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WONDERFUL SKY FINANCIAL GROUP HOLDINGS LIMITED

皓天財經集團控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1260)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020**

The board of directors (the “**Board**”) of Wonderful Sky Financial Group Holdings Limited (the “**Company**”) presents the unaudited interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 September 2020 together with comparative figures for corresponding period in 2019 as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

		For the six months ended 30 September	
		2020	2019
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
	<i>Notes</i>		
Revenue	3	179,386	298,025
Direct costs		(95,558)	(163,640)
Gross profit		83,828	134,385
Other income		52,286	28,063
Selling expenses		(12,584)	(9,497)
Administrative expenses		(59,697)	(40,452)
Other gains and losses	4	5,537	4,488
Reversal of impairment loss recognised on debt instruments at fair value through other comprehensive income (“FVTOCI”)		–	577
Share of results of associates		(841)	2,332
Finance costs		(2,320)	(2,955)
Profit before taxation	5	66,209	116,941
Taxation	6	(10,871)	(19,449)
Profit for the period		55,338	97,492

		For the six months ended 30 September	
		2020	2019
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
<i>Notes</i>			
Other comprehensive income (expense)			
Item that will not be reclassified to profit or loss:			
	Net loss on change in fair value of equity instruments at FVTOCI	(2,616)	(2,960)
Items that may be reclassified subsequently to profit or loss:			
	Net gain (loss) on change in fair value of debt instruments at FVTOCI	72,593	(13,954)
	Reversal of impairment loss recognised on debt instruments at FVTOCI	–	(577)
	Exchange difference arising on translating foreign operation	(4,337)	(5,462)
Other comprehensive income (expense) for the period		65,640	(22,953)
Total comprehensive income for the period		120,978	74,539
Earnings per share – Basic		HK4.8 cents	HK8.2 cents
Earnings per share – Diluted		HK4.8 cents	HK8.2 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020

		As at 30 September 2020 (Unaudited) HK\$'000	As at 31 March 2020 (Audited) HK\$'000
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		689,242	662,459
Right-of-use assets		8,758	4,958
Investment property		26,337	26,645
Intangible assets		10,006	10,006
Interests in associates		6,110	6,202
Equity instruments at FVTOCI		27,121	25,242
Financial assets at fair value through profit or loss (“FVTPL”)		112,844	106,952
Debt instruments at FVTOCI		495,446	373,981
Club debenture	9	12,200	12,200
Deferred tax asset		70	70
Deposits for acquisition of property, plant and equipment		—	381
		<u>1,388,134</u>	<u>1,229,096</u>
Current assets			
Contract assets		—	205
Trade and other receivables	10	77,163	84,621
Amounts due from related parties		12,148	12,148
Debt instruments at FVTOCI		283,381	465,285
Financial products		56,860	—
Bank balances and cash		176,622	107,969
		<u>606,174</u>	<u>670,228</u>

		As at 30 September 2020 (Unaudited) HK\$'000	As at 31 March 2020 (Audited) HK\$'000
	Notes		
Current liabilities			
Trade and other payables	11	135,370	134,854
Contract liabilities		68,008	35,338
Taxation payable		18,157	6,997
Bank borrowings		159,423	163,319
Lease liabilities		2,139	2,139
Bank overdrafts		–	70,183
		<u>383,097</u>	<u>412,830</u>
Net current assets		<u>223,077</u>	<u>257,398</u>
Total assets less current liabilities		<u>1,611,211</u>	<u>1,486,494</u>
Non-current liability			
Deferred tax liability		1,103	1,103
Lease liabilities		<u>4,745</u>	<u>1,006</u>
		<u>5,848</u>	<u>2,109</u>
Net assets		<u><u>1,605,363</u></u>	<u><u>1,484,385</u></u>
Capital and reserves			
Share capital		11,515	11,515
Reserves		<u>1,593,848</u>	<u>1,472,870</u>
Total equity		<u><u>1,605,363</u></u>	<u><u>1,484,385</u></u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 12 January 2011 under the Companies Law of the Cayman Islands Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Its ultimate holding company is Sapphire Star Investments Limited, a company with limited liability incorporated in the British Virgin Islands (“**BVI**”) and the ultimate controlling party is Mr. Liu Tianni.

The principal activities of the Company are investment holding and securities investment. The principal activities of its principal subsidiaries and principal associate are provision of financial public relations services and organisation and coordination of international roadshows.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the same as the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

New and amendments to HKFRSs that are mandatorily effective for the current year

The Company and its subsidiaries (collectively referred to as the “**Group**”) have applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time in the current interim period:

Amendments to HKASs 1 and 8	Definition of Material
Amendments to HKAS 39, HKFRSs 7 and 9	Interest Rate Benchmark Reform
Amendments HKFRS 3	Definition of a Business

The adoption of the new/revised HKFRSs did not result in substantial changes to the Group’s accounting policies and amounts reported for the Period and prior years.

The Group has not early applied the new and amendments to HKFRSs that have been issued but are not yet effective.

3. REVENUE AND SEGMENT INFORMATION

The Group has two operating segments, namely, the financial public relations service segment and the international roadshow service segment. These operating segments have been identified on the basis of internal management reports that are regularly reviewed by the Chief Executive Officer of the Company who is the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance. No operating segments have been aggregated in arriving at the reportable segments of the Group.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment:

For the six months ended 30 September 2020 (Unaudited)

	Provision of financial public relations services <i>HK\$'000</i> (Unaudited)	Organisation and coordination of international roadshows <i>HK\$'000</i> (Unaudited)	Consolidated <i>HK\$'000</i> (Unaudited)
Revenue	<u>177,116</u>	<u>2,270</u>	<u>179,386</u>
Segment profit (loss)	<u>65,885</u>	<u>(2,586)</u>	63,299
Unallocated corporate income			45,269
Staff costs (including retirement benefit scheme contributions)			(11,062)
Share of results of associates			(841)
Other unallocated corporate expenses			(28,136)
Finance costs			<u>(2,320)</u>
Profit before taxation			<u><u>66,209</u></u>

For the six months ended 30 September 2019 (Unaudited)

	Provision of financial public relations services <i>HK\$'000</i> (Unaudited)	Organisation and coordination of international roadshows <i>HK\$'000</i> (Unaudited)	Consolidated <i>HK\$'000</i> (Unaudited)
Revenue	<u>232,641</u>	<u>65,384</u>	<u>298,025</u>
Segment profit	<u>100,094</u>	<u>22,884</u>	122,978
Unallocated corporate income			32,551
Staff costs (including retirement benefit scheme contributions)			(14,221)
Operating lease rentals			(1,532)
Share of results of associates			2,332
Other unallocated corporate expenses			(22,212)
Finance costs			<u>(2,955)</u>
Profit before taxation			<u><u>116,941</u></u>

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of other income, other gains and losses, central administration costs, directors' salaries, operating lease rentals, share of results of associates and finance costs. This is the measure reported to the chief executive for the purposes of resource allocation and performance assessment.

4. OTHER GAINS AND LOSSES

	For the six months ended 30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net foreign exchange (loss) gain	(354)	309
Loss on disposal of debt instruments at FVTOCI	–	(2,371)
Gain (loss) on change in fair value of financial assets at FVTPL	5,891	–
Gain on disposal of financial assets at FVTPL	–	6,550
	<u>5,537</u>	<u>4,488</u>

5. PROFIT BEFORE TAX

Profit before taxation has been arrived at after charging:

	For the six months ended 30 September	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Directors' and chief executive's remuneration	2,554	2,025
Other staff costs	29,908	36,138
Retirement benefit scheme contributions for other staff	2,110	2,583
	<u>34,572</u>	<u>40,746</u>
Auditor's remuneration	257	497
Depreciation of property, plant and equipment	12,558	10,851
Operating lease rentals	–	1,532
Deprecation of right-of-use assets	686	–
Deprecation of investment property	308	–
and after crediting:		
Interest income from bank deposits	414	1,495
Investment income from		
– financial assets at FVTPL (included in other income)	–	5,413
– debt instruments at FVTOCI (included in other income)	40,344	19,403
– other financial assets (included in other income)	–	1,937
	<u><u>–</u></u>	<u><u>1,937</u></u>

6. TAXATION

	For the six months ended 30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong Profits Tax		
– Current tax	<u>10,871</u>	<u>19,449</u>

Hong Kong profits tax is calculated at 16.5% (2019: 16.5%) on the estimated assessable profits for both periods.

7. DIVIDENDS

The Board does not recommend the payment of interim dividends for the six months ended 30 September 2020 (2019: nil).

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	For the six months ended 30 September	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Earnings		
Profit for the period attributable to owners of the Company for the purposes of basic and diluted earnings per share	<u>55,338</u>	<u>97,492</u>

	For the six months ended	
	30 September	
	2020	2019
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share	<u>1,151,454,000</u>	<u>1,193,974,000</u>

9. CLUB DEBENTURE

Club debenture is measured at cost less any impairment.

10. TRADE RECEIVABLES

	As at	As at
	30 September	31 March
	2020	2020
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Trade receivables, net of allowance	<u>67,488</u>	<u>81,038</u>

The Group generally grants a credit period of 30 days to its customers.

The following is an aging analysis of trade receivables net of allowance for credit losses presented based on the invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates:

	As at	As at
	30 September	31 March 2020
	2020	2020
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Within 30 days	10,833	9,414
31 to 90 days	11,748	6,125
91 days to 1 year	44,907	60,054
Over 1 year	<u>–</u>	<u>5,445</u>
	<u>67,488</u>	<u>81,038</u>

11. TRADE PAYABLES

The following is an aging analysis of trade payables based on the invoice dates at the end of the reporting period:

	As at 30 September 2020 (Unaudited) HK\$'000	As at 31 March 2020 (Audited) HK\$'000
Within 30 days	4,181	15,312
31 to 60 days	2,026	2,579
61 to 90 days	26	2,413
91 days to 1 year	8,642	11,322
Over 1 year	—	—
	<u>14,875</u>	<u>31,626</u>

The average credit period on purchase from suppliers is from 30 to 60 days.

BUSINESS REVIEW

The Group's profit decreased from approximately HK\$97.5 million for the six months ended 30 September 2019 to approximately HK\$55.3 million for the six months ended 30 September 2020, representing a decrease of approximately 43.3%. The Group's revenue decreased from approximately HK\$298.0 million for the six months ended 30 September 2019 to approximately HK\$179.4 million for the six months ended 30 September 2020, representing a decrease of approximately 39.8%.

The Group's business consists of two major business segments, namely, the financial public relations service segment and the international roadshow service segment.

Financial public relation service segment

Our financial public relation services include (i) public relations services; (ii) investor relations services; (iii) financial printing services and (iv) capital markets branding. During the six months ended 30 September 2020, this business segment delivered a turnover of approximately HK\$177.1 million (Six months ended 30 September 2019: HK\$232.6 million), representing a decrease of approximately 23.9%. The profit of this business segment for the six months ended 30 September 2020 was approximately HK\$65.9 million (Six months ended 30 September 2019: HK\$100.0 million), representing a decrease of approximately 34.1%. The decrease in revenue and profit of this business segment was attributed to the outbreak of epidemic, leading to suspension of normal activities.

International roadshow service segment

Our international roadshow services include coordination, organisation and management of the overall logistics of roadshows for our clients. While we handle this for our clients, they would be able to focus on the presentation aspect of the roadshows. The revenue of this segment decreased by approximately 96.5%, to approximately HK\$2.3 million (Six months ended 30 September 2019: HK\$65.4 million) for the six months ended 30 September 2020, which was attributed to the outbreak of epidemic, leading to suspension of international roadshow.

Aside from the profit generated from the two business segments, the Group also generated investment income of HK\$40.3 million (Six months ended 30 September 2019: HK\$26.7 million) from its bond securities for the six months ended 30 September 2020. The bond securities comprise bonds listed on The Stock Exchange of Hong Kong Limited ("HKEx") and Singapore Exchange Securities Trading Limited ("SGX"). The Group takes a prudent approach on its investments and reviews their performance regularly. Details of the Group's significant investments which exceeded 5% of total balance of investment as at 30 September 2020 are as follows:

Bond issuer name	Listed on	Investee's principle activities	Bond code	Coupon Rate	Maturity date	Face value <i>US Dollars</i>	Market value <i>HK\$</i>	Coupon interest receivable <i>HK\$</i>	Fair value gain (loss) on each significant investment <i>HK\$</i>	Size of fair value relative to the total asset of the Company as at 30 September 2020
Dafa Properties Group Ltd	HKEx	Property development	XS2104465831	11.50%	27 January 2021	6,000,000	47,196,854	906,104	696,854	2.37%
Gemstones International Ltd	SGX	Investment holding	XS2098347821	12.00%	10 March 2023	10,000,000	77,629,267	516,667	129,267	3.89%
Kaisa Group Holdings Ltd	SGX	Property development	XS2203824789	11.25%	16 April 2025	10,000,000	77,553,219	1,792,187	53,219	3.89%
Modern Land (China) Co Limited	SGX	Property development	XS2202152703	11.50%	13 November 2022	8,000,000	62,618,281	1,525,031	618,281	3.14%
Xinyuan Real Estate Co Ltd	SGX	Property development	XS2176792658	14.50%	17-Sep-23	8,000,000	61,381,860	-	(618,140)	3.08%

FINANCIAL REVIEW

Liquidity and financial resources

The Group generally finances its operations with internally generated cash flow and banking facilities provided by banks in Hong Kong. The Group is financially sound and its cash position remains healthy. The Group's bank balances and cash as of 30 September 2020 amounted to approximately HK\$176.6 million. Aside from placing deposits with commercial banks, the Group also purchased principal-guaranteed, short-term and low risk unlisted financial products so as to ensure the security and value of the capital.

The Group's gearing ratio as at 30 September 2020 was 0%, (31 March 2020: 8.5%), based on the short-term bank loans of the Group (net of bank balances and cash) and the equity attributable to owners of the Company.

Exchange rate exposure

Most of the transactions, assets and liabilities of the Group were made in Hong Kong dollars, Renminbi and US dollars. As of 30 September 2020, the Group was not exposed to any material exchange risk as the exchange rates of Hong Kong dollars and US dollars were relatively stable under the currency peg system. The Group did not have any hedging policy on Renminbi but its management monitors such exposure closely and will consider hedging such exposures should the need arise.

Pledge of assets

As at 30 September 2020, leasehold land and building amounted to approximately HK\$607.5 million (31 March 2020: HK\$613.9 million) was pledged as securities for banking facilities.

CONTINGENT LIABILITIES

As at 30 September 2020, the Group had no contingent liabilities.

PROSPECTS

The outbreak of COVID-19 has become the biggest threat to the world economy in 2020. While the impact of the COVID-19 pandemic has yet to come to its head, it is expected that in the short to medium term, global economic activity will still weaken with containment measures may continue for a while. Coupled with the intensified Sino-US tensions and increasing geopolitical risks, this will bring more challenges to the economic recovery.

The Group continues to enjoy an absolute leading market share in the Hong Kong IPO market with its strong expertise and efficient services capabilities. Looking forward to strengthening controls on the spread of the COVID-19 epidemic and restoring economic growth.

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING AND TOP-UP PLACEMENT

As at 30 September 2020, details of use of proceeds from initial public offering are as follows:

Net proceeds allocation	Intended use of the proceeds	Actual use of the proceeds as at 30 September 2020	The amount of remaining net proceeds as at 30 September 2020 for the intended use	Actual use of the total proceeds during the six months period ended 30 September 2020	The amount of remaining net proceeds as at 30 September 2020 for the intended use	Total proceeds used as at 30 September 2020	Expected time of utilisation <i>(Note 1)</i>	Change in intention
Approximately HK\$124.9 million	For strategic mergers with and acquisitions of companies with experience in the public relations business, investor relations business, financial printing business or international roadshow business.	Approximately HK\$19.8 million has been used in purchasing approximately 5.11% registered capital of Weconvene Group Limited.	HK\$105.1 million	–	Approximately HK\$105.1 million	HK\$19.8 million	30 April 2022	No
Approximately HK\$65.0 million	For the establishment of an additional office in Hong Kong, the recruitment of additional staff members and other general corporate purposes.	Approximately HK\$54.9 million has been utilized for purchase of office equipment and general corporate purposes.	HK\$10.1 million	HK\$0.9 million	Approximately HK\$9.2 million	HK\$55.8 million	31 December 2021	No

Note:

1. The expected time frame for fully applying the unutilised proceeds is based on the best estimation of the future market conditions and strategic development made by the Company, which may be subject to changes and adjustments based on the future development of market conditions.

As at 30 September 2020, details of use of proceeds from the top-up placement are as follows:

Net proceeds allocation	Intended use of the proceeds	Actual use of the proceeds as at 30 September 2019	Actual use		The amount of remaining net proceeds as at 30 September 2020 for the intended use	Total proceeds used as at 30 September 2020	Expected time of utilisation (Note 1)	Change in intention
			The amount of remaining net proceeds as at 30 September 2019 for the intended use	of the total proceeds during the period ended 30 September 2020				
Approximately HK\$423.0 million	For developing a mobile internet professional service platform, the “Wonderful Sky Cloud”, which provides online to offline (“O2O”) financial services to our customers and the public investment community.	Approximately HK\$26.1 million has been used in development of professional service platform, improvement of backstage databases and professional consulting fee.	HK\$396.9 million	HK\$4.1 million	HK\$392.8 million	HK\$30.2 million	31 January 2022	No

Note:

1. The expected time frame for fully applying the unutilised proceeds is based on the best estimation of the future market conditions and strategic development made by the Company, which may be subject to changes and adjustments based on the future development of market conditions.

EMPLOYMENT AND REMUNERATION POLICIES

As at 31 March 2020, the Group had 264 full-time employees. Remuneration packages are generally structured by reference to market terms and individual merits. Salaries are normally reviewed on an annual basis and bonuses paid, if any, will be based on performance appraisals and other relevant factors. Staff benefits plans maintained by the Group include mandatory provident fund scheme, share option scheme and medical insurance.

CORPORATE GOVERNANCE

Save and except for following deviation, the Directors consider that the Company has complied with the applicable code provisions of the Corporate Governance Code (the “CG Code”), as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 September 2020.

Code provision A.2.1

Under code provision A.2.1, the roles of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual. The roles of both Chairman and Chief Executive Officer are performed by Mr. Liu Tianni currently. Mr. Liu is a founder of the Group and has over 20 years of experience in the financial investment sector as well as the financial public relation sector. The Board believes that vesting the two roles in the same person provides the Company with strong and consistent leadership and facilitates the implementation and execution of the Group's business strategies currently and in the foreseeable future. The Group will nevertheless review the structure from time to time in light of the prevailing circumstances.

Code provision A.6.7

Under code provision A.6.7 of the Code, independent non-executive directors and other non-executive directors, should attend general meetings and develop a balanced understanding of the views of shareholders.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding Directors' securities transactions on the same terms as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, they have confirmed compliance with the required standard set out in the Model Code during the six months ended 30 September 2020.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 September 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

AUDIT COMMITTEE

The Group has established an Audit Committee with written terms of reference in accordance with the Listing Rules. The Audit Committee comprises 3 members, who are independent non-executive Directors, namely Ms. Lee Wing Sze, Rosa, Ms. Li Ling Xiu and Ms. Lam Yim Kei, Sally. This Committee is chaired by Ms. Lee Wing Sze, Rosa.

The Audit Committee has reviewed with the management of the Company about the accounting principles and practices adopted by the Group and discussed the internal controls and financial reporting matters including a review of the unaudited condensed financial statements of the Group for the six months ended 30 September 2020.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

The interim results announcement is published on the websites of the Company and the HKEx. The interim report will be despatched to shareholders of the Company and made available on the same websites in due course.

APPRECIATION

On behalf of the Board, I would like to express its sincere gratitude to all our staff for their dedication and contribution, as well as to all our customers, suppliers, business associates and shareholders for their continuous support to the Group over the period.

By order of the Board
Wonderful Sky Financial Group Holdings Limited
Liu Tianni
Chairman

Hong Kong, 30 November 2020

As at the date of this announcement, the executive directors of the Company are Mr. Liu Tianni and Ms. Liu Lin; the independent non-executive directors of the Company are Ms. Li Ling Xiu, Ms. Lam Yim Kei, Sally and Ms. Lee Wing Sze, Rosa.

The English text of this announcement shall prevail over its Chinese text in case of inconsistency.