from 26th September, 2014, the shares of Mastermind Capital Limited are listed on the Hong Kong Stock Exchange.

Mr. Siu Hi Lam, Alick, Independent Non-executive Director

- appointed as an independent non-executive director, a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company with effect from 1st September, 2014. Mr. Siu is currently an independent non-executive director of BEP International Holdings Limited and Saga International Group Limited. He was an independent non-executive director of China Investment Fund Company Limited from November 2010 to January 2012. The shares of all these companies are listed on the Hong Kong stock exchange.

Mr. Liu Chun Ning, Wilfred, Independent Non-executive Director

- resigned as an independent non-executive director, ceased to be the member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company with effect from 1st September, 2014.

By order of the Board
Hung Hon Man
Chairman

Hong Kong, 27th November, 2014

As at the date of this report, Mr. Hung Hon Man, Mr. Cham Wai Ho, Anthony, Mr. Shum Kin Wai, Frankie, Mr. Hung Sui Kwan and Mr. Lung Hon Lui are executive directors of the Company. Mr. Man Kong Yui, Mr. Sun Ka Ziang, Henry and Mr. Siu Hi Lam, Alick are independent non-executive directors of the Company.