

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**WISE ALLY**

**Wise Ally International Holdings Limited**

**麗年國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 9918)**

**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

**HIGHLIGHTS**

	<b>Six months ended 30 June</b>		
	<b>2021</b>	<b>2020</b>	
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>Changes</b>
Revenue	<b>421,320</b>	283,136	48.8%
Gross profit	<b>70,709</b>	44,243	59.8%
Gross profit margin	<b>16.8%</b>	15.6%	120 bps
Operating loss	<b>(5,954)</b>	(19,102)	68.8%
Loss for the period attributable to equity holders of the Company	<b>(7,921)</b>	(22,425)	64.7%
Basic and diluted loss per share	<b>(0.40) HK cent</b>	(1.14) HK cents	64.9%

## INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Wise Ally International Holdings Limited (the “**Company**”) announces the unaudited interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2021 together with the comparative figures for the six months ended 30 June 2020 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

*For the six months ended 30 June 2021*

		<b>Six months ended 30 June</b>	
	<i>Note</i>	<b>2021</b> <b>(Unaudited)</b> <b>HK\$'000</b>	<b>2020</b> <b>(Unaudited)</b> <b>HK\$'000</b>
Revenue	4	<b>421,320</b>	283,136
Cost of sales		<b>(350,611)</b>	(238,893)
<b>Gross profit</b>		<b>70,709</b>	44,243
Other (losses)/gains, net	5	<b>(7,644)</b>	666
Other income	5	<b>1,617</b>	129
Selling and distribution expenses		<b>(24,235)</b>	(20,466)
Administrative expenses		<b>(46,401)</b>	(43,674)
<b>Operating loss</b>		<b>(5,954)</b>	(19,102)
Finance income	6	<b>20</b>	721
Finance costs	6	<b>(4,004)</b>	(6,957)
Finance costs, net	6	<b>(3,984)</b>	(6,236)
<b>Loss before income tax</b>		<b>(9,938)</b>	(25,338)
Income tax credit	7	<b>2,017</b>	2,913
<b>Loss for the period attributable to equity holders of the Company</b>		<b>(7,921)</b>	(22,425)
<b>Other comprehensive income/(losses):</b>			
<i>Item that may be subsequently reclassified to profit or loss</i>			
Currency translation differences		<b>2,085</b>	(284)
<i>Item that will not be subsequently reclassified to profit or loss</i>			
Actuarial gain on long service payment scheme		<b>–</b>	5
<b>Total other comprehensive income/(losses) for the period</b>		<b>2,085</b>	(279)
<b>Total comprehensive loss for the period attributable to equity holders of the Company</b>		<b>(5,836)</b>	(22,704)
<b>Loss per share attributable to equity holders of the Company</b>			
Basic and diluted ( <i>HK cents</i> )	9	<b>(0.40)</b>	(1.14)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
	<i>Note</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Properties, plant and equipment		102,928	92,740
Intangible assets		1,629	2,460
Deposits and prepayments		4,825	8,249
Deferred tax assets		7,063	5,068
		<u>116,445</u>	<u>108,517</u>
<b>Current assets</b>			
Inventories		293,478	135,954
Trade receivables	10	183,035	255,800
Prepayments, deposits and other receivables		24,903	10,919
Cash and cash equivalents		213,029	234,376
		<u>714,445</u>	<u>637,049</u>
<b>Total assets</b>		<u><b>830,890</b></u>	<u><b>745,566</b></u>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		20,000	20,000
Reserves		101,869	117,705
<b>Total equity</b>		<u><b>121,869</b></u>	<u><b>137,705</b></u>

		<b>30 June 2021 (Unaudited) HK\$'000</b>	<b>31 December 2020 (Audited) HK\$'000</b>
	<i>Note</i>		
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long service payment scheme		<b>25</b>	25
Deferred government grants		<b>222</b>	170
Deferred tax liabilities		<b>–</b>	1,164
Lease liabilities		<b>23,938</b>	24,489
		<b>24,185</b>	25,848
<b>Current liabilities</b>			
Trade payables	<i>11</i>	<b>246,809</b>	180,228
Contract liabilities, other payables and accruals		<b>138,903</b>	102,495
Deferred government grants		<b>1,109</b>	1,033
Lease liabilities		<b>17,504</b>	14,296
Bills payables		<b>28,908</b>	20,328
Bank borrowings	<i>12</i>	<b>247,080</b>	261,456
Amount due to a related company		<b>2,070</b>	126
Current income tax liabilities		<b>2,453</b>	2,051
		<b>684,836</b>	582,013
<b>Total liabilities</b>		<b>709,021</b>	607,861
<b>Total equity and liabilities</b>		<b>830,890</b>	745,566

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION:

### 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 15 January 2019 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of its registered office is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands.

The Company is an investment holding company and the Group is principally engaged in the manufacturing and sales of electronic products. The ultimate controlling shareholders are Mr. Chu Wai Hang Raymond (“**Mr. Raymond Chu**”) and Mr. Chu Wai Cheong Wilson (“**Mr. Wilson Chu**”) who have been controlling the group companies since their incorporation.

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 10 January 2020 (the “**Listing Date**”).

The consolidated financial information is presented in thousands of Hong Kong Dollar (“**HK\$’000**”), unless otherwise stated.

### 2. BASIS OF PREPARATION

The consolidated financial information has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The consolidated financial information has been prepared in accordance with the same accounting policies adopted in the Group’s consolidated financial statements for the year ended 31 December 2020 (the “**2020 financial statements**”). The consolidated financial information and notes thereon do not include all of the information required for the preparation of a full set of financial statements in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA, and should be read in conjunction with the 2020 financial statements.

### 3. ADOPTION OF NEW AND REVISED STANDARDS AND AMENDMENTS

#### (a) Amended standards adopted by the Group

The Group has applied the following amended standards, which were effective as of 1 January 2021:

- Amendments to HKFRS 16 – COVID-19 Related Rent Concessions
- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 – Interest Rate Benchmark Reform – Phase 2

The adoption of these amended standards did not have any significant impact on the Group’s accounting policies and did not require retrospective adjustments.

**(b) New standard, amendments and interpretation to the standards issued but not yet adopted by the Group**

The following new standard, amendments and interpretation to the standards have been issued but are not effective for the Group's financial period beginning 1 January 2021 and have not been early adopted by the Group:

		Effective for accounting period beginning on or after
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Annual Improvement Project	Annual Improvements to HKFRSs 2018-2020 Cycle	1 January 2022
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
HKFRS 17	Insurance Contracts	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group will adopt the above new standard, amendments and interpretation to the standards as and when they become effective. Management has performed preliminary assessment and does not anticipate any significant impact on the Group's financial position and results of operations upon adopting these standard, amendments and interpretation to the standards.

#### **4. REVENUE AND SEGMENT INFORMATION**

The Company is an investment holding company and the Group is principally engaged in the manufacturing and sales of electronic products.

The chief operating decision maker has been identified as the Chief Executive Officer (“CEO”) of the Company. The CEO reviews the Group's internal reporting in order to assess performance and allocate resources. The CEO has determined the operating segment based on these reports.

The CEO considers the Group's operation from a business perspective and determines that the Group has one reportable operating segment being manufacturing and sales of electronic products.

The CEO assesses the performance of the operating segment based on a measure of revenue and gross profit.

During the six months ended 30 June 2021 and 2020, all of the Group's revenues were from contracts with customers and were recognised at a point in time.

(a) **Revenue from major customers who have individually contributed to 10% or more of the total revenue of the Group**

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Customer A	<u>76,842</u>	<u>42,292</u>
Customer B	<u>48,024</u>	<u>44,042</u>
Customer C	<u>43,051</u>	<u>N/A*</u>
Customer D	<u>42,309</u>	<u>38,199</u>
Customer E	<u>N/A*</u>	<u>43,441</u>

\* The corresponding customers did not contribute over 10% of the total revenue of the Group for the denoted periods.

(b) **Segment revenue by customers' geographical location**

The Group's revenue by geographical location, which is determined by the delivery location, is as follows:

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
United States ("U.S.")	192,734	139,015
Ireland	53,824	42,411
United Kingdom	45,202	48,398
Philippines	39,391	—
People's Republic of China ("PRC")	16,844	9,881
Hong Kong	2,707	16,610
Others ( <i>Note</i> )	<u>70,618</u>	<u>26,821</u>
	<u>421,320</u>	<u>283,136</u>

*Note:* Others mainly include (i) European countries such as Estonia, France, Germany, Italy, Netherlands, Norway and Switzerland; and (ii) Australia, Belize, Canada, India, Korea, Malaysia, Mexico, New Zealand, Singapore, Taiwan and Vietnam.

(c) **Details of contract liabilities**

	<b>30 June 2021</b> <b>(Unaudited)</b> <b>HK\$'000</b>	<b>31 December 2020</b> <b>(Audited)</b> <b>HK\$'000</b>
Contract liabilities ( <i>Notes</i> )	<b>46,365</b>	<b>22,257</b>

*Notes:*

- (i) Contract liabilities represent advanced payments received from the customers for goods of which their controls have not yet been transferred to the customers.
- (ii) Unsatisfied performance obligation

As at 30 June 2021, all performance obligations not yet satisfied by the Group were from contracts with original expected duration of less than one year. Therefore, as permitted by the relevant practical expedient under HKFRS 15, the transaction price allocated to these unsatisfied performance obligations were not disclosed.

(d) **Non-current assets by geographical location**

The total amounts of non-current assets, other than deferred tax assets, of the Group as at 30 June 2021 and 31 December 2020 are located in the following regions:

	<b>30 June 2021</b> <b>(Unaudited)</b> <b>HK\$'000</b>	<b>31 December 2020</b> <b>(Audited)</b> <b>HK\$'000</b>
Hong Kong	<b>18,999</b>	<b>11,219</b>
PRC	<b>90,383</b>	<b>92,230</b>
	<b>109,382</b>	<b>103,449</b>

**5. OTHER (LOSSES)/GAINS, NET AND OTHER INCOME**

(a) **Other (losses)/gains, net**

	<b>Six months ended 30 June</b> <b>2021</b> <b>(Unaudited)</b> <b>HK\$'000</b>	<b>2020</b> <b>(Unaudited)</b> <b>HK\$'000</b>
Loss on disposal of properties, plant and equipment	<b>(433)</b>	<b>(263)</b>
Exchange (losses)/gains	<b>(7,211)</b>	<b>929</b>
	<b>(7,644)</b>	<b>666</b>

(b) **Other income**

	<b>Six months ended 30 June</b> <b>2021</b> <b>(Unaudited)</b> <b>HK\$'000</b>	<b>2020</b> <b>(Unaudited)</b> <b>HK\$'000</b>
Government grants	<b>1,617</b>	<b>129</b>



## 6. FINANCE COSTS, NET

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest income on bank deposits	(20)	(721)
Finance income	(20)	(721)
Interest expenses on bank borrowings	2,667	5,444
Interest expenses on lease liabilities	1,337	1,513
Finance costs	4,004	6,957
Finance costs, net	3,984	6,236

## 7. INCOME TAX CREDIT

During the six months ended 30 June 2020 and 2021, Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit.

During the six months ended 30 June 2020 and 2021, the Group's subsidiary in the PRC is subject to corporate income tax ("CIT") at a standard rate of 25%. No provision for CIT has been recognised for both periods as the subsidiary had no assessable profit.

During the six months ended 30 June 2020, a 5% withholding tax was levied on dividend declared by the Company in the PRC to its foreign shareholder.

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current income tax expense	(401)	(992)
Deferred income tax credit	2,418	3,905
Income tax credit	2,017	2,913

## 8. DIVIDENDS

During the six months ended 30 June 2021, final dividend for the year ended 31 December 2020 of HK\$0.005 per ordinary share amounting to a total of HK\$10,000,000 was approved and paid.

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2021.

## 9. LOSS PER SHARE

The basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the respective periods.

In determining the weighted average number of ordinary shares deemed to be in issue during the period ended 30 June 2020, 1,500,000,000 ordinary shares, after taking into account the capitalisation issue that took place on 10 January 2020 and the issue of shares pursuant to the reorganisation, were deemed to have been issued since 1 January 2020.

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Loss for the period attributable to equity holders of the Company ( <i>HK\$'000</i> )	<b>(7,921)</b>	(22,425)
Weighted average number of ordinary shares in issue ( <i>'000</i> )	<b>2,000,000</b>	1,975,275
Basic and diluted loss per share ( <i>HK cents</i> )	<b>(0.40)</b>	(1.14)

There was no difference between the basic and diluted loss per share as there were no potential dilutive ordinary shares outstanding throughout both periods.

## 10. TRADE RECEIVABLES

	<b>30 June 2021</b>	<b>31 December 2020</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Trade receivables	<b>184,491</b>	257,256
Less: provision for impairment of trade receivables	<b>(1,456)</b>	(1,456)
	<b>183,035</b>	255,800

As at 30 June 2021 and 31 December 2020, the carrying amounts of trade receivables approximated their fair values.

The Group's sales are made on credit terms ranging from 15 to 120 days.

As at 30 June 2021 and 31 December 2020, the aging analysis of trade receivables, net of impairment, based on invoice date, were as follows:

	<b>30 June 2021</b>	<b>31 December 2020</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
0 to 90 days	<b>168,341</b>	241,248
91 to 365 days	<b>12,352</b>	12,107
Over 365 days	<b>2,342</b>	2,445
	<b>183,035</b>	255,800

## 11. TRADE PAYABLES

As at 30 June 2021 and 31 December 2020, the aging analysis of trade payables, based on invoice date, were as follows:

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
0 to 90 days	232,728	168,145
91 to 365 days	9,684	7,994
Over 365 days	4,397	4,089
	<u>246,809</u>	<u>180,228</u>

As at 30 June 2021 and 31 December 2020, the carrying amounts of trade payables approximated their fair values.

## 12. BANK BORROWINGS

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Bank borrowings – repayable on demand	<u>247,080</u>	<u>261,456</u>

The borrowings were repayable, without taking into account the repayable on demand clauses, as follows:

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Within 1 year	233,580	244,956
Between 1 and 2 years	6,000	6,000
Between 2 and 5 years	7,500	10,500
	<u>247,080</u>	<u>261,456</u>

The bank borrowings were secured by the Company's corporate guarantee together with certain covenants including the requirement that Mr. Raymond Chu and Mr. Wilson Chu shall jointly maintain, directly or indirectly, at least 50% of the shareholding of the Company.

## 13. EVENTS OCCURRING AFTER THE REPORTING PERIOD

There is no material subsequent event after the reporting period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS AND FINANCIAL REVIEW

The Group recorded revenue of HK\$421.3 million for the first half of 2021 (first half of 2020: HK\$283.1 million), reflecting an increase of HK\$138.2 million, or 48.8%. For the first half of 2021, our products were shipped to over 24 (first half of 2020: 20) countries and regions. The U.S. continued to be our largest market, which contributed to HK\$192.7 million (first half of 2020: HK\$139.0 million), or 45.7% (first half of 2020: 49.1%) of our total revenue. The increase of 48.8% in revenue in the first half of 2021 as compared to the corresponding period in 2020 was mainly attributable to the gradual recovery of the global economy which contributed to a significant increase in orders from our major customers. However, the growth of the revenue in the first half of 2021 was still adversely affected by the global supply chain and logistic disruptions and intensified shortages of semiconductors and other electronic components during the period. In addition, the power shortage in the PRC and the lockdown and other safety measures implemented in Malaysia had disrupted our production and affected our orders fulfilment during the period. As a result of the abovementioned factors, our sales in the first half of 2021 were lower than that in the second half of 2020, which in turn led to (i) the decrease in our trade receivables from HK\$255.8 million as of 31 December 2020 to HK\$183.0 million as of 30 June 2021 and (ii) increase in our inventories from HK\$136.0 million as of 31 December 2020 to HK\$293.5 million as of 30 June 2021.

Gross profit amounted to HK\$70.7 million (first half of 2020: HK\$44.2 million), representing an increase of HK\$26.5 million, or 59.8%, while the gross profit margin slightly increased from 15.6% for the first half of 2020 to 16.8% for the first half of 2021. The increase in gross profit was mainly due to the higher revenue as compared to the same period last year. The gross profit margin was slightly increased for the period as the revenue for the period increased, but such increase was partially offset by material price increase as well as increase in logistic costs due to shortage of containers and limited port service.

Selling, distribution and administrative expenses amounted to HK\$70.6 million (first half of 2020: HK\$64.1 million), reflecting an increase of HK\$6.5 million or 10.1%. Such increase was primarily due to the increase in commission and logistic costs, which were in line with the increase in revenue during the period.

Net finance costs decreased by HK\$2.2 million, or 36.1% from HK\$6.2 million for the first half of 2020 to HK\$4.0 million for the first half of 2021. Such decrease was mainly due to the combined net effects of (i) the decrease in interest expenses on bank borrowings of HK\$2.8 million; (ii) the decrease in interest expenses on lease liabilities of HK\$0.1 million; and (iii) the decrease in interest income of HK\$0.7 million.

As a result of the foregoing, loss for the period attributable to equity holders of the Company for the first half of 2021 amounted to HK\$7.9 million (first half of 2020: loss of HK\$22.4 million), representing a decrease in loss of HK\$14.5 million, or 64.7%.

## PROSPECTS

Despite there were signs of gradual recovery of the global economy, the unprecedented Novel Coronavirus (“**COVID-19**”) pandemic still affected many countries where our major customers and suppliers are located. In the past few months, the new variants of COVID-19 have spread quickly across the globe and resulted in disruptions in supply chain, increase in logistic costs and lockdown in the regions that we operate. While we have strong order books from our customers; however, due to the intensified shortage of electronic components worldwide, our material supply may be limited and unpredictable that may result in unstable orders fulfillment. It is likely that the global economy and operating conditions will remain challenging and full of uncertainties for the remainder of 2021. It may need some time before the global economy and business activities to resume to pre-pandemic levels.

During this challenging time, the Group has persistently strengthened the position in the electronics manufacturing services industry and will continue to develop the product design and development capabilities and manufacturing knowhow while at the same time looking for suitable opportunities to expand the business in the international market. We will continue to endeavour to develop and explore new product applications and segments, such as Internet of Things (“**IoT**”) connected devices for industrial and commercial applications, healthcare products and medical products. As stated in our voluntary announcement dated 3 June 2021, the Group has made the first shipment of dock module for testers for rapid COVID-19 virus testing in April 2021 to a point-of-care molecular diagnostic company based in the U.S. For the first half of 2021, we have fulfilled approximately US\$2.3 million out of the total confirmed purchase order value of approximately US\$7.8 million.

As stated in our voluntary announcement dated 3 June 2021, the Group was actively carrying out initial assessment on launching and distributing in Brazil the Group’s emergency ventilators which are capable of providing ventilatory assistance to COVID-19 patients under our trademark SapiVents. As at the date of this announcement, the Group is in the process of applying for regulatory approvals, through an industry consultant, from the relevant government authorities in Brazil. The Group understands that the application and approval procedures include, but not limited to, sample testings, factory auditing and certification. As at the date of this announcement, the Company is not in the position to advise whether and when it will eventually obtain all relevant approvals for its proposed distribution of the emergency ventilators in Brazil, nor whether it will be able to secure any purchase orders from customers even if the relevant regulatory approvals are obtained.

As stated in our voluntary announcement dated 28 June 2021, the Group’s emergency ventilator under our trademark SapiVents has been voluntarily registered with the Central Drugs Standards Control Organization, India in June 2021. The Group understands that under the present regulatory regime in India, ventilators only require voluntary registration for import and sales in India. The Group may distribute the emergency ventilators in India through the appointed importer and authorised representative in India and distributors. As at the date of this announcement, the Group is still in the process of negotiation with several distributors and depending on the negotiation process with such distributors, the Group endeavours to enter into such distribution agreements before the end of the year.

As stated in our 2020 annual report, we intended to set up a production facility in the South East Asia region (the “**New Asia Plant**”) with a potential joint venture partner to expand our manufacturing capability outside the PRC and expected to finalize negotiation and commence the setup of the New Asia Plant in the first half of 2021. Due to the spread of new variants of COVID-19 pandemic, the country where our potential joint venture partner is located implemented new border controls, full lockdowns and other safety measures that disrupted the negotiation and setup process. As a result, we have deferred the expected setup of the New Asia Plant to the end of 2021. This expected timeline will be dependent on a number of factors, such as the negotiation progress with the potential joint venture partner and possible disruptions in business and operations due to the COVID-19 pandemic. As at the date of this announcement, no legally binding agreement was entered into for the setup of the New Asia Plant.

The remainder of 2021 is expected to remain challenging and full of uncertainties as it takes time for the global economy and business activities to gradually adjust to the new normal. The fluctuations in Renminbi, disruptions in supply chain and logistics, and surge in materials and commodity prices are likely to continue. Having said that, with our extensive industry experience, strong technical knowledge and resilient manufacturing capabilities along with strong relationship with our customers and suppliers, we are confident that we can tackle the uncertainties and continue to provide quality services and products to our customers and maximize our values to our shareholders.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group funded its liquidity and capital requirements primarily through a combination of internally generated funds from its operating activities and bank borrowings. As at 30 June 2021, the Group’s bank borrowings were HK\$247.1 million (31 December 2020: HK\$261.5 million) while the Group’s cash and cash equivalents were HK\$213.0 million (31 December 2020: HK\$234.4 million).

As at 30 June 2021, the Group’s total net borrowings amounted to HK\$34.1 million (31 December 2020: HK\$27.1 million) while its total equity amounted to HK\$121.9 million (31 December 2020: HK\$137.7 million), resulting in a net gearing ratio of 28.0% (31 December 2020: 19.7%). The net gearing ratio is calculated as total borrowings net of cash and cash equivalents divided by total equity and multiplied by 100%.

The Group has adequate liquidity to meet its current and future working capital requirements.

## **CAPITAL EXPENDITURES AND COMMITMENTS**

For the six months ended 30 June 2021, the Group incurred total capital expenditures of HK\$11.8 million for additions of properties, plant and equipment and intangible assets.

As at 30 June 2021, the Group had capital commitments in relation to the purchase of plant and machinery contracted but not provided for in the amount of HK\$3.0 million.

## **CONTINGENT LIABILITIES**

As at 30 June 2021, to the best knowledge of the Board, the Group was not involved in any legal proceeding pending or, threatened against our Group which could have a material adverse effect on the Group's business or operations. Besides, the Group did not have any significant contingent liabilities as at 30 June 2021.

## **CHARGES ON ASSETS**

As at 30 June 2021, there was no charges over the assets of the Group.

## **FOREIGN EXCHANGE AND RISK MANAGEMENT**

The Group operates in Hong Kong and the PRC and is exposed to foreign exchange risk arising primarily with respect to the United States dollars ("USD") and Chinese Renminbi ("RMB"). Most of the Group's sales proceeds are received in USD and some of the Group's purchases and operating expenses are denominated in RMB. The Group closely monitors its overall foreign exchange exposure from time to time and will adopt a proactive but prudent approach to minimize the relevant exposures.

The Group did not enter into any derivative instrument to hedge against its foreign exchange exposure during the six months ended 30 June 2021.

## **INTERIM DIVIDEND**

The Directors do not recommend to declare any interim dividend for the six months ended 30 June 2021.

## **CAPITAL STRUCTURE**

The shares of the Company were listed on the Main Board of the Stock Exchange on 10 January 2020. Since the issue of shares on the Listing Date, there has been no change in the issued share capital of the Company.

As at 30 June 2021, the Group's capital structure consists of bank borrowings and equity attributable to equity holders of the Company, comprising issued share capital and reserves.

## **MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

The Group did not have any material acquisition or disposal of subsidiaries, associates or joint ventures during the six months ended 30 June 2021.

## **EMPLOYEES**

As at 30 June 2021, the Group employed approximately 1,800 (31 December 2020: 1,500) employees in Hong Kong and the PRC. The Group adopts a remuneration policy which is commensurate with job nature, qualification and experience of employees. In addition to the provision of annual bonuses and employee related insurance benefits, discretionary bonuses are also rewarded to employees based on individual performance. The remuneration packages and policies are reviewed periodically. The Group also provides in-house and external training programs to its employees. The emoluments of the Directors are decided by the Board and the remuneration committee of the Company having regard to the Group's operating results, individual performance and comparable market statistics.

The Group has also adopted a share option scheme on 10 December 2019 for the purpose of providing incentives to eligible participants of the scheme, including Directors, full-time employees of and advisers and consultants to the Group.

## **USE OF PROCEEDS**

The shares of the Company were listed on the Main Board of the Stock Exchange on 10 January 2020 by way of Hong Kong public offering and international placing (the “**Global Offering**”) and the net proceeds raised from the Global Offering, after deducting the underwriting fees and other related listing expenses, amounted to approximately HK\$74.0 million. As of the date of this announcement, the Company does not anticipate any change on its plan on the use of proceeds as stated in the section headed “Future Plans and Use of Proceeds” of the prospectus of the Company dated 27 December 2019.



As at 30 June 2021, the net proceeds had been utilised and unutilised as follows:

<b>Intended use of proceeds</b>	<b>Proposed use of proceeds <i>HK\$ million</i></b>	<b>Utilised <i>HK\$ million</i></b>	<b>Unutilised <i>HK\$ million</i></b>	<b>Expected timeline of full utilisation of the unutilised proceeds</b>
Increasing production capacity by expanding manufacturing platform in South East Asia region and the PRC	26.1	–	26.1	By the end of 2023 ( <i>Note 1</i> )
Enhancing production efficiency and capability by acquiring new machinery and equipment and upgrading the production facility at our existing production plant in Dongguan	19.4	–	19.4	By the end of 2023 ( <i>Note 1</i> )
Strengthening research capability for the development and provision of IoT related solutions	4.0	(0.1)	3.9	By the end of 2022
Increasing marketing efforts in North America and Europe	4.3	–	4.3	By the end of 2022
Enhancing manufacturing execution system and information technology infrastructure	2.5	(0.4)	2.1	By the end of 2022
Repayment of a capital expenditure bank loan	10.8	(10.8)	–	
Our general working capital	6.9	(6.9)	–	
	<u>74.0</u>	<u>(18.2)</u>	<u>55.8</u>	

*Note 1:*

Due to the border controls, travel restrictions and disruptions in supply chain caused by the COVID-19 pandemic, these expansion plans and enhancement projects are expected to be completed by the end of 2023.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2021.

## **CORPORATE GOVERNANCE**

In the opinion of the Directors, the Company had complied with all the applicable code provisions as set out in the Corporate Governance Code in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2021.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own securities dealing code to regulate all dealings by the Directors in the securities of the Company and other matters covered by the Model Code.

Having made specific enquiry to all Directors, all Directors confirmed that they had complied with the required provisions set out in the Model Code throughout the six months ended 30 June 2021.

## **AUDIT COMMITTEE**

The audit committee of the Company (the “**Audit Committee**”) comprises three independent non-executive Directors, namely Ms. Ling Imma Kit Sum (Chairperson of the Audit Committee), Mr. Lee Wa Lun Warren and Mr. Szeto Yuk Ting. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed risk management, internal control and financial reporting matters with the management including a review of the unaudited condensed consolidated financial statements and the interim results for the six months ended 30 June 2021.

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

This announcement is published on the Company's website at [www.wiseally.com.hk](http://www.wiseally.com.hk) and the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk). The 2021 interim report will be dispatched to the shareholders of the Company and will be available on the above websites in due course.

By Order of the Board  
**Wise Ally International Holdings Limited**  
**Chu Wai Hang Raymond**  
*Chairman and Executive Director*

Hong Kong, 27 August 2021

*As at the date of this announcement, the executive directors of the Company are Mr. Chu Wai Hang Raymond, Mr. Tsang Ming Chit Stanley, Mr. Chan Chi Ming and Mr. Chu Man Yin Arthur Newton; and the independent non-executive directors of the Company are Ms. Ling Imma Kit Sum, Mr. Lee Wa Lun Warren and Mr. Szeto Yuk Ting.*