

**GET NICE HOLDINGS LTD :
IT'S NOT SO NICE, FOLKS**

The flotation of Get Nice Holdings Ltd (Stock Code 64, Main Board, The Stock Exchange of Hongkong Ltd) set a number of records for the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), according to TARGET's calculations, because the public float required the greatest number of underwriters, ever to be massed to Place just 75 million shares, the Company, itself, has received more raps over the knuckles by the HKSAR Authorities than any other securities company, coming to the public forum, and the Company forecast a Net Profit Attributable to Shareholders for the 2002 Financial Year, which was the lowest level in the past 3 Financial Years.

Get Nice pitched its Placing Prospectus on May 24, 2002 when it Placed 75 million New, 10-cent Shares at a Premium of 90 cents Per Share.

There were, in total, 23 Underwriters, listed on the first page of the Prospectus, their job, being to raise \$HK75 million, gross, for the securities Company, that sum of money, coming down to \$HK63.80 million after all expenses had been paid.

The money, raised in this exercise, is said to be earmarked for the following purposes, according to Page 122:

1. \$HK4 million to recruit additional staff;
2. \$HK13 million to expand the margin financing business;
3. \$HK10 million to retire some bank borrowings;
4. \$HK12 million to try to establish corporate finance business;
5. \$HK10 million to be used as Working Capital for Placing and Underwriting activities;
6. \$HK3.50 million to upgrade the Company's computer system;
7. \$HK3 million to be used for promotional activities; and,
8. \$HK8.30 million to be used as General Working Capital.

The Consolidated Balance Sheet of the Company, shown at Pages 143 and 144, indicates financial health, at a cursory glance, but, when studied carefully, one sees a glowing flaw in the accounts.

Net Current Assets, as at December 31, 2001, stood at \$HK131.50 million, but borrowings, due within one year, had ballooned from the March 31, 2001 figure of about \$HK54.88 million to the December 31, 2001 figure of about \$HK117.58 million.

Further, under Non-Current Liabilities, there is a subordinated loan, amounting to \$HK60 million, which was afforded to Get Nice on June 30, 2000 by the Chairman.

Note 24 at Page 165 of the Prospectus explains:

'The Group has obtained a subordinated loan from a director, Mr. Hung Hon Man (the Chairman and Founder of Get Nice Holdings Ltd). The loan is unsecured, bears interest at Hong Kong prime lending rate per annum and is repayable on 29th June, 2002. The subordinated loan was approved by the Securities and Futures Commission (the "SFC") on 30th June, 2000 for the purposes of compliance by a subsidiary of the Company, GNI(Get Nice Investment Ltd), with the Financial Resources Rules ("FRR"). In the event of GNI's insolvency or GNI becoming unable to comply with the FRR, the rights of Mr. Hung Hon Man in respect of this subordinated loan and the interest payable thereon will be subordinated in all respect of the rights of GNI's other creditors.

'During the nine months ended 31st December, 2001, Mr. Hung Hon Man, with the consent from the SFC, agreed not to charge interest on the subordinated loan for the period from 1st April, 2001 to the date of listing of the shares of the Company on the SEHK (The Stock Exchange of Hongkong Ltd) or 31st March, 2002, whichever is earlier. Had interest been charged at Hong Kong prime lending rate per annum, the interest expenses for the nine months ended 31st December, 2001 would have been approximately HK\$2,932,000.

'The subordinated loan was repaid to Mr. Hung Hon Man and, concurrently, has been taken up by Get Nice Incorporated (a wholly owned subsidiary of the Company, incorporated in the British Virgin Islands) prior to the date of listing of the Company's shares on the SEHK. Get Nice Incorporated was funded by Mr. Hung Hon Man to take up the subordinated loan. This amount due from Get Nice Incorporated to Mr. Hung Hon Man has been capitalised on the same day by the issue and allotment of 5,355 shares in Get Nice Incorporated to Honeylink Agents Limited (as directed by Mr. Hung Hon Man), credited as fully paid. As such, the outstanding balance as at 31st December, 2001 is shown as a non-current liability.'

(Honeylink Agents Ltd is the private holding company of the Chairman and holds 63.09 percent of the Issued and Fully Paid-Up Share Capital of Get Nice Holdings Ltd)

A number of conclusions may be drawn from the above, but it is very clear that the Chairman has had to fund Get Nice Holdings in order to ... [CLICK TO ORDER FULL ARTICLE](#)

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