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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)

(1) KEY FINDINGS OF SPECIAL REVIEW; AND (2) CHANGE IN USE OF PROCEEDS FROM ISSUE OF CONVERTIBLE NOTES

This announcement is made by Wisdom Wealth Resources Investment Holding Group Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

BACKGROUND

As disclosed in the announcement of the Company dated 4 November 2024, Cheng & Cheng Limited (the “**Resigned Auditors**”) has tendered its resignation as the auditors of the Company with effect from 31 October 2024. As set out in its resignation letter (the “**Resignation Letter**”), the Resigned Auditors were unable to reach a consensus on the scope of audit work for resolving the outstanding audit matters (the “**Outstanding Audit Matters**”) for the audit of the Company’s consolidated financial statements for the year ended 31 December 2023. The Outstanding Audit Matters included transfer of cash proceeds from issuance of convertible notes with an aggregate principal amount of HK\$100,000,000 (the “**Matter**”) and other matters, details of which are set out in the announcement of the Company dated 4 November 2024.

(1) KEY FINDINGS OF SPECIAL REVIEW

A board meeting was held on 20 August 2024 and the board of directors of the Company (the “**Board**”) designated Mr. Zheng Zhaojun (“**Mr. Zheng**”), an independent non-executive Director, to conduct special review and due diligence (the “**Special Review**”) on the Outstanding Audit Matters and arranged Mr. Song Junhua (“**Mr. Song**”), the deputy general manager of the Company to assist Mr. Zheng (collectively, the “**Review Team**”) in conducting the Special Review.

The Review Team issued the report of the Special Review dated 11 April 2025 (the “**Special Review Report**”).

Scope of the Special Review

The primary scope of the Special Review includes:

- (i) review of the flow and use of proceeds: to identify the transfer and use of proceeds from the issue of convertible notes (the “**2023 Convertible Notes**”) in an aggregate principal amount of HK\$100,000,000 and related internal control procedures;
- (ii) review of potential connected transactions: to determine whether the relevant transactions involved connected persons and to verify the adequacy of information disclosure as required under the Listing Rules;
- (iii) review of project management: to conduct an independent assessment of the Zhanjiang smart city project (the “**Zhanjiang Smart City Project**”) contracts and execution; and
- (iv) review of audit information provision: to gain access to previously unavailable audit information (including information required for the assessment of the Group’s going concern, the valuations of the relevant Zhanjiang properties, the accounts of the subsidiaries of the Company, the valuations of the relevant Beijing properties, and the liaison with the Audit Committee) and to implement follow-up work.

Major Review Procedures

The major review procedures conducted by the Review Team included, but not limited to, the following:

- (i) identification and interviews: identify key internal and external personnel related to the Outstanding Audit Matters and conduct interviews to understand the context, motives, potential issues and cross check with other evidences obtained;
- (ii) document collection and verification: collect and cross-check key documents (e.g., contracts, bank records) for consistency with interview findings and extend the review scope as needed;
- (iii) corporate information search: conduct corporate information search from public sources on companies related to Outstanding Audit Matters such as shareholding relationship, directorship, historical record change, scope of business, to identify anomalies, and check for undisclosed litigation or credit issues;
- (iv) on-site inspections and verification: perform on-site inspections, interview project personnel, and document the actual progress of the Zhanjiang Smart City Project;
- (v) fund flow tracking: trace the complete flow of funds, verify actual fund usage against disclosed plans, and review approval processes for compliance and transparency;
- (vi) identification of connected transactions: examine shareholding and directorship of transaction counterparties to identify connected parties and connected transactions of the Company and evaluate compliance with disclosure requirements under the Listing Rules;
- (vii) internal control policies and procedures: review and assess the effectiveness and compliance of internal control policies and procedures related to the Outstanding Audit Matters;
- (viii) conclusion and examination: collate and examine findings through cross-verification and expert consultation to draw objective and evidence-based conclusions.

Limitations in the Special Review

There are some limitations in the Special Review conducted by the Review Team including, but not limited to, the following:

- (i) lack of mandatory authority: the Review Team is not an investigation authority which does not have enforcement or mandatory investigative powers and relied on voluntary cooperation of the relevant personnel, making it difficult to conduct interviews with all relevant parties and fully verify interview statements and the authenticity of documents provided by third parties;
- (ii) absence of certain key personnel: the departure of several key personnel resulted in incomplete information, and challenges in reconstructing decision-making processes and execution details and interviews cannot be extended to all relevant personnels involved such as certain former directors;
- (iii) incomplete documents and information: missing records (e.g., meeting minutes and contract attachments) and inconsistencies between different information sources limited the depth of the review, though supplementary interviews and independent evaluations mitigated these gaps.

Despite the above limitations, the Review Team believed that they have deployed alternative measures (e.g. cross-validation, interviews, document verification, and fund flow analysis) and found reasonable evidence to support the conclusion of the Special Review, with no material impact on the comprehensiveness or conclusion of the findings of the Special Review.

SUMMARY OF THE KEY FINDINGS OF THE SPECIAL REVIEW

1. Review of the flow and use of proceeds

The Review Team made the following key findings as to the fund flow and use of the proceeds from the issue of 2023 Convertible Notes in an aggregate principal amount of HK\$100,000,000:

- (i) on 9 March 2023 (after trading hours of the Stock Exchange), the Company and Shanghai Jian Zhen Investment Management Center (Limited Partnership)* 上海簡幘投資管理中心(有限合夥) (“**Shanghai Jianzhen**”) entered into the subscription agreement, pursuant to which the Company has conditionally agreed to issue, and Shanghai Jianzhen has conditionally agreed to subscribe for, the 2023 Convertible Notes in an aggregate principal amount of HK\$100,000,000;
- (ii) as disclosed in the announcement of the Company dated 9 March 2023, the net proceeds from the issue of the 2023 Convertible Notes, after deduction of the expenses related thereto of approximately HK\$300,000, was estimated to be approximately HK\$99,700,000, which was intended to be used as to approximately HK\$50,000,000 for repayment of liabilities while the remaining balance of approximately HK\$49,700,000 was intended to be used for general working capital of the Group;
- (iii) the gross proceeds of RMB88,280,000 (equivalent to approximately HK\$100,000,000) (the “**Proceeds**”) were paid by Shenzhen Changsheng Xinlong Building Materials Co., Ltd.* (深圳市昌盛鑫隆建材有限公司) (“**Shenzhen Changsheng**”) on behalf of Shanghai Jianzhen to Guangdong Gangyue Financial Holdings Real Estate Development Co., Ltd.* (廣東港粵金控房地產開發有限公司) (“**Guangdong Gangyue**”), a wholly-owned subsidiary of the Company and the project company for the construction of the Zhanjiang Smart City Project, on 5 May 2023;
- (iv) after the receipt of the Proceeds by Guangdong Gangyue, the former executive Director and chairman of the Board, Dr. Hui Chi Ming (“**Dr. Hui**”), after receiving report from management of Guangdong Gangyue, agreed to prioritise the utilisation of the Proceeds for the development of the Zhanjiang Smart City Project. Pursuant to the interviews the Review Team carried out with certain former directors, there was no board meeting held to approve the change in use of the Proceeds or proper disclosure made pursuant to the Listing Rules;

- (v) pursuant to the first execution contract entered into between Guangdong Gangyue and Shenzhen Zhongrui Jiasheng Construction Engineering Co., Ltd.* (深圳市眾睿嘉晟建設工程有限公司)(“**Shenzhen Zhongrui**”) dated 10 April 2023 upon approval by Dr. Hui, the Proceeds were first remitted to Shenzhen Zhongrui on 6 May 2023 and were used for prepayments for construction and equipment for the Zhanjiang Smart City Project;
- (vi) as Shenzhen Zhongrui did not assist Guangdong Gangyue to obtain relevant government approvals within the agreed time frame, detailed reasons of which are set out in paragraph (ii) under the section headed “2. Review of project management” in this announcement, Guangdong Gangyue terminated the first execution contract with Shenzhen Zhongrui on 19 August 2023 and the Proceeds were returned in full from Shenzhen Zhongrui to Guangdong Gangyue on 21 August 2023;
- (vii) for the reasons as set out in the paragraph (ii) under the section headed “2. Review of the project management”, Guangdong Gangyue and Shenzhen Zhongrui entered into second execution contract dated 21 August 2023, the Proceeds were once again remitted to Shenzhen Zhongrui by Guangdong Gangyue as prepayments for construction and equipment for the Zhanjiang Smart City Project pursuant to the second execution contract;
- (viii) the Proceeds were subsequently returned in full from Shenzhen Zhongrui to Guangdong Gangyue from 22 to 26 March 2024 by batches as refund of prepayments for construction and equipment pursuant to the second termination agreement entered into between Guangdong Gangyue and Shenzhen Zhongrui on 1 March 2024, the details of which are set out in paragraph (iii) under the section headed “2. Review of project management” in this announcement;
- (ix) the Review Team noted that there are discrepancies in the annotations of the bank records in connection with the payments made to and received from Shenzhen Zhongrui due to failure by finance department staff to strictly follow the Company’s internal financial procedures when inputting remittance descriptions;
- (x) pursuant to the execution contract dated 2 March 2024 entered into between Guangdong Gangyue and Gaozhou Longyuan Xintiandi Real Estate Development Co., Ltd.* (高州市龍苑新天地房地產開發有限公司)(“**Gaozhou Longyuan**”), the Proceeds were further remitted to Gaozhou Longyuan from Guangdong Gangyue from 22 to 26 March 2024 by batches as prepayments for construction and equipment for the Zhanjiang Smart City Project;

- (xi) for the reasons set out in the paragraph (iv) under the section headed “2. Review of project management” in this announcement, Guangdong Gangyue terminated the execution contract with Gaozhou Longyuan on 29 May 2024 and the Proceeds were returned from Gaozhou Longyuan to Guangdong Gangyue from 6 to 12 June 2024 by batch and in full;
- (xii) pursuant to the execution contract dated 5 June 2024 entered into between Guangdong Gangyue and Guangdong Top Construction Engineering Co., Ltd.* (廣東拓普建設工程有限公司)(“**Guangdong Top**”), the Proceeds were further remitted to Guangdong Top from Guangdong Gangyue from 6 to 12 June 2024 by batches as prepayments for construction and equipment for the Zhanjiang Smart City Project;
- (xiii) as at the date of this announcement, the construction of Phase 2 of Zhanjiang Smart City Project is in progress and the cumulative total construction value completed for Phase 2 of Zhanjiang Smart City Project as of 25 January 2025 amounted to approximately RMB50,526,000 and based on the current construction schedule, project completion is anticipated to be in December 2025.

Based on the review of fund flow records, interviews, and on-site inspections, the Review Team noted that (i) the Proceeds were used as prepayments for construction and equipment for Phase 2 of the Zhanjiang Smart City Project contrary to the original intended purposes for repayment of liabilities and general working capital of the Group as disclosed in the announcement of the Company dated 9 March 2023; (ii) these transfers of funds after the receipt of the Proceeds by Guangdong Gangyue were attributable to the fact that relevant contractual parties failed to fulfill their undertakings to assist Guangdong Gangyue to obtain relevant approvals from relevant government authorities as needed by Guangdong Gangyue within the agreed time frame, and as a result, Guangdong Gangyue entered into contracts with three different parties in order to obtain relevant construction related government permissions and approvals. In the end, Guangdong Top successfully assisted Guangdong Gangyue to obtain such permissions/approvals; (iii) there was no board approval for these fund transfers, but the construction execution contracts were entered into by Guangdong Gangyue with the signature of legal representative, executive director and general manager of Guangdong Gangyue, Mr. Zhuo Shuijia (“**Mr. Zhuo**”), who told the Review Team during an interview that he obtained verbal approval from Dr. Hui before entering into these execution contracts; (iv) there is no evidence of fund loss or misappropriation of the Proceeds in respect of these fund transfers; and; (v) there are non-compliances with the Listing Rules and internal control deficiencies identified with respect to the change of use of the Proceeds as detailed in the section headed “(2) Change in use of Proceeds from issue of Convertible Notes” in this announcement.

2. Review of project management

The Review Team made the following key findings on the Zhanjiang Smart City Project:

- (i) Guangdong Gangyue is the project company for the construction of the Zhanjiang Smart City Project and has engaged a total of three contractors for the construction of Phase 2 of the Zhanjiang Smart City Project, including (i) Shenzhen Zhongrui; (ii) Gaozhou Longyuan; and (iii) Guangdong Top;
- (ii) Guangdong Gangyue entered into the first execution contract with Shenzhen Zhongrui dated 10 April 2023 pursuant to which Shenzhen Zhongrui has been engaged as the first contractor for the construction of Phase 2 of the Zhanjiang Smart City Project. Since Shenzhen Zhongrui failed to obtain the planning approval within the agreed timeframe, Guangdong Gangyue proposed to terminate the execution contract with Shenzhen Zhongrui in July 2023. In August 2023, Shenzhen Zhongrui responded to Guangdong Gangyue's request to terminate their contract regarding the Zhanjiang Smart City Project with a commitment to cooperate. Due to previous delays in the original contract, Guangdong Gangyue terminated the first execution contract with Shenzhen Zhongrui on 19 August 2023, and entered into the second execution contract on 21 August 2023 due to Shenzhen Zhongrui designated more resources on the Zhanjiang Smart City Project, and after various discussions with local government planning departments, Shenzhen Zhongrui expressed confidence in modifying their plans to obtain necessary approvals within six months and aimed to continue collaborating with Guangdong Gangyue to reduce redundancy and improve efficiency in the approval process;
- (iii) from August 2023 to February 2024, Shenzhen Zhongrui had communicated with the planning authorities through multiple rounds of revisions to the planning proposals but did not manage to obtain the planning approval. Eventually, the second execution contract with Shenzhen Zhongrui was terminated on 1 March 2024 at request of Guangdong Gangyue;

- (iv) Guangdong Gangyue entered into an execution contract with Gaozhou Longyuan dated 2 March 2024, pursuant to which Gaozhou Longyuan has been engaged as the second contractor for the construction of Phase 2 of the Zhanjiang Smart City Project. Gaozhou Longyuan assisted Guangdong Gangyue in obtaining some necessary government planning approval in March 2024. Since Gaozhou Longyuan failed to obtain the construction permit within the agreed timeframe, the execution contract with Gaozhou Longyuan was terminated on 29 May 2024 at the request of Guangdong Gangyue;
- (v) While Shenzhen Zhongrui did not succeed in obtaining the planning approvals and Gaozhou Longyuan did not succeed in obtaining the construction permit within the agreed timeframes, their efforts at the time provided necessary support to the subsequent contractor, Guangdong Top, in securing relevant government approvals;
- (vi) Guangdong Gangyue entered into an execution contract and a construction contract with Guangdong Top both dated 5 June 2024 pursuant to which Guangdong Top has been engaged as the third contractor for the construction of Phase 2 of the Zhanjiang Smart City Project. Guangdong Top successfully assisted Guangdong Gangyue in obtaining the construction permit in mid-June 2024 and has commenced construction accordingly;
- (vii) from the interview with management of Guangdong Gangyue, it is noted that the reason why the Proceeds were used for payment of phase two of the Zhangjiang Smart City Project commercial properties instead of phase three, phase four and phase seven of the residential properties was due to the payment milestone for residential properties are not yet met while prepayment for the construction of commercial properties is required pursuant to construction execution contract signed;
- (viii) due to the reshuffle of the Board and the appointment of the new directors of the Company in July 2024, Guangdong Gangyue issued a notice on 22 August 2024 to suspend, among other things, all of its construction projects including the construction of the Zhanjiang Smart City Project. The construction of Phase 2 of Zhanjiang Smart City Project recommenced in September 2024; and

- (ix) the cumulative total construction value completed of Phase 2 of Zhanjiang Smart City Project as of 25 January 2025 amounted to approximately RMB50,526,000 and based on the current construction schedule, project completion is anticipated to be in December 2025.

3. Review of potential connected transactions

The Review Team made the following key findings as to whether (i) the execution contract with Gaozhou Longyuan dated 2 March 2024; and (ii) Gaozhou Longyuan's subscription of convertible notes issued by the Company constitute connected transactions (as defined under the Listing Rules) of the Company:

- (i) the substantial shareholder holding 60% equity interest in Gaozhou Longyuan is Mr. Li Tingjiang (李廷江) (“**Mr. Li**”), who was (a) a former director of 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**”), a subsidiary of the Company; and (b) a former executive director of Guangdong Gangyue;
- (ii) the National Enterprise Credit Information Disclosure System revealed that (a) the legal representative, executive director and general manager of Guangdong Gangyue was Mr. Li before 9 November 2022 and the legal representative, executive director and general manager of Guangdong Gangyue was changed from Mr. Li to Mr. Zhuo on 9 November 2022; (b) Mr. Li became the legal representative, director and general manager of Beijing Yinghe on 15 August 2016; (c) the legal representative of Beijing Yinghe was changed from Mr. Li to Ms. Guo Xueping (“**Ms. Guo**”) on 28 October 2022, and the record of Mr. Li's resignation as a director and general manager of Beijing Yinghe was only reflected on 4 December 2024;

- (iii) pursuant to the resignation letters of Mr. Li dated 6 August 2022 (“**Li’s Resignation Letters**”), Mr. Li had tendered his resignation from all positions of legal representative, executive director and general manager of Guangdong Gangyue and legal representative, director and general manager of Beijing Yinghe with effect from 6 September 2022. The Review Team was told by Mr. Li that upon the effective date of his resignation (i.e. 6 September 2022), he ceased to hold any position with the Company and its subsidiaries (including Guangdong Gangyue and Beijing Yinghe) and does not have any other relationship with the Company and its subsidiaries (including Guangdong Gangyue and Beijing Yinghe). Although the effective date of Mr. Li’s resignation pursuant to Li’s Resignation Letters was on 6 September 2022, the public records obtained by the Review Team shows that Mr. Li’s resignation as director and general manager of Beijing Yinghe was only reflected until 4 December 2024;
- (iv) Ms. Guo believed that the discrepancy between the actual effective date of Mr. Li’s resignation and the date of Mr. Li’s resignation as reflected in the public records arose as business registration changes were not promptly made following Mr. Li’s resignation. Interviews with Mr. Zhuo and Ms. Guo revealed that the transition was planned with Mr. Zhuo and Ms. Guo taking over Mr. Li’s roles after his resignation, but there was an oversight in updating the directorship and managerial registrations for Beijing Yinghe and Beijing Yinghe later corrected this delay by completing the necessary registration changes. The Review Team reviewed the Li’s Resignation Letters dated 6 August 2022 for both Guangdong Gangyue and Beijing Yinghe, which are consistent with the interview result with Mr. Zhuo and Ms. Guo that Mr. Li’s resignation was effective on 6 September 2022;
- (v) based on cross-checking of public corporate registration records, internal documentation, and interviews with key personnel, the Review Team considered the effective date of Mr. Li’s resignation on 6 September 2022 to be reasonable. As such, Mr. Li was no longer a connected person at the subsidiary level of the Group since 6 September 2023;

- (vi) pursuant to the record obtained from the National Enterprise Credit Information Publicity System, the shareholders of Gaozhou Longyuan are Mr. Li with 60% shareholding and Mr. Yang Bo (“**Mr. Yang**”) with 40% shareholding. Mr. Yang confirmed in an interview with the Review Team that the 60% shareholding of Gaozhou Longyuan held by Mr. Li are held for and on his behalf. In January 2024, when Gaozhou Longyuan subscribed the convertible notes in an aggregate principal amount of HK\$39,000,000 (the “**2024 Convertible Notes**”), Mr. Yang provided the Company with a shareholding declaration signed by Mr. Li dated 27 April 2017 (the “**Declaration**”). The Review Team examined this Declaration, which stated that the 60% shareholding Mr. Li held in Gaozhou Longyuan was held for and on behalf of Mr. Yang, and that all rights, control, and benefits of the shareholding belonged to Mr. Yang. The Declaration was signed by Mr. Li and witnessed by Mr. Huang Guosheng;
- (vii) a disclosure of interest form by Mr. Yang dated 2 May 2024 on the Stock Exchange website also shows that Mr. Yang is the 100% ultimate beneficial owner of Gaozhou Longyuan. The Review Team found no inconsistencies between the Declaration, the disclosure of interest form and other evidence obtained;
- (viii) on 23 January 2024 (after trading hours of the Stock Exchange), the Company as the issuer and Gaozhou Longyuan as the subscriber entered into a subscription agreement (the “**Subscription Agreement**”), pursuant to which the Company has conditionally agreed to issue, and Gaozhou Longyuan has conditionally agreed to subscribe for, the 2024 Convertible Notes. The Review Team assessed whether Mr. Yang and Gaozhou Longyuan are connected persons of the Company and whether the Subscription Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules;
- (ix) on 2 May 2024, Gaozhou Longyuan converted the 2024 Convertible Notes into 195,000,000 Shares, representing approximately 5.81% of the Company’s issued share capital, therefore it was not a substantial shareholder of the Company (as defined under the Listing Rules). The Review Team concluded that if certain conditions (the “**Conditions**”) are met (specifically, (a) Mr. Li’s resignation from Guangdong Gangyue and Beijing Yinghe is effective on 6 September 2022; and (b) the validity of the Declaration), neither Mr. Yang nor Gaozhou Longyuan would be connected persons of the Company, and the subscription of the 2024 Convertible Notes would not constitute a connected transaction; and

- (x) the Review Team considered the prerequisites underpinning the conclusion that the subscription of the 2024 Convertible Notes does not constitute a connected transaction are reasonable and properly substantiated. Based on findings detailed in paragraphs (i) to (vii) above, the Review Team is of the view that the Conditions were met, so the subscription of the 2024 Convertible Notes was not a connected transaction under the Listing Rules.

In light of the above, it is reasonable to conclude that (i) Mr. Li ceased to be a connected person of the Company since 6 September 2023 and the execution contract with Gaozhou Longyuan dated 2 March 2024 and the transactions contemplated thereunder did not constitute any connected transaction under Chapter 14A of the Listing Rules; and (ii) the Conditions were met and the subscription of the 2024 Convertible Notes by Gaozhou Longyuan did not constitute any connected transaction under Chapter 14A of the Listing Rules.

4. Review of audit information provision

As disclosed in the announcement of the Company dated 4 November 2024, it is indicated in the Resignation Letter that the Resigned Auditors have not been provided with the necessary information by the Company in respect of (i) going concern assessment of the Group, including cash flows forecast for a period of at least 12 months after the end of the reporting period, indebtedness and debts settlement plan and timetable and substantial shareholder's proof of capability to provide financial support to the Group when necessary; (ii) valuation of investment properties and properties under development located in Zhanjiang, including the signed construction agreements with contractors, budget cost information, the latest permit of construction and construction progress; (iii) the audit of one of the major subsidiaries of the Company which contributed the highest revenue to the Group for the year ended 31 December 2022, including management account and general ledger; and (iv) valuation of investment properties located in Beijing, valuation of convertible bond, impairment assessment for property, plant and equipment and expected credit losses of account and other receivables; and (v) contact information of the new audit committee of the Board (the "**Audit Committee**") members resulting in no meeting or any kind of contact arrangement, thus failure to communicate with the new Audit Committee members.

The Review Team understands that the new Board, since its appointment in mid-July 2024, has been reviewing, understanding and taking charge of all the business and management of the Group, discussing with the creditors for the withdrawal of the winding-up petition of the Company and the relevant court hearings, and preparing the response documents in respect of the voluntary cash partial offer made by the offeror to the shareholders of the Company at that time. Given the complexity and urgency of these matters, it required considerable time for the new Board to collate and prepare the necessary information requested by the Resigned Auditors, including the 12-month cash flow projections and other materials relevant to going concern assessment and debt restructuring. As a result, the full set of information requested by the Resigned Auditors was not available prior to their resignation.

The Review Team understands that the new Board has been working closely with Zhonghui Anda CPA Limited (the “**Current Auditors**”), is in the process of providing them with all required information, and the Current Auditors have carried out their own audit procedures where necessary.

RECOMMENDATIONS OF THE REVIEW TEAM

Based on the findings of the Special Review, the Review Team recommended the Board to take appropriate measures to improve the internal control system and the relevant deficiencies, including but not limited to the following:

- (i) establish clear disclosure guidelines, approval mechanisms, and conduct regular trainings to enhance disclosure governance of the Board;
- (ii) establish clear approval hierarchies and reporting mechanism, require written approvals of the Board for major expenditures, and ensure accurate financial record-keeping;
- (iii) assign designated personnel for timely registration updates regarding industrial and commercial information and conduct regular checks to ensure consistency;
- (iv) establish robust contract and archive management policies, involve legal reviews for major contracts, and implement electronic tools for record-keeping and backup; and
- (v) conduct a review of internal control policies, develop or enhance them as needed, and ensure a systematic internal control framework is in place.

VIEWS OF THE BOARD AND AUDIT COMMITTEE

In respect of the Special Review Report, the Audit Committee has (a) reviewed the Resignation Letter to understand the Resigned Auditors' concerns and the Outstanding Audit Matters which need to be addressed; (b) reviewed the Special Review Report and relevant underlying documents attached; (c) engaged in discussions with the management and the Board on the Outstanding Audit Matters; (d) discussed with the Review Team and the Current Auditors, on scope of work and methodologies used for the Special Review; and (e) compared the review scope and methodologies used in other similar transactions in public announcements.

Having performed the above works, the Audit Committee is of the view that the content of and findings in the Special Review Report are comprehensive and adequately addressed the Outstanding Audit Matters after having considered that:

- (i) the scope and methodology of the Special Review Report is comparable with those investigations conducted by other issuers listed on the Stock Exchange, and covered all reasonable means and procedures normally adopted by the market for similar investigations, including documents review, interviews of relevant parties as well as verification/search from other public sources and reliable third parties (such as payment records/statements obtained from banks, records from companies registries and relevant websites);
- (ii) members of the Review Team are independent from the previous management and personnel involved in the Matter;
- (iii) the Special Review Report contained comprehensive analysis on the Matter with evidences collected with different means;
- (iv) although the Special Review Report is subject to certain limitations, such as not all involved parties (including certain employees resigned) can be interviewed, but these limitations cannot be eliminated; and these limitations would not render the result of the Special Review materially incomplete or unreliable based on the comprehensive review and analysis in the Special Review Report;

- (v) the representations given by each of the interviewees (including but not limited to relevant personnel of the Group and representatives of the contractual parties as contained in the Special Review Report) largely corroborated with each other as well as the findings from document reviews, and other independent searches with no particular contradictions nor inconsistencies; and
- (vi) the Current Auditors performed their own additional audit procedures regarding to the Outstanding Audit Matters and no contradiction was noted by the Current Auditors from the Special Review Report and result of their audit procedures.

The Board has reviewed the Special Review Report, and concurred with the view of the Audit Committee and considered that the result of the Special Review Report is comprehensive and have addressed the Outstanding Audit Matters raised by the Resigned Auditors.

The Company has engaged SHINEWING Risk Services Limited as the internal control adviser to conduct an independent internal control review and a follow-up review on the remedial measures taken by the Company to assist management of the Company in strengthening the internal control system of the Group. Further announcement(s) in relation to the key findings and results of the internal control review will be made by the Company as and when appropriate.

(2) CHANGE IN USE OF PROCEEDS FROM ISSUE OF CONVERTIBLE NOTES

References are made to the announcements of the Company dated 9 March 2023, 26 March 2023, 14 April 2023 and 5 May 2023 (the “**Announcements**”). Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

Use of Proceeds from the Issue of 2023 Convertible Notes

The gross proceeds from the issue of the 2023 Convertible Notes are approximately HK\$100,000,000 and the net proceeds from the 2023 Convertible Notes, after deduction of the expenses related thereto of approximately HK\$300,000, are approximately HK\$99,700,000.

Change in Use of Proceeds

As at the date of this announcement, the Proceeds had been fully utilised. As disclosed in the Announcements, the net proceeds of HK\$99,700,000 were intended to be used as to approximately HK\$50,000,000 for repayment of liabilities while the remaining balance of approximately HK\$49,700,000 shall be used for general working capital of the Group.

Based on the results of the Special Review, the Proceeds were fully used as prepayments for construction and equipment for Phase 2 of the Zhanjiang Smart City Project contrary to the original intended purposes (the “**Change in Use of Proceeds**”), which was only verbally approved by Dr. Hui, the former executive Director and chairman of the Board, without obtaining the Board’s approval or making proper disclosure pursuant to the Listing Rules.

The Board noted the Change in Use of Proceeds was already made by the previous Board for the construction of Zhanjiang Smart City Project in its ordinary course of business and has resolved to approve and ratify the Change in Use of Proceeds. Going forward, the Board is committed to taking appropriate measures to improve the internal control system of the Group and prevent recurrence of similar non-compliances in the future and the Company will strictly comply with the Listing Rules to ensure timely and accurate disclosures are made as required.

(3) 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 fulfillment of all resumption conditions.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 17 April 2025

As at the date of this announcement, the board of directors of the Company 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.

** for identification purposes only*