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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 2021

#### 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 2021 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 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Revenue from contracts with customers within HKFRS 15	4	69,144	35,732
Revenue from other sources	4	28,354	32,373
Interest revenue calculated using the effective interest method	4	405,118	456,419
<b>Revenue</b>		<b>502,616</b>	<b>524,524</b>
Other operating income	6a	11,262	6,203
Other gains and losses, net	6b	(28,119)	(113,452)
Amortisation and depreciation		(18,658)	(7,959)
Commission expenses		(12,902)	(7,020)
Net impairment loss on accounts receivable	13	(55,703)	(110,907)
(Provision) Reversal of net impairment loss on loans and advances	14	(11,100)	2,915
(Provision) Reversal of net impairment loss on Mandatory FVOCI		(6,300)	1,517
Staff costs	7	(27,320)	(24,526)
Finance costs	8	(4,953)	(32,265)
Other expenses		(42,281)	(34,750)
<b>Profit before taxation</b>	9	<b>306,542</b>	<b>204,280</b>
Income tax expense	10	(58,556)	(47,552)
<b>Profit for the year</b>		<b>247,986</b>	<b>156,728</b>

	<i>Notes</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Other comprehensive income (expense)</b>			
<i>Items that are reclassified or may be reclassified subsequently to profit or loss</i>			
Exchange difference arising on translation of foreign operations		<b>24,317</b>	(12,237)
Fair value (loss) gain on Mandatory FVOCI reclassified to profit or loss upon disposal		<b>(1,177)</b>	2,333
Fair value gain (loss) on Mandatory FVOCI		<b>21,792</b>	(21,440)
Deferred tax arising on revaluation of Mandatory FVOCI		<b>(3,401)</b>	3,153
<i>Items that will not be reclassified to profit or loss</i>			
Fair value gain on equity investments measured at fair value through other comprehensive income		–	1,929
Deferred tax arising on revaluation of equity investments measured at fair value through other comprehensive income		–	(318)
(Deficit) Surplus on revaluation of properties		<b>(2,263)</b>	1,114
Deferred tax arising on revaluation of properties		<b>373</b>	(184)
<b>Total other comprehensive income (expense) for the year</b>		<b>39,641</b>	(25,650)
<b>Total comprehensive income for the year</b>		<b>287,627</b>	131,078
<b>Profit for the year attributable to:</b>			
Owners of the Company		<b>189,640</b>	118,295
Non-controlling interests		<b>58,346</b>	38,433
		<b>247,986</b>	156,728
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		<b>228,913</b>	93,781
Non-controlling interests		<b>58,714</b>	37,297
		<b>287,627</b>	131,078
		<i>HK Cents</i>	<i>HK Cents</i>
<b>Earnings per share</b>			
Basic	12	<b>1.96</b>	1.22
Diluted	12	<b>1.96</b>	1.22

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021

	<i>Notes</i>	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property and equipment		<b>617,182</b>	106,387
Investment properties		<b>851,849</b>	874,074
Intangible assets		<b>8,963</b>	8,413
Goodwill		<b>17,441</b>	15,441
Other assets		<b>7,046</b>	4,392
Deposits paid for acquisition of property and equipment		<b>25,136</b>	–
Deposit paid for acquisition of a subsidiary		–	6,200
Deferred tax assets		<b>1,692</b>	4,450
Loans and advances	14	<b>90,443</b>	32,568
Investments		<b>177,521</b>	260,505
		<b>1,797,273</b>	1,312,430
<b>Current assets</b>			
Accounts receivable	13	<b>3,655,082</b>	3,564,867
Loans and advances	14	<b>416,906</b>	656,645
Prepayments, deposits and other receivables		<b>48,330</b>	56,942
Tax recoverable		<b>2,318</b>	23,312
Investments		<b>375,986</b>	247,740
Bank balances – client accounts		<b>656,240</b>	445,239
Bank balances – general accounts and cash		<b>658,914</b>	905,175
		<b>5,813,776</b>	5,899,920

	<i>Notes</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Current liabilities</b>			
Accounts payable	15	<b>695,799</b>	478,475
Accrued charges and other payables		<b>8,787</b>	7,734
Amounts due to non-controlling shareholders		<b>30,257</b>	30,257
Lease liabilities		<b>1,163</b>	–
Tax payable		<b>150,722</b>	139,203
		<u><b>886,728</b></u>	<u>655,669</u>
<b>Net current assets</b>		<u><b>4,927,048</b></u>	<u>5,244,251</u>
<b>Total assets less current liabilities</b>		<u><b>6,724,321</b></u>	<u>6,556,681</u>
<b>Non-current liabilities</b>			
Lease liabilities		<b>377</b>	–
Deferred tax liabilities		<b>8,185</b>	7,820
		<u><b>8,562</b></u>	<u>7,820</u>
<b>Net assets</b>		<u><b>6,715,759</b></u>	<u>6,548,861</u>
<b>Capital and reserves</b>			
Share capital	16	<b>966,270</b>	966,270
Reserves		<b>4,642,795</b>	4,500,849
<b>Equity attributable to owners of the Company</b>		<u><b>5,609,065</b></u>	<u>5,467,119</u>
<b>Non-controlling interests</b>		<u><b>1,106,694</b></u>	<u>1,081,742</u>
<b>Total equity</b>		<u><b>6,715,759</b></u>	<u>6,548,861</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 immediate and ultimate holding company is Honeylink Agents Limited, a company incorporated in the British Virgin Islands with limited liability of which the entire share capital is beneficially owned by Mr. Hung Hon Man, who is also a director of the Company.

The Company’s registered office is located at Second Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands and its principal place of business is changed from 10th Floor, Cosco Tower, Grand Millennium Plaza, 183 Queen’s Road Central, Hong Kong to Ground Floor to 3rd Floor, Cosco Tower, Grand Millennium Plaza, 183 Queen’s Road Central, Hong Kong with effect from 3 May 2021.

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 2020 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

#### *Amendments to HKASs 1 and 8: Definition of Material*

The amendments clarify the definition of material and align the definition used across HKFRSs.

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

#### *Amendments to HKFRS 3: Definition of a Business*

The amendments, among others, revise the definition of a business and include new guidance to evaluate whether an acquired process is substantive.

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

### 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 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 HKAS 39, HKFRSs 4, 7, 9 and 16	Interest Rate Benchmark Reform – Phase 2 <sup>(1)</sup>
Amendments to HKFRS 16	Covid-19-Related Rent Concessions Beyond 30 June 2021 <sup>(2)</sup>
Amendments to HKAS 16	Proceeds before Intended Use <sup>(3)</sup>
Amendments to HKAS 37	Cost of Fulfilling a Contract <sup>(3)</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>(3)</sup>
Annual Improvements to HKFRSs	2018–2020 Cycle <sup>(3)</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current <sup>(4)</sup>
Amendments to HKAS 1	Disclosure of Accounting Policies <sup>(4)</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>(4)</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>(4)</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>(5)</sup>

<sup>(1)</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>(2)</sup> Effective for annual periods beginning on or after 1 April 2021

<sup>(3)</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>(4)</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>(5)</sup> The effective date to be determined

The Board does 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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Revenue from contracts with customers within HKFRS 15</b>		
Brokerage commission	49,385	26,730
Underwriting and placing commission	8,751	5,824
Proof of funds commission	8,208	1,000
Other commission	88	102
Clearing and handling fee income	1,807	1,819
Advisory fee income	905	257
	<u>69,144</u>	<u>35,732</u>
<b>Revenue from other sources</b>		
Property rental income	15,359	13,717
Interest income from financial assets at fair value through profit or loss ("FVPL")		
– Unlisted convertible notes	1,761	2,277
– Unlisted debt securities	11,234	16,379
	<u>28,354</u>	<u>32,373</u>
<b>Interest revenue calculated using the effective interest method</b>		
– Bank balances and time-deposits	1,942	5,877
– Other financial assets at amortised costs		
– Accounts receivable	307,714	325,233
– Loans and advances	75,178	105,744
– Debt investments measured at fair value through other comprehensive income ("Mandatory FVOCI")	20,284	19,565
	<u>405,118</u>	<u>456,419</u>
<b>Total revenue</b>	<u><u>502,616</u></u>	<u><u>524,524</u></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 the Board, 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

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, club memberships, certain trading rights in the Stock Exchange, certain deposits paid for acquisition of property and equipment, certain prepayments, deposits and other receivables, certain bank balances 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, certain tax payable and certain deferred tax liabilities.
- 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 staff costs and certain other expenses incurred for strategic planning by the Group.



## 5. SEGMENT INFORMATION (CONTINUED)

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 2021

	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>71,292</u>	<u>306,603</u>	<u>75,178</u>	<u>905</u>	<u>48,638</u>	<u>502,616</u>
Segment result	<u>19,478</u>	<u>250,900</u>	<u>62,557</u>	<u>606</u>	<u>13,004</u>	<u>346,545</u>
Unallocated other operating income and corporate expenses, net						<u>(40,003)</u>
Profit before taxation						<u>306,542</u>

#### 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>	<u>260,591</u>
Unallocated other operating income and corporate expenses, net						<u>(25,133)</u>
Unallocated finance costs						<u>(31,178)</u>
Profit before taxation						<u>204,280</u>

## 5. SEGMENT INFORMATION (CONTINUED)

### Segment assets and liabilities

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

At 31 March 2021

	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>769,140</u>	<u>3,894,302</u>	<u>606,193</u>	<u>10,419</u>	<u>1,513,273</u>	6,793,327
Unallocated assets ( <i>Note 1</i> )						<u>817,722</u>
Consolidated assets						<u>7,611,049</u>
Segment liabilities	<u>417,517</u>	<u>295,300</u>	<u>466</u>	<u>82</u>	<u>3,716</u>	717,081
Unallocated liabilities ( <i>Note 2</i> )						<u>178,209</u>
Consolidated liabilities						<u>895,290</u>

## 5. SEGMENT INFORMATION (CONTINUED)

### Segment assets and liabilities (Continued)

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 1</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 2</i> )						<u>177,750</u>
Consolidated liabilities						<u>663,489</u>

*Note 1:* The balance comprises property and equipment, and bank balances of approximately HK\$610,733,000 and HK\$172,479,000 respectively (2020: HK\$103,093,000 and HK\$440,596,000 respectively).

*Note 2:* The balance comprise amounts due to non-controlling shareholders and tax payables of approximately HK\$30,257,000 and HK\$138,326,000 respectively (2020: HK\$30,257,000 and HK\$138,321,000 respectively).

## 5. SEGMENT INFORMATION (CONTINUED)

### Other segment information

#### 2021

	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 through acquisition of subsidiaries	335	-	-	-	-	425,000	425,335
Additions of investment properties through acquisition of subsidiaries	-	-	-	-	75,000	-	75,000
Additions of intangible assets through acquisition of subsidiaries	550	-	-	-	-	-	550
Additions of property and equipment	3,484	-	18	-	-	1,879	5,381
Depreciation of property and equipment	(1,496)	-	(157)	-	(92)	(16,913)	(18,658)
Net impairment loss on accounts receivable	-	(55,703)	-	-	-	-	(55,703)
Provision of net impairment loss on loans and advances	-	-	(11,100)	-	-	-	(11,100)
Provision of net impairment loss on Mandatory FVOCI	-	-	-	-	(6,300)	-	(6,300)
Additions of investment properties	-	-	-	-	9,573	-	9,573
Government subsidies	3,045	-	108	-	8	779	3,940
Fair value losses on investment properties	-	-	-	-	(30,093)	-	(30,093)
Fair value gains (losses) on financial assets at FVPL	95	-	-	-	(7,292)	-	(7,197)
Interest income (including revenue and other operating income)	3,123	306,603	75,177	23	33,280	869	419,075
Finance costs	(4,953)	-	-	-	-	-	(4,953)
Commission expenses	(12,750)	-	-	(152)	-	-	(12,902)
Write-off of accounts receivable	-	(193)	-	-	-	-	(193)

#### 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 investment properties through acquisition of subsidiaries	-	-	-	-	70,000	-	70,000
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	-	-	-	-	20,752	-	20,752
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)

## 5. SEGMENT INFORMATION (CONTINUED)

### Geographical information

The Group's operations are located in Hong Kong and the United Kingdom (2020: 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	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong	491,608	513,739
United Kingdom	11,008	10,785
	<u>502,616</u>	<u>524,524</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	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong	1,291,597	805,983
United Kingdom	236,020	202,724
	<u>1,527,617</u>	<u>1,008,707</u>

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

### Information about major customers

During the years ended 31 March 2021 and 2020, there were no customers individually contributing 10% or more of the Group's total revenue.

During the years ended 31 March 2021 and 2020, the aggregate revenue attributable to the five largest customers of the Group accounted for less than 30% of the Group's total revenue.

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

### 6a. Other operating income

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Bank interest income	962	2,695
Dividend income	1,233	2,038
Government subsidies	3,940	–
Sundry income	5,127	1,470
	<u>11,262</u>	<u>6,203</u>

### 6b. Other gains and losses, net

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Fair value changes on investment properties	(30,093)	(86,558)
Net realised losses on error trades	(2)	(30)
Fair value losses on financial assets at FVPL	(7,196)	(19,203)
Realised gains (losses) on disposal / redemption of		
– Financial assets at FVPL	7,067	(5,388)
– Mandatory FVOCI	30	(732)
Exchange difference, net	2,075	(3,762)
Gain on disposal of property and equipment	–	40
Gain on disposal of subsidiaries	–	2,181
	<u>(28,119)</u>	<u>(113,452)</u>

## 7. STAFF COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Staff costs including directors' emoluments:		
Salaries and other benefits	26,321	23,627
Retirement benefit scheme contributions	999	899
	<u>27,320</u>	<u>24,526</u>

**8. FINANCE COSTS**

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest on bank borrowings	3,098	923
Interest on bank overdraft	–	16
Interest on clients' accounts	1,827	148
Interest on lease liabilities	28	–
Interest on convertible bonds issued by a listed subsidiary	–	31,178
	<u>4,953</u>	<u>32,265</u>

**9. PROFIT BEFORE TAXATION**

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
This is stated after charging:		
Auditor's remuneration	2,720	2,800
Direct operating expenses relating to investment properties that generated rental income	1,848	522
Direct operating expenses relating to investment properties that did not generate rental income	–	1,586
Write-off of accounts receivable	193	300
Write-off of loans and advances	–	205
	<u>–</u>	<u>–</u>

**10. TAXATION**

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Current tax</b>		
<i>Hong Kong</i>		
Hong Kong Profits Tax	55,682	47,262
Under (Over) provision in prior years	901	(1,522)
	<u>56,583</u>	<u>45,740</u>
 <i>United Kingdom</i>		
Overseas tax	1,878	1,715
Under provision in prior years	–	2
	<u>1,878</u>	<u>1,717</u>
	<b>58,461</b>	<b>47,457</b>
 <b>Deferred tax</b>		
Origination and reversal of temporary differences	95	95
	<u>58,556</u>	<u>47,552</u>

## 10. TAXATION (CONTINUED)

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% under two-tiered profits tax rates regime. As only one of the subsidiaries in the Group is eligible to elect the two-tiered profits tax rates, profits of the remaining subsidiaries of the Group will continue to be taxed at a flat rate of 16.5%.

For the years ended 31 March 2021 and 2020, Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax rates regime.

The tax provision in respect of operations in the 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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Final dividend for prior financial year, paid – HK0.4 cent (2020: HK1 cent) per share	38,650	96,627
Interim dividend for current financial year, paid – HK0.5 cent (2020: HK0.75 cent) per share	<u>48,314</u>	<u>72,470</u>
	<u><b>86,964</b></u>	<u><b>169,097</b></u>

A final dividend in respect of the year ended 31 March 2021 of HK0.5 cent (2020: HK0.4 cent) per share, amounting to approximately HK\$48,314,000 (2020: HK\$38,650,000) 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.

### 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. The validity period of the share options is two years from the date of grant (i.e. from 16 January 2019 to 15 January 2021). The share options were cancelled on 20 November 2020.

### Earnings

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Earnings for the purpose of basic and diluted earnings per share		
Profit for the year attributable to equity shareholders of the Company	<u>189,640</u>	<u>118,295</u>

### Number of shares

	2021 <i>'000</i>	2020 <i>'000</i>
Weighted average number of ordinary shares, for the purpose of basic and diluted earnings per share	<u>9,662,706</u>	<u>9,662,706</u>
	<i>HK cents</i>	<i>HK cents</i>

### Earnings per share:

Basic	<u>1.96</u>	<u>1.22</u>
Dilutive	<u>1.96</u>	<u>1.22</u>

Diluted earnings per share was the same as basic earnings per share for the year ended 31 March 2021 and 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 both years. The effect of potential new ordinary shares to be issued for the year ended 31 March 2021 was proportion up to the date of cancellation.

### 13. ACCOUNTS RECEIVABLE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Accounts receivable arising from the business of dealing in securities:		
– Cash clients	8,735	8,240
– Margin clients:		
– Directors and their close family members	290,077	313,578
– Other margin clients	3,521,227	3,378,716
– Hong Kong Securities Clearing Company Limited (“HKSCC”)	22,462	369
– Broker	350	–
Accounts receivable from futures clearing house arising from the business of dealing in futures contracts	<u>16,252</u>	<u>12,282</u>
	<b>3,859,103</b>	3,713,185
Less: Loss allowances	<u>(204,021)</u>	<u>(148,318)</u>
	<b><u>3,655,082</u></b>	<b><u>3,564,867</u></b>

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

Included in the accounts receivable from cash clients are debtors with a carrying amount of approximately HK\$161,000 (2020: HK\$546,000) which are past due at the end of the reporting period but which the directors of the Company consider not to be impaired 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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 – 30 days	145	438
31 – 60 days	13	1
Over 60 days	<u>3</u>	<u>107</u>
	<b><u>161</u></b>	<b><u>546</u></b>

The accounts receivable from cash clients with a carrying amount of approximately HK\$8,574,000 (2020: HK\$7,694,000) are neither past due nor impaired at the end of the reporting period and the directors of the Company are of the opinion that the amounts are recoverable.

### 13. ACCOUNTS RECEIVABLE (CONTINUED)

Accounts receivable from margin clients are secured by clients' pledged securities with fair value of approximately HK\$34,659,941,000 (2020: HK\$11,060,046,000). Significant portion of the pledged securities are listed equity securities in Hong Kong. The loans are repayable on demand subsequent to settlement date and carry interest typically at a range from 7.236% to 9.500% per annum (2020: range from 7.236% to 9.252% per annum) at 31 March 2021. 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 68% (2020: 58%) 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.

In estimating the expected credit loss ("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 accounts 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\$55,703,000 (2020: HK\$110,907,000) was recognised during the year.

### 13. ACCOUNTS RECEIVABLE (CONTINUED)

At 31 March 2021

<u>Internal credit rating</u>	<u>Basis of ECL</u>	<u>Gross carrying amount</u>	<u>Loss allowance</u>	<u>Net carrying amount</u>
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Performing	12-month	3,476,320	16,313	3,460,007
Underperforming	Lifetime	70,578	10,953	59,625
Not performing	Lifetime	264,406	176,755	87,651
		<u>3,811,304</u>	<u>204,021</u>	<u>3,607,283</u>

At 31 March 2020

<u>Internal credit rating</u>	<u>Basis of ECL</u>	<u>Gross carrying amount</u>	<u>Loss allowance</u>	<u>Net carrying amount</u>
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Performing	12-month	3,400,141	16,408	3,383,733
Underperforming	Lifetime	104,030	7,822	96,208
Not performing	Lifetime	188,123	124,088	64,035
		<u>3,692,294</u>	<u>148,318</u>	<u>3,543,976</u>

### 13. ACCOUNTS RECEIVABLE (CONTINUED)

At 31 March 2021, the Group recognised loss allowance of approximately HK\$204,021,000 (2020: HK\$148,318,000) 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.

#### Year ended 31 March 2021

	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	16,408	7,822	124,088	148,318
(Decrease) Increase in allowance, net	(95)	3,131	52,667	55,703
At the end of the reporting period	<u>16,313</u>	<u>10,953</u>	<u>176,755</u>	<u>204,021</u>

#### 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, net	(1,294)	4,027	108,174	110,907
At the end of the reporting period	<u>16,408</u>	<u>7,822</u>	<u>124,088</u>	<u>148,318</u>

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 shortfall portion of margin loans which are not fully secured amounted to approximately HK\$218,945,000 (2020: HK\$186,762,000); and
- (ii) Additional loss allowance for not performing category of approximately HK\$31,960,000 (2020: HK\$89,556,000) as a result of difficulties on repayment by accounts receivable from margin clients.

The Group has pledged securities as collateral amounted to approximately HK\$80,018,000 (2020: HK\$48,634,000) in respect of the credit-impaired accounts receivable from margin clients.

## 14. LOANS AND ADVANCES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Fixed-rate loan receivables	529,293	700,057
Less: Loss allowances	<u>(21,944)</u>	<u>(10,844)</u>
	<u>507,349</u>	<u>689,213</u>
Secured	234,531	248,241
Unsecured	<u>272,818</u>	<u>440,972</u>
	<u>507,349</u>	<u>689,213</u>
Analysed as:		
Current	416,906	656,645
Non-current	<u>90,443</u>	<u>32,568</u>
	<u>507,349</u>	<u>689,213</u>

At 31 March 2021, loans and advances with carrying amount of approximately HK\$234,531,000 are secured by first mortgage of properties in Hong Kong with an aggregate market value of approximately HK\$556,460,000.

At 31 March 2020, loans and advances with carrying amount of approximately HK\$208,241,000 are secured by first mortgage of properties in Hong Kong with an aggregate market 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.

The fixed rate loan receivables carry interest ranging from 8% to 24% (2020: ranging from 6% to 24%) per annum. The net outstanding balances are repayable on the respective maturity dates from 2021 to 2025.

At 31 March 2021, the Group has concentration of credit risk as 60% (2020: 50%) 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 of 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 or 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 at the end of the reporting period is summarised below. After considering the above factors, provision of net impairment loss of approximately HK\$11,100,000 (2020: reversal of net impairment loss of approximately HK\$2,915,000) was recognised during the year.

##### At 31 March 2021

<u>Internal credit rating</u>	<u>Basis of ECL</u>	<u>Gross carrying amount</u>	<u>Loss allowance</u>	<u>Net carrying amount</u>
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Performing	12-month	350,143	2,957	347,186
Underperforming	Lifetime	175,650	15,487	160,163
Not performing	Lifetime	3,500	3,500	–
		<u>529,293</u>	<u>21,944</u>	<u>507,349</u>

##### At 31 March 2020

<u>Internal credit rating</u>	<u>Basis of ECL</u>	<u>Gross carrying amount</u>	<u>Loss allowance</u>	<u>Net carrying amount</u>
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Performing	12-month	535,692	5,667	530,025
Underperforming	Lifetime	160,865	1,677	159,188
Not performing	Lifetime	3,500	3,500	–
		<u>700,057</u>	<u>10,844</u>	<u>689,213</u>

#### 14. LOANS AND ADVANCES (CONTINUED)

##### Ageing analysis

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Less than 1 month	9,953	49,402
1 to 3 months	12,229	57,200
4 to 6 months	–	80,967
7 to 12 months	165,438	203,426
Over 12 months	<u>319,729</u>	<u>298,218</u>
At the end of the reporting period	<u><u>507,349</u></u>	<u><u>689,213</u></u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Not yet past due	503,620	685,895
Less than 1 month past due	750	500
1 to 3 months past due	–	2,818
Over 3 months past due	<u>2,979</u>	<u>–</u>
At the end of the reporting period	<u><u>507,349</u></u>	<u><u>689,213</u></u>



#### 14. LOANS AND ADVANCES (CONTINUED)

At 31 March 2021, the Group recognised loss allowance of approximately HK\$21,944,000 (2020: HK\$10,844,000) 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 2021

	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	5,667	1,677	3,500	10,844
(Decrease) Increase in allowance, net	<u>(2,710)</u>	<u>13,810</u>	<u>-</u>	<u>11,100</u>
At the end of the reporting period	<u><u>2,957</u></u>	<u><u>15,487</u></u>	<u><u>3,500</u></u>	<u><u>21,944</u></u>

##### 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, net	3,550	(11,580)	5,115	(2,915)
Amount written off	<u>(10)</u>	<u>(164)</u>	<u>(15,203)</u>	<u>(15,377)</u>
At the end of the reporting period	<u><u>5,667</u></u>	<u><u>1,677</u></u>	<u><u>3,500</u></u>	<u><u>10,844</u></u>

At 31 March 2021, the significant increase in credit risk refers to increase in rate for exposure at default due to the deterioration of financial performance of the borrower.

At 31 March 2021, no loss allowance was recognised for loans and advances with carrying amounts of approximately HK\$135,765,000 (2020: HK\$99,535,000) due to the relevant pledged assets with fair value of approximately HK\$369,240,000 (2020: HK\$619,752,000).

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Accounts payable arising from the business of dealing in securities:		
– Cash clients	374,297	105,081
– Margin clients	295,300	351,749
– HKSCC	2,043	7,673
Accounts payable to clients arising from the business of dealing in futures contracts	<u>24,159</u>	<u>13,972</u>
	<u><u>695,799</u></u>	<u><u>478,475</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 are repayable on demand and carry interest at 0.025% (2020: 0.025%) per annum.

Included in accounts payable to margin clients arising from the business of dealing in securities are amounts due to directors of the Company, their close family members and a controlling entity of approximately HK\$553,000 (2020: HK\$280,000).

Accounts payable to clients arising from the business of dealing in futures contracts are margin deposits received from clients for their trading of futures contracts on the Hong Kong Futures Exchange Limited (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. SHARE CAPITAL

	Number of shares		Amount	
	2021 <i>'000</i>	2020 <i>'000</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Ordinary shares of HK\$0.1 each				
Authorised:				
At the beginning and <b>the end of the reporting period</b>	<u><u>30,000,000</u></u>	<u><u>30,000,000</u></u>	<u><u>3,000,000</u></u>	<u><u>3,000,000</u></u>
Issued and fully paid:				
At the beginning and <b>the end of the reporting period</b>	<u><u>9,662,706</u></u>	<u><u>9,662,706</u></u>	<u><u>966,270</u></u>	<u><u>966,270</u></u>

## **FINAL DIVIDEND**

The Directors recommended a final dividend of HK0.5 cent per share, together with the interim dividend paid during the year, amounting to total dividends of HK1 cent per share for this financial year.

The final dividend will be payable on or about 10 September 2021 to shareholders of the Company whose names appear on the register of members of the Company on 1 September 2021.

## **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 2021 Annual General Meeting</i>	:	19 August 2021 – 24 August 2021, both dates inclusive
<i>For entitlement to final dividend</i>	:	31 August 2021 – 1 September 2021, both dates inclusive (Record date being 1 September 2021)

In order to qualify for attendance to the Company's 2021 Annual General Meeting which is scheduled to be held on 24 August 2021, Tuesday 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:

<b>Events</b>		<b>Last date of lodgement of transfer documents</b>
<i>For attendance to 2021 Annual General Meeting</i>	:	18 August 2021, Wednesday
<i>For entitlement to final dividend</i>	:	30 August 2021, Monday

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **OVERVIEW**

For the year ended 31 March 2021, the Group's revenue amounted to approximately HK\$502.6 million, representing a decrease of 4.2% as compared with approximately HK\$524.5 million reported in the last corresponding financial year. The decrease in revenue was mainly attributable to the decrease in the interest income from margin financing business, money lending business and debt securities held by the Group during the year. On the other hand, the brokerage commission recorded an increment as compared with the last financial year.

Profit for the year attributable to owners of the Company was approximately HK\$189.6 million (2020: HK\$118.3 million). The increase in profit was mainly attributable to (i) decrease in loss on changes in fair value of investment properties; (ii) decrease in impairment loss on account receivable from margin clients; and (iii) decrease in finance cost resulted from the absence of imputed interest of convertible bonds issued by a listed subsidiary. The Group recorded net impairment loss on accounts receivable from margin clients and provision of net impairment loss on loans and advances of approximately HK\$55.7 million (2020: HK\$110.9 million) and HK\$11.1 million (2020: reversal of net impairment loss HK\$2.9 million), respectively in current financial year.

Basic earnings per share for the year were HK1.96 cents (2020: HK1.22 cents) as a result of increase in profit during the year.

### **REVIEW AND OUTLOOK**

#### **Market Review**

At the beginning of 2020, the market expected the US-China trade war to be relieved, the U.S. economy continues to grow and economic activities in the mainland regain momentum. An optimistic atmosphere dominates the market, Hang Seng Index once again rose to an eight-month high of 29,174 points on 20 January 2020. Immediately afterwards, the number of confirmed COVID-19 cases surged and the stock market began to collapse. During the first quarter of 2020, the COVID-19 outbreak spreads globally, caused disruptions in various business segments across the world and investors retreated from risky assets to hold cash. The plunge of asset prices and oil prices triggered panic sale and liquidity crunches globally. In March 2020, Hang Seng Index dropped to a 3-year low of 21,139 points.

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

In early November, the results of the US presidential election became clear. People are looking forward to the launch of the vaccine and the new round of bailout plan of the US government, caused the global stock market to rise. Some stocks have regained its lost ground and even reached record highs.

During the second half of 2020 to the first quarter of 2021, despite various uncertainties, the Hong Kong IPO market was still making history as investors were enthusiastic about IPO subscriptions and investment of new economy stocks. Supported by the large-scale listing of new economic stocks and secondary listing of US-listed Chinese companies in Hong Kong, the amount of IPO funds raised in Hong Kong has reached its peak in recent years.

With the prospect of the continued recovery of the global economy, launch of vaccines and the gradual relaxation of cross-border restrictions, the Hang Seng Index closed at 28,378 points at the end of March 2021 compared with 23,603 points at the end of March 2020. The average daily turnover on the Main Board and GEM during the year ended 31 March 2021 was approximately HK\$155.1 billion, an increase of 68.2% as compared with approximately HK\$92.2 billion for the prior financial year.

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

Regarding the local property market, in the first half of 2020, as affected by the US-China conflicts, decline of stock market and the increasing unemployment rate, the property market in Hong Kong shrank and the overall residential property prices and rent dropped. In the second half of 2020, the US Federal Reserve announced that it will maintain the near-zero interest rate policy and the Hong Kong SAR Government announced that it will halt the legislation for a first-hand property vacancy tax, these policies provided a support on the property market in Hong Kong. In the first quarter of 2021, with the prospect of the end of coronavirus outbreak and the fallen unemployment rate, the property market has started to rebound. Meanwhile, in the first quarter of 2021, another outbreak of coronavirus occurred in the UK. The UK property market was affected by the challenging local economic environment and the continuing spread of COVID-19. Property prices in the UK were slightly declined.

## ***Business review***

### *Broking and securities margin financing*

During the year ended 31 March 2021, the broking business posted a profit of approximately HK\$19.5 million (2020: HK\$1.4 million). The operating result of the broking business increased by 1,292.9% as a result of the increase in our broking turnover and number of sizeable corporate finance transactions during current year. The increase in broking turnover was affected by the volatile local stock market and positive global investment atmosphere. Revenue from broking for the year increased by 72.2% to approximately HK\$71.3 million (2020: HK\$41.4 million) as compared with last financial year, of which approximately HK\$17 million (2020: HK\$6.8 million) was contributed by the underwriting, placing and proof of funds business. The increase in these fee incomes was due to the increase in number of deals as a result of the more 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 5.7% to approximately HK\$306.6 million (2020: HK\$325.2 million) with the decrease in average level of securities margin lending during the year. Total gross accounts receivable from margin clients at 31 March 2021 amounted to approximately HK\$3,811.3 million (as at 31 March 2020: HK\$3,692.3 million). Net impairment loss on margin clients receivable of approximately HK\$55.7 million was charged during the current year (2020: HK\$110.9 million). The Group will continue to maintain a balance on yield relative to risk and cautious approach to the credit control of its margin financing business.

### *Money lending*

The money lending vehicle is engaged in provision of consumer and mortgage loans. The money lending business continued to show stable performance during the year. The aggregated loan amount decreased to approximately HK\$507.3 million at 31 March 2021 from approximately HK\$689.2 million at 31 March 2020, with interest income for the year decreased to approximately HK\$75.2 million (2020: HK\$105.7 million). Money lending business recorded profit before tax of approximately HK\$62.6 million for the year ended 31 March 2021 (2020: HK\$107.6 million). Net impairment loss on loans and advances of approximately HK\$11.1 million was provided during the year (2020: reversal of net impairment loss approximately HK\$2.9 million). Building on the Group's expertise and relationships with high net worth customers, the Group remains positive about the money lending business and will continue to target high net worth customers with short-term financial needs.

### *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 profit of approximately HK\$13.0 million (2020: loss HK\$62.6 million), mainly attributable to fair value losses on investment properties of approximately HK\$30.1 million (2020: HK\$86.6 million); interest income from three unlisted debt securities of approximately HK\$13.0 million (2020: HK\$18.7 million); interest income from listed debt securities of approximately HK\$20.3 million (2020: HK\$19.6 million); rental income of approximately HK\$15.4 million (2020: HK\$13.7 million); and the unrealised losses on financial assets measured at fair value through profit or loss of approximately HK\$7.2 million (2020: HK\$19.2 million) due to the drop of share prices of certain equity securities listed in Hong Kong among the portfolio held of approximately HK\$117.2 million at 31 March 2021 (31 March 2020: HK\$107.5 million) and the drop of fair value of convertible notes issued by a Hong Kong listed company with fair value amounted to approximately HK\$13.8 million at 31 March 2021 (31 March 2020: HK\$19.8 million).

In June 2020, the Group newly acquired 19 car parking spaces in Hong Kong at a total consideration of HK\$75 million. At 1 November 2020, one of the properties with carrying value of approximately HK\$101 million were transferred from investment properties to property and equipment upon change of its use as the Group's own office. Other than above changes, the Group's portfolio of investment properties did not have significant changes during the year ended 31 March 2021. At 31 March 2021, the Group held a portfolio of investment properties with total fair values of approximately HK\$851.8 million (31 March 2020: HK\$874.1 million), comprised mainly the commercial buildings in Hung Hom and London.

As at 31 March 2021, the Group held an investment portfolio mainly consisted of equity securities, debt securities, convertible notes and investment funds with total fair values of approximately HK\$553.5 million (31 March 2020: HK\$508.2 million). The increase in total fair values of the investment portfolio was mainly attributable to the net effect of the acquisition of an unlisted redeemable note with principal amount of HK\$100 million (2020: HK\$85.8 million) and the partial redemption of an unlisted redeemable note of HK\$70.8 million (2020: HK\$300 million) during the year while the Group held larger portfolio of listed debt securities of approximately HK\$257.6 million at 31 March 2021 (31 March 2020: HK\$248.8 million). The portfolio of equity securities mainly comprised listed companies in Hong Kong while the portfolio of debt securities mainly comprises listed and unlisted bonds, and redeemable notes issued by certain listed and unlisted 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 2021, it completed 4 financial advisory transactions (2020: 2). The operation reported a segment profit of approximately HK\$0.6 million for the year (2020: HK\$0.2 million).

## **Outlook**

Governments all over the world were promoting the COVID-19 vaccination programme and more and more people around the world are vaccinated against COVID-19, it is expected that the outbreak will be brought under control soon. Global economic activity began to recover. Since people continued to be affected by COVID-19, their living habits and consumption patterns have been changed. Such as, the mode of events has been shifted from physical to virtual and the consumer behaviour has been shifted from in-store shopping to online shopping. This change accelerated the digital transformation of the entire society.

To keep pace with the times, the Group has upgraded the securities services mobile application and added several new features to the application such as remote account opening aiming to improve user experience of our clients.

In May 2021, the Group has moved the headquarter to a new premises. The new headquarter are located in a prime financial district with three-storey commercial units and an office unit with total gross floor areas of 27,808 square feet. The low rise commercial units with large outdoor LED display screen, which would significantly enhance the Group's corporate brand and image which are important to increase customers' perception in the securities industry. In order to enhance our corporate image and attract financial talents to join our Group, the Group has invested in marketing and advertising, such as production of TV advertising, which have been broadcast on TV and on the LED display screen on the exterior wall of our headquarters.

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. The Group will also continue to recruit and train financial talents to provide high quality financial services to our clients. 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\$5,609.1 million as at 31 March 2021 (2020: HK\$5,467.1 million), representing an increase of approximately HK\$142 million or 2.6% over that of last financial year end. The non-controlling interests increased from approximately HK\$1,081.7 million at 31 March 2020 to approximately HK\$1,106.7 million at 31 March 2021. These movements were mainly attributable to the profit for the year netting off dividend distributed during the year.

As at 31 March 2021, the Group's net current assets amounted to approximately HK\$4,927.0 million (2020: HK\$5,244.3 million), and its liquidity as represented by current ratio (current assets/current liabilities) was 6.6 times (2020: 9 times). The decrease in net current assets and current ratio were mainly attributable to the increase of the accounts payable. Also, the Group's bank balances and cash on hand decreased to approximately HK\$658.9 million (2020: HK\$905.2 million). The decrease in bank balances and cash on hand was mainly due to the acquisition of an unlisted redeemable note with principal amount of HK\$100 million, and the acquisition of a property at total consideration of approximately HK\$488.5 million.

The Group had no bank borrowings as at 31 March 2021 and 2020 and its unutilised banking facilities as at the end of the year were approximately HK\$918 million (2020: HK\$1,083 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 Get Nice Financial Group Limited ("GNFG") and the Company. The Group's gearing ratio (total borrowing over equity attributable to owners of the Company) as at 31 March 2021 was 0.01 (2020: 0.01).

The number of issued shares of Company amounted to 9,662,705,938 shares as at 31 March 2021 (2020: 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 2021, leasehold land and building of the Group with a carrying amount of approximately HK\$100.7 million (2020: HK\$102.8 million) were pledged for a banking facility granted to the Group.

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

On 19 May 2020, the Group entered into a sale and purchase agreement with an independent third-party to acquire the entire equity interest in Tao Yun Company Limited (“Tao Yun”) at a cash consideration of approximately HK\$500,000,000 (subject to adjustment). The principal assets of Tao Yun are the three-storey commercial units and an office unit with total gross floor area of 27,808 sq.ft together with 19 car parking spaces. The acquisition of Tao Yun was completed on 24 June 2020 at a final consideration of approximately HK\$488,525,000. Details of the acquisition have been disclosed in the Company’s announcement dated 19 May 2020 and circular dated 5 June 2020.

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

## **Employee Information**

As at 31 March 2021, the Group had 94 (2020: 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 approximately HK\$27.3 million (2020: HK\$24.5 million). The Group provides employee benefits including mandatory provident fund, discretionary share options and performance bonus to its staff.

## **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 2021, 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 2021, 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 2021 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 2021 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, 30 June 2021

*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, Eddie Shing Cheuk; and the independent non-executive directors of the Company are Mr. Man Kong Yui, Mr. Sun Ka Ziang, Henry and Mr. Siu Hi Lam, Alick.*