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智富資源投資控股集團有限公司

WISDOM WEALTH RESOURCES INVESTMENT HOLDING GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 7)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

INTERIM RESULTS

The Board of Directors (the “Board”) of Wisdom Wealth Resources Investment Holding Group Limited (Formerly known as Hong Kong Finance Investment Holdings Limited) (the “Company”) announced the unaudited consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2021 together with the comparative figures for the six months ended 30 June 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

		Six Months ended 30 June	
		2021	2020
	Notes	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	209,278	386,699
Cost of goods sold and direct cost		(177,467)	(375,913)
Gross profit		31,811	10,786
Other income		3,142	2,692
Other gains or losses	4	–	(70)
Fair value change on investment properties		280,083	94,035
Selling and distribution expenses		(365)	(12)
Administrative expenses		(26,164)	(27,736)
Profit from operation		288,507	79,695
Finance costs	6	(15,878)	(14,161)
Profit before taxation	7	272,629	65,534
Taxation	8	(71,046)	(23,299)
Profit for the period		201,583	42,235

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

For the six months ended 30 June 2021

		Six Months ended 30 June	
	<i>Note</i>	2021	2020
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Other comprehensive expenses			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation		107,333	(40,524)
<i>Items that will not be reclassified to profit or loss:</i>			
Fair value gain/(loss) on investment in equity instruments		90	(53)
Other comprehensive income/(expenses) for the period		107,423	(40,577)
Total comprehensive income for the period		309,006	1,658
Profit/(loss) for the period attributable to:			
Owners of the Company		201,598	42,475
Non-controlling interests		(15)	(240)
Profit for the period		201,583	42,235
Total comprehensive income/(expenses) for the period attributable to:			
Owners of the Company		308,978	2,010
Non-controlling interests		28	(352)
		309,006	1,658
Earnings per share	<i>10</i>		
Basic and diluted		0.0504	0.011

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		30 June 2021	31 December 2020
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
Non-current assets			
Property, plant and equipment		54,475	55,060
Investment properties	11	2,679,134	2,368,672
Right-of-use assets		2,671	3,990
Intangible assets		–	–
Investment in equity instrument at fair value through other comprehensive income		1,261	1,171
Deposit paid for construction		80,580	79,589
Statutory deposits		2,050	1,930
Loans receivable		15,890	15,890
Deferred tax asset		12,629	17,818
		2,848,690	2,544,120
Current assets			
Inventories		10,001	–
Properties for sale		2,004,901	1,921,997
Accounts receivable	12	80,825	115,938
Other receivables, prepayments and deposits		148,977	109,734
Pledged fixed deposits (general accounts)		60,135	171,058
Bank balances (trust and segregated accounts)		102,848	92,355
Bank balances (general accounts) and cash		30,743	20,610
		2,438,430	2,431,692

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)**

As at 30 June 2021

		30 June	31 December
		2021	2020
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
Current liabilities			
Accounts and bills payables	13	193,119	313,895
Other payables and accrued expenses		63,117	42,518
Lease liabilities		2,616	2,707
Contract liabilities		36,106	1,739
Amounts due to Directors		163,537	143,578
Borrowings		321,029	318,200
Tax payable		2,988	1,386
Corporate bonds		5,133	11,775
		787,645	835,798
Net current assets		1,650,785	1,595,894
Total assets less current liabilities		4,499,475	4,140,014
Non-current liabilities			
Lease liabilities		51	1,377
Deferred tax liability		415,841	346,724
Corporate bonds		14,798	18,401
Borrowings		63,149	76,882
		493,839	443,384
Net assets		4,005,636	3,696,630
Capital and reserves			
Share capital	14	400,000	400,000
Reserves		3,601,432	3,292,454
Equity attributable to owners of the Company		4,001,432	3,692,454
Non-controlling interests		4,204	4,176
Total equity		4,005,636	3,696,630

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

1. BASIS OF PREPARATION

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) include trading of natural resources, petrochemical production, oil and gas exploration and production, mineral mining business, provision of financial services and property investment.

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The Group has net current assets of approximately HK\$1,650,785,000. In the opinion of the directors of the Company, it is expected that the current assets of properties for sale of approximately HK\$2,004,901,000 will not be completed in the next twelve months from 30 June 2021. In considering the impact of the properties for sale, the Group’s current liabilities exceeded its current assets excluding the properties for sale of approximately HK\$2,004,901,000 by approximately HK\$354,116,000. In additions, the Group had overdue balances in respect of borrowings of approximately HK\$301,029,000 as at 30 June 2021. These events and conditions may cast significant doubt on the Group’s ability to continue as a going concern.

Nevertheless, the consolidated financial statements have been prepared on the going concern basis because the directors of the Company are of the view that the Group will have sufficient working capital to finance its operations in the next twelve months from 30 June 2021, after taking into consideration of the following:

- (1) Confirmation from directors, Dr. Hui Chi Ming and Mr. Nam Kwok Lun, that they would not demand repayment of the amounts due to directors of approximately HK\$102,709,000 and HK\$60,828,000 respectively within one year from the date of this audit report;
- (2) The substantial shareholder, Dr. Hui Chi Ming, has confirmed his intention to provide continuing financial support to satisfy the Group’s working capital and other financing requirement through continual renewal of borrowings or continual provision of additional financing to the Group;
- (3) Subsequent to the end of the reporting period, the Company issued 2% coupon convertible bonds with principal amount of HK\$20,000,000 matured on 9 July 2023 for a cash of HK\$20,000,000 as general working capital of the Group;

- (4) On 5 November 2021, the Group entered into a sale and purchase agreement with an independent third party to dispose of the entire issued share capital of Millhaven Holdings Limited, a wholly owned subsidiary of the Company, for a cash consideration of HK\$338,000,000 (the “Disposal”). The Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules but the Disposal is not subject to shareholders’ approval as Dr. Hui Chi Ming and his associates, who together hold 53.49% of the issued share capital of the Company, have given a written approval for the Disposal. At the date of the report, the Disposal is not yet completed but a non-refundable deposit of HK\$8,000,000 was received;
- (5) On 21 October 2019, Karl Thomson Financial Group Limited (“KTFG”), a wholly owned subsidiary of the Company, entered into a loan facility agreement (“Loan Facility Agreement”) with PAL Finance Limited, a wholly-owned subsidiary of Asia Tele-Net And Technology Corporation Limited (“Asia Tele-Net”). Mr. Lam Kwok Hing and Mr. Nam Kwok Lun, executive directors of the Company, are an executive director and the ultimate controlling shareholder of Asia Tele-Net, and an executive director of Asia Tele-Net who has an indirect interest in Asia Tele-Net respectively. Pursuant to Loan Facility Agreement, the Group provides an unsecured revolving loan facility of HK\$130,000,000 bearing interest at prime rate as announced from time to time by The Hong Kong and Shanghai Banking Corporation Limited for lending Hong Kong Dollars (“Prime Rate”) for a term of three years commencing from the loan effective date and ending on 20 October 2022; and
- (6) In December 2021, the Company is negotiating with a bank in Hong Kong for a banking facility of HK\$200,000,000 bearing interest at 2.5% over Hong Kong Interbank Bank Offered Rate for a term of 18 months from the drawdown date, secured by the Group’s investment properties and properties held for sale located in Zhanjiang, the People’s Republic of China (“PRC”). Up to the date of this announcement, an indicative offer letter which set out the principal terms and conditions of the banking facility was signed by the Company and the bank. The directors of the Company considered that the banking facility would be granted to the Company in view of the securities pledged for the banking facility.

2. PRINCIPAL ACCOUNTING POLICIES

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2020.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 9, HKAS 39 HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
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In addition, the Group has early applied the Amendment to HKFRS 16 “Covid-19-Related Rent Concessions beyond 30 June 2021”

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE

	Six Months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15, disaggregated by major products or services lines:		
Trading Business:		
Sales of electronic products	189,885	375,880
Financial Business:		
Commission and brokerage income	9,946	5,059
Advisory and consultancy fee	1,151	597
	<u>200,982</u>	<u>381,536</u>
Revenue from other sources outside the scope of HKFRS 15:		
Financial Business:		
Interest income arising from financial business	3,325	4,448
Rental income	4,971	715
	<u>8,296</u>	<u>5,163</u>
	<u>209,278</u>	<u>386,699</u>

4. OTHER GAINS OR LOSSES

	Six Months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Impairment loss of financial asset at amortised cost, net	<u>–</u>	<u>(70)</u>

5. SEGMENT INFORMATION

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

For the six months ended 30 June 2021:

	Trading business <i>HK\$'000</i>	Mineral mining, oil and gas business <i>HK\$'000</i>	Financial business <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE:					
Segment revenue	<u>189,885</u>	<u>–</u>	<u>14,422</u>	<u>4,971</u>	<u>209,278</u>
Segment profit/(loss)	<u>14,239</u>	<u>(43)</u>	<u>5,272</u>	<u>2,589</u>	22,057
Other income					3,142
Fair value change of investment properties					280,083
Corporate and administration costs					<u>(32,653)</u>
Profit before taxation					<u>272,629</u>

For the six months ended 30 June 2020:

	Trading business <i>HK\$'000</i>	Mineral mining, oil and gas business <i>HK\$'000</i>	Financial business <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE:					
Segment revenue	<u>375,880</u>	<u>–</u>	<u>10,222</u>	<u>597</u>	<u>386,699</u>
Segment profit/(loss)	<u>(200)</u>	<u>(42)</u>	<u>267</u>	<u>(3,731)</u>	(3,706)
Other income					2,692
Fair value change of investment properties					94,035
Corporate and administration costs					<u>(27,487)</u>
Profit before taxation					<u>65,534</u>

Segment profit represents the financial results by each segment without allocation of corporate administrative costs. This is the measure reported to the Board of Directors for the purpose of resources allocation and performance assessment.

5. SEGMENT INFORMATION (Continued)

The geographical information of revenue is shown as follows:

	Six Months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
PRC	194,856	376,174
Hong Kong	14,422	10,104
Others	–	421
	<u>209,278</u>	<u>386,699</u>

6. FINANCE COSTS

Interest on borrowings wholly repayable within five years:

	Six Months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Corporate bonds	1,130	1,015
Borrowings	13,199	11,731
Amounts due to Directors	1,446	1,280
Lease liabilities	103	135
	<u>15,878</u>	<u>14,161</u>

7. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six Months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	551	402
Depreciation of right-of-use assets	1,326	1,237
Staff cost, including Directors' remuneration	14,535	15,046
Contributions to retirement benefits scheme (included in staff costs)	255	340
Cost of inventories recognised as expenses	176,613	374,622
Expense relating to short-term leases	1,380	1,260
	<u>179,650</u>	<u>386,907</u>

8. TAXATION

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements for the six months ended 30 June 2020 and 2021 as the companies within the Group either had no assessable profits arising from Hong Kong or the assessable profits were wholly absorbed by estimated losses brought forward. Under the Enterprise Income Tax Law of the PRC, the enterprise income tax rate applicable to the Group's companies operating in the PRC, the tax rate is 25% from 1 January 2008 onwards. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Six Months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Over-provision in prior year	—	(210)
Current tax		
PRC enterprise income tax	1,025	—
Deferred tax liabilities	70,021	23,509
	71,046	23,509
	71,046	23,299

9. DIVIDEND

No dividends were paid, declared or proposed during the period. The Directors do not recommend the payment of an interim dividend (2020: Nil).

10. EARNINGS PER SHARE

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

	Six Months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Earnings		
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	<u>201,598</u>	<u>42,475</u>
Number of shares	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>4,000,000</u>	<u>4,000,000</u>

No diluted earnings per share for both periods were presented as there were no potential ordinary shares in issue for both periods.

11. INVESTMENT PROPERTIES

	<i>HK\$'000</i>
As at 1 January 2020 (Audited)	2,387,597
Addition	926
Fair value change of investment properties	(158,920)
Exchange adjustment	<u>139,069</u>
As at 31 December 2020 and 1 January 2021 (Audited)	2,368,672
Addition	120
Fair value change of investment properties	280,083
Exchange adjustment	<u>30,259</u>
As at 30 June 2021 (Unaudited)	<u><u>2,679,134</u></u>

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

Investment properties represent (a) a commercial unit located in the Beijing, PRC and (b) a commercial unit and car parking spaces located in Zhanjiang, PRC.

The fair values of the Group's investment properties at 30 June 2021 have been arrived at on the basis of a valuation carried out on that day by Jones Lang La Salle IP, Inc. (31 December 2020: Cushman & Wakefield Limited), an independent qualified professional valuer that is not connected with the Group.

The fair value was determined based on the "Comparison Method" and "Investment Method", where the value is assessed by reference to the comparable properties of sales evidence as available in the relevant market, factoring in all the respective advantages and disadvantages of each property in order to arrive at the comparison of capital value.

12. ACCOUNTS RECEIVABLE

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Accounts receivable consist of:		
Accounts receivable arising from business of trading electronic products and equipment	3,097	24,126
<i>Less: Loss allowance for ECL</i>	(363)	(358)
	2,734	23,768
Accounts receivable arising from business of properties investment	9,497	4,748
<i>Less: Loss allowance for ECL</i>	(144)	(143)
	9,353	4,605
Accounts receivable arising from the business of dealing in securities:		
– cash clients	10,573	15,802
– other	3,066	4,337
– directors	(24)	(40)
<i>Less: Loss allowance for ECL</i>		
	13,615	20,099
– Hong Kong Securities Clearing Company Limited (“HKSCC”)	–	8,777
Accounts receivable from Hong Kong Futures Exchange Clearing Corporation Limited (“HKFECC”) arising from the business of dealing in futures contracts	574	700
Loans to securities margin clients	53,819	57,459
<i>Less: Loss allowance for ECL</i>	(31)	(31)
	53,788	57,428
Accounts receivable arising from the business of advisory for financial management	761	561
	80,825	115,938

Accounts receivable arising from trading of natural resources and petrochemicals were aged within 90 days. The average credit period for accounts receivable from property investment business is 30 days. The accounts receivable from property investment business aged within 90 days. The settlement terms of accounts receivable from cash client, HKSCC and HKFECC are usually one to two days after the trade date. Except for the accounts receivable from cash clients as mentioned below, the accounts receivables from HKSCC and HKFECC were aged within 30 days.

12. ACCOUNTS RECEIVABLE (Continued)

A credit period based on dates of delivery of goods for accounts receivable from trading of electronic products is 90 days. The aged analysis of accounts receivable arising from trading of electronic products is as follow:

	30 June 2021 <i>HK\$'000</i> (Unaudited)	31 December 2020 <i>HK\$'000</i> (Audited)
0 to 90 days	<u><u>2,734</u></u>	<u><u>23,768</u></u>

The average credit period for accounts receivable from investment property business is 30 days. The aged analysis of accounts receivable arising from investment property business is as follow:

	30 June 2021 <i>HK\$'000</i> (Unaudited)	31 December 2020 <i>HK\$'000</i> (Audited)
0 to 90 days	4,761	1,582
91 to 180 days	<u>4,592</u>	<u>3,023</u>
	<u><u>9,353</u></u>	<u><u>4,605</u></u>

12. ACCOUNTS RECEIVABLE (Continued)

The settlement terms of cash clients are usually one to two days after the trade date. The aged analysis of accounts receivable arising from cash clients is as follows:

	30 June 2021 <i>HK\$'000</i> (Unaudited)	31 December 2020 <i>HK\$'000</i> (Audited)
0 – 90 days	12,954	20,099
91 – 180 days	661	–
	<u>13,615</u>	<u>20,099</u>

The Group does not provide any credit term to its advisory for financial management clients. The aged analysis of accounts receivable arising from clients under the business of advisory for financial management is as follow:

	30 June 2021 <i>HK\$'000</i> (Unaudited)	31 December 2020 <i>HK\$'000</i> (Audited)
0 to 90 days	<u>761</u>	<u>561</u>

13. ACCOUNTS PAYABLE

	30 June	31 December
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Accounts payable:		
Accounts payable from trading of electronic products and equipment	15,441	27,448
Accounts payable from properties investment	6,989	6,903
Accounts payable arising from the business of dealing in securities:		
– Cash clients	98,222	94,508
– HKSCC	3,704	3,671
Accounts payable to clients arising from the business of dealing in futures contracts	677	985
Amounts due to securities margin clients	5,485	4,878
	130,518	138,393
Bills payable	62,601	175,502
	193,119	313,895

The settlement term of accounts payable to cash client and HKSCC is two days after the trade date and aged within 30 days.

Accounts payable to clients arising from the business of dealing in futures contracts are margin deposits received from clients for their trading of futures contracts on the HKFECC. The excess of the outstanding amounts over the required margin deposits stipulated by the HKFECC are repayable to clients on demand. In the opinion of the Directors, no aged analysis is disclosed as the aged analysis does not give additional value.

Amounts due to securities margin clients are repayable on demand. In the opinion of the Directors, no aged analysis is disclosed as the aged analysis does not give additional value.

An average credit period for accounts payables from trading business is 30 days. The accounts payable from trading business aged within 30 days.

The accounts payable amounting to approximately of HK\$102,848,000 (31 December 2020: HK\$92,355,000) were payable to clients or other institutions in respect of the trust and segregated bank balances received and held for clients in the course of the conduct of regulated activities. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed.

13. ACCOUNTS PAYABLE (Continued)

The aged analysis of amounts payable from trading of electronic products presented based on the receive date is as follow:

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
0 – 90 days	878	17,451
91 – 180 days	–	–
181 – 365 days	4,441	2,402
Over 365 days	<u>10,122</u>	<u>7,595</u>
	<u>15,441</u>	<u>27,448</u>

The aged analysis of accounts payables arising from properties investment is as follow:

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
0 – 90 days	–	–
91 – 180 days	<u>6,989</u>	<u>6,903</u>
	<u>6,989</u>	<u>6,903</u>

14. SHARE CAPITAL

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
<i>Authorised:</i>		
10,000,000,000 ordinary shares with HK\$0.1 each	<u>1,000,000</u>	<u>1,000,000</u>
<i>Issued and fully paid:</i>		
4,000,000,000 ordinary shares with HK\$0.1 each	<u>400,000</u>	<u>400,000</u>

15. EVENTS AFTER THE REPORTING PERIOD

(a) Issuance of convertible bonds

Subsequent to the end of the reporting period, on 9 July 2021, the Company issued 2% coupon convertible bonds with principal amount of HK\$20,000,000 matured on 9 July 2023 for a cash of HK\$20,000,000 as general working capital of the Group.

Detail of issuance of convertible bonds, together with the completion of the issuance of convertible bonds, are disclosed in the Company's announcement dated 7 June 2021, 30 June 2021 and 20 July 2021 respectively.

(b) Disposal of Millhaven Holdings Limited

On 5 November 2021, the Group entered into a sale and purchase agreement with an independent third party to dispose of the entire issued share capital of Millhaven Holdings Limited, a wholly owned subsidiary of the Company, for a cash consideration of HK\$338,000,000 (the "Disposal"). The Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules but the Disposal is not subject to shareholders' approval as Dr. Hui Chi Ming and his associates, who together hold 53.49% of the issued share capital of the Company, have given a written approval for the Disposal. At the date of the report, the Disposal is not yet completed but a non-refundable deposit of HK\$8,000,000 was received. Detail of the Disposal are disclosed in the Company's announcement dated 11 November 2021.

Up to the date of authorised of this interim report, the Disposal has not yet completed.

(c) Subscription of new ordinary shares of the Company

On 19 November 2021, the Company entered into a subscription agreement, pursuant to which 200,000,000 new ordinary shares of the Company would be issued to an independent third party at the subscription price of HK\$0.127 per share. The maximum number of shares issued under the subscription agreement represent 5.00% of the existing issued share capital of the Company as at the date of the subscription agreement and approximately 4.76% of the issued share capital of the Company as enlarged by the issue and allotment of the subscription shares. The entire net proceeds from the subscription of new shares, are intended to be raised additional funding for general working capital to support the future development of the Group and repayment of liabilities. Details of the subscription are disclosed in the Company's announcement dated 19 November 2021.

On 22 December 2021, the subscription agreement was terminated. Details of the termination of the subscription of shares are disclosed in the Company's announcements dated 22 December 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

During the six months ended 30 June 2021, the total revenue for the Group was approximately HK\$209.28 million, representing a decrease of approximately HK\$177.42 million as compared with approximately HK\$386.70 million in 2020. The decrease was mainly attributable to a decrease in sales of electronic products during the period review. For the six months ended 30 June 2021, the profit attributable to the owners of the Company from continuing operations increase to HK\$201.60 million, a increase in HK\$159.12 million from the profit of approximately HK\$42.48 million recorded for the six months ended 30 June 2020. The increase was primarily due to the increase in the fair value change of investment properties of HK\$280.08 million (2020: HK\$94.04 million). For the period under review, the earnings per share, basic and diluted, was approximately HK\$0.0504 (2020: HK\$0.011).

FINANCIAL REVIEW

Revenue

The Group's unaudited consolidated revenue for the six months ended 30 June 2021 was approximately HK\$209.28 million (2020: HK\$386.70 million) representing a decrease of 45.88% as compared to the same period of last year.

Gross profit

The resulting gross profit margin increased from 2.79% for the six months ended 30 June 2020 to 15.20% for the six months ended 30 June 2021. The increase was mainly due to increase in trading business which generate higher profit margin.

Administration expenses

Administration expenses, which represented 12.50% (2020: 7.17%) of the Group's revenue, increase in percentage by 6.76% because more administrative expenses incurred from trading business during the period under review.

Finance Costs

As no significant borrowing incurred during the six months ended 30 June 2021 and the Group recorded similar level of finance costs of approximately HK\$15.88 million for the six months ended 30 June 2021 as compared for the corresponding period last year.

Liquidity, financial resources and funding

As at 30 June 2021, the Group's cash and cash equivalents (excluding the restricted cash) were approximately HK\$30.74 million (31 December 2020: HK\$20.61) million).

The net current assets of the Group were approximately HK\$1.65 billion (31 December 2020: HK\$1.60 billion), which consisted of current assets of HK\$2.44 billion (31 December 2020: HK\$2.43 billion) and current liabilities of approximately HK\$787.65 million (31 December 2020: HK\$835.80 million), representing a current ratio of 3.10 (31 December 2020: 2.91).

The Group manages its capital structure to finance its overall operation and growth by using different sources of funds. As at 30 June 2021, the Group's lease liabilities, amount due to a director, borrowings and corporate bonds amounted to approximately HK\$467.60 million (31 December 2020: HK\$487.2 million).

The gearing ratio of the Group as at 30 June 2021 (defined as total interest-bearing liabilities divided by the Group's total equity) was 0.12 (31 December 2020: 0.13).

BUSINESS REVIEW

Investment property

Zhanjiang

The Group owns the land use rights of five land parcels located in Donghai Dao, Zhanjiang Economic and Technological Development Zone, Zhangjiang City, Guangdong Province, the People's Republic of China ("PRC") with total site area and total planned gross floor area of approximately 266,000 sq.m. and 1.3 million sq.m. respectively (the "Smart City Project"). The lands are divided into two portions: the portion held for sale (non-commercial portion) and the portion held for investment purpose (including the commercial portion and the car parking spaces).

According to the valuation report issued by a recognised valuer at the end of the year, the value of the lands of the Smart City Project was approximately RMB5.25 billion. The lands of the Smart City Project had been valued approximately the same as the value of the lands of the Smart City Project at 31 December 2021. The portion of lands at approximately RMB3.36 billion will be used for residential purpose which are classified as properties for sale and another portion of lands at approximately RMB1.88 billion will be used for commercial building development purpose which are classified as investment properties in the consolidated statement of financial position as at 30 June 2021. Therefore, the fair value gain of approximately RMB215.50 million of the investment properties were recognised in the consolidated statement of profit or loss and other comprehensive income for the period ended 30 June 2021.

Beijing

The rental income of leasing the property covers an area of approximately 16,300 sq.m. at the Rong Ning Yuan Community of No. 60 Guang An Men Nan Jie, Xicheng District, Beijing, the PRC. The rental income recorded by this Beijing property was approximately HK\$4.97 million (2020: HK\$0.72 million) for the period ended 30 June 2021.

Trading Business

During the period under review, the Group owns 60% interest in Shenzhen Qianhai Jiameijing Industrial Company Limited (深圳市前海嘉美靜實業有限公司) which recorded revenue of approximately HK\$189.89 million (2020: 375.88 million). Shenzhen Qianhai Jiameijing principally engages in the business of trading, importing and exporting of electronic products.

Financial Business

The revenue of financial business of the Group generated from securities, futures and options broking business, underwriting commission, advisory for financial management business and interest income from securities margin loan portfolio and managed to register profit. Despite the widespread of Covid-19, equity market attracted tremendous interest and active trading on the new economy stocks and investment sentiment was further enhanced by the listing of Chinese giant companies in the first half. Yet, both market indices and turnover fell sharply sequentially and were hard hit by the stricter regulatory control of Chinese giant companies in China and intensified Sino-American confrontation. Market will remain cautious pending for the clarification of the new regulatory directions in China and possible return of the listing of Chinese companies from USA to Hong Kong.

Oil and gas business

The Group owns 100% of the exploration, exploitation and operation rights as well as the profit sharing right of Madagascar Oilfield Block 2101 which is an onshore site with total area of 10,400 square kilometers in the northern part of Madagascar. Pursuant to the exploration, exploitation and oil and gas production sharing contract and depending on the rate of liquid petroleum production of Madagascar Oilfield Block 2101, the Group will share the remaining petroleum profit after government royalty and recovery of petroleum costs according to the sharing ratios in the range of 40% to 72.5% as set out in the profit sharing right.

PROSPECT

After disposing the Beijing Properties, the Group will be able to focus its resources on the development of the Zhanjiang project and other business segments of the Group, in particular the sand mining business in Papua New Guinea where the Group has been granted an exclusive operating right for constructing and operating a port terminal and conducting sand mining and export business in the Kikori Delta in the Gulf of Papua with a total area of 23,300 square kilometers and the Group has established a comprehensive strategic cooperation with China Harbour Engineering Company Limited (中國港灣工程有限責任公司) for carrying out sand mining operation and the planning, construction and operation of fairway and terminal facilities. In addition, in October this year, the Group started a new business of trading of smart phones and accessories in Hong Kong, exporting to the Middle East. This new business will boost both revenue and profit of the Group in the years to come. The Board considers that the Disposal and the aforesaid business developments can prevent the Group from incurring further loss from the Properties and provide an immediate cash flow to the Group for repayment of borrowings and general working capital to support the future development of the Group.

EVENTS AFTER REPORTING DATE

Issue of Convertible Bonds

On 4 June 2021, the Company entered into the Convertible Bonds subscription agreement, pursuant to which agreed to issue, the Convertible Bonds in an aggregate principal amount of HK\$20,000,000 bearing interest rate of 2% per annum with maturity to 2 years from the date of issue. The Conversion Price is HK\$0.98 per Conversion Share, assuming the conversion rights attaching to the Convertible Bonds are exercised in full at the Conversion Price, a maximum of 20,408,163 Conversion Shares will be allotted and issued, representing (i) approximately 0.51% of the existing issued shares of the Company of 4,000,000,000 Shares as at the date of announcement, and (ii) approximately 0.51% of the issued shares of the Company of 4,020,408,163 Shares as enlarged by the allotment and issue of the Conversion Shares. The issuance of the Convertible Bonds was completed on 9 July 2021.

Disposal of Beijing Project

On 5 November 2021, the Group entered into the sale and purchase agreement to dispose of the entire issued capital of Millhaven Holdings Limited which held the properties located at Rong Ning Yuan Community, Beijing (the “Disposal”). The consideration for the Disposal is HK\$338.0 million. The Company intends to apply the net proceeds from the Disposal for general working capital of the Group and repayment of outstanding loans.

After the Disposal, the Group has a present intention to focus its resources on the development of the Zhanjiang project and other business segments of the Group, in particular the sand mining business in Papua New Guinea.

CORPORATE BONDS

As at 30 June 2020, the accumulated principal amount of corporate bonds was HK\$21 million bearing interest rate of 7% per annum with maturity between 2021 to 2025. Such bonds are subsequently measured at amortised cost using effective interest method. Imputed interest of approximately HK\$1.13 million was recognised in the profit or loss during the year (2020: HK\$1.01 million). The issuance of the corporate bonds will not result in any dilution on the shareholding of the existing shareholders of the Group.

EXCHANGE RATE RISK

The Group undertakes certain operating transactions in foreign currencies, which expose the Group to foreign currency risk, mainly to the risk of fluctuations in the Hong Kong dollar and U.S. dollar against RMB. We have not used any derivative contracts to hedge against its exposure to currency risk. The management manages the currency risk by closely monitoring the movement of the foreign currency rates and considering hedging significant foreign currency exposure should such need arise.

CONTINGENT LIABILITIES

The Company has no contingent liabilities (31 December 2020: nil).

CHARGE ON ASSETS

As at 30 June 2020, the term loan of principal value HK\$250 million were secured by (i) the guarantee from Guangdong Hoifu Wai Yip Investment Management Limited (廣東凱富偉業投資管理有限公司); (ii) the personal guarantee from the Guarantor (Dr. Hui Chi Ming) and Beijing Yinghe Property Development Limited (北京盈和房地產綜合開發有限公司) respectively; and (iii) the charge/pledge to be granted by several subsidiaries of the Company.

The Group held banking facilities from various banks as at 30 June 2021. The Group's banking facilities were secured by guarantees given by the Group's bank deposits and the Company. As at 30 June 2021, bank deposits amounting to approximately HK\$60.14 million (31 December 2020: HK\$171.06 million) were pledged to secure banking facilities granted to a subsidiary.

PURSUANT TO RULE 13.18 OF THE LISTING RULES

The Company obtained a term loan facility in an aggregate amount of HK\$250,000,000 for a term of 36 months in 2017. Pursuant to the terms of the facility agreement, the occurrence of change of control event constitutes an event of default which the lender may cancel the facility. The Group is in the process of negotiating the extension of the aforesaid term loan facility.

CAPITAL STRUCTURE

As at 30 June 2021, the total number of issued ordinary shares of the Company was 4,000,000,000 of HK\$0.10 each (31 December 2020: 4,000,000,000 shares of HK\$0.10 each).

HUMAN RESOURCES

As at 30 June 2021, the Group employed a total of 143 staff (2020: 168) of which 20 were commission based (2020: 20) and the total related staff cost amounted to HK\$14,535,000 (2020: HK\$15,046,000). The Group's long-term success rests primarily on the total integration of the company core value with the basic staff interest. In order to attract and retain high caliber staff, the Group provides competitive salary package and other benefits including mandatory provident fund, medical schemes and bonus. The future staff costs of the sales will be more directly linked to the performance of business turnover and profit. The Group maintained organic overhead expenses to support the basic operation and dynamic expansion of its business enabling the Group to respond flexibly with the changes of business environment.

INTERIM DIVIDEND

The Board does not recommend payment of any interim dividend for the period ended 30 June 2021 (2020: Nil).

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

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2021.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the six month period ended 30 June 2021, the Company has adopted the Model Code under Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transaction. All Directors of the Company have confirmed, following specific enquiry by the Company that they have complied with the required standard set out in the Model Code and the Code during the period under review.

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) is composed of three independent non-executive Directors, namely Messrs. Mr. Ngan Kam Bui, Stanford, Tam Chak Chi and Ma Kin Ling. The principal duties of the Audit Committee are to review, together with management and the Company’s external auditor, the accounting principles and practices adopted by the Company and discuss internal controls and financial reporting matters.

REVIEW OF INTERIM RESULTS

The Audit Committee have reviewed the accounting principles and policies adopted by the Group, and discussed the financial information of the Group and the unaudited interim results announcement of the Company for the six months ended 30 June 2021.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The interim results announcement is published on the websites of the Company at wwri007.com under the section “Announcement” of Corporate Information and Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk “Latest Listed Company Information”. The 2021 interim report will be dispatched to shareholders of the Company and available on the above websites in due course.

By Order of the Board

Wisdom Wealth Resources Investment Holding Group Limited

Dr. Hui Chi Ming, G.B.S., J.P.

Chairman

Hong Kong, 29 December 2021

As at the date of this announcement, the Honorary Chairman and Senior Consultant of the Company is Dr. Yukio Hatoyama; the senior consultants of the Company comprise Dr. Wang Tao, Mr. Fu Chenyu and Mr. Lalaharisaina Joelivalerien; the Board comprises seven executive Directors, namely, Dr. Hui Chi Ming, G.B.S., J.P., Mr. Neil Bush, Mr. Cao Yu, Mr. Xu Jun Jia, Mr. Lam Kwok Hing, M.H., J.P., Mr. Nam Kwok Lun and Mr. Hui Ngok Lun; and three independent non-executive Directors, namely, Mr. Ngan Kam Bui, Stanford, Mr. Tam Chak Chi and Mr. Ma Kin Ling.