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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)

CHANGE OF AUDITORS AND CONTINUED SUSPENSION OF TRADING

This announcement is made by Wisdom Wealth Resources Investment Holding Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.51(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

CHANGE OF AUDITORS

1. Resignation of Auditors

The Company hereby announces that 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 the resignation letter of the Resigned Auditors dated 31 October 2024 (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:

A. *Transfer of cash proceeds from issuance of convertible bonds with an amount of HK\$100,000,000 (the “Matter”)*

In May 2023, the Company issued HK\$100 million convertible bonds to a subscriber and a cash proceed of approximately RMB88 million (equivalent to approximately HK\$100 million) was received by a wholly owned subsidiary of the Company.

During the year ended 31 December 2023 and subsequent to the year end, fund amounted to HK\$100 million was transferred to/from different parties for several times (the “**Funds**”). In June 2024, the Funds were returned to a subsidiary of the Company.

During the course of audit, the Resigned Auditors noted that the major shareholder of one of the transferees, who is also a transferor of the Funds and a subscriber of convertible bonds amounted to HK\$39 million issued by the Company in February 2024 (“**Company A**”), was a director of a subsidiary and a former director of another subsidiary of the Company. The Resigned Auditors also noted that a shareholder of the Company A is a signor of the confirmation the Resigned Auditors received from Company A and is the legal representative of Company A.

The Resigned Auditors enquired the management of the Company for the business rationale of making these transfers, including the background information of the transferees and transferors as well as the planned usage and the fund flows after the Funds were returned to a subsidiary of the Company in June 2024. The management of the Company explained that all these transfers were deposit paid/returned for the construction project in Zhanjiang. However, the content of the signed construction agreements in relation to the Funds transferred was not consistent with the Resigned Auditors’ understanding of the Company’s construction plan and the proposed usage of the fund raised in the issuance of the convertible bonds mentioned in the Company’s announcement on 9 March 2023.

The Resigned Auditors requested the management of the Company to explain the business rationale of the Funds transfers and usage of the Funds and to arrange for interviews with the transferors and the transferees of the Funds. The Resigned Auditors also enquired the management of the Company whether Company A is a related company of the Company and whether the Funds transfers were approved by the board of directors (the “**Board**”).

B. Other Matters

The Resigned Auditors expressed that they have not been provided with necessary information from the management of the Company nor the audit committee of the Board (the “**Audit Committee**”) 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 members resulting in no meeting or any kind of contact arrangement, thus failure to communicate with the new Audit Committee members.

The matters set out in the Resignation Letter were based on the best knowledge of the Resigned Auditors as of 31 October 2024 as the Resigned Auditors have not obtained timely update from the management of the Company and the Audit Committee nor the Resigned Auditors have any communication with the new Audit Committee since then. Accordingly, there may be other matters that the Resigned Auditors are not aware of which may need to be brought to the attention of the shareholders or creditors of the Company in relation to their resignation.

Save as disclosed above, the Board is not aware of any other matters in relation to the Resigned Auditors’ resignation that need to be brought to the attention of the shareholders of the Company.

The incumbent board of directors (“**New Board**”) of the Company have been appointed since the reshuffle of the board of directors of the Company at the special general meeting of the Company held on 11 July 2024. Since their appointment, the New Board has been focusing on handling and dismissing winding-up petition and related court hearings and preparing response document to the partial offer extended to the shareholders of the Company at the time in addition to undertaking an overall review of the business and financial information of the Group.

The New Board, after reviewing the list of Outstanding Audit Matters raised by the Resigned Auditors to the previous board of directors of the Company in July 2024, (i) has been taking an active role in gathering information and more understanding on the Outstanding Audit Matters through discussion with the management of the Company, participating meetings between the management of the Company and the Resigned Auditors, and conducted various discussions with the Resigned Auditors through management of the Company to resolve the Outstanding Audit Matters; (ii) appointed Mr. Song Junhua (“**Mr. Song**”), a land and real estate valuer, real estate economist, architectural engineer and urban construction engineer who has more than 20 years of experience in real estate industry, to take in charge of the Company’s major subsidiary concerning the Matter in late July 2024; (iii) held board meeting in mid-August 2024 and designated Mr. Zheng Zhaojun (“**Mr. Zheng**”), an independent non-executive director of the Company, to conduct special review and due diligence (the “**Special Review**”) on the Matter and valuation of the Group’s investment property in Beijing; and (iv) arranged Mr. Song to assist Mr. Zheng (the “**Review Team**”) in conducting the Special Review.

Based on the information so far available to the New Board from findings of the Review Team through their Special Review, it is the understanding of the New Board that:

- (i) relevant transfers of Funds was made by the Group to the relevant parties as deposit pursuant to relevant construction agreements signed by the Company and relevant parties and the Funds were returned to the Group at the request of the Group due to the failure to obtain the necessary construction qualification relating to the construction project in Zhanjiang;
- (ii) no connected person or connected transaction was involved in the transfer of Funds as the former director and legal person of relevant subsidiary of the Group as referred to by the Resigned Auditor is only a director of Company A and he holds such shares of Company A on behalf of the ultimate beneficial owner of Company A, who is not a connected person of the Group;

- (iii) Currently, the Funds has been transferred to an independent third party, being a construction company engaged by the Group, as deposit pursuant to the signed construction agreement for the phase II construction of the Zhanjiang project of the Group and it is estimated that value of the foundation work of the phase II Zhanjiang construction project so far completed amounts to over RMB36 million; and
- (iv) there had not been any lost or misappropriation of funds by the Group in relation to the Matter.

In addition to the Special Review, the New Board, through the management of the Company, invited the Resigned Auditors to go to Zhanjiang and resume their field audit work to get an updated understanding on the development of the Zhanjiang project. However, the proposed Zhanjiang field work was postponed and still not yet arranged by the Resigned Auditors until its resignation. With respect to the Matter, the New Board will also engage independent internal control consultant to review and enhance the effectiveness of the internal control of the Group.

The New Board since its appointment in mid July 2024 has been in the course of reviewing, understanding and taking in charge of all business and management of the Group, negotiating with creditors for dismissing winding-up petition of the Group and collating information in order to address Outstanding Audit Matters which were left unresolved by the former board of directors of the Company. In addition, it takes substantial time for the New Board to compile all the necessary information required by the Resigned Auditors, such as the 12-month cash flows forecast which involves many aspects of the Group, including the possible impact of the winding-up petition and debt restructure of the Group with its creditors, especially so for the members of the New Board who are only on board for about a few months to date. The New Board (including the Company's Audit Committee) intended to conduct formal meetings with the Resigned Auditors after having full understanding on relevant matters after the Special Review in order to have necessary information to conduct constructive and effective discussion with and provide necessary response to the Resigned Auditors to address and resolve the Outstanding Audit Matters, without which, any discussion with auditors would yield little result but only form over substance.

With the resignation of the Resigned Auditors, the New Board will work closely with the new auditors to be appointed by the Company and provide them with all necessary information and/or conduct procedures necessary for completion of the audit as required by the new auditors accordingly. Further announcement will be made as and when appropriate.

2. Proposed Appointment of the New Auditors

The Board further announces that it has identified a new auditors and is in the process of finalising the appointment to fill the casual vacancy following the resignation of the Resigned Auditors. Further announcement will be made by the Company once the appointment is confirmed. The Company will make every effort to work closely with the new auditors to publish all outstanding financial information of the Group required under the Listing Rules and address any audit modifications as soon as possible.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange was suspended with effect from 9:00 a.m. on Tuesday, 2 April 2024 and will continue to be suspended until fulfilment of resumption conditions. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

By order of the Board
**WISDOM WEALTH RESOURCES INVESTMENT
HOLDING GROUP LIMITED**
Xu Shiping
Chairman

Hong Kong, 4 November 2024

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