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GET NICE HOLDINGS LIMITED

結好控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0064)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

The Board of Directors (the “Board” or the “Directors”) of Get Nice Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2019 together with comparative figures for the last corresponding period. The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2019 have been reviewed by the Company’s audit committee.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Unaudited	
		Six months ended	
		30 September	
		2019	2018
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	4	275,060	280,567
Other operating income		2,876	2,909
Other gains and losses, net		(2,597)	(14,220)
Amortization and depreciation		(3,589)	(3,760)
Commission expenses		(4,166)	(5,490)
Net impairment loss on accounts receivable		(55,432)	(5,719)
Net impairment loss on loans and advances		(11,219)	(2,144)
Reversal of net impairment loss on investments mandatory at fair value through other comprehensive income		(3,610)	–
Staff costs		(12,275)	(11,419)
Finance costs		(31,538)	(56,038)
Other expenses		(17,863)	(18,754)
		<hr/>	<hr/>
Profit before taxation		135,647	165,932
Income tax expenses	5	(26,580)	(40,386)
		<hr/>	<hr/>
Profit for the Period		109,067	125,546

		Unaudited	
		Six months ended	
		30 September	
		2019	2018
	<i>Notes</i>	HK\$'000	HK\$'000
Other comprehensive income (expenses)			
<i>Items that are reclassified or may be reclassified subsequently to profit or loss</i>			
Exchange difference arising on translation of foreign operations		(12,341)	(67)
Fair value gain on investments mandatory at fair value through other comprehensive income reclassified to profit or loss upon disposal		219	104
Fair value gain (loss) on investments mandatory at fair value through other comprehensive income		600	(6,530)
Deferred tax arising on revaluation of investments mandatory at fair value through other comprehensive income		(135)	1,060
<i>Items that will not be reclassified to profit or loss</i>			
Fair value loss on investments designated at fair value through other comprehensive income		(4,170)	–
Deferred tax arising on revaluation of investments designated at fair value through other comprehensive income		688	–
Surplus on revaluation of properties		1,068	1,885
Deferred tax arising on revaluation of properties		(176)	(311)
Total other comprehensive expenses for the period		(14,247)	(3,859)
Total comprehensive income for the period		94,820	121,687
Profit for the period attributable to:			
Owners of the Company		92,775	110,075
Non-controlling interests		16,292	15,471
		109,067	125,546
Total comprehensive income for the period attributable to:			
Owners of the Company		78,287	105,791
Non-controlling interests		16,533	15,896
		94,820	121,687
Dividends	6	169,097	193,254
Earnings per share			
Basic – HK cents	7	0.96	1.14
Diluted – HK cents	7	0.96	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

		Unaudited	Audited
		At	At
		30 September	31 March
		2019	2019
	<i>Notes</i>	HK\$'000	HK\$'000
Current liabilities			
Accounts payable	9	914,413	1,196,203
Accrued charges and other payables		6,360	10,661
Amounts due to non-controlling shareholders		43,665	43,665
Tax payable		163,557	144,724
Bank borrowings		250,000	50,000
Liability components of convertible bonds issued by a listed subsidiary	10	–	233,524
		<u>1,377,995</u>	<u>1,678,777</u>
Net current assets		<u>4,948,515</u>	<u>4,986,471</u>
Total assets less current liabilities		<u>6,610,193</u>	<u>6,639,388</u>
Non-current liabilities			
Deferred tax liabilities		<u>6,129</u>	<u>6,506</u>
Net assets		<u>6,604,064</u>	<u>6,632,882</u>
Capital and reserves			
Share capital	11	966,270	966,270
Reserves		<u>4,561,466</u>	<u>4,498,789</u>
Equity attributable to owners of the Company		5,527,736	5,465,059
Non-controlling interests			
Existing		1,076,328	1,061,514
Potential		<u>–</u>	<u>106,309</u>
Total equity		<u>6,604,064</u>	<u>6,632,882</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

1. GENERAL INFORMATION

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

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

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

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

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

3. PRINCIPAL ACCOUNTING POLICIES

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

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

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

Application of new and amendments to Hong Kong Financial Reporting Standards

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

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

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

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

4. SEGMENT INFORMATION

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

For the six months ended 30 September 2019

	Broking <i>HK\$'000</i>	Securities margin financing <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Corporate finance <i>HK\$'000</i>	Investments <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
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>	179,014
Unallocated corporate expenses						(12,189)
Unallocated finance costs						<u>(31,178)</u>
Profit before taxation						<u>135,647</u>

For the six months ended 30 September 2018

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

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

As at 30 September 2019

Unaudited

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

As at 31 March 2019

Audited

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

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

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

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

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

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

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

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

5. TAXATION

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

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

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

6. DIVIDENDS

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

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

At a meeting held on 28 November 2019, the Directors recommended an interim dividend of HK0.75 cent per share for the six months ended 30 September 2019 to the shareholders whose names appear in the register of members on 19 December 2019. This proposed interim dividend is not reflected as a dividend payables in these unaudited condensed consolidated interim financial statements, but will be reflected as an appropriation of retained earnings for the year ended 31 March 2020.

7. EARNINGS PER SHARE

Basic

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

	Six months ended 30 September	
	2019	2018
	HK\$'000	HK\$'000
Profit for the period attributable to equity shareholders of the Company	92,775	110,075
Weighted average number of ordinary shares for the purpose of basic earnings per share	9,662,706	9,662,706
Basic earnings per share (HK cents)	<u>0.96</u>	<u>1.14</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	
	2019	2018
	HK\$'000	HK\$'000
Profit for the period attributable to equity shareholders of the Company	92,775	110,075
Weighted average number of ordinary shares for the purpose of basic earnings per share	9,662,706	9,662,706
Adjustment for share option	1,733	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	9,664,439	9,662,706
Diluted earnings per share (HK cents)	0.96	N/A

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

8. ACCOUNTS RECEIVABLE

	At	At
	30 September	31 March
	2019	2019
	HK\$'000	HK\$'000
Accounts receivable arising from the business of dealing in securities:		
– Cash clients	4,671	8,879
– Margin clients:		
– Directors and their close family members	225,848	167,054
– Other margin clients	4,018,535	3,565,509
– Hong Kong Securities Clearing Company Limited	537	–
Accounts receivable from futures clearing house arising from the business of dealing in futures contracts	5,450	3,390
	4,255,041	3,744,832
Less: Loss allowance	(92,543)	(37,411)
	4,162,498	3,707,421

The normal settlement terms of accounts receivable from cash clients and securities clearing house are two days after trade date while accounts receivable from futures clearing house is one day after trade date.

Included in the accounts receivable from cash clients are debtors with a carrying amount of HK\$207,000 (31 March 2019: HK\$154,000) which are past due at the end of the reporting period but which the directors of the Company consider not to be impaired.

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

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

The accounts receivable from cash clients with a carrying amount of HK\$4,464,000 (31 March 2019: HK\$8,725,000) are neither past due nor impaired at the end of the reporting period and the directors of the Company are of the opinion that the amounts are recoverable.

Loans to securities margin clients are secured by clients' pledged securities with fair value of HK\$12,076,406,000 (31 March 2019: HK\$13,791,493,000). Significant portion of the pledged securities are listed equity securities in Hong Kong. The loans are repayable on demand and carry interest typically at Hong Kong prime rate plus 2% to 5.13% per annum (31 March 2019: Hong Kong prime rate plus 2% to 5.13% per annum). Securities are assigned with specific margin ratios for calculating their margin values. Additional funds or collaterals are required if the outstanding amount exceeds the eligible margin value of securities deposited. The collaterals held can be replighted 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.

9. ACCOUNTS PAYABLE

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

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

Amounts due to securities margin clients and futures client are repayable on demand and carry interest at 0.25% (2018: 0.25%) per annum. No ageing analysis is disclosed as, in the opinion of directors of the Company, the ageing analysis does not give additional value in view of the nature of business of securities margin financing.

Included in accounts payable to margin clients arising from the business of dealing in securities are amounts due to directors of the Company and their close family members and a controlling entity of HK\$2,388,000 (31 March 2019: HK\$60,000).

Accounts payable to clients arising from the business of dealing in futures contracts are margin deposits received from clients for their trading of futures contracts on the Hong Kong Futures Exchange Limited (“HKFE”). The excesses of the outstanding amounts over the required initial margin deposits stipulated by the HKFE are repayable to clients on demand. No ageing analysis is disclosed as, in the opinion of directors of the Company, the ageing analysis does not give additional value in view of the nature of business of futures contract dealing.

10. CONVERTIBLE BONDS ISSUED BY A LISTED SUBSIDIARY

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

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

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

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

11. SHARE CAPITAL

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

INTERIM DIVIDEND

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

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 18 December 2019 to 19 December 2019, both dates inclusive (record date being 19 December 2019), during which period no transfer of shares of the Company will be registered.

In order to qualify for entitlement to the interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's registrar, Tricor Secretaries Limited of Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 17 December 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

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

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

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

REVIEW AND OUTLOOK

Market Review

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

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

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

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

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

property market has been promoted. Meanwhile, the UK property market was affected by the challenging global trading environment and the risk of hard Brexit. Property prices in the UK were stable but full of uncertainty.

Business Review

Broking and securities margin financing

During the period ended 30 September 2019, the broking business posted a loss of approximately HK\$1.4 million (2018: profit of HK\$5.8 million). The operating result of the broking business decreased by 124.1% as a result of the decrease in our broking turnover and number of sizeable corporate finance transactions during current period. The decrease in broking turnover was affected by the volatile local stock market and negative global investment atmosphere. Revenue from broking for the period decreased by 36.2% to approximately HK\$19.9 million (2018: HK\$31.2 million) as compared with last financial period, of which approximately HK\$2.6 million (2018: HK\$6.1 million) was contributed by the underwriting, placing and proof of funds business. The decrease in these fee was due to the decrease in number of deals as a result of the less active capital market during the current period.

Securities margin financing remained to be the Group's major revenue contributor for the period. During the period, total interest income from securities margin financing reduced by 1.7% to approximately HK\$170 million (2018: HK\$173 million) with the decrease in average level of securities margin lending during the period. Total outstanding loan of securities margin financing as at 30 September 2019 amounted to approximately HK\$4,244.4 million (as at 31 March 2019: HK\$3,732.6 million). Impairment loss on margin clients receivable of HK\$55.4 million was charged during the current period (2018: HK\$5.7 million). The Group will continue to maintain a balance on yield relative to risk and cautious approach to the credit control of its margin financing business.

Money lending

The money lending vehicle is engaged in provision of consumer and mortgage loans. The money lending business continued to show good performance during the period. The aggregated loan amount decreased to HK\$868 million at 30 September 2019 from HK\$1,086.2 million at 31 March 2019. Total interest income increased by 18.1% to HK\$53.6 million (2018: HK\$45.4 million) for the period. It recorded profit before tax of HK\$41.4 million (2018: HK\$42.8 million) for the six months ended 30 September 2019. Net impairment loss of HK\$11.2 million was made on the loan book of money lending for the period. Building on the Group's expertise and relationships with high net worth customers, the Group remains positive about the money lending business and will continue to target high net worth customers with short-term financial needs.

Corporate finance

The Group's corporate finance business focused on the provision of financial advisory services to listed companies in Hong Kong. During the period ended 30 September 2019, it completed 1 financial advisory transaction (2018: 3). The operation reported a profit of approximately HK\$0.2 million for the period (2018: HK\$1.2 million).

Investments

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

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

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

Outlook

Looking ahead, the global economic backdrop remains clouded with uncertainties. Since the United States and China are the most central players in the highly integrated global trade network, escalating US-China commercial tensions represent a significant risk to global financial markets. The aggressive US trade policy remains being a liability to the market as rising trade barriers is a particular issue for those markets that are most

dependent on global trade and investment, including Hong Kong. Most of the Asian economies are in stronger positions than years ago but given the integration in the global supply chain, they are still vulnerable to the trade tension between United State and China. On the other hand, the recent political events in Hong Kong have brought haze to both stock market and property market in Hong Kong. In the foreseeable future, the prospect of the Hong Kong markets is still uncertain.

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

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

Dealing with the future challenges, the management of the Group would review and adjust business strategies on regular basis with a prudent and balanced risk management approach. The management of the Group remains cautiously optimistic about the business development and overall performance of the Group in the future. The Group is endeavoring to render comprehensive services to our affluent and high-net-worth clients in order to maintain our clients' confidence and loyalty. Given our lean and efficient organization structure, stable clients base, strong track record and solid business fundamentals, the Group is poised to expand its horizons and scale new heights in the years to come in order to continue maximizing returns and value for all shareholders.

FINANCIAL REVIEW

Financial Resources and Gearing Ratio

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

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

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

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

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

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

Charges on Group Assets

As at 30 September 2019, leasehold land and building of the Group with a carrying amount of HK\$104.9 million (31 March 2019: HK\$105.5 million) were pledged for a banking facility granted to the Group.

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

The Group did not make any material acquisitions or disposals of subsidiaries, associates or jointly controlled entities during the period.

Employee Information

As at 30 September 2019, the Group had 80 employees (31 March 2019: 78). The Group's employees were remunerated according to their performance, working experience and market conditions. The total amount of remuneration cost of employees of the Group for the period was HK\$12.3 million (2018: HK\$11.4 million). The Group provides employee benefits including mandatory provident fund, discretionary share options and performance bonus for its staff.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SHARES

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

CORPORATE GOVERNANCE CODE

Throughout the period ended 30 September 2019, the Company has applied the principles of, and complied with, the applicable code provisions of the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 to the Listing Rules, except for deviations which are summarised below:

CG Code provision A.4.1 stipulates that non-executive Directors should be appointed for a specific term subject to re-election. The non-executive directors of the Company are not appointed for specific terms but subject to retirement by rotation and re-election at the annual general meeting of the Company according to the provisions of the Company's articles of association.

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

AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed with management of the Company the Group's unaudited condensed consolidated interim financial statements for the six months ended 30 September 2019 including the accounting principles and practices adopted by the Group.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

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

PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the websites of the Stock Exchanges at <http://www.hkexnews.hk> under “Listed Company Information” and the Company at <http://www.getnice.com.hk>. The 2019 Interim Report of the Company containing all the information required by the Listing Rules will be dispatched to shareholders of the Company and published on the websites of the Stock Exchange at <http://www.hkexnews.hk> under “Listed Company Information” and the Company at <http://www.getnice.com.hk> in due course.

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

Hong Kong, 28 November 2019

As at the date of this announcement, the executive directors of the Company are Mr. Hung Hon Man (Chairman and Chief Executive Officer), Mr. Cham Wai Ho, Anthony (Deputy Chairman) and Mr. Kam Leung Ming; and the independent non-executive directors of the Company are Mr. Man Kong Yui, Mr. Sun Ka Ziang, Henry and Mr. Siu Hi Lam, Alick.