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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 2023 FINAL RESULTS

FINANCIAL RESULTS

The board of directors (the “Board”) of Wisdom Wealth Resources Investment Holding Group Limited (the “Company”, together with its subsidiaries, the “Group”) announces the audited consolidated financial results of the Group for the year ended 31 December 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

		2023	2022
	<i>Note</i>	HK\$'000	HK\$'000
Revenue	4	737,184	511,537
Cost of goods sold and direct costs		(696,441)	(480,464)
Gross profit		40,743	31,073

		2023	2022
	Notes	HK\$'000	HK\$'000
Other income		3,106	5,287
Other gains or losses, net		4,099	(1,088)
Fair value changes on investment properties		(1,922,482)	467,131
Impairment losses of property, plant and equipment		(40,428)	–
Impairment losses of financial assets			
at amortised cost, net	6	(89,474)	(28,392)
Impairment losses of deposit paid for construction		(154,230)	–
Selling and distribution expenses		(2,411)	(1,220)
Administrative expenses		(171,707)	(59,226)
Finance costs	7	(56,690)	(57,250)
(Loss)/profit before taxation		(2,389,474)	356,315
Taxation	8	443,391	(116,740)
(Loss)/profit for the year	9	(1,946,083)	239,575
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statement of foreign operations		(126,084)	(380,262)
Exchange differences reclassified to profit or loss on disposal of a subsidiary		(610)	–
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		(119)	–
Other comprehensive expense for the year		(126,813)	(380,262)
Total comprehensive expense for the year		(2,072,896)	(140,687)

		2023	2022
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss)/profit for the year attributable to:			
Owners of the Company		(1,945,898)	250,227
Non-controlling interests		<u>(185)</u>	<u>(10,652)</u>
		<u>(1,946,083)</u>	<u>239,575</u>
Total comprehensive expense attributable to:			
Owners of the Company		(2,072,652)	(129,823)
Non-controlling interests		<u>(244)</u>	<u>(10,864)</u>
		<u>(2,072,896)</u>	<u>(140,687)</u>
			(restated)
(Loss)/earnings per share			
– Basic and diluted	10	<u>(HK\$0.634)</u>	<u>HK\$0.095</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	Notes	2023 HK\$'000	2022 HK\$'000
Non-current assets			
Property, plant and equipment		4	44,989
Investment properties		2,079,918	4,220,922
Right-of-use assets		631	2,203
Intangible assets		–	–
Investment in equity instruments at fair value through other comprehensive income		672	990
Deposit paid for construction		–	118,268
Statutory deposits		15,050	2,403
Loans receivable	12	15,952	15,964
Deferred tax assets		–	14,060
		2,112,227	4,419,799
Current assets			
Inventories		–	390
Properties under development		881,571	945,559
Accounts receivables	13	45,010	50,920
Loans receivable	12	1,162	1,055
Other receivables, prepayments and deposits		120,335	76,275
Bank balances (trust and segregated accounts)		65,099	73,503
Bank balances (general accounts) and cash		21,618	29,790
		1,134,795	1,177,492
Current liabilities			
Accounts payables	14	79,540	101,359
Other payables and accrued expenses		219,149	299,181
Lease liabilities		656	1,521
Contract liabilities		47	48
Amounts due to former directors		93,795	79,085
Borrowings		439,801	401,660
Tax payables		138	125
Corporate bonds		5,727	3,278
Convertible bonds		–	–
Provisions	16	109,711	–
		948,564	886,257

		2023	2022
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Net current assets		186,231	291,235
Total assets less current liabilities		2,298,458	4,711,034
Non-current liabilities			
Lease liabilities		–	656
Borrowings		37,000	19,500
Deferred tax liabilities		75,840	541,857
Corporate bonds		2,056	3,716
		114,896	565,729
Net assets		2,183,562	4,145,305
Capital and reserves			
Share capital	15	632,028	580,428
Reserves		1,551,553	3,563,174
Equity attributable to owners of the Company		2,183,581	4,143,602
Non-controlling interests		(19)	1,703
Total equity		2,183,562	4,145,305

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. GENERAL INFORMATION

Wisdom Wealth Resources Investment Holding Group Limited (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”).

The consolidated financial statements of the Group for the year ended 31 December 2023 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\$”) or thousands of units of HK\$ (“HK\$’000”), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) that are relevant to its operations and effective for its accounting year beginning on 1 January 2023. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

3. BASIS OF PREPARATION

Going Concern

The Group has recorded a loss of HK\$1,946,083,000 for the year ended 31 December 2023 and has net current assets of approximately HK\$186,231,000 as at 31 December 2023. In the opinion of the directors of the Company (the “directors”), it is expected that in the next twelve months from date of approval of the consolidated financial statements, the current assets of properties under development of approximately HK\$881,571,000 will not be completed and sold and the current liabilities of the corresponding accrued construction cost of approximately HK\$84,380,000 are not required to be paid. In considering the impact of the properties under development, the Group’s current liabilities exceeded its current assets excluding the properties under development of approximately HK\$881,571,000 and the corresponding accrued construction cost of approximately HK\$84,380,000 by approximately HK\$610,960,000. By the end of the reporting period, the Group had bank balances (general accounts) and cash of approximately HK\$21,618,000, while debts repayable within one year or on demand (including borrowings and corporate bonds) of approximately HK\$445,528,000 were past due. In addition, subsequent to the report date, the Group was also involved in various litigations resulting in freeze of some bank accounts and seizure of certain investment properties and properties under development.

Nevertheless, the consolidated financial statements have been prepared on the going concern basis because the directors are of the view that the Group will have sufficient working capital to finance its operations in the foreseeable future or have implemented, or is in the process of implementing various financial plans and measures to mitigate the liquidity pressure and to improve its financial position, after taking into consideration of the following:

- 1) The Group is currently in active dialog with relevant lenders and creditors for possible restructuring of relevant borrowings and payables including revising repayment schedules. Based on current communication with the lenders and creditors, it is the understanding of the Group that they will not demand the repayment of the outstanding borrowings or payable in the next twelve months from date of approval of the consolidated financial statements;
- 2) The former executive directors of the Company, Mr. Nam Kwok Lun and Dr. Hui Chi Ming, will not demand the repayment of the outstanding amount payable to them in the next twelve months from date of approval of the consolidated financial statements;
- 3) The Group has available facility of HK\$50,000,000 from a third party to finance its operating expenses or repayment of other creditors as necessary;
- 4) The Group has been endeavouring to improve the Group’s operating performance and cash flows through cost control measures and working capital management to maintain sufficient liquidity; and

- 5) The Group has been in the process of resolving the Group's litigation to lift the freezing orders on bank accounts and seizure orders on investment properties and properties under development and the judgements from relevant PRC courts and the claims from the existing litigation cases to the Group will not be completed in the next twelve months from date of approval of the consolidated financial statements.

The consolidated financial statements do not include any adjustments that would result from the failure to implement above measures.

The directors have given careful consideration to the future liquidity of the Group and are of the opinion that the Group will be able to meet its financial obligations as they fall due for the foreseeable future, and accordingly, are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by 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 investment properties and certain financial instruments that are measured at fair values at the end of each reporting period.

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

4. REVENUE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS15, disaggregated by major products or services lines:		
Trading Business:		
Sales of electronic products and equipment	718,764	489,486
Financial Business:		
Commission and brokerage income	10,949	14,139
Advisory and consultancy fee	1,379	1,619
	<u>731,092</u>	<u>505,244</u>
Revenue from other sources outside the scope of HKFRS 15:		
Financial Business: Interest income arising from financial business	5,064	5,455
Property Investment: Rental income that are fixed	1,028	838
	<u>6,092</u>	<u>6,293</u>
	<u><u>737,184</u></u>	<u><u>511,537</u></u>
For revenue from contracts with customers within the scope of HKFRS 15		
Time of revenue recognition		
At a point in time	<u><u>731,092</u></u>	<u><u>505,244</u></u>

Performance obligations for contracts with customers

1. *Dealing in securities and futures*

The Group provides broking and dealing services for securities and futures dealing. Commission income is recognised at a point in time on the execution date of the trades at a certain percentage of the transaction value of the trades executed. The Group also provides handling service for securities, futures, customer accounts. Fee income is recognised when the transaction is executed.

2. *Corporate finance advisory*

The Group also provides corporate advisory services to corporate clients for their corporate actions. The corporate finance advisory income do not provide an enforceable right to payment for performance completed to date to the Company as it is unlikely that a customer can obtain benefit before the Company completes all its services according to the contract terms of the agreements signed with customers, so the corporate finance advisory services are recognised at a point in time when the relevant services are completed.

3. *Sales of electronic products and equipment*

Revenue from trading of electronic products and equipment are recognised at a point in time when the goods have been delivered to the customer's specific location.

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 years ended 31 December 2023 and 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

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 2023

	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>718,764</u>	<u>–</u>	<u>17,392</u>	<u>1,028</u>	737,184
RESULTS					
Segment profit/(loss)	<u>8,175</u>	<u>(106)</u>	<u>(1,035)</u>	<u>(2,310,215)</u>	(2,303,181)
Corporate administration and finance costs					<u>(86,293)</u>
Loss before taxation					<u><u>(2,389,474)</u></u>

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>	511,537
RESULTS					
Segment (loss)/profit	<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><u>356,315</u></u>

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 (2022: Hong Kong and 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	
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	736,156	507,757	631	2,229
PRC	1,028	3,780	2,079,922	4,221,434
Madagascar	—	—	—	44,451
	<u>737,184</u>	<u>511,537</u>	<u>2,080,553</u>	<u>4,268,114</u>

6. IMPAIRMENT LOSSES OF FINANCIAL ASSETS AT AMORTISED COST, NET

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Impairment losses/(reversal) of impairment losses on accounts receivable arising from:		
– cash clients	5	(12)
– margin clients	11	(10)
– trading business	–	24,648
Impairment losses on other receivables, net	89,452	3,766
Impairment losses on loans receivable	<u>6</u>	<u>–</u>
	<u>89,474</u>	<u>28,392</u>

7. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Corporate bonds	789	1,181
Borrowings	52,051	51,941
Amount due to a director	3,023	2,528
Convertible bonds	753	1,494
Lease liabilities	<u>74</u>	<u>106</u>
	<u>56,690</u>	<u>57,250</u>

8. TAXATION

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current tax:		
Under-provision in prior years:		
The PRC Enterprise Income Tax	–	33
Deferred taxation:		
(Credit)/charge for the year	<u>(443,391)</u>	<u>116,707</u>
	<u><u>(443,391)</u></u>	<u><u>116,740</u></u>

No provision for Hong Kong Profits Tax has been made for the years ended 31 December 2023 and 2022 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.

9. (LOSS)/PROFIT FOR THE YEAR

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
(Loss)/profit for the year has been arrived at after charging:		
Auditor's remuneration	2,300	2,750
Depreciation of property, plant and equipment	4,546	4,748
Depreciation of right-of-use assets	1,572	2,159
Provision for legal claims	111,307	–
Staff costs including Directors' remuneration	26,942	26,720
Contributions to retirement benefits scheme	825	627
Cost of inventories recognised as expense	695,535	478,308
Direct operating expenses of investment properties that generate rental income	<u><u>415</u></u>	<u><u>440</u></u>

10. (LOSS)/EARNINGS PER SHARE

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
(Loss)/earnings:		
(Loss)/profit for the year attributable to owners of the Company		
for the purpose of calculating basic (loss)/earnings per share	<u><u>(1,945,898)</u></u>	<u><u>250,227</u></u>
	Number of shares	
	'000	'000
		(restated)
Number of shares:		
Weighted average number of ordinary shares for the purpose		
of calculating basic (loss)/earnings per share	<u><u>3,067,850</u></u>	<u><u>2,640,115</u></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 and has been adjusted for share consolidation that took place on 3 May 2023.

For the years ended 31 December 2023 and 2022, the diluted and basic (loss)/earnings per share are the same as the convertible bonds are anti-dilutive to the (loss)/earnings per share.

11. DIVIDEND

The directors do not recommend the payment of a final dividend for the years ended 31 December 2023 and 2022.

12. LOANS RECEIVABLE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Fixed-rate loans receivable denominated in functional currency of		
Hong Kong dollars	17,139	17,038
Less: Loss allowances for ECL	<u>(25)</u>	<u>(19)</u>
	17,114	17,019
Carrying amount analysed for reporting purposes:		
Current assets (receivable within 12 months from		
the end of the reporting period)	1,162	1,055
Non-current assets (receivable after 12 months from		
the end of the reporting period)	<u>15,952</u>	<u>15,964</u>
	<u><u>17,114</u></u>	<u><u>17,019</u></u>

Loans receivable with a carrying amount of approximately HK\$17,114,000 (2022: HK\$17,019,000) is secured by properties located in Hong Kong. The Group is not permitted to sell or repledge the property in the absence of default by the borrower.

The effective interest rate (which is equal to contractual interest rate) on the Group's loans receivable was 6.50% (2022:6.50%) per annum. Interest rate term is fixed at the time when entering into loan agreement. The period of the loans was 5 years (2022: 1 to 5 years).

13. ACCOUNTS RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Accounts receivables consist of:		
Accounts receivables arising from business of trading electronic products and equipment	–	4,703
Less: Loss allowances for ECL	<u>–</u>	<u>–</u>
	–	4,703
Accounts receivables arising from the business of dealing in securities:		
– cash clients	19,496	17,142
Less: Loss allowances for ECL	<u>(15)</u>	<u>(10)</u>
	19,481	17,132
– Hong Kong Securities Clearing	1,176	1,479
Accounts receivables from HKFECC arising from the business of dealing in futures contracts	866	928
Loans to securities margin clients	23,514	26,694
Less: Loss allowances for ECL	<u>(27)</u>	<u>(16)</u>
	<u>23,487</u>	<u>26,678</u>
	<u>45,010</u>	<u>50,920</u>

Accounts receivables from the business of trading electronic products and equipment

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0-90 days	<u><u>–</u></u>	<u><u>4,703</u></u>

Accounts receivable from cash clients, 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.

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

	2023 HK\$'000	2022 HK\$'000
0-90 days	<u>19,481</u>	<u>17,132</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% or 6% equivalent from 9.125% to 12.25% (2022: 8.50% to 9.13%) per annum. 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\$60,198,000 (2022: HK\$115,039,000). The average percentage of collateral over the outstanding balance as at 31 December 2023 is ranged from 68% to 33,021% (2022: 86% to 5,190%). 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.

14. ACCOUNTS PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Accounts payable:		
Accounts payable from trading of electronic products and equipment	–	5,116
Accounts payable from properties investment	6,204	6,555
Accounts payable arising from the business of dealing in securities:		
– Cash clients	70,162	80,807
– HKSCC	–	1,687
Accounts payable to clients arising from the business of dealing in futures contracts	1,213	1,377
Amounts due to securities margin clients	1,961	5,817
	79,540	101,359

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 trading 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\$65,099,000 (2022: HK\$73,503,000) 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.

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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0-90 days	–	5,063
91-180 days	–	–
181-365 days	–	53
	<u>–</u>	<u>53</u>
	<u>–</u>	<u>5,116</u>

Accounts payable from properties investment

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Over 365 days	<u>6,204</u>	<u>6,555</u>

All of the accounts payable are expected to be settled within one year or are repayable on demand. The accounts payable are normally due immediately from the date of billing.

15. SHARE CAPITAL

	Number of shares '000	HK\$'000
Ordinary shares of HK\$0.20 (2022: HK\$0.10) each		
Authorised:		
At 1 January 2022, 31 December 2022 and 1 January 2023	10,000,000	1,000,000
Share consolidation (<i>note 4</i>)	<u>(5,000,000)</u>	<u>–</u>
At 31 December 2023	<u>5,000,000</u>	<u>1,000,000</u>
Issued and fully paid:		
At 1 January 2022	4,000,000	400,000
Allotment of rights issue during the year (<i>note 1</i>)	1,610,531	161,053
Subscription of new shares under general mandate (<i>note 2</i>)	<u>193,750</u>	<u>19,375</u>
At 31 December 2022 and at 1 January 2023	5,804,281	580,428
Allotment of shares (<i>note 3</i>)	116,000	11,600
Share consolidation (<i>note 4</i>)	(2,960,141)	–
Conversion of shares (<i>note 5</i>)	<u>200,000</u>	<u>40,000</u>
At 31 December 2023	<u>3,160,140</u>	<u>632,028</u>

Notes:

- During the year ended 31 December 2022, the Company had allotted rights issues with an amount of approximately HK\$161,053,000 which was utilised entirely for repayment of part of the Group's borrowings.
- During the year ended 31 December 2022, subscription of shares under generate mandate was made with an amount of HK19,375,000 for repayment of liabilities.
- During the year ended 31 December 2023, the Company issued 116,000,000 ordinary shares of HK\$0.10 each at a premium of HK\$0.027 per share for cash fully paid totaling HK\$14,732,000 to provide additional working capital.
- During the year ended 31 December 2023, the Company has consolidated every two issued and unissued shares of HK\$0.10 each in the share capital of the Company into one share of HK\$0.20 each in the share capital of the Company.
- During the year ended 31 December 2023, the Company issued 200,000,000 ordinary shares upon the full conversion of convertible bonds of HK\$100,000,000.

16. PROVISIONS

	Legal claims <i>HK\$'000</i>
At 1 January 2023	–
Addition provisions	111,307
Exchange realignment	<u>(1,596)</u>
At 31 December 2023	<u><u>109,711</u></u>

The legal claims provision represents legal claims brought against the Group by the construction contractors. The provision is made based on legal advice received. The Company has disclosed the details thereof in the announcement of the Company dated 27 November 2024.

17. CONTINGENT LIABILITIES

As at the date of approval of the consolidated financial statements, the Group was in progress of various legal litigations relating to borrowings and construction costs. As a result of these litigations, some bank accounts are frozen and investment properties and properties under development are seized. The amount of aforesaid relevant bank balances, investment properties and properties under development as at 31 December 2023 are stated as follows:

	2023 <i>HK\$'000</i>
Bank balances	3
Investment properties	1,802,470
Properties under development	<u>881,571</u>
	<u><u>2,684,044</u></u>

EXTRACT OF THE INDEPENDENT AUDITOR’S REPORT

The following is an extract of the independent auditor’s report on the Group’s consolidated financial statements for the year ended 31 December 2023.

“DISCLAIMER OF OPINION

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Scope limitation relating to the assessment on the appropriateness of the going concern basis of preparing the consolidated financial statements

We draw attention to note 3 to the consolidated financial statements which mentions that the Group recorded a loss of HK\$1,946,083,000 for the year ended 31 December 2023. As at 31 December 2023, the Group has net current assets of approximately HK\$186,231,000. In the opinion of the directors of the Company, it is expected that in the next twelve months from date of approval of the consolidated financial statements, the current assets of properties under development of approximately HK\$881,571,000 will not be completed and sold, and the current liabilities of the corresponding accrued construction cost of approximately HK\$84,380,000 are not required to be paid. In considering the impact of properties under development, the Group’s current liabilities exceeded its current assets excluding the properties under development of approximately HK\$881,571,000 and the corresponding accrued construction cost of approximately HK\$84,380,000 by approximately HK\$610,960,000. By the end of the reporting period, the Group had bank balances (general accounts) and cash of approximately HK\$21,618,000, while debts repayable within one year or on demand (including borrowings and corporate bonds) of approximately HK\$445,528,000 were past due. In addition, as described in note 46 to the consolidated financial statements, as at 31 December 2023, the Group was also involved in various litigations resulting in freezing of some bank accounts, the seizure of certain investment properties and properties under development. The above events or conditions indicate the existence of material uncertainties which may cast significant doubt on the Group’s ability to continue as a going concern and, therefore, that the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

In view of the above circumstances, the Group has undertaken a number of plans and measures to mitigate its liquidity position and to improve its financial position, details of which are set out in note 3 to the consolidated financial statements of the Group. The validity of the going concern assumptions on which the consolidated financial statements of the Group have been prepared depends on the outcome of these plans and measures, including: (i) successfully delaying the repayments of borrowings, payables and amounts due to former directors, (ii) successfully obtaining a new facility, (iii) successfully improving the Group's performance and cash flows, (iv) successfully resolving the litigation against the Group and (v) successfully estimating the timeline of judgement and payment from existing litigation cases, to finance the Group's operations and to meet the Group's financial obligations as and when they fall due.

The directors of the Company have taken into account the likelihood of success of the plans and measures being implemented and are of the opinion that sufficient financial resources will be available to finance the Group's operations and to meet the Group's financial obligations as and when they fall due at least twelve months from the date of approval of the consolidated financial statements. Accordingly, the consolidated financial statements have been prepared on a basis that the Group will be able to continue as a going concern.

Given the execution of the plans and measures by the Group are in preliminary stage or in progress and no written contractual agreements from the banks and creditors or other relevant documentary supporting evidence are available to the Group as at the date of approval of the consolidated financial statements of the Group for extending the going concern assessment, we are unable to obtain sufficient appropriate audit evidence we considered necessary to assess the likelihood of success of the plans and measures currently undertaken by the Group. There were no other satisfactory audit procedures that we could adopt to satisfy ourselves that the appropriateness of the Company's directors' use of the going concern basis of accounting and adequacy of the related disclosures in the consolidated financial statements of the Group. Because of the significance of the matters above, we disclaim our opinion as to whether the use of the going concern assumption in the preparation of the consolidated financial statements is appropriate.

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments might have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to reclassify non-current liabilities as current liabilities with consideration of the contractual terms or to recognise a liability for any contractual commitments that may have become onerous, where appropriate. The effects of these adjustments have not been reflected in the consolidated financial statements of the Group.

Other Matters

Had we not disclaimed our opinion regarding the matters described in the Basis for Disclaimer of Opinion section above, we would otherwise have qualified our opinion regarding the scope limitations on our audit relating to the matters detailed below.

(a) Insufficient accounting records of the Company and certain subsidiaries

As advised by the board of directors, since the departure of certain former key management personnel who were responsible for the operational, financial and accounting matters of the Company and certain subsidiaries in 2024, who the Group were unable to contact and communicate with, the Company and certain subsidiaries has retained the basic business records, including but not limited to management accounts, ledgers and sub-ledgers accounts, certain vouchers, bank statements, certain agreements and documentation (collectively referred to as the "Basic Records"), that were left behind by the former management and accounting departments of the Company and certain subsidiaries as far as possible. The Basic Records were not considered to be of a sufficient level for our audit purposes. More specific business records and supporting explanations of the accounting records of the Company and certain subsidiaries were needed for our audit, including but not limited to, (i) certain supporting documents of certain business transactions, such as agreements, invoices and receipts; (ii) detailed explanation of the accounting entries made (collectively, the "Specific Records").

In the absence of the Specific Records of the Company and certain subsidiaries following the departure of certain former key management personnel in 2024, the board of directors considered that they could only use their best endeavor to preserve the books and records that were left behind by the former management and the accounting departments and they were unable to determine whether these Specific Records were complete in the first place, and they had no other access to such Specific Records despite they have taken all reasonable steps and have used their best endeavor to locate such Specific Records.

As a result of the above matters, we have not been able to obtain sufficient appropriate audit evidence to ascertain whether the income and expenses for the year ended 31 December 2023 and 2022 and the assets and liabilities as at 31 December 2023 and 2022 of the Company and certain subsidiaries, as detailed below, and other related disclosure notes in relation to the Company and certain subsidiaries, as included in the consolidated financial statements of the Group, have been accurately recorded and properly accounted for in the consolidated financial statements.

Extract of income and expenses from Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the year ended 31 December 2022 HK\$'000
Other income	2,635
Fair value changes on investment properties	410,816
Impairment losses of financial assets at amortised cost, net	(28,414)
Taxation	(116,740)

**For the
year ended
31 December
2023
HK\$'000**

Other income	1,489
Other gains or losses, net	1,245
Fair value changes on investment properties	(1,829,011)
Impairment losses of property, plant and equipment	(40,428)
Impairment losses of financial assets at amortised cost, net	(88,833)
Impairment losses of deposit paid for construction	(154,230)
Administrative expenses	(111,307)
Taxation	443,391

Extract of assets and liabilities from Consolidated Statement of Financial Position

**As at
31 December
2022
HK\$'000**

Property, plant and equipment	44,906
Investment properties	3,840,588
Right-of-use assets	57
Deposit paid for construction	118,268
Deferred tax assets	14,060
Properties under development	32,356
Other receivables, prepayments and deposits	67,407
Bank balances (general accounts) and cash	3,017
Other payables and accrued expenses	281,034
Amounts due to a former director	27,993
Provisions	—
Deferred tax liabilities	541,857

As at
31 December
2023
HK\$'000

Other receivables, prepayments and deposits	–
Bank balances (general accounts) and cash	281
Other payables and accrued expenses	153,705
Amounts due to a former director	39,680

Accordingly, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded transactions and the elements making up the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 December 2023 and 2022.

(b) Direct confirmation from bankers

As advised by the board of directors, since the departure of authorized person of certain bank accounts of the Group, who the Group were unable to contact and communicate with, certain bankers are not able to process the bank confirmation or change of authorized person. Accordingly, we were unable to obtain direct confirmation from certain bankers of the Group. There are no other satisfactory audit procedures that we could perform to satisfy ourselves as to the existence, completeness and valuation of bank and cash balances as stated on matter (a), completeness of bank loan, commitment and contingent liabilities as at 31 December 2023 and 2022. There are no other satisfactory audit procedures that we could perform to satisfy ourselves as to whether these items were properly stated and disclosed in the consolidated financial statements as at 31 December 2023 and 2022.

Any adjustments to the figures as described above might have a consequential effect on the Group's consolidated financial performance and its consolidated cash flows for the year ended 31 December 2023 and 2022 and the consolidated financial position of the Group as at 31 December 2023 and 2022, and the related disclosures thereof in the consolidated financial statements."

THE GROUP RESPONSE TO THE BASIS OF DISCLAIMER OF OPINION

As disclosed in section headed “Disclaimer of Opinion” and “Basis of Disclaimer of Opinion”, the auditor of the Company (the “Auditor”) did not express an audit opinion on the consolidated financial statements of the Group for the year ended 31 December 2023 as a result of certain matters.

(i) Scope limitation relating to the assessment on the appropriateness of the going concern basis of preparing the consolidated financial statements

The directors are of the view that the Group will have sufficient working capital to finance its operations in the foreseeable future or have implemented, or is in the process of implementing various financial plans and measures to mitigate the liquidity pressure and to improve its financial position, after taking into consideration of the following:

- 1) The Group is currently in active dialog with relevant lenders and creditors for possible restructuring of relevant borrowings and payables including revising repayment schedules. Based on current communication with the lenders and creditors, it is the understanding of the Group that they will not demand the repayment of the outstanding borrowings or payable in the next twelve months from date of approval of the consolidated financial statements;
- 2) The former executive directors of the Company, Mr. Nam Kwok Lun and Dr. Hui Chi Ming, will not demand the repayment of the outstanding amount payable to them in the next twelve months from date of approval of the consolidated financial statements;
- 3) The Group has available facility of HK\$50,000,000 from a third party to finance its operating expenses or repayment of other creditors as necessary;
- 4) The Group has been endeavouring to improve the Group’s operating performance and cash flows through cost control measures and working capital management to maintain sufficient liquidity; and

- 5) The Group has been in the process of resolving the Group's litigation to lift the freezing orders on bank accounts and seizure orders on investment properties and properties under development and the judgements from relevant PRC courts and the claims from the existing litigation cases to the Group will not be completed in the next twelve months from date of approval of the consolidated financial statements.

The Board and the audit committee of the Company are confident that the Group could continue to operate as a going concern for not less than 12 months after the date of this announcement if the above measures are successfully implemented or executed as scheduled.

(ii) Insufficient accounting records of the Company and certain subsidiaries, and (iii) Direct confirmation from bankers

Qualified figures of assets and liabilities from Consolidated Statement of Financial Position

The qualified figures of assets and liabilities due to insufficient accounting records are mostly concentrated in Guangdong Gangyue Financial Holdings Real Estate Development Company Limited. (廣東港粵金控房地產開發有限公司) (“Guangdong Gangyue”) and Beijing Yinghe Real Estate Comprehensive Development Co., Ltd. (北京盈和房地產綜合開發有限公司) (“Beijing Yinghe”), the indirect wholly owned subsidiaries in Zhanjiang and Beijing of the PRC. The remaining qualified figures relates to the Company and other group companies without operation.

The management of the Company has a concrete plan to resolve issues pertaining to Guangdong Gangyue and Beijing Yinghe, including but not limited to, public auction of their property assets and debt restructuring, etc. The Company targets to complete relevant procedures within 2026, consequently relevant qualification would be removed.

For the qualified figures relating to bank balances and amount due to a former director of the Company, the Company had closed relevant bank accounts in 2024 and 2025, except for a securities account, which the Company targets to complete the closure of the securities account within 2025. For the amount due to a former director, the Auditor did not receive all the supporting documents on opening balance brought forward from 2022, although the amount due had been repaid by the Group in February 2024. As advised by the legal adviser of the Company, the Limitation Ordinance (chapter 347 of the laws of Hong Kong) sets a 6 years limitation period for actions originated on simple contract. This means a civil action for breach of a contract must be taken within 6 years from the date the breach occurred. The Company considers the risk of dispute is low and the relevant qualification will be removed in 2029 in respect of amount due to a former director.

For the qualified figures relating to the other group companies without operation, the Company had disposed of those subsidiaries in 2024 and 2025.

Qualified figures of income and expenses from Consolidated Statement of Profit or Loss and Other Comprehensive Income

The qualifications relating to income and expenses would recur in 2024 and be removed in 2025.

The Board and the audit committee of the Company consider that the qualifications in the auditors' report would be resolved in the coming years.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

For the year ended 31 December 2023, the Group recorded a revenue of approximately HK\$737,184,000, representing an increase of approximately 44.1% compared to the previous year. During the year, the Group's trading business grew rapidly, with a significant increase in revenue from the sale of mobile phones and electronic devices. However, due to changes in the overall market environment and a substantial fair value loss of the Group's investment properties in Zhanjiang, the Group recorded a loss attributable to owners of the Company of approximately HK\$1,945,898,000 (2022: profit attributable to owners of the Company of approximately HK\$250,227,000), resulting in a basic loss per share of approximately HK\$0.634 (2022: earnings per share of HK\$0.095 (restated)).

BUSINESS REVIEW

Property development and investment

Zhanjiang

The Group owns the land use rights of five land parcels located in Donghai Dao, Zhanjiang Economic and Technological Development Zone, Zhanjiang 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 obtained by the Group at the end of the year, the total value of the lands of the Smart City Project was approximately RMB3.01 billion. The portion of lands with a value of approximately RMB1.37 billion will be used for residential purpose which is classified as properties for sale and the remaining portion of lands with a value of approximately RMB1.64 billion will be used for commercial and non-commercial building development purpose which is classified as investment properties in the consolidated statement of financial position as at 31 December 2023.

As disclosed in the Company's announcements dated 18 December 2024 and 14 April 2025, the Group has a number of litigations relating to its property development business. The Company and its legal advisers are working closely to minimise the impact of the litigations and safeguard the interests of the Company and its Shareholders. Further announcement(s) will be made by the Company to update its shareholders about major development of the litigations as and when appropriate.

Beijing

The rental income from leasing property of the Group 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 generated by the property was approximately HK\$1,028,000 for the year ended 31 December 2023 (2022: HK\$838,000).

Trading Business

The Group's trading business recorded significant growth in 2023, with annual revenue of approximately HK\$718,764,000 (2022: HK\$489,486,000), accounting for over 90% of total revenue of the Group. The main products traded include mobile phones and other electronic devices, with sales covering markets in Hong Kong, the Middle East, and Europe. The gross profit margin of this segment remained stable.

Financial Business

The revenue of financial business of the Group generated from securities, futures and options broking business, underwriting commission, advisory for corporate financial services and interest income from securities margin loan portfolio. For the year ended 31 December 2023, total income of this segment was approximately HK\$17,392,000 (2022: HK\$21,213,000). Decrease in revenue mainly due to the impact of the winding-up petition of the Company occurred in 2023.

Oil and Gas Business

The Group's 2101 oil exploration block in Madagascar continued to be maintained at a basic level during the year. As resources of the Group were mainly allocated to business operations in China, no further development of the oilfield was undertaken. The Board will reassess the project development timeline and potential joint investment opportunities based on global energy prices and internal resources allocation.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2023, the Group recorded a revenue of approximately HK\$737,184,000, representing an increase of approximately HK\$225,647,000 or 44.1% from HK\$511,537,000 in 2022. The increase was mainly attributable to the significant growth in sales of electronic products and equipment, reflecting the recovery momentum of the Group's trading business.

Administrative Expenses

Administrative expenses surged significantly from approximately HK\$59,226,000 in 2022 to HK\$171,707,000 in 2023, increased 189.9%. The increase was mainly due to professional fees, provision for legal claims, litigation costs, restructuring expenses, etc.

Fair Value Changes on Investment Properties

Based on the valuation reports prepared by the independent professional valuers, the Group assessed the fair value of its investment properties in Zhanjiang and Beijing at the end of the reporting period. Due to changes in the overall economic outlook and market sentiment, the Group recorded a fair value loss on investment properties of approximately HK\$1,922,482,000 during the year, compared to a fair value gain of approximately HK\$467,131,000 in 2022. This loss exerted significant pressure on the Group's financial performance for the year.

Finance Costs

The Group's total finance costs for 2023 amounted to approximately HK\$56,690,000 (2022: HK\$57,250,000), no significant change to that of the previous year. The expenses primarily comprised interests on borrowings, corporate bonds, and amount due to a former director.

PROSPECT

Property development and investment

The Group will focus its resources on resolving the legal issues of the property development project in Zhanjiang of the PRC and speed up the development of the project, so as to enable the Group to realize the return of the project as soon as possible in this relatively difficult market situation and strive for maximizing shareholders value.

Trading Business

The Company will endeavor to further expand the scale of the trading business and explore other overseas markets in the future. The Company aims to strengthen the trading business so that it can bring considerable and stable profits and support the long-term development of the Group.

Financial Business

The financial business of the Group had a good business foundation in the previous years. However, the Company experienced winding-up petition, suspension of trading of the Company's shares, changes in the board of directors and management, which caused some customers losing confidence in the Company. The management will strive to rebuild customers' confidence in the Company and actively develop the financial business of the Group.

Oil and Gas Business

The Group is reviewing and re-planning the mining and oil and gas business. The management of the Company plans to explore opportunities of co-develop this business segment with suitable business partners.

Liquidity, Financial Resources and Capital Structure

As at 31 December 2023, the Group had cash and cash equivalents (excluding the trust and segregated accounts) of approximately HK\$21,618,000 (2022: HK\$29,790,000). The net current assets of the Group were approximately HK\$186,231,000 (2022: HK\$291,235,000), which consisted of current assets of approximately HK\$1,134,795,000 (2022: HK\$1,177,492,000) and current liabilities of approximately HK\$948,564,000 (2022: HK\$886,257,000), representing a current ratio of 1.2 (2022: 1.3). The Group manages its capital structure to finance its overall operation and growth by using different sources of funds. As at 31 December 2023, the Group's lease liabilities, amounts due to former directors, borrowings and corporate bonds amounted to approximately HK\$579,035,000 (2022: HK\$509,416,000). The gearing ratio of the Group as at 31 December 2023 (defined as total interest-bearing liabilities divided by the Group's total equity) was 0.27 (2022: 0.12).

Corporate Bonds

As at 31 December 2023, the carrying amount of the Company's issued corporate bonds was approximately HK\$7,783,000 (comprising current liabilities of HK\$5,727,000 and non-current liabilities of HK\$2,056,000), slightly higher than the HK\$6,994,000 (current: liabilities HK\$3,278,000; non-current liabilities: HK\$3,716,000) recorded in 2022. The bonds bear interest under the effective interest method, with approximately HK\$789,000 (2022: HK\$1,181,000) in interest expense incurred during the year. No new bonds were issued during the year.

Foreign Exchange 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

Various litigations relating to borrowings and construction costs of the Group are still ongoing during the year. As a result of these litigations, some bank accounts with carrying amount of approximately HK\$3,000 as at 31 December 2023 are frozen and investment properties and properties under development with carrying amounts of approximately HK\$1,802,470,000 and HK\$881,571,000 respectively as at 31 December 2023 are seized.

Saved as above, the Company had no other material contingent liabilities as at 31 December 2023 (2022: 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 outstanding principal amount of the loan as at 31 December 2023 is HK\$240,000,000 (2022: HK\$240,000,000).

EQUITY FUND-RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Set out below is the fund-raising activities conducted by the Company during the financial year ended 31 December 2023 and 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
9 March 2023	Issue of convertible notes under general mandate	HK\$99,700,000	– HK\$50,000,000 for repayment of liabilities – HK\$49,700,000 for general working capital of the Group	HK\$99,700,000 was used as prepayments for construction and equipment for the property development project in Zhanjiang, the PRC*

Note:

* Please refer to the announcement of the Company dated 17 April 2025 in relation to key findings of special review; and change in use of proceeds from issue of convertible notes for the details.

Save as the abovementioned, the Company had not conducted any other fundraising exercise during the financial year ended 31 December 2023 and in the past twelve months immediately preceding the date of this announcement.

HUMAN RESOURCES

As at 31 December 2023, the Group employed approximately 65 staff (2022: 90 staff), with total staff costs amounting to approximately HK\$26,942,000 (2022: HK\$26,720,000). The decline on staff employed was due to business restructuring and cost-control initiatives, including organisational streamlining and optimisation of workforce allocation.

The Group continues to enhance its remuneration policies and offers competitive packages, including mandatory provident fund contributions, medical plans, performance-based bonuses, and other benefits to attract and retain key talent. Looking ahead, the Group will implement more flexible human resource strategies and strengthen the linkage between staff incentives and corporate performance to support business transformation and growth objectives.

CAPITAL STRUCTURE

As at 31 December 2023, the total number of issued ordinary shares of the Company was 3,160,140,697 shares of HK\$0.20 each (31 December 2022: 5,804,281,394 shares of HK\$0.10 each).

EVENTS AFTER THE REPORTING PERIOD

On 11 September 2023, the Company received a petition (the “Petition”) from Shinny Solar Limited (the “Petitioner”) filed with the Court of First Instance of the High Court of the Hong Kong Special Administrative Region (the “High Court of Hong Kong”) for the winding-up of the Company under the provision of the Companies (Winding-Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (the “Companies (WUMP) Ordinance”) under Companies (Winding-up) Proceedings No. 399 of 2023. In the Petition, the Petitioner claims for the outstanding principal of a loan of HK\$240,000,000 and the interest and default interest in the amount of HK\$53,948,523.07 accrued on the aforesaid principal amount from 17 November 2020 to the date of the statutory demand dated 3 August 2023.

On 19 August 2024, the application for withdrawal of the Petition by the Petitioner and with the supporting creditors also withdrawing their claims, the High Court of Hong Kong has ordered that the Petition be dismissed.

Subsequent to the end of the reporting period, the Group has also received judgment from court for different legal cases. The Company has disclosed the details on the HKEx's announcement dated 27 November 2024.

After the reporting date, the Group has received a civil mediation letter from the court that a repayment date of a default borrowing of principal amount of HK\$240,000,000 has been agreed between the Group and the lender to further extend to 30 June 2026. However, the repayment date of the default interest has no change and is repayable on demand.

UPDATE ON THE LEGAL PROCEEDINGS AGAINST MEMBERS OF GROUP

During the year ended 31 December 2023 and up to the date of this announcement, several legal proceedings involving subsidiaries of Wisdom Wealth Resources Investment Holding Group Limited (the "Company", together with its subsidiaries, the "Group") have taken place in the People's Republic of China ("PRC"), primarily relating to construction and guarantee disputes arising from the Group's real estate project in Zhanjiang and certain financing arrangements.

In relation to the construction dispute between Guangdong Gangyue Financial Holdings Real Estate Development Company Limited ("Guangdong Gangyue"), a wholly-owned subsidiary of the Company, and Shenzhen Zhongwan Construction Engineering Company Limited ("Shenzhen Zhongwan"), the Zhanjiang Court previously ruled in November 2024 that Guangdong Gangyue shall pay approximately RMB138 million, including RMB59 million for completed construction work and RMB79 million for overdue interest and anticipated profit. The Company filed an appeal. In March 2025, the Zhanjiang Intermediate People's Court issued a judgment upholding the RMB59 million payment obligation and overturning the RMB79 million claim. The Company is considering applying for a re-trial and is seeking legal advice on next steps. Please refer to the announcement of the Company dated 14 April 2025 for details.

As a separate matter, a third-party payor filed a claim to recover a RMB1 million performance bond previously paid on behalf of a contractor for the Zhanjiang project. The case was settled through mediation in June 2024. Guangdong Gangyue agreed to pay RMB1.015 million in full as final settlement.

Guangdong Gangyue was also named as a guarantor in a construction contract dispute with a contract sum of approximately RMB22 million. In December 2024, the Zhanjiang Court ruled that the main contractor must repay the project funds with interest and that Guangdong Gangyue is jointly liable as guarantor. The bank accounts of the main contractor have been frozen by the court, and recovery from those accounts will reduce any potential liability of Guangdong Gangyue. Please refer to the announcement of the Company dated 18 December 2024 for details.

Separately, Guangdong Gangyue received a summons from Zhanjiang Intermediate People's Court in June 2024 in connection with a loan guarantee dispute involving Shinny Solar Limited ("Shinny Solar"). In 2017, Shinny Solar granted a HK\$250 million loan to the Company, with Guangdong Gangyue acting as guarantor. Shinny Solar alleges that the outstanding principal is HK\$240 million, with interest and penalties totaling approximately HK\$174.5 million as of February 2024. The Company has applied to postpone the scheduled hearing and is in discussions with Shinny Solar to explore a potential settlement. The loan is secured by a share pledge of Beijing Yinghe Real Estate Comprehensive Development Company Limited ("Beijing Yinghe"), which owns valuable properties in Beijing.

On 11 November 2024, Shinny Solar also filed a separate suit against Beijing Yinghe for the same loan obligations, with a court hearing scheduled for 17 January 2025. These cases are related to the same loan transaction and also form the basis of a previously disclosed winding-up petition filed by Shinny Solar in Hong Kong, which was dismissed by the High Court of Hong Kong in August 2024. The Group will continue to engage with Shinny Solar to resolve the disputes and safeguard shareholder interests.

Lastly, Guangdong Gangyue is involved in a minor dispute with Guangxi Hong Tai Cheng Construction Co., Ltd., which alleges obstruction of access to a construction site and seeks damages of RMB300,000. The case was heard in June 2023 and, as of the date of this announcement, no judgment has been received. The Company considers the impact of this case to be insignificant.

The Group is closely monitoring all ongoing litigation matters and will make further announcements to inform shareholders of any material developments as and when appropriate.

CHANGES OF DIRECTORS

Changes of Directors for the year ended 31 December 2023 and up to the date of this announcement are as follows:

- Mr. Hui Ngok Lun resigned as an executive director of the Company on 7 August 2023;
- Mr. Nam Kwok Lun resigned as an executive director of the Company on 15 September 2023;
- Dr. Hui Chi Ming resigned as an executive director and the chairman of the Company on 25 January 2024;
- Mr. Lam Kwok Hing resigned as an executive director of the Company on 6 February 2024;
- Mr. Xu Junjia was removed as an executive director and the chairman of the Company in the special general meeting on 11 July 2024;
- Mr. Neil Bush was removed as an executive director of the Company in the special general meeting on 11 July 2024;
- Mr. Cao Yu was removed as an executive director of the Company in the special general meeting on 11 July 2024;
- Mr. Ngan Kam Biu Stanford was removed as an independent non-executive director of the Company in the special general meeting on 11 July 2024;
- Mr. Tam Chak Chi was removed as an independent non-executive director of the Company in the special general meeting on 11 July 2024;
- Mr. Ma Kin Ling was removed as an independent non-executive director of the Company in the special general meeting on 11 July 2024;
- Mr. Yiu King Ming was removed as an independent non-executive director of the Company in the special general meeting on 11 July 2024;

- Mr. Xu Shiping was appointed as an executive director of the Company in the special general meeting on 11 July 2024;
- Mr. Huang Lei was appointed as an executive director of the Company in the special general meeting on 11 July 2024;
- Mr. Zheng Zhaojun was appointed as an independent non-executive director of the Company in the special general meeting on 11 July 2024;
- Mr. Wang Ning was appointed as an independent non-executive director of the Company in the special general meeting on 11 July 2024;
- Mr. Chan Kwong On was appointed as an independent non-executive director of the Company in the special general meeting on 11 July 2024; and
- Ms. Gao Shuna was appointed as a non-executive director of the Company on 31 December 2024.

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

During the year ended 31 December 2023, 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 C3 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.

REVIEW OF THE PRELIMINARY ANNOUNCEMENT BY AUDIT COMMITTEE AND AUDITOR

The audit committee of the Company has reviewed with the management of the Company and the Group's auditor, ZHONGHUI ANDA CPA Limited, 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.

BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

During the reporting period, the structure of the Board remained stable. To support the Group's long-term development, the Board was restructured in July 2024, introducing several professionals with experience in finance, market regulation, and industry expertise to further strengthen corporate governance and strategic execution.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules, and all Directors confirmed full compliance during the year.

The Board believes that the Company has complied with the principles of the Corporate Governance Code during the year. Under the Company's Bye-laws, the Chairman and Managing Director are not required to retire by rotation. The Board considers this arrangement conducive to maintaining strategic continuity and beneficial to the Company's long-term stable development.

Looking ahead, to support ongoing restructuring and business transformation, the Board will review the current governance structure and consider expanding its composition by appointing more professionals with backgrounds in finance, markets, and legal compliance, thereby enhancing board diversity and decision-making capability.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: Nil).

PUBLICATION OF THE 2023 ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The announcement of the 2023 annual results will be published on the Company's website (www.wisdom007.com) under "Group Announcements" and on the website of Hong Kong Exchanges and Clearing Limited (www.hkex.com.hk) under "Latest Listed Company Information." The 2023 annual report will be sent to shareholders in due course and will also be available for review on the above websites.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on Tuesday, 2 April 2024 and will continue to be suspended until the Company's fulfilment of all requirements set out in the resumption guidance.

By order of the Board
Wisdom Wealth Resources Investment Holding Group Limited
Xu Shiping
Chairman

Hong Kong, 12 June 2025

As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Xu Shiping and Mr. Huang Lei; one non-executive Director, namely, Ms. Gao Shuna; and three independent non-executive Directors, namely, Mr. Zheng Zhaojun, Mr. Wang Ning and Mr. Chan Kwong On.