

Interim Report 2019



Get Nice Holdings Limited

(incorporated in the Cayman Islands with limited liability)

Stock code : 64



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 2019 together with comparative figures for the last corresponding period. The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2019 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	
		2019 HK\$'000	2018 HK\$'000
Revenue	4	275,060	280,567
Other operating income		2,876	2,909
Other gains and losses, net		(2,597)	(14,220)
Amortization and depreciation		(3,589)	(3,760)
Commission expenses		(4,166)	(5,490)
Net impairment loss on accounts receivable		(55,432)	(5,719)
Net impairment loss on loans and advances		(11,219)	(2,144)
Reversal of net impairment loss on investments mandatory at fair value through other comprehensive income		(3,610)	–
Staff costs		(12,275)	(11,419)
Finance costs		(31,538)	(56,038)
Other expenses		(17,863)	(18,754)
Profit before taxation		135,647	165,932
Income tax expenses	5	(26,580)	(40,386)
Profit for the period		109,067	125,546
Other comprehensive income (expenses)			
<i>Items that are reclassified or may be reclassified subsequently to profit or loss</i>			
Exchange difference arising on translation of foreign operations		(12,341)	(67)
Fair value gain on investments mandatory at fair value through other comprehensive income reclassified to profit or loss upon disposal		219	104
Fair value gain (loss) on investments mandatory at fair value through other comprehensive income		600	(6,530)
Deferred tax arising on revaluation of investments mandatory at fair value through other comprehensive income		(135)	1,060



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

	Notes	Unaudited	
		Six months ended	
		30 September 2019	2018
		HK\$'000	HK\$'000
<i>Items that will not be reclassified to profit or loss</i>			
Fair value loss on investments designated at fair value through other comprehensive income		(4,170)	–
Deferred tax arising on revaluation of investments designated at fair value through other comprehensive income		688	–
Surplus on revaluation of properties		1,068	1,885
Deferred tax arising on revaluation of properties		(176)	(311)
Total other comprehensive expenses for the period		(14,247)	(3,859)
Total comprehensive income for the period		94,820	121,687
Profit for the period attributable to:			
Owners of the Company		92,775	110,075
Non-controlling interests		16,292	15,471
		109,067	125,546
Total comprehensive income for the period attributable to:			
Owners of the Company		78,287	105,791
Non-controlling interests		16,533	15,896
		94,820	121,687
Dividends	6	169,097	193,254
Earnings per share			
Basic – HK cents	7	0.96	1.14
Diluted – HK cents	7	0.96	N/A



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited At 30 September 2019	Audited At 31 March 2019
	Notes	HK\$'000	HK\$'000
Non-current assets			
Prepaid lease payments, property and equipment		110,019	112,407
Investment properties		959,761	881,896
Intangible assets		8,413	8,413
Goodwill		15,441	15,441
Other assets		5,754	3,517
Deferred tax assets		1,266	1,266
Loans and advances	9	111,908	47,553
Investments in securities		449,116	582,424
		<u>1,661,678</u>	<u>1,652,917</u>
Current assets			
Accounts receivable	8	4,162,498	3,707,421
Loans and advances	9	756,099	1,038,647
Prepayments, deposits and other receivables		58,755	29,868
Tax recoverable		417	7,637
Investments in securities		148,264	232,684
Bank balances – client accounts		796,312	1,143,120
Bank balances – general accounts and cash		404,165	505,871
		<u>6,326,510</u>	<u>6,665,248</u>



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Continued)

		Unaudited	Audited
		At	At
		30 September	31 March
		2019	2019
<i>Notes</i>		HK\$'000	HK\$'000
Current liabilities			
	10	914,413	1,196,203
		6,360	10,661
		43,665	43,665
		163,557	144,724
		250,000	50,000
	11	–	233,524
		1,377,995	1,678,777
Net current assets			
		4,948,515	4,986,471
Total assets less current liabilities			
		6,610,193	6,639,388
Non-current liabilities			
		6,129	6,506
Net assets			
		6,604,064	6,632,882
Capital and reserves			
	12	966,270	966,270
		4,561,466	4,498,789
Equity attributable to owners of the Company			
		5,527,736	5,465,059
Non-controlling interests			
		1,076,328	1,061,514
		–	106,309
Total equity			
		6,604,064	6,632,882



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited Six months ended 30 September 2019 Attributable to equity holders of the Company										Non-controlling interests		
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Property revaluation reserve HK\$'000	Investments revaluation reserve (recycling) HK\$'000	Investments revaluation reserve (non-recycling) HK\$'000	Share option reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Existing HK\$'000	Potential HK\$'000	Total HK\$'000
At 1 April 2019	966,270	2,953,199	159,147	16,578	7,272	(5,079)	8,776	(15,365)	1,374,263	5,465,059	1,061,514	106,309	6,632,862
Profit for the period	-	-	-	-	-	-	-	-	92,775	92,775	16,292	-	109,067
Other comprehensive income (expense)													
Items that are reclassified or may be reclassified subsequently to profit or loss													
- Exchange difference arising on translation of foreign operations	-	-	-	-	-	-	-	(12,341)	-	(12,341)	-	-	(12,341)
- Fair value gain on investments mandatory at fair value through other comprehensive income reclassified to profit or loss upon disposal	-	-	-	-	219	-	-	-	-	219	-	-	219
- Fair value gain on investments mandatory at fair value through other comprehensive income	-	-	-	-	600	-	-	-	-	600	-	-	600
- Deferred tax arising on revaluation of investments mandatory at fair value through other comprehensive income	-	-	-	-	(135)	-	-	-	-	(135)	-	-	(135)
Items that will not be reclassified to profit or loss													
- Fair value loss on investments designated at fair value through other comprehensive income	-	-	-	-	-	(68)	-	-	-	(68)	(4,102)	-	(4,170)
- Deferred tax arising on revaluation of investments designated at fair value through other comprehensive income	-	-	-	-	-	11	-	-	-	11	677	-	688
- Surplus on revaluation of properties	-	-	-	779	-	-	-	-	-	779	289	-	1,068
- Deferred tax arising on revaluation of properties	-	-	-	(128)	-	-	-	-	-	(128)	(48)	-	(176)
Total other comprehensive income (expense)	-	-	-	651	684	(57)	-	(12,341)	-	(11,063)	(3,184)	-	(14,247)
Total comprehensive income (expense) for the period	-	-	-	651	684	(57)	-	(12,341)	92,775	61,712	13,108	-	94,820
Transactions with equity holders													
Contributions and distributions													
- Dividend to owners	-	-	-	-	-	-	-	-	(96,627)	(96,627)	-	-	(96,627)
- Dividend to non-controlling interests of a non-wholly owned subsidiary	-	-	-	-	-	-	-	-	-	-	(27,011)	-	(27,011)
	-	-	-	-	-	-	-	-	(96,627)	(96,627)	(27,011)	-	(123,638)
Changes in ownership interests													
- Redemption of equity component of convertible bonds upon maturity	-	-	-	-	-	-	-	-	77,592	77,592	28,717	(106,309)	-
	-	-	-	-	-	-	-	-	77,592	77,592	28,717	(106,309)	-
At 30 September 2019	966,270	2,953,199	159,147	17,227	7,956	(5,136)	8,776	(27,706)	1,448,003	5,527,736	1,076,328	-	6,604,064



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

	Unaudited Six months ended 30 September 2018 Attributable to equity holders of the Company							Non-controlling interests			
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Property revaluation reserve HK\$'000	Investments revaluation reserve (recycling) HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Existing HK\$'000	Potential HK\$'000	Total HK\$'000
At 1 April 2018	966,270	2,953,199	159,147	14,888	(3,528)	557	1,325,325	5,415,858	1,053,064	212,619	6,681,541
Impact on initial application of HKFRS 9	-	-	-	-	11,164	-	(17,487)	(6,323)	-	-	(6,323)
As restated	966,270	2,953,199	159,147	14,888	7,636	557	1,307,838	5,409,535	1,053,064	212,619	6,675,218
Profit for the period	-	-	-	-	-	-	110,075	110,075	15,471	-	125,546
Other comprehensive income (expense)											
Items that are reclassified or may be reclassified subsequently to profit or loss											
- Exchange difference arising on translation of foreign operations	-	-	-	-	-	(67)	-	(67)	-	-	(67)
- Fair value gain on investments mandatory at fair value through other comprehensive income reclassified to profit or loss upon disposal	-	-	-	-	104	-	-	104	-	-	104
- Fair value loss on investments mandatory at fair value through other comprehensive income	-	-	-	-	(6,530)	-	-	(6,530)	-	-	(6,530)
- Deferred tax arising on revaluation of investments mandatory at fair value through other comprehensive income	-	-	-	-	1,060	-	-	1,060	-	-	1,060
Items that will not be reclassified to profit or loss											
- Surplus on revaluation of properties	-	-	-	1,376	-	-	-	1,376	509	-	1,885
- Deferred tax arising on revaluation of properties	-	-	-	(227)	-	-	-	(227)	(84)	-	(311)
Total other comprehensive income (expenses)	-	-	-	1,149	(5,366)	(67)	-	(4,284)	425	-	(3,859)
Total comprehensive income (expense) for the period	-	-	-	1,149	(5,366)	(67)	110,075	105,791	15,896	-	121,687
Transactions with equity holders											
Contributions and distributions											
- Dividend recognised as distribution	-	-	-	-	-	-	(96,627)	(96,627)	-	-	(96,627)
- Dividend to non-controlling interests of a non-wholly owned subsidiary	-	-	-	-	-	-	-	-	(20,259)	-	(20,259)
	-	-	-	-	-	-	(96,627)	(96,627)	(20,259)	-	(116,886)
Changes in ownership interests											
- Redemption of convertible bonds	-	-	-	-	-	-	58,137	58,137	-	(68,038)	(9,901)
	-	-	-	-	-	-	58,137	58,137	-	(68,038)	(9,901)
At 30 September 2018	966,270	2,953,199	159,147	16,037	2,270	490	1,379,423	5,476,836	1,048,701	144,581	6,670,116



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	Six months ended 30 September	
	2019	2018
	HK\$'000	HK\$'000
Net cash (used in) from operating activities	(31,815)	248,475
Net cash from (used in) investing activities	119,156	(153,839)
Net cash used in financing activities	<u>(189,138)</u>	<u>(346,957)</u>
Net decrease in cash and cash equivalents	(101,797)	(252,321)
Effect on foreign exchange rate changes	91	(67)
Cash and cash equivalents at beginning of the period	<u>505,871</u>	<u>749,354</u>
Cash and cash equivalents at end of the period	<u><u>404,165</u></u>	<u><u>496,966</u></u>
Represented by:		
Bank balances – general accounts and cash	<u><u>404,165</u></u>	<u><u>496,966</u></u>



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its substantial shareholder is Honeylink Agents Limited, a company incorporated in the British Virgin Islands with limited liability of which the entire share capital is beneficially owned by Mr. Hung Hon Man, who is also a director of the Company.

The Company’s registered office is located at P.O. Box 10008, Willow House, Cricket Square, Grand Cayman, KY1-1001, Cayman Islands and its principal place of business is located at 10th Floor, Cosco Tower, Grand Millennium Plaza, 183 Queen’s Road Central, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are (i) money lending; (ii) property development and holding and investment in financial instruments; (iii) real estate agency and (iv) the provision of financial services, including securities dealing and broking, futures and options broking, underwriting and placements, securities margin financing and corporate finance services.

The unaudited condensed consolidated financial statements of the Group are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as 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”).



3. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of new Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 September 2019 are the same as those followed in the preparation of the Group's audited consolidated financial statements for the year ended 31 March 2019.

Details of any changes in accounting policies are set out below.

Application of new and amendments to Hong Kong Financial Reporting Standards

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

HKFRS 16	Leases
HK(IFRIC)-Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Annual improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

The application of the new or amendments to HKFRSs in current period has had no material effect on the Group's financial performance and positions for the current period and prior years and/or disclosures set out in these unaudited condensed consolidated financial statements.

The Group has not early applied any new and revised HKFRSs that have been issued but are not yet effective for the current accounting period.



4. 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 2019

	Broking HK\$'000	Securities margin financing HK\$'000	Money lending HK\$'000	Corporate finance HK\$'000	Investments HK\$'000	Consolidated HK\$'000
Segment revenue	<u>19,905</u>	<u>170,329</u>	<u>53,631</u>	<u>207</u>	<u>30,988</u>	<u>275,060</u>
Segment result	<u>(1,360)</u>	<u>114,897</u>	<u>41,350</u>	<u>155</u>	<u>23,972</u>	<u>179,014</u>
Unallocated corporate expenses						(12,189)
Unallocated finance costs						<u>(31,178)</u>
Profit before taxation						<u><u>135,647</u></u>

For the six months ended 30 September 2018

	Broking HK\$'000	Securities margin financing HK\$'000	Money lending HK\$'000	Corporate finance HK\$'000	Investments HK\$'000	Consolidated HK\$'000
Segment revenue	<u>31,227</u>	<u>173,039</u>	<u>45,358</u>	<u>1,315</u>	<u>29,628</u>	<u>280,567</u>
Segment result	<u>5,797</u>	<u>167,320</u>	<u>42,809</u>	<u>1,160</u>	<u>46,583</u>	<u>263,669</u>
Unallocated corporate expenses						(41,808)
Unallocated finance costs						<u>(55,929)</u>
Profit before taxation						<u><u>165,932</u></u>



4. SEGMENT INFORMATION (Continued)

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

As at 30 September 2019

Unaudited

	Broking HK\$'000	Securities margin financing HK\$'000	Money lending HK\$'000	Corporate finance HK\$'000	Investments HK\$'000	Consolidated HK\$'000
Segment assets	331,624	4,850,533	920,324	9,924	1,730,665	7,843,070
Unallocated assets						145,118
Consolidated assets						7,988,188
Segment liabilities	374,234	804,796	8,037	141	21,036	1,208,244
Unallocated liabilities (Note 1)						175,880
Consolidated liabilities						1,384,124

As at 31 March 2019

Audited

	Broking HK\$'000	Securities margin financing HK\$'000	Money lending HK\$'000	Corporate finance HK\$'000	Investments HK\$'000	Consolidated HK\$'000
Segment assets	538,300	4,732,833	1,060,998	9,732	1,822,751	8,164,614
Unallocated assets						153,551
Consolidated assets						8,318,165
Segment liabilities	159,828	1,041,015	115	146	74,008	1,275,112
Unallocated liabilities (Note 1)						410,171
Consolidated liabilities						1,685,283



4. SEGMENT INFORMATION (Continued)

Note 1: The balance includes the carrying amount of the liability component of convertible bonds issued by a listed subsidiary amounting to HK\$Nil (at 31 March 2019: HK\$233,524,000) and the amounts due to non-controlling shareholders amounting to HK\$32,669,000 (at 31 March 2019: HK\$32,669,000).

The Group's operations are located in Hong Kong and the United Kingdom.

The following table provides an analysis of the Group's revenue from external customers by geographical market:

	Revenue by geographical market	
	Six months ended 30 September	
	2019	2018
	HK\$'000	HK\$'000
Hong Kong	269,735	275,078
United Kingdom	5,325	5,489
	<u>275,060</u>	<u>280,567</u>

The following is an analysis of the carrying amounts of non-current assets by geographical area in which the assets are located:

	Carrying amounts of non-current assets	
	At 30 September 2019	At 31 March 2019
	HK\$'000	HK\$'000
Hong Kong	894,447	811,765
United Kingdom	204,941	209,909
	<u>1,099,388</u>	<u>1,021,674</u>

The non-current asset information above excludes loans and advances, financial instruments and deferred tax assets.



5. TAXATION

	Six months ended	
	30 September	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax	25,746	40,386
United Kingdom Corporate Tax	<u>834</u>	<u>–</u>
Income tax expenses	<u>26,580</u>	<u>40,386</u>

The provision for Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rate regime. For this subsidiary, the first HK\$2 million assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5% for both periods.

The tax provision in respect of operations in United Kingdom is calculated at the rate of 20% on the subsidiary's estimated assessable profits for the period based on existing legislation, interpretation and practices in respect thereof.

6. DIVIDENDS

	Six months ended	
	30 September	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Final dividend paid	96,627	96,627
Proposed interim dividend of HK0.75 cent (2018: HK1.0 cent) per share	<u>72,470</u>	<u>96,627</u>
	<u>169,097</u>	<u>193,254</u>

On 10 September 2019, a dividend of HK1.0 cent per share was paid to shareholders as the final dividend for the year ended 31 March 2019.

At a meeting held on 28 November 2019, the Directors recommended an interim dividend of HK0.75 cent per share for the six months ended 30 September 2019 to the shareholders whose names appear in the register of members on 19 December 2019. 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 2020.



7. EARNINGS PER SHARE

Basic

The calculation of the basic earnings per share is based on profit attributable to the equity holders of the Company and the weighted average number ordinary shares in issue during the period.

	Six months ended	
	30 September	
	2019	2018
	HK\$'000	HK\$'000
Profit for the period attributable to equity shareholders of the Company	92,775	110,075
Weighted average number of ordinary shares for the purpose of basic earnings per share	9,662,706	9,662,706
Basic earnings per share (HK cents)	0.96	1.14

Diluted

The calculation of the diluted earnings per share is based on profit attributable to the equity holders of the Company and the adjusted weighted average number ordinary shares assuming conversion of all potential dilutive ordinary shares.

On 16 January 2019, the Company granted 289,800,000 share options to three independence third parties resulting in potential dilutive ordinary shares.

	Six months ended	
	30 September	
	2019	2018
	HK\$'000	HK\$'000
Profit for the period attributable to equity shareholders of the Company	92,775	110,075
Weighted average number of ordinary shares for the purpose of basic earnings per share	9,662,706	9,662,706
Adjustment for share option	1,733	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	9,664,439	9,662,706
Diluted earnings per share (HK cents)	0.96	N/A

Diluted earnings per share is the same as the basic earnings per share for the period ended 30 September 2018 because there were no potential dilutive ordinary shares outstanding.



8. ACCOUNTS RECEIVABLE

	At 30 September 2019 HK\$'000	At 31 March 2019 HK\$'000
Accounts receivable arising from the business of dealing in securities:		
– Cash clients	4,671	8,879
– Margin clients:		
– Directors and their close family members	225,848	167,054
– Other margin clients	4,018,535	3,565,509
– Hong Kong Securities Clearing Company Limited	537	–
Accounts receivable from futures clearing house arising from the business of dealing in futures contracts	5,450	3,390
	<u>4,255,041</u>	<u>3,744,832</u>
Less: Loss allowance	<u>(92,543)</u>	<u>(37,411)</u>
	<u>4,162,498</u>	<u>3,707,421</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\$207,000 (31 March 2019: HK\$154,000) which are past due at the end of the reporting period but which the directors of the Company consider not to be impaired.

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 2019 HK\$'000	At 31 March 2019 HK\$'000
0 – 30 days	171	141
31 – 60 days	9	1
Over 60 days	27	12
	<u>207</u>	<u>154</u>



8. ACCOUNTS RECEIVABLE (Continued)

The accounts receivable from cash clients with a carrying amount of HK\$4,464,000 (31 March 2019: HK\$8,725,000) 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\$12,076,406,000 (31 March 2019: HK\$13,791,493,000). Significant portion of the pledged securities are listed equity securities in Hong Kong. The loans are repayable on demand and carry interest typically at Hong Kong prime rate plus 2% to 5.13% per annum (31 March 2019: Hong Kong prime rate plus 2% to 5.13% 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 directors of the Company and their close family members and a controlling entity. The details are as follows:

Name	Balance at	Balance at	Maximum	Market value
	1 April	30 September	amount	of pledged
	2019	2019	outstanding	securities at
	HK\$'000	HK\$'000	during	30 September
			the period	2019
			HK\$'000	HK\$'000
Mr. Hung Hon Man, director of the Company, his close family members and a controlling entity	167,018	225,847	230,787	1,988,716
Mr. Kam Leung Ming, director of the Company, his close family members and a controlling entity	36	-	430	-

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



9. LOANS AND ADVANCES

	At 30 September 2019 HK\$'000	At 31 March 2019 HK\$'000
Fixed-rate loan receivables	908,362	1,115,336
Less: Allowance for impaired debts	<u>(40,355)</u>	<u>(29,136)</u>
	868,007	1,086,200
Secured	546,595	229,281
Unsecured	<u>321,412</u>	<u>856,919</u>
	868,007	1,086,200
Analysed as:		
Current assets	756,099	1,038,647
Non-current assets	<u>111,908</u>	<u>47,553</u>
	868,007	1,086,200

At 30 September 2019, certain loans and advances with carrying amount of HK\$316,595,000 (31 March 2019: HK\$223,084,000) are secured by first mortgage of properties in Hong Kong with an aggregate fair value of HK\$757,870,000 (31 March 2019: HK\$464,029,000); carrying amount of HK\$Nil (31 March 2019: HK\$6,197,000) are secured by second mortgages of properties in Hong Kong with an aggregate fair value of HK\$Nil (31 March 2019: HK\$34,750,000); and carrying amount of HK\$230,000,000 (31 March 19: HK\$Nil) are secured by a share charge of listed shares with an aggregate fair value of HK\$1,010,907,000 (31 March 2019: HK\$Nil). The fixed-rate loan receivables carry interest ranging from 8% to 24% (2018: 8% to 24%) per annum.

The Group determines the impairment allowances of loans and advances for losses that expected to be incurred under ECL model. The Group has concentration of credit risk as 65% (31 March 2019: 43%) of the total loans and advances was due from the five largest borrowing customers. The directors of the Company consider that the allowances for impaired debts are sufficient.

**9. LOANS AND ADVANCES (Continued)**

Movement in the allowance for impaired debts is as follows:

	At 30 September 2019 HK\$'000	At 31 March 2019 HK\$'000
Balance at beginning	29,136	12,628
Impairment loss recognised	11,219	16,508
	40,355	29,136

There were no loans and advances past due but not impaired as at 30 September 2019 and 31 March 2019.

The loans and advances with a carrying amount of HK\$868,007,000 (31 March 2019: HK\$1,086,200,000) 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.



10. ACCOUNTS PAYABLE

	At 30 September 2019 HK\$'000	At 31 March 2019 HK\$'000
Accounts payable arising from the business of dealing in securities:		
– Cash clients	96,542	119,718
– Margin clients	804,859	1,041,015
– Hong Kong Securities Clearing Company Limited	–	25,586
Accounts payable to clients arising from the business of dealing in futures contracts	<u>13,012</u>	<u>9,884</u>
	<u>914,413</u>	<u>1,196,203</u>

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

Amounts due to securities margin clients and futures client are repayable on demand and carry interest at 0.25% (2018: 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 close family members and a controlling entity of HK\$2,388,000 (31 March 2019: HK\$60,000).

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.



11. CONVERTIBLE BONDS ISSUED BY A LISTED SUBSIDIARY

On 1 September 2017, a listed subsidiary of the Group, Get Nice Financial Group Limited (“GNFG”, stock code: 1469), issued 2% coupon convertible bonds (the “Convertible Bonds”) with a nominal value of HK\$525,000,000 to independent third parties. The Convertible Bonds are convertible at the option of the bondholders into ordinary shares within 2 years from the date of issuance of the Convertible Bonds at the conversion price of HK\$1.05 per conversion share. Any Convertible Bonds not converted will be redeemed after 2 years from the date of issuance at the outstanding principal amounts.

During the period ended 30 September 2019, all remaining Convertible Bonds of principal amount HK\$262,500,000 were redeemed due to maturity. No Convertible Bonds were converted into ordinary shares of GNFG up to the maturity date.

During the period ended 30 September 2018, Convertible Bonds of principal amount HK\$168,000,000 were redeemed by GNFG.

On initial recognition, the fair value of the Convertible Bonds was allocated among the debt component and equity component of the Convertible Bonds. As at 31 March 2019, the carrying values of the debt component and equity component as potential non-controlling interests are HK\$233,524,000 and HK\$106,309,000, respectively.

12. SHARE CAPITAL

	Number of shares '000	Nominal value HK\$'000
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1 April 2018, 31 March 2019 and 30 September 2019	30,000,000	3,000,000
Issued and fully paid:		
At 1 April 2018, 31 March 2019 and 30 September 2019	9,662,706	966,270



13. 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, liability component of convertible bonds issued by GNFG 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, money lending activities and investment activities undertaken by allowing an appropriate margin on the interest received and paid by the Group.

Equity price risk

The Group is exposed to equity price risk through its investments in listed equity securities, convertible notes and investment fund. The directors of the Company manage the exposure by closely monitoring the portfolio of these financial instruments. The fair value of these financial instruments will be affected either positively or negatively, amongst others, by the changes in the closing market prices of the relevant listed equity securities.



13. FINANCIAL RISK MANAGEMENT (*Continued*)

- *Currency risk*

Except for an investment in unlisted equity, an investment property in United Kingdom and its related rental income which are denominated in British Pound, 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. The Directors consider that a reasonably possible annual change of 5% in the exchange rate between Hong Kong dollars and British Pound would not have material impact on the Group's results and therefore hedging through the use of derivative instruments is considered unnecessary. In the cases of Macau Pataca ("MOP") and United States dollars ("US\$"), the exposure is limited as MOP and US\$ are pegged to HK\$.

- *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 expected to be 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.

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

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

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



13. FINANCIAL RISK MANAGEMENT (Continued)

- *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.

14. RELATED PARTY TRANSACTIONS

In addition to the transactions and information 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	
		2019 HK\$'000	2018 HK\$'000
Messrs. Hung Hon Man, Cham Wai Ho, Anthony, Kam Leung Ming, Hung Sui Kwan, Shum Kin Wai, Frankie, Cheng Wai Ho, Ng Hon Sau, Larry, their close family members and controlling entities	Brokerage commission income (note i)	452	2,317
Messrs. Hung Hon Man, Kam Leung Ming, Hung Sui Kwan, Cheng Wai Ho, Ng Hon Sau, Larry, their close family members and controlling entities	Interest income (note ii)	7,408	3,687
Mr. Hung Hon Man's associate	Rental income (note iii)	275	252

Notes:

- (i) Commission was charged at 0.1% to 0.25% (2018: 0.1% to 0.25%) on the total value of transactions.
- (ii) Interest was charged at 7.236% to 9.252% per annum (2018: 7.236% to 9.252%) on the outstanding balances of margin loans.
- (iii) Monthly rental fee was charged at HK\$42,000 from April 2019 to August 2019 and increased to HK\$65,000 from September 2019 (2018: HK\$42,000).

**14. RELATED PARTY TRANSACTIONS (Continued)****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	
	2019	2018
	HK\$'000	HK\$'000
Short-term employee benefits	2,583	2,873
Post-employment benefits	82	78
	<u>2,665</u>	<u>2,951</u>

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



INTERIM DIVIDEND

The Directors have declared an interim dividend of HK0.75 cents per share for the six months ended 30 September 2019. The interim dividend will be payable on or about 27 December 2019 to those shareholders whose names appear on the register of members on 19 December 2019.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 18 December 2019 to 19 December 2019, both dates inclusive (record date being 19 December 2019), 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 17 December 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

For the period ended 30 September 2019, the Group's revenue amounted to approximately HK\$275.1 million, representing an decrease of 2% as compared with approximately HK\$280.6 million reported in the last corresponding financial period. The decrease in revenue was mainly attributable to the decrease in interest income from margin financing business, money lending business, and debt securities during the period.

Profit attributable to owners of the Company in the period was approximately HK\$92.8 million (2018: HK\$110.1 million). The decrease in profit was mainly attributable to the increase in net impairment loss on accounts receivable and loans and advances during the current period netting off the decrease in finance costs. The Group recorded imputed interest expenses arising from convertible bonds issued by GNFG in September 2017 of HK\$31.2 million during current period (2018: HK\$56 million). No loss on redemption (2018: HK\$31.7 million) was recorded upon the redemption of convertible bonds issued by GNFG of principal amount HK\$262.5 million in September 2019.

Earnings per share decreased to HK0.96 cents (2018: HK1.14 cents) as a result of decrease in profit attributable to owners of the Company for the period.



MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

REVIEW AND OUTLOOK

Market Review

During the first three quarters of 2019, the Hong Kong stock market experienced a roller coaster ride. In the first quarter, the stock market recorded a considerable increase, reflecting investors' optimism about the stock market. However, investors are still worried about the global economy. In the second quarter of 2019, US-China trade negotiations were deadlocked. Investors expected the US and China to adopt a more forward-looking approach to the trade war, leading to the drop of Hong Kong stock market. Since the third quarter of 2019, the stock market has continued to be weak.

In the third quarter of 2019, US-China trade war was heating up and the recent political events in Hong Kong have destroyed investors' confidence in the stock market. The trade restrictive measures imposed by the two countries on each other were escalated, causing economic losses to the economic systems of the two countries, while at the same time increasing the trade costs and markets uncertainty globally. The stock prices of listed companies in China and Hong Kong drop due to the trade war between China and the US. Affected by the US-China trade war, the exchange rate of the renminbi continued to be weak, which caused the further decline of the Hong Kong stock market. On the other hand, the market's concern about the slowdown of China's economic activity has deepened the pessimism mood of the investment market. Due to the continued trade conflicts with the US and weak domestic demand, China's economic growth has slowed to its lowest level in recent years.

In light of the global economic headwinds, the Hang Seng Index closed at 26,092 point at the end of September 2019 compared with 29,051 point at the end of March 2019. The average daily turnover on the Main Board and GEM during the six months period ended 30 September 2019 was approximately HK\$42.9 billion, a decrease of 56.8% as compared with approximately HK\$99.2 billion for the prior financial period.

In respect of the local money lending market, more restrictions and compliance requirements imposed on banks would offer more business opportunities to non-bank money lenders as they could provide more flexible lending services to both retail and corporate clients.



MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

REVIEW AND OUTLOOK (Continued)

Market Review (Continued)

Regarding the local property market, as affected by the US-China trade war, decline of stock market and the uncertainty due to the recent political events in Hong Kong, the property market in Hong Kong shrank and the overall residential property prices dropped. With the US Federal Reserve's announcement of interest rate cuts, it has brought a little stimulating effect on the property market in Hong Kong, which has increased the confidence of potential buyers who became more cautious and conservative in recent years. On the other hand, the Hong Kong SAR Government has introduced details of the scheme of restarting the revitalization of industrial buildings, which has caused more investors to pay attention to the redevelopment potential, such as conversion to data center or commercial building. Therefore, the investment in industrial property market has been promoted. Meanwhile, the UK property market was affected by the challenging global trading environment and the risk of hard Brexit. Property prices in the UK were stable but full of uncertainty.

Business Review

Broking and securities margin financing

During the period ended 30 September 2019, the broking business posted a loss of approximately HK\$1.4 million (2018: profit of HK\$5.8 million). The operating result of the broking business decreased by 124.1% as a result of the decrease in our broking turnover and number of sizeable corporate finance transactions during current period. The decrease in broking turnover was affected by the volatile local stock market and negative global investment atmosphere. Revenue from broking for the period decreased by 36.2% to approximately HK\$19.9 million (2018: HK\$31.2 million) as compared with last financial period, of which approximately HK\$2.6 million (2018: HK\$6.1 million) was contributed by the underwriting, placing and proof of funds business. The decrease in these fee was due to the decrease in number of deals as a result of the less active capital market during the current 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 reduced by 1.7% to approximately HK\$170 million (2018: HK\$173 million) with the decrease in average level of securities margin lending during the period. Total outstanding loan of securities margin financing as at 30 September 2019 amounted to approximately HK\$4,244.4 million (as at 31 March 2019: HK\$3,732.6 million). Impairment loss on margin clients receivable of HK\$55.4 million was charged during the current period (2018: HK\$5.7 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 good performance during the period. The aggregated loan amount decreased to HK\$868 million at 30 September 2019 from HK\$1,086.2 million at 31 March 2019. Total interest income increased by 18.1% to HK\$53.6 million (2018: HK\$45.4 million) for the period. It recorded profit before tax of HK\$41.4 million (2018: HK\$42.8 million) for the six months ended 30 September 2019. Net impairment loss of HK\$11.2 million 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 2019, it completed 1 financial advisory transaction (2018: 3). The operation reported a profit of approximately HK\$0.2 million for the period (2018: HK\$1.2 million).



MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Investments

The investments division held properties and financial instruments for the Group. Assets allocations are based on expected return rates and available funding capital. For the period under review, this division reported a profit of HK\$24 million (2018: HK\$46.6 million), mainly attributable to the fair value gains on two unlisted debt securities measured at fair value through profit or loss of HK\$2.6 million (2018: HK\$9.4 million), interest income from two unlisted debt securities of HK\$14.2 million (2018: HK\$18.8 million), fair value gains on investment properties of HK\$5.0 million (2018: HK\$15.7 million), rental income of HK\$6.7 million (2018: HK\$6.3 million) mainly arising from the leasing business in London, and realised gains on equity securities of HK\$Nil (2018: HK\$2.5 million).

During the period under review, the Group newly acquired two residential properties in Hong Kong by acquisition of subsidiaries at a total consideration of HK\$70 million. As at 30 September 2019, the Group held a portfolio of investment properties with a total fair value of HK\$959.8 million (31 March 2019: HK\$881.9 million), comprised residential, commercial and industrial properties in Hong Kong and a commercial building in London. The substantial part of the renovation project of the commercial building in Hung Hom, Get Nice Centre was completed during the period, the Group is looking for potential tenants and intends to receive steady rental income.

As at 30 September 2019, the Group held a portfolio of equity and debt securities and convertibles notes with a total fair values of HK\$597.4 million (31 March 2019: HK\$815.1 million). The decrease in total fair values of the investment portfolio was mainly attributable to the partial redemption of an unlisted redeemable bond of HK\$200 million (2018: HK\$150 million) during the period. The portfolio of equity securities mainly comprised listed companies in Hong Kong and unlisted shares of a company established in United Kingdom engaged in business of properties development while the portfolio of debt securities mainly comprises listed and unlisted bonds and convertible bonds issued by certain listed companies in Hong Kong.



MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Outlook

Looking ahead, the global economic backdrop remains clouded with uncertainties. Since the United States and China are the most central players in the highly integrated global trade network, escalating US-China commercial tensions represent a significant risk to global financial markets. The aggressive US trade policy remains being a liability to the market as rising trade barriers is a particular issue for those markets that are most dependent on global trade and investment, including Hong Kong. Most of the Asian economies are in stronger positions than years ago but given the integration in the global supply chain, they are still vulnerable to the trade tension between United State and China. On the other hand, the recent political events in Hong Kong have brought haze to both stock market and property market in Hong Kong. In the foreseeable future, the prospect of the Hong Kong markets is still uncertain.

In the future, the business environment of the Group will continue to be competitive but optimistic. The development of the Greater Bay Area and China's Belt & Road initiative are expected to create opportunities for Hong Kong in the coming decades. On the other hand, the increasing compliance-related and system-related costs in meeting the regulatory requirements may impact the cost efficiency and earnings growth of the Group.

In respect of the investment activities of the Group, management will keep seeking quality and upscale investment properties in both Asia and Europe, and also investment in securities with good potential, to enhance its investment portfolio and continue to provide a source of steady rental income and investment gains in the future.

Dealing with the future challenges, the management of the Group would review and adjust business strategies on regular basis with a prudent and balanced risk management approach. The management of the Group remains cautiously optimistic about the business development and overall performance of the Group in the future. The Group is endeavoring to render comprehensive services to our affluent and high-net-worth clients in order to maintain our clients' confidence and loyalty. 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.



FINANCIAL REVIEW

Financial Resources and Gearing Ratio

The equity attributable to owners of the Company amounted to HK\$5,527.7 million (31 March 2019: HK\$5,465.1 million) as at 30 September 2019, representing an increase of HK\$62.6 million, or 1.1% from that of 31 March 2019 while there is a decrease in non-controlling interest from approximately HK\$1,167.8 million at 31 March 2019 to HK\$1,076.3 at 30 September 2019. These movements were mainly attributable to the redemption of convertible bonds of principal amount HK\$262.5 million.

The Group's net current assets as at 30 September 2019 slightly decreased to HK\$4,948.5 million (31 March 2019: HK\$4,986.5 million) and the liquidity of the Group, as demonstrated by the current ratio (current assets/current liabilities) was 4.6 times (31 March 2019: 3.97 times) which were mainly attributable to the redemption of convertible bonds issued by GNFG upon maturity. The Group's bank balances and cash on hand amounted to HK\$404.2 million as at 30 September 2019 (31 March 2019: HK\$505.9 million). The decrease in bank balances and cash on hand was mainly due to the cash outflow in respect of the redemption of convertible bonds issued by GNFG of 262.5 million. The Group had bank borrowings of HK\$250 million as at 30 September 2019 (31 March 2019: HK\$50 million) and the Group had undrawn banking facilities amounting to HK\$833 million as at 30 September 2019 (31 March 2019: HK\$1,033 million) which were secured by charges over clients' pledged securities, a property and corporate guarantees issued by GNFG and the Company.

The number of issued shares of the Company was 9,662,705,938 as at 30 September 2019 (31 March 2019: 9,662,705,938).

As at 30 September 2019, the Group's gearing ratio (total borrowings over equity attributable to owners of the Company) was 0.05 time (31 March 2019: 0.06 time).



FINANCIAL REVIEW (Continued)

Financial Resources and Gearing Ratio (Continued)

Except for an investment in unlisted equity, an investment property in United Kingdom and its related rental income which are denominated in British Pound, 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. The Directors consider that a reasonably possible annual change of 5% in the exchange rate between Hong Kong dollars and British Pound would not have material impact on the Group's results and therefore hedging through the use of derivative instruments is considered unnecessary.

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

Charges on Group Assets

As at 30 September 2019, leasehold land and building of the Group with a carrying amount of HK\$104.9 million (31 March 2019: HK\$105.5 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 2019, the Group had 80 employees (31 March 2019: 78). 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\$12.3 million (2018: HK\$11.4 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 2019, 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 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>)	2,898,049,874	29.99%

Note: Mr. Hung Hon Man is deemed to be interested in 2,898,049,874 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.

**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**

Name of director	Capacity	Number of non-voting deferred shares ^(Note 1) held	Percentage of the issued non-voting deferred share of GNS ^(Note 2)
Mr. Hung Hon Man	Beneficial owner	36,000,000	90%

Note 1: 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.

Note 2: The other 10% of the issued non-voting deferred shares of GNS, being 4,000,000 shares are held by Mr. Shum Kin Wai, Frankie, the managing director of GNFG.

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 <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 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 2019, 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 (the “Option Scheme”) pursuant to a resolution passed on 24 August 2012. The purpose of the Option Scheme is to provide an incentive for eligible participant to work with commitment towards enhancing the value of the Company and the shares for the benefit of the shareholders of the Company and to retain and attract persons whose contribution are or may be beneficial to the growth and development of the Group.

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.

On 16 January 2019, options to subscribe 289,800,000 ordinary shares were granted to 3 eligible participants other than employees under the Option Scheme at an exercise price HK\$0.26 per share. The validity period of the share options is two years from the date of grant (i.e. from 16 January 2019 to 15 January 2021). The share options vest immediately as the eligible participants are not required to complete a specified period of service before becoming unconditionally entitled to those equity instruments. The Company recognised the services provided in full at the date of grant.

On 21 August 2019, 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 966,270,593 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 21 August 2019.



ARRANGEMENTS TO PURCHASE SHARES AND OPTIONS (Continued)

Details of the movements of share options granted to subscribe for the Shares are as follows:

For the six months ended 30 September 2019

Category	Number of shares issuable under the Option Scheme				Outstanding at 30 September 2019
	At 1 April 2019	Granted during the period	Exercised during the period	Lapsed during the period	
Non-employee eligible participants	289,800,000	-	-	-	289,800,000
Weighted average exercise price (HK\$)	0.26	-	-	-	0.26

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 2019, 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 (Note)	2,898,049,874	29.99%
Honeylink Agents Limited	Beneficial owner (Note)	2,898,049,874	29.99%

Note: Mr. Hung Hon Man is deemed to be interested in 2,898,049,874 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 2019.

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 2019, 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 2019 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

Upon specific enquiry by the Company and following respective confirmations from the Directors, there is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the publication of the Company's annual report for the year ended 31 March 2019.

By order of the Board
Get Nice Holdings Limited
Hung Hon Man
Chairman

Hong Kong, 28 November 2019

As at the date of this report, the executive directors of the Company are Mr. Hung Hon Man (Chairman and Chief Executive Officer), Mr. Cham Wai Ho, Anthony (Deputy Chairman) and Mr. Kam Leung Ming; 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.