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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)

ANNOUNCEMENT OF 2021 FINAL RESULTS

RESULTS

The Board of Directors (the “Board”) of Wisdom Wealth Resources Investment Holding Group Limited (formerly known as Hong Kong Finance Investment Holding Group Limited) (the “Company”) announced that the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2021 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Revenue	4	522,404	1,013,168
Cost of goods sold and direct costs		(464,527)	(980,513)
Gross profit		57,877	32,655
Other income		4,905	8,604
Impairment loss of property, plant and equipment		–	(36,063)
Fair value changes on investment properties		442,760	(158,920)
Impairment losses of financial asset at amortised cost, net		(4,738)	(872)
Selling and distribution expenses		(1,303)	(3,109)
Administrative expenses		(57,634)	(61,319)
Finance costs	6	(49,265)	(32,322)
Profit/(loss) before taxation		392,602	(251,346)
Taxation	7	(116,399)	38,429
Profit/(loss) for the year	8	276,203	(212,917)

	<i>Notes</i>	2021 HK\$'000	2020 <i>HK\$'000</i>
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		<u>128,217</u>	<u>237,275</u>
		128,217	237,275
Item that will not be reclassified to profit or loss:			
Fair value losses on investment in equity instruments at fair value through other comprehensive income		<u>(181)</u>	<u>(53)</u>
Other comprehensive income for the year		<u>128,036</u>	<u>237,222</u>
Total comprehensive income for the year		<u>404,239</u>	<u>24,305</u>
Profit/(loss) for the year attributable to:			
Owners of the Company		267,895	(211,940)
Non-controlling interests		<u>8,308</u>	<u>(977)</u>
		<u>276,203</u>	<u>(212,917)</u>
Total comprehensive income attributable to:			
Owners of the Company		395,848	25,078
Non-controlling interests		<u>8,391</u>	<u>(773)</u>
		<u>404,239</u>	<u>24,305</u>
Earnings/(loss) per share			
– Basic	9	<u>HK\$0.0670</u>	<u>(HK\$0.0530)</u>
– Diluted		<u>HK\$0.0670</u>	<u>(HK\$0.0530)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	<i>Note</i>	2021	2020
		HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment		50,211	55,060
Investment properties		2,536,919	2,368,672
Right-of-use assets		1,351	3,990
Intangible assets		–*	–*
Investment in equity instrument at fair value through other comprehensive income		990	1,171
Deposit paid for construction		82,042	79,589
Statutory deposits		2,050	1,930
Loans receivable		16,940	15,890
Deferred tax assets		–	17,818
		<u>2,690,503</u>	<u>2,544,120</u>
Current assets			
Inventories		52,630	–
Properties for sale		1,981,337	1,921,997
Accounts receivable	<i>11</i>	101,115	115,938
Loans receivable		131	–
Other receivables, prepayments and deposits		182,769	109,734
Pledged fixed deposits (general accounts)		–	171,058
Bank balances (trust and segregated accounts)		87,378	92,355
Bank balances (general accounts) and cash		31,859	20,610
		<u>2,437,219</u>	<u>2,431,692</u>
Assets classified as held for sale		<u>385,660</u>	<u>–</u>
		<u>2,822,879</u>	<u>2,431,692</u>

* *Less than HK\$1,000*

	<i>Note</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current liabilities			
Accounts and bills payables	<i>12</i>	164,807	313,895
Other payables and accrued expenses		97,244	42,518
Lease liabilities		1,388	2,707
Contract liabilities		6,862	1,739
Amounts due to Directors		225,997	143,578
Borrowings		390,616	318,200
Tax payables		141	1,386
Corporate bonds		13,884	11,775
		900,939	835,798
Liabilities associated with assets classified as assets held for sale			
		5,806	–
		906,745	835,798
Net current assets		1,916,134	1,595,894
Total assets less current liabilities		4,606,637	4,140,014
Non-current liabilities			
Lease liabilities		51	1,377
Deferred tax liabilities		481,328	346,724
Corporate bonds		3,598	18,401
Convertible bonds		17,846	–
Borrowings		–	76,882
		502,772	443,384
Net assets		4,103,865	3,696,630
Capital and reserves			
Share capital		400,000	400,000
Reserves		3,691,298	3,292,454
Equity attributable to owners of the Company		4,091,298	3,692,454
Non-controlling interests		12,567	4,176
Total equity		4,103,865	3,696,630

NOTES:

1. GENERAL

The Company is an exempted company incorporated under the Companies Act 1981 of Bermuda (as amended) and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its ultimate controlling party is Dr. Hui Chi Ming, *G.B.S., J.P.* who is also the Chairman of the Company.

The consolidated financial statements of the Group for the year ended 31 December 2021 comprise the Company and its subsidiaries (together the “Group”). The Company is an investment holding company. The principal activities of the Group are (1) the trading of electronic products and equipment; (2) mineral mining, oil and gas exploration and production; (3) the provision of financial services and (4) property investment.

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

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and by the disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under historical cost basis except for certain properties and financial instruments that are measured at fair values at the end of each reporting period. Disposal group classified as held for sale are stated at the lower of carrying amount and fair values less costs to sell.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The Group has net current assets of approximately HK\$1,916,134,000. In the opinion of the directors of the Company, it is expected that the current assets of properties for sale of approximately HK\$1,981,337,000 will not be completed in the next twelve months from 31 December 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\$1,981,337,000 by approximately HK\$65,203,000. The Group had overdue balances in respect of borrowings of approximately HK\$332,575,000 as at 31 December 2021. Approximately HK\$240,000,000 loan principal and its related accrued interest out of the HK\$332,575,000 overdue balances will be repaid after receipt of net proceeds from disposal of Millhaven Holdings Limited.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

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 31 December 2021, after taking into consideration of the following:

- 1) 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;
- 2) 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 transaction is expected to be completed in May 2022;
- 3) 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;
- 4) The Company proposes to implement a rights issue, on the basis of one rights share for every two shares held on a record date at a subscription price of HK\$0.1 per rights share, to raise up to (i) approximately HK\$200,000,000 by issuing up to 2,000,000,000 rights shares; or (ii) approximately HK\$201,000,000 by issuing up to 2,010,204,081 rights shares to qualifying shareholders; and

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

- 5) 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.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

(A) Amendments to HKFRSs that are mandatorily effective for the current year

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

Amendments to HKFRS 9, HKAS 39, Interest Rate Benchmark Reform – Phase 2
HKFRS 7, HKFRS 4 and HKFRS 16

The application of the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs (Continued)

(B) New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments ³
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ³
Amendments to HKAS 8	Definition of Accounting Estimates ³
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ³
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 ²

¹ Effective for annual periods beginning on or after 1 April 2021.

² Effective for annual periods beginning on or after 1 January 2022.

³ Effective for annual periods beginning on or after 1 January 2023.

⁴ Effective for annual periods beginning on or after a date to be determined.

The Company's directors have performed an assessment on these new and amendments to HKFRSs, and have concluded on a preliminary basis that the adoption of these new and amendments to HKFRSs is not expected to have a significant impact on the Group's financial performance and position.

4. REVENUE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15, disaggregated by major products or services lines:		
Trading Business:		
Sales of electronic products and equipment	493,958	984,666
Financial Business:		
Commission and brokerage income	17,766	12,930
Advisory and consultancy fee	2,265	2,156
	<u>513,989</u>	<u>999,752</u>
Revenue from other sources outside the scope of HKFRS 15:		
Financial Business:		
Interest income arising from financial business	7,399	7,541
Property Investment:		
Rental income	1,016	5,875
	<u>8,415</u>	<u>13,416</u>
	<u>522,404</u>	<u>1,013,168</u>
At a point in time	<u>513,989</u>	<u>999,752</u>

5. SEGMENT INFORMATION

Information reported to the Board of Directors of the Company, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focuses on the nature of the products provided and services rendered.

During the year ended 31 December 2021, the Group is currently organised into four operating and reportable segments – (1) trading business, (2) mineral mining, oil and gas business (3) financial business and (4) property investment. These revenue streams are the basis of the internal reports about components of the Group that are regularly reviewed by the Board of Directors in order to allocate resources to segments and to assess their performance.

Trading business	–	sales of electronic products and equipment
Mineral mining, oil and gas business	–	exploration and production of mineral, oil and gas
Financial business	–	provision of financial service, including stockbroking, futures and options broking, mutual funds, insurance-linked investment plans and provision of corporate financial services and securities margin financing
Property investment	–	rental income

5. SEGMENT INFORMATION (Continued)

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments.

For the year ended 31 December 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>493,958</u>	<u>–</u>	<u>27,430</u>	<u>1,016</u>	<u>522,404</u>
RESULTS					
Segment profit/(loss)	<u>27,809</u>	<u>(64)</u>	<u>6,390</u>	<u>430,414</u>	464,549
Corporate administration costs					<u>(71,947)</u>
Profit before taxation					<u>392,602</u>

For the year ended 31 December 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>984,666</u>	<u>–</u>	<u>22,627</u>	<u>5,875</u>	<u>1,013,168</u>
RESULTS					
Segment loss	<u>(1,138)</u>	<u>(62)</u>	<u>(536)</u>	<u>(197,913)</u>	(199,649)
Corporate administration costs					(51,433)
Impairment loss on other receivables					<u>(264)</u>
Loss before taxation					<u>(251,346)</u>

5. SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/loss represents the financial results by each segment without allocation of corporate administration costs. This is the measure reported to the Board of Directors for the purposes of resource allocation and performance assessment.

Geographical information

All of the activities of trading business are based in China. The activities of oil and gas business are based in Madagascar. All of the activities of the financial business are based in Hong Kong.

The Group's revenue and its non-current assets, other than financial assets at FVTOCI, statutory deposits, deposit paid for construction, loans receivable and deferred tax assets, by geographical location of the assets regarding its operations are detailed below:

	Revenue		Non-current assets	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong	27,430	22,627	1,107	3,565
PRC	494,974	990,117	2,538,614	2,371,019
Madagascar	—	424	48,760	53,138
	<u>522,404</u>	<u>1,013,168</u>	<u>2,588,481</u>	<u>2,427,722</u>

6. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Corporate bonds	1,972	2,336
Borrowings	43,922	27,106
Amount due to a director	2,364	2,614
Convertible bonds	841	–
Lease liabilities	166	266
	<u>49,265</u>	<u>32,322</u>

7. TAXATION

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax:		
The PRC Enterprise Income Tax	6,956	1,270
(Over)/under-provision in prior years:		
Hong Kong Profits Tax	–	31
The PRC Enterprise Income Tax	<u>(1,247)</u>	<u>–</u>
	<u>5,709</u>	<u>1,301</u>
Deferred taxation:		
Current year	<u>110,690</u>	<u>(39,730)</u>
	<u>116,399</u>	<u>(38,429)</u>

No provision for Hong Kong Profits Tax has been made for the years ended 31 December 2021 and 2020 as the relevant group entities have no assessable profits or the assessable profit is wholly absorbed by tax losses brought forward for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. No provision for profits tax is made in other jurisdictions as the subsidiaries operating in other jurisdictions have no assessable profits for both years.

8. PROFIT/(LOSS) FOR THE YEAR

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) for the year has been arrived at after charging:		
Auditor's remuneration	1,900	1,600
Depreciation of property, plant and equipment	4,892	4,242
Depreciation of right-of-use assets	2,656	2,589
Staff costs including Directors' remuneration	26,768	31,420
Contributions to retirement benefits scheme	567	654
Cost of inventories recognised as expense	463,207	978,482
Expenses related to short-term leases-office premises	<u>2,633</u>	<u>2,760</u>

9. EARNINGS/(LOSS) PER SHARE

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Earnings/(loss):		
Profit/(loss) for the year attributable to owners of the Company for the purpose of calculating basic earnings/(loss) per share	<u><u>267,895</u></u>	<u><u>(211,940)</u></u>
	Number of shares	
	<i>'000</i>	<i>'000</i>
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share	<u><u>4,000,000</u></u>	<u><u>4,000,000</u></u>

For the year ended 31 December 2021, the diluted and basic earnings per share are the same as the convertible bonds are anti-dilutive to the earnings per share.

10. DIVIDEND

The Directors do not recommend the payment of a final dividend for both years.

11. ACCOUNTS RECEIVABLE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Accounts receivable consist of:		
Accounts receivable arising from business of trading electronic products and equipment	26,032	24,126
<i>Less: Loss allowances for ECL</i>	(362)	(358)
	25,670	23,768
Accounts receivable arising from business of properties investment	–	4,748
<i>Less: Loss allowance for ECL</i>	–	(143)
	–	4,605
Accounts receivable arising from the business of dealing in securities:		
– cash clients		
– other	17,001	15,802
– directors	3,046	4,337
<i>Less: Loss allowances for ECL</i>	(24)	(40)
	20,023	20,099
– Hong Kong Securities Clearing Company Limited (“HKSCC”)	4,232	8,777
Accounts receivable from Hong Kong Futures Exchange Clearing Corporation Limited (“HKFECC”) arising from the business of dealing in futures contracts	382	700
Loans to securities margin clients	50,836	57,459
<i>Less: Loss allowances for ECL</i>	(28)	(31)
	50,808	57,428
Accounts receivable arising from the business of advisory for financial management	–	561
	101,115	115,938

11. ACCOUNTS RECEIVABLE (Continued)

Accounts receivable from the business of trading electronic products and equipment

A credit period based on dates of delivery of goods for accounts receivable from trading of electronic products and equipment within 90 days. The aged analysis of accounts receivable arising from trading of electronic products and equipment based on the invoice date of the reporting period is as follow:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0-90 days	25,327	23,768
Over 365 days	343	–
	25,670	23,768

Accounts receivable from the property investment business

The average credit period for accounts receivable from property investment business within 30 days. The aged analysis of accounts receivable arising from property investment business based on the invoice date of the reporting period is as follow:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0-90 days	–	1,582
91-180 days	–	3,023
	–	4,605

Accounts receivable from cash client, HKSCC, HKFECC

The settlement terms of accounts receivable from cash clients, HKSCC, HKFECC are usually one to two days after the trade date. Except for the accounts receivable from cash clients as mentioned below, the accounts receivable from HKSCC and HKFECC aged within 30 days.

11. ACCOUNTS RECEIVABLE (Continued)

Accounts receivable from cash client, HKSCC, HKFECC (Continued)

The Group offsets certain accounts receivable and accounts payable when the Group currently has a legally enforceable right to set off the balances and intends either to settle on a net basis, or to realise the balances simultaneously.

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:

Accounts receivable from cash clients

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 – 90 days	<u>20,023</u>	<u>20,099</u>

Accounts receivable from the business of advisory for financial management clients

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 – 90 days	<u>-</u>	<u>561</u>

12. ACCOUNTS AND BILLS PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Accounts payable:		
Accounts payable from trading of electronic products and equipment	54,481	27,448
Accounts payable from properties investment	7,116	6,903
Accounts payable arising from the business of dealing in securities:		
– Cash clients	96,394	94,508
– HKSCC	2,077	3,671
Accounts payable to clients arising from the business of dealing in futures contracts	1,081	985
Amounts due to securities margin clients	<u>3,658</u>	<u>4,878</u>
	164,807	138,393
Bills payable	<u>–</u>	<u>175,502</u>
	<u>164,807</u>	<u>313,895</u>

The settlement term of accounts payable to cash clients 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 tradings of futures contracts on HKFECC. The excess of the outstanding amounts over the required margin deposits stipulated by 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.

The accounts payable amounting to approximately HK\$87,378,000 (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.

12. ACCOUNTS AND BILLS PAYABLES (Continued)

Accounts payable from trading of electronic products and equipment

The aged analysis of accounts payable from trading of electronic products and equipment presented based on the invoice date is as follow:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 – 90 days	37,308	17,451
91 – 180 days	6,735	–
181 – 365 days	10	2,402
Over 365 days	<u>10,428</u>	<u>7,595</u>
	<u><u>54,481</u></u>	<u><u>27,448</u></u>

Accounts payable from properties investment

The aged analysis of accounts payable from properties investment is a follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
91 – 180 days	<u><u>7,116</u></u>	<u><u>6,903</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

For the year ended 31 December 2021, the Group's revenue amounted to approximately HK\$522.4 million, compared to approximately HK\$1,013.2 million for 2020, representing a decrease of approximately HK\$490.8 million. The decrease was mainly attributable to the decrease in the sales of low end electronic products during the year. The Group's gross profit amounted to approximately HK\$57.9 million, compared to approximately HK\$32.7 million for 2020, representing an increase of HK\$25.2. The increase was mainly attributable to change of product mix from low end electronic products to electronic medical equipment and iPhone. The profit attributable to the owners of the Company substantially increased to HK\$268.0 million, an increase of HK\$479.9 million from the loss of HK\$(211.9) million recorded for the year ended 31 December 2020. The increase was primarily due to an increase on fair value changes on investment properties incurred of approximately HK\$601.7 million. (The Gain on fair value changes on investment properties is HK\$442.8 million in 2021 and there was a loss of HK\$158.9 million in 2020).

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 total value of the lands of the Smart City Project was approximately RMB5.25 billion. The portion of lands at approximately RMB3.18 billion will be used for residential purpose which are classified as properties for sale and another portion of lands at approximately RMB2.07 billion will be used for commercial building development purpose which are classified as investment properties in the consolidated statement of financial position as at 31 December 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\$1.02 million (2020: HK\$5.88 million) for the year ended 31 December 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.

Trading Business

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 principally engages in the business of trading, importing and exporting of electronic products. The trading business recorded revenue of approximately HK\$494 million (2020: HK\$985 million).

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 economic damages brought by the widespread of Covid 19, both market and turnover increased amid the global Quantitative Easing policy, the massive stimulus program of the US government, the continued listing of Chinese giant companies in Hong Kong attracting investment interests from China and other regions. Market remained volatile as investors were sensitive to the development of Sino-American confrontations, the fear of inflation and the spread of Covid-19 disease. Market turnover hopefully expected to be buoyant benefited from more listings of Chinese companies.

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, the Board considers that the Disposal 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.

Further, the Group has set up the agency business in selling of electronic products in Hong Kong since October 2021. In 2022, this business will provide significant revenue stream in Hong Kong given the possible improvement of the trading market sentiments.

EVENTS AFTER REPORTING DATE

Proposed Rights Issue

Reference is made to the announcements (the “Announcements”) of Wisdom Wealth Resources Investment Holding Group Limited (the “Company”) dated 10 January 2022 in relation to the (1) proposed rights issue on the basis of one rights share for every two shares held on the record date on a non-underwritten basis and (2) closure of register of members. Capitalised terms used herein shall have the same meanings as those defined in the Announcements, unless otherwise stated.

On 10 January 2022, the Company proposed to implement the Rights Issue, on the basis of one (1) Rights Share for every two (2) Shares held on the Record Date at the Subscription Price of HK\$0.1 per Rights Share, to raise up to (i) approximately HK\$200.0 million (before deducting professional fees and other related expenses) by issuing up to 2,000,000,000 Rights Shares (assuming no changes in the share capital of the Company on or before the Record Date); or (ii) approximately HK\$201.0 million (before deducting professional fees and other related expenses) by issuing up to 2,010,204,081 Rights Shares (assuming no changes in the share capital of the Company on or before the Record Date other than the conversion in full of the Convertible Bonds) to the Qualifying Shareholders.

The estimated net proceeds of the Rights Issue will be up to (i) approximately HK\$198.5 million (assuming no changes in the share capital of the Company on or before the Record Date); or (ii) approximately HK\$199.5 million (assuming no changes in the share capital of the Company on or before the Record Date other than the conversion in full of the Convertible Bonds). The Company intends to utilize the entire net proceeds from the Rights Issue for repayment of loans.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2021, the Group's revenue amounted to approximately HK\$522.4 million, compared to approximately HK\$1,013.2 million for 2020, representing a decrease of approximately HK\$490.8 million. The decrease was mainly attributable to the decrease in the sales of low end electronic products. On the other hand, there is commission income earned from agency business in selling of electronic products in Hong Kong since October 2021 amounting to approximately HK\$2 million during 2021.

Administration expenses

Administrative expenses decreased to approximately HK\$57.6 million in 2021 from approximately HK\$61.3 million in 2020, representing a year-on-year decrease of 6.0%.

Fair value changes on investment properties

The Company has appointed independent valuation companies to determine the fair value for the investment properties. Based on the valuation reports, the Group has recorded gain of approximately HK\$443 million during the year ended 31 December 2021. The increase in fair value was mainly in relation to the investment properties in Zhanjiang. Fair value gain of approximately HK\$488 million on the investment properties at Zhanjiang was recorded during the year ended 31 December 2021.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

As at 31 December 2021, the Group's cash and cash equivalents (excluding the restricted cash) were approximately HK\$31.86 million (2020: approximately HK\$20.6 million). The net current assets of the Group were HK\$1.92 billion (2020: HK\$1.60 billion), which consisted of current assets of HK\$2.8 billion (2020: HK\$2.4 billion) and current liabilities of approximately HK\$906 million (2020: HK\$836 million), representing a current ratio of 3.13 (2020: 2.87). The Group manages its capital structure to finance its overall operation and growth by using different sources of funds. As at 31 December 2021, the Group's lease liabilities, amounts due to directors, borrowings, convertible bonds and corporate bonds amounted to approximately HK\$653 million (2020: HK\$573 million). The gearing ratio of the Group as at 31 December 2021 (defined as total interest-bearing liabilities divided by the Group's total equity) was 1.63 (2020: 1.43).

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.

CORPORATE BONDS

As at 31 December 2021, the accumulated balance of corporate bonds was HK\$17.5 million bearing effective interest rate of 7.03%-11.57% per annum with maturity between 2022 to 2025. Such bonds are subsequently measured at amortised cost using effective interest method. Imputed interest of approximately HK\$1.97 million was recognised in the profit or loss during the year. 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.

FINANCE COSTS

The Group's finance costs consisted mainly of interest expenses on convertible bonds corporate bonds, borrowings, amounts due to directors and lease liabilities. The aggregate amount of finance costs incurred was approximately HK\$49.3 million (2020: HK\$32.3 million) for the year.

CONTINGENT LIABILITIES

The Company has no contingent liabilities as at 31 December 2021 (2020: nil).

CHANGE OF COMPANY NAMES AND STOCK SHORT NAMES

On 16 October 2020, a special resolution in relation to the Change of Company Name was proposed and duly passed at the special general meeting of the Company to approve the change of the English name of the Company from “Hong Kong Finance Investment Holding Group Limited” to “Wisdom Wealth Resources Investment Holding Group Limited” and the Chinese secondary name of the Company has been changed from “香港金融投資控股集團有限公司” to “智富資源投資控股集團有限公司”. The stock short names of the Company for trading in the Shares on the Stock Exchange has been changed from “HK FINANCE INV” to “WISDOM WEALTH” in English and from “香港金融集團” to “智富資源投資” in Chinese with effect on 28 May 2021. The stock code of the Company remains unchanged as “7”. The website address of the Company will be changed from “www.hkfihg.com” to “WWRI007.com” with effect from 28 May 2021. Please refer to the announcements of the Company dated 21 May 2021 and the circular dated 21 September 2020 relating to the change of company names and stock short names.

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. The loan principal amount outstanding as at 31 December 2021 is HK\$240,000,000. Pursuant to the terms of the facility agreement, the outstanding balances including both loan principal and accrued interest will be repaid after receipt of net proceeds from disposal of Millhaven Holdings Limited.

HUMAN RESOURCES

As at 31 December 2021, the Group employed a total of 108 staff (2020: 105) and the total related staff cost amounted to HK\$26.8 million (2020: HK\$31.4 million). 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.

CAPITAL STRUCTURE

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

CHANGES OF INDEPENDENT NON-EXECUTIVE DIRECTOR

With effect from 23 March 2022, Mr. Yiu King Ming was appointed as an independent non-executive director of the Company.

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

During the year ended 31 December 2021, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the financial year, 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 financial year.

CORPORATE GOVERNANCE

The Company is aware of the importance that complying with the relevant statutory and regulatory requirements and maintaining good corporate governance standards are important to the effective and efficient operation of the Company. The Company has, therefore, adopted and implemented relevant measures to ensure that the relevant statutory and regulatory requirements are complied with and that a high standard of corporate governance practices is maintained. In the opinion of the Directors, the Company has complied with the Code on Corporate Governance Practices (the "Code"), as set out in Appendix 14 of the Listing Rules, throughout the accounting period covered by the interim report except for the deviation from code provision A.4.2. of the Code which every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. However, according to Byelaws of the Company, the Chairman or Managing Director are not subject to retirement by rotation or taken into account on determining the number of Directors to retire. As continuation is a key factor to the successful implementation of any long-term business plans, the Board believes that the roles of Chairman and Managing Director provides the Group with strong and consistent leadership and allow more effective planning and execution of long-term business strategies, that the present arrangement is most beneficial to the Company and the shareholders as a whole.

REVIEW OF THE PRELIMINARY ANNOUNCEMENT BY AUDIT COMMITTEE AND AUDITOR

The Audit Committee has reviewed with the management of the Company and the Group's auditor, Cheng & Cheng Limited, Certified Public Accountants, the accounting principles and policies adopted by the Group, and discussed the financial information of the Group and the annual results announcement of the Company for the Year.

FINAL DIVIDEND

The Board does not recommend payment of any final dividend for the year ended 31 December 2021 (2020: Nil).

Business operations

The Group is principally engaged in property development and investment, trading of electronic products, oil and gas exploration and production, mineral mining and provision of financial services.

PUBLICATION OF 2021 ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The 2021 annual results announcement is published on the website of the Company at www.WWRI007.com under the section “Announcement” of Corporate Information and Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk “Latest Listed Company Information”. The 2021 annual 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, 25 March 2022

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 four independent non-executive Directors, namely, Mr. Ngan Kam Biu, Stanford, Mr. Tam Chak Chi, Mr. Ma Kin Ling and Mr. Yiu King Ming.