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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)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020

RESULTS

The board of directors (the “Board”) of Get Nice Holdings Limited (the “Company”) are pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2020 with comparative figures for the previous financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	<i>Notes</i>	2020 HK\$'000	2019 <i>HK\$'000</i>
Revenue	4	524,524	561,905
Other operating income	6a	6,203	4,409
Other gains and losses, net	6b	(113,452)	(37,222)
Amortisation and depreciation		(7,959)	(7,687)
Commission expenses		(7,020)	(9,460)
Net impairment loss on accounts receivable	13	(110,907)	(20,085)
Reversal (Provision) of net impairment loss on loans and advances	14	2,915	(16,508)
Reversal of net impairment loss on Mandatory FVOCI		1,517	1,129
Staff costs	7	(24,526)	(23,386)
Finance costs	8	(32,265)	(97,371)
Other expenses		(34,750)	(44,552)
Profit before taxation	9	204,280	311,172
Income tax expense	10	(47,552)	(79,076)
Profit for the year		156,728	232,096

	<i>Notes</i>	2020 HK\$'000	2019 HK\$'000
Other comprehensive income (expense)			
<i>Items that are reclassified or may be reclassified subsequently to profit or loss</i>			
Exchange difference arising on translation of foreign operations		(12,237)	(15,922)
Fair value gain on Mandatory FVOCI reclassified to profit or loss upon disposal		2,333	104
Fair value loss on Mandatory FVOCI		(21,440)	(540)
Deferred tax arising on revaluation of Mandatory FVOCI		3,153	72
<i>Items that will not be reclassified to profit or loss</i>			
Fair value gain (loss) on Designated FVOCI		1,929	(6,083)
Deferred tax arising on revaluation of Designated FVOCI		(318)	1,004
Surplus on revaluation of properties		1,114	2,770
Deferred tax arising on revaluation of properties		(184)	(457)
Total other comprehensive expense for the year		(25,650)	(19,052)
Total comprehensive income for the year		131,078	213,044
Profit for the year attributable to:			
Owners of the Company		118,295	195,080
Non-controlling interests		38,433	37,016
		156,728	232,096
Total comprehensive income attributable to:			
Owners of the Company		93,781	175,403
Non-controlling interests		37,297	37,641
		131,078	213,044
Earnings per share			
Basic (HK cents)	12	1.22	2.02
Diluted (HK cents)	12	1.22	2.02

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2020

	<i>Notes</i>	2020 HK\$'000	2019 <i>HK\$'000</i>
Non-current assets			
Property and equipment / Prepaid lease payments and property and equipment		106,387	112,407
Investment properties		874,074	881,896
Intangible assets		8,413	8,413
Goodwill		15,441	15,441
Other assets		4,392	3,517
Deposit paid for acquisition of a subsidiary		6,200	–
Deferred tax assets		4,450	1,266
Loans and advances	14	32,568	47,553
Investments in securities		260,505	582,424
		1,312,430	1,652,917
Current assets			
Accounts receivable	13	3,564,867	3,707,421
Loans and advances	14	656,645	1,038,647
Prepayments, deposits and other receivables		56,942	29,868
Tax recoverable		23,312	7,637
Investments in securities		247,740	232,684
Bank balances – client accounts		445,239	1,143,120
Bank balances – general accounts and cash		905,175	505,871
		5,899,920	6,665,248

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current liabilities			
Accounts payable	15	478,475	1,196,203
Accrued charges and other payables		7,734	10,661
Amounts due to non-controlling shareholders		30,257	43,665
Tax payable		139,203	144,724
Bank borrowings		–	50,000
Liability component of convertible bonds issued by a listed subsidiary	16	–	233,524
		<u>655,669</u>	<u>1,678,777</u>
Net current assets		<u>5,244,251</u>	<u>4,986,471</u>
Total assets less current liabilities		<u>6,556,681</u>	<u>6,639,388</u>
Non-current liabilities			
Deferred tax liabilities		<u>7,820</u>	<u>6,506</u>
Net assets		<u>6,548,861</u>	<u>6,632,882</u>
Capital and reserves			
Share capital	17	966,270	966,270
Reserves		<u>4,500,849</u>	<u>4,498,789</u>
Equity attributable to owners of the Company		5,467,119	5,465,059
Non-controlling interests			
Existing		1,081,742	1,061,514
Potential	16	–	<u>106,309</u>
Total equity		<u>6,548,861</u>	<u>6,632,882</u>

Notes:

1. CORPORATE 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) provision of financial services, including securities dealing and broking, futures and options broking, underwriting and placements, securities margin financing and corporate finance services.

The 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 AND ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

Basis of preparation

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable HKFRSs, Hong Kong Accounting Standards (“HKASs”) and interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2019 consolidated financial statements except for the adoption of the following new / revised HKFRSs that are relevant to the Group and effective from the current year.

2. BASIS OF PREPARATION AND ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

Adoption of new / revised HKFRSs

Annual Improvements Project – 2015-2017 Cycle

HKAS 12: Income tax consequences of payments on financial instruments classified as equity

The amendments clarify that (a) the income tax consequences of dividends are recognised in profit or loss, other comprehensive income or equity according to where the past transactions or events that generated the distributable profits were originally recognised and (b) these requirements apply to all income tax consequences of dividends as defined in HKFRS 9.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

HK(IFRIC)-Int 23: Uncertainty over Income Tax Treatments

The interpretation supports the requirements in HKAS 12 Income Taxes by specifying how to reflect the effects of uncertainty in accounting for income taxes.

The adoption of the interpretation does not have any significant impact on the consolidated financial statements.

HKFRS 16: Leases

HKFRS 16 replaces HKAS 17 and related Interpretations for annual periods beginning on or after 1 January 2019. It significantly changes, among others, the lessee accounting by replacing the dual-model under HKAS 17 with a single model which requires a lessee to recognise right-of-use assets and lease liabilities for the rights and obligations created by all leases with a term of more than 12 months, unless the underlying asset is of low value. For lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. HKFRS 16 also requires enhanced disclosures to be provided by lessees and lessors.

In accordance with the transitional provisions, the Group has applied HKFRS 16 for the first time at 1 April 2019 (i.e. the date of initial application, the “DIA”) using the modified retrospective approach in which comparative information has not been restated. Instead, the Group recognised the cumulative effect of initially applying HKFRS 16 as an adjustment to the balance of accumulated profits or other component of equity, where appropriate, at the DIA.

The Group also elected to use the transition practical expedient not to reassess whether a contract was, or contained, a lease at the DIA and the Group applied HKFRS 16 only to contracts that were previously identified as leases applying HKAS 17 and to contracts entered into or changed on or after the DIA that are identified as leases applying HKFRS 16.

2. BASIS OF PREPARATION AND ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

Adoption of new / revised HKFRSs (Continued)

HKFRS 16: Leases (Continued)

As lessee

Before the adoption of HKFRS 16, lease contracts were classified as operating or finance lease in accordance with the Group's accounting policies applicable prior to the DIA.

Upon adoption of HKFRS 16, the Group accounted for the leases in accordance with the transition provisions of HKFRS 16 and the Group's accounting policies applicable from the DIA.

The Group recognised right-of-use assets and lease liabilities for leases previously classified as operating leases at the DIA, except for leases for which the underlying asset is of low value, and the Group applied the following practical expedients on a lease-by-lease basis.

- (a) applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- (b) did not recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the DIA.
- (c) excluded initial direct costs from the measurement of the right-of-use assets at the DIA.
- (d) used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

At the DIA, except for those that were previously or will be accounted for as investment property using the fair value model, right-of-use assets were, on a lease-by-lease basis, measured at either,

- (a) their carrying amount as if HKFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the DIA; or
- (b) an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised immediately before the DIA.

Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the DIA.

2. BASIS OF PREPARATION AND ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

Adoption of new / revised HKFRSs (Continued)

HKFRS 16: Leases (Continued)

As lessee (Continued)

Reconciliation of operating lease commitments disclosed applying HKAS 17 at 31 March 2019 and lease liabilities recognised at the DIA is as follows:

	<i>HK\$'000</i>
Operating lease commitments at 31 March 2019	371
Less: Short-term leases and other leases with remaining lease term ending on or before 31 March 2020	(324)
Leases of low-value assets	<u>(47)</u>
Lease liabilities at 1 April 2019	<u><u>–</u></u>

At 31 March 2019, prepaid lease payments are up-front payments to acquire fixed term interests in lessee-occupied land that are classified as operating leases. Upon application of HKFRS 16, the prepaid lease payments with carrying amount amounting to HK\$69,280,000 were reclassified to right-of-use assets and were still presented within the line item “Property and equipment” in the consolidated statement of financial position.

As lessor

The Group is not required to make any adjustments on transition for leases in which it is a lessor and those leases are accounted for by applying HKFRS 16 from the DIA.

Basis of measurement

The measurement basis used in the preparation of these consolidated financial statements is historical cost, except for buildings, investment properties and investments in securities, which are measured at revalued amounts or fair value.

3. FUTURE CHANGES IN HKFRSs

At the date of authorisation of the consolidated financial statements, the HKICPA has issued the following new / revised HKFRSs that are relevant to the Group and are not yet effective for the current year, which the Group has not early adopted.

Amendments to HKASs 1 and 8	Definition of Material ⁽⁵⁾
Amendments to HKAS 39, HKFRSs 7 and 9	Interest Rate Benchmark Reform ⁽¹⁾
Amendments to HKFRS 3	Definition of a Business ⁽²⁾
Amendments to HKFRS 16	Covid-19-Related Rent Concessions ⁽³⁾
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁽⁴⁾

⁽¹⁾ Effective for annual periods beginning on or after 1 January 2020

⁽²⁾ Effective for acquisitions that occur on or after the beginning of the first annual period beginning on or after 1 January 2020

⁽³⁾ Effective for annual periods beginning on or after 1 June 2020

⁽⁴⁾ The effective date to be determined

The directors do not anticipate that the adoption of these new / revised HKFRSs in future periods will have any material impact on the result of the Group.

4. REVENUE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<u>Revenue from contracts with customers within HKFRS 15</u>		
Brokerage commission	26,730	37,288
Underwriting and placing commission	5,824	5,509
Proof of funds commission	1,000	7,160
Other commission	102	33
Clearing and handling fee income	1,819	2,366
Advisory fee income	257	2,089
	<u>35,732</u>	<u>54,445</u>
 <u>Revenue from other sources</u>		
Property rental income	<u>13,717</u>	<u>12,583</u>
 Interest income from financial assets at FVPL		
– unlisted convertible notes	2,277	1,560
– unlisted debt securities	16,379	33,861
	<u>18,656</u>	<u>35,421</u>
	<u>68,105</u>	<u>102,449</u>

4. REVENUE (CONTINUED)

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<i>Interest revenue calculated using the effective interest method</i>		
– bank balances and time-deposits	5,877	4,235
– other financial assets at amortised costs		
– accounts receivable	325,233	340,387
– loans and advances	105,744	102,337
– Mandatory FVOCI	19,565	12,497
	<u>456,419</u>	<u>459,456</u>
Total revenue	<u>524,524</u>	<u>561,905</u>

5. SEGMENT INFORMATION

The Group is currently organised into five operating divisions, namely broking, securities margin financing, money lending, corporate finance and investments. These divisions are the basis on which board of directors of the Company, being the chief operating decision maker, reviews the operating results and financial information. The principal activities of these divisions are as follows:

Broking	– Provision of stockbroking, futures and options broking and underwriting and placements
Securities margin financing	– Provision of securities margin financing
Money lending	– Provision of mortgage and consumer loans
Corporate finance	– Provision of corporate advisory services
Investments	– Holding of investment properties and financial instruments

5. SEGMENT INFORMATION (CONTINUED)

The accounting policies of the operating segments are the same as the Group's accounting policies. For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than certain property and equipment / prepaid lease payments and property and equipment, club memberships, goodwill, certain other assets, certain prepayments, deposits and other receivables, certain bank balances, certain tax recoverable and certain deferred tax assets.
- all liabilities are allocated to operating segments other than certain accrued charges and other payables, amounts due to non-controlling shareholders, bank borrowings, certain tax payable, certain deferred tax liabilities and liability component of convertible bonds issued by a listed subsidiary.
- all profit or loss are allocated to operating segments other than certain amortisation and depreciation, certain lease payments for short-term lease or lease of low value assets / operating lease rentals, certain management fees, certain finance costs, certain staff costs and certain other expenses incurred for strategic planning by the Group.

Segment information about these divisions is presented below.

Segment revenue and results

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

Year ended 31 March 2020

	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>41,418</u>	<u>325,167</u>	<u>105,744</u>	<u>257</u>	<u>51,938</u>	<u>524,524</u>
SEGMENT RESULT	<u>1,433</u>	<u>213,960</u>	<u>107,600</u>	<u>164</u>	<u>(62,566)</u>	260,591
Unallocated other operating income and corporate expenses, net						(25,133)
Unallocated finance costs						<u>(31,178)</u>
Profit before taxation						<u>204,280</u>

5. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

Year ended 31 March 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>56,635</u>	<u>340,343</u>	<u>102,337</u>	<u>2,089</u>	<u>60,501</u>	<u>561,905</u>
SEGMENT RESULT	<u>15,198</u>	<u>320,257</u>	<u>85,575</u>	<u>1,518</u>	<u>59,157</u>	481,705
Unallocated other operating income and corporate expenses, net						(73,858)
Unallocated finance costs						<u>(96,675)</u>
Profit before taxation						<u>311,172</u>

Segment assets and liabilities

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

At 31 March 2020

	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 ASSETS	<u>415,143</u>	<u>3,893,585</u>	<u>886,927</u>	<u>9,820</u>	<u>1,454,582</u>	6,660,057
Unallocated assets (<i>note i</i>)						<u>552,293</u>
Consolidated assets						<u>7,212,350</u>
SEGMENT LIABILITIES	<u>131,178</u>	<u>351,749</u>	<u>376</u>	<u>10</u>	<u>2,426</u>	485,739
Unallocated liabilities (<i>note ii</i>)						<u>177,750</u>
Consolidated liabilities						<u>663,489</u>

5. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities (Continued)

At 31 March 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 ASSETS	<u>553,741</u>	<u>4,732,833</u>	<u>1,060,998</u>	<u>9,732</u>	<u>1,822,751</u>	8,180,055
Unallocated assets (<i>note i</i>)						<u>138,110</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 (<i>note ii</i>)						<u>410,171</u>
Consolidated liabilities						<u>1,685,283</u>

Notes:

- (i) The balance comprises bank balances of approximately HK\$440,596,000 (2019: HK\$20,338,000)
- (ii) The balance comprise amounts due to non-controlling shareholders and tax payables of approximately HK\$30,257,000 and HK\$138,321,000 respectively (2019: amounts due to non-controlling shareholders, tax payables and liability component of convertible bonds issued by a listed subsidiary of approximately HK\$32,669,000, HK\$138,321,000 and HK\$233,524,000 respectively).

5. SEGMENT INFORMATION (CONTINUED)

Other segment information

2020

	Broking HK\$'000	Securities margin financing HK\$'000	Money lending HK\$'000	Corporate finance HK\$'000	Investments HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Amounts included in the measure of segment profit or loss or segment assets:							
Additions of property and equipment	120	-	607	-	68	30	825
Depreciation of property and equipment	(1,055)	-	(64)	-	(39)	(6,801)	(7,959)
Net impairment loss on accounts receivable	-	(110,907)	-	-	-	-	(110,907)
Reversal of net impairment loss on loans and advances	-	-	2,915	-	-	-	2,915
Reversal of net impairment loss on Mandatory FVOCI	-	-	-	-	1,517	-	1,517
Additions of investment properties	-	-	-	-	90,752	-	90,752
Fair value losses on investment properties	-	-	-	-	(86,558)	-	(86,558)
Fair value losses on financial assets at FVPL	(66)	-	-	-	(19,137)	-	(19,203)
Gain on disposal of property and equipment	40	-	-	-	-	-	40
Gain on disposal of subsidiaries	-	-	-	-	2,181	-	2,181
Interest income (including revenue and other operating income)	6,187	325,167	105,754	75	38,265	2,322	477,770
Finance costs	(943)	-	-	-	(144)	(31,178)	(32,265)
Commission expenses	(6,978)	-	-	(42)	-	-	(7,020)
Write off of accounts receivable	-	(300)	-	-	-	-	(300)
Write off of loans and advances	-	-	(205)	-	-	-	(205)

2019

	Broking HK\$'000	Securities margin financing HK\$'000	Money lending HK\$'000	Corporate finance HK\$'000	Investments HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Amounts included in the measure of segment profit or loss or segment assets:							
Additions of property and equipment	879	-	3	-	-	31	913
Amortisation of prepaid lease payment, and depreciation of property and equipment	(1,220)	-	-	(1)	(20)	(6,446)	(7,687)
Net impairment loss on accounts receivable	-	(20,085)	-	-	-	-	(20,085)
Net impairment loss on loans and advances	-	-	(16,508)	-	-	-	(16,508)
Reversal of net impairment loss on Mandatory FVOCI	-	-	-	-	1,129	-	1,129
Additions of investment properties	-	-	-	-	99,041	-	99,041
Fair value gains on investment properties	-	-	-	-	10,686	-	10,686
Fair value losses on financial assets at FVPL	(22)	-	-	-	(11,022)	-	(11,044)
Interest income (including revenue and other operating income)	4,498	340,343	102,337	63	47,931	353	495,525
Finance costs	(274)	-	-	-	(422)	(96,675)	(97,371)
Commission expenses	(8,851)	-	-	(609)	-	-	(9,460)
Loss on redemptions of convertible bonds issued by a listed subsidiary	-	-	-	-	-	(38,867)	(38,867)
Write off of property and equipment	(15)	-	-	-	-	-	(15)

5. SEGMENT INFORMATION (CONTINUED)

Geographical information

The Group's operations are located in Hong Kong and the United Kingdom (2019: 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	
	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Hong Kong	513,739	550,984
United Kingdom	10,785	10,921
	<u>524,524</u>	<u>561,905</u>

The following table 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	
	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Hong Kong	805,983	811,765
United Kingdom	202,724	209,909
	<u>1,008,707</u>	<u>1,021,674</u>

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

Information about major customers

During the years ended 31 March 2020 and 2019, there were no customers contributing 10% or more of the Group's total revenue.

6. OTHER OPERATING INCOME / OTHER GAINS AND LOSSES, NET

6a. Other operating income

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Bank interest income	2,695	648
Dividend income	2,038	2,122
Sundry income	1,470	1,639
	<u>6,203</u>	<u>4,409</u>

6b. Other gains and losses, net

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Fair value changes on investment properties	(86,558)	10,686
Net realised (losses) gains on error trades	(30)	36
Fair value losses on financial assets at FVPL	(19,203)	(11,044)
Realised (losses) gains on redemption / disposal of		
– financial assets at FVPL	(5,388)	2,498
– Mandatory FVOCI	(732)	(234)
Exchange difference, net	(3,762)	(297)
Gain on disposal of property and equipment	40	–
Gain on disposal of subsidiaries	2,181	–
Loss on redemption of convertible bonds issued by a listed subsidiary	–	(38,867)
	<u>(113,452)</u>	<u>(37,222)</u>

7. STAFF COSTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Staff costs including directors' emoluments:		
Salaries and other benefits	23,627	22,489
Retirement benefit scheme contributions	899	897
	<u>24,526</u>	<u>23,386</u>

8. FINANCE COSTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interest on bank borrowings	923	549
Interest on bank overdraft	16	–
Interest on clients' accounts	148	147
Interest on convertible bonds issued by a listed subsidiary	<u>31,178</u>	<u>96,675</u>
	<u><u>32,265</u></u>	<u><u>97,371</u></u>

9. PROFIT BEFORE TAXATION

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
This is stated after charging:		
Auditor's remuneration	2,800	2,800
Direct operating expenses relating to investment properties that generated rental income	522	191
Direct operating expenses relating to investment properties that did not generate rental income	1,586	1,434
Write off of accounts receivable	300	–
Write off of loans and advances	205	–
Write off of property and equipment	–	15
Share-based payment expenses	–	8,776
	<u><u> </u></u>	<u><u> </u></u>

10. TAXATION

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current tax		
<i>Hong Kong</i>		
Hong Kong Profits Tax	47,262	76,147
Over provision in prior years	<u>(1,522)</u>	<u>(2)</u>
	<u>45,740</u>	<u>76,145</u>
 <i>United Kingdom</i>		
Overseas tax	1,715	1,769
Under provision in prior years	<u>2</u>	<u>1,029</u>
	<u>1,717</u>	<u>2,798</u>
	<u>47,457</u>	<u>78,943</u>
 Deferred tax		
Origination and reversal of temporary differences	<u>95</u>	<u>133</u>
	<u>47,552</u>	<u>79,076</u>

10. TAXATION (CONTINUED)

The two-tiered profits tax rates regime have been implemented from 1 April 2018, under which, the profit tax rate for the first HK\$2,000,000 assessable profits arising from Hong Kong of qualifying entities will be taxed at 8.25%, and assessable profits arising from Hong Kong above HK\$2,000,000 will continue be taxed at the rate of 16.5%. As only one of the subsidiaries in the Group is eligible to elect the two-tiered profits tax rates, profits of the remaining subsidiaries of the Group will continue to be taxed at a flat rate of 16.5%.

For the years ended 31 March 2020 and 2019, Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax rates regime.

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

11. DIVIDENDS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Final dividend for prior financial year, paid – HK1 cent (2019: HK1 cent) per share	96,627	96,627
Interim dividend for current financial year, paid – HK0.75 cent (2019: HK1 cent) per share	<u>72,470</u>	<u>96,627</u>
	<u>169,097</u>	<u>193,254</u>

A final dividend in respect of the year ended 31 March 2020 of HK0.4 cent (2019: HK1 cent) per share, amounting to approximately HK\$38,651,000 (2019: HK\$96,627,000) has been proposed by the directors of the Company and is subject to the approval by the owners of the Company in the forthcoming annual general meeting.

12. 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 of ordinary shares in issue during the year as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Profit for the year attributable to equity shareholders of the Company	118,295	195,080
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>1.22</u>	<u>2.02</u>

12. EARNINGS PER SHARE (CONTINUED)

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.

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Profit for the year attributable to equity shareholders of the Company	118,295	195,080
Weighted average number of ordinary shares, for the purpose of basic earnings per share	9,662,706	9,662,706
Effect of dilutive potential ordinary shares	–	6,471
	<hr/>	<hr/>
Weighted average number of ordinary shares, for the purpose of diluted earnings per share	9,662,706	9,669,177
Diluted earnings per share (HK cents)	1.22	2.02
	<hr/> <hr/>	<hr/> <hr/>

Diluted earnings per share was the same as the basic earnings per share for the year ended 31 March 2020 as the potential new ordinary shares to be issued on exercise of the outstanding share options under the Company's share option scheme have an anti-dilutive effect on the basic earnings per share for the year.

As the outstanding convertible bonds issued by a listed subsidiary had an anti-dilutive effect to the basic earnings per share calculation, the computation of diluted earnings per share for both years did not assume the exercise of certain convertible bonds since their assumed exercise would result in increase in earnings per share.

13. ACCOUNTS RECEIVABLE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Accounts receivable arising from the business of dealing in securities:		
– Cash clients	8,240	8,879
– Margin clients:		
– Directors and their close family members	313,578	167,054
– Other margin clients	3,378,716	3,565,509
– Hong Kong Securities Clearing Company Limited	369	–
	<hr/>	<hr/>
Accounts receivable from futures clearing house arising from the business of dealing in futures contracts	12,282	3,390
	<hr/>	<hr/>
	3,713,185	3,744,832
	<hr/>	<hr/>
Less: Loss allowances	(148,318)	(37,411)
	<hr/>	<hr/>
	3,564,867	3,707,421
	<hr/> <hr/>	<hr/> <hr/>

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

13. ACCOUNTS RECEIVABLE (CONTINUED)

Included in the accounts receivable from cash clients are debtors with a carrying amount of approximately HK\$546,000 (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 as there has not been a significant change in credit quality and a substantial portion of the carrying amount is subsequently settled.

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:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0 – 30 days	438	141
31 – 60 days	1	1
Over 60 days	107	12
	<u>546</u>	<u>154</u>

The accounts receivable from cash clients with a carrying amount of approximately HK\$7,694,000 (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.

Accounts receivable from margin clients are secured by clients' pledged securities with fair value of approximately HK\$11,050,426,000 (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 subsequent to settlement date and carry interest typically at a range from 7.236% to 9.252% per annum (2019: range from 7.236% to 9.252% per annum) at 31 March 2020. Securities are assigned with specific margin ratios for calculating their margin values. Additional funds or collateral are required if the outstanding amount exceeds the eligible margin value of securities deposited. The collateral held can be pledged and can be sold at the Group's discretion to settle any outstanding amount owed by margin clients.

The Group provides financing services only to recognised and creditworthy third parties. It is the Group's policy that all these margin clients are subject to credit verification procedures. The margin loans are secured by pledged marketable securities and margin facilities are set to ensure that certain proportion of the fair value of pledged marketable securities of the individual margin clients is higher than the corresponding outstanding loans.

The Group has concentration of credit risk as 58% (2019: 44%) of the total accounts receivable from margin clients was due from the Group's ten largest 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.

The Group's customer base consists of a wide range of clients and the accounts receivable from margin clients are categorised by common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms.

13. ACCOUNTS RECEIVABLE (CONTINUED)

In estimating the ECL and in determining whether there is a significant increase in credit risk since initial recognition, whether the financial asset is credit-impaired and the amount of loss given default, the Group has taken into account the credit quality of margin clients, the collateral to account receivable balances ratio, amount of margin shortfall of margin clients and pledged marketable securities and adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. There was no change in the estimation techniques or methodology made during the year.

The Group has established a margin client credit risk classification system and performs credit risk management based on margin client classification in one of three categories of internal credit rating. The information about the ECL for the accounts receivable from margin clients at the end of the reporting period is summarised below. After considering the above factors, net impairment loss of approximately HK\$110,907,000 (2019: HK\$20,085,000) was recognised during the year.

At 31 March 2020

<u>Internal credit rating</u>	<u>Basis of ECL</u>	<u>Gross carrying amount</u>	<u>Loss allowance</u>
		<i>HK\$'000</i>	<i>HK\$'000</i>
Performing	12-month	3,400,141	16,408
Underperforming	Lifetime	104,030	7,822
Not performing	Lifetime	188,123	124,088
		<u>3,692,294</u>	<u>148,318</u>

At 31 March 2019

<u>Internal credit rating</u>	<u>Basis of ECL</u>	<u>Gross carrying amount</u>	<u>Loss allowance</u>
		<i>HK\$'000</i>	<i>HK\$'000</i>
Performing	12-month	3,647,664	17,702
Underperforming	Lifetime	53,167	3,795
Not performing	Lifetime	31,732	15,914
		<u>3,732,563</u>	<u>37,411</u>

At 31 March 2020, the Group recognised loss allowance of approximately HK\$148,318,000 (2019: HK\$37,411,000) on its accounts receivable from margin clients. The movement in the loss allowance for accounts receivable from margin clients during the year is summarised below.

13. ACCOUNTS RECEIVABLE (CONTINUED)

Year ended 31 March 2020

	12-month ECL	Lifetime ECL		Total HK\$'000
	Performing HK\$'000	Underperforming HK\$'000	Not performing HK\$'000	
At the beginning of the reporting period	17,702	3,795	15,914	37,411
(Decrease) Increase in allowance	(1,294)	4,027	108,174	110,907
	16,408	7,822	124,088	148,318

Year ended 31 March 2019

	12-month ECL	Lifetime ECL		Total HK\$'000
	Performing HK\$'000	Underperforming HK\$'000	Not performing HK\$'000	
At the beginning of reporting period, as restated	15,902	2,243	20	18,165
Increase in allowance	1,800	1,552	16,733	20,085
Amount written off	–	–	(839)	(839)
	17,702	3,795	15,914	37,411

The following significant changes in the gross carrying amounts of the balances contributed to the increase in the loss allowance during the year:

- (i) Increase in loss given default rate due to the increased in shortfall portion of margin loans which are not fully secured amounted to approximately HK\$186,762,000 (2019: HK\$34,553,000); and
- (ii) Additional loss allowance of approximately HK\$89,556,000 (2019: HK\$15,838,000) as a result of difficulties on repayment by accounts receivable from margin clients.

The Group has pledged securities as collateral amounted to approximately HK\$48,634,000 (2019: HK\$3,642,000) in respect of the credit-impaired accounts receivable from margin clients.

14. LOANS AND ADVANCES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Fixed-rate loan receivables	700,057	1,115,336
Less: Loss allowances	<u>(10,844)</u>	<u>(29,136)</u>
	<u>689,213</u>	<u>1,086,200</u>
Secured	248,241	229,281
Unsecured	<u>440,972</u>	<u>856,919</u>
	<u>689,213</u>	<u>1,086,200</u>
Analysed as:		
Current	656,645	1,038,647
Non-current	<u>32,568</u>	<u>47,553</u>
	<u>689,213</u>	<u>1,086,200</u>

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; carrying amount of approximately HK\$40,000,000 are secured by pledged securities with an aggregate fair value of approximately HK\$411,992,000.

At 31 March 2019, loans and advances with carrying amount of approximately HK\$223,084,000 are secured by first mortgage of properties in Hong Kong with an aggregate fair value of approximately HK\$464,029,000; carrying amount of approximately HK\$6,197,000 are secured by second mortgages of properties in Hong Kong with an aggregate fair value of approximately HK\$34,750,000.

The fixed rate loan receivables carry interest ranging from 6% to 24% (2019: 8% to 24%) per annum. The net outstanding balances are repayable on the respective maturity dates from 2020 to 2023.

At 31 March 2020, the Group has concentration of credit risk as 50% (2019: 43%) of total loans and advances was due from the Group's five largest borrowers, within the money lending segment.

In estimating the ECL and in determining whether there is a significant increase in credit risk since initial recognition and whether the financial asset is credit-impaired, the Group has taken into account the historical actual credit loss experience for the borrowers and the financial position of the counterparties by reference to, among others, the background search for individual clients amount of pledged assets, their management or audited accounts and available press information, adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. There was no change in the estimation techniques or methodology made during the year.

14. LOANS AND ADVANCES (CONTINUED)

The Group has established a loan credit risk classification system and performs credit risk management based on loan classification in one of three categories of internal credit rating. The information about the ECL for the loan receivables as at the end of the reporting period is summarised below. After considering the above factors, reversal on net impairment loss of approximately HK\$2,915,000 (2019: net impairment loss of approximately HK\$16,508,000) was recognised during the year.

At 31 March 2020

<u>Internal credit rating</u>	<u>Basis of ECL</u>	Gross carrying	Loss allowance
		amount	
		<i>HK\$'000</i>	<i>HK\$'000</i>
Performing	12-month	535,692	5,667
Underperforming	Lifetime	160,865	1,677
Not performing	Lifetime	3,500	3,500
		<u>700,057</u>	<u>10,844</u>

At 31 March 2019

<u>Internal credit rating</u>	<u>Basis of ECL</u>	Gross carrying	Loss allowance
		amount	
		<i>HK\$'000</i>	<i>HK\$'000</i>
Performing	12-month	612,718	2,127
Underperforming	Lifetime	472,415	13,421
Not performing	Lifetime	30,203	13,588
		<u>1,115,336</u>	<u>29,136</u>

14. LOANS AND ADVANCES (CONTINUED)

Ageing analysis

Ageing analysis of loan receivables (net of loss allowance) prepared based on loan commencement or renewal date set out in the relevant contracts is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Less than 1 month	49,402	208,756
1 to 3 months	57,200	211,594
4 to 6 months	80,967	126,331
7 to 12 months	203,426	204,833
Over 12 months	298,218	334,686
	<u>689,213</u>	<u>1,086,200</u>
At the end of the reporting period	<u><u>689,213</u></u>	<u><u>1,086,200</u></u>

Ageing analysis of loan receivables (net of loss allowance) prepared based on contractual due date is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Not yet past due	685,895	1,076,298
Less than 1 month past due	500	5,210
1 to 3 months past due	2,818	4,109
Over 3 months past due	–	583
	<u>689,213</u>	<u>1,086,200</u>
At the end of the reporting period	<u><u>689,213</u></u>	<u><u>1,086,200</u></u>

14. LOANS AND ADVANCES (CONTINUED)

At 31 March 2020, the Group recognised loss allowance of approximately HK\$10,844,000 (2019: HK\$29,136,000) on its loans and advances. The movement in the loss allowance for loans and advances during the year is summarised below.

Year ended 31 March 2020

	12-month ECL	Lifetime ECL		Total <i>HK\$'000</i>
	Performing <i>HK\$'000</i>	Underperforming <i>HK\$'000</i>	Not performing <i>HK\$'000</i>	
At the beginning of the reporting period	2,127	13,421	13,588	29,136
Increase (Decrease) in allowance	3,550	(11,580)	5,115	(2,915)
Amount written off	(10)	(164)	(15,203)	(15,377)
	5,667	1,677	3,500	10,844

Year ended 31 March 2019

	12-month ECL	Lifetime ECL		Total <i>HK\$'000</i>
	Performing <i>HK\$'000</i>	Underperforming <i>HK\$'000</i>	Not performing <i>HK\$'000</i>	
At the beginning of reporting period, as restated	1,677	10,951	–	12,628
Increase in allowance	450	2,470	13,588	16,508
	2,127	13,421	13,588	29,136

The significant decrease in the loss allowance during the year is contributed from reversal of loss allowance of approximately HK\$15,620,000 (2019: HK\$nil) as a result of disposal of two loans and advances to an independent third party.

The management closely monitor the credit quality of the loans and there are no indications that the loan receivables neither past due nor impaired will be uncollectible.

15. ACCOUNTS PAYABLE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Accounts payable arising from the business of dealing in securities:		
– Cash clients	105,081	119,718
– Margin clients	351,749	1,041,015
– Hong Kong Securities Clearing Company Limited	7,673	25,586
Accounts payable to clients arising from the business of dealing in futures contracts	<u>13,972</u>	<u>9,884</u>
	<u><u>478,475</u></u>	<u><u>1,196,203</u></u>

No ageing analysis is disclosed as, in the opinion of directors of the Company, the ageing analysis does not give additional value in view of the nature of business.

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

Amounts due to securities margin clients and future clients are repayable on demand and carry interest at 0.25% (2019: 0.25%) per annum.

Included in accounts payable to margin clients arising from the business of dealing in securities are amounts due to directors of the Company, their close family members and a controlling entity of approximately HK\$280,000 (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 (the “HKFE”). The excesses of the outstanding amounts over the required initial margin deposits stipulated by the HKFE are repayable to clients on demand.

16. 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 principal amount 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.

At initial recognition, the fair value of the Convertible Bonds was allocated among the liability component and equity component of the Convertible Bonds. During the year ended 31 March 2019, Convertible Bonds of principal amount HK\$262,500,000 were redeemed by GNFG. At 31 March 2019, the carrying values of the liability component and equity component as potential non-controlling interests were approximately HK\$233,524,000 and HK\$106,309,000, respectively.

During the year ended 31 March 2020, all remaining Convertible Bonds of principal amount HK\$262,500,000 were fully redeemed on maturity date, with no gain or loss recognised in profit or loss. No Convertible Bonds were converted into ordinary shares of GNFG up to the maturity date.

17. SHARE CAPITAL

	Number of shares		Amount	
	2020	2019	2020	2019
	'000	'000	HK\$'000	HK\$'000
Ordinary shares of HK\$0.1 each				
Authorised:				
At the beginning and the end of the reporting period	30,000,000	30,000,000	3,000,000	3,000,000
Issued and fully paid:				
At the beginning and the end of the reporting period	9,662,706	9,662,706	966,270	966,270

FINAL DIVIDEND

The Directors recommended a final dividend of HK0.4 cent per share, together with the interim dividend paid during the year, amounting to total dividends of HK1.15 cents per share for this financial year.

The final dividend will be payable on or about 10 September 2020 to shareholders of the Company whose names appear on the register of members of the Company on 1 September 2020.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed on the following time periods during which no transfer of shares of the Company will be registered:

<i>For attendance to 2020 Annual General Meeting</i>	:	19 August 2020 – 24 August 2020, both dates inclusive
<i>For entitlement to final dividend</i>	:	31 August 2020 – 1 September 2020, both dates inclusive (Record date being 1 September 2020)

In order to qualify for attendance to the Company's 2020 Annual General Meeting which is scheduled to be held on 24 August 2020, Monday and/or entitlement to the final 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 the following dates:

Events		Last date of lodgement of transfer documents
<i>For attendance to 2020 Annual General Meeting</i>	:	18 August 2020, Tuesday
<i>For entitlement to final dividend</i>	:	28 August 2020, Friday

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

For the year ended 31 March 2020, the Group's revenue amounted to approximately HK\$524.5 million, representing a decrease of 6.7% as compared with approximately HK\$561.9 million reported in the last corresponding financial year. The decrease in revenue was mainly attributable to the decrease in brokerage commission with less turnover during the year. In addition, the interest income from margin financing business and debt securities held by the Group also recorded a decrease as compared with the last financial year.

Profit for the year attributable to owners of the Company was approximately HK\$118.3 million (2019: HK\$195.1 million). The decrease in profit was mainly attributable to the decrease in revenue, increase in net impairment loss on accounts receivable from margin clients, net of the decrease in finance costs, loss on redemption of convertible bonds issued by GNFG and reversal of net impairment loss on loans and advances during the year. The Group recorded imputed interest expenses arising from convertible bonds issued by GNFG in September 2017 of HK\$31.2 million during the year (2019: HK\$96.7 million). Loss on redemption of HK\$38.9 million was recorded upon redemptions of convertible bonds issued by GNFG of total principal amounts of HK\$262.5 million in prior year, no such loss was recorded during the year. The Group recorded net impairment loss on accounts receivable from margin clients and reversal of net impairment loss on loans and advances of HK\$110.9 million (2019: HK\$20.1 million) and HK\$2.9 million (2019: net impairment loss HK\$16.5 million), respectively in current financial year.

Basic earnings per share for the year were HK1.22 cents (2019: HK2.02 cents) as a result of decrease in profit during the year.

REVIEW AND OUTLOOK

Market Review

Hong Kong stocks market started to climb since the beginning of 2019 as the representatives of both China and the United States expressed optimism about the trade negotiations. With US-China trade truce, continued economic growth in the US, and reaccelerated momentum in Chinese economies, the investors were generally optimistic and Hang Seng Index reached the year high of 30,280 points on 15 April 2019. However, the US President suddenly announced that the trade negotiations broke down, causing Hong Kong stocks market to fall sharply since the end of April 2019.

In the third quarter of 2019, US-China trade war was heating up and the 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. 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 and Hong Kong has once again fell into a technical recession since the financial tsunami in 2009.

At the end of 2019, a turnaround occurred and China and the United States reached a first-stage trade agreement which China agreed to double purchase of various products from the United States in the next two years and the United States agreed to reduce the tariff on China's imported goods, caused Hong Kong stocks market to rebound.

In 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.

With fears and pessimisms caused by the outbreak of COVID-19 and concerns regarding global economy, the Hang Seng Index closed at 23,603 points at the end of March 2020, a decrease of 18.8% as compared with 29,051 points at the end of March 2019. The average daily turnover on the Main Board and GEM during the year ended 31 March 2020 was approximately HK\$92.2 billion, a decrease of 4.4% as compared with approximately HK\$96.4 billion for the prior financial year.

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. However, the COVID-19 has dragged down the Hong Kong economy and affected the wealth and income of Hong Kong citizen, the demand from retail clients has generally decreased. At the same time, 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 US-China trade war, decline of stock market, the panic caused by COVID-19 and the uncertainty due to the prolonged 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 further 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. Meanwhile, the UK property market was also affected by the challenging global trading environment, the panic caused by COVID-19 and the Brexit in January 2020. Property prices in the UK were stable but full of uncertainty.

Business review

Broking and securities margin financing

During the year ended 31 March 2020, the broking business posted a profit of approximately HK\$1.4 million (2019: HK\$15.2 million). The operating result of the broking business decreased by 90.8% as a result of the decrease in our broking turnover and number of sizeable corporate finance transactions during current year. The decrease in broking turnover was affected by the volatile local stock market and negative global investment atmosphere. Revenue from broking for the year decreased by 26.9% to approximately HK\$41.4 million (2019: HK\$56.6 million) as compared with last financial year, of which approximately HK\$6.8 million (2019: HK\$12.7 million) was contributed by the underwriting, placing and proof of funds business. The decrease in these fee incomes was due to the decrease in number of deals as a result of the less active capital market during the current year.

Securities margin financing remained to be the Group's major revenue contributor for the year. During the year, total interest income from securities margin financing dropped by 4.4% to approximately HK\$325.2 million (2019: HK\$340.3 million) with the decrease in average level of securities margin lending during the year. Total gross accounts receivable from margin clients at 31 March 2020 amounted to approximately HK\$3,692.3 million (as at 31 March 2019: HK\$3,732.6 million). Net impairment loss on margin clients receivable of HK\$110.9 million was charged during the current year (2019: HK\$20.1 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 year. The aggregated loan amount decreased to HK\$689.2 million at 31 March 2020 from HK\$1,086.2 million at 31 March 2019, with interest income for the year increased to HK\$105.7 million (2019: HK\$102.3 million). Money lending business recorded profit before tax of HK\$107.6 million for the year ended 31 March 2020 (2019: HK\$85.6 million). Net impairment loss on loans and advances of HK\$2.9 million was reversed during the year (2019: provision of net impairment loss HK\$16.5 million). Building on the Group's expertise and relationships with high net worth customers, the Group remains positive about the money lending business and will continue to target high net worth customers with short-term financial needs.

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 year under review, this division reported a loss of HK\$62.6 million (2019: profit HK\$59.2 million), mainly attributable to fair value losses on investment properties of HK\$86.6 million (2019: gains HK\$10.7 million); interest income from two unlisted debt securities of HK\$18.7 million (2019: HK\$35.4 million); interest income from listed debt securities of HK\$19.6 million (2019: HK\$12.5 million); rental income of HK\$13.7 million (2019: HK\$12.6 million); and the unrealised losses on financial assets measured at fair value through profit or loss of HK\$19.2 million (2019: HK\$11.0 million) due to the drop of share prices of certain equity securities listed in Hong Kong among the portfolio held of HK\$107.5 million at 31 March 2020 (31 March 2019: HK\$126.9 million).

During the year ended 31 March 2020, the Group newly acquired two investment properties in Hong Kong at total considerations of HK\$70 million. At 31 March 2020, the Group held a portfolio of investment properties with total fair values of HK\$874.1 million (as at 31 March 2019: HK\$881.9 million), comprised mainly the commercial buildings in Hung Hom and London.

As at 31 March 2020, the Group held an investment portfolio consisted of equity securities, debt securities, convertibles notes and investment funds with total fair values of HK\$508.2 million (as at 31 March 2019: HK\$815.1 million). The decrease in total fair values of the investment portfolio was mainly attributable to the redemption of an unlisted redeemable note with principal amount of HK\$300 million (2019: HK\$150 million) during the year while the Group held larger portfolio of listed debt securities of HK\$248.8 million at 31 March 2020 (31 March 2019: HK\$246.1 million). The portfolio of equity securities mainly comprised listed companies in Hong Kong while the portfolio of debt securities mainly comprises listed bonds, unlisted redeemable notes and unlisted convertible notes issued by certain listed companies in Hong Kong and overseas.

Corporate finance

The Group's corporate finance business focused on the provision of financial advisory services to listed companies in Hong Kong. During the year ended 31 March 2020, it completed 2 financial advisory transactions (2019: 5). The operation reported a segment profit of approximately HK\$0.2 million for the year (2019: HK\$1.5 million).

Outlook

Disruption to business operations and logistics due to COVID-19 seriously affected many industries, the impact 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 also slow down. At the same time, the potential restart of US-China trade war brought further uncertainties to the global trade environment. It is expected that the overall economy and both the stock market and property market in Hong Kong may tend to be weak.

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.

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

Equity attributable to owners of the Company amounted to approximately HK\$5,467.1 million as at 31 March 2020 (2019: HK\$5,465.1 million), representing an increase of approximately HK\$2 million or 0.04% over that of last financial year end. The non-controlling interests decreased from approximately HK\$1,167.8 million at 31 March 2019 to approximately HK\$1,081.7 million at 31 March 2020. These movements were mainly attributable to the reclassification of the equity component of convertible bonds issued by GNFG from potential non-controlling interests to retained earnings upon redemptions of convertible bonds with principal amount of HK\$262.5 million.

As at 31 March 2020, the Group's net current assets amounted to HK\$5,244.3 million (2019: HK\$4,986.5 million), and its liquidity as represented by current ratio (current assets/current liabilities) was 9 times (2019: 3.97 times). The increase in net current assets and current ratio were mainly attributable to the decrease of the liability component of convertible bonds issued by GNFG due to redemptions of convertible bonds with principal amount of HK\$262.5 million upon maturity. Also, the Group's bank balances and cash on hand increased to HK\$905.2 million (2019: HK\$505.9 million). The increase in bank balances and cash on hand was mainly due to the redemptions of an unlisted redeemable note with principal amount of HK\$300 million, the decrease in gross loans and advances of approximately HK\$415.3 million and the decrease in gross accounts receivable of approximately HK\$31.6 million.

The Group had no bank borrowings as at 31 March 2020 (2019: HK\$50 million) and its unutilised banking facilities as at the end of the year were approximately HK\$1,083 million (2019: HK\$1,033 million), which were mainly secured by charges over the Group's clients' pledged securities, a property owned by a subsidiary of the Group and corporate guarantees issued by GNFG and the Company. The liability component of convertible bonds issued by GNFG amounted to HK\$233.5 million at 31 March 2019 was fully redeemed upon maturity during the year. The Group's gearing ratio (total borrowing over equity attributable to owners of the Company) as at 31 March 2020 was 0.01 (2019: 0.06).

The number of issued shares of Company amounted to 9,662,705,938 shares as at 31 March 2020 (2019: 9,662,705,938 shares).

An investment property located in United Kingdom and its related rental income which were denominated in British Pound, the business activities of the Group were not exposed to material fluctuations in exchange rates as the majority of the transactions were denominated in Hong Kong dollar. The Directors considered 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 was considered unnecessary.

The Group had no material contingent liabilities at the end of the year.

Charges on Group Assets

As at 31 March 2020, leasehold land and building of the Group with a carrying amount of HK\$102.8 million (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

There were no material acquisitions or disposals of subsidiaries, associates or jointly controlled entity completed during the year ended 31 March 2020.

Employee Information

As at 31 March 2020, the Group had 78 (2019: 78) full time employees. 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 year was HK\$24.5 million (2019: HK\$23.4 million). The Group provides employee benefits including mandatory provident fund, discretionary share options and performance bonus to its staff.

SIGNIFICANT EVENT AFTER REPORTING PERIOD

On 19 May 2020, the Group entered into a sale and purchase agreement with an independent third-party individuals to acquire the entire equity interest in Tao Yun Company Limited (“Tao Yun”) at a cash consideration of HK\$500,000,000 (subject to the 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.

Upon the completion, Tao Yun will become a wholly-owned subsidiary of the Company and the assets, liabilities and results of Tao Yun will be consolidated into the financial statements of the Group.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SHARES

During the year, 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 year ended 31 March 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 of 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 Articles of Association.

Upon successful spin off and separate listing of GNFG in April 2016, Mr. Hung Sui Kwan resigned as Chief Executive Officer (“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 Group’s financial statements for the year ended 31 March 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.

SCOPE OF WORK OF MAZARS CPA LIMITED

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2020 as set out in the preliminary announcement have been agreed by the Group’s auditor, Mazars CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Mazars CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Mazars CPA Limited on the preliminary announcement.

PUBLICATION OF THE FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of the Stock Exchange at <http://www.hkexnews.hk> under “Latest Listed Company Information” and the Company at <http://www.getnice.com.hk>. The 2020 Annual 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 “Latest 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, 29 June 2020

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.