



Get Nice Holdings Limited

(incorporated in the Cayman Islands with limited liability)

Stock code : 64

Interim Report 2016



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 30 September 2016 together with comparative figures for the last corresponding period. The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2016 have been reviewed by the Company’s audit committee.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Unaudited Six months ended 30 September	
		2016 HK\$'000	2015 HK\$'000
Revenue	2	243,819	298,366
Other operating income		5,169	8,154
Other gains and losses		(14,219)	59,236
Depreciation		(3,815)	(2,586)
Commission expenses		(6,823)	(16,177)
Staff costs		(9,617)	(8,963)
Other expenses		(75,186)	(29,878)
Finance costs		(2,192)	(1,007)
Profit before taxation		137,136	307,145
Taxation	3	(33,216)	(42,042)
Profit for the period		103,920	265,103
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange difference arising on translation		–	(29)
Fair value gain (loss) on revaluation of available-for-sale investments		499	(2,173)
Deferred tax arising on revaluation of available-for-sale investments		(44)	359
<i>Items that will not be reclassified to profit or loss</i>			
Surplus on revaluation of properties		–	3,419
Deferred tax arising on revaluation of properties		–	(333)
Other comprehensive income for the period		455	1,243
Total comprehensive income for the period		104,375	266,346
Profit for the period attributable to:			
Owners of the Company		70,352	265,040
Non-controlling interests		33,568	63
		103,920	265,103

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

	Notes	Unaudited	
		Six months ended	
		30 September	
		2016	2015
		HK\$'000	HK\$'000
Total comprehensive income for the period attributable to:			
Owners of the Company		70,807	266,283
Non-controlling interests		33,568	63
		<u>104,375</u>	<u>266,346</u>
Dividends	4	<u>289,219</u>	<u>134,204</u>
Earnings per share	5		
Basic – HK cents		<u>1.01</u>	<u>4.01</u>



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited	Audited
		At	At
		30 September	31 March
		2016	2016
	<i>Notes</i>	HK\$'000	HK\$'000
Non-current assets			
Prepaid lease payments and property and equipment		125,886	126,982
Investment properties		419,650	69,650
Intangible assets		8,955	8,955
Goodwill		15,441	15,441
Other assets		5,723	5,220
Deferred tax assets		1,281	1,281
Loans and advances	7	52,588	62,041
Investments in securities		93,433	101,539
		722,957	391,109
Current assets			
Accounts receivable	6	3,168,025	3,317,491
Loans and advances	7	848,846	565,435
Prepayments, deposits and other receivables		11,817	10,958
Tax recoverable		464	886
Investments in securities		206,888	89,123
Bank balances – client accounts		414,466	402,409
Bank balances – general accounts and cash		1,156,296	1,271,207
		5,806,802	5,657,509

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

		Unaudited At 30 September 2016 HK\$'000	Audited At 31 March 2016 HK\$'000
	<i>Notes</i>		
Current liabilities			
Accounts payable	8	569,627	493,927
Accrued charges and other payables		15,864	7,467
Amounts due to non-controlling shareholders		52,684	52,684
Tax payable		204,535	183,531
Bank borrowings		–	435,000
		<u>842,710</u>	<u>1,172,609</u>
Net current assets		<u>4,964,092</u>	<u>4,484,900</u>
Total assets less current liabilities		<u>5,687,049</u>	<u>4,876,009</u>
Non-current liabilities			
Deferred tax liabilities		11,696	7,008
Net assets		<u>5,675,353</u>	<u>4,869,001</u>
Capital and reserves			
Share capital	9	805,225	671,021
Reserves		3,882,623	4,168,338
Equity attributable to owners of the Company		<u>4,687,848</u>	<u>4,839,359</u>
Non-controlling interests		987,505	29,642
Total equity		<u>5,675,353</u>	<u>4,869,001</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited Six months ended 30 September 2016 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	Translation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
Balance as at 1 April 2016	671,021	2,691,752	123,337	14,148	(1,354)	387	1,340,068	4,839,359	29,642	4,869,001
Profit for the period	-	-	-	-	-	-	70,352	70,352	33,568	103,920
Other comprehensive income for the period										
Exchange difference arising on translation	-	-	-	-	-	-	-	-	-	-
Fair value gain on revaluation of available-for-sale investments	-	-	-	-	499	-	-	499	-	499
Deferred tax liability arising on revaluation of available-for-sale investments	-	-	-	-	(44)	-	-	(44)	-	(44)
Surplus on revaluation of properties	-	-	-	-	-	-	-	-	-	-
Deferred tax liability arising on revaluation of properties	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	455	-	-	455	-	455
Total comprehensive income for the period	-	-	-	-	455	-	70,352	70,807	33,568	104,375
Distribution in specie	-	-	-	-	-	-	(128,171)	(128,171)	128,171	-
Deemed loss arising from capitalisation of inter-company balance due from a non-wholly owned subsidiary	-	-	-	-	-	-	(108,159)	(108,159)	108,159	-
Deemed disposal of partial interest in a subsidiary without losing control	-	-	-	-	-	-	(207,423)	(207,423)	714,977	507,554
Issue of shares under placing	134,204	167,755	-	-	-	-	301,959	-	-	301,959
Dividend recognised as distribution	-	-	-	-	-	-	(80,524)	(80,524)	-	(80,524)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(27,012)	(27,012)
At 30 September 2016	805,225	2,859,507	123,337	14,148	(899)	387	886,143	4,687,848	987,505	5,675,353

	Unaudited Six months ended 30 September 2015 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	Translation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
Balance as at 1 April 2015	447,348	2,289,139	123,337	11,861	(3,575)	406	1,031,022	3,899,538	(63,978)	3,835,560
Profit for the period	-	-	-	-	-	-	265,040	265,040	63	265,103
Other comprehensive income for the period										
Exchange difference arising on translation	-	-	-	-	-	(29)	-	(29)	-	(29)
Fair value loss on revaluation of available-for-sale investments	-	-	-	-	(2,173)	-	-	(2,173)	-	(2,173)
Deferred tax liability arising on revaluation of available-for-sale investments	-	-	-	-	359	-	-	359	-	359
Surplus on revaluation of properties	-	-	-	3,419	-	-	-	3,419	-	3,419
Deferred tax liability arising on revaluation of properties	-	-	-	(333)	-	-	-	(333)	-	(333)
	-	-	-	3,086	(1,814)	(29)	-	1,243	-	1,243
Total comprehensive income for the period	-	-	-	3,086	(1,814)	(29)	265,040	266,283	63	266,346
Issue of shares under rights issue	223,673	402,612	-	-	-	-	626,285	-	-	626,285
Dividend recognised as distribution	-	-	-	-	-	-	(67,102)	(67,102)	-	(67,102)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-
At 30 September 2015	671,021	2,691,751	123,337	14,947	(5,389)	377	1,228,960	4,725,004	(63,915)	4,661,089

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	Six months ended	
	30 September	
	2016	2015
	HK\$'000	HK\$'000
Net cash from (used in) operating activities	77,771	(906,638)
Net cash (used in) from investing activities	(459,659)	23,373
Net cash from financing activities	266,977	296,596
Net decrease in cash and cash equivalents	(114,911)	(586,669)
Effect on foreign exchange rate changes	–	(29)
Cash and cash equivalents at beginning of the period	1,271,207	1,237,590
Cash and cash equivalents at end of the period	1,156,296	650,892
Represented by:		
Bank balances – general accounts and cash	1,156,296	650,892

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

1. BASIS OF PREPARATION AND APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSS”)

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to 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”).

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period.

Except as described below, the accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 September 2016 are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2016.

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA that are relevant for the preparation of the Group’s unaudited condensed consolidated financial statements:

Amendments to HKAS 1	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception
Amendments to HKFRSs	Annual improvements to HKFRSs 2012 to 2014 cycle

The application of the amendments to HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these unaudited condensed consolidated financial statements.

2. SEGMENT INFORMATION (Continued)

As at 31 March 2016

Audited

	Broking	Securities margin financing	Money lending	Corporate finance	Investments	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
SEGMENT ASSETS	1,055,012	3,615,315	690,638	7,988	272,227	5,641,180
Unallocated assets (note 1)						407,438
Consolidated total assets						6,048,618
SEGMENT LIABILITIES	117,668	421,317	3,211	-	719	542,915
Unallocated liabilities (note 2)						636,702
Consolidated total liabilities						1,179,617

Note 1: The balance comprises bank balances of HK\$712,392,000 (at 31 March 2016: HK\$257,060,000).

Note 2: The balance includes amounts due to non-controlling shareholders amounting to HK\$52,684,000 (at 31 March 2016: HK\$52,684,000).

All 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	
	30 September	
	2016	2015
	HK\$'000	HK\$'000
Current tax:		
Hong Kong	33,216	42,042

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

4. DIVIDENDS

	Six months ended	
	30 September	
	2016	2015
	HK\$'000	HK\$'000
Final dividend paid	80,524	67,102
Special interim dividend by way of distribution of shares in a subsidiary in respect of its spin-off and separate listing	128,171	–
Proposed interim dividend of HK1.0 cent (2015: HK1.0 cent) per share	80,524	67,102
	289,219	134,204

On 13 September 2016, a dividend of HK1.0 cent per share was paid to shareholders as the final dividend for the year ended 31 March 2016.

At a meeting held on 30 November 2016, the Directors recommended an interim dividend of HK1.0 cent per share for the six months ended 30 September 2016 to the shareholders whose names appear in the register of members on 23 December 2016. 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 31 March 2017.

5. EARNINGS PER SHARE

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

	Six months ended	
	30 September	
	2016	2015
	HK\$'000	HK\$'000
Earnings		
Profit for the period attributable to the owners of the Company for the purpose of basic earnings per share	70,352	265,040
	2016	2015
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	6,944,888	6,602,166

Diluted earnings per share is not presented as there were no potential ordinary shares outstanding during both periods.

6. ACCOUNTS RECEIVABLE

	At 30 September 2016 HK\$'000	At 31 March 2016 HK\$'000
Accounts receivable arising from the business of dealing in securities:		
– Cash clients	16,971	8,605
– Margin clients:		
– Directors and their close family members	61	453
– Other margin clients	3,058,357	3,286,201
– A broker	–	22
– Hong Kong Securities Clearing Company Limited	94,708	35,375
Accounts receivable from futures clearing house arising from the business of dealing in futures contracts	15,257	4,164
	3,185,354	3,334,820
Less: Impairment allowance	(17,329)	(17,329)
	<u>3,168,025</u>	<u>3,317,491</u>

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\$98,000 (31 March 2016: HK\$407,000) 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.

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:

	At 30 September 2016 HK\$'000	At 31 March 2016 HK\$'000
0 – 30 days	66	375
31 – 60 days	–	1
Over 60 days	32	31
	<u>98</u>	<u>407</u>

The accounts receivable from cash clients with a carrying amount of HK\$16,873,000 (31 March 2016: HK\$8,198,000) 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\$13,741,098,000 (31 March 2016: HK\$15,604,593,000). 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 (and in some cases the rate may go up to 18% per annum) (31 March 2016: Hong Kong prime rate + 2% to 4.45% per annum (and in some cases the rate may go up to 18% 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 1 April 2016 HK\$'000	Balance at 30 September 2016 HK\$'000	Maximum amount outstanding during the period HK\$'000	Market value of pledged securities at 30 September 2016 HK\$'000
Mr. Hung Hon Man (Director of the Company) and close family members	453	–	1,978	966,191
Mr. Lung Hon Lui (Director of the Company)	–	61	61	9,855
Mr. Ng Hon Sau, Larry (key management personnel of the Group) and close family members	–	96	319	–

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

7. LOANS AND ADVANCES

	At 30 September 2016 HK\$'000	At 31 March 2016 HK\$'000
Fixed-rate loan receivables	905,872	631,914
Less: Allowance for impaired debts	(4,438)	(4,438)
	<u>901,434</u>	<u>627,476</u>
Secured	373,278	376,176
Unsecured	528,156	251,300
	<u>901,434</u>	<u>627,476</u>
Analysed as:		
Current assets	848,846	565,435
Non-current assets	52,588	62,041
	<u>901,434</u>	<u>627,476</u>

At 30 September 2016, certain loans and advances with carrying amount of HK\$373,278,000 (31 March 2016: HK\$376,176,000) are secured by first mortgage of properties in Hong Kong with an aggregate fair value of HK\$593,300,000 (31 March 2016: HK\$580,800,000); carrying amount of HK\$17,700,000 (31 March 2016: HK\$25,650,000) are covered by second mortgages of properties in Hong Kong with an aggregate fair value of HK\$51,840,000 (31 March 2016: HK\$105,020,000). The fixed-rate loan receivables carry interest ranging from 8% to 24% (2015: 8% to 24%) 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 52% (31 March 2016: 75%) 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.

7. LOANS AND ADVANCES (Continued)

Movement in the allowance for impaired debts is as follows:

	At 30 September 2016 HK\$'000	At 31 March 2016 HK\$'000
Balance at beginning	4,438	4,511
Impairment loss recognised	–	4,207
Write-off	–	(4,280)
	<u>4,438</u>	<u>4,438</u>

There are no loans and advances individually impaired as at 30 September 2016.

There were no loans and advances past due but not impaired as at 30 September 2016 and 31 March 2016.

The loans and advances with a carrying amount of HK\$901,434,000 (31 March 2016: HK\$627,476,000) 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.

8. ACCOUNTS PAYABLE

	At 30 September 2016 HK\$'000	At 31 March 2016 HK\$'000
Accounts payable arising from the business of dealing in securities:		
– Cash clients	121,102	61,478
– Margin clients	325,637	421,317
– Clearing houses	99,296	224
Accounts payable to clients arising from the business of dealing in futures contracts	23,592	10,908
	<u>569,627</u>	<u>493,927</u>

8. ACCOUNTS PAYABLE (Continued)

The normal settlement terms of accounts payable to cash clients and cleaning 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% (2015: 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\$3,880,000 (31 March 2016: HK\$756,000).

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.

9. SHARE CAPITAL

	Number of shares	
	'000	HK\$ '000
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1 April 2015	10,000,000	1,000,000
Increase on 20 August 2015 (Note 1)	20,000,000	2,000,000
	<hr/>	<hr/>
At 31 March 2016 and 30 September 2016	30,000,000	3,000,000
	<hr/>	<hr/>
Issued and fully paid:		
At 1 April 2015	4,473,476	447,348
Issue of shares on 10 April 2015 (Note 2)	2,236,738	223,673
	<hr/>	<hr/>
At 31 March 2016	6,710,214	671,021
Issue of shares on 29 August 2016 (Note 3)	1,342,042	134,204
	<hr/>	<hr/>
At 30 September 2016	8,052,256	805,225
	<hr/>	<hr/>

9. SHARE CAPITAL (*Continued*)

Notes:

- (1) On 20 August 2015, the Company increased the authorised share capital from HK\$1,000,000,000 divided into 10,000,000,000 ordinary shares to HK\$3,000,000,000 divided into 30,000,000,000 ordinary shares by the creation of additional 20,000,000,000 new ordinary shares which shall, when issued and paid, rank pari passu in all respects with the existing issued ordinary shares.
- (2) On 10 April 2015, the Company allotted and issued 2,236,737,979 shares by way of rights issue at the subscription price of HK\$0.28 per rights share on the basis of one rights share for every two shares held.
- (3) On 29 August 2016, the Company allotted and issued 1,342,042,000 shares by way of placing at the placing price of HK\$0.225 per placing share.

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.

10. FINANCIAL RISK MANAGEMENT (*Continued*)

- *Market risk (Continued)*

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.

- *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.

11. RELATED PARTY TRANSACTIONS (Continued)

Notes:

- (i) Commission was charged at 0.1% to 0.15% (2015: 0.1% to 0.15%) on the total value of transactions.
- (ii) Interest was charged at fixed rates ranging from 7.236% to 9.252% (2015: 7.236% to 9.252%) on the outstanding balance of margin loans.
- (iii) Monthly rental fee was charged at HK\$42,000 (2015: HK\$42,000).
- (iv) Mr. Ho Kwok Kwan, being the former key management personnel of the Group passed away on 20 October 2015.

Compensation of key management personnel

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

	Six months ended	
	30 September	
	2016	2015
	HK\$'000	HK\$'000
Short-term employee benefits	3,465	4,982
Post-employment benefits	82	62
	3,547	5,044

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 30 September 2016. The interim dividend will be payable on or about 29 December 2016 to those shareholders whose names appear on the register of members on 23 December 2016.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 22 December 2016 to 23 December 2016, both dates inclusive (record date being 23 December 2016), 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 21 December 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

For the period ended 30 September 2016, the Group's revenue amounted to approximately HK\$243.8 million, representing a decrease of 18.3% as compared with approximately HK\$298.4 million reported in the last corresponding financial period. Profit attributable to owners of the Company in the period was approximately HK\$70.4 million (2015: HK\$265.0 million). The decrease in revenue and profit was mainly attributable to the decrease in commission income from securities broking, decrease in interest income from margin financing business, and decrease in gains on investments in securities during the period. Moreover, the separate listing of the major subsidiary of the Group, Get Nice Financial Group Limited ("GNFG", stock code: 1469) has been completed on 8 April 2016. Therefore, approximately 27% of profit of GNFG for the current period has been shared to non-controlling shareholders of GNFG leading to a decrease in profit attributable to owners of the Company by HK\$33.5 million. Operating expenses such as commission expenses and CCASS settlement expenses generally decreased in line with the decrease in revenue. Significant increase in other expenses was due to (i) listing expenses in respect of GNFG incurred during the period was approximately HK\$23.1 million (2015: HK\$nil); and (ii) expenses incurred in relation to a newly acquired commercial property during the period was approximately HK\$30 million (2015: HK\$nil). Basic earnings per share significantly decreased to HK1.01 cents (2015: HK4.01 cents) as a result of decrease in profit and increase in issued ordinary shares of the Company from approximately 6.8 billion shares to approximately 8 billion shares during the current period.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

REVIEW AND OUTLOOK

Market Review

During the period under review, the Hong Kong stock market had been faced with the worries over negative factors relating to the Mainland China economy including over-gearing of the A-share market, heightened RMB depreciation risks, and rising credit default risks. Market indexes had been sensitive to illustrate that China's slowdown is worsening and these all exerted downward pressure on the performance of the Hong Kong stock market.

The negative investment sentiment had been further hit hard by the economic uncertainties prevailing in global markets. The potential interest rate hike of the United States created uncertainty, the European and the Japanese central banks are increasing their quantitative easing measures, the UK referendum on European Union membership caught the world by surprise and the withdraw from the European Union has ushered more uncertainty in the European market.

The growth of the Hong Kong stock market had been stifled by Mainland market turbulence and unstable global financial landscape. Investors had chosen to flee the highly volatile stock markets to avoid suffering investment losses during this deteriorating financial environment. As a result, the average daily turnover of the Hong Kong stock market for the six months period ended 30 September 2016 was HK\$65.5 billion, a sharp 50.5% fall compared with HK\$132.4 billion for the same period last year.

Moreover, weaker market sentiment and more restrictions imposed on bank borrowings offered more opportunities to nonbank money lenders, as they provide more flexible lending services to both retail and corporate clients.

Business Review

Broking and securities margin financing

During the period ended 30 September 2016, the Group recorded solid performance from both its brokerage and margin financing businesses. Operating result of the broking business decreased by 61.1% as a result of the decrease in revenue from securities trading activities and underwriting transactions. Interest income from securities margin financing also went down with the decrease in securities margin lending. Revenue from broking for the period decreased by 45.6% to approximately HK\$52.7 million (2015: HK\$96.9 million) as compared with last financial period, of which approximately HK\$18.7 million (2015: HK\$29.3 million) was contributed by the underwriting and placing business. The broking business posted a profit of approximately HK\$24.5 million (2015: HK\$63.0 million) for the period. The decreases in broking turnover and interest income from securities margin financing were affected by the decrease in average market turnover during the period.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Business Review (continued)

Broking and securities margin financing (continued)

Securities margin financing remained to be the Group's major revenue contributor for the period. During the period, total interest income from securities margin financing decreased by 14.2% to approximately HK\$139.0 million (2015: HK\$162.0 million). Total outstanding of securities margin financing at 30 September 2016 amounted to approximately HK\$3,058.4 million (as at 31 March 2016: HK\$3,286.7 million), which decreased by 6.9% as compared with that on 31 March 2016. No impairment charge was recorded in the period (2015: HK\$2.8 million). 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.

Money lending

The money lending vehicle is engaged in provision of consumer and mortgage loans. The money lending business continued to show steady growth during the period. The aggregated loan amount increased to HK\$901.4 million at 30 September 2016 from HK\$627.5 million at 31 March 2016, with interest income increased by 40.6% to HK\$48.1 million (2015: HK\$34.2 million) for the period. It recorded profit of HK\$47.7 million (2015: HK\$32.0 million) for the six months ended 30 September 2016. 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 business focused on the provision of financial advisory services to listed companies in Hong Kong. During the period ended 30 September 2016, it completed 6 financial advisory transactions (2015: 8). The operation reported a profit of approximately HK\$0.7 million for the period (2015: HK\$0.9 million).

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 loss of HK\$38.1 million (2015: profit of HK\$63.0 million), mainly attributable to the decrease in realised and unrealised gain of financial instruments and expenses incurred in relation to a newly acquired commercial property of HK\$30 million. The realised and unrealised loss of financial instruments for the period was HK\$nil (2015: realised gain of HK\$35.6 million) and HK\$14.6 million (2015: unrealised gain HK\$24.9 million), respectively. As at 30 September 2016, the Group held a portfolio of equity and debt securities and convertibles notes with a total fair value of HK\$300.3 million (31 March 2016: HK\$190.7 million). The increase in total fair value of the investment portfolio was mainly attributable to acquisition of listed equity securities during the current period.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Business Review (continued)

Investments (continued)

During the current period, the Group acquired a 14-storey commercial property at Hung Hom, with a gross floor area of approximately 47,000 square feet, at consideration of HK\$350 million. As at 30 September 2016, the Group held a portfolio of investment properties with a total fair value of HK\$419.7 million (31 March 2016: HK\$69.7 million).

Outlook

As the global economic outlook is clouded with uncertainties amid recovery of global market and the slowing Mainland China economy, it would be challenging for Hong Kong, being a highly externally oriented economy, in the coming future. Nevertheless, the Group has successfully solidified the robustness of its main revenue streams over the past years and time and again proved its resilience in various economic cycles.

As Mainland China rolls out its “One Belt One Road” initiative and closer ties evolve between Mainland and Hong Kong financial markets, Hong Kong’s solid financial system and experience should provide the city with fresh opportunities. Moreover, we are convinced that the imminent launch of Shenzhen-Hong Kong Stock Connect represents another milestone towards strengthening the interconnectivity between the mutually complementary stock markets in Hong Kong and the Mainland, we are optimistic that market sentiment and our businesses performance will improve in due course.

The Group has utilised the proceeds from the listing of GNFG to expand our securities margin financing and broking business and further develop our underwriting and placing service. Looking ahead, the Group is going to further enlarge the sales and marketing team and corporate finance team, and further improve our information and technology infrastructure. In addition, the Group will keep seeking quality and upscale investment properties with good potential to enhance its investment property portfolio and continue to provide a source of steady rental income in the future. Given our lean and efficient organization structure, stable clients base, strong track record and solid business fundamentals, the Group is poised to expand its horizons and scale new heights in the years to come in order to continue maximizing returns and value for all shareholders.

USE OF PROCEEDS FROM PLACING OF NEW SHARES

The Company has received net proceeds of approximately HK\$298.9 million in connection with the placing of new shares completed on 29 August 2016. As of 30 September 2016, all net proceeds have been used by the Group. Set forth below is a summary of the utilization of the net proceeds:

Intended use as disclosed in the Company's announcement dated 15 August 2016	Amount of net proceeds intended to be allocated <i>HK\$ million</i> <i>(approximately)</i>	Actual utilized amount as of 30 September 2016 <i>HK\$ million</i> <i>(approximately)</i>	Unutilized amount as of 30 September 2016 <i>HK\$ million</i> <i>(approximately)</i>
General working capital	298.9	298.9	-

FINANCIAL REVIEW

Financial Resources and Gearing Ratio

The equity attributable to owners of the Company amounted to HK\$4,687.8 million (31 March 2016: HK\$4,839.4 million) as at 30 September 2016, representing an decrease of HK\$151.6 million, or 3.1% from that of 31 March 2016. The movement was mainly attributable to the profit for the period, dividend payment, placing of new shares, deemed disposal of partial interests in GNFG without losing control relating to global offering of GNFG's shares and distribution in specie relating to spin off of GNFG. The effects arising from the spin off and global offering of GNFG also mainly accounted for the significant increase in non-controlling interest under total equity from approximately HK\$29.6 million at 31 March 2016 to HK\$987.5 million at 30 September 2016.

The Group's net current assets as at 30 September 2016 amounted to HK\$4,964.1 million (31 March 2016: HK\$4,484.9 million) and the liquidity of the Group, as demonstrated by the current ratio (current assets/current liabilities) was 6.89 times (31 March 2016: 4.82 times). The Group's cash on hand amounted to HK\$1,156.3 million as at 30 September 2016 (31 March 2016: HK\$1,271.2 million). As at 30 September 2016, the Group had no bank borrowings (31 March 2016: HK\$435 million) and the Group had undrawn banking facilities amounting to HK\$845 million (31 March 2016: HK\$540 million) which were secured by charges over clients' pledged securities, a property as well as corporate guarantees issued by GNFG.

FINANCIAL REVIEW (continued)

Financial Resources and Gearing Ratio (continued)

The number of issued shares of the Company was 8,052,255,938 as at 30 September 2016 (31 March 2016: 6,710,213,938). The increase is resulted from placing of new shares under general mandate during the period.

As at 30 September 2016, the Group's gearing ratio (total liabilities over equity attributable to owners of the Company) was 0.18 time (31 March 2016: 0.24 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.

Charges on Group Assets

As at 30 September 2016, leasehold land and building of the Group with a carrying amount of HK\$110.8 million (31 March 2016: HK\$110.8 million) were pledged for a banking facility 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 30 September 2016, the Group had 86 employees (31 March 2016: 85). 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\$9.6 million (2015: HK\$9.0 million). The Group provides employee benefits including mandatory provident fund, discretionary share options and performance bonus for its staff.

DIRECTORS' INTERESTS IN SHARES

At 30 September 2016, 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>)	2,013,027,874	25%

Note: Mr. Hung Hon Man is deemed to be interested in 2,013,027,874 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.

2. Long positions in the non-voting deferred shares of HK\$1.0 each of Get Nice Securities Limited ("GNS"), an indirect non-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%

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"), an indirect non-wholly owned subsidiary of the Company (continued)

- * 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.

3. Long positions in the ordinary shares of HK\$0.01 each of GNFG, a non-wholly owned subsidiary of the Company

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of GNFG
Mr. Hung Hon Man	Held by controlled corporation (Note)	50,309,829	2.01%

Note: Mr. Hung Hon Man is deemed to be interested in 50,309,829 ordinary shares of GNFG 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.

Save as disclosed above, at 30 September 2016, 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 16 May 2002 has expired on 5 June 2012. The Company has adopted a new share option scheme (“Option Scheme”) pursuant to a resolution passed on 24 August 2012. On 20 August 2015, the refreshment of scheme mandate limit under the Option Scheme was approved by the shareholders of the Company at the annual general meeting by way of an ordinary resolution. The Company is thus entitled to issue a maximum of 671,021,393 shares upon exercise of the share options to be granted under the refreshed scheme mandate limit, representing 10% of the issued shares as at the date of the annual general meeting held on 20 August 2015. 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.

Save as disclosed above, at no time during the period was the Company or any of its subsidiaries, 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 30 September 2016, 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>)	2,013,027,874	25%
Honeylink Agents Limited	Beneficial owner (<i>Note</i>)	2,013,027,874	25%

Note: Mr. Hung Hon Man is deemed to be interested in 2,013,027,874 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.

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 30 September 2016.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SHARES

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

CORPORATE GOVERNANCE CODE

Throughout the period ended 30 September 2016, 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 to the Listing Rules, except for deviations which are 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 Company’s articles of association.

Upon successful spin off and separate listing of GNFG in April 2016, Mr Hung Sui Kwan resigned as CEO of the Company and Mr Hung Hon Man took up the role of CEO of the Company on 7 April 2016. The roles of the chairman of the Board and the CEO are performed by the same individual, which is a non-compliance to the CG Code Provision A.2.1. However, the Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high caliber individuals and meets regularly to discuss issues relating to the operations of the Company. The Board has full confidence in Mr. Hung Hon Man and believes that having Mr. Hung performing the roles of the chairman of the Board and the CEO is beneficial to the Company as a whole.

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 30 September 2016 including the accounting principles and practices adopted by the Group.

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, 30 November 2016

As at the date of this report, the executive directors of the Company are Mr. Hung Hon Man (Chairman), Mr. Cham Wai Ho, Anthony, Mr. Lung Hon Lui and Ms. Tang Nga Yan, Grace; and the independent non-executive directors of the Company are Mr. Man Kong Yui, Mr. Sun Ka Ziang, Henry and Mr. Siu Hi Lam, Alick.