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GET NICE FINANCIAL GROUP LIMITED

結好金融集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1469)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020

RESULTS

The board of directors (“Board”) of Get Nice Financial Group 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 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue	4	369,362	401,589
Other operating income	6a	510	435
Other gains and losses, net	6b	500	(38,297)
Amortisation and depreciation		(7,656)	(7,111)
Commission expenses		(7,020)	(9,460)
Net impairment loss on accounts receivable	13	(110,907)	(20,085)
Staff costs	7	(19,878)	(18,911)
Finance costs	8	(33,145)	(97,031)
Other expenses		(20,501)	(21,855)
Profit before taxation	9	171,265	189,274
Income tax expense	10	(31,483)	(56,219)
Profit for the year		139,782	133,055

	2020	2019
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Other comprehensive income (expense)		
<i>Items that will not be reclassified to profit or loss</i>		
Surplus on revaluation of properties	1,114	2,770
Deferred tax arising on revaluation of properties	(184)	(457)
	<hr/>	<hr/>
Total other comprehensive income for the year	930	2,313
	<hr/>	<hr/>
Total comprehensive income for the year	140,712	135,368
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Profit for the year attributable to:		
Owners of the Company	139,716	132,980
Non-controlling interests	66	75
	<hr/>	<hr/>
	139,782	133,055
	<hr/> <hr/>	<hr/> <hr/>
Total comprehensive income attributable to:		
Owners of the Company	140,646	135,293
Non-controlling interests	66	75
	<hr/>	<hr/>
	140,712	135,368
	<hr/> <hr/>	<hr/> <hr/>
Earnings per share		
– Basic and diluted (HK dollars)	12	
	0.06	0.05
	<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2020

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Non-current assets			
Property and equipment / Prepaid lease payments and property and equipment		105,651	112,073
Intangible assets		8,413	8,413
Other assets		4,172	3,297
Deposit paid for acquisition of a subsidiary		6,200	–
Deferred tax assets		259	259
		124,695	124,042
Current assets			
Accounts receivable	13	3,564,867	3,707,421
Prepayments, deposits and other receivables		2,145	2,927
Tax recoverable		21,320	7,349
Investments in securities		104	170
Bank balances – client accounts		445,239	1,143,120
Bank balances – general accounts and cash		260,910	422,942
		4,294,585	5,283,929
Current liabilities			
Accounts payable	14	478,475	1,196,203
Accrued charges and other payables		5,374	8,443
Tax payable		–	164
Liability component of convertible bonds	15	–	233,524
		483,849	1,438,334
Net current assets		3,810,736	3,845,595
Total assets less current liabilities		3,935,431	3,969,637
Non-current liabilities			
Deferred tax liabilities		3,958	3,706
		3,958	3,706
Net assets		3,931,473	3,965,931
Capital and reserves			
Share capital		25,000	25,000
Reserves		3,906,473	3,940,827
Equity attributable to owners of the Company		3,931,473	3,965,827
Non-controlling interests		–	104
Total equity		3,931,473	3,965,931

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 on 31 August 2015 and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company’s immediate and ultimate holding company is Get Nice Holdings Limited (“GN Holdings”), a company incorporated in the Cayman Islands with its shares listed on the Stock Exchange.

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 engaged in the provision of financial services, including securities dealing and broking, futures and options broking, underwriting and placements, securities margin financing and corporate finance services.

The 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.

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

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.

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.

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)

At the DIA, 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.

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	121
Less: Short-term leases	(74)
Leases of low-value assets	(47)
	<hr/>
Lease liabilities at 1 April 2019	–
	<hr/> <hr/>

As lessee

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\$69,279,000 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.

Basis of measurement

The measurement basis used in the preparation of these consolidated financial statements is historical cost, except for certain 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 ¹
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 the new / revised HKFRSs in future periods will have any material impact on the results of the Company.

4. REVENUE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue from contracts with customers within HKFRS 15		
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	2,365
Advisory fee income	257	2,089
Management fee	2,520	2,520
	<u>38,252</u>	<u>56,964</u>
<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	340,390
	<u>331,110</u>	<u>344,625</u>
Total revenue	<u><u>369,362</u></u>	<u><u>401,589</u></u>

4. REVENUE (CONTINUED)

In addition to the information shown in segment disclosures, the revenue from contracts with customers within HKFRS 15 is disaggregated as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<i>Timing of revenue recognition:</i>		
At a point in time		
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	2,365
	<u>35,475</u>	<u>52,355</u>
Over time		
Advisory fee income	257	2,089
Management fee	2,520	2,520
	<u>2,777</u>	<u>4,609</u>

5. SEGMENT INFORMATION

The Group is currently organised into three operating divisions, namely, broking, securities margin financing and corporate finance. 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
Corporate finance	–	provision of corporate advisory services

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, certain other assets, certain prepayments, deposits and other receivables, certain bank balances, certain tax recoverable and deferred tax assets.
- all liabilities are allocated to operating segments other than certain accrued charges and other payables, certain tax payable, deferred tax liabilities and liability portion of convertible bonds.
- all profit or loss are allocated to operating segments other than certain amortisation and depreciation, lease payments for short-term lease or lease of low value assets / operating lease rentals, 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.

5. SEGMENT INFORMATION (CONTINUED)

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 HK\$'000	Securities margin financing HK\$'000	Corporate finance HK\$'000	Consolidated HK\$'000
SEGMENT REVENUE	<u>43,938</u>	<u>325,167</u>	<u>257</u>	<u>369,362</u>
SEGMENT RESULT	<u>3,953</u>	<u>213,960</u>	<u>164</u>	<u>218,077</u>
Unallocated corporate expenses				<u>(14,610)</u>
Unallocated finance costs				<u>(32,202)</u>
Profit before taxation				<u>171,265</u>

Year ended 31 March 2019

	Broking HK\$'000	Securities margin financing HK\$'000	Corporate finance HK\$'000	Consolidated HK\$'000
SEGMENT REVENUE	<u>59,157</u>	<u>340,343</u>	<u>2,089</u>	<u>401,589</u>
SEGMENT RESULT	<u>17,718</u>	<u>320,257</u>	<u>1,518</u>	<u>339,493</u>
Unallocated other gains and losses and corporate expenses, net				<u>(53,462)</u>
Unallocated finance costs				<u>(96,757)</u>
Profit before taxation				<u>189,274</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 2020

	Broking <i>HK\$'000</i>	Securities margin financing <i>HK\$'000</i>	Corporate finance <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
SEGMENT ASSETS	<u>399,702</u>	<u>3,893,585</u>	<u>9,820</u>	4,303,107
Unallocated assets				<u>116,173</u>
Consolidated assets				<u>4,419,280</u>
SEGMENT LIABILITIES	<u>131,178</u>	<u>351,749</u>	<u>10</u>	482,937
Unallocated liabilities				<u>4,870</u>
Consolidated liabilities				<u>487,807</u>

At 31 March 2019

	Broking <i>HK\$'000</i>	Securities margin financing <i>HK\$'000</i>	Corporate finance <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
SEGMENT ASSETS	<u>538,300</u>	<u>4,732,833</u>	<u>9,732</u>	5,280,865
Unallocated assets				<u>127,106</u>
Consolidated assets				<u>5,407,971</u>
SEGMENT LIABILITIES	<u>159,828</u>	<u>1,041,015</u>	<u>146</u>	1,200,989
Unallocated liabilities				<u>241,051</u>
Consolidated liabilities				<u>1,442,040</u>

5. SEGMENT INFORMATION (CONTINUED)

Other segment information

2020

	Broking <i>HK\$'000</i>	Securities margin financing <i>HK\$'000</i>	Corporate finance <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Amounts included in the measure of segment profit or segment assets:					
Additions of property and equipment	120	-	-	-	120
Depreciation of property and equipment	(1,055)	-	-	(6,601)	(7,656)
Fair value losses on investments in securities	(66)	-	-	-	(66)
Gain on disposal of property and equipment	40	-	-	-	40
Interest income (including revenue and other operating income)	6,187	325,167	75	-	331,429
Net impairment loss on accounts receivable	-	(110,907)	-	-	(110,907)
Finance costs	(943)	-	-	(32,202)	(33,145)
Commission expenses	(6,978)	-	(42)	-	(7,020)
Write off of accounts receivable	-	(300)	-	-	(300)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

2019

	Broking <i>HK\$'000</i>	Securities margin financing <i>HK\$'000</i>	Corporate finance <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Amounts included in the measure of segment profit or segment assets:					
Additions of property and equipment	879	-	-	3	882
Amortisation of prepaid lease payment, and depreciation of property and equipment	(1,220)	-	(1)	(5,890)	(7,111)
Fair value losses on investments in securities	(22)	-	-	-	(22)
Gain on disposal of subsidiaries	-	-	-	12	12
Interest income (including revenue and other operating income)	4,498	340,343	63	-	344,904
Net impairment loss on accounts receivable	-	(20,085)	-	-	(20,085)
Loss on redemptions of convertible bonds	-	-	-	(38,867)	(38,867)
Finance costs	(274)	-	-	(96,757)	(97,031)
Commission expenses	(8,851)	-	(609)	-	(9,460)
Write off of property and equipment	(15)	-	-	-	(15)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

5. SEGMENT INFORMATION (CONTINUED)

Geographical information

The Group's operations are located in Hong Kong. Accordingly, the Group's revenue from external customers and all non-current assets (excluding financial assets and deferred tax assets) are located in Hong Kong.

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	319	279
Dividend income	6	–
Sundry income	185	156
	<u>510</u>	<u>435</u>

6b. Other gains and losses, net

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Gain on disposal of subsidiaries	–	12
Gain on disposal of property and equipment	40	–
Net realised (losses) gains on error trades	(29)	36
Fair value changes on investments in securities	(66)	(22)
Net exchange gains	555	544
Loss on redemption of convertible bonds	–	(38,867)
	<u>500</u>	<u>(38,297)</u>

7. STAFF COSTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Staff costs including directors' emoluments:		
Salaries and other benefits	19,170	18,200
Retirement benefits scheme contributions	708	711
	<u>19,878</u>	<u>18,911</u>

8. FINANCE COSTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interest on bank borrowings	779	127
Interest on bank overdraft	16	–
Interest on clients' accounts	148	147
Interest on convertible bonds	31,178	96,675
Interest on loan from the ultimate holding company	<u>1,024</u>	<u>82</u>
	<u><u>33,145</u></u>	<u><u>97,031</u></u>

9. PROFIT BEFORE TAXATION

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
This is stated after charging:		
Auditor's remuneration	1,400	1,400
Write off of property and equipment	–	15
Write off of accounts receivable	<u>300</u>	<u>–</u>
	<u><u>1,700</u></u>	<u><u>1,415</u></u>

10. TAXATION

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current tax		
Hong Kong Profits Tax		
Current year	33,240	56,277
Over provision in prior years	<u>(1,825)</u>	<u>(164)</u>
	31,415	56,113
Deferred tax		
Origination and reversal of temporary differences	<u>68</u>	<u>106</u>
Income tax expense	<u><u>31,483</u></u>	<u><u>56,219</u></u>

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.

11. DIVIDENDS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Final dividend for prior financial year, paid – HK4 cents (2019: HK3 cents) per share	100,000	75,000
Interim dividend for current financial year, paid – HK3 cents (2019: HK3 cents) per share	<u>75,000</u>	<u>75,000</u>
	<u><u>175,000</u></u>	<u><u>150,000</u></u>

A final dividend in respect of the year ended 31 March 2020 of HK2 cents (2019: HK4 cents) per share, amounting to HK\$50,000,000 (2019: HK\$100,000,000) 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

The calculation of the basic and diluted 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>
Earnings		
Earnings for the purpose of basic and diluted earnings per share		
Profit for the year attributable to equity shareholders of the Company	<u>139,716</u>	<u>132,980</u>
	2020 <i>'000</i>	2019 <i>'000</i>
Number of shares		
Weighted average number of ordinary shares, for the purpose of basic and diluted earnings per share	<u>2,500,000</u>	<u>2,500,000</u>

Diluted earnings per share was the same as basic earnings per share as the Company's outstanding convertible bonds 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	313,569	167,189
– Other margin clients	3,378,725	3,565,374
– Hong Kong Securities Clearing Company Limited	369	–
Accounts receivable from futures clearing house arising from the business of dealing in futures contracts	<u>12,282</u>	<u>3,390</u>
	3,713,185	3,744,832
Less: Loss allowances	<u>(148,318)</u>	<u>(37,411)</u>
	<u>3,564,867</u>	<u>3,707,421</u>

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\$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	<u>107</u>	<u>12</u>
	<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.

13. ACCOUNTS RECEIVABLE (CONTINUED)

Loans to 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: ranged 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 loans to securities margin clients was due from the Group's ten largest securities 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 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 significant assumptions made during the year.

13. ACCOUNTS RECEIVABLE (CONTINUED)

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
		3,692,294	148,318

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
		3,732,563	37,411

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 <i>HK\$'000</i>
	Performing <i>HK\$'000</i>	Under- performing <i>HK\$'000</i>	Not performing <i>HK\$'000</i>	
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
At the end of the reporting period	16,408	7,822	124,088	148,318

Year ended 31 March 2019

	12-month ECL	Lifetime ECL		Total <i>HK\$'000</i>
	Performing <i>HK\$'000</i>	Under- performing <i>HK\$'000</i>	Not performing <i>HK\$'000</i>	
At the beginning of the 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)
At the end of the reporting period	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 increase 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 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. 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 futures 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 controlling entity of approximately HK\$248,000 (2019: HK\$1,000).

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.

15. CONVERTIBLE BONDS

On 1 September 2017, the Company 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 the Company. At 31 March 2019, the carrying values of the liability component and equity component of the Convertible Bonds 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 the Company up to the maturity date.

FINAL DIVIDEND

The Directors recommended a final dividend of HK2 cents per share, together with the interim dividend paid during the year, amounting to total dividends of HK5 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 lodgment 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\$369.4 million, representing a decrease of 8.0% as compared with approximately HK\$401.6 million reported in the last corresponding financial year. The slight decrease in revenue was mainly attributable to the decrease in brokerage commission with less turnover during the year. Operating expenses such as commission expenses and settlement expenses were generally in line with the revenue.

Profit for the year attributable to owners of the Company was approximately HK\$139.7 million (2019: HK\$133.0 million). The increase in profit was mainly attributable to the decrease in finance costs and loss on redemptions of convertible bonds, net of the increase in recognition of impairment loss on accounts receivable from margin clients during the year. The Group recorded imputed interest expenses arising from convertible bonds issued in September 2017 of HK\$31.2 million during the year (2019: HK\$96.7 million). Loss on redemptions of HK\$38.9 million were recorded upon redemptions of convertible bonds 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 losses on accounts receivable from margin clients of HK\$110.9 million (2019: HK\$20.1 million) in current year.

Basic earnings per share for the year were HK6 cents (2019: HK5 cents) as a result of increase 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.

Business review

Broking and securities margin financing

During the year ended 31 March 2020, the broking business posted a profit of approximately HK\$4.0 million (2019: HK\$17.7 million). The operating result of the broking business decreased by 77.4% 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 25.8% to approximately HK\$43.9 million (2019: HK\$59.2 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.

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 the stock 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.

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\$3,931.5 million as at 31 March 2020 (2019: HK\$3,965.8 million), representing a decrease of approximately HK\$34.3 million or 0.9% over that of last financial year end. The decrease was mainly attributable to the profit for the year net of dividend distributed.

As at 31 March 2020, the Group’s net current assets amounted to HK\$3,810.7 million (2019: HK\$3,845.6 million), and its liquidity as represented by current ratio (current assets/current liabilities) was 8.88 times (2019: 3.67 times). The increase in current ratio was mainly due to the decrease in liability component of convertible bonds as the convertible bonds were matured during the year.

Bank balances and cash on hand amounted to HK\$260.9 million (2019: HK\$422.9 million). The decrease in bank balances and cash on hand was mainly due to the cash outflows in respect of the redemptions of convertible bonds of HK\$262.5 million.

The Group had no bank borrowings as at 31 March 2020 (2019: HK\$nil) and its unutilised banking facilities as at the end of the year were approximately HK\$905 million (2019: HK\$905 million), which were mainly secured by charges over the Group's clients' pledged securities, a property owned by a subsidiary of the Company and corporate guarantees issued by the Company. The liability component of convertible bonds issued by the Company amounted to HK\$233.5 million as at 31 March 2019, the amount was fully redeemed due to 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 zero (2019: 0.06).

The number of issued shares of Company amounted to 2,500,000,000 shares as at 31 March 2020 (2019: 2,500,000,000 shares).

The business activities of the Group are not exposed to any significant exchange risks.

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 59 (2019: 59) 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\$19.9 million (2019: HK\$18.9 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

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the listed shares of the Company during the year.

CORPORATE GOVERNANCE CODE

During the year, the Company has applied the principles of, and complied with, the applicable code provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules.

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.

SCOPE OF WORK OF MAZARS CPA LIMITED

The figures in respect of the Company'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 Company's auditors, Mazars CPA Limited, to the amounts set out in the Company'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.getnicefg.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.getnicefg.com.hk> in due course.

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

Hong Kong, 26 June 2020

As at the date of this announcement, the executive directors of the Company are Mr. Shum Kin Wai, Frankie (Managing Director) and Mr. Hung Sui Kwan (Chief Executive Officer). The non-executive director of the Company is Mr. Hung Hon Man (Chairman). The independent non-executive directors of the Company are Ms. Ng Yau Kuen, Carmen, Mr. Cheung Chi Kong, Ronald and Mr. Chan Ka Kit.