

CK WONDERFULsky

皓天財經集團

WONDERFUL SKY FINANCIAL GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 01260

2023 INTERIM REPORT



CONTENTS

Corporate Information	2
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	3
Condensed Consolidated Statement of Financial Position	5
Condensed Consolidated Statement of Cash Flows	7
Condensed Consolidated Statement of Changes in Equity	8
Notes to the Condensed Interim Financial Information	9
Management Discussion and Analysis	28
Other Information	31

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Liu Tianni (*Chairman and Chief Executive Officer*)

Liu Lin

Independent non-executive Directors

Li Ling Xiu

Lam, Sally

Leung Tsz Wing

AUDIT COMMITTEE

Leung Tsz Wing (*Chairman*)

Li Ling Xiu

Lam, Sally

NOMINATION AND REMUNERATION COMMITTEES

Li Ling Xiu (*Chairman*)

Liu Tianni

Lam, Sally

Leung Tsz Wing

COMPANY SECRETARY

Li Liju

INDEPENDENT AUDITOR

Mazars CPA Limited

Certified Public Accountants

42nd Floor, Central Plaza

18 Harbour Road

Wanchai, Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited

The Hong Kong and Shanghai Banking

Corporation Limited

China Construction Bank (Asia) Corporation Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited

Suite 3204, Unit 2A, Block 3

Building D,

P.O. Box 1586

Gardenia Court, Camana Bay

Grand Cayman KY1-1110

Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

9/F, The Center

No. 99 Queen's Road Central

Hong Kong

REGISTERED OFFICE

Grand Pavilion

Hibiscus Way

802 West Bay Road

P.O. Box 31119

Grand Cayman KY1-1205

Cayman Islands

STOCK CODE

1260

COMPANY WEBSITE

<http://www.wsfg.hk>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2023

The board (the “**Board**”) of directors (the “**Directors**”) 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 2023 together with comparative figures for corresponding period in 2022 as follows:

	Notes	For the six months ended 30 September	
		2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Revenue	3	140,435	168,761
Direct costs		(61,183)	(80,271)
Gross profit		79,252	88,490
Other income		9,568	24,156
Selling expenses		(10,600)	(11,567)
Administrative expenses		(45,301)	(57,227)
Other gains and (losses), net		(12,339)	(5,193)
Impairment loss recognised on financial assets			
– Debt instruments at fair value through other comprehensive income (“ FVTOCI ”)		(17,161)	(7,152)
Share of results of associates		(4)	(1,781)
Finance costs		(20)	(213)
Profit before taxation	4	3,395	29,513
Taxation	5	(560)	(5,158)
Profit for the period		2,835	24,355

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 September 2023

	Notes	For the six months ended 30 September	
		2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Other comprehensive income (loss)			
Items that are or may be reclassified subsequently to profit or loss:			
Net loss on change in fair value of debt instruments at FVTOCI		(25,042)	(42,219)
Impairment loss recognised on debt instruments at FVTOCI included in profit or loss		(17,161)	7,152
Exchange difference arising on translating foreign operation		2,367	–
Other comprehensive loss for the period		(5,514)	(35,067)
Total comprehensive loss for the period		(2,679)	(10,712)
Earnings per share – Basic		HK0.25 cents	HK2.1 cents
Earnings per share – Diluted	7	HK0.25 cents	HK2.1 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

		As at 30 September 2023 (Unaudited) HK\$'000	As at 31 March 2023 (Audited) HK\$'000
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		598,829	617,783
Investment properties		47,031	48,495
Interests in associates		10,487	13,804
Financial assets at fair value through profit or loss ("FVTPL")	10	76,201	78,460
Debt instruments at FVTOCI	11	25,969	45,416
Club debenture	8	12,200	12,200
Deferred tax asset		2,521	2,521
		773,238	818,679
Current assets			
Contract costs		624	624
Trade and other receivables	9	61,451	54,411
Amounts due from related parties	12	1,162	1,228
Financial assets at FVTPL	10	18,372	23,148
Debt instruments at FVTOCI	11	75,490	81,086
Bank balances and cash		226,822	75,540
Time deposits		419,738	557,411
		803,659	793,448

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 September 2023

	<i>Notes</i>	As at 30 September 2023 (Unaudited) HK\$'000	As at 31 March 2023 (Audited) HK\$'000
Current liabilities			
Trade and other payables	13	83,380	110,161
Contract liabilities	15	18,466	20,430
Taxation payable		2,703	6,509
		104,549	137,100
Net current assets		699,110	656,348
Net assets			
		1,472,348	1,475,027
Capital and reserves			
Share capital	16	11,515	11,515
Reserves		1,460,833	1,463,512
Total equity			
		1,472,348	1,475,027

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2023

	For the six months ended 30 September	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Net cash (outflows)/inflows from:		
Operating activities	2,430	34,313
Investing activities	159,236	(108,114)
Financing activities	–	–
Net (decrease)/increase in cash and cash equivalents	161,666	(73,801)
Cash and cash equivalents at beginning of period	75,540	126,773
Effect of exchange rate changes	(10,384)	(5,008)
Cash and cash equivalents at end of period	226,822	47,964

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2023

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000 <i>(Note i)</i>	Capital reserve HK\$'000 <i>(Note ii)</i>	Capital redemption reserve HK\$'000	Share options reserve HK\$'000	Investment revaluation reserve/ FVTOCI reserve HK\$'000	Translation reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
At 31 March 2022 (Audited)	11,515	711,774	10	(1)	(4,773)	2,248	(159,927)	12,832	817,471	1,391,149
Profit for the period	-	-	-	-	-	-	-	-	24,355	24,355
Net loss on change in fair value of debt instruments at FVTOCI	-	-	-	-	-	-	(42,219)	-	-	(42,219)
Impairment loss on debt instruments at FVTOCI included in profit or loss	-	-	-	-	-	-	7,152	-	-	7,152
Exchange difference on translating foreign operation	-	-	-	-	-	-	-	-	-	-
Gain on change in fair value of equity instruments at FVTOCI	-	-	-	-	-	-	-	-	-	-
Other comprehensive loss income for the period	-	-	-	-	-	-	(35,067)	-	-	(35,067)
Total comprehensive (expense) income for the period	-	-	-	-	-	-	(35,067)	-	24,355	(10,712)
At 30 September 2022 (Unaudited)	11,515	711,774	10	(1)	(4,773)	2,248	(194,994)	12,832	841,826	1,380,437
At 31 March 2023 (Audited)	11,515	711,774	10	(1)	(4,773)	2,319	(74,230)	9,346	819,067	1,475,027
Profit for the period	-	-	-	-	-	-	-	-	2,835	2,835
Net loss on change in fair value of debt instruments at FVTOCI	-	-	-	-	-	-	(25,042)	-	-	(25,042)
Impairment loss on debt instruments at FVTOCI included in profit or loss	-	-	-	-	-	-	17,161	-	-	17,161
Exchange difference on translating foreign operation	-	-	-	-	-	-	-	2,367	-	2,367
Other comprehensive (expense) income for the period	-	-	-	-	-	-	(7,881)	2,367	2,835	(5,514)
Total comprehensive (expense) income for the period	-	-	-	-	-	-	(7,881)	2,367	2,835	(2,679)
Transfer within equity upon disposal of equity instruments at FVTOCI	-	-	-	-	-	-	-	-	-	-
Recognition of equity-settled share-based payment	-	-	-	-	-	-	-	-	-	-
At 30 September 2023 (Unaudited)	11,515	711,774	10	(1)	(4,773)	2,319	(82,111)	11,713	821,902	1,472,348

Notes:

- (i) The merger reserve of the Group represented the difference of the nominal value of the shares of Shine Talent Holdings Limited issued in exchange for the entire share capital of Wonderful Sky Financial Group Limited.
- (ii) The capital reserve of the Group represented capital contribution arising from transfer of interest in a subsidiary to its shareholder.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months ended 30 September 2023

1. GENERAL AND BASIS OF PREPARATION

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 "HKEx"). 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 section headed "Corporate Information" to this interim report.

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

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

2. PRINCIPAL ACCOUNTING POLICIES

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 1	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
HKFRS 17	Insurance Contracts
Amendments to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information

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.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2023

3. REVENUE AND SEGMENT INFORMATION

The Group has two operating segments, namely, the financial public relations service segment and the organisation and coordination of 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 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 2023 (Unaudited)

	Provision of financial public relations services (Unaudited) <i>HK\$'000</i>	Organisation and coordination of international roadshows (Unaudited) <i>HK\$'000</i>	Consolidated (Unaudited) <i>HK\$'000</i>
Revenue	140,435	-	140,435
Segment profit (loss)	41,006	(138)	40,868
Unallocated corporate income			9,568
Impairment loss recognised on debt instrument at FVTOCI			(17,161)
Staff costs (including retirement benefit scheme contributions)			(13,580)
Share of results of associates			(4)
Other unallocated corporate expenses			(16,276)
Finance costs			(20)
Profit before taxation			3,395

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2023

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

For the six months ended 30 September 2022 (Unaudited)

	Provision of financial public relations services (Unaudited) HK\$'000	Organisation and coordination of international roadshows (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
Revenue	168,761	–	168,761
Segment profit (loss)	55,560	(5)	55,555
Unallocated corporate income			24,156
Impairment loss recognised on debt instrument 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			(213)
Profit before taxation			29,513

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, certain other gains and losses, central administration costs, directors' salaries, operating lease rentals, 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.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2023

4. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging:

	For the six months ended 30 September	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Directors' and chief executive's remuneration	2,373	2,373
Other staff costs	27,159	31,679
Retirement benefit scheme contributions for other staff	1,738	2,058
	31,270	36,110
Auditor remuneration	–	375
Depreciation of property, plant and equipment	15,767	17,046
Depreciation of investment property	299	306
and after crediting:		
Interest income from bank deposits	4,839	1,393
Investment income from		
– financial assets at FVTPL (included in other income)	144	4,750
– debt instruments at FVTOCI (included in other income)	2,938	17,353

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2023

5. TAXATION

	For the six months ended 30 September	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Hong Kong Profits Tax – Current tax	560	5,158

Hong Kong profits tax is calculated at 16.5% (2022: 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 2023 (2022: 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	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Earnings		
Profit for the period attributable to owners of the Company for the purposes of basic and diluted earnings per share	2,835	24,355

	For the six months ended 30 September	
	2023 (Unaudited)	2022 (Unaudited)
Number of shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share	1,151,454,000	1,151,454,000

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2023

8. CLUB DEBENTURE

Club debenture is measured at cost less any impairment.

9. TRADE RECEIVABLES

	As at 30 September 2023 (Unaudited) HK\$'000	As at 31 March 2023 (Audited) HK\$'000
Trade receivables, net of allowance	42,966	46,568

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

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

	As at 30 September 2023 (Unaudited) HK\$'000	As at 31 March 2023 (Audited) HK\$'000
Within 30 days	9,365	9,718
31 to 90 days	13,966	15,977
91 days to 1 year	16,916	19,849
Over 1 year	2,719	1,024
	42,966	46,568

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2023

10. FINANCIAL ASSETS AT FVTPL

	As at 30 September 2023 (Unaudited) HK\$'000	As at 31 March 2023 (Audited) HK\$'000
Non-current assets		
Unlisted investment funds, at fair value <i>(Note 1)</i>	45,711	45,711
Listed perpetual bond securities, at fair value	30,489	32,749
	76,200	78,460
Current assets		
Listed equity investment, at fair value <i>(Note 2)</i>	18,372	23,148
	94,572	101,608

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2023

10. FINANCIAL ASSETS AT FVTPL (CONTINUED)

1. The amount represented the investment in four unlisted investment funds (As at 31 March 2023: four) with primary objectives for capital appreciation and investment income. The unlisted investment funds are not quoted in an active market and transactions in such investment does not occur on a regular basis. The fair value of the unlisted investment funds are stated with reference to the net asset value provided by administrators of the funds at the reporting date. The directors believe that the estimated fair value provided by the administrators of the fund are reasonable, and these are the most appropriate values at the end of reporting period. No change in fair value of the unlisted investment funds were recognised to profit or loss for the six months ended 30 September 2023 (For the six months ended 30 September 2022: Nil).
2. The listed equity investment represents ordinary shares of an entity listed in the Stock Exchange. At 30 September 2023, the fair value of the listed equity investments is based on the bid price quoted in the Stock Exchange at the end of the reporting period.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2023

11. DEBT INSTRUMENTS AT FVTOCI

	As at 30 September 2023 (Unaudited) HK\$'000	As at 31 March 2023 (Audited) HK\$'000
Listed bond securities at fair value		
– listed on the Hong Kong Stock Exchange with fixed coupon interests ranging from 2.95% to 13.5% (31 March 2023: 2.95% to 12.75%) per annum and maturity dates ranging from 18 October 2021 to 14 January 2030 (31 March 2023: 18 October 2021 to 1 March 2027)	46,622	49,403
– listed on SGX with fixed coupon interests 2.50% to 14.5% (31 March 2023: 2.50% to 14.5%) per annum and maturity dates ranging from 28 July 2023 to 13 January 2032 (31 March 2023: 28 September 2022 to 29 April 2025)	54,837	77,099
	101,459	126,502
Analysed for reporting purposes:		
Non-current assets	25,969	45,416
Current assets	75,490	81,086
	101,459	126,502

The fair values of the listed bond securities are based on market bid prices and quotes from fund managers at the end of reporting period.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2023

11. DEBT INSTRUMENTS AT FVTOCI (CONTINUED)

Included in debt instruments at FVTOCI is the following amount which is denominated in a currency other than functional currency of the respective group entities which they relate:

	As at 30 September 2023 (Unaudited) HK\$'000	As at 31 March 2023 (Audited) HK\$'000
USD	101,459	126,502

12. AMOUNTS DUE FROM RELATED PARTIES

Particulars of the amounts due from related parties are disclosed as follows:

	As at 30 September 2023 (Unaudited) HK\$'000	As at 31 March 2023 (Audited) HK\$'000
Qingling Motor Company Ltd ("Qingling Motors") (Note a)	1,162	1,228

Note:

- (a) Mr. Liu Tianni, the controlling shareholder and director of the Company, is an independent non-executive director of Qingling Motors for both periods. The amount is trade related, unsecured and non-interest bearing. The Group allows a credit period of 30 days to Qingling Motors.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2023

13. TRADE AND OTHER PAYABLES

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

	As at 30 September 2023 (Unaudited) HK\$'000	As at 31 March 2023 (Audited) HK\$'000
Within 30 days	1,070	2,043
31 to 60 days	1,758	162
61 to 90 days	1,155	6,903
91 days to 1 year	7,622	3,099
Over 1 year	60,656	64,083
	72,261	76,290

The average credit period on purchase from suppliers ranging from 1 to 360 days.

14. BANK BORROWINGS

The Group has no bank borrowings as of 30 September 2023 (31 March 2023: Nil).

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2023

15. CONTRACT LIABILITIES

	As at 30 September 2023 (Unaudited) HK\$'000	As at 31 March 2023 (Audited) HK\$'000
Deposits received from customers	18,466	20,430

Contract liabilities represent deposits received from customers for financial public relations services and international roadshow services.

16. SHARE CAPITAL

	As at 30 September 2023 (Unaudited) HK\$'000	As at 31 March 2023 (Audited) HK\$'000
Authorised: 10,000,000,000 shares ordinary shares of HK\$0.01 each (31 March 2023: 10,000,000,000 shares)	100,000	100,000
Issued and fully paid: 1,151,454,000 ordinary shares issued and fully paid of HK\$ 0.01 each (31 March 2023: 1,151,454,000 shares)	11,515	11,515

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2023

16. SHARE CAPITAL (CONTINUED)

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 September 2023, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the HKEx pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers and which were required to be entered in the register kept by the Company pursuant to Section 352 of the SFO were as follows:

Long positions in the ordinary shares of the Company

(i) *The Company*

Name of Director	Long/Short position	Interest in controlled corporation	Number of shares held			Total interests	Total interests as % of the issued share capital of the Company
			Personal interest	Joint interest	Family interest		
Mr. Liu Tianni	Long	750,000,000 <i>(Note 1)</i>	-	6,904,000 <i>(Note 2)</i>	58,712,000 <i>(Note 3)</i>	815,616,000	70.83%

Notes:

- These shares are owned by Sapphire Star Investments Limited ("**Sapphire Star**"), a company incorporated in the British Virgin Islands. Mr. Liu is one of the founders and settlors of a discretionary trust which holds 100% of the issued share capital in Sapphire Star. Mr. Liu is deemed or taken to be interested in all the shares in the Company held by Sapphire Star under the SFO.
- These shares are owned by Mr. Liu and Ms. Luk Ching Sanna, the spouse of Mr. Liu ("**Mrs. Liu**") jointly.
- These shares are owned by Mrs. Liu. Mr. Liu is deemed or taken to be interested in these shares for the purpose of the SFO.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2023

16. SHARE CAPITAL (CONTINUED)

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION (CONTINUED)

Long positions in the ordinary shares of the Company (Continued)

(ii) Associate Corporation

Name of Director	Long/Short position	Name of associated corporation	Number of shares held	Approximately percentage of interest in Sapphire Star
Mr. Liu Tianni (Note)	Long	Sapphire Star	100	100%

Note: Mr. Liu is one of the founders and settlors of a discretionary trust which holds 100% of the issued share capital in Sapphire Star. Accordingly, Mr. Liu Tianni is deemed or taken to be interested in 100% of the issued share capital of Sapphire Star.

Save as disclosed above, as at 30 September 2023, none of the Directors or chief executive of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the HKEx pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), the Model Code for Securities Transactions by Directors of Listed Issuers and which were required to be entered into the register required to be kept under Section 352 of the SFO.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2023

16. SHARE CAPITAL (CONTINUED)

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2023, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of shareholder	Long/short position	Nature of interests	Number of shares interested	Percentage of issued share capital of the Company
Sapphire Star	Long	Beneficial interests	750,000,000 <i>(Note 1)</i>	65.14%
Sapphire Star Group Limited	Long	Interests of controlled corporation	750,000,000 <i>(Note 1)</i>	65.14%
Mrs. Liu	Long	Beneficial interests and founder of a discretionary trust	815,616,000 <i>(Notes 2 and 3)</i>	70.83%
TMF (Cayman) Ltd.	Long	Trustee	750,000,000 <i>(Note 3)</i>	65.14%

Notes:

1. Sapphire Star Group Limited holds 100% of the issued share capital in Sapphire Star. Therefore, for the purposes of the SFO, Sapphire Star Group Limited is deemed or taken to be interested in all the shares in the Company held by Sapphire Star.
2. 58,712,000 shares in the Company are beneficially owned by Mrs. Liu and 6,904,000 shares are jointly owned by Mrs. Liu and Mr. Liu.
3. Mrs. Liu, together with Mr. Liu, are the founders and settlors of a discretionary trust, of which TMF (Cayman) Ltd is the trustee which holds 100% of the issued share capital in Sapphire Star Group Limited as the trust asset under the discretionary trust. Therefore, for the purposes of the SFO, Mrs. Liu is deemed or taken to be interested in all the shares in the Company held by Sapphire Star which is in turn held as to 100% by Sapphire Star Group Limited.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2023

16. SHARE CAPITAL (CONTINUED)

Save as disclosed above, as at 30 September 2023, the Directors are not aware that there is any party (not being a Director) who had any interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or any options in respect of such shares.

17. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in the condensed consolidated financial statements, the Group had also entered into the following related party transactions:

	For the six months ended 30 September	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Rent paid to Draw Up Assets Limited (Note 2)	1,490	1,490
Salaries and allowance paid to related parties (Note 1)	377	432

Notes:

1. These related parties are close family members of Mr. Liu Tianni, the controlling shareholder and director of the Company.
2. Mr. Liu Tianni, the controlling shareholder and director of the Company, is a director and a member of key management of Draw Up Assets Limited for the period.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2023

18. SHARE OPTION SCHEME

The Share Option Scheme of the Company was adopted pursuant to a resolution in writing of the sole shareholder passed on 7 March 2012. The purposes of the Share Option Scheme is to enable the Group to grant options to full-time or part-time employees, directors (whether executive or non-executive), supplier, customer, joint venture partner, business associates and advisor (professional or otherwise) of the Company as incentives or rewards for their contribution to the Group. The Share Option Scheme became effective on 7 March 2012 (the “**Effective Date**”) will remain in force for 10 years, subject to earlier termination by the directors and approved in advance by the shareholders in a general meeting. The Share Option Scheme shall be valid and effecting for a period commencing from the Effective Date.

At 30 September 2023, the number of shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 4,000,000 (31 March 2023: 4,000,000), representing 0.35% (31 March 2023: 0.35%) of the shares of the Company in issue at that date. The total number of shares of the Company available for issue under the Share Option Scheme must not in aggregate exceeds 30% of the issued share capital of the Company from time to time.

The maximum number of shares issuable upon exercise of the options which may be granted under the Share Option Scheme (including exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being. Any further grant of share options in excess of this limit is subject to shareholders’ approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their respective associates (as defined under the Listing Rules), are subject to approval in advance by the independent non-executive directors (excluding any independent non-executive director who is the grantee of the options). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective associates, (as defined under the Listing Rules) in excess of 0.1% of the shares of the Company in issue with an aggregate value (based on the closing price of the Company’s shares at the date of the grant) in excess of HK\$5,000,000, in the 12-month period up to and including the date of grant, are subject to shareholders’ approval in a general meeting.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2023

18. SHARE OPTION SCHEME (CONTINUED)

Options granted must be accepted in writing within 28 days from the date of grant upon payment of a nominal consideration of HK\$1 by the grantee. The exercise period for the share options granted is determined by the directors of the Company, which period may commence from the date of acceptance of the offer for the grant of share options but shall end, in any event, not later than 10 years from the date of grant of the option subject to the provisions for early termination under the Share Option Scheme. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share on the date of grant.

The following table sets out the movements in the Company's share options held by the employees of the Group during the six months ended 30 September 2023:

Date of grant	Exercisable period	Exercise price HK\$	Outstanding at 1.4.2023	Lapsed during the period	Outstanding at 30.9.2023
<i>Employees:</i>					
26.1.2018	27.7.2019–27.7.2024	1,500	800,000	–	800,000
26.1.2018	27.7.2020–27.7.2024	1,500	800,000	–	800,000
26.1.2018	27.7.2021–27.7.2024	1,500	800,000	–	800,000
26.1.2018	27.7.2022–27.7.2024	1,500	1,600,000	–	1,600,000
			4,000,000	–	4,000,000

Note: The vesting period ends on the date the exercisable period of the share options begins.

During the six months ended 30 September 2023, there were neither options granted, exercised nor share option held by the directors.

No share-based payment was recognised by the Group during the six months ended 30 September 2023 (six months ended 30 September 2022: Nil) in relation to share options granted by the Company.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2023

19. RETIREMENT BENEFITS PLAN

The Group participates in the MPF Scheme for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes the lower of 5% of the relevant payroll costs, with maximum of HK\$1,500 per employee per month, to the MPF Scheme, which contribution is matched by employees.

Employees of a subsidiary in the PRC are members of the state-managed retirement benefits schemes operated by the PRC government. The subsidiary is required to contribute a certain percentage of their payroll to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the state-managed retirement benefits schemes is to make the required contributions.

20. APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements were approved and authorised for issue by board of directors on 30 November 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's profit decreased from approximately HK\$24.4 million for the six months ended 30 September 2022 to approximately HK\$2.8 million for the six months ended 30 September 2023, representing a decrease of approximately 88.5%. The Group's revenue decreased from approximately HK\$168.8 million for the six months ended 30 September 2022 to approximately HK\$140.4 million for the six months ended 30 September 2023, representing a decrease of approximately 16.8%.

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

Financial public relation service segment

Our financial public relation services include (i) public relations services; (ii) investor relations services; (iii) financial printing services and (iv) capital markets branding. During the six months ended 30 September 2023, this business segment delivered a turnover of approximately HK\$140.4 million (Six months ended 30 September 2022: HK\$168.8 million), representing a decrease of approximately 16.8%. The profit of this business segment for the six months ended 30 September 2023 was approximately HK\$41.0 million (Six months ended 30 September 2022: HK\$55.6 million), representing a decrease of approximately 26.2%. The decrease in profit of this business segment was attributed to the slow recovery of the IPO market after the pandemic, which had a significant impact to this business segment.

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 suspension of international roadshow activities in the past few years, no revenue was generated from the business segment (Six months ended 30 September 2022: nil) for the six months ended 30 September 2023. A segment loss of HK\$138,000 was resulted for the six months ended 30 September 2023 (Six months ended 30 September 2022: loss of HK\$5,000).

Aside from the profit generated from the two business segments, the Group also generated interest income of HK\$2.9 million (Six months ended 30 September 2022: HK\$22.2 million) from its investments in bond securities for the six months ended 30 September 2023. 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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 2023 amounted to approximately HK\$226.8 million (31 March 2023: HK\$75.5 million) and HK\$419.7 million (31 March 2023: HK\$557.4 million), respectively.

The Group has no short-term bank loan or bank overdraft as at 30 September 2023 (31 March 2022: nil), therefore, the Group's gearing ratio as at 30 September 2023 was 0% (31 March 2023: 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 2023, 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 2023, owned properties amounted to approximately HK\$536.6 million (31 March 2023: HK\$547.9 million), and investment properties amounted to approximately HK\$26.8 million (31 March 2023: HK\$26.8 million) were pledged as securities for revolving banking facilities.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

CONTINGENT LIABILITIES

As at 30 September 2023, the Group had no contingent liabilities.

Outlook

The global IPO market has gradually returned to normal since the uplifted of the lockdown measures. However, geopolitical risks and the interest rate hikes resulting from the high inflation expectations, brought uncertainties to the world economy. Despite this, the Group continued to maintain a relatively stable market share in the Hong Kong financial 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 communication and transportation. 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. We expected they would be one of the revenue growth elements of our Group.

Other than the online services, we will continue to expand its business scope in the mainland market. Our 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.

Besides, the Group has continued to conduct 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.

OTHER INFORMATION

DIVIDENDS

The Board does not recommend the payment of interim dividends for the six months ended 30 September 2023 (2022: nil).

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

As at 30 September 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 30 September 2023	The amount of remaining net proceeds as at 30 September 2023 for the intended use	Expected time of utilisation ^(Note 1)	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.	HK\$19.8 million	Approximately 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 public relations firm in the PRC	HK\$65.5 million	Approximately HK\$59.4 million	31 December 2023	No

OTHER INFORMATION (CONTINUED)

As at 30 September 2023, 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 2023 for the intended use	Total proceeds used as at 30 September 2023	Expected time of utilisation ^(Note 1)	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\$62.6 million	Approximately HK\$360.4 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.

DIRECTORS' INTERESTS IN CONTRACTS

No director had a material interest in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the six months ended 30 September 2023.

OTHER INFORMATION (CONTINUED)

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

None of the directors, the management shareholders or the substantial shareholders of the Company, or any of their respective associates, has engaged in any business that competes or may compete with the business of the Group, or has any other conflict of interests with the Group.

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 2023.

Code Provision C.2.1

Under code provision C.2.1, the roles of Chairman and Chief Executive Officer should be separate 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 2023.

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

During the six months ended 30 September 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules throughout the year ended 30 September 2023.

OTHER INFORMATION (CONTINUED)

EMPLOYMENT AND REMUNERATION POLICIES

As at 30 September 2023, the Group had 261 full-time employees. Total staff costs (including Directors' emoluments) were approximately HK\$31.3 million for the six months ended 30 September 2023. 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.

AUDIT COMMITTEE

The Group has established an audit committee ("**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 2023.

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 2023