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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 2022

### 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 2022 together with the comparative figures for the six months ended 30 June 2021 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

		Six Months ended 30 June	
		2022	2021
	Notes	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
<b>Revenue</b>	3, 4	<b>186,572</b>	209,278
Cost of goods sold and direct cost		<u>(171,735)</u>	<u>(177,467)</u>
<b>Gross profit</b>		<b>14,837</b>	31,811
Other income		1,027	3,142
Fair value change on investment properties		378,664	280,083
Selling and distribution expenses		(408)	(365)
Administrative expenses		<u>(30,512)</u>	<u>(26,164)</u>
<b>Profit from operation</b>		<b>363,608</b>	288,507
Finance costs	5	<u>(18,679)</u>	<u>(15,878)</u>
<b>Profit before taxation</b>	6	<b>344,929</b>	272,629
Taxation	7	<u>(94,666)</u>	<u>(71,046)</u>
<b>Profit for the period</b>		<b><u>250,263</u></b>	<b><u>201,583</u></b>

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

*For the six months ended 30 June 2022*

	<b>Six Months ended 30 June</b>	
<i>Notes</i>	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Other comprehensive (expense)/income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange difference arising on translation	<b>(332,524)</b>	107,333
<i>Items that will not be reclassified to profit or loss:</i>		
Fair value (loss)/gain on investment in equity instruments	<u>(18)</u>	<u>90</u>
<b>Other comprehensive (expense)/income for the period</b>	<u><b>(332,542)</b></u>	<u>107,423</u>
<b>Total comprehensive income for the period</b>	<u><b>(82,279)</b></u>	<u>309,006</u>
Profit for the period attributable to:		
Owners of the Company	<b>249,989</b>	201,598
Non-controlling interests	<u>274</u>	<u>(15)</u>
Profit for the period	<u><b>250,263</b></u>	<u>201,583</u>
Total comprehensive (expense)/income for the period attributable to:		
Owners of the Company	<b>(82,088)</b>	308,978
Non-controlling interests	<u>(191)</u>	<u>28</u>
	<u><b>(82,279)</b></u>	<u>309,006</u>
<b>Earnings per share</b>	<i>9</i>	
Basic	<u><b>0.05266</b></u>	<u>0.05040</u>
Diluted	<u><b>0.05265</b></u>	<u>0.05040</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2022*

		30 June 2022	31 December 2021
	<i>Notes</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
<b>Non-current assets</b>			
Property, plant and equipment		48,266	50,211
Investment properties	10	3,416,505	2,536,919
Right-of-use assets		3,107	1,351
Intangible assets		—*	—*
Investment in equity instruments at fair value through other comprehensive income		972	990
Deposit paid for construction		78,484	82,042
Statutory deposits		2,050	2,050
Loans receivable		—	16,940
		<b>3,549,384</b>	2,690,503
<b>Current assets</b>			
Inventories		59,777	52,630
Properties for sale		1,895,417	1,981,337
Accounts receivable	11	141,665	101,115
Loans receivable		15,957	131
Amount due from a director		68	—
Other receivables, prepayments and deposits		115,086	182,769
Bank balances (trust and segregated accounts)		96,928	87,378
Bank balances (general accounts) and cash		52,359	31,859
		<b>2,377,257</b>	2,437,219
<b>Assets classified as held for sale</b>		<b>369,240</b>	385,660
		<b>2,746,497</b>	2,822,879

\* *Less than \$1,000*

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

*As at 30 June 2022*

	<i>Notes</i>	<b>30 June 2022</b> <i>HK\$'000</i> (Unaudited)	31 December 2021 <i>HK\$'000</i> (Audited)
<b>Current liabilities</b>			
Accounts and bills payables	12	226,524	164,807
Other payables and accrued expenses		808,550	97,244
Lease liabilities		2,959	1,388
Contract liabilities		6,565	6,862
Amounts due to Directors		82,756	225,997
Borrowings		378,617	390,616
Tax payables		–	141
Corporate bonds		10,310	13,884
		<b>1,516,281</b>	900,939
<b>Liabilities associated with assets classified as held for sale</b>			
		<b>6,114</b>	5,806
		<b>1,522,395</b>	906,745
<b>Net current assets</b>		<b>1,224,102</b>	1,916,134
<b>Total assets less current liabilities</b>		<b>4,773,486</b>	4,606,637
<b>Non-current liabilities</b>			
Deferred tax liabilities		555,166	481,328
Corporate bonds		3,706	3,598
Convertible bonds		8,706	17,846
		<b>567,578</b>	502,772
<b>Net assets</b>		<b>4,205,908</b>	4,103,865
<b>Capital and reserves</b>			
Share capital	13	580,428	400,000
Reserves		3,613,104	3,691,298
Equity attributable to owners of the Company		<b>4,193,532</b>	4,091,298
Non-controlling interests		12,376	12,567
<b>Total equity</b>		<b>4,205,908</b>	4,103,865

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2022*

## 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 (1) trading of electronic products and equipment, (2) mineral mining, oil and gas exploration and production, (3) provision of financial services and (4) 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\$1,224,102,000. In the opinion of the directors of the Company, it is expected that the current assets of properties for sale of approximately HK\$1,895,417,000 will not be completed in the next twelve months from 30 June 2022 and the current liabilities of the corresponding construction cost payables of approximately HK\$624,114,000 are not required to be paid in the next twelve months from 30 June 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\$1,895,417,000 and the corresponding construction cost payables of approximately HK\$624,114,000; by approximately HK\$47,201,000. In additions, the Group had overdue balances in respect of borrowings of approximately HK\$358,617,000 as at 30 June 2022. 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 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; and
- (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 within 2022.

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair value, as appropriate.

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 2022 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2021.

### **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 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment – Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Amendments to HKFRSs	<i>Annual Improvements to HKFRSs 2018-2020</i>

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	
	2022	2021
	HK\$'000	HK\$'000
	(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 and equipment	175,981	189,885
Financial Business:		
Commission and brokerage income	7,091	9,946
Advisory and consultancy fee	836	1,151
	<u>183,908</u>	<u>200,982</u>
Revenue from other sources outside the scope of HKFRS 15:		
Financial Business:		
Interest income arising from financial business	2,395	3,325
Property investment:		
Rental income that are fixed	269	4,971
	<u>2,664</u>	<u>8,296</u>
	<u>186,572</u>	<u>209,278</u>

#### 4. 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 2022:

	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>175,981</u>	<u>-</u>	<u>10,322</u>	<u>269</u>	<u>186,572</u>
Segment (loss)/profit	<u>(1,908)</u>	<u>(37)</u>	<u>2,148</u>	<u>(6,550)</u>	<u>(6,347)</u>
Other income					1,027
Fair value change of investment properties					378,664
Corporate and administration costs					<u>(28,415)</u>
Profit before taxation					<u>344,929</u>

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>

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.



#### 4. SEGMENT INFORMATION (Continued)

The geographical information of revenue is shown as follows:

	Six Months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
PRC	3,200	194,856
Hong Kong	183,372	14,422
	<u>186,572</u>	<u>209,278</u>

#### 5. FINANCE COSTS

	Six Months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Corporate bonds	676	1,130
Convertible bonds	877	–
Borrowings	15,770	13,199
Amounts due to Directors	1,217	1,446
Lease liabilities	39	103
Others	100	–
	<u>18,679</u>	<u>15,878</u>

#### 6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six Months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	2,211	551
Depreciation of right-of-use assets	1,203	1,326
Staff cost, including Directors' remuneration	11,868	14,535
Contributions to retirement benefits scheme (included in staff costs)	305	255
Cost of inventories recognised as expenses	171,735	176,613
Expense relating to short-term leases	1,467	1,380
	<u>1,467</u>	<u>1,380</u>

## 7. TAXATION

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements for the six months ended 30 June 2021 and 2022 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.

	<b>Six Months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Current tax		
PRC enterprise income tax	–	1,025
Deferred tax liabilities	<u>94,666</u>	<u>70,021</u>
	<u><b>94,666</b></u>	<u><b>71,046</b></u>

## 8. DIVIDEND

No dividends were paid, declared or proposed during the period. The Directors do not recommend the payment of an interim dividend (2021: Nil).

## 9. EARNINGS PER SHARE

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

	Six Months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Earnings</b>		
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share	<u>249,989</u>	<u>201,598</u>
Effect of dilutive potential ordinary shares:		
Convertible notes interest	403	–
Debt settlement expense	<u>19</u>	<u>–</u>
Profit for the period attributable to owners of the Company for the purpose of dilutive earnings per share	<u><u>250,411</u></u>	<u><u>201,598</u></u>
<b>Number of shares</b>	<b>'000</b>	<b>'000</b>
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>4,747,496</u>	<u>4,000,000</u>
Effect of dilutive potential ordinary shares:		
Convertible bonds	<u>9,020</u>	<u>–</u>
Weighted average number of ordinary shares for the purpose of dilutive earnings per share	<u><u>4,756,516</u></u>	<u><u>4,000,000</u></u>

The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for rights issue that took place on 11 April 2022 and subscription of new shares under general mandate on 6 June 2022.

## 10. INVESTMENT PROPERTIES

	<i>HK\$'000</i>
As at 1 January 2021 (Audited)	2,368,672
Fair value change of investment properties	442,760
Exchange adjustment	79,698
Reclassified to assets held for sale	<u>(354,211)</u>
As at 31 December 2021 and 1 January 2022 (Audited)	2,536,919
Addition	610,950
Fair value change of investment properties	378,944
Exchange adjustment	<u>(110,308)</u>
As at 30 June 2022 (Unaudited)	<u><u>3,416,505</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) commercial units and car parking spaces located in the Beijing, the PRC and (b) commercial units and car parking spaces located in Zhanjiang, the PRC.

The fair value of the Group's investment properties at 30 June 2022 have been arrived at on the basis of a valuation carried out on that day by Jones Lang Lasalle Corporate Appraisal and Advisory Limited and Masterpiece Valuation Advisory Limited (31 December 2021: Jones Lang Lasalle Corporate Appraisal and Advisory Limited and Masterpiece Valuation Advisory Limited), an independent qualified professional valuer that is not connected with the Group.

The fair value was determined based on the "Direct Comparison Method" and "Residual 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.

## 11. ACCOUNTS RECEIVABLE

	<b>30 June 2022 HK\$'000 (Unaudited)</b>	31 December 2021 HK\$'000 (Audited)
Accounts receivable consist of:		
Accounts receivable arising from business of trading electronic products and equipment	32,393	26,032
<i>Less:</i> Loss allowances for expected credit losses (“ECL”)	(362)	(362)
	<b>32,031</b>	25,670
Accounts receivable arising from the business of dealing in securities:		
– cash clients		
– other	7,225	17,001
– directors	848	3,046
<i>Less:</i> Loss allowances for ECL	(24)	(24)
	<b>8,049</b>	20,023
– Hong Kong Securities Clearing Company Limited (“HKSCC”)	61,739	4,232
Accounts receivable from Hong Kong Futures Exchange Clearing Corporation Limited (“HKFECC”) arising from the business of dealing in futures contracts	777	382
Loans to securities margin clients	39,091	50,836
<i>Less:</i> Loss allowances for ECL	(22)	(28)
	<b>39,069</b>	50,808
	<b>141,665</b>	101,115

## 11. ACCOUNTS RECEIVABLE (Continued)

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

	<b>30 June</b> <b>2022</b> <b>HK\$'000</b> <b>(Unaudited)</b>	31 December 2021 <i>HK\$'000</i> (Audited)
0 – 90 days	<b>31,719</b>	25,327
Over 365 days	<u><b>312</b></u>	<u>343</u>
	<u><b>32,031</b></u>	<u>25,670</u>

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.

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:

	<b>30 June</b> <b>2022</b> <b>HK\$'000</b> <b>(Unaudited)</b>	31 December 2021 <i>HK\$'000</i> (Audited)
0 – 90 days	<u><b>8,049</b></u>	<u>20,023</u>

## 12. ACCOUNTS AND BILLS PAYABLES

	<b>30 June 2022 HK\$'000 (Unaudited)</b>	31 December 2021 HK\$'000 (Audited)
Accounts payable:		
Accounts payable from trading of electronic products and equipment	<b>56,789</b>	54,481
Accounts payable from properties investment	<b>6,805</b>	7,116
Accounts payable arising from the business of dealing in securities:		
– Cash clients	<b>94,170</b>	96,394
– HKSCC	<b>61,530</b>	2,077
Accounts payable to clients arising from the business of dealing in futures contracts	<b>1,442</b>	1,081
Amounts due to securities margin clients	<b>5,788</b>	3,658
	<b>226,524</b>	164,807

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.

## 12. ACCOUNTS AND BILLS PAYABLES (Continued)

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 of electronic products and equipment business is 30 days. The accounts payable from trading of electronic products and equipment business aged within 30 days.

The accounts payable amounting to approximately of HK\$96,928,000 (31 December 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.

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

	<b>30 June</b> <b>2022</b> <i>HK\$'000</i> <b>(Unaudited)</b>	31 December 2021 <i>HK\$'000</i> (Audited)
0 – 90 days	<b>4,936</b>	37,308
91 – 180 days	<b>7,156</b>	6,735
181 – 365 days	<b>28,292</b>	10
Over 365 days	<b>16,405</b>	10,428
	<b>56,789</b>	54,481

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

	<b>30 June</b> <b>2022</b> <i>HK\$'000</i> <b>(Unaudited)</b>	31 December 2021 <i>HK\$'000</i> (Audited)
91 – 180 days	–	7,116
Over 365 days	<b>6,805</b>	–
	<b>6,805</b>	7,116



### 13. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
<i>Authorised</i>		
At 1 January 2022 and 30 June 2022		
– Ordinary shares of HK\$0.1 each	<u>10,000,000</u>	<u>1,000,000</u>
<i>Issued and fully paid</i>		
At 1 January 2022		
– Ordinary shares of HK\$0.1 each	4,000,000	400,000
Allotment of rights issue during the period	1,610,531	161,053
Subscription of new shares under general mandate	<u>193,750</u>	<u>19,375</u>
At 30 June 2022	<u>5,804,281</u>	<u>580,428</u>

### 14. RELATED PARTY TRANSACTIONS

Transactions with related parties:

- (a) During the period, the Group received commission income and other securities dealing income from securities and futures dealing of approximately HK\$24,000 (six months ended 30 June 2021: HK\$38,000) from close family members of two Directors, Messrs. Lam Kwok Hing and Nam Kwok Lun.
- (b) During the period, the Group received commission income and other income from securities dealing of approximately HK\$1,430,000 (six months ended 30 June 2021: HK\$18,000) from Asia Tele-Net and Technology Corporation Limited (“ATNT”), in which two directors, Messrs. Lam Kwok Hing and Nam Kwok Lun, have controlling interests.
- (c) As at 30 June 2022, outstanding advances from a director, Mr. Nam Kwok Lun, amounted to HK\$56,624,000 (31 December 2021: HK\$64,772,000). During the period, the Group paid finance cost of HK\$1,217,000 (six months ended 30 June 2021: HK\$1,446,000) to the director.
- (d) At 30 June 2022, a director, Dr. Hui Chi Ming, advanced approximately HK\$22,542,000 (31 December 2021: HK\$161,225,000) to the Group. It is unsecured, repayable on demand and non-interest bearing.

- (e) During the period, the Group paid rental fee amounting to HK\$1,230,000 (six months ended 30 June 2021: HK\$1,260,000) to a company in which Dr. Hui Chi Ming, a director, has beneficial interest.
- (f) As at 30 June 2022, outstanding advance from PAL Finance Limited, a wholly-owned subsidiary of ATNT, amounted to HK\$24,000,000 (31 December 2021: HK\$36,000,000). During the period, the Group paid finance costs approximately of HK\$1,099,000 (six months ended 30 June 2021: HK\$1,405,000) to PAL Finance Limited.

The remuneration of key management personnel who are the Directors of the Company during the period was as follow:

	<b>Six Months ended 30 June</b>	
	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Short-term benefits	<b>4,685</b>	5,165
Post-employment benefits	<b>50</b>	45
	<b><u>4,735</u></b>	<u>5,210</u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **RESULTS**

During the six months ended 30 June 2022, the total revenue for the Group was approximately HK\$186.57 million, representing a decrease of approximately HK\$22.71 million as compared with approximately HK\$209.28 million in 2021. The decrease was mainly attributable to a decrease in sales of trading business in Shenzhen by approximately HK\$187 million and an increase in sales of our mobile phone trading business in Hong Kong by HK\$173 million during the period under review. For the six months ended 30 June 2022, the profit attributable to the owners of the Company increase to HK\$249.99 million, an increase in HK\$48.39 million from the profit of approximately HK\$201.60 million recorded for the six months ended 30 June 2021. The increase was primarily due to the increase in the fair value change of investment properties of HK\$378.66 million (2021: HK\$280.08 million). For the period under review, the basic earnings per share and diluted earnings per share, were approximately HK\$0.05266 and HK\$0.05265 respectively (2021: HK\$0.05040).

### **FINANCIAL REVIEW**

#### **Revenue**

The Group's unaudited consolidated revenue for the six months ended 30 June 2022 was approximately HK\$186.57 million (2021: HK\$209.28 million) representing a decrease of 10.85% as compared to the same period of last year.

#### **Gross profit**

The resulting gross profit margin decreased from 15.20% for the six months ended 30 June 2021 to 7.95% for the six months ended 30 June 2022. The decrease was mainly due to a lower profit margin for our mobile phone trading business in Hong Kong comparing to the trading business in Shenzhen.

#### **Administrative expenses**

Administrative expenses increased from HK\$26.16 million for the six months ended 30 June 2021 to HK\$30.51 million for the six months ended 30 June 2022, representing an increment of HKD4.35 million (increase by 16.62%).

## **Finance Costs**

Finance costs increased from HK\$15.88 million for the six months ended 30 June 2021 to HK\$18.68 million for the six months ended 30 June 2022, representing an increment of HK\$2.80 million (increase by 17.63%).

## **Liquidity, financial resources and funding**

As at 30 June 2022, the Group's cash and cash equivalents (excluding the restricted cash) were approximately HK\$52.36 million (31 December 2021: HK\$31.86 million).

The net current assets of the Group were approximately HK\$1.22 billion (31 December 2021: HK\$1.92 billion), which consisted of current assets of HK\$2.75 billion (31 December 2021: HK\$2.83 billion) and current liabilities of approximately HK\$1,522 million (31 December 2021: HK\$907 million), representing a current ratio of 1.80 (31 December 2021: 3.11).

The Group manages its capital structure to finance its overall operation and growth by using different sources of funds. As at 30 June 2022, the Group's lease liabilities, amount due to directors, borrowings, corporate bonds and Convertible Bonds amounted to approximately HK\$487.05 million (31 December 2021: HK\$653.33 million).

The gearing ratio of the Group as at 30 June 2022 (defined as total interest-bearing liabilities divided by the Group's total equity) was 0.11 (31 December 2021: 0.12).

## **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 period, the value of the lands of the Smart City Project was approximately RMB5.799 billion. The portion of lands at approximately RMB2.88 billion will be used for residential purpose which are classified as properties for sale and another portion of lands at approximately RMB2.92 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 2022. Therefore, the fair value gain of approximately RMB323.40 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 2022.

#### ***Beijing***

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. The Disposal is expected to be completed within Year 2022.

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***

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\$2.93 million (2021: HK\$189.89 million). Shenzhen Qianhai Jiameijing principally engages in the business of trading, importing and exporting of electronic products.

On the other hand, during the period under review, the Group started to operate the mobile phone trading business in Hong Kong, and the warehouse is located in Tuen Mun District. Mobile phone trading business in Hong Kong recorded a revenue of approximately HK\$173 million during the period for the six months ended 30 June 2022.

### ***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. Under the bad market situation in 2022, our Financial Business still achieved a segment profit of HK\$2.15 million for the six months ended 30 June 2022 (30 June 2021: HK\$5.27 million).

### ***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. On the other hand, the mobile phone trading business in Hong Kong is expected to provide stable revenue to the Group in the years to come.

## **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 2021: nil).

## **USE OF PROCEEDS FROM RIGHTS ISSUE AND SUBSCRIPTION OF SHARES**

The Company utilized the entire net proceeds from the Rights Issue and Subscription of Shares to repay part of its borrowings.

## **CHARGE ON ASSETS**

As at 30 June 2022, the term loan of principal value HK\$240 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 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.

## **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. Loan balance as at 30 June 2022 was HK\$240,000,000.

## **CAPITAL STRUCTURE**

As at 30 June 2022, the total number of issued ordinary shares of the Company was 5,804,281,394 of HK\$0.10 each (31 December 2021: 4,000,000,000 shares of HK\$0.10 each).

## **HUMAN RESOURCES**

As at 30 June 2022, the Group employed a total of 33 staff (2020: 143) of which 12 were commission based (2021: 20) and the total related staff cost amounted to HK\$11,868,000 (2021: HK\$14,535,000). 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 2022 (2021: 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 2022.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

During the six month period ended 30 June 2022, 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 Biu, 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 2022.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

The interim results announcement is published on the websites of the Company at [wwri007.com](http://wwri007.com) under the section “Announcement” of Corporate Information and Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) “Latest Listed Company Information”. The 2022 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, 25 August 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.*