



Get Nice Financial Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code : 1469



UNAUDITED INTERIM RESULTS

The Board of Directors (the “Board” or the “Directors”) of Get Nice Financial Group 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	3	195,639	270,359
Other operating income		991	25
Other gains and losses		17	(153)
Amortisation and depreciation		(3,491)	(3,580)
Commission expenses		(6,677)	(16,177)
Staff costs		(7,469)	(7,149)
Finance costs		(2,173)	(690)
Other expenses		(23,139)	(25,199)
Profit before taxation		153,698	217,436
Taxation	4	(26,216)	(37,186)
Profit for the period		127,482	180,250
Other comprehensive income (expense)			
<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		–	3,086
Total comprehensive income for the period		127,482	183,336
Dividends	5	175,000	–
Earnings per share	6		
– Basic		5.3 (HK cents)	18.0 (HK dollars)

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	124,163	125,124
	Intangible assets	8,955	8,955
	Other assets	5,502	4,997
	Deferred tax assets	274	274
		138,894	139,350
Current assets			
	Accounts receivable	3,298,269	3,317,491
	Prepayments, deposits and other receivables	1,996	4,736
	Amount due from the ultimate holding company	–	140,076
	Tax recoverable	212	634
	Financial assets held for trading	164	137
	Bank balances – client accounts	414,410	402,409
	Bank balances – general accounts and cash	338,769	1,143,837
		4,053,820	5,009,320

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		12,073	5,138
Amount due to the ultimate holding company		–	2,647,190
Tax payable		58,602	42,243
Bank borrowings		–	435,000
		<u>640,302</u>	<u>3,623,498</u>
Net current assets		<u>3,413,518</u>	<u>1,385,822</u>
Total assets less current liabilities		<u>3,552,412</u>	<u>1,525,172</u>
Non-current liabilities			
Deferred tax liabilities		<u>2,875</u>	<u>2,875</u>
Net assets		<u>3,549,537</u>	<u>1,522,297</u>
Capital and reserves			
Share capital	9	25,000	100
Reserves		<u>3,524,537</u>	<u>1,522,197</u>
Equity attributable to owners of the Company and total equity		<u>3,549,537</u>	<u>1,522,297</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	Contributed surplus HK\$'000	Other reserve HK\$'000	Properties revaluation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
Balance as at 1 April 2016	100	-	-	159,933	14,148	1,348,116	1,522,297
Profit for the period	-	-	-	-	-	127,482	127,482
Other comprehensive income for the period							
Surplus on revaluation of properties	-	-	-	-	-	-	-
Deferred tax liability arising on revaluation of properties	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	127,482	127,482
Issue of shares pursuant to shareholder's loan capitalisation	19,824	-	1,486,951	-	-	-	1,506,775
Issue of shares pursuant to global offering	5,076	487,907	-	-	-	-	492,983
Dividend recognised as distribution	-	-	-	-	-	(100,000)	(100,000)
At 30 September 2016	<u>25,000</u>	<u>487,907</u>	<u>1,486,951</u>	<u>159,933</u>	<u>14,148</u>	<u>1,375,598</u>	<u>3,549,537</u>
	Unaudited Six months ended 30 September 2015 Attributable to owners of the Company						
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Other reserve HK\$'000	Properties revaluation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
Balance as at 1 April 2015	-	-	-	160,033	11,861	1,041,127	1,213,021
Profit for the period	-	-	-	-	-	180,250	180,250
Other comprehensive income for the period							
Surplus on revaluation of properties	-	-	-	-	3,419	-	3,419
Deferred tax liability arising on revaluation of properties	-	-	-	-	(333)	-	(333)
	-	-	-	-	3,086	-	3,086
Total comprehensive income for the period	-	-	-	-	3,086	180,250	183,336
At 30 September 2015	<u>-</u>	<u>-</u>	<u>-</u>	<u>160,033</u>	<u>14,947</u>	<u>1,221,377</u>	<u>1,396,357</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	Six months ended	
	30 September	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash from (used in) operating activities	240,350	(153,372)
Net cash used in investing activities	(3,401)	(3,696)
Net cash (used in) from financing activities	(1,042,017)	335,732
Net (decrease) increase in cash and cash equivalents	(805,068)	178,664
Cash and cash equivalents at beginning of the period	1,143,837	153,092
Cash and cash equivalents at end of the period	<u>338,769</u>	<u>331,756</u>
Represented by:		
Bank balances – general accounts and cash	<u>338,769</u>	<u>331,756</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

1. General information and basis of presentation

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 31 August 2015. The Company's immediate and ultimate holding company is Get Nice Holdings Limited ("GN Holdings"), a company incorporated in the Cayman Islands with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Pursuant to the reorganisation to rationalise the group structure to prepare for the listing of the shares of the Company (the "Group Reorganisation"), the Company acquired the entire equity interests in the companies comprising the Group from GN Holdings. The Group Reorganisation was completed on 16 March 2016 and, since then, the Company became the holding company of the companies comprising the Group (the "Combined Entities"). The Combined Entities and the Company are under common control of GN Holdings before and after the Group Reorganisation. Therefore, the acquisition of the Combined Entities is accounted for as business combination under common control by applying the principles of merger accounting.

The unaudited condensed consolidated statement of profit or loss and other comprehensive income, the unaudited condensed consolidated statement of changes in equity and the unaudited condensed consolidated statement of cash flows of the Group have been prepared to include the results, changes in equity and cash flows of the Combined Entities as if the current group structure had been in existence since 1 April 2015, or since the respective dates of incorporation or acquisition by GN Holdings, whichever period is shorter.

Details of the Group Reorganisation were set out in section headed "History, Reorganisation and Development" of the Company's prospectus dated 24 March 2016 (the "Prospectus").

The Company's shares were listed on the Stock Exchange on 8 April 2016 (the "Listing" or "Listing Date").

2. 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.

3. Segment information

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

For the six months ended 30 September 2016

	Broking HK\$'000	Securities margin financing HK\$'000	Corporate finance HK\$'000	Consolidated HK\$'000
SEGMENT REVENUE	<u>55,732</u>	<u>138,957</u>	<u>950</u>	<u>195,639</u>
SEGMENT PROFIT	<u>27,532</u>	<u>138,957</u>	<u>694</u>	<u>167,183</u>
Unallocated corporate expenses				<u>(13,485)</u>
Profit before taxation				<u>153,698</u>

For the six months ended 30 September 2015

	Broking HK\$'000	Securities margin financing HK\$'000	Corporate finance HK\$'000	Consolidated HK\$'000
SEGMENT REVENUE	<u>107,021</u>	<u>161,969</u>	<u>1,369</u>	<u>270,359</u>
SEGMENT PROFIT	<u>62,247</u>	<u>161,908</u>	<u>884</u>	<u>225,039</u>
Unallocated corporate expenses				<u>(7,603)</u>
Profit before taxation				<u>217,436</u>

3. Segment information (Continued)

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

As at 30 September 2016

Unaudited

	Broking HK\$'000	Securities margin financing HK\$'000	Corporate finance HK\$'000	Consolidated HK\$'000
SEGMENT ASSETS	<u>448,712</u>	<u>3,517,323</u>	<u>7,969</u>	<u>3,974,004</u>
Unallocated assets				<u>218,710</u>
Consolidated total assets				<u>4,192,714</u>
SEGMENT LIABILITIES	<u>316,027</u>	<u>325,637</u>	<u>–</u>	<u>641,664</u>
Unallocated liabilities				<u>1,513</u>
Consolidated total liabilities				<u>643,177</u>

As at 31 March 2016

Audited

	Broking HK\$'000	Securities margin financing HK\$'000	Corporate finance HK\$'000	Consolidated HK\$'000
SEGMENT ASSETS	<u>1,055,012</u>	<u>3,615,315</u>	<u>7,988</u>	<u>4,678,315</u>
Unallocated assets				<u>470,355</u>
Consolidated total assets				<u>5,148,670</u>
SEGMENT LIABILITIES	<u>117,668</u>	<u>421,317</u>	<u>–</u>	<u>538,985</u>
Unallocated liabilities				<u>3,087,388</u>
Consolidated total liabilities				<u>3,626,373</u>

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

4. Taxation

	Six months ended	
	30 September	
	2016	2015
	HK\$'000	HK\$'000
Current tax:		
Hong Kong	26,216	37,186
	<u>26,216</u>	<u>37,186</u>

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

5. Dividends

	Six months ended	
	30 September	
	2016	2015
	HK\$'000	HK\$'000
Final dividend paid	100,000	–
Proposed interim dividend of HK3.0 cents (2015: Nil) per share	75,000	–
	<u>175,000</u>	<u>–</u>

On 13 September 2016, a dividend of HK4.0 cents per share was paid to shareholders as the final dividend for the year ended 31 March 2016.

At a meeting held on 29 November 2016, the Directors recommended an interim dividend of HK3.0 cents 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.

6. Earnings per share

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data on the assumption that the Group had been in existence throughout both periods:

	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	<u>127,482</u>	<u>180,250</u>
	2016	2015
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>2,404,754</u>	<u>10,000</u>

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

7. 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	–	453
– Other margin clients	3,188,662	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	<u>15,257</u>	<u>4,164</u>
	3,315,598	3,334,820
Less: Impairment allowance	(17,329)	(17,329)
	<u>3,298,269</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.

7. 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
	98	407

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.

7. Accounts receivable (Continued)

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 <i>HK\$'000</i>	Balance at 30 September 2016 <i>HK\$'000</i>	Maximum amount outstanding during the period <i>HK\$'000</i>	Market value of pledged securities at 30 September 2016 <i>HK\$'000</i>
Mr. Hung Hon Man (Director of the Company) and close family members	453	–	1,978	966,191
Mr. Ng Hon Sau, Larry (key management personnel of the Group) and close family members	–	96	319	–
Mr. Lung Hon Lui (Director of GN Holdings)	–	61	61	9,855
	<u> </u>	<u> </u>	<u> </u>	<u> </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. Accounts payable

	At 30 September 2016 <i>HK\$'000</i>	At 31 March 2016 <i>HK\$'000</i>
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	<u>23,592</u>	<u>10,908</u>
	<u>569,627</u>	<u>493,927</u>

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

Amounts due to securities margin clients are repayable on demand and carry interest at 0.25% (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\$4,636,000 (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 ordinary shares of HK\$0.01 each	Nominal value HK\$'000
Authorised:		
At date of incorporation – 31 August 2015	38,000,000	380
Increase on 16 March 2016 (<i>Note 1</i>)	9,962,000,000	99,620
	<u>10,000,000,000</u>	<u>100,000</u>
At 31 March 2016 and 30 September 2016		
	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
At date of incorporation – 31 August 2015	1	–*
Issue of shares on 16 March 2016 (<i>Note 1</i>)	9,999,999	100
	<u>10,000,000</u>	<u>100</u>
At 31 March 2016	10,000,000	100
Issue of shares on 8 April 2016 (<i>Note 2</i>)	2,490,000,000	24,900
	<u>2,500,000,000</u>	<u>25,000</u>
At 30 September 2016	<u>2,500,000,000</u>	<u>25,000</u>

* Represent HK\$0.01

The Company was incorporated on 31 August 2015 and upon incorporation, 1 nil-paid ordinary share was allotted and issued to GN Holdings at par.

Note 1: On 16 March 2016, the Company increased the authorised share capital from HK\$380,000 divided into 38,000,000 ordinary shares to HK\$10,000,000 divided into 10,000,000,000 ordinary shares by the creation of additional 9,962,000,000 new ordinary shares which shall, when issued and paid, rank pari passu in all respects with the existing issued ordinary shares.

On the same day, the Company issued 9,999,999 ordinary shares to GN Holdings in exchange for the entire equity interests in the companies comprising the Group.

Note 2: On 8 April 2016, the Company issued 1,982,445,519 ordinary shares to GN Holdings pursuant to the shareholder's loan capitalisation.

On the same day, the Company issued 507,554,481 ordinary shares pursuant to the Listing.

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 amount due to the ultimate holding company 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, bank balances and bank borrowings. The Group currently does not have an interest rate hedging policy. However, the Group closely manages its exposure arising from margin financing 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. 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.

- *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 United States dollars ("US\$"), the exposure is limited as US\$ are pegged to HK\$.

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 difference 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, and other receivables, by placing limits on the amount of risk accepted in relation to any borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to a quarterly or more frequent review.

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

- *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 transactions and balances disclosed elsewhere in the unaudited condensed consolidated interim financial statements, the Group had the following related party transactions during the period:

Name of related party	Nature of transaction	Six months ended 30 September	
		2016 HK\$'000	2015 HK\$'000
Directors of the Company and their close family members Messrs. Hung Hon Man, Shum Kin Wai, Frankie, Hung Sui Kwan, Kam Leung Ming, their close family members and an entity controlled by Hung Hon Man	Commission income (note i)	727	682
Directors and key management personnel of GN Holdings and their close family members Messrs. Cham Wai Ho, Anthony, Cheng Wai Ho, Lung Hon Lui, Ho Kwok Kwan (note vi), Ng Hon Sau, Larry and their close family members	Commission income (note i)	10	183
Directors of the Company and their close family members Messrs. Hung Hon Man, Hung Sui Kwan, Kam Leung Ming, their close family members and an entity controlled by Hung Hon Man	Interest income (note ii)	21	56
Directors and key management personnel of GN Holdings and their close family members Messrs. Lung Hon Lui, Ho Kwok Kwan (note vi), Ng Hon Sau, Larry and their close family members	Interest income (note ii)	5	27
GN Holdings	Management fee expense (note iii)	–	3,120
GN Holdings	Commission income (note iv)	3,020	4,384
GN Holdings	Rental income (note v)	1,260	–

11. Related party transactions (Continued)

Notes:

- (i) Commission was charged at rates ranging from 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) Management fee was charged by the Company's immediate and ultimate holding company for overhead and administrative expenses incurred.
- (iv) Commission was earned from GN Holdings for underwriting and placing services provided.
- (v) Rental income was earned from GN Holdings for office area leased.
- (vi) 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	2,966	4,541
Post-employment benefits	64	45
	3,030	4,586

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 HK3.0 cents 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\$195.6 million, representing a decrease of 27.7% as compared with approximately HK\$270.4 million reported in the last corresponding financial period. Profit attributable to owners of the Company in the period was approximately HK\$127.5 million (2015: HK\$180.3 million). The decrease in revenue and profit was mainly attributable to the decrease in commission income from securities broking and interest income from margin financing business during the period. Operating expenses such as commission expenses and CCASS settlement expenses generally decreased in line with the decrease in revenue. Basic earnings per share significantly decreased to HK5.3 cents (2015: HK\$18.0) as a result of decrease in profit and significant increase in issued ordinary shares from 10,000,000 shares to 2,500,000,000 shares arising from the Listing of the Company on 8 April 2016.

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.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

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 55.8% 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 47.9% to approximately HK\$55.7 million (2015: HK\$107.0 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\$27.5 million (2015: HK\$62.2 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.

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\$3,188.7 million (as at 31 March 2016: HK\$3,286.7 million), which decreased by 3.0% 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.

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).

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

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 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. 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 NET PROCEEDS FROM LISTING

The net proceeds from the Listing will be utilized subsequent to the Listing in accordance with the proposed applications set out in the section “Future Plans and Use of Proceeds” of the Prospectus and the Company’s announcement dated 7 April 2016 (based on the final offer price of HK\$1.00). The below table sets out the proposed applications of the net proceeds and usage up to the date of this report:

	Proposed application <i>HK\$' million</i>	Actual usage up to the date of this report <i>HK\$' million</i>
Expansion of securities margin financing business	154.3	154.3
Repayment of bank borrowings	200.0	200.0
Expansion of placing and underwriting business	66.1	66.1
Development of corporate finance advisory business	7.3	–
Upgrading and improvement of information and technology infrastructure	7.3	0.1
Areas of sales and promotion to enhance awareness of the Group’s clients	7.3	1.2
Expansion of broking business	7.3	–
General working capital	26.0	26.0
	<u>475.6</u>	<u>447.7</u>

FINANCIAL REVIEW

Financial Resources and Gearing Ratio

Equity attributable to owners of the Company amounted to approximately HK\$3,549.5 million as at 30 September 2016 (as at 31 March 2016: HK\$1,522.3 million), representing an increase of approximately HK\$2,027.2 million or 133.2% over that of last financial year end. The increase was mainly attributed to the issuance of shares in relation to the shareholder's loan capitalization and Listing of the Company on 8 April 2016.

As at 30 September 2016, the Group's net current assets amounted to HK\$3,413.5 million (as at 31 March 2016: HK\$1,385.8 million), and its liquidity as represented by current ratio (current assets/current liabilities) was 6.33 times (as at 31 March 2016: 1.38 times). Bank balances and cash on hand amounted to HK\$338.8 million (as at 31 March 2016: HK\$1,143.8 million). The significant decrease in bank balances and cash on hand was mainly due to (i) repayment of amount due to the ultimate holding company of HK\$1 billion; (ii) issuance of ordinary shares in respect of the Listing of HK\$507.6 million; (iii) net repayment of bank borrowings of HK\$435 million; and (iv) profit for the period of HK\$127.5 million. Bank borrowings were HK\$nil as at 30 September 2016 (as at 31 March 2016: HK\$435 million) and unutilised banking facilities as at the end of the period were approximately HK\$845 million (as at 31 March 2016: HK\$540 million), which were mainly secured by charges over the Group's clients' pledged securities, certain properties owned by the Group and corporate guarantees issued by the Company.

The number of issued shares of Company amounted to 2,500,000,000 shares as at 30 September 2016 (as at 31 March 2016: 10,000,000 shares). The increase is due to shareholder's loan capitalisation and the result of the Listing.

As at 30 September 2016, the Group had no borrowing and the Group's gearing ratio (total borrowing (including bank borrowing and loan from the ultimate holding company) over equity attributable to owners of the Company) as at 31 March 2016 was 2.03 times. Decrease in gearing ratio is due to shareholder's loan capitalisation and repayment of shareholder's loan and bank borrowings.

The business activities of the Group are not exposed to any major exchange risks.

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

FINANCIAL REVIEW (continued)

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 (as at 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

There were no material acquisitions or disposals of subsidiaries, associates or jointly controlled entity during the period ended 30 September 2016.

Employee Information

As at 30 September 2016, the Group had 60 (as at 31 March 2016: 57) full time employees. 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\$7.5 million (2015: HK\$7.1 million). The Group provides employee benefits including mandatory provident fund, discretionary share options and performance bonus to 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\$0.01 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>)	50,309,829	2.01%

Note: Mr. Hung Hon Man is deemed to be interested in 50,309,829 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"), 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>

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 (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 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\$0.1 each of GN Holdings, the immediate holding company of the Company

Name of Director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of GN Holdings
Mr. Hung Hon Man	Held by controlled corporation (Note)	2,013,027,874	25%

Note: Mr. Hung Hon Man is deemed to be interested in 2,013,027,874 ordinary shares of GN Holdings 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 Company has adopted a share option scheme (“Option Scheme”) pursuant to a resolution passed on 16 March 2016. The Company is thus entitled to issue a maximum of 250,000,000 shares upon exercise of the share options to be granted under the Option Scheme limit, representing 10% of the shares in issue as at the Listing Date. The purpose of the Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers of the Group, distributor, contractor, supplier, agent, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

During the period and since the Listing Date, no options were granted to any director of the Company.

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\$0.01 each of the Company.

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

Name	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
GN Holdings	Beneficial owner	1,824,690,171	72.99%

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 COMPANY'S LISTED SHARES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the listed shares of the Company since the date of the Listing.

CORPORATE GOVERNANCE CODE

Since the Listing, the Company has applied the principles of, and complied with, the applicable code provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules.

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.

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:

With effect from 1 November 2016, Mr. Kam Leung Ming, Executive Director and Company Secretary of the Company, has been appointed as an independent non-executive director and a member of the audit committee of Ever Harvest Group Holdings Limited (Stock Code: 1549).

By order of the Board

Hung Hon Man

Chairman

Hong Kong, 29 November 2016

As at the date of this report, the executive directors of the Company are Mr. Shum Kin Wai, Frankie (Managing Director), Mr. Hung Sui Kwan (Chief Executive Officer) and Mr. Kam Leung Ming. The non-executive director of the Company is Mr. Hung Hon Man (Chairman). The independent non-executive directors of the Company are Ms. Ng Yau Kuen, Carmen, Mr. Cheung Chi Kong, Ronald and Mr. Chan Ka Kit.