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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)

**ANNOUNCEMENT OF ANNUAL RESULTS FOR
THE YEAR ENDED 31 MARCH 2023**

RESULTS

The board of directors (the “**Board**”) of Wonderful Sky Financial Group Holdings Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 March 2023 together with the comparative figures for the previous year as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 MARCH 2023

	<i>NOTES</i>	2023 HK\$'000	2022 <i>HK\$'000</i>
Revenue	3	276,007	303,597
Direct costs		<u>(141,055)</u>	<u>(145,450)</u>
Gross profit		134,952	158,147
Other income		28,060	56,133
Selling expenses		(15,981)	(16,094)
Administrative expenses		(85,991)	(90,188)
Other gain and (losses), net	4	(29,405)	(46,967)
Impairment loss recognised on financial assets			
– Trade receivables, net		(823)	(3,993)
– Debt instruments at fair value through other comprehensive income (“ FVTOCI ”)		(10,237)	(183,064)
Share of results of associates		11,462	993
Finance costs	5	<u>–</u>	<u>(286)</u>
Profit (loss) before taxation	6	32,037	(125,319)
Taxation	7	<u>(4,815)</u>	<u>(3,604)</u>
Profit (loss) for the year		<u>27,222</u>	<u>(128,923)</u>

	<i>NOTES</i>	2023 HK\$'000	2022 <i>HK\$'000</i>
Other comprehensive income (loss)			
Items that are or may be reclassified subsequently to profit or loss:			
Net gain (loss) on change in fair value of debt instruments at FVTOCI, net of tax		52,671	(313,361)
Impairment loss on debt instruments at FVTOCI included in profit or loss		10,237	183,064
Exchange difference arising on translating foreign operation		(3,486)	(853)
		<u>59,422</u>	<u>(131,150)</u>
Item that will not be reclassified subsequently to profit or loss:			
(Loss) gain on change in fair value of equity instruments at FVTOCI		<u>(2,837)</u>	<u>7,255</u>
Other comprehensive income (loss) for the year		<u>56,585</u>	<u>(123,895)</u>
Total comprehensive income (loss) for the year		<u>83,807</u>	<u>(252,818)</u>
Earnings (loss) per share	9		
– Basic		<u>HK2.36 cents</u>	<u>HK(11.2) cents</u>
– Diluted		<u>HK2.36 cents</u>	<u>HK(11.2) cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2023

	<i>NOTES</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		617,783	677,765
Investment properties		48,495	27,113
Intangible asset		–	3,101
Interests in associates		13,804	8,471
Equity instruments at FVTOCI		–	2,946
Financial assets at fair value through profit or loss (“FVTPL”)		78,460	43,099
Debt instruments at FVTOCI		45,416	73,566
Club debenture		12,200	12,200
Deferred tax asset		2,521	4,307
		<u>818,679</u>	<u>852,568</u>
Current assets			
Contract costs		624	–
Contract assets		–	770
Trade and other receivables	10	54,411	72,112
Amounts due from related parties		1,228	727
Financial assets at FVTPL		23,148	139,596
Debt instruments at FVTOCI		81,086	143,016
Tax recoverable		–	770
Bank balances and cash		75,540	126,773
Time deposits		557,411	212,449
		<u>793,448</u>	<u>696,213</u>

	<i>NOTES</i>	2023 HK\$'000	2022 <i>HK\$'000</i>
Current liabilities			
Trade and other payables	11	110,161	134,650
Contract liabilities		20,430	19,236
Taxation payable		6,509	3,746
		<u>137,100</u>	<u>157,632</u>
Net current assets		<u>656,348</u>	<u>538,581</u>
Net assets		<u>1,475,027</u>	<u>1,391,149</u>
Capital and reserves			
Share capital		11,515	11,515
Reserves		1,463,512	1,379,634
Total equity		<u>1,475,027</u>	<u>1,391,149</u>

NOTES

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 principal activities of the Company are investment holding and securities investment. The principal activities of its principal subsidiaries 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**”)

2.1 New and amendments to HKFRSs that are newly adopted for the current year

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2022 consolidated financial statements except for the adoption of the following new/revised HKFRSs issued by Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) that are relevant to the Company and its subsidiaries (collectively referred to as the “**Group**”).

The Group has applied, for the first time, the following new/revised HKFRSs that are relevant to the Group:

Amendments to HKFRS16	COVID-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Proceeds before Intended Use
Amendments to HKAS 37	Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Annual Improvements	2018–2020 Cycle
Projects to HKFRSs	

Amendments to HKFRS 16: COVID-19-Related Rent Concessions beyond 30 June 2021

The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to COVID-19-related rent concessions that reduce lease payments due on or before 30 June 2022. The amendment does not affect lessors.

Amendments to HKAS 16: Proceeds before Intended Use

The amendments clarify the accounting requirements for proceeds received by an entity from selling items produced while testing an item of property, plant or equipment before it is used for its intended purpose. An entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss and measures the cost of those items applying the measurement requirements of HKAS 2.

Amendments to HKAS 37: Cost of Fulfilling a Contract

The amendments clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (for example, direct labour and materials) and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Amendments to HKFRS 3: Reference to the Conceptual Framework

The amendments update a reference in HKFRS 3 to the Conceptual Framework for Financial Reporting issued in 2018. The amendments also add to HKFRS 3 an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying HKFRS 3 should instead refer to HKAS 37. The exception has been added to avoid an unintended consequence of updating the reference.

Annual Improvements Project – 2018–2020 Cycle

HKFRS 1: Subsidiary as a First-time Adopter

This amendment simplifies the application of HKFRS 1 for a subsidiary that becomes a first-time adopter of HKFRSs later than its parent – i.e. if a subsidiary adopts HKFRSs later than its parent and applies HKFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent’s date of transition to HKFRSs.

HKFRS 9: Fees in the “10 per cent” Test for Derecognition of Financial Liabilities

This amendment clarifies that – for the purpose of performing the “10 per cent test” for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.

HKFRS 16: Lease Incentives

The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, Example 13 is not clear as to why such payments are not a lease incentive.

HKAS 41: Taxation in Fair Value Measurements

This amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in HKAS 41 with those in HKFRS 13.

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

2.2 New and amendments to HKFRSs in issue but not yet effective

At the date of authorisation of this announcement, the HKICPA has issued the following new/revised HKFRSs that are not yet effective for the current year, which the Group has not early adopted.

Amendments to HKAS 1	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹
HKFRS 17	Insurance Contracts ¹
Amendments to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

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

² Effective for annual periods beginning on or after 1 January 2024

³ The effective date to be determined

Except for the certain amendments to HKAS 1 and the amendments to HKFRS 10 and HKAS 28 which are explained below, the other new/revised HKFRSs are not expected to be relevant to the Group.

Amendments to HKAS 1: Classification of Liabilities as Current or Non-current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.

Amendments to HKFRS 10 and HKAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address an acknowledged inconsistency between the requirements in HKFRS 10 and those in HKAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The standards are amended such that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not); and a partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

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

3. REVENUE AND SEGMENT INFORMATION

The Group's operating activities consists of the provision of financial public relations services and the organisation and coordination of international roadshows. 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 operating and reportable segment:

For the year ended 31 March 2023

	Provision of financial public relations services <i>HK\$'000</i>	Organisation and coordination of international roadshows <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue	<u>267,007</u>	<u>–</u>	<u>267,007</u>
Segment profit (loss)	<u>86,570</u>	<u>(25)</u>	<u>86,545</u>
Unallocated corporate income			5,719
Interest income from debt instruments at FVTOCI			16,455
Impairment loss recognised on debt instruments at FVTOCI			(10,237)
Loss on disposal of debt instruments at FVTOCI			(37,056)
Staff costs (including retirement benefit schemes contributions and share-based payments)			(24,530)
Share of results of associates			11,462
Other unallocated corporate expenses			<u>(16,321)</u>
Profit before taxation			<u>32,037</u>

For the year ended 31 March 2022

	Provision of financial public relations services <i>HK\$'000</i>	Organisation and coordination of international roadshows <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue	<u>302,412</u>	<u>1,185</u>	<u>303,597</u>
Segment profit	<u>110,072</u>	<u>2,165</u>	112,237
Unallocated corporate income			6,001
Interest income from debt instruments at FVTOCI			46,931
Impairment loss recognised on debt instruments at FVTOCI			(183,064)
Loss on disposal of debt instruments at FVTOCI			(42,858)
Staff costs (including retirement benefit schemes contributions and share-based payments)			(24,308)
Share of results of associates			993
Other unallocated corporate expenses			(40,965)
Finance costs			<u>(286)</u>
Loss before taxation			<u>(125,319)</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 certain other income, certain other gain and losses, central administration costs, directors' salaries, share of results of associates, impairment loss recognised on debt instruments at FVTOCI and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

4. OTHER GAIN AND (LOSSES), NET

	2023 HK\$'000	2022 <i>HK\$'000</i>
Net foreign exchange (loss) gain	(1,785)	1,914
Loss on disposal of debt instruments at FVTOCI	(37,056)	(42,858)
Interest income from financial assets at FVTPL	3,500	7,000
Gain on disposal of financial assets at FVTPL	7,024	664
Gain (loss) on change in fair value of financial assets at FVTPL	3,272	(11,884)
Loss on disposal of interest in an associate	(872)	–
Dividend income from financial assets at FVTPL	96	96
Impairment loss on an intangible asset	(3,101)	(1,899)
Write off of property, plant and equipment	(483)	–
	<u>(29,405)</u>	<u>(46,967)</u>

5. FINANCE COSTS

	2023 HK\$'000	2022 <i>HK\$'000</i>
Interest on bank borrowings and bank overdrafts	–	271
Interest on lease liabilities	–	15
	<u>–</u>	<u>286</u>

6. PROFIT (LOSS) BEFORE TAXATION

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit (loss) before taxation has been arrived at after charging:		
Directors' and chief executive's remuneration	4,762	4,764
Other staff costs	46,464	57,862
Retirement benefit schemes contributions for other staff	2,217	1,948
Share-based payments for other staff	71	328
	<u>53,514</u>	<u>64,902</u>
Auditor's remuneration	820	750
Depreciation of property, plant and equipment	32,689	34,411
Depreciation of right-of-use assets	–	1,933
Depreciation of investment property	1,378	612
and after crediting:		
Interest income from bank deposits (included in other income)	5,606	556
Other service fee income (included in other income)	425	291
Commission income (included in other income)	760	4,950
Interest income from debt instruments at FVTOCI (included in other income)	16,455	46,931
Investment income from financial products (included in other income)	56	173
Rental income from investment properties (included in other income)	1,516	407
Subsidy income (included in other income) (<i>note</i>)	<u>3,242</u>	<u>671</u>

Note: During the year ended 31 March 2023, the Group recognised subsidy income of approximately HK\$2,498,000 (2022: approximately HK\$671,000) in respect of New Graduates-New Opportunities Scheme provided by The Hong Kong Chinese Enterprises Association and approximately HK\$744,000 (2022: nil) in respect of the Employment Support Scheme. In the opinion of the management of the Group, there were no unfulfilled conditions or contingencies relating to these grants/subsidies.

7. TAXATION

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Hong Kong Profits Tax		
– Current tax	3,858	9,409
– Under (over) provision in prior years	<u>(829)</u>	<u>823</u>
	3,029	10,232
Deferred taxation	<u>1,786</u>	<u>(6,628)</u>
	<u>4,815</u>	<u>3,604</u>

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The PRC enterprise income tax has been provided at the rate of 25% on the estimated assessable profits of a subsidiary in the PRC (2022: 25%).

Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

8. DIVIDENDS

No final dividend was proposed for ordinary shareholders of the Company in respect of the years ended 31 March 2023 and 2022, nor has any dividend been proposed since the end of the reporting period.

9. EARNINGS (LOSS) PER SHARE

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

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Earnings (loss)		
Profit (loss) for the year attributable to owners of the Company for the purposes of basic and diluted earnings (loss) per share	<u>27,222</u>	<u>(128,923)</u>
	2023	2022
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share	<u>1,151,454,000</u>	<u>1,151,454,000</u>

The computation of diluted earnings (loss) per share does not assume the exercise of the Company's options at exercise price of HK\$1.5 (2022: HK\$1.5) because the exercise price of those options was higher than the average market price of shares for the year ended 31 March 2023 or the period in which the options were outstanding.

10. TRADE RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables, net of allowance	<u><u>46,568</u></u>	<u><u>67,653</u></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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	9,718	17,842
31 to 90 days	15,977	19,737
91 days to 1 year	19,849	28,990
Over 1 year	<u>1,024</u>	<u>1,084</u>
	<u><u>46,568</u></u>	<u><u>67,653</u></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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	2,043	11,020
31 to 60 days	162	1,566
61 to 90 days	6,903	316
91 days to 1 year	3,099	25,644
Over 1 year	<u>64,083</u>	<u>60,440</u>
	<u><u>76,290</u></u>	<u><u>98,986</u></u>

Trade payables are non-interest bearing and generally have credit terms ranging from 1 to 360 days.

BUSINESS REVIEW

The Group recorded a profit of approximately HK\$27.2 million for the year ended 31 March 2023 as compared to a loss of approximately HK\$128.9 million for the previous year. The Group's revenue decreased from approximately HK\$303.6 million for the year ended 31 March 2022 to approximately HK\$276.0 million for the year ended 31 March 2023, representing a decrease of approximately 9.1%.

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) professional financial public relations services; (ii) investor relations services; (iii) financial printing services and (iv) capital markets branding. During the year ended 31 March 2023, this business segment delivered a turnover of approximately HK\$276.0 million (2022: approximately HK\$302.4 million), representing a decrease of approximately 8.7%. The decrease in revenue of this business segment was attributed to the continuation of pandemic in the first three quarters of the year, leading to suspension of normal activities before customs clearance in December 2022. The profit of this business segment for the year ended 31 March 2023 was approximately HK\$86.6 million (2022: approximately HK\$110.1 million), representing a decrease of approximately 21.3%.

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 ongoing worldwide pandemic, roadshows have been unable to take place, leading to the segment had no revenue for the year ended 31 March 2023 (2022: approximately HK\$1.2 million).

Aside from the profit generated from the two business segments, the Group also generated interest income of approximately HK\$16.5 million (2022: approximately HK\$46.9 million) from its bond securities for the year ended 31 March 2023. The Group made a loss of approximately HK\$37.1 million (2022: loss of approximately HK\$42.9 million) from its disposals of debt instruments at FVTOCI which comprising bond securities and unlisted fund. The bond securities comprise bonds listed on The Stock Exchange of Hong Kong Limited (“**HKEx**”), Singapore Exchange Securities Trading Limited (“**SGX**”) or overseas exchanges. During the year ended 31 March 2023, a net gain on change in fair value of debts instruments at FVTOCI of approximately HK\$52.7 million (2022: a net loss on change in fair value of approximately HK\$313.4 million) was recognised in other comprehensive income and accumulated in the Group’s reserve due to the temporary stabilization of bond securities market. At the year end, the Group performed impairment assessment on debt instruments at FVTOCI under the ECL model individually. Based on the results of assessment, the Group recognised impairment loss of approximately HK\$10.2 million (2022: approximately HK\$183.1 million) in profit or loss in connection with the debt instruments at FVTOCI as a result of the decline in the credit quality of certain listed bond issuers.

The Group’s investment in the convertible bonds of Silve Grant International Holdings Group Limited was redeemed in full during the year in accordance with the contract.

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 and Singapore. The Group is financially sound and its cash position remains healthy. As at 31 March 2023, the Group's bank balances and cash amounted to approximately HK\$75.5 million (2022: approximately HK\$126.8 million), and the Group's time deposits amounted to approximately HK\$557.4 million (2022: approximately HK\$212.4 million).

As at 31 March 2022 and 31 March 2023, the Group had no outstanding bank loans or bank overdrafts (net of bank balances and cash), and therefore, based on the calculation of equity attributable to owners of the Company, the net debt ratio of the Group was 0% as at 31 March 2023 (2022: 0%).

Exchange Rates Exposure

Most of the transactions of the Group were made in Hong Kong dollars, US dollars and Renminbi. As of 31 March 2023, the Group was not exposed to any material exchange risk on US dollars 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 exposure should the need arise.

Pledge of assets

As at 31 March 2023, the Group's owned properties have been pledged amounted to approximately HK\$547.9 million (31 March 2022: approximately HK\$570.4 million), and investment property amounted to approximately HK\$26.8 million (31 March 2022: approximately HK\$27.1 million) have been secured by bank credit limit.

Contingent Liabilities

As at 31 March 2023, the Group had no contingent liabilities.

PROSPECTS

Looking back upon 2023, with the novel coronavirus pneumonia pandemic under control, countries have basically lifted all lockdown measures, and the global IPO market has gradually returned to normal. However, geopolitical risks, including the ongoing Russia-Ukraine conflict and high inflation expectations, brought uncertainties to the economy. Despite this, the Group continued to maintain a relatively stable market share in the Hong Kong IPO market. At the same time, the Group continued to provide long-term professional services to hundreds of listed companies.

During the three-year pandemic period, there has been a significant increase in demand for online services in the market, which has fundamentally changed people's ways and habits of transportation and communication. The Group launched two major online services, namely Wonderful Sky Think Tank and Wonderful Sky Ideas Summit, to establish more efficient and valuable communication channels for listed company clients and investors, creating the most authoritative online communication platform for the capital market.

In line with the recent outstanding development of AI technology, the Group has actively conducted research on the integration of AI technology into the Group's self-developed Wonderful Sky Cloud APP to enhance service levels and improve customer experience. The Group's management team has continuously improved internal management and optimized processes to strengthen cost control during this period of transition. Improving capabilities of the team not only can withstand risks but also seek and seize opportunities in difficult environments.

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

As at 31 March 2023, details of use of proceeds from initial public offering are as follows:

Net proceeds allocation	Intended use of the proceeds	Total proceeds used as at 31 March 2023	The amount of remaining net proceeds as at 31 March 2023 for the intended use	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 financial public relations business, investor relations business, financial printing business or international roadshow business.	HK\$19.8 million	HK\$105.1 million	31 December 2023	No
Approximately HK\$124.9 million	For financing the possible acquisition or setting up of a joint venture with a financial public relations firm in the PRC.	HK\$65.5 million	HK\$59.4 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.

As at 31 March 2023, details of use of proceeds from the top-up placement are as follows:

Net proceeds allocation	Intended use of the proceeds	Total proceeds used as at 31 March 2023	The amount of remaining net proceeds as at 31 March 2023 for the intended use	Expected time of utilisation <i>(Note 1)</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.	HK\$49.7 million	HK\$373.3 million	31 December 2023	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 2023, the Group had 270 (2022: 288) full-time employees. Total staff costs (including Directors’ emoluments) were approximately HK\$53.5 million (2022: approximately HK\$64.9 million). 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.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the “AGM”) will be held on 22 September 2023. The notice of the AGM will be published on the Company’s website (<http://www.wsfg.hk>) and the HKEx’s website (<http://www.hkexnews.hk>) together with the Company’s annual report, in due course in the manner required by the Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the year ended 31 March 2023 and up to the date of this announcement.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2023.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The audit committee has met with management to review the Group's annual results for the year ended 31 March 2023, the accounting principles and practices adopted by the Group in the preparation of the consolidated financial statements of the Company and its subsidiaries for the year ended 31 March 2023 and also to discuss auditing, internal controls and other financial reporting matters.

SCOPE OF WORK OF MAZARS CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, Mazars CPA Limited ("**Mazars**"), to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Mazars 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 on the preliminary announcement.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance practices. During the year, it had met all the code provisions in the Corporate Governance Code (the "**Code**") set out in Appendix 14 to the Listing Rules, save and except for the following deviation:

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 year ended 31 March 2023.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The AGM will be held on 22 September 2023. The result announcement is published on the Company's website (<http://www.wsfg.hk>) and the HKEx's website (<http://www.hkexnews.hk>). The annual report containing all the information required by the Listing rules will be available on the same websites in due course in the manner required by the Listing Rules.

By Order of the Board
Wonderful Sky Financial Group Holdings Limited
Li Liju
Company Secretary

Hong Kong, 30 June 2023

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.