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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)

MAJOR TRANSACTION IN RELATION TO THE TENANCY AGREEMENT

THE TENANCY AGREEMENT

The Board announces that on 6 February 2023, the Tenant, an indirect wholly owned subsidiary of the Company, as lessee, entered into the Tenancy Agreement for the purpose of renewal of the lease in respect of the Premises under the Existing Tenancy Agreement with the Landlord, as lessor, an Independent Third Party, in which the new term of the lease of Premises will commence from 1 April 2023 and will expire on 31 March 2028 (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 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 Tenancy Agreement shall amount to approximately RMB64.2 million (equivalent to approximately HK\$70.6 million).

As the applicable percentage ratios calculated with reference to Rule 14.07 of the Listing Rules in respect of the total rental payables under the Tenancy Agreement is 25% or more but is less than 100%, the entering into of the Tenancy Agreement constitutes a major transaction for the Company, and is therefore subject to the reporting, announcement, circular and Shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

To the best of the knowledge of the Directors, no Shareholder has a material interest in the Tenancy Agreement and the transactions contemplated thereunder, and no Shareholder would be required to abstain from voting at a general meeting of the Company for approving the same if the Company were to convene such a general meeting.

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Tenancy Agreement. A circular containing, among other things, details of the Tenancy Agreement and a notice convening the EGM is expected to be despatched to the Shareholders on or before Monday, 27 February 2023.

BACKGROUND

The Board announces that on 6 February 2023, the Tenant, an indirect wholly owned subsidiary of the Company, as lessee, entered into the Tenancy Agreement for the purpose of renewal of the lease in respect of the Premises under the Existing Tenancy Agreement with the Landlord, as lessor, an Independent Third Party, in which the new term of the lease of Premises will commence from 1 April 2023 and will expire on 31 March 2028 (both days inclusive) for the Group's use as its production plant, staff quarters and ancillary functions in the PRC.

THE TENANCY AGREEMENT

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

Date: 6 February 2023

Parties: (i) The Landlord, Dongguan Yetong Property Management Co., Ltd* (東莞市業通物業管理有限公司), 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 owner are Independent Third Parties.

Premises: No.3 production plant, staff quarter and ancillary functions, Zhen An Middle Road, Wu Sha Community, Changan Town, Dongguan City, Guangdong Province, the PRC* (中華人民共和國廣東省東莞市長安鎮烏沙社區振安中路3號廠房、宿舍及配套設施).

Total gross floor area: The total gross floor area of the Premises is 44,970 m².

Term: Five years commencing from 1 April 2023 to 31 March 2028 (both dates inclusive).

The aggregate value of consideration payable: The aggregate amount of rent payable under the Tenancy Agreement is approximately RMB72.9 million (equivalent to approximately HK\$80.2 million), which will be funded by internal resources of the Group.

Monthly rent: RMB1,169,220 per month, exclusive of tax and all other outgoings from 1 April 2023 to 31 March 2025 (both dates inclusive).

RMB1,214,190 per month, exclusive of tax and all other outgoings from 1 April 2025 to 31 March 2026 (both dates inclusive).

RMB1,259,160 per month, exclusive of tax and all other outgoings from 1 April 2026 to 31 March 2028 (both dates inclusive).

The rent payable under the 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 RMB2,000,000, being equivalent to HK\$2,200,000 shall be paid by the Tenant to the Landlord as security deposit for the due observance and performance of its obligations under the Tenancy Agreement upon signing of the Tenancy Agreement.

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

Termination: During the term of the tenancy, either party may request for termination of the Tenancy Agreement with six months' prior notice in writing to the other party and with payment of six months' rent as compensation payment, the Tenancy Agreement will be terminated before the expiration of its term.

If the government requisites the Premises for its use, the Tenancy Agreement will be terminated immediately.

RIGHT-OF-USE ASSET

Pursuant to HKFRS 16, as a result of the entering into of the Tenancy Agreement, the Premises leased under the Tenancy Agreement will be recognised as right-of-use asset for an amount of approximately RMB64.2 million (equivalent to approximately HK\$70.6 million), which is calculated with reference to the present value of the aggregate lease payments to be made under the Tenancy Agreement.

REASONS FOR AND BENEFITS OF THE ENTERING INTO THE TENANCY AGREEMENT

The principal business of the Group is the provision of electronics manufacturing services offering full turnkey solutions with particular focus in consumer electronic products. The Group has been leasing two properties in the PRC, including the Premises, as its production plants, staff quarters and ancillary functions for its manufacturing operations. The Group has leased the Premises since 2011. As the Group and its employees are familiar with the production functions at the Premises, it is beneficial for the Group to renew the term of the lease of the Premises for another five years to ensure smooth manufacturing operations of the Group. As the term of the Existing Tenancy Agreement will expire on 31 March 2023, the Tenant and the Landlord entered into the Tenancy Agreement to extend the term of the Existing Tenancy Agreement.

The Directors considered that the transaction contemplated under the Tenancy Agreement was entered into in the ordinary and usual course of business of the Group, and the 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 Tenancy Agreement are 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 appliances, commercial control, vapour products and heating, ventilation and air-conditionings.

The Tenant

The Tenant is a limited liability company established under the laws of the 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 the PRC and is principally engaged in property investment. To the best knowledge of the Directors, the ultimate beneficial owner of the Landlord is independent of the Group and its connected persons.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to HKFRS 16, the entering into of the 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 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 the applicable percentage ratios calculated with reference to Rule 14.07 of the Listing Rules in respect of the total rental payables under the Tenancy Agreement is 25% or more but is less than 100%, the entering into of the Tenancy Agreement constitutes a major transaction for the Company, and is therefore subject to the reporting, announcement, circular and Shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

To the best of the knowledge of the Directors, no Shareholder has a material interest in the Tenancy Agreement and the transactions contemplated thereunder, and no Shareholder would be required to abstain from voting at a general meeting of the Company for approving the same if the Company were to convene such a general meeting.

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Tenancy Agreement. A circular containing, among other things, details of the Tenancy Agreement and a notice convening the EGM is expected to be despatched to the Shareholders on or before Monday, 27 February 2023.

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”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“EGM”	extraordinary general meeting of the Company

“Existing Tenancy Agreement”	the existing tenancy agreement entered into between the Landlord and the Tenant in relation to the Premises for a term of five years commencing from 1 April 2018 to 31 March 2023
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, 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 Yetong Property Management Co., Ltd.* (東莞市業通物業管理有限公司), a limited liability company established under the laws of the PRC and to the best knowledge of the Directors, is ultimately beneficially owned by Sun Ruixiong* (孫瑞兄)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“m ² ”	square meter
“PRC”	People’s Republic of China
“Premises”	No.3 production plant, staff quarter and ancillary functions, Zhen An Middle Road, Wu Sha Community, Changan Town, Dongguan City, Guangdong Province, the PRC* (中華人民共和國廣東省東莞市長安鎮烏沙社區振安中路3號廠房、宿舍及配套設施)
“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

“Tenancy Agreement” the tenancy agreement dated 6 February 2023 entered into between the Landlord and the Tenant in relation to the Premises

“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 the 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, 6 February 2023

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\$1.1.

* *For identification purposes only*