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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 2022**

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 2022 together with comparative figures for corresponding period in 2021 as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

		For the six months ended 30 September	
		2022	2021
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Revenue	3	168,761	188,925
Direct costs		<u>(80,271)</u>	<u>(88,231)</u>
Gross profit		88,490	100,694
Other income		24,156	45,144
Selling expenses		(11,567)	(12,677)
Administrative expenses		(57,227)	(49,811)
Other gains and losses		(5,193)	(11,238)
Impairment loss recognised on financial assets			
– Trade receivables, net		–	(10,220)
– Debt instruments at fair value through other comprehensive income (“FVTOCI”)		(7,152)	(22,176)
Share of results of associates		(1,781)	(991)
Finance costs		<u>(213)</u>	<u>(284)</u>
Profit before taxation	4	29,513	38,441
Taxation	5	<u>(5,158)</u>	<u>(9,105)</u>
Profit for the period		<u>24,355</u>	<u>29,336</u>

		For the six months ended 30 September	
		2022	2021
		(Unaudited)	(Unaudited)
<i>Notes</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
	Net loss on change in fair value of debt instruments at FVTOCI	(42,219)	(125,628)
	Impairment loss recognised on debt instruments at FVTOCI included in profit or loss	7,152	22,176
	Exchange difference arising on translating foreign operation	—	(2,399)
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	Item that will not be reclassified to profit or loss:		
	Net gain on change in fair value of equity instruments at FVTOCI	—	2,902
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	Other comprehensive income for the period	(35,067)	(102,949)
	Total comprehensive income for the period	(10,712)	(73,614)
		<hr/> <hr/>	<hr/> <hr/>
	Earnings per share – Basic	HK2.1 cents	HK2.5 cents
	Earnings per share – Diluted	HK2.1 cents	HK2.5 cents
	7	<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

		As at	As at
		30 September	31 March
		2022	2022
		(Unaudited)	(Audited)
<i>Notes</i>		HK\$'000	HK\$'000
Non-current assets			
		660,299	677,765
		26,807	27,113
		3,602	3,101
		4,384	8,471
		2,946	2,946
		43,483	43,099
		41,908	73,566
	8	12,200	12,200
		4,307	4,307
		799,936	852,568
Current assets			
		445	770
	9	100,999	72,112
		–	727
		117,878	139,596
		145,208	143,016
		–	770
		47,964	126,773
		349,934	212,449
		762,428	696,213

		As at 30 September 2022 (Unaudited) <i>HK\$'000</i>	As at 31 March 2022 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
Current liabilities			
Trade and other payables	10	147,193	134,650
Contract liabilities		25,661	19,236
Taxation payable		9,073	3,746
		<u>181,927</u>	<u>157,632</u>
Net current assets		<u>580,501</u>	538,581
Total assets less current liabilities		<u>1,380,437</u>	<u>1,391,149</u>
Net assets		<u>1,380,437</u>	<u>1,391,149</u>
Capital and reserves			
Share capital		11,515	11,515
Reserves		1,368,922	1,379,634
Total equity		<u>1,380,437</u>	<u>1,391,149</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

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 immediate 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 addresses of the registered office and principal place of business of the Company are disclosed in the “Corporate Information” section of the annual report.

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 newly adopted 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 HKAS 16	Proceeds before Intended Use
Amendments to HKAS 37	Cost of Fulfilling a Contract
Amendments to HKAS 3	Reference to the Conceptual Framework
Annual Improvements to HKFRSs	2018–2020 Cycle

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 adopted the new and amendments to HKFRSs that have been issued but 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 2022 (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>168,761</u>	<u>-</u>	<u>168,761</u>
Segment profit (loss)	<u>55,560</u>	<u>(5)</u>	<u>55,555</u>
Unallocated corporate income			24,156
Impairment loss recognised on debt instruments at FVTOCI			(7,152)
Staff costs (including retirement benefit scheme contributions)			(15,244)
Share of results of associates			(1,781)
Other unallocated corporate expenses			(25,808)
Finance costs			<u>(213)</u>
Profit before taxation			<u><u>29,513</u></u>

For the six months ended 30 September 2021 (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>187,463</u>	<u>1,462</u>	<u>188,925</u>
Segment profit	<u>57,602</u>	<u>2,140</u>	59,742
Unallocated corporate income			44,084
Impairment loss recognised on debt instruments at FVTOCI			(22,176)
Staff costs (including retirement benefit scheme contributions)			(10,812)
Share of results of associates			(991)
Other unallocated corporate expenses			(31,122)
Finance costs			<u>(284)</u>
Profit before taxation			<u><u>38,441</u></u>

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit earned (loss incurred) 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, impairment loss recognised on debt instruments and finance costs. This is the measure reported to the chief executive for the purposes of resource allocation and performance assessment.

4. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging:

	For the six months ended	
	30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Directors' and chief executive's remuneration	2,373	2,869
Other staff costs	31,679	29,670
Retirement benefit scheme contributions for other staff	2,058	1,636
	<u>36,110</u>	<u>34,175</u>
Auditor's remuneration	375	350
Depreciation of property, plant and equipment	17,046	18,052
Depreciation of right-of-use assets	–	1,611
Depreciation of investment property	306	293
and after crediting:		
Interest income from bank deposits	1,393	72
Investment income from		
– financial assets at FVTPL (included in other income)	4,750	3,630
– debt instruments at FVTOCI (included in other income)	17,353	40,787
	<u>17,353</u>	<u>40,787</u>

5. TAXATION

	For the six months ended 30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong Profits Tax		
– Current tax	5,158	9,105

Hong Kong profits tax is calculated at 16.5% (2021: 16.5%) on the estimated assessable profits for both periods.

6. DIVIDENDS

The Board does not recommend the payment of interim dividends for the six months ended 30 September 2022 (2021: nil).

7. 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	
	2022	2021
	<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	24,355	29,336

10. 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 2022 (Unaudited) <i>HK\$'000</i>	As at 31 March 2022 (Audited) <i>HK\$'000</i>
Within 30 days	14,651	11,020
31 to 60 days	4,136	1,566
61 to 90 days	9,220	316
91 days to 1 year	20,453	25,644
Over 1 year	46,152	60,440
	<u>94,612</u>	<u>98,986</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\$29.3 million for the six months ended 30 September 2021 to approximately HK\$24.4 million for the six months ended 30 September 2022, representing a decrease of approximately 16.7%. The Group's revenue decreased from approximately HK\$188.9 million for the six months ended 30 September 2021 to approximately HK\$168.8 million for the six months ended 30 September 2022, representing a decrease of approximately 10.7%.

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 2022, this business segment delivered a turnover of approximately HK\$168.8 million (Six months ended 30 September 2021: HK\$187.5 million), representing a decrease of approximately 10.0%. The profit of this business segment for the six months ended 30 September 2022 was approximately

HK\$55.6 million (Six months ended 30 September 2021: HK\$57.6 million), representing a decrease of approximately 3.5%. The decrease in profit of this business segment was attributed to the effect of the continuation of the epidemic, leading to the prolonged 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. Due to the continuation of the pandemic and the resulting suspension of international roadshow activities, no revenue was generated from the business segment (Six months ended 30 September 2021: HK\$1.5 million) for the six months ended 30 September 2022. A segment loss of HK\$5 thousand was resulted for the six months ended 30 September 2022 (six months ended 30 September 2021: profit of HK\$2.1 million).

Aside from the profit generated from the two business segments, the Group also generated interest income of HK\$17.4 million (Six months ended 30 September 2021: HK\$44.1 million) and HK\$4.8 million (Six months ended 30 September 2021: HK\$3.6 million) from its investments in bond securities and convertible bonds, respectively, for the six months ended 30 September 2022. 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 assets of the Group as at 30 September 2022 are as follows:

Name of significant investment	Investee’s principle activities	Market value <i>HK\$</i>	Size of fair value relative to the total asset of the Group as at 30 September 2022		Interest income during the six months ended 30 September 2022 <i>HK\$</i>
			30 September 2022	30 September 2022	
Silver Grant International Holdings Group Limited	Investment holding	103,644,189	6.7%		4,750,000

Note: Investment in convertible bonds issued by Silver Grant International Holdings Group Limited is classified as financial assets at fair value through profit and loss. Its fair value gain included interest earned on the investment.

The total assets of the Group as at 30 September 2022 of approximately HK\$1,562.4 million are used as the denominator to calculate the relative size of each financial instrument on the Group’s total assets as at 30 September 2022.

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, and time deposits as of 30 September 2022 amounted to approximately HK\$48.0 million (31 March 2022: HK\$126.8 million) and HK\$349.9 million (31 March 2022: HK\$212.4 million), respectively.

The Group has no short-term bank loan or bank overdraft as at 30 September 2022 (31 March 2021: nil), therefore, the Group's gearing ratio as at 30 September 2022 was 0% (31 March 2022: 0%).

Exchange rate exposure

Most of the transactions of the Group were made in Hong Kong dollars, US dollars and Renminbi. As of 30 September 2022, 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 does not currently have a 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 2022, owned properties amounted to approximately HK\$559.5 million (31 March 2022: HK\$570.4 million), and investment properties amounted to approximately HK\$26.8 million (31 March 2022: HK\$27.1 million) were pledged as securities for revolving banking facilities.

CONTINGENT LIABILITIES

As at 30 September 2022, the Group had no contingent liabilities.

2022 Outlook

The global economic recovery continued to be undermined by the continuation of the COVID-19 pandemic, geopolitics and the interest rate hikes expectations brought by inflation, resulting in a continued downward trend in the performance of global capital markets in the first three quarters of 2022. Despite these factors posing further challenges to the Group's performance, the Group continued to secure a relatively stable market shares in the Hong Kong IPO market. Meanwhile, the Group continued to provide long-term financial services to its listed company clients.

Under such difficult situations, the management of the Group not only led the Company to resist huge market pressure, but also maintained its focus on seeking opportunities amidst difficulties. In the crisis of the pandemic and the resulting blockade, we captured the opportunities to give full debut to our own Wonderful Sky Cloud APP, so as to provide clients with "one-stop" cross-border online roadshows and live streaming services. The two major online services launched by the Group last year, the "**Wonderful Sky Think Tank**" and the "**Wonderful Sky Ideas Summit**", continue to offer new, efficient and valuable communication platforms for listed clients and investors, and to build the most authoritative think tank platform for capital market.

Thanks to the long-term driving force of growth and opportunities generated by the interconnection of the capital markets between Hong Kong and the mainland, and further enhancement of Hong Kong's status as an international financial center. China supports further interconnection of markets between Hong Kong and the mainland, and is gradually expanding the scope of eligible securities under Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect.

In addition, while continuing to expand overseas and Hong Kong markets, the Group has also expanded its business scope in the mainland market. We have established professional teams at our Beijing, Shanghai, Shenzhen and Chengdu offices, and strived to provide better services for clients in these regions. In the future, the Group will continue to strengthen its business layout in the mainland, effectively utilise the geographical advantages of its mainland subsidiaries and the cluster effect of our listed company clients, and cement solid foundation for the expansion of the mainland market.

Looking ahead, capital markets will continue to be volatile due to global political, social and economic uncertainties. With its years of industry experience, professional expertise, and efficient service capabilities, the Group will create advantages new services to solidify its leading position in the industry. We expect that with continuous improvement on the global pandemic control, international business activities will return to normal, and the economy will soon recover and further develop.

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

As at 30 September 2022, details of use of proceeds from initial public offering are as follows:

Net proceeds allocation	Intended use of the proceeds	The amount of remaining net proceeds as at 30 September 2022 for the intended use	Total proceeds used as at 30 September 2022	Expected time of utilisation <i>(Note)</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\$105.1 million	HK\$19.8 million	31 December 2023	No
Approximately HK\$124.9 million	For financing the possible acquisition or setting up of a joint venture with a public relations firm in the PRC	Approximately HK\$22.0 million	HK\$102.9 million	31 December 2023	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.	Nil	HK\$65.0 million	Completed	Not applicable

As at 30 September 2022, details of use of proceeds from the top-up placement are as follows:

Net proceeds allocation	Intended use of the proceeds	The amount of remaining net proceeds as at 30 September 2022 for the intended use	Total proceeds used as at 30 September 2022	Expected time of utilisation <i>(Note)</i>	Change in intention
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\$356.5 million	HK\$66.5 million	31 December 2023	No

Note:

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 30 September 2022, the Group had 255 full-time employees. Total staff costs (including Directors' emoluments) were approximately HK\$36.1 million for the six months period ended 30 September 2022. 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 2022.

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.

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 2022.

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

During the six months ended 30 September 2022, 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 Mr. Leung Tsz Wing, Ms. Li Ling Xiu and Ms. Lam, Sally. This Committee is chaired by Mr. Leung Tsz Wing.

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 2022.

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
Li Liju
Company Secretary

Hong Kong, 30 November 2022

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, Sally and Mr. Leung Tsz Wing.

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