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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 2022 FINAL RESULTS

RESULTS

The Board of Directors (the “Board”) of Wisdom Wealth Resources 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 2022 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
Revenue	4	511,537	522,404
Cost of goods sold and direct costs		(480,464)	(464,527)
Gross profit		31,073	57,877
Other income		5,287	4,905
Other gains or losses, net		(1,088)	–
Fair value changes on investment properties		467,131	442,760
Impairment losses of financial asset at amortised cost, net		(28,392)	(4,738)
Selling and distribution expenses		(1,220)	(1,303)
Administrative expenses		(59,226)	(57,634)
Finance costs	6	(57,250)	(49,265)
Profit before taxation		356,315	392,602
Taxation	7	(116,740)	(116,399)
Profit for the year	8	239,575	276,203

	<i>Notes</i>	2022 HK\$'000	2021 HK\$'000
Other comprehensive (expense)/income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		<u>(380,262)</u>	<u>128,217</u>
		(380,262)	128,217
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>–</u>	<u>(181)</u>
Other comprehensive (expense)/income for the year		<u>(380,262)</u>	<u>128,036</u>
Total comprehensive (expense)/income for the year		<u>(140,687)</u>	<u>404,239</u>
Profit for the year attributable to:			
Owners of the Company		250,227	267,895
Non-controlling interests		<u>(10,652)</u>	<u>8,308</u>
		<u>239,575</u>	<u>276,203</u>
Total comprehensive (expense)/income attributable to:			
Owners of the Company		(129,823)	395,848
Non-controlling interests		<u>(10,864)</u>	<u>8,391</u>
		<u>(140,687)</u>	<u>404,239</u>
Earnings per share			
– Basic and diluted	9	<u>HK\$0.0474</u>	<u>HK\$0.0670</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	<i>Note</i>	2022	2021
		HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment		44,989	50,211
Investment properties		4,220,922	2,536,919
Right-of-use assets		2,203	1,351
Intangible assets		—*	—*
Investment in equity instruments at fair value through other comprehensive income		990	990
Deposit paid for construction		118,268	82,042
Statutory deposits		2,403	2,050
Loans receivable		15,964	16,940
Deferred tax assets		14,060	—
		<hr/> 4,419,799	<hr/> 2,690,503
Current assets			
Inventories		390	52,630
Properties for sale		945,559	1,981,337
Accounts receivable	<i>11</i>	50,920	101,115
Loans receivable		1,055	131
Other receivables, prepayments and deposits		76,276	182,769
Bank balances (trust and segregated accounts)		73,503	87,378
Bank balances (general accounts) and cash		29,790	31,859
		<hr/> 1,177,493	<hr/> 2,437,219
Assets classified as held for sale		<hr/> —	<hr/> 385,660
		<hr/> 1,177,493	<hr/> 2,822,879

* *Less than HK\$1,000*

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current liabilities			
Accounts payable	<i>12</i>	101,359	164,807
Other payables and accrued expenses		299,181	97,244
Lease liabilities		1,521	1,388
Contract liabilities		48	6,862
Amounts due to Directors		79,085	225,997
Borrowings		410,742	390,616
Tax payables		125	141
Convertible bonds		8,920	–
Corporate bonds		3,278	13,884
		<u>904,259</u>	<u>900,939</u>
Liabilities associated with assets classified as held for sale			
		<u>–</u>	<u>5,806</u>
		<u>904,259</u>	<u>906,745</u>
Net current assets		<u>273,234</u>	<u>1,916,134</u>
Total assets less current liabilities		<u>4,693,033</u>	<u>4,606,637</u>
Non-current liabilities			
Lease liabilities		656	–
Deferred tax liabilities		541,857	481,328
Corporate bonds		3,716	3,598
Convertible bonds		–	17,846
		<u>546,229</u>	<u>502,772</u>
Net assets		<u>4,146,804</u>	<u>4,103,865</u>
Capital and reserves			
Share capital		580,428	400,000
Reserves		3,564,673	3,691,298
Equity attributable to owners of the Company		4,145,101	4,091,298
Non-controlling interests		1,703	12,567
Total equity		<u>4,146,804</u>	<u>4,103,865</u>

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 2022 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 development and investment.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also 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 (the “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.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

The Group has net current assets of approximately HK\$273,234,000. In the opinion of the directors of the Company, it is expected that the current assets of properties for sale of approximately HK\$945,559,000 will not be completed in the next twelve months from 31 December 2022 and the current liabilities of the corresponding construction cost payables of approximately HK\$235,867,000 are not required to be paid in the next twelve months from 31 December 2022. 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\$945,559,000 and the corresponding construction cost payables of approximately HK\$235,867,000; by approximately HK\$436,458,000. The Group had overdue balances in respect of borrowings of approximately HK\$341,272,000 as at 31 December 2022. Part of the overdue borrowings with an amount of HK\$270,202,000 are secured by the equity capital of Millhaven Holdings Limited, which is holding the investment property in Beijing with fair value of HK\$380,333,000 as at 31 December 2022.

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 2022, 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) One of the executive directors of the Company, Mr. Nam Kwok Lun, has confirmed that he will not demand the repayment of the outstanding amount payable to him in the next twelve months from 31 December 2022;
- 3) On 7 September 2022, 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\$80,000,000 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 2025;
- 4) On 9 March 2023, the Company announced the issuance of convertible bonds with a total principal amount of HK\$100,000,000 for a cash inflow of HK\$100,000,000 for repayment of liabilities and general working capital of the Group. The convertible bond is under the approval by the Stock Exchange of Hong Kong and will be issued once the approval is confirmed;
- 5) The Group has planned to dispose of the entire issued share capital of Millhaven Holdings Limited, a wholly owned subsidiary of the Company, which is holding an investment property with a fair value of HK\$380,333,000 as at 31 December 2022.

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 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

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 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ³
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 ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

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

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or 1 January 2024.

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

	2022 <i>HK\$'000</i>	2021 <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	489,486	493,958
Financial Business:		
Commission and brokerage income	14,139	17,766
Advisory and consultancy fee	<u>1,619</u>	<u>2,265</u>
	<u>505,244</u>	<u>513,989</u>
Revenue from other sources outside the scope of HKFRS 15:		
Financial Business:		
Interest income arising from financial business	5,455	7,399
Property development and investment:		
Rental income that are fixed	<u>838</u>	<u>1,016</u>
	<u>6,293</u>	<u>8,415</u>
	<u>511,537</u>	<u>522,404</u>
For revenue from contracts with customers within the scope of HKFRS 15:		
Time of revenue recognition		
At a point in time	<u>505,244</u>	<u>513,989</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 2022, 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 development and 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 development and investment	–	rental income and sale of property

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 2022

	Trading business <i>HK\$'000</i>	Mineral mining, oil and gas business <i>HK\$'000</i>	Financial business <i>HK\$'000</i>	Property development and investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE					
Segment revenue	<u>489,486</u>	<u>–</u>	<u>21,213</u>	<u>838</u>	<u>511,537</u>
RESULTS					
Segment profit/(loss)	<u>(33,570)</u>	<u>(104)</u>	<u>2,892</u>	<u>450,210</u>	419,428
Corporate administration and finance costs					<u>(63,113)</u>
Profit before taxation					<u>356,315</u>

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 development and 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 and finance costs					<u>(71,947)</u>
Profit before taxation					<u>392,602</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 and some finance 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 Hong Kong and the PRC (2021: the PRC). 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 activities of property development and investment are mainly based in the PRC.

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	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	507,757	27,430	2,229	1,107
PRC	3,780	494,974	4,221,434	2,538,614
Madagascar	—	—	44,451	48,760
	<u>511,537</u>	<u>522,404</u>	<u>4,268,114</u>	<u>2,588,481</u>

6. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Corporate bonds	1,181	1,972
Borrowings	51,941	43,921
Amount due to a director	2,528	2,364
Convertible bonds	1,494	842
Lease liabilities	106	166
	<u>57,250</u>	<u>49,265</u>

7. TAXATION

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax:		
The PRC Enterprise Income Tax	–	6,956
Under/(over)-provision in prior years:		
The PRC Enterprise Income Tax	33	(1,247)
	33	5,709
Deferred taxation:		
Charge for the year	116,707	110,690
	<u>116,740</u>	<u>116,399</u>

No provision for Hong Kong Profits Tax has been made for the years ended 31 December 2022 and 2021 as the relevant group entities have no assessable profits or the assessable profits are 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 FOR THE YEAR

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit for the year has been arrived at after charging:		
Auditor's remuneration	2,750	1,900
Depreciation of property, plant and equipment	4,748	4,892
Depreciation of right-of-use assets	2,159	2,656
Staff costs including Directors' remuneration	26,720	26,768
Contributions to retirement benefits scheme	627	567
Cost of inventories recognised as expense	478,308	463,207
Rental income from investment property less direct outgoings	<u>828</u>	<u>993</u>

9. EARNINGS PER SHARE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Earnings:		
Profit for the year attributable to owners of the Company for the purpose of calculating basic earnings per share	<u>250,227</u>	<u>267,895</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 per share	<u>5,280,232</u>	<u>4,000,000</u>

The weighted average number of ordinary shares for the purpose of basic earnings per share has not been adjusted for rights issue that took place on 11 April 2022 because there is no bonus element.

For the year ended 31 December 2022 and 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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Accounts receivable consist of:		
Accounts receivable arising from business of trading electronic products and equipment	4,703	26,032
<i>Less: Loss allowances for ECL</i>	–	(362)
	4,703	25,670
Accounts receivable arising from the business of dealing in securities:		
– cash clients		
– other	17,142	17,001
– directors	–	3,046
<i>Less: Loss allowances for ECL</i>	(10)	(24)
	17,132	20,023
– Hong Kong Securities Clearing Company Limited (“HKSCC”)	1,479	4,232
Accounts receivable from Hong Kong Futures Exchange Clearing Corporation Limited (“HKFECC”) arising from the business of dealing in futures contracts	928	382
Loans to securities margin clients	26,694	50,836
<i>Less: Loss allowances for ECL</i>	(16)	(28)
	26,678	50,808
	<u>50,920</u>	<u>101,115</u>

11. ACCOUNTS RECEIVABLE (Continued)

Accounts receivable from the business of trading electronic products and equipment

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 – 90 days	4,703	25,327
Over 365 days	–	343
	<u>4,703</u>	<u>25,670</u>

Loans to securities margin clients

Loans to securities margin clients are repayable on demand and bear interest at Hong Kong Prime Rate quoted by Bank plus 3% equivalent from 8.50% to 9.13% per annum for both years. In the opinion of the Directors, no aged analysis is disclosed as the aged analysis does not give additional value. The loans are secured by pledged marketable securities at fair value of approximately HK\$115,039,000 (2021: HK\$209,926,000). The average percentage of collateral over the outstanding balance as at 31 December 2022 is ranged from 86% to 5,190% (2021: 118% to 10,617%). The fair value of pledged marketable securities of the individual margin clients is higher than the corresponding outstanding loans. The Group is permitted to sell or repledge the marketable securities if the customer default the payment as requested by the Group. The Group had provided the loss allowance for securities margin clients with reference to the portfolio held and the subsequent settlement of each customer.

Accounts receivable from cash clients, HKSCC and HKFECC

The settlement terms of accounts receivable from cash clients, 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 receivable from HKSCC and HKFECC aged within 30 days.

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:

11. ACCOUNTS RECEIVABLE (Continued)

Accounts receivable from cash clients

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 – 90 days	<u>17,132</u>	<u>20,023</u>

12. ACCOUNTS PAYABLE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Accounts payable:		
Accounts payable from trading of electronic products and equipment	5,116	54,481
Accounts payable from properties development and investment	6,555	7,116
Accounts payable arising from the business of dealing in securities:		
– Cash clients	80,807	96,394
– HKSCC	1,687	2,077
Accounts payable to clients arising from the business of dealing in futures contracts	1,377	1,081
Amounts due to securities margin clients	<u>5,817</u>	<u>3,658</u>
	<u>101,359</u>	<u>164,807</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\$73,503,000 (2021: HK\$87,378,000) 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 PAYABLE (Continued)

Accounts payable from trading of electronic products and equipment

The credit term granted by the suppliers is 90 days. The aging analysis of accounts payable from trading of electronic products and equipment presented based on the invoice date is as follow:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 – 90 days	5,063	37,308
91 – 180 days	–	6,735
181 – 365 days	53	10
Over 365 days	–	10,428
	<u>5,116</u>	<u>54,481</u>

Accounts payable from properties development and investment

The aged analysis of accounts payable from properties development and investment is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
91 – 180 days	–	7,116
Over 365 days	6,555	–
	<u>6,555</u>	<u>–</u>

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

For the year ended 31 December 2022, the Group's revenue amounted to approximately HK\$511.5 million, compared to approximately HK\$522.4 million for 2021, representing a decrease of approximately HK\$10.9 million. The decrease was mainly attributable to the decrease in sales of electronic products and equipment during the year. The Group's gross profit amounted to approximately HK\$31.1 million, compared to approximately HK\$57.9 million for 2021, representing an decrease of HK\$26.8. The decrease was mainly attributable to the decrease in sales of electronic products and equipment in the PRC due to the effect of COVID-19. Impairment losses of HK\$28.4 million is mainly because of losses in the trading business in the PRC. The profit attributable to the owners of the Company decreased to HK\$250.2 million, a decrease of HK\$17.8 million from the HK\$268.0 million recorded for the year ended 31 December 2021.

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 and non-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 RMB4.73 billion. The portion of lands at approximately RMB1.33 billion will be used for residential purpose which are classified as properties for sale and another portion of lands at approximately RMB3.4 billion will be used for commercial and non-commercial building development purpose which are classified as investment properties in the consolidated statement of financial position as at 31 December 2022.

Part of the properties for sale was transferred to investment properties during the year ended 31 December 2022 due to the change in business plan of the management.

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. Rental income recorded by this Beijing property was HK\$0.84 million for the year ended 31 December 2022 (2021: HK\$1.02 million).

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”).

Given the prolonged delay and absence of consensus between the Vendor and the Purchaser on the completion date of the due diligence on the Disposal Group and the changes in market conditions of the property market in the PRC since the date of the Agreement, the parties to the Agreement entered into a termination agreement (the “Termination Agreement”) on 16 February 2023 to terminate the Agreement and the supplemental agreements dated 28 January 2022, 5 May 2022, 4 July 2022, 2 September 2022, 1 November 2022 and 3 January 2023. Pursuant to the Termination Agreement, (i) the Agreement and all the supplemental agreements thereto shall be terminated with immediate effect; (ii) the non-refundable deposit of HK\$8.0 million received by the Vendor from the Purchaser shall not be returned to the Purchaser; and (iii) the parties to the Agreement will not have any demand or claim against the other party arising out of or in connection with the Agreement and the transactions contemplated thereunder.

The Board considers that the termination of the Disposal does not have any material adverse impact on the operation, business and financial position of the Group as a whole.

Trading Business

Trading business is mainly represented by the sales of electronic products and equipment.

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

The Group will 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.

EQUITY FUND-RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Set out below is the fund-raising activities conducted by the Company during the past twelve months immediately prior to the date of this announcement:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the date of announcement
10 January 2022	Rights issue on the basis of one (1) rights share for every two (2) existing shares held on the record date of 24 January 2022 on a non-underwritten basis	HK\$159,600,000	Repayment of part of the Group's borrowings	HK\$159,600,000 was used for repayment of part of the Group's borrowings
20 May 2022	Subscription of new shares under general mandate	HK\$23,150,000	Repayment of liabilities	HK\$23,150,000 was used for repayment of liabilities
23 February 2023	Subscription of new shares under general mandate	HK\$14,582,000	General working capital of the Group	Approximately HK\$3,262,000 was used as general working capital of the Group while the remaining balance of approximately HK\$11,320,000 was not utilised yet

Save as the abovementioned, the Company has not conducted any other fundraising exercise in the past twelve months immediately preceding the date of this announcement.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2022, the Group's revenue amounted to approximately HK\$511.5 million, compared to approximately HK\$522.4 million for 2021, representing a decrease of approximately HK\$10.9 million. The decrease was mainly attributable to the decrease in sales of electronic products and equipment.

Administration expenses

Administrative expenses increase to approximately HK\$59.2 million in 2022 from approximately HK\$57.6 million in 2021, slightly increase by HK\$1.6 million.

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\$467.1 million during the year ended 31 December 2022 (2021: HK\$443 million). The increase in fair value was mainly in relation to the investment properties in Zhanjiang. Fair value gain of approximately HK\$411.0 million on the investment properties at Zhanjiang was recorded during the year ended 31 December 2022 due to the change in business plan of the management.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

As at 31 December 2022, the Group's cash and cash equivalents (excluding the restricted cash) were approximately HK\$29.79 million (2021: approximately HK\$31.86 million). The net current assets of the Group were HK\$273.2 million (2021: HK\$1.92 billion), which consisted of current assets of HK\$1.12 billion (2021: HK\$2.82 billion) and current liabilities of approximately HK\$904.3 million (2021: HK\$907 million), representing a current ratio of 1.3 (2021: 3.11). The Group manages its capital structure to finance its overall operation and growth by using different sources of funds. As at 31 December 2022, the Group's lease liabilities, amounts due to directors, borrowings, convertible bonds and corporate bonds amounted to approximately HK\$507.3 million (2021: HK\$653.3 million). The gearing ratio of the Group as at 31 December 2022 (defined as total interest-bearing liabilities divided by the Group's total equity) was 0.12 (2021: 0.12).

CORPORATE BONDS

As at 31 December 2022, the accumulated balance of corporate bonds was HK\$7.0 million (2021: HK\$17.5 million) bearing effective interest rate of 7.03%-11.57% per annum with maturity between 2023 to 2025. Such bonds are subsequently measured at amortised cost using effective interest method. Imputed interest of approximately HK\$1.18 million (2021: 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\$57.25 million (2021: HK\$49.3 million) for the year.

CONTINGENT LIABILITIES

The Company has no contingent liabilities as at 31 December 2022 (2021: nil).

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 2022 is HK\$240,000,000 (2021: HK\$240,000,000).

HUMAN RESOURCES

As at 31 December 2022, the Group employed a total of 90 staff (2021: 108) and the total related staff cost amounted to HK\$26.7 million (2021: HK\$26.8 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 2022, the total number of issued ordinary shares of the Company was 5,804,281,394 shares of HK\$0.10 each (31 December 2021: 4,000,000,000 shares of HK\$0.10 each).

EVENTS AFTER THE REPORTING PERIOD

Issue of Convertible Notes under general mandate

On 9 March 2023 (after trading hours of the Stock Exchange), the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe for, the Convertible Notes in an aggregate principal amount of HK\$100,000,000. The outstanding principal amount of the Convertible Notes are convertible into Conversion Shares at the Conversion Price of HK\$0.25 per Conversion Share (subject to adjustments) during the Conversion Period.

Please refer to our announcement dated 9 March 2023 and 16 March 2023 for details.

Proposed Share Consolidation and change in board lot size

On 21 March 2023, the Board proposes to implement the Share Consolidation on the basis that every two (2) issued and unissued Shares of HK\$0.10 each in the share capital of the Company be consolidated into one (1) Consolidated Share of HK\$0.20 each in the share capital of the Company. The Share Consolidation is conditional upon, among other things, the approval of the Shareholders at the SGM.

Please refer to our announcement dated 21 March 2023 for details.

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 2022, 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 2022 (2021: Nil).

PUBLICATION OF 2022 ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The 2022 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 2022 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, 24 March 2023

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.