



# Get Nice Holdings Limited

(incorporated in the Cayman Islands with limited liability)

Stock code : 64

## INTERIM REPORT 2022



## 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 2022 together with comparative figures for the last corresponding period. The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2022 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	
		2022 HK\$'000	2021 HK\$'000
Revenue from contracts with customers within HKFRS 15		20,691	38,238
Revenue from other sources		13,320	14,542
Interest revenue calculated using the effective interest method		174,187	184,196
<b>Revenue</b>	4	<b>208,198</b>	236,976
Other operating income		7,883	9,051
Other losses and gains, net		(53,490)	10,364
Depreciation expenses		(11,570)	(12,362)
Commission expenses		(3,886)	(6,558)
Provision of net impairment loss on accounts receivable		(56,544)	(46,904)
Reversal of net impairment loss on other receivables		250	–
(Provision) Reversal of net impairment loss on loans and advances		(789)	11,885
Reversal (Provision) of net impairment loss on debt investments measured at fair value through other comprehensive income		4,017	(1,628)
Staff costs		(13,685)	(14,511)
Finance costs		(1,114)	(223)
Other expenses		(21,530)	(20,310)
<b>Profit before taxation</b>		<b>57,740</b>	165,780
Income tax expense	5	(14,956)	(36,998)
<b>Profit for the period</b>		<b>42,784</b>	128,782

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

	Unaudited	
	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
<b>Other comprehensive income (expense)</b>		
<i>Items that are reclassified or may be reclassified subsequently to profit or loss</i>		
Exchange difference arising on translation of foreign operations	(34,814)	(5,314)
Fair value (loss) gain on debt investments measured at fair value through other comprehensive income reclassified to profit or loss upon disposal	(2,853)	91
Fair value loss on debt investments measured at fair value through other comprehensive income	(25,041)	(13,668)
Deferred tax arising on revaluation of debt investments measured at fair value through other comprehensive income	4,603	2,240
<i>Items that will not be reclassified to profit or loss</i>		
Revaluation surplus of properties transfer from property and equipment to investment properties	–	336,505
Deferred tax arising on revaluation surplus of properties transfer from property and equipment to investment properties	–	(55,523)
Surplus (Deficit) on revaluation of properties	5,927	(12,876)
Deferred tax arising on revaluation of properties	(978)	2,125
<b>Total other comprehensive (expense) income for the period</b>	<b>(53,156)</b>	<b>253,580</b>
<b>Total comprehensive (expense) income for the period</b>	<b>(10,372)</b>	<b>382,362</b>

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

		Unaudited	
		Six months ended	
		30 September	
		2022	2021
Notes		HK\$'000	HK\$'000
<b>Profit for the period attributable to:</b>			
	Owners of the Company	23,032	103,090
	Non-controlling interests	19,752	25,692
		<u>42,784</u>	<u>128,782</u>
<b>Total comprehensive (expense) income attributable to:</b>			
	Owners of the Company	(30,153)	356,663
	Non-controlling interests	19,781	25,699
		<u>(10,372)</u>	<u>382,362</u>
Dividends	6	<u>96,628</u>	<u>96,628</u>
		<b>HK Cents</b>	<b>HK Cents</b>
<b>Earnings per share</b>			
	Basic	7 <u>0.24</u>	<u>1.07</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited At 30 September 2022	Audited At 31 March 2022
	Notes	HK\$'000	HK\$'000
<b>Non-current assets</b>			
Property and equipment		510,497	515,173
Investment properties		848,160	836,405
Intangible assets		8,514	8,512
Goodwill		17,441	17,441
Other assets		4,683	5,621
Deferred tax assets		16,586	12,939
Loans and advances	9	3,638	9,428
Investments		175,931	201,512
		<u>1,585,450</u>	<u>1,607,031</u>
<b>Current assets</b>			
Accounts receivable	8	2,747,433	2,826,396
Loans and advances	9	435,319	387,236
Prepayments, deposits and other receivables		65,472	47,725
Tax recoverable		6,093	15,123
Investments		235,278	238,196
Bank balances – client accounts		398,058	480,897
Bank balances – general accounts and cash		2,123,910	1,835,239
		<u>6,011,563</u>	<u>5,830,812</u>
Assets classified as held for sale		–	433,218
		<u>6,011,563</u>	<u>6,264,030</u>

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

		Unaudited At 30 September 2022	Audited At 31 March 2022
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Current liabilities</b>			
Accounts payable	10	447,740	517,124
Accrued charges and other payables		11,253	9,019
Amounts due to non-controlling shareholders		30,257	30,257
Deposits received for disposal of a subsidiary		–	126,000
Tax payable		146,228	140,753
Lease liabilities		–	377
Bank borrowings		91,695	94,553
		727,173	918,083
Liability associated with assets classified as held for sale		–	4,215
		727,173	922,298
<b>Net current assets</b>		5,284,390	5,341,732
<b>Total assets less current liabilities</b>		6,869,840	6,948,763
<b>Non-current liabilities</b>			
Deferred tax liabilities		4,032	4,010
<b>Net assets</b>		6,865,808	6,944,753
<b>Capital and reserves</b>			
Share capital	12	966,270	966,270
Reserves		4,706,802	4,785,269
<b>Equity attributable to owners of the Company</b>		5,673,072	5,751,539
<b>Non-controlling interests</b>		1,192,736	1,193,214
<b>Total equity</b>		6,865,808	6,944,753

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited  
Six months ended 30 September 2022  
Attributable to equity holders of the Company

	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	Non- controlling interests HK\$'000	Total HK\$'000
At 1 April 2022	966,270	2,953,199	159,147	339,506	(36,349)	(12,409)	1,382,175	5,751,539	1,193,214	6,944,753
Profit for the period	-	-	-	-	-	-	23,032	23,032	19,752	42,784
<b>Other comprehensive income (expense)</b>										
Items that are reclassified or may be reclassified subsequently to profit or loss										
- Exchange difference arising on translation of foreign operations	-	-	-	-	-	(34,814)	-	(34,814)	-	(34,814)
- Fair value loss on debt investments measured at fair value through other comprehensive income reclassified to profit or loss upon disposal	-	-	-	-	(2,853)	-	-	(2,853)	-	(2,853)
- Fair value loss on debt investments measured at fair value through other comprehensive income	-	-	-	-	(25,041)	-	-	(25,041)	-	(25,041)
- Deferred tax arising on revaluation of debt investments measured at fair value through other comprehensive income	-	-	-	-	4,603	-	-	4,603	-	4,603
Items that will not be reclassified to profit or loss										
- Surplus on revaluation of properties	-	-	-	5,892	-	-	-	5,892	35	5,927
- Deferred tax arising on revaluation of properties	-	-	-	(972)	-	-	-	(972)	(6)	(978)
<b>Total other comprehensive income (expense)</b>	-	-	-	4,920	(23,291)	(34,814)	-	(53,165)	29	(53,156)
<b>Total comprehensive income (expense) for the period</b>	-	-	-	4,920	(23,291)	(34,814)	23,032	(30,153)	19,781	(10,372)
<b>Transactions with equity holders</b>										
Contributions and distributions										
- Dividends paid to owners	-	-	-	-	-	-	(48,314)	(48,314)	-	(48,314)
- Dividends paid to non-controlling interests of a non-wholly owned subsidiary	-	-	-	-	-	-	-	-	(20,259)	(20,259)
	-	-	-	-	-	-	(48,314)	(48,314)	(20,259)	(68,573)
At 30 September 2022	966,270	2,953,199	159,147	344,426	(59,640)	(47,223)	1,356,893	5,673,072	1,192,736	6,865,808

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

	Unaudited Six months ended 30 September 2021 Attributable to equity holders of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Property revaluation reserve HK\$'000	Investments revaluation reserve (recycling) HK\$'000	Share option reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 April 2021	966,270	2,953,199	159,147	14,997	8,532	-	(3,285)	1,510,205	5,609,065	1,106,694	6,715,759
Profit for the period	-	-	-	-	-	-	-	103,090	103,090	25,692	128,782
<b>Other comprehensive income (expense)</b>											
Items that are reclassified or may be reclassified subsequently to profit or loss											
- Exchange difference arising on translation of foreign operations	-	-	-	-	-	-	(5,314)	-	(5,314)	-	(5,314)
- Fair value gain on debt investments measured at fair value through other comprehensive income reclassified to profit or loss upon disposal	-	-	-	-	91	-	-	91	-	-	91
- Fair value loss on debt investments measured at fair value through other comprehensive income	-	-	-	-	(13,668)	-	-	(13,668)	-	-	(13,668)
- Deferred tax arising on revaluation of debt investments measured at fair value through other comprehensive income	-	-	-	-	2,240	-	-	2,240	-	-	2,240
Items that will not be reclassified to profit or loss											
- Revaluation surplus of properties transfer from property and equipment to investment properties	-	-	-	336,505	-	-	-	336,505	-	-	336,505
- Deferred tax arising on revaluation surplus of properties transfer from property and equipment to investment properties	-	-	-	(55,523)	-	-	-	(55,523)	-	-	(55,523)
- Deficit on revaluation of properties	-	-	-	(12,884)	-	-	-	(12,884)	8	8	(12,876)
- Deferred tax arising on revaluation of properties	-	-	-	2,126	-	-	-	2,126	(1)	(1)	2,125
<b>Total other comprehensive income (expense)</b>	-	-	-	270,224	(11,337)	-	(5,314)	-	253,573	7	253,580
<b>Total comprehensive income (expense) for the period</b>	-	-	-	270,224	(11,337)	-	(5,314)	103,090	356,663	25,699	382,362
<b>Transactions with equity holders</b>											
Contributions and distributions											
- Dividends paid to owners	-	-	-	-	-	-	-	(48,314)	(48,314)	-	(48,314)
- Dividends paid to non-controlling interests of a non-wholly owned subsidiary	-	-	-	-	-	-	-	-	-	(20,259)	(20,259)
	-	-	-	-	-	-	-	(48,314)	(48,314)	(20,259)	(68,573)
Changes in ownership interests											
- Acquisition of non-controlling interests in a subsidiary	-	-	-	-	-	-	-	(91,588)	(91,588)	91,588	-
	-	-	-	-	-	-	-	(91,588)	(91,588)	91,588	-
<b>At 30 September 2021</b>	<b>966,270</b>	<b>2,953,199</b>	<b>159,147</b>	<b>285,221</b>	<b>(2,805)</b>	<b>-</b>	<b>(8,599)</b>	<b>1,473,393</b>	<b>5,825,826</b>	<b>1,203,722</b>	<b>7,029,548</b>



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
Net cash from operating activities	155,204	889,108
Net cash from (used in) investing activities	206,544	(90,545)
Net cash (used in) from financing activities	<u>(72,873)</u>	<u>28,274</u>
Net increase in cash and cash equivalents	288,875	826,837
Effect on foreign exchange rate changes	(204)	(212)
Cash and cash equivalents at beginning of the period	<u>1,835,239</u>	<u>658,914</u>
Cash and cash equivalents at end of the period	<u><u>2,123,910</u></u>	<u><u>1,485,539</u></u>
Represented by:		
Bank balances – general accounts and cash	<u><u>2,123,910</u></u>	<u><u>1,485,539</u></u>



## **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

*For the six months ended 30 September 2022*

### **1. GENERAL INFORMATION**

The Company was incorporated in the Cayman Islands under the Companies Act (as revised) of the Cayman Islands as an exempted company limited by shares and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its immediate and ultimate holding company 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 Third Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands and its principal place of business is located at Ground Floor to 3rd 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, assets management services 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 (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 2022 are the same as those followed in the preparation of the Group’s audited consolidated financial statements for the year ended 31 March 2022.

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:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Proceeds before Intended Use
Amendments to HKAS 37	Cost of Fulfilling a Contract
Annual Improvements to HKFRSs	2018-2020 Cycle

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 operating segments:

##### *For the six months ended 30 September 2022*

	Broking HK\$'000	Securities margin financing HK\$'000	Money lending HK\$'000	Corporate finance HK\$'000	Asset management HK\$'000	Investments HK\$'000	Consolidated HK\$'000
Segment revenue	<u>24,120</u>	<u>148,999</u>	<u>18,153</u>	<u>474</u>	<u>1,277</u>	<u>15,175</u>	<u>208,198</u>
Segment result	<u>(1,252)</u>	<u>92,454</u>	<u>22,253</u>	<u>419</u>	<u>1,183</u>	<u>(29,773)</u>	<u>85,284</u>
Unallocated other gains and loss, net							(9,685)
Unallocated other operating income and corporate expenses, net							<u>(17,859)</u>
Profit before taxation							<u>57,740</u>

##### *For the six months ended 30 September 2021*

	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>37,310</u>	<u>150,330</u>	<u>23,732</u>	<u>2,330</u>	<u>23,274</u>	<u>236,976</u>
Segment result	<u>14,151</u>	<u>103,426</u>	<u>36,748</u>	<u>2,077</u>	<u>20,695</u>	<u>177,097</u>
Unallocated other operating income and corporate expenses, net						<u>(11,317)</u>
Profit before taxation						<u>165,780</u>

#### 4. SEGMENT INFORMATION (Continued)

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

##### As at 30 September 2022

##### Unaudited

	Broking HK\$'000	Securities margin financing HK\$'000	Money lending HK\$'000	Corporate finance HK\$'000	Asset management HK\$'000	Investments HK\$'000	Consolidated HK\$'000
Segment assets	<u>1,777,550</u>	<u>2,949,264</u>	<u>499,891</u>	<u>11,615</u>	<u>6,546</u>	<u>1,332,686</u>	6,577,552
Unallocated assets (Note 1)							<u>1,019,461</u>
Consolidated assets							<u>7,597,013</u>
Segment liabilities	<u>222,693</u>	<u>237,783</u>	<u>229</u>	<u>102</u>	<u>247</u>	<u>4,417</u>	465,471
Unallocated liabilities (Note 2)							<u>265,734</u>
Consolidated liabilities							<u>731,205</u>

##### As at 31 March 2022

##### Audited

	Broking HK\$'000	Securities margin financing HK\$'000	Money lending HK\$'000	Corporate finance HK\$'000	Asset management HK\$'000	Investments HK\$'000	Consolidated HK\$'000
Segment assets	<u>1,564,542</u>	<u>3,002,337</u>	<u>457,852</u>	<u>11,122</u>	<u>7,115</u>	<u>1,766,715</u>	6,809,683
Unallocated assets (Note 1)							<u>1,061,378</u>
Consolidated assets							<u>7,871,061</u>
Segment liabilities	<u>300,559</u>	<u>222,492</u>	<u>453</u>	<u>95</u>	<u>493</u>	<u>7,612</u>	531,704
Unallocated liabilities (Note 2)							<u>394,604</u>
Consolidated liabilities							<u>926,308</u>

#### 4. SEGMENT INFORMATION (Continued)

*Note 1:* The balance mainly comprises property and equipment, and bank balances of approximately HK\$493,327,000 and HK\$516,602,000 respectively (at 31 March 2022: property and equipment, and bank balance of approximately HK\$496,246,000 and HK\$543,588,000 respectively).

*Note 2:* The balance mainly comprise amounts due to non-controlling shareholders, tax payables and bank borrowing of approximately HK\$30,257,000, HK\$138,321,000, and HK\$91,695,000 respectively (at 31 March 2022: amounts due to non-controlling shareholders, tax payables, bank borrowing and deposits received for disposal of a subsidiary of approximately HK\$30,257,000, HK\$138,321,000, HK\$94,553,000 and HK\$126,000,000 respectively).

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	
	2022	2021
	HK\$'000	HK\$'000
Hong Kong	202,522	231,032
United Kingdom	5,676	5,944
	<u>208,198</u>	<u>236,976</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 2022	At 31 March 2022
	HK\$'000	HK\$'000
Hong Kong	1,191,833	1,156,518
United Kingdom	197,462	226,634
	<u>1,389,295</u>	<u>1,383,152</u>

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

## 5. TAXATION

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Current tax</b>		
<i>Hong Kong</i>		
Hong Kong Profit Tax	15,219	21,141
(Over) Under provision in prior years	<u>(1,136)</u>	<u>14,872</u>
	<b>14,083</b>	<b>36,013</b>
<i>United Kingdom</i>		
Overseas tax	<u>873</u>	<u>985</u>
<b>Income tax expense</b>	<b><u>14,956</u></b>	<b><u>36,998</u></b>

The profits tax rate for the first HK\$2,000,000 assessable profits arising from Hong Kong of qualifying entities will be taxed at 8.25%, and assessable profits arising from Hong Kong above HK\$2,000,000 will continue be taxed at the rate of 16.5% under two-tiered profits tax rates regime. As only one of the subsidiaries in the Group is eligible to elect the two-tiered profits tax rates, profits of the remaining subsidiaries of the Group will continue to be taxed at a flat rate of 16.5%.

For both periods, Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax rates regime.

The tax provision in respect of operations in United Kingdom is calculated at the rate of 19% on the subsidiary's estimated assessable profits for the period based on existing legislation, interpretation and practices in respect thereof.

## 6. DIVIDENDS

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	<b>HK\$'000</b>
Final dividend paid	48,314	48,314
Proposed interim dividend of HK0.5 cents (2021: HK0.5 cents) per share	<u>48,314</u>	<u>48,314</u>
	<b>96,628</b>	<b>96,628</b>

## 6. DIVIDENDS (Continued)

On 8 September 2022, a dividend of HK0.5 cents per share was paid to shareholders as the final dividend for the year ended 31 March 2022.

At a meeting held on 25 November 2022, the Directors recommended an interim dividend of HK0.5 cents per share for the six months ended 30 September 2022 to the shareholders whose names appear in the register of members on 16 December 2022. This proposed interim dividend is not reflected as a dividend payable in these unaudited condensed consolidated interim financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 March 2023.

## 7. EARNINGS PER SHARE

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 of ordinary shares in issue during the period.

### Earnings

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
Earnings for the purpose of basic earnings per share		
Profit for the period attributable to equity shareholders of the Company	<u>23,032</u>	<u>103,090</u>

### Number of shares

	Six months ended 30 September	
	2022	2021
	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>9,662,706</u>	<u>9,662,706</u>
	<i>HK cents</i>	<i>HK cents</i>
Earnings per share:		
Basic	<u>0.24</u>	<u>1.07</u>

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



## 8. ACCOUNT RECEIVABLE

	At 30 September 2022 HK\$'000	At 31 March 2022 HK\$'000
Accounts receivable arising from the business of dealing in securities		
– Cash clients	16,720	9,235
– Margin clients		
– Directors and their close family members	191,523	185,463
– Other margin clients	2,908,322	2,928,045
– Hong Kong Securities Clearing Company Limited	530	12,302
Accounts receivable from futures clearing house arising from the business of dealing in futures contracts	<u>20,979</u>	<u>25,448</u>
	<b>3,138,074</b>	3,160,493
Less: Loss allowances	<u>(390,641)</u>	<u>(334,097)</u>
	<b><u>2,747,433</u></b>	<b><u>2,826,396</u></b>

The normal settlement terms of accounts receivable from cash clients and securities clearing house are two days after trade date while for accounts receivable from futures clearing house is one day after trade date. All the accounts receivable (net of loss allowance), except for accounts receivables from margin clients, are expected to be recovered within one year.

Included in the accounts receivable from cash clients are debtors with a carrying amount of approximately HK\$294,000 (31 March 2022: HK\$133,000) 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.

## 8. ACCOUNT RECEIVABLE (Continued)

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

	<b>At 30 September 2022 HK\$'000</b>	<b>At 31 March 2022 HK\$'000</b>
0 – 30 days	<b>268</b>	129
31 – 60 days	<b>9</b>	1
Over 60 days	<b>17</b>	3
	<b>294</b>	133

The accounts receivable from cash clients with a carrying amount of approximately HK\$16,426,000 (31 March 2022: HK\$9,102,000) 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.

Accounts receivables from margin clients are secured by clients' pledged securities with fair value of approximately HK\$9,010,865,000 (31 March 2022: HK\$11,686,337,000). Significant portion of the pledged securities are listed equity securities in Hong Kong. The loans are repayable on demand subsequent to settlement date and carry interest typically at a range from 7.236% to 9.500% per annum (31 March 2022: range from 7.236% to 9.500% per annum) at 30 September 2022. 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 collateral held can be pledged and can be sold at the Group's discretion to settle any outstanding amount owed by margin clients upon failure to provide additional fund against shortfalls. 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.

## 8. ACCOUNT RECEIVABLE (Continued)

Included in accounts receivable from margin clients arising from the business of dealing in securities are amounts due from directors of the Company, their close family members and a controlling entity. The details are as follows:

Name	Balance at 1 April 2022 HK\$'000	Balance at 30 September 2022 HK\$'000	Maximum amount outstanding during the period HK\$'000	Market value of pledged securities at 30 September 2022 HK\$'000
Mr. Hung Hon Man, director of the Company, his close family members and a controlling entity	185,463	191,523	214,932	1,845,157

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

	Notes	At 30 September 2022 HK\$'000	At 31 March 2022 HK\$'000
Fixed rate loan receivables		454,520	444,688
Less: Loss allowance		(15,563)	(48,024)
		<u>438,957</u>	<u>396,664</u>
Secured	(i)	251,713	167,301
Unsecured	(ii)	187,244	229,363
		<u>438,957</u>	<u>396,664</u>
Analysed as:			
Current assets		435,319	387,236
Non-current assets		3,638	9,428
		<u>438,957</u>	<u>396,664</u>

## 9. LOANS AND ADVANCES (Continued)

*Note (i):* For secured loans, the total carrying amount of approximately HK\$251,713,000 (31 March 2022: HK\$167,301,000) with principal amounts ranging from HK\$1,000,000 to HK\$100,000,000 (31 March 2022: ranging from HK\$1,000,000 to HK\$100,000,000) with 6 customers (31 March 2022: 6 customers) and were accounted for approximately 57% (31 March 2022: 42%) of the entire loan portfolio of the Group. The interest rates charged to the secured loan customers were at the range from 8% to 18% per annum (31 March 2022: range from 8% to 13% per annum) with the maturity profile from 1 to 60 months (31 March 2022: from 20 to 54 months).

*Note (ii):* For unsecured loans, the total carrying amount of approximately HK\$187,244,000 (31 March 2022: HK\$229,363,000) with principal amounts ranging from HK\$300,000 to HK\$66,000,000 (31 March 2022: ranging from HK\$300,000 to HK\$100,000,000) with 16 customers (31 March 2022: 14 customers) and were accounted for approximately 43% (31 March 2022: 58%) of the entire loan portfolio of the Group. The interest rates charged to the unsecured loan customers were at the range from 10% to 12% per annum (31 March 2022: range from 11% to 15% per annum) with the maturity profile from 4 to 79 months (31 March 2022: from 1 to 79 months).

At 30 September 2022, loans and advances with carrying amount of approximately HK\$111,713,000 are secured by first mortgage of properties in Hong Kong with an aggregate market value of approximately HK\$237,350,000; carrying amount of approximately HK\$70,000,000 are secured by second mortgages of properties in Hong Kong with an aggregate market value of approximately HK\$1,196,000,000 and carrying amount of approximately HK\$70,000,000 are secured by pledged securities with an aggregate market value of approximately HK\$1,105,692,000.

At 31 March 2022, loans and advances with carrying amount of approximately HK\$167,301,000 are secured by first mortgage of properties in Hong Kong with an aggregate market value of approximately HK\$389,450,000.

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 70.5% (31 March 2022: 70%) of the total loans and advances was due from the Group's five largest borrowers. 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 2022 HK\$'000	At 31 March 2022 HK\$'000
Balance at beginning	48,024	21,944
Increase in allowance	789	29,580
Amount written off	<u>(33,250)</u>	<u>(3,500)</u>
	<u>15,563</u>	<u>48,024</u>

There were no loans and advances past due but not impaired as at 30 September 2022 and 31 March 2022.

The loans and advances with a carrying amount of approximately HK\$438,957,000 (31 March 2022: HK\$396,664,000) 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.

### Credit Assessment Policy

- (i) For secured loans, the Group will conduct a credit assessment test against a potential customer. It will take into account the term of the loan and the results from the credit assessment in totality to assess the repayment ability of the potential customer. A valuation report on the underlying property will be prepared by an independent valuer to determine its current fair value. The Group has set a clear guideline on the loan-to-value ratios for granting and renewing mortgage loans and the term of the loan shall normally be within a reasonable tenor accepted by the Group.

The Group will then conduct a credit assessment exercise according to the credit policy by considering factors, including but not limited to, the relevant risks of the Group (e.g. the default risk of the potential customer), the cost of funds, cashflows, etc. of the Group as well as the market offer, customer's repayment ability, etc. Afterwards, the Group will determine the terms of the offer and notify the customer about the loan approval.

## 9. LOANS AND ADVANCES (Continued)

### Credit Assessment Policy (Continued)

- (ii) For unsecured loans, the Group will carry out the credit assessment on every unsecured loan applicant based on the following factors:
- (a) Total amount of the principal and interest payable to be granted;
  - (b) Duration of the term for repayment of the loan to be granted;
  - (c) Frequency and amount of the repayments to be made;
  - (d) The interest rate of the loan to be granted;
  - (e) Purpose of obtaining the loan to be granted;
  - (f) The employment or business of the unsecured loan applicant;
  - (g) Current credit and financial information on the unsecured loan applicant;
  - (h) Any other factors which may affect the unsecured loan applicant's affordability;
  - (i) Current income and expenditure of the unsecured loan applicant (if applicable);
  - (j) Foreseeable reduction in income or increase in expenditure; and
  - (k) Savings and assets of the unsecured loan applicant.

## 10. ACCOUNT PAYABLE

	At 30 September 2022 HK\$'000	At 31 March 2022 HK\$'000
Accounts payable arising from the business of dealing in securities:		
– Cash clients	150,103	198,575
– Margin clients	237,783	222,492
– Hong Kong Securities Clearing Company Limited	11,854	–
Accounts payable to clients arising from the business of dealing in futures contracts	48,000	96,057
	<u>447,740</u>	<u>517,124</u>

## 10. ACCOUNT PAYABLE (Continued)

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.

The normal settlement terms of accounts payable to cash clients and securities cleaning houses are two days after trade date.

Amounts due to securities margin clients are repayable on demand and carry interest at 0.025% (31 March 2022: 0.025%) per annum.

Included in accounts payable to margin clients arising from the business of dealing in securities are amounts due to directors of the Company, their close family members and a controlling entity of approximately HK\$13,000 (31 March 2022: HK\$386,000).

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. The amounts payable are repayable on demand except for the required margin deposits for the trading of future contracts.

## 11. DISPOSAL OF SUBSIDIARIES

On 30 November 2021, the Group entered into a sales and purchase agreement with an independent third party to dispose the 100% of its equity interests in Grace Field Limited, a wholly-owned subsidiary of the Group, at a consideration of HK\$422,153,000 (the "Disposal"). Details of the Disposal have been disclosed in the Company's announcement dated 30 November 2021 and circular dated 20 December 2021.

The Disposal has been completed on 14 April 2022. The Group has recorded a loss on disposal of approximately HK\$9,590,200 as a result of the Disposal.

## 12. SHARE CAPITAL

	Number of shares '000	Nominal value HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised:		
At 1 April 2021, 31 March 2022 and 30 September 2022	<u>30,000,000</u>	<u>3,000,000</u>
Issued and fully paid:		
At 1 April 2021, 31 March 2022 and 30 September 2022	<u>9,662,706</u>	<u>966,270</u>

### 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 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 unlisted 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*

Except for 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. In the cases of Macau Pataca ("MOP") and United States dollars ("US\$"), the exposure is limited as MOP and US\$ are pegged to HK\$.





### 13. 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 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.

- *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	
		2022 HK\$'000	2021 HK\$'000
Messrs. Hung Hon Man, Kam Eddie Shing Cheuk, 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)	185	1,872
Messrs. Hung Hon Man, Kam Eddie Shing Cheuk, Hung Sui Kwan, Ng Hon Sau, Larry, their close family members and controlling entities	Interest income (note ii)	7,007	5,100
Mr. Hung Hon Man's associate	Rental income (note iii)	300	300
	License fee income (note iv)	60	120

Notes:

- (i) Commission was charges at 0.1% to 0.25% (2021: 0.1% to 0.25%) on the total value of transactions.
- (ii) Interest was charged at 7.236% to 9.252% per annum (2021: 7.236% to 9.252%) on the outstanding balances of margin loans.
- (iii) Monthly rental fee was charged at HK\$50,000 (2021: HK\$50,000).
- (iv) Monthly license fee income was charged at HK\$20,000 (2021: HK\$20,000).

#### 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	
	2022 HK\$'000	2021 HK\$'000
Short-term employee benefits	2,323	2,304
Post-employment benefits	82	57
	<u>2,405</u>	<u>2,361</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 HK0.5 cents per share for the six months ended 30 September 2022. The interim dividend will be payable on or about 29 December 2022 to those shareholders whose names appear on the register of members on 16 December 2022.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 15 December 2022 to 16 December 2022, both dates inclusive (record date being 16 December 2022), 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 at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on 14 December 2022.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **OVERVIEW**

For the six months ended 30 September 2022, the Group's revenue amounted to approximately HK\$208.2 million, representing a decrease of 12.2% as compared with approximately HK\$237.0 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\$23.0 million (2021: HK\$103.1 million). The decrease in profit was mainly attributable to the increase in provision of net impairment loss on accounts receivable, increase in provision of net impairment loss on loans and advances and decrease in fair value of investment properties during the current period.

Earnings per share decreased to HK0.24 cents (2021: HK1.07 cents) as a result of decrease in profit attributable to owners of the Company for the period.



## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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### REVIEW AND OUTLOOK

#### *Market Review*

##### *Stock Market*

The global economy and stock markets struggled in the first half of 2022. Facing a high in inflation, aggressive monetary policy tightening by the notable central banks, and the effects of the Russia/Ukraine war, the major stock markets were down at least double digits in percentage for the period. Aggressive monetary policy and slower economic growth are continuing keep pressure on stock markets.

During the period, the fifth wave of the COVID-19 epidemic was rapid and fierce. Hong Kong went through a turbulent epidemic phase posed by the highly transmissible Omicron variant strain in March 2022. The market worried about the recession of easing policies in China, the rise in US 10-year Treasury bond yields and the continued tension between China and Europe and the United States which affected the market sentiment. The Hang Seng Index closed at 17,222 points at the end of September 2022 compared with 21,996 points at the end of March 2022. The average daily turnover on the Main Board and GEM during the six months period ended 30 September 2022 was approximately HK\$113.4 billion, a decrease of 28.4% as compared with approximately HK\$158.4 billion for the prior financial period.

##### *Money Lending Market*

In respect of the local money lending market, as the Hong Kong economy showed a widened year-on-year contraction in the third quarter of 2022. Local consumption was supported by the generally stable epidemic situation, improved labour market conditions and the disbursement of consumption vouchers in August, though the positive effects were partly offset by tightened financial conditions and the consequential weak asset market performance. Private consumption expenditure was virtually unchanged from a year earlier in the third quarter, the same as in the preceding quarter. But it continued to increase on a seasonally adjusted quarter-to-quarter basis, by 1.1%. For the sake of caution, our Group still adopt a prudent approach, such as implementing strict credit policies. In order to manage the credit risk, we focused on debt recovery and closely monitor the borrowers' credit limit during the period.



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

### **REVIEW AND OUTLOOK (Continued)**

#### **Market Review (Continued)**

##### *Property Market*

Regarding the local property market, the residential property market softened in the third quarter of 2022 amid tightened financial conditions resulting from the sharp interest rate hikes by the US Federal Reserve as well as weakened global and local economic outlooks. Trading activities quietened visibly. Flat prices declined during the period. The office market has been hit especially hard by quarantine measures and other pandemic-related restrictions, which have curbed new demand from multinationals and mainland Chinese companies. Cost-driven office downsizing has led to a substantial contraction in total occupied space and resulted in record-high vacancy in the Grade A office market.

Regarding the UK property market, this period has seen a steady deceleration in affordable house price growth, as the market responds to base rate hikes from the Bank of England and a cooling UK economy. However, due to the depreciation in pounds, our group believes that it would be an attractive entry level and timing to invest in high-end residential properties in prime area of London, especially for long-term holding. Therefore, we are seriously looking for good quality investment opportunities to strengthen our group's property portfolio in UK.

#### **Business Review**

##### *Broking and securities margin financing*

During the period ended 30 September 2022, the broking business posted a loss of approximately HK\$1.3 million (2021: profit of HK\$14.2 million). The operating result of the broking business decreased by 109.2% as a result of the decrease in 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 35.4% to approximately HK\$24.1 million (2021: HK\$37.3 million) as compared with last financial period, of which approximately HK\$4.4 million (2021: HK\$3.4 million) was contributed by the underwriting, placing and proof of funds business. The increase in these fee income was due to the increase in number of deals as a result of the active capital market during the current period.



## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### REVIEW AND OUTLOOK (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 0.9% to approximately HK\$149.0 million (2021: HK\$150.3 million) with the decrease in average level of securities margin lending during the period. Total gross accounts receivable from margin clients as at 30 September 2022 amounted to approximately HK\$3,099.8 million (as at 31 March 2022: HK\$3,113.5 million). Impairment loss on margin clients receivable of approximately HK\$56.5 million was charged during the current period (2021: HK\$46.9 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 performance showed a downtrend during the period as the Group took cautious approach in granting new loans. The aggregated loan amount increased to approximately HK\$439.0 million at 30 September 2022 from approximately HK\$396.7 million at 31 March 2022. Total interest income decreased by 23.2% to approximately HK\$18.2 million (2021: HK\$23.7 million) for the period. It recorded profit before tax of approximately HK\$22.3 million (2021: HK\$36.7 million) for the six months ended 30 September 2022. Net impairment loss on loans and advances of approximately HK\$0.8 million was provided during the period (2021: reversal of net impairment loss approximately HK\$11.9 million). 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.



## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### REVIEW AND OUTLOOK (Continued)

#### **Business Review (Continued)**

##### *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 2022, it completed 3 financial advisory transactions (2021: 4). The operation reported a profit of approximately HK\$0.4 million for the period (2021: HK\$2.1 million).

##### *Asset Management*

During the period ended 30 September 2022, this division reported a profit of approximately HK\$1.2 million (2021: HK\$Nil) mainly attributable to the asset management fee income of approximately HK\$1.3 million (2021: HK\$Nil) received during the period.

##### *Investments*

The investments division held properties and financial instruments for the Group. Assets allocations are based on expected return rates and available funding capital. For the period under review, this division reported a loss of approximately HK\$29.8 million (2021: profit of HK\$20.7 million), mainly attributable to the interest income from convertible notes and two unlisted debt securities of approximately HK\$4.0 million (2021: HK\$5.9 million), interest income from listed debt securities of approximately HK1.9 million (2021: HK\$8.7 million), fair value losses on investment properties of approximately HK\$37.9 million (2021: gains of HK\$9.3 million), rental income of approximately HK\$9.3 million (2021: HK\$8.7 million) mainly arising from the leasing business in London, and the unrealised losses on financial assets measured at fair value through profit or loss of approximately HK\$9.6 million (2021: HK\$5.7 million) due to the drop of share prices of certain equity securities listed in Hong Kong among the portfolio held of approximately HK\$101.2 million at 30 September 2022 (31 March 2021: HK\$110.4 million).

As at 30 September 2022, the Group held a portfolio of investment properties with a total fair value of approximately HK\$848.2 million (31 March 2022: HK\$836.4 million), comprised residential, commercial and industrial properties in Hong Kong and a commercial building in London.



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

### **REVIEW AND OUTLOOK (Continued)**

#### **Business Review (Continued)**

##### *Investments (Continued)*

As at 30 September 2022, the Group held an investment portfolio mainly consisted of equity securities, debt securities, convertibles notes and unlisted equity securities with a total fair values of approximately HK\$411.2 million (31 March 2022: HK\$439.7 million). The decrease in total fair values of the investment portfolio was mainly attributable to the net effect of acquisition of an unlisted redeemable bond of HK\$70 million (2021: HK\$30 million), the partial redemption of an unlisted redeemable bond of HK\$26 million (2021: HK\$15 million) and the disposal of certain listed debt securities during the period while the Group held portfolio of listed debt securities of approximately HK\$65.5 million at 30 September 2022 (31 March 2021: HK\$120.4 million). The portfolio of equity securities mainly comprised listed companies in Hong Kong while the portfolio of debt securities mainly comprises listed and unlisted bonds, and redeemable bonds issued by certain listed and unlisted companies in Hong Kong and overseas.

#### **Outlook**

Looking ahead, the epidemic situation is gradually stabilising in Hong Kong and social distancing measures have been gradually relaxed. While a series of support measures from the government have led to modest signs of economic improvement, the market outlook remains mixed and there is a long way to return to pre-pandemic levels.

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. Meanwhile, management will adopt cautious measures to manage the Group's investment portfolio.





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

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### **REVIEW AND OUTLOOK (Continued)**

#### **Outlook (Continued)**

Apart from the existing businesses, the Group currently devotes to exploring different business opportunities. Hong Kong is considered as one of the fastest-growing and diverse auction markets, management recognizes a tremendous business opportunity in the auction market, especially Hong Kong as an essential position in the China market. Correspondingly, echoing with the Government Policy Address to develop Hong Kong as the Art Centre of Asia, the Group is determined to develop its related business, specialised in auctioneering a wide variety of Chinese artworks, including Chinese paintings and calligraphies, Chinese antiques, Chinese ceramics and tea wares, modern and contemporary arts. In addition to auction events, the Group is also going to promote art and culture through exhibitions and events with leading artists and curated auctions with celebrated collectors and artists.

Dealing with the future challenges, the management of the Group would review and adjust business strategies on a 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 will continue to explore and seize new business opportunities to further create value for its shareholders in the long run.

## **FINANCIAL REVIEW**

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### **Financial Resources and Gearing Ratio**

The equity attributable to owners of the Company amounted to approximately HK\$5,673.1 million (31 March 2022: HK\$5,751.5 million) as at 30 September 2022, representing an decrease of approximately HK\$78.4 million, or 1.4% from that of 31 March 2022 and there is an decrease in non-controlling interest from approximately HK\$1,193.2 million at 31 March 2022 to approximately HK\$1,192.7 million at 30 September 2022. These movements were mainly attributable to the profit for the year netting off dividend distributed during the period.



## **FINANCIAL REVIEW (Continued)**

### **Financial Resources and Gearing Ratio (Continued)**

The Group's net current assets as at 30 September 2022 decreased to approximately HK\$5,284.4 million (31 March 2022: HK\$5,341.7 million) and the liquidity of the Group, as demonstrated by the current ratio (current assets/current liabilities) was 8.3 times (31 March 2022: 6.8 times). The increase in current ratio were mainly attributable to the decrease in accounts payable. The Group's bank balances and cash on hand amounted to approximately HK\$2,123.9 million as at 30 September 2022 (31 March 2022: HK\$1,835.2 million). The increase in bank balances and cash on hand was mainly due to the cash inflow in respect of the disposal of a wholly-owned subsidiary of the Group and the repayment from accounts receivable. The Group had bank borrowings of approximately HK\$91.7 million as at 30 September 2022 (31 March 2022: HK\$94.6 million) and the Group had undrawn banking facilities amounting to approximately HK\$766.3 million as at 30 September 2022 (31 March 2022: HK\$763.4 million) which were secured by charges over clients' pledged securities, certain properties of the Group and corporate guarantees issued by Get Nice Financial Group Limited and the Company.

The number of issued shares of the Company was 9,662,705,938 as at 30 September 2022 (31 March 2022: 9,662,705,938).

As at 30 September 2022, the Group's gearing ratio (total borrowings over equity attributable to owners of the Company) was 0.02 times (31 March 2022: 0.02 times).

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



## **FINANCIAL REVIEW (Continued)**

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### **Financial Resources and Gearing Ratio (Continued)**

#### ***Charges on Group Assets***

As at 30 September 2022, investment property, and leasehold land and building of the Group with a carrying amount of approximately HK\$77.0 million and HK\$395.4 million respectively (31 March 2022: HK\$69.0 million and HK\$398.0 million respectively) were pledged for banking facilities granted to the Group.

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

Save as disclosed in note 11, there were no material acquisitions or disposals of subsidiaries, associates or jointly controlled entity completed during reporting period.

#### ***Employee Information***

As at 30 September 2022, the Group had 96 employees (31 March 2022: 96). 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 approximately HK\$13.7 million (2021: HK\$14.5 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 2022, 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> )	6,099,717,872	63.12%

*Note:* Mr. Hung Hon Man is deemed to be interested in 6,099,717,872 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 <sup>(Note 1)</sup> held	Percentage of the issued non-voting deferred share of GNS <sup>(Note 2)</sup>
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 GNS.

### 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 <sup>(Note)</sup>	1,875,000,000	75%

*Note:* Mr. Hung Hon Man is deemed to be interested in (i) 50,309,829 ordinary shares of GNFG which are held by Honeylink Agents Limited ("Honeylink"), a company incorporated in the British Virgin Island with limited liability, the entire issued share capital of which is beneficially owned by Mr. Hung Hon Man; and (ii) 1,824,690,171 ordinary shares of GNFG which are held by the Company. Honeylink is interested in 6,099,717,872 ordinary shares of the Company, representing 63.12% of issued share capital of the Company.

Save as disclosed above, at 30 September 2022, 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 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. The share options were cancelled on 20 November 2020.

On 29 August 2022, 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 29 August 2022.

As at 30 September 2022, the number of share options to subscribe for a total of 966,270,593 shares in the Company, representing approximately 10% of the total number of issued ordinary shares of the Company, may still be granted under the share option scheme.



## SUBSTANTIAL SHAREHOLDERS

At 30 September 2022, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that the following shareholders had an interest of 5% or more in the issued share capital of the Company and these interests represent long positions in the ordinary shares of HK\$0.1 each of the Company.

### Long positions in the ordinary shares of HK\$0.1 each of the Company

Name	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Hung Hon Man	Held by controlled corporation ( <i>Note</i> )	6,099,717,872	63.12%
Honeylink Agents Limited	Beneficial owner ( <i>Note</i> )	<u>6,099,717,872</u>	<u>63.12%</u>

*Note:* Mr. Hung Hon Man is deemed to be interested in 6,099,717,872 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 2022.



## **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 2022, the Company has applied the principles of, and complied with, the applicable code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Listing Rules, except for the following deviation:


CG Code provision A.2.1 (which has been re-numbered as C.2.1 under the new CG Code that came into effect on 1 January 2022) stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual. During the year, Mr. Hung Hon Man was the chairman of the Board and the chief executive officer (“CEO”) of the Company. 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.

On 31 May 2022, Mr. Hung Hon Man resigned as the CEO of the Company and Mr. Kam, Eddie Shing Cheuk was appointed as the CEO of the Company on 1 June 2022. Since the change of CEO, the Company has complied with the CG code provision A.2.1.

## **AUDIT COMMITTEE REVIEW**

The Audit Committee has reviewed with management of the Group’s unaudited condensed consolidated interim financial statements for the six months ended 30 September 2022 including the accounting principles and practices adopted by the Group.





## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

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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**

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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 2022.

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

Hong Kong, 25 November 2022

*As at the date of this report, the executive directors of the Company are Mr. Hung Hon Man (Chairman), Mr. Cham Wai Ho, Anthony (Deputy Chairman) and Mr. Kam, Eddie Shing Cheuk (Chief Executive Officer). The non-executive director of the Company is Ms. Wu Yan Yee. The independent non-executive directors of the Company are Ms. Chan Oi Chong, Dr. Santos Antonio Maria and Mr. Siu Hi Lam, Alick.*