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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 2021

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 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

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue from contracts with customers within HKFRS 15	4	71,664	38,252
Interest revenue calculated using the effective interest method	4	309,656	<u>331,110</u>
Revenue		381,320	369,362
Other operating income	6a	3,834	510
Other gains and losses, net	6b	(271)	500
Amortisation and depreciation		(5,798)	(7,656)
Commission expenses		(12,902)	(7,020)
Net impairment loss on accounts receivable	13	(55,703)	(110,907)
Staff costs	7	(22,010)	(19,878)
Finance costs	8	(5,477)	(33,145)
Other expenses		(25,109)	<u>(20,501)</u>

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit before taxation	9	257,884	171,265
Income tax expense	10	<u>(44,675)</u>	<u>(31,483)</u>
Profit for the year		<u>213,209</u>	<u>139,782</u>
Other comprehensive income (expense)			
<i>Items that will not be reclassified to profit or loss</i>			
Surplus on revaluation of properties		1,634	1,114
Deferred tax arising on revaluation of properties		<u>(270)</u>	<u>(184)</u>
Total other comprehensive income for the year		<u>1,364</u>	<u>930</u>
Total comprehensive income for the year		<u>214,573</u>	<u>140,712</u>
Profit for the year attributable to:			
Owners of the Company		213,209	139,716
Non-controlling interests		<u>–</u>	<u>66</u>
		<u>213,209</u>	<u>139,782</u>
Total comprehensive income attributable to:			
Owners of the Company		214,573	140,646
Non-controlling interests		<u>–</u>	<u>66</u>
		<u>214,573</u>	<u>140,712</u>
Earnings per share			
Basic and diluted (HK dollars)	12	<u>0.09</u>	<u>0.06</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021

	<i>Notes</i>	2021 HK\$'000	2020 HK\$'000
Non-current assets			
Property and equipment		5,969	105,651
Intangible assets		8,963	8,413
Other assets		6,826	4,172
Deposit paid for acquisition of a subsidiary		–	6,200
Deposits paid for acquisition of property and equipment		2,123	–
Investments		2,061	–
Deferred tax assets		259	259
Goodwill		2,000	–
		28,201	124,695
Current assets			
Accounts receivable	13	3,655,082	3,564,867
Prepayments, deposits and other receivables		3,302	2,145
Tax recoverable		62	21,320
Investments		139	104
Bank balances – client accounts		656,240	445,239
Bank balances – general accounts and cash		328,186	260,910
		4,643,011	4,294,585
Assets classified as held for sale	15	106,132	–
		4,749,143	4,294,585
Current liabilities			
Accounts payable	14	695,799	478,475
Accrued charges and other payables		6,137	5,374
Deposit received for disposal of a subsidiary	15	37,000	–
Lease liabilities		1,927	–
Tax payable		10,303	–
		751,166	483,849
Liabilities associated with assets classified as held for sale	15	4,217	–
		755,383	483,849
Net current assets		3,993,760	3,810,736
Total assets less current liabilities		4,021,961	3,935,431

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current liabilities		
Lease liabilities	831	–
Deferred tax liabilities	84	3,958
	<u>915</u>	<u>3,958</u>
Net assets	<u>4,021,046</u>	<u>3,931,473</u>
Capital and reserves		
Share capital	25,000	25,000
Reserves	3,996,046	3,906,473
	<u>4,021,046</u>	<u>3,931,473</u>
Total equity	<u>4,021,046</u>	<u>3,931,473</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 on 31 August 2015 and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company’s immediate 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 ultimate holding company is Honeylink Agents Limited, a company incorporated in the British Virgin Islands with limited liability.

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

¹ Effective for annual periods beginning on or after 1 January 2021

² Effective for annual periods beginning on or after 1 April 2021

³ Effective for annual periods beginning on or after 1 January 2022

⁴ Effective for annual periods beginning on or after 1 January 2023

⁵ The effective date to be determined

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

4. REVENUE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue from contracts with customers within HKFRS 15		
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
Management fee	2,520	2,520
	<u>71,664</u>	<u>38,252</u>
Interest revenue calculated using the effective interest method		
– Bank balances and time-deposits	1,942	5,877
– Other financial assets at amortised costs		
– Accounts receivable	307,714	325,233
	<u>309,656</u>	<u>331,110</u>
Total revenue	<u><u>381,320</u></u>	<u><u>369,362</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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<i>Timing of revenue recognition:</i>		
At a point in time		
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
	<u>68,239</u>	<u>35,475</u>
Over time		
Advisory fee income	905	257
Management fee	2,520	2,520
	<u>3,425</u>	<u>2,777</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 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
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, club memberships, certain trading rights in Stock Exchange, certain prepayments, deposits and other receivables, certain bank balances and certain tax recoverable.
- all liabilities are allocated to operating segments other than certain accrued charges and other payables, certain deferred tax liabilities and certain tax payable.
- all profit or loss are allocated to operating segments other than certain amortisation and depreciation, certain lease payments for short-term leases or leases of low value assets / operating lease rentals, certain management fees, certain finance costs, certain staff costs and certain other expenses incurred for strategic planning by the Group.

Segment information about these divisions is presented below.

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 2021

	Broking HK\$'000	Securities margin financing HK\$'000	Corporate finance HK\$'000	Consolidated HK\$'000
SEGMENT REVENUE	<u>73,812</u>	<u>306,603</u>	<u>905</u>	<u>381,320</u>
SEGMENT RESULT	<u>21,693</u>	<u>250,900</u>	<u>606</u>	273,199
Unallocated corporate expenses				(14,804)
Unallocated finance costs				<u>(511)</u>
Profit before taxation				<u>257,884</u>

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>	218,077
Unallocated corporate expenses				(14,610)
Unallocated finance costs				<u>(32,202)</u>
Profit before taxation				<u>171,265</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>	Corporate finance <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
SEGMENT ASSETS	<u>756,204</u>	<u>3,894,302</u>	<u>10,419</u>	4,660,925
Unallocated assets				<u>116,419</u>
Consolidated assets				<u>4,777,344</u>
SEGMENT LIABILITIES	<u>418,735</u>	<u>295,300</u>	<u>82</u>	714,117
Unallocated liabilities				<u>42,181</u>
Consolidated liabilities				<u>756,298</u>

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>

5. SEGMENT INFORMATION (CONTINUED)

Other segment information

2021

	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	4,885	-	-	-	4,885
Additions of property and equipment through acquisition of a subsidiary	335	-	-	-	335
Additions of intangible assets through acquisition of a subsidiary	550	-	-	-	550
Depreciation of property and equipment	(1,788)	-	-	(4,010)	(5,798)
Fair value gains on investments	95	-	-	-	95
Government subsidies	3,045	-	-	-	3,045
Interest income (including revenue and other operating income)	3,123	306,603	23	-	309,749
Net impairment loss on accounts receivable	-	(55,703)	-	-	(55,703)
Finance costs	(4,966)	-	-	(511)	(5,477)
Commission expenses	(12,750)	-	(152)	-	(12,902)
Write-off of accounts receivable	-	(193)	-	-	(193)

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	(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)

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 2021 and 2020, there were no customers 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	93	319
Dividend income	–	6
Government subsidies	3,045	–
Sundry income	696	185
	<u>3,834</u>	<u>510</u>

6b. Other gains and losses, net

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Gain on disposal of property and equipment	–	40
Net realised losses on error trades	(2)	(29)
Fair value changes on investments	95	(66)
Net exchange (losses) gains	(364)	555
	<u>(271)</u>	<u>500</u>

7. STAFF COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Staff costs including directors' emoluments:		
Salaries and other benefits	21,230	19,170
Retirement benefits scheme contributions	780	708
	<u>22,010</u>	<u>19,878</u>

8. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest on bank borrowings	3,098	779
Interest on bank overdraft	–	16
Interest on clients' accounts	1,827	148
Interest on convertible bonds	–	31,178
Interest on lease liabilities	41	–
Interest on loan from the ultimate holding company	511	1,024
	<u>5,477</u>	<u>33,145</u>

9. PROFIT BEFORE TAXATION

This is stated after charging:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Auditor's remuneration	1,360	1,400
Write-off of accounts receivable	193	300
	<u>1,553</u>	<u>1,700</u>

10. TAXATION

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax		
Hong Kong Profits Tax		
Current year	43,686	33,240
Under (Over) provision in prior years	921	(1,825)
	<u>44,607</u>	<u>31,415</u>
Deferred tax		
Origination and reversal of temporary differences	68	68
	<u>44,675</u>	<u>31,483</u>

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.

11. DIVIDENDS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Final dividend for prior financial year, paid – HK2 cents (2020: HK4 cents) per share	50,000	100,000
Interim dividend for current financial year, paid – HK3 cents (2020: HK3 cents) per share	<u>75,000</u>	<u>75,000</u>
	<u><u>125,000</u></u>	<u><u>175,000</u></u>

A final dividend in respect of the year ended 31 March 2021 of HK3 cents (2020: HK2 cents) per share, amounting to HK\$75,000,000 (2020: HK\$50,000,000) 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:

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>213,209</u>	<u>139,716</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>2,500,000</u>	<u>2,500,000</u>

For the year ended 31 March 2021, diluted earnings per share are same as the basic earnings per share as there are no dilutive potential ordinary shares in existence during the year.

For the year ended 31 March 2020, 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 the year did not assume the exercise of certain convertible bonds since their assumed exercise would result in increase in earnings per share.

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	290,060	313,568
– Other margin clients	3,521,244	3,378,726
– 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>
	3,859,103	3,713,185
Less: Loss allowances	<u>(204,021)</u>	<u>(148,318)</u>
	<u>3,655,082</u>	<u>3,564,867</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\$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>
	<u>161</u>	<u>546</u>

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 losses ("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.

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\$55,703,000 (2020: HK\$110,907,000) 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	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 <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	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 <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, 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. 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\$1,528,000 (2020: HK\$247,000).

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. ASSETS / LIABILITIES CLASSIFIED AS HELD FOR SALE

On 18 March 2021, the Group entered into a sales and purchase agreement with Get Nice Development Limited, a wholly-owned subsidiary of GN Holdings, to dispose of 100% of its equity interests in NobleNet Limited (“NobleNet”), a wholly-owned subsidiary of the Group, and its wholly-owned subsidiary, Grace Field Limited (“Grace Field”) for a consideration of HK\$457,000,000 (subject to adjustment) (the “Disposal”). Details of the Disposal have been disclosed in the Company’s announcement dated 18 March 2021 and circular dated 29 April 2021. A deposit of HK\$37,000,000 was received during the reporting period. The Disposal was approved by the shareholders of the Company at an extraordinary general meeting held on 21 May 2021.

The Disposal has been completed on 24 May 2021. In the opinion of the directors, the Group expects to record an estimated gain on disposal of approximately HK\$339,060,000 as a result of the Disposal.

FINAL DIVIDEND

The Directors recommended a final dividend of HK3 cents per share, together with the interim dividend paid during the year, amounting to total dividends of HK6 cents 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:

Events	Last date of lodgment of transfer documents
<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\$381.3 million, representing an increase of 3.2% as compared with approximately HK\$369.4 million reported in the last corresponding financial year. The slight increase in revenue was mainly attributable to the increase in brokerage commission with higher 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\$213.2 million (2020: HK\$139.7 million). The increase in profit was mainly attributable to (i) decrease in net impairment loss on account receivable from margin clients and (ii) decrease in finance costs resulted from the absence of imputed interests of convertible bonds. The Group recorded net impairment losses on accounts receivable from margin clients of HK\$55.7 million (2020: HK\$110.9 million) in current year.

Basic earnings per share for the year were HK9 cents (2020: HK6 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.

Business review

Broking and securities margin financing

During the year ended 31 March 2021, the broking business posted a profit of approximately HK\$21.7 million (2020: HK\$4.0 million). The operating result of the broking business increased by 442.5% 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 68.1% to approximately HK\$73.8 million (2020: HK\$43.9 million) as compared with last financial year, of which approximately HK\$17.0 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 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.

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.

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\$4,021.0 million as at 31 March 2021 (2020: HK\$3,931.5 million), representing an increase of approximately HK\$89.5 million or 2.3% over that of last financial year end. The increase was mainly attributable to the profit for the year net of dividend distributed.

As at 31 March 2021, the Group's net current assets amounted to HK\$3,993.8 million (2020: HK\$3,810.7 million), and its liquidity as represented by current ratio (current assets/current liabilities) was 6.29 times (2020: 8.88 times). The decrease in current ratio was mainly due to the increase of accounts payable.

Bank balances and cash on hand amounted to HK\$328.2 million (2020: HK\$260.9 million). The increase in bank balances and cash on hand was mainly due to the cash inflows in respect of the repayment from accounts receivable.

The Group had no bank borrowings as at 31 March 2021 (2020: HK\$nil) and its unutilised banking facilities as at the end of the year were approximately HK\$740 million (2020: 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 Group's gearing ratio (total borrowing over equity attributable to owners of the Company) as at 31 March 2021 was zero (2020: nil).

The number of issued shares of Company amounted to 2,500,000,000 shares as at 31 March 2021 (2020: 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 2021, leasehold land and building of the Group classified as assets held for sale with a carrying amount of 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 18 March 2021, the Group entered into a sales and purchase agreement with Get Nice Development Limited, a wholly-owned subsidiary of GN Holdings, to dispose of 100% of its equity interests in NobleNet, a wholly-owned subsidiary of the Group, and its wholly-owned subsidiary, Grace Field for a consideration of HK\$457,000,000 (subject to adjustment). Details of the disposal have been disclosed in the Company's announcement dated 18 March 2021 and circular dated 29 April 2021.

Save as disclosed above, the Group had no other material acquisitions or disposals of subsidiaries, associates or jointly controlled entity completed during the year ended 31 March 2021.

Employee Information

As at 31 March 2021, the Group had 73 (2020: 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\$22.0 million (2020: HK\$19.9 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 2021, 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 2021 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 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.getnicefg.com.hk> in due course.

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

Hong Kong, 29 June 2021

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.