



# Get Nice Holdings Limited

(incorporated in the Cayman Islands with limited liability)

Stock code : 64

## Interim Report 2020



## 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 2020 together with comparative figures for the last corresponding period. The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2020 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	
		2020 HK\$'000	2019 HK\$'000
<b>Revenue</b>	4	<b>250,778</b>	275,060
Other operating income		8,269	2,876
Other gains and losses, net		(24,779)	(2,597)
Amortisation and depreciation		(2,602)	(3,589)
Commission expenses		(4,404)	(4,166)
Net impairment loss on accounts receivable		(75,124)	(55,432)
Net impairment loss on loans and advances		(2,898)	(11,219)
Reversal (Provision) of net impairment loss on investments mandatory at fair value through other comprehensive income		549	(3,610)
Staff costs		(12,464)	(12,275)
Finance costs		(647)	(31,538)
Other expenses		(18,331)	(17,863)
<b>Profit before taxation</b>		<b>118,347</b>	135,647
Income tax expenses	5	(20,220)	(26,580)
<b>Profit for the period</b>		<b>98,127</b>	109,067
<b>Other comprehensive income (expenses)</b>			
<i>Items that are reclassified or may be reclassified subsequently to profit or loss</i>			
Exchange difference arising on translation of foreign operations		7,746	(12,341)
Fair value gain on investments mandatory at fair value through other comprehensive income reclassified to profit or loss upon disposal		11	219
Fair value gain on investments mandatory at fair value through other comprehensive income		14,715	600
Deferred tax arising on revaluation of investments mandatory at fair value through other comprehensive income		(2,430)	(135)

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

		Unaudited Six months ended 30 September	
	Notes	2020 HK\$'000	2019 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		28,904	1,068
Deferred tax arising on revaluation of properties		(4,769)	(176)
		<b>44,177</b>	<b>(14,247)</b>
<b>Total other comprehensive income (expenses) for the period</b>		<b>44,177</b>	<b>(14,247)</b>
<b>Total comprehensive income for the period</b>		<b>142,304</b>	<b>94,820</b>
<b>Profit for the period attributable to:</b>			
Owners of the Company		78,744	92,775
Non-controlling interests		19,383	16,292
		<b>98,127</b>	<b>109,067</b>
<b>Total comprehensive income for the period attributable to:</b>			
Owners of the Company		118,781	78,287
Non-controlling interests		23,523	16,533
		<b>142,304</b>	<b>94,820</b>
Dividends	6	<b>86,965</b>	<b>169,097</b>
<b>Earnings per share</b>			
Basic – HK cents	7	0.81	0.96
Diluted – HK cents	7	0.81	0.96

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited At 30 September 2020	Audited At 31 March 2020
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-current assets</b>			
Property and equipment		558,228	106,387
Investment properties		935,220	874,074
Intangible assets		9,118	8,413
Goodwill		17,441	15,441
Other assets		5,944	4,392
Deposit paid for acquisition of a subsidiary		–	6,200
Deferred tax assets		5,001	4,450
Loans and advances	9	106,124	32,568
Financial assets at fair value through profit or loss		2,001	–
Investments in securities		178,231	260,505
		<u>1,817,308</u>	<u>1,312,430</u>
<b>Current assets</b>			
Accounts receivable	8	4,133,324	3,564,867
Loans and advances	9	486,862	656,645
Prepayments, deposits and other receivables		58,479	56,942
Tax recoverable		8,280	23,312
Investments in securities		413,371	247,740
Bank balances – client accounts		499,169	445,239
Bank balances – general accounts and cash		479,450	905,175
		<u>6,078,935</u>	<u>5,899,920</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

		Unaudited At 30 September 2020 Notes	Audited At 31 March 2020 HK\$'000
<b>Current liabilities</b>			
Accounts payable	10	581,170	478,475
Accrued charges and other payables		8,273	7,734
Amounts due to non-controlling shareholders		30,257	30,257
Lease liabilities		1,151	–
Tax payable		156,728	139,203
Bank borrowings		463,623	–
		<u>1,241,202</u>	<u>655,669</u>
<b>Net current assets</b>		<u>4,837,733</u>	<u>5,244,251</u>
<b>Total assets less current liabilities</b>		<u>6,655,041</u>	<u>6,556,681</u>
<b>Non-current liabilities</b>			
Lease liabilities		1,014	–
Deferred tax liabilities		15,019	7,820
		<u>16,033</u>	<u>7,820</u>
<b>Net assets</b>		<u>6,639,008</u>	<u>6,548,861</u>
<b>Capital and reserves</b>			
Share capital	11	966,270	966,270
Reserves		4,580,976	4,500,849
<b>Equity attributable to owners of the Company</b>		<u>5,547,246</u>	<u>5,467,119</u>
<b>Non-controlling interests</b>		<u>1,091,762</u>	<u>1,081,742</u>
<b>Total equity</b>		<u>6,639,008</u>	<u>6,548,861</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited  
Six months ended 30 September 2020  
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	Non-controlling interests		Total HK\$'000
									Total HK\$'000	Total HK\$'000	
At 1 April 2020	966,270	2,953,199	159,147	17,255	(6,682)	8,776	(27,602)	1,398,756	5,467,119	1,081,742	6,548,861
Profit for the period	-	-	-	-	-	-	-	78,744	78,744	19,383	98,127
<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	-	-	-	-	-	-	7,746	-	7,746	-	7,746
- Fair Value gain on investments mandatory at fair value through other comprehensive income reclassified to profit or loss upon disposal	-	-	-	-	11	-	-	-	11	-	11
- Fair Value gain on investments mandatory at fair value through other comprehensive income	-	-	-	-	14,715	-	-	-	14,715	-	14,715
- Deferred Tax arising on revaluation of investments mandatory at fair value through other comprehensive income	-	-	-	-	(2,430)	-	-	-	(2,430)	-	(2,430)
<i>Items that will not be reclassified to profit or loss</i>											
- Surplus on revaluation of properties	-	-	-	23,946	-	-	-	-	23,946	4,958	28,904
- Deferred tax arising on revaluation of properties	-	-	-	(3,951)	-	-	-	-	(3,951)	(818)	(4,769)
<b>Total other comprehensive income</b>	-	-	-	19,995	12,296	-	7,746	-	40,037	4,140	44,177
<b>Total comprehensive income for the period</b>	-	-	-	19,995	12,296	-	7,746	78,744	118,781	23,523	142,304
<b>Transactions with equity holders</b>											
<i>Contributions and distributions</i>											
- Dividend to owners	-	-	-	-	-	-	-	(38,651)	(38,651)	-	(38,651)
- Dividend to non-controlling interests of a non-wholly owned subsidiary	-	-	-	-	-	-	-	-	-	(13,506)	(13,506)
	-	-	-	-	-	-	-	(38,651)	(38,651)	(13,506)	(52,157)
<i>Changes in ownership interests</i>											
- Acquisition of non-controlling interest in a subsidiary	-	-	-	-	-	-	-	(3)	(3)	3	-
	-	-	-	-	-	-	-	(3)	(3)	3	-
At 30 September 2020	966,270	2,953,199	159,147	37,250	3,614	8,776	(19,856)	1,438,846	5,547,246	1,091,762	6,639,008

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

	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	16,576	7,272	(5,079)	8,776	(15,365)	1,374,263	5,465,059	1,061,514	106,309	6,632,882
Profit for the period	-	-	-	-	-	-	-	92,775	92,775	16,292	-	-	109,067
<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	-	-	-	-	-	-	-	(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)
<b>Total other comprehensive income (expense)</b>	-	-	-	651	684	(57)	-	(12,341)	-	(11,063)	(3,184)	-	(14,247)
<b>Total comprehensive income (expense) for the period</b>	-	-	-	651	684	(57)	-	(12,341)	92,775	81,712	13,108	-	94,820
<b>Transactions with equity holders</b>													
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)	-
<b>At 30 September 2019</b>	<b>966,270</b>	<b>2,953,199</b>	<b>159,147</b>	<b>17,227</b>	<b>7,956</b>	<b>(5,136)</b>	<b>8,776</b>	<b>(27,706)</b>	<b>1,448,003</b>	<b>5,527,736</b>	<b>1,076,328</b>	<b>-</b>	<b>6,604,094</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
Net cash used in operating activities	(237,182)	(31,815)
Net cash (used in) from investing activities	(599,954)	119,156
Net cash from (used in) financing activities	<u>411,391</u>	<u>(189,138)</u>
Net decrease in cash and cash equivalents	(425,745)	(101,797)
Effect on foreign exchange rate changes	20	91
Cash and cash equivalents at beginning of the period	<u>905,175</u>	<u>505,871</u>
Cash and cash equivalents at end of the period	<u><u>479,450</u></u>	<u><u>404,165</u></u>
Represented by:		
Bank balances – general accounts and cash	<u><u>479,450</u></u>	<u><u>404,165</u></u>

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

*For the six months ended 30 September 2020*

### **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 Second Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, 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 2020 are the same as those followed in the preparation of the Group’s audited consolidated financial statements for the year ended 31 March 2020.

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	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

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 2020*

	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>29,850</u>	<u>153,567</u>	<u>39,295</u>	<u>860</u>	<u>27,206</u>	<u>250,778</u>
Segment result	<u>8,096</u>	<u>78,443</u>	<u>35,694</u>	<u>563</u>	<u>5,943</u>	<u>128,739</u>
Unallocated corporate expenses						<u>(10,392)</u>
Profit before taxation						<u>118,347</u>

##### *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						<u>(12,189)</u>
Unallocated finance costs						<u>(31,178)</u>
Profit before taxation						<u>135,647</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 2020

##### 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	825,589	4,232,844	608,953	10,440	1,622,815	7,300,641
Unallocated assets (Note 1)						595,602
Consolidated assets						7,896,243
Segment liabilities	345,278	707,607	4,495	5	6,652	1,064,037
Unallocated liabilities (Note 2)						193,198
Consolidated liabilities						1,257,235

##### As at 31 March 2020

##### 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	415,143	3,893,585	886,927	9,820	1,454,582	6,660,057
Unallocated assets (Note 1)						552,293
Consolidated assets						7,212,350
Segment liabilities	131,178	351,749	376	10	2,426	485,739
Unallocated liabilities (Note 2)						177,750
Consolidated liabilities						663,489

#### 4. SEGMENT INFORMATION (Continued)

*Note 1:* The balance comprises property and equipment, and bank balances of approximately HK\$552,216,000 and HK\$30,754,000 respectively (at 31 March 2020: property and equipment, and bank balance of approximately HK\$103,093,000 and HK\$440,596,000 respectively).

*Note 2:* The balance comprise amounts due to non-controlling shareholders and tax payables of approximately HK\$30,257,000 and HK\$150,669,000 respectively (at 30 March 2020: amounts due to non-controlling shareholders and tax payables of approximately HK\$30,257,000 and HK\$138,321,000 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	
	2020 HK\$'000	2019 HK\$'000
Hong Kong	242,827	269,735
United Kingdom	7,951	5,325
	<u>250,778</u>	<u>275,060</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 2020 HK\$'000	At 31 March 2020 HK\$'000
	Hong Kong	1,290,691
United Kingdom	235,260	202,724
	<u>1,525,951</u>	<u>1,008,707</u>

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

## 5. TAXATION

	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
Current tax:		
Hong Kong Profits Tax	19,316	25,746
United Kingdom Corporate Tax	904	834
<b>Income tax expenses</b>	<b>20,220</b>	<b>26,580</b>

The provision for Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods, except for one of the subsidiaries of the Group which is a qualifying corporation under the two-tiered profits tax rate regime. For this subsidiary, the first HK\$2,000,000 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	
	2020	2019
	HK\$'000	HK\$'000
Final dividend paid	38,651	96,627
Proposed interim dividend of HK0.5 cent (2019: HK0.75 cent) per share	48,314	72,470
	<b>86,965</b>	<b>169,097</b>

On 10 September 2020, a dividend of HK0.4 cent per share was paid to shareholders as the final dividend for the year ended 31 March 2020.

At a meeting held on 30 November 2020, the Directors recommended an interim dividend of HK0.5 cent per share for the six months ended 30 September 2020 to the shareholders whose names appear in the register of members on 22 December 2020. 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 2021.

## 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	
	2020	2019
	HK\$'000	HK\$'000
Profit for the period attributable to equity shareholders of the Company	78,744	92,775
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)	<u>0.81</u>	<u>0.96</u>

### 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	
	2020	2019
	HK\$'000	HK\$'000
Profit for the period attributable to equity shareholders of the Company	78,744	92,775
Weighted average number of ordinary shares for the purpose of basic earnings per share	9,662,706	9,662,706
Adjustment for share option	<u>—</u>	<u>1,733</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	9,662,706	9,664,439
Diluted earnings per share (HK cents)	<u>0.81</u>	<u>0.96</u>

Diluted earnings per share was the same as the basic earnings per share for the period ended 30 September 2020 as the potential new ordinary shares to be issued on exercise of the outstanding share options under the Company's share option scheme had an anti-dilutive effect on the basic earnings per share for the period.

## 8. ACCOUNTS RECEIVABLE

	At 30 September 2020 HK\$'000	At 31 March 2020 HK\$'000
Accounts receivable arising from the business of dealing in securities:		
– Cash clients	67,641	8,240
– Margin clients:		
– Directors and their close family members	269,096	313,578
– Other margin clients	3,949,083	3,378,716
– Hong Kong Securities Clearing Company Limited	58,860	369
– Broker	2,399	–
Accounts receivable from futures clearing house arising from the business of dealing in futures contracts	<u>9,688</u>	<u>12,282</u>
	<b>4,356,767</b>	<b>3,713,185</b>
Less: Loss allowance	<u>(223,443)</u>	<u>(148,318)</u>
	<u><b>4,133,324</b></u>	<u><b>3,564,867</b></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 approximately HK\$127,000 (31 March 2020: HK\$546,000) 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 2020 HK\$'000	At 31 March 2020 HK\$'000
0 – 30 days	125	438
31 – 60 days	–	1
Over 60 days	<u>2</u>	<u>107</u>
	<u><b>127</b></u>	<u><b>546</b></u>

## 8. ACCOUNTS RECEIVABLE (Continued)

The accounts receivable from cash clients with a carrying amount of approximately HK\$67,514,000 (31 March 2020: HK\$7,694,000) 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\$15,460,237,000 (31 March 2020: HK\$11,060,046,000). Significant portion of the pledged securities are listed equity securities in Hong Kong. The loans are repayable on demand and carry interest typically at a range from 7.236% to 9.252% per annum (31 March 2020: range from 7.236% to 9.252% per annum) at 30 September 2020. 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 1 April 2020 HK\$'000	Balance at 30 September 2020 HK\$'000	Maximum amount outstanding during the period HK\$'000	Market value of pledged securities at 30 September 2020 HK\$'000
Mr. Hung Hon Man, director of the Company, his close family members and a controlling entity	313,555	269,096	320,330	2,916,505
Mr. Kam, Eddie Shing Cheuk, director of the Company, his close family members and a controlling entity	23	–	100	–

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 2020 HK\$'000	At 31 March 2020 HK\$'000
Fixed rate loan receivables	606,728	700,057
Less: Loss allowance	<u>(13,742)</u>	<u>(10,844)</u>
	<u>592,986</u>	<u>689,213</u>
Secured	240,201	248,241
Unsecured	<u>352,785</u>	<u>440,972</u>
	<u>592,986</u>	<u>689,213</u>
Analysed as:		
Current assets	486,862	656,645
Non-current assets	<u>106,124</u>	<u>32,568</u>
	<u>592,986</u>	<u>689,213</u>

At 30 September 2020, loans and advances with carrying amount of approximately HK\$240,201,000 are secured by first mortgage of properties in Hong Kong with an aggregate fair value of approximately HK\$632,750,000.

At 31 March 2020, loans and advances with carrying amount of approximately HK\$208,241,000 are secured by first mortgage of properties in Hong Kong with an aggregate fair value of approximately HK\$475,280,000; and carrying amount of approximately HK\$40,000,000 are secured by pledged securities with an aggregate fair value of approximately HK\$411,992,000.

The fixed rate loan receivables carry interest ranging from 8% to 24% (2019: 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 55% (31 March 2020: 50%) 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 2020 HK\$'000	At 31 March 2020 HK\$'000
Balance at beginning	10,844	29,136
Increase (decrease) in allowance	2,898	(2,915)
Amount written off	—	(15,377)
	<u>13,742</u>	<u>10,844</u>

There were no loans and advances past due but not impaired as at 30 September 2020 and 31 March 2020.

The loans and advances with a carrying amount of approximately HK\$592,986,000 (31 March 2020: HK\$689,213,000) 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 2020 HK\$'000	At 31 March 2020 HK\$'000
Accounts payable arising from the business of dealing in securities:		
– Cash clients	299,732	105,081
– Margin clients	243,984	351,749
– Hong Kong Securities Clearing Company Limited	—	7,673
– Broker	20,556	—
Accounts payable to clients arising from the business of dealing in futures contracts	<u>16,898</u>	<u>13,972</u>
	<u>581,170</u>	<u>478,475</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% (2019: 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.

## 10. ACCOUNTS PAYABLE (Continued)

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\$8,000 (31 March 2020: HK\$280,000).

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. SHARE CAPITAL

	<b>Number of shares</b> <i>'000</i>	<b>Nominal value</b> <i>HK\$'000</i>
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1 April 2019, 31 March 2020 and 30 September 2020	<u>30,000,000</u>	<u>3,000,000</u>
Issued and fully paid:		
At 1 April 2019, 31 March 2020 and 30 September 2020	<u>9,662,706</u>	<u>966,270</u>

## 12. 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 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.

- *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. 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\$.

## 12. 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.

### 13. 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	
		2020 HK\$'000	2019 HK\$'000
Messrs. Hung Hon Man, Cham Wai Ho, Anthony, 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 ( <i>note i</i> )	1,027	452
Messrs. Hung Hon Man, Kam Eddie Shing Cheuk, Hung Sui Kwan, Cheng Wai Ho, Ng Hon Sau, Larry, their close family members and controlling entities	Interest income ( <i>note ii</i> )	9,143	7,408
Mr. Hung Hon Man's associate	Rental income ( <i>note iii</i> )	300	275

#### Notes:

- (i) Commission was charged at 0.1% to 0.25% (2019: 0.1% to 0.25%) on the total value of transactions.
- (ii) Interest was charged at 7.236% to 9.252% per annum (2019: 7.236% to 9.252%) on the outstanding balances of margin loans.
- (iii) Monthly rental fee was charged at HK\$50,000 (2019: HK\$42,000 from April 2019 to August 2019, HK\$65,000 from September 2019 to March 2020 and decreased to HK\$50,000 from April 2020).

#### 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	
	2020 HK\$'000	2019 HK\$'000
Short-term employee benefits	2,265	2,583
Post-employment benefits	82	82
	<u>2,347</u>	<u>2,665</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 2020. The interim dividend will be payable on or about 30 December 2020 to those shareholders whose names appear on the register of members on 22 December 2020.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 21 December 2020 to 22 December 2020, both dates inclusive (record date being 22 December 2020), 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 18 December 2020.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **OVERVIEW**

For the period ended 30 September 2020, the Group's revenue amounted to approximately HK\$250.8 million, representing a decrease of 8.8% as compared with approximately HK\$275.1 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\$78.7 million (2019: HK\$92.8 million). The decrease in profit was mainly attributable to the increase in net impairment loss on accounts receivable and decrease in fair value of investment properties during the current period netting off the decrease in net impairment loss on loans and advances and finance costs.

Earnings per share decreased to HK0.81 cents (2019: HK0.96 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*

At the beginning of 2020, the market expected the US-China trade war to be relieved, the U.S. economy continues to grow and economic activities in the mainland regain momentum. An optimistic atmosphere dominates the market, Hang Seng Index once again rose to an eight-month high of 29,174 points on 20 January 2020. Immediately afterwards, the number of confirmed COVID-19 cases surged and the stock market began to collapse. During the first quarter of 2020, the COVID-19 outbreak spreads globally, caused disruptions in various business segments across the world and investors retreated from risky assets to hold cash. The plunge of asset prices and oil prices triggered panic sale and liquidity crunches globally. In March, Hang Seng Index dropped to a three-year low of 21,139 points.

After experiencing a crash, the stock market has start to rebound in the second quarter as many countries have successively introduced fiscal and monetary policy measures to try to support employment, stabilize growth, and support enterprises to tide over difficulties. Also, some countries over the world have started to resume work after the peak of the epidemic. At the same time, China and the United States have caused disputes due to the COVID-19 epidemic and Hong Kong's national security law. In the third quarter, the second wave of the epidemic broke out and US-China relations fell into a trough, stock markets have undergone some correction.

With fears and pessimisms caused by the continuing spread of COVID-19 and concerns regarding global economy, the Hang Seng Index closed at 23,459 points at the end of September 2020 compared with 23,603 points at the end of March 2020. Despite the challenging macroeconomic environment, investors' activity in the stock market has not decreased but increased due to the initial public offering boom and the market's vision for new economic stocks. The average daily turnover on the Main Board and GEM during the six months ended 30 September 2020 was approximately HK\$127.3 billion, an increase of 48.4% as compared with approximately HK\$85.8 billion for the prior financial period.

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

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

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

In respect of the local money lending market, as Hong Kong economy has deteriorated in the first three quarters of this year, the risk tolerance of banks has declined and the banks were shrinking the loan book. It would then offer more business opportunities to non-bank money lenders as they could provide more flexible lending services to both retail and corporate clients. However, the unemployment rate started to climb, late repayment and overdue rates began to climb, caused financial institutions to tighten their loan approval standard. As a result, Hong Kong's money lending market has become quieter.

Regarding the local property market, as affected by the economic recession and the increasing unemployment rate, the property market in Hong Kong shrank and the overall residential property prices and rent dropped. In the third quarter, the US Federal Reserve announced that it will maintain the near-zero interest rate policy and the Hong Kong SAR Government announced that it will halt the legislation for a first-hand property vacancy tax, these policies provided a support on the property market in Hong Kong. Meanwhile, the UK property market was also affected by the challenging global economic environment and the continuing spread of COVID-19. Property prices in the UK were stable but full of uncertainty.

#### ***Business Review***

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

During the period ended 30 September 2020, the broking business posted a profit of approximately HK\$8.1 million (2019: loss of HK\$1.4 million). The operating result of the broking business turned into profit as a result of the increase in broking turnover and number of sizeable corporate finance transactions during current period. The increase in broking turnover was affected by the volatile local stock market and positive global investment atmosphere. Revenue from broking for the period increased by 50% to approximately HK\$29.9 million (2019: HK\$19.9 million) as compared with last financial period, of which approximately HK\$10.0 million (2019: HK\$2.6 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 9.8% to approximately HK\$153.6 million (2019: HK\$170.3 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 2020 amounted to approximately HK\$4,218.2 million (as at 31 March 2020: HK\$3,692.3 million). Impairment loss on margin clients receivable of HK\$75.1 million was charged during the current period (2019: HK\$55.4 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 showed a stable performance during the period while the Group took cautious approach in granting new loans. The aggregated loan amount decreased to HK\$593.0 million at 30 September 2020 from HK\$689.2 million at 31 March 2020. Total interest income decreased by 26.7% to HK\$39.3 million (2019: HK\$53.6 million) for the period. It recorded profit before tax of HK\$35.7 million (2019: HK\$41.4 million) for the six months ended 30 September 2020. Net impairment loss of HK\$2.9 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 2020, it completed 4 financial advisory transactions (2019: 1). The operation reported a profit of approximately HK\$0.6 million for the period (2019: HK\$0.2 million).

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

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

#### **Business Review (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\$5.9 million (2019: HK\$24.0 million), mainly attributable to the fair value gains on convertible notes and two unlisted debt securities measured at fair value through profit or loss of HK\$0.3 million (2019: HK\$2.6 million), interest income from convertible notes and two unlisted debt securities of HK\$7.0 million (2019: HK\$14.2 million), fair value losses on investment properties of HK\$27.8 million (2019: gains HK\$5 million), rental income of HK\$10.1 million (2019: HK\$6.7 million) mainly arising from the leasing business in London, and realised gains on equity securities of HK\$2.8 million (2019: losses HK\$0.7 million).

As at 30 September 2020, the Group held a portfolio of investment properties with a total fair value of HK\$935.2 million (31 March 2020: HK\$874.1 million), comprised residential, commercial and industrial properties in Hong Kong and a commercial building in London. 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 2020, the Group held a portfolio of equity and debt securities and convertibles notes with a total fair values of HK\$591.6 million (31 March 2020: HK\$508.2 million). The increase in total fair values of the investment portfolio was mainly attributable to the net effect of the acquisition of an unlisted redeemable bond of HK\$100.0 million (2019: HK\$Nil) and the partial redemption of an unlisted redeemable bond of HK\$35.8 million (2019: HK\$Nil) during the period. 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 companies in Hong Kong.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### REVIEW AND OUTLOOK (Continued)

#### Outlook

The ups and downs of the global epidemic is still the biggest uncertainty to the global economy, the impact of COVID-19 will probably last for a period of time. Economic activities will not fully resume until the crisis is under control. Countries along the “Belt and Road” were also affected and China’s investment in these countries’ infrastructure development was slow down. At the same time, the conflict between China and the United States brought further uncertainties to the global trade environment. It is expected that the uncertainties to the overall economy will last for a period of time.

In the future, the business environment of the Group will continue to be competitive. The increasing regulatory requirements such as the recent effected guidelines for securities margin financing activities issued by the Securities and Futures Commission brought further compliance-related and system-related costs to the Group which may impact the cost efficiency and earnings growth of the Group. However, in recent there have been waves of initial public offering in the Hong Kong stock market and investors are enthusiastic about applying for subscription, it may be a chance for the Group to attract potential clients and expand the client base.

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.

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\$5,547.2 million (31 March 2020: HK\$5,467.1 million) as at 30 September 2020, representing an increase of HK\$80.1 million, or 1.5% from that of 31 March 2020 and there is an increase in non-controlling interest from approximately HK\$1,081.7 million at 31 March 2020 to HK\$1,091.8 at 30 September 2020. These movements were mainly attributable to the profit for the year netting off dividend distributed during the period.

The Group's net current assets as at 30 September 2020 decreased to HK\$4,837.7 million (31 March 2020: HK\$5,244.3 million) and the liquidity of the Group, as demonstrated by the current ratio (current assets/current liabilities) was 4.9 times (31 March 2020: 9 times). The decrease in net current assets and current ratio were mainly attributable to the increase in bank borrowings. The Group's bank balances and cash on hand amounted to HK\$479.5 million as at 30 September 2020 (31 March 2020: HK\$905.2 million). The decrease in bank balances and cash on hand was mainly due to the cash outflow in respect of the acquisition of a subsidiary at a final cash consideration of HK\$488.5 million. The Group had bank borrowings of HK\$463.6 million as at 30 September 2020 (31 March 2020: HK\$Nil) and the Group had undrawn banking facilities amounting to HK\$883 million as at 30 September 2020 (31 March 2020: HK\$1,083 million) which were secured by charges over clients' pledged securities, a property and corporate guarantees issued by a listed subsidiary of the Group, Get Nice Financial Group Limited ("GNFG", stock code: 1469) and the Company.

The number of issued shares of the Company was 9,662,705,938 as at 30 September 2020 (31 March 2020: 9,662,705,938).

As at 30 September 2020, the Group's gearing ratio (total borrowings over equity attributable to owners of the Company) was 0.09 time (31 March 2020: 0.01 time).

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 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 end of the period.

## **FINANCIAL REVIEW (Continued)**

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

As at 30 September 2020, leasehold land and building of the Group with a carrying amount of HK\$118.8 million (31 March 2020: HK\$102.8 million) were pledged for a banking facility granted to the Group.

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

On 19 May 2020, the Group entered into a sale and purchase agreement with an independent third-party to acquire the entire equity interest in Tao Yun Company Limited (“Tao Yun”) at a cash consideration of approximately HK\$500,000,000 (subject to adjustment). The principal assets of Tao Yun are the three-storey commercial units and an office unit with total gross floor area of 27,808 sq.ft together with 19 car parking spaces. The acquisition of Tao Yun was completed on 24 June 2020 at a final consideration of approximately HK\$488,500,000. Details of the acquisition have been disclosed in the Company’s announcement dated 19 May 2020 and circular dated 5 June 2020.

Save as disclosed above, the Group had no other material acquisitions or disposals of subsidiaries, associates and jointly controlled entities during the period.

### ***Employee Information***

As at 30 September 2020, the Group had 77 employees (31 March 2020: 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\$12.5 million (2019: HK\$12.3 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 2020, 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> )	2,904,423,874	30.05%

*Note:* Mr. Hung Hon Man is deemed to be interested in 2,904,423,874 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 <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 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 <sup>(Note)</sup>	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 2020, 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 2020

Category	Number of shares issuable under the Option Scheme				Outstanding at 30 September 2020
	At 1 April 2020	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 2020, 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)	2,904,423,874	30.05%
Honeylink Agents Limited	Beneficial owner (Note)	2,904,423,874	30.05%

Note: Mr. Hung Hon Man is deemed to be interested in 2,904,423,874 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 2020.

## **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 2020, 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 2020 including the accounting principles and practices adopted by the Group.

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

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following a specific enquiry by the Company, that they have fully complied with the required standard as set out in the Model Code throughout the period under review.

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

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

With effect from 1 September 2020, Mr. Kam, Eddie Shing Cheuk (with his former name of Kam Leung Ming), an executive director of the Company, has changed his name from Kam Leung Ming (甘亮明) to Kam, Eddie Shing Cheuk (甘承偉).

With effect from 6 November 2020, Mr. Kam, Eddie Shing Cheuk, an executive director of the Company, has been appointed as an independent non-executive director of Citychamp Watch & Jewellery Group Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock Code: 256).

Save as disclosed above, there is no other information to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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

Hong Kong, 30 November 2020

*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, Eddie Shing Cheuk; 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.*