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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)

**DISCLOSEABLE TRANSACTION IN RELATION
TO THE NEW TENANCY AGREEMENT**

THE NEW TENANCY AGREEMENT

The Board announces that on 10 May 2022, the Tenant, an indirect wholly owned subsidiary of the Company, as lessee, entered into the New Tenancy Agreement in respect of the lease of Premises with the Landlord, as lessor, an Independent Third Party, in which the lease of Premises has commenced from 15 April 2022 and will expire on 14 April 2027 (both days inclusive) for the Group's use as its production plant, staff quarters and ancillary functions in the PRC.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to HKFRS 16, as a result of the entering into of the New Tenancy Agreement, the Group shall recognise the right-of-use asset in the consolidated financial statements of the Company, and the transactions contemplated thereunder will be regarded as an acquisition of asset by the Group in accordance with Rule 14.04(1)(a) of the Listing Rules. The estimated value of the right-of-use asset to be recognized by the Company under the New Tenancy Agreement shall amount to approximately RMB30,904,461 (equivalent to approximately HK\$37,703,442).

As one or more than one of the applicable percentage ratios in respect of the New Tenancy Agreement is more than 5% and below 25%, the entering into of the New Tenancy Agreement constitutes a discloseable transaction for the Company, and is therefore subject to the notification and announcement requirements but exempt from Shareholders' approval requirement pursuant to Chapter 14 of the Listing Rules.

BACKGROUND

The Board announces that on 10 May 2022, the Tenant, an indirect wholly owned subsidiary of the Company, as lessee, entered into the New Tenancy Agreement in respect of the lease of Premises with the Landlord, an Independent Third Party, in which the lease of Premises has commenced from 15 April 2022 and will expire on 14 April 2027 (both days inclusive) for the Group's use as its production plant, staff quarters and ancillary functions in the PRC.

THE NEW TENANCY AGREEMENT

Details of the principal terms of the New Tenancy Agreement are set out below:

- Date: 10 May 2022
- Parties:
- (i) The Landlord, Dongguan Changan Foreign Economic Development Co.,* (東莞市長安鎮對外經濟發展總公司), as lessor
 - (ii) The Tenant, Dongguan Wise Ally Industrial Co., Ltd. (東莞威雅利實業有限公司), as lessee

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Landlord and its ultimate beneficial owners are Independent Third Parties

- Premises: Buildings No. 1-6, 16 and 17 and ancillary facilities, No. 1066, Chang'an Section, Tai'an Road, Changan Town, Dongguan City, Guangdong Province, the PRC* (中華人民共和國廣東省東莞市長安鎮太安路長安段1066號1號樓至6號樓、16號樓、17號樓及配套設施等)
- Total gross floor area: The total gross floor area of the Premises is 21,442 m²
- Term: Five years commencing from 15 April 2022 to 14 April 2027 (both dates inclusive).
- The aggregate value of consideration payable: The aggregate amount of rent payable under the New Tenancy Agreement is approximately RMB34,787,496 (equivalent to approximately HK\$42,440,745), which will be funded by internal resources of the Group.
- Monthly rent: RMB557,492 per month, inclusive of tax but exclusive of management fee, air-conditioning charges, rates, water charges and all other outgoings from 15 April 2022 to 14 April 2025 (both dates inclusive)

RMB613,241 per month, inclusive of tax but exclusive of management fee, air-conditioning charges, rates, water charges and all other outgoings from 15 April 2025 to 14 April 2027 (both dates inclusive)

The rent under the New Tenancy Agreement was determined after arm's length negotiations between the parties, after taking into consideration the prevailing market price for comparable premises in the vicinity of the Premises.

Security deposit: A deposit of RMB1,672,476, being equivalent to three months' rent, shall be paid by the Tenant to the Landlord as security deposit for the due observance and performance of its obligations under the New Tenancy Agreement.

Use: The Tenant shall use the Premises as a factory for production purpose, staff quarters and ancillary functions only.

Termination: Either party may request for termination of the New Tenancy Agreement with six months' prior notice in writing to the other party. After obtaining the other party's consent and with payment of three months' rent as compensation payment, the New Tenancy Agreement may be terminable before the expiration of its term.

If the government requisites the Premises for its use, the Landlord shall give one year prior written notice to the Tenant to terminate the New Tenancy Agreement and no parties shall have any claims or compensations to another.

The Landlord may terminate the New Tenancy Agreement if the Tenant is in breach of the provisions of the New Tenancy Agreement.

RIGHT-OF-USE ASSET

Pursuant to HKFRS 16, as a result of the entering into of the New Tenancy Agreement, the Premises leased under the New Tenancy Agreement will be recognised as right-of-use asset for an amount of approximately RMB30,904,461 (equivalent to approximately HK\$37,703,442), which is calculated with reference to the present value of the aggregate lease payments to be made under the New Tenancy Agreement.

REASONS FOR AND BENEFITS OF THE NEW TENANCY AGREEMENT

As discussed in the annual results announcement of the Company on 30 March 2022, the Group plans to introduce new products program and develop products of own brand in the future. With the tentative rebound of the global economy and gradual easing of the COVID-19 pandemic, the existing production facility of the Group in the PRC is expected to reach its maximum capacity in the near future.

The Directors believe that by entering into the New Tenancy Agreement and with the additional production facility, the total manufacturing floor area of the Group will be increased. As such, The Group can enlarge its production capacity for better efficiency and higher flexibility to meet the increase in market demand for electronics manufacturing services. The Premises is also in the vicinity to the Group's existing production facility in the PRC, which is beneficial and convenient for the Group's production activities.

The Directors considered that the transaction contemplated under the New Tenancy Agreement was entered into in the ordinary and usual course of business of the Group, and the New Tenancy Agreement was entered into on normal commercial terms after arm's length negotiations between the parties, and the terms of the transaction contemplated under the New Tenancy Agreement were fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION OF THE PARTIES

The Group and the Company

The Company is an investment holding company. The Group is principally engaged in the provision of electronics manufacturing services offering full turnkey solutions with particular focus in consumer electronic products that covers a range of product applications including vapour products, appliances, commercial control and heating, ventilation and air-conditionings.

Dongguan Wise Ally Industrial Co., Ltd.

The Tenant, Dongguan Wise Ally Industrial Co., Ltd., is a limited liability company established under the laws of PRC and is an indirect wholly owned subsidiary of the Company. It is principally engaged in manufacturing and trading of electronic products in the PRC.

The Landlord

The Landlord is a limited liability company established under the laws of PRC and is principally engaged in property investment. To the best knowledge of the Directors, the ultimate beneficial owner of the Landlord is an entity controlled by the People's Government of Changan Town, Dongguan City, Guangdong Province, the PRC.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to HKFRS 16, the entering into of the New Tenancy Agreement as a lessee will require the Group to recognise the right-of-use asset in the consolidated financial statements of the Company, and thus the entering into of the New Tenancy Agreement and the transactions contemplated thereunder will be regarded as an acquisition of asset by the Group in accordance with Rule 14.04(1)(a) of the Listing Rules.

As one or more than one of the applicable percentage ratios in respect of the New Tenancy Agreement is more than 5% and below 25%, the entering into of the New Tenancy Agreement constitutes a discloseable transaction for the Company, and is therefore subject to the notification and announcement requirements but exempt from Shareholders' approval requirement pursuant to Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Board”	the board of Directors
“Company”	Wise Ally International Holdings Limited (麗年國際控股有限公司), a company incorporated in the Cayman Islands and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 9918)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	The Hong Kong Special Administrative Region of the People's Republic of China
“Independent Third Party(ies)”	any person(s) who is/are not connected persons of the Company and is/are third party(ies) independent of the Company and its connected persons in accordance with the Listing Rules
“Landlord”	Dongguan Changan Foreign Economic Development Co.,* (東莞市長安鎮對外經濟發展總公司), a limited liability company established under the laws of PRC and is principally engaged in property investment
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“m ² ”	square meter
“New Tenancy Agreement”	the tenancy agreement dated 10 May 2022 entered into between the Landlord and the Tenant in relation to the Premises
“PRC”	The People’s Republic of China
“Premises”	Buildings No. 1-6, 16 and 17 and ancillary facilities, No. 1066, Chang’an Section, Tai’an Road, Changan Town, Dongguan City, Guangdong Province, the PRC* (中華人民共和國廣東省東莞市長安鎮太安路長安段1066號1號樓至6號樓、16號樓、17號樓及配套設施等)
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of share(s) issued by the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenant”	Dongguan Wise Ally Industrial Co., Ltd. (東莞威雅利實業有限公司), a limited liability company established under the laws of PRC and is an indirect wholly owned subsidiary of the Company

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

Hong Kong, 10 May 2022

As at the date of this announcement, the executive Directors are Mr. Chu Wai Hang Raymond, Mr. Chu Man Yin Arthur Newton and Mr. Lau Shui Fung; and the independent non-executive Directors are Ms. Ling Imma Kit Sum, Mr. Lee Wa Lun Warren and Mr. Szeto Yuk Ting.

For illustrative purpose of this announcement and unless otherwise specified, conversion of RMB into HK\$ is based on the exchange rate of RMB1 = HK\$1.22.

* For identification purpose only