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 2019

RESULTS

The board of directors (the "**Board**") of Wonderful Sky Financial Group Holdings Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2019 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 2019

	NOTES	2019 HK$'000	2018 HK$'000
Revenue	3	**651,393**	479,595
Direct costs		**(311,616)**	(260,231)
Gross profit		**339,777**	219,364
Other income		**51,818**	90,683
Selling expenses		**(30,707)**	(17,014)
Administrative expenses		**(91,391)**	(94,200)
Other gains and losses	4	**(34,654)**	461
Impairment loss recognised on financial assets			
– Trade receivables, net		**(28,395)**	(16,977)
– Debt instruments at fair value through other comprehensive income ("**FVTOCI**")		**(960)**	–
Share of results of associates		**1,263**	(366)
Finance costs	5	**(10,990)**	(12,659)
Profit before taxation	6	**195,761**	169,292
Taxation	7	**(34,248)**	(34,586)
Profit for the year		**161,513**	134,706

	NOTE	2019 HK$'000	2018 HK$'000
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Net gain on debt instruments at FVTOCI		**9,000**	–
Impairment loss on debt instruments at FVTOCI included in profit on loss		**960**	–
Exchange difference arising on translating foreign operation		**11,927**	8,437
Fair value loss on available-for-sale investments		**–**	(41,103)
Reclassification adjustment relating to available-for-sale investments disposed of during the year		**–**	5,213
		21,887	(27,453)
Item that will not be reclassified to profit or loss:			
Loss on change in fair value of equity instruments at FVTOCI		**(17,530)**	–
		(17,530)	–
Other comprehensive income (expense) for the year		**4,357**	(27,453)
Total comprehensive income for the year		**165,870**	107,253
Earnings per share	9		
– Basic		**HK13.5 cents**	HK11.3 cents
– Diluted		**HK13.5 cents**	HK11.3 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2019

	NOTES	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment		**702,679**	710,352
Intangible assets		**10,006**	10,006
Interests in associates		**16,185**	14,405
Available-for-sale investments		**–**	47,231
Equity instruments at FVTOCI		**35,988**	–
Financial assets at fair value through profit or loss ("**FVTPL**")		**169,020**	–
Debt instruments at FVTOCI		**361,272**	–
Club debenture		**12,200**	12,200
Deferred tax asset		**1,245**	316
Deposits for acquisition of property, plant and equipment		**152**	5,926
		1,308,747	800,436
Current assets			
Contract assets		**897**	–
Work in progress		**–**	8,278
Trade and other receivables	10	**260,653**	264,454
Accrued revenue	10	**–**	20,843
Amounts due from related parties		**5,652**	4,765
Available-for-sale investments		**–**	1,070,551
Debt instruments at FVTOCI		**77,242**	–
Financial products		**109,717**	42,160
Taxation recoverable		**10,802**	2,009
Bank balances and cash		**158,900**	165,471
		623,863	1,578,531

	NOTES	**2019** ***HK$'000***	2018 *HK$'000*
Current liabilities			
Trade and other payables	11	**149,097**	83,352
Contract liabilities		**63,805**	–
Taxation payable		**21,723**	16,718
Bank borrowings		**198,164**	925,817
		432,789	1,025,887
Net current assets		**191,074**	552,644
Total assets less current liabilities		**1,499,821**	1,353,080

	2019 ***HK$'000***	2018 *HK$'000*
Non-current liability		
Deferred tax liability	**1,793**	1,040
Net assets	**1,498,028**	1,352,040
Capital and reserves		
Share capital	**11,940**	11,940
Reserves	**1,486,088**	1,340,100
Total equity	**1,498,028**	1,352,040

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 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 and an interpretation issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time in the current year:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 "Financial Instruments" with HKFRS 4 "Insurance Contracts"
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of the new and amendments to HKFRSs and an interpretation in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 15 "Revenue from Contracts with Customers"

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening accumulated profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 and the related interpretations.

The Group recognises revenue from financial public relations services, financial printing services, international roadshow services and retainer services.

Summary of effects arising from initial application of HKFRS 15

For the financial printing service income from customers seeking initial public offering ("**IPO Clients**"), as the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Such service income should be recognised over time upon application of HKFRS 15. As at 1 April 2018, the directors of the Company assessed that the impact on the accumulated profits was insignificant and no adjustments were made to the opening accumulated profits.

Certain reclassifications were made to the amounts recognised in the consolidated statement of financial position at 1 April 2018.

HKFRS 9 "Financial Instruments"

In the current year, the Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("**ECL**") for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. Any difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 is recognised in the opening accumulated profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 "Financial Instruments: Recognition and Measurement".

Summary of effects arising from initial application of HKFRS 9

(a) *Reclassification from available-for-sale investments and remeasurement*

At 1 April 2018, available-for-sale investments were reclassified to equity instruments at FVTOCI, debt instruments at FVTOCI and equity instrument at FVTPL and measured at fair value.

(b) *Impairment under ECL model*

In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and contract assets that are within the scope of HKFRS 15. To measure ECL, trade receivables and contract assets have been assessed individually.

ECL for other financial assets at amortised cost, including other receivables, amounts due from related parties, bank balances and cash, are assessed on 12-month ECL ("**12m ECL**") basis and there had been no significant increase in credit risk since initial recognition.

ECL for debt instruments at FVTOCI are also assessed on 12m ECL basis.

As at 1 April 2018, additional credit loss allowance for trade receivables and debt instruments at FVTOCI was recognised.

New and amendments to HKFRSs in issue but not yet effective

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

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 Chairman 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 2019

	Provision of financial public relations services *HK$'000*	**Organisation and coordination of international roadshows** *HK$'000*	**Consolidated** *HK$'000*
Revenue	**526,925**	**124,468**	**651,393**
Segment profit	**232,194**	**23,598**	**255,792**
Unallocated corporate income			**54,607**
Staff costs (including retirement benefit schemes contributions and share-based payments)			**(42,896)**
Operating lease rentals			**(3,316)**
Share of results of associates			**1,263**
Other unallocated corporate expenses			**(58,699)**
Finance costs			**(10,990)**
Profit before taxation			**195,761**

For the year ended 31 March 2018

	Provision of financial public relations services	Organisation and coordination of international roadshows	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
Revenue	371,337	108,258	479,595
Segment profit	149,076	23,400	172,476
Unallocated corporate income			96,357
Staff costs (including retirement benefit schemes contributions and share-based payments)			(40,700)
Operating lease rentals			(19,210)
Share of results of associates			(366)
Other unallocated corporate expenses			(26,606)
Finance costs			(12,659)
Profit before taxation			169,292

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, central administration costs, directors' salaries, operating lease rentals, foreign exchange gain (loss), share of results of associates, loss on disposal of debt instruments at FVTOCI and available-for-sale investments, impairment loss recognised on debt instruments at FVTOCI, gain on change in fair value of financial assets at FVTPL 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 GAINS AND LOSSES

	2019	2018
	HK$'000	*HK$'000*
Foreign exchange (loss) gain	**(1,349)**	5,674
Loss on disposal of debt instruments at FVTOCI	**(35,345)**	–
Gain on change in fair value of financial assets at FVTPL	**2,789**	–
Loss on disposal of property, plant and equipment	**(749)**	–
Loss on disposal of available-for-sale investments	**–**	(5,213)
	(34,654)	461

5. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interest on bank borrowings	**10,990**	11,461
Interest on loan from a related party *(Note)*	**–**	1,198
	10,990	12,659

Note: The loan was granted and fully repaid during the year ended 31 March 2018.

6. PROFIT BEFORE TAXATION

	2019	2018
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging:		
Directors' and chief executive's remuneration	**4,098**	4,098
Other staff costs	**87,194**	82,928
Retirement benefit schemes contributions for other staff	**5,254**	3,203
Share-based payments for other staff	**1,577**	482
	98,123	90,711
Depreciation of property, plant and equipment	**23,079**	12,920
Operating lease rentals in respect of office premises	**3,316**	19,210
and after crediting:		
Interest income from bank deposits	**525**	1,118
Commission income (included in other income)	**5,358**	1,706
Investment income from debt instruments at FVTOCI (included in other income)	**37,569**	–
Investment income from financial assets at FVTPL (included in other income)	**2,896**	–
Investment income from available-for-sale investments (included in other income)	**–**	82,728
Investment income from financial products (included in other income)	**2,086**	3,482

7. TAXATION

	2019	2018
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
– Current tax	**36,996**	33,821
– (Over) under provision in prior years	**(3,280)**	443
	33,716	34,264
Deferred taxation	**532**	322
	34,248	34,586

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%.

Hong Kong Profits Tax was calculated at a flat rate of 16.5% of the estimated assessable profit for the year ended 31 March 2018.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25%. No provision for Enterprise Income Tax has been made in the consolidated financial statements as the subsidiaries operating in the PRC incurred losses during both years.

8. DIVIDENDS

A final dividend of HK2.7 cents per share (2018: nil), amounting to approximately HK$32.2 million, in respect of the year ended 31 March 2019 has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

During the year ended 31 March 2018, the Company declared and paid a final dividend of HK4.9 cents per share and a special dividend of HK2.5 cents per share, totalling HK$88,289,000 in respect of the year ended 31 March 2017.

9. 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:

	2019	2018
	HK$'000	*HK$'000*
Earnings		
Profit for the year attributable to owners of the Company for the purposes of basic and diluted earnings per share	**161,513**	134,706

	2019	2018
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,193,974,000**	1,193,205,507
Effect of dilutive potential ordinary shares on share options	**200,709**	1,481,113
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,194,174,709**	1,194,686,620

10. ACCRUED REVENUE AND TRADE RECEIVABLES

	2019 *HK$'000*	2018 *HK$'000*
Accrued revenue	**–**	20,843
Trade receivables, net of allowance	**252,460**	252,132

Service income arising from initial public offering is recognised when services are rendered and is generally billed within one month from the date of listing. Service income arising from retainer services from non-IPO Clients is recognised when services are rendered and is billed monthly, quarterly or semi-annually in arrears. Service income arising from organisation and coordination of international roadshows from international roadshow customers is recognised when services are rendered and is generally billed within 30 days from the completion of the event. The Group generally grants a credit period of 30 days to its customers.

Accrued revenue at 31 March 2018 represented service fees earned upon related services being rendered but not yet billed and due.

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

	2019 *HK$'000*	2018 *HK$'000*
Not yet billed	**24,059**	–
Within 30 days	**49,580**	43,836
31 to 90 days	**43,212**	58,781
91 days to 1 year	**122,538**	105,683
Over 1 year	**13,071**	43,832
	252,460	252,132

11. TRADE PAYABLES

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

	2019 *HK$'000*	2018 *HK$'000*
Within 30 days	**22,806**	8,887
31 to 60 days	**1,536**	4,404
61 to 90 days	**2,770**	4,287
91 days to 1 year	**4,792**	7,728
Over 1 year	**1,830**	11,578
	33,734	36,884

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

BUSINESS REVIEW

The Group's profit increased from approximately HK$134.7 million for the year ended 31 March 2018 to approximately HK$161.5 million for the year ended 31 March 2019, representing an increase of approximately 19.9%. The Group's revenue increased from approximately HK$479.6 million for the year ended 31 March 2018 to approximately HK$651.4 million for the year ended 31 March 2019, representing an increase of approximately 35.8%.

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 year ended 31 March 2019, this business segment delivered a turnover of approximately HK$526.9 million (2018: HK$371.3 million), representing an increase of approximately 41.9%. The profit of this business segment for the year ended 31 March 2019 was approximately HK$232.2 million (2018: HK$149.1 million), representing an increase of approximately 55.7%. The increase in revenue and profit of this business segment was attributed to an increase in the number of, as well as the proceeds from, large-scale initial public offerings in Hong Kong in the current year.

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 increased by approximately 15.0%, to approximately HK$124.5 million (2018: HK$108.3 million) for the year ended 31 March 2019, which was attributed to an increase in the number of, as well as the proceeds from, large-scale initial public offering in Hong Kong in the current year.

Aside from the profit generated from the two business segments, the Group also generated investment income of HK$40.5 million (2018: HK$82.7 million) from its bond securities for the year ended 31 March 2019. However, affected by performance of the global bond market, the Group made a loss of HK$35.3 million (2018: HK$5.2 million) from its disposals of bond securities. The bond securities comprise bonds listed on The Stock Exchange of Hong Kong Limited ("**HKEx**"), Singapore Exchange Securities Trading Limited ("**SGX**") or overseas exchanges. The Group takes a prudent approach on its investments and reviews their performance regularly. Details of the

Group's debt instruments which exceeded 5% of total balance of debt instruments as at 31 March 2019 are as follows:

Bond issuer name	Listed on	Bond code	Coupon rate	Maturity date	Face value *US$*	Market value *HK$*	Coupon interest receivable *HK$*
Sunshine 100 China Holdings Limited	HKEx	XS1464644324	6.50%	11 August 2021	15,000,000	153,867,074	1,353,126
	SGX	XS1690385460	8.50%	27 September 2020	10,000,000	70,368,122	54,893
Xinyuan Real Estate Company Limited	SGX	XS1567240418	7.75%	28 February 2021	9,000,000	64,018,333	467,150
Gemstones International Limited	SGX	XS1643556670	8.50%	15 August 2020	5,000,000	37,196,988	417,206
Xinhu Zhongbao Company Limited	HKEx	XS1560668425	6.00%	1 March 2020	5,000,000	36,967,519	187,292
China South City Holdings Limited	SGX	XS1756727290	7.25%	25 January 2021	5,000,000	36,040,430	507,248
Hong Seng Limited	SGX	XS1610987445	7.88%	31 May 2020	4,000,000	30,573,208	813,750
	HKEx	XS1816213034	8.50%	1 May 2019	4,000,000	30,781,016	1,075,958

The remaining investments comprise 9 listed bond investments and 3 unlisted fund investment. The individual balance of these investments represent less than 5% of the total balance as at 31 March 2019.

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 31 March 2019 amounted to approximately HK$158.9 million. Aside from placing deposits with commercial banks, the Group purchased principal guaranteed, short-term and low risk unlisted financial products so as to ensure the security and value of the capital. These products were offered and guaranteed by banks with good reputation. At 31 March 2019, the aggregate principal of these products amounted to HK$109.7 million (2018: HK$42.2 million) and their maturity dates were before 26 June 2019. The unguaranteed annualised rate of returns of these products ranged from 3.75% to 3.9% (2018: 3.1% to 4.5%). The Group takes a prudent approach in selecting financial products.

The Group's gearing ratio as at 31 March 2019 was 2.6% (2018: 56.2%), 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. The significant decrease in the Group's gearing ration was due to the repayment of bank borrowings during the year. Management believes that the Group's bank balance, liquid assets value, operating inflow and available banking facilities are sufficient to fulfill the working capital requirements of the Group.

Exchange Rates Exposure

Most of the transactions of the Group were made in Hong Kong dollars, US dollars and Renminbi. As of 31 March 2019, 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 2019, leasehold land and buildings amounted to approximately HK$655.8 million (31 March 2018: HK$644.7 million were pledged as securities for bank facilities). As at 31 March 2018, available-for-sale investments amounted to approximately HK$997.0 million and bank balances amounted to approximately HK$108.0 million were pledged as securities for bank facilities.

Contingent Liabilities

As at 31 March 2019, the Group had no contingent liabilities.

PROSPECTS

In the first half of 2018, there exist great uncertainties around domestic and overseas markets, enterprises faced severe pressure in their businesses amidst trade friction between China and the United States, downturn in the economy and financial de-leveraging, the aggregated factors hampered return on investment. At the same time, the Hong Kong Stock Exchange launched material capital market reforms including expansion of the listing regime and the acceptance of weighted voting right structure, further enhancing the dynamic of the stock market and catapulted the fund raised in Hong Kong in 2018 to be the most fund raised in a stock exchange around the globe. Benefited from this, the Group maintained absolute leadership in market share within the Hong Kong IPO market.

Looking ahead, despite factors like trade friction between China and the United States and global economic slowdown pressuring the capital market, the Group remains optimistic about new Hong Kong stocks. It is believed that the optimization of the improved mechanisms on listing, favorable policies that attracts overseas enterprises from Europe and Southeast Asia, to conduct their listings in Hong Kong, and other related measures, will continue to solidify the position of Hong Kong as one of the most suitable places for listing worldwide.

In response to the ever-changing trend in the capital markets in both Hong Kong and mainland China, the Group dedicated to speeding up the construction of the management system and the persistent recruitment of high-quality talents, in order to provide more professional services for our clients.

While the Group is constantly updating and strengthening its database, it is also proactively building the "Wonderful Cloud" financial service platform Wonderful Cloud is leveraging on its offline advantages to provide 4 major value-adding services including information sharing, data storage and sharing and professional data analysis to capital market professionals, senior executives of listed companies and the general public. We believe Wonderful Cloud will not only help us to develop our online services, but also increase client loyalty and help our Group to expand geographically Wonderful Cloud (Phase 1) has been completed and is being put into trial operation The Group will complete phase 2 as soon as possible, which is going to provide even more services.

Looking ahead, despite the challenges and uncertainties in the market, the Group will continue to leverage on its experience, skillset and know-how with an aim to keep abreast of market trend, expand service offerings and implement other strategies so as to provide better services to customers and consolidate our leading position in the industry.

USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

On 30 March 2012, the Company received net proceeds in the sum of approximately HK$314.8 million on the listing of new shares on the Main Board of the HKEx. Up to 31 March 2019, the Group has used net proceeds of approximately HK$94.6 million. The net proceeds not yet used have been placed on short term deposits and money market instruments with authorized financial institutions and licensed banks in Hong Kong and the PRC. The Directors will endeavour to apply the remaining net initial public offering proceeds to their intended use as set out in the Company's prospectus dated 19 March 2012.

USE OF PROCEEDS FROM THE COMPANY'S SHARE PLACEMENT

The Company received net proceeds in the sum of approximately HK$423.0 million from the issue of new shares in its top-up placement in 2015. The top-up subscription was completed on 4 May 2015.

The net placement proceeds is intended to be used for a mobile internet professional service platform, the “Wonderful Cloud”, which provides online to offline (“O2O”) financial services to our customers and the public investment community. Wonderful Cloud is now in the process of being developed and is expected to go online in phases. Our intention is to develop Wonderful Cloud into a premier financial service platform and we, based on the current plan, phase 1 has been officially launched through Apple’s IOS and Android systems, the two main popular mobile systems, and phase 2 is expected to complete development during the year. the net proceeds are placed on short-term deposits and money market instruments with authorized financial institutions and licensed banks in Hong Kong and the PRC and available-for-sale investments. The Directors are of the opinion that the net proceeds will be applied in the coming years to their intended uses as set out in the Company’s announcement dated 4 May 2015 on the website of the HKEx.

EMPLOYMENT AND REMUNERATION POLICIES

As at 31 March 2019, the Group had 297 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.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the “**AGM**”) will be held on 27 September 2019. 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) and sent to the shareholders of the Company, together with the Company’s annual report, in due course.

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

During the year, neither the Company was any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed shares.

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 2019, the accounting principles and practices adopted by the Group in the preparation of the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 March 2019 and also to discuss auditing, internal controls and other financial reporting matters.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

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 2019 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu 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 Messrs. Deloitte Touche Tohmatsu 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.

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. Ms. Liu Lin and Ms. Li Ling Xiu were unable to attend the Company's annual general meeting held on 10 August 2018 due to other business commitments.

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 2019.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The AGM will be held on 27 September 2019. 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, and will be dispatched to the shareholders in due course.

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

Hong Kong, 28 June 2019

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.