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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)**

**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

<b>HIGHLIGHTS</b>			
	<b>Six months ended 30 June</b>		
	<b>2024</b>	<b>2023</b>	
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>Changes</b>
Revenue	<b>563,536</b>	546,606	3.1%
Gross profit	<b>108,445</b>	76,585	41.6%
Gross profit margin	<b>19.2%</b>	14.0%	520 bps
Operating profit	<b>28,406</b>	4,470	535.5%
EBITDA <i>(Note 1)</i>	<b>47,262</b>	25,883	82.6%
Profit/(loss) for the period attributable to equity holders of the Company	<b>15,701</b>	(1,552)	N/A
Basic and diluted earnings/(loss) per share (HK cents)	<b>15.70</b>	(1.55)	N/A

*Note 1: EBITDA stands for earnings before interest expenses, taxation, depreciation and amortisation.*

## 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 2024 together with the comparative figures for the six months ended 30 June 2023 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 30 June 2024*

		Six months ended 30 June	
		2024	2023
	Note	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Revenue	4	563,536	546,606
Cost of sales		(455,091)	(470,021)
<b>Gross profit</b>		<b>108,445</b>	<b>76,585</b>
Other gains, net	5	3,194	4,167
Other income	5	1,550	1,623
Selling and distribution expenses		(27,159)	(22,830)
Administrative expenses		(57,624)	(55,075)
<b>Operating profit</b>		<b>28,406</b>	<b>4,470</b>
Finance income	6	1,988	1,721
Finance costs	6	(9,999)	(8,601)
Finance costs, net	6	(8,011)	(6,880)
<b>Profit/(loss) before income tax</b>		<b>20,395</b>	<b>(2,410)</b>
Income tax (expense)/credit	7	(4,694)	858
<b>Profit/(loss) for the period attributable to equity holders of the Company</b>		<b>15,701</b>	<b>(1,552)</b>
<b>Other comprehensive income/(loss):</b>			
<i>Item that may be subsequently reclassified to profit or loss</i>			
Currency translation differences		1,385	(1,852)
<b>Total other comprehensive income/(loss) for the period</b>		<b>1,385</b>	<b>(1,852)</b>
<b>Total comprehensive income/(loss) for the period attributable to equity holders of the Company</b>		<b>17,086</b>	<b>(3,404)</b>
<b>Earnings/(loss) per share attributable to equity holders of the Company</b>			
Basic and diluted ( <i>HK cents</i> )	9	15.70	(1.55)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		<b>30 June 2024</b>	31 December 2023
	<i>Note</i>	<b>(Unaudited)</b>	(Audited)
		<b>HK\$'000</b>	<b>HK\$'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Properties, plant and equipment		<b>121,686</b>	129,056
Intangible assets		<b>516</b>	637
Deposits and prepayments		<b>6,863</b>	6,827
Investments in joint ventures	13	<b>10</b>	–
Financial asset at fair value through profit or loss	14	<b>–</b>	1,730
Deferred tax assets		<b>4,964</b>	4,719
		<b>134,039</b>	142,969
<b>Current assets</b>			
Inventories		<b>237,875</b>	223,828
Trade receivables	10	<b>273,365</b>	297,822
Financial asset at fair value through profit or loss	14	<b>1,785</b>	–
Prepayments, deposits and other receivables		<b>28,972</b>	26,440
Bank deposits		<b>21,845</b>	–
Cash and cash equivalents		<b>251,738</b>	274,572
		<b>815,580</b>	822,662
<b>Total assets</b>		<b>949,619</b>	965,631
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		<b>20,000</b>	20,000
Reserves		<b>144,609</b>	130,293
<b>Total equity</b>		<b>164,609</b>	150,293

		<b>30 June 2024 (Unaudited) HK\$'000</b>	<b>31 December 2023 (Audited) HK\$'000</b>
	<i>Note</i>		
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long service payment scheme		<b>25</b>	25
Deferred tax liabilities		<b>272</b>	116
Provision for reinstatement cost		<b>1,419</b>	–
Lease liabilities		<b>60,520</b>	66,875
		<hr/>	<hr/>
		<b>62,236</b>	67,016
		<hr/>	<hr/>
<b>Current liabilities</b>			
Trade payables	<i>11</i>	<b>289,134</b>	249,755
Contract liabilities, other payables and accruals		<b>154,911</b>	167,378
Lease liabilities		<b>22,144</b>	19,775
Bank borrowings	<i>12</i>	<b>243,364</b>	292,603
Amount due to a related company		<b>164</b>	171
Current income tax liabilities		<b>13,057</b>	18,640
		<hr/>	<hr/>
		<b>722,774</b>	748,322
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>785,010</b>	815,338
		<hr/>	<hr/>
<b>Total equity and liabilities</b>		<b>949,619</b>	965,631
		<hr/>	<hr/>

## NOTES TO THE CONDENSED 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 its subsidiaries are principally engaged in the manufacturing and sales of electronic products. The ultimate controlling shareholders of the Company and its subsidiaries (collectively, the “**Group**”) are Mr. Chu Wai Hang Raymond (“**Mr. Raymond Chu**”) and Mr. Chu Wai Cheong Wilson (“**Mr. Wilson Chu**”) (collectively, the “**Controlling Shareholders**”).

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

### 2. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group have 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 D2 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The condensed 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 2023 (the “**2023 financial statements**”). The condensed 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 2023 financial statements.

### 3. ADOPTION OF NEW AND AMENDED STANDARDS

#### (a) Amended standards and revised interpretation adopted by the Group

The Group has adopted the following amended standards and revised interpretation for the first time for the current reporting period beginning 1 January 2024:

HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current
HKAS 1 (Amendments)	Non-current Liabilities with Covenants
HKFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayments on Demand Clause
HKAS 7 and HKFRS 7 (Amendments)	Supplier finance arrangements

The amended standards and revised interpretation did not have material impact on the Group’s accounting policies and did not require any adjustments.

**(b) New and amended standards and interpretation issued but not yet adopted by the Group**

The following new and amended standards and interpretation that are not effective for period commencing on 1 January 2024 and have not been early adopted by the Group:

		<b>Effective for accounting period beginning on or after</b>
HKAS 21 and HKFRS 1 (Amendments)	Lack of Exchangeability	1 January 2025
HKFRS 9 and HKFRS 7 (Amendments)	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
HKFRS 18 (Amendments)	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19 (Amendments)	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Hong Kong Interpretation 5 (Amendments)	Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	To be determined

The Group will adopt the above new and amended standards and interpretation 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 new and amended standards and interpretation.

**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 2024 and 2023, 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**

	<b>Six months ended 30 June</b>	
	<b>2024</b> <b>(Unaudited)</b> <b>HK\$'000</b>	<b>2023</b> <b>(Unaudited)</b> <b>HK\$'000</b>
Customer A	<u>N/A*</u>	<u>80,946</u>
Customer B	<u>N/A*</u>	<u>56,425</u>
Customer C	<u>116,537</u>	<u>N/A*</u>
Customer D	<u>72,695</u>	<u>N/A*</u>
Customer E	<u>64,068</u>	<u>N/A*</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:

	<b>Six months ended 30 June</b>	
	<b>2024</b> <b>(Unaudited)</b> <b>HK\$'000</b>	<b>2023</b> <b>(Unaudited)</b> <b>HK\$'000</b>
Philippines	180,454	86,450
United States ("U.S.")	137,435	197,802
Chinese Mainland	111,493	15,079
Ireland	40,826	40,069
United Kingdom	21,756	12,493
Malaysia	18,063	65,037
Mexico	11,364	15,732
Germany	9,707	14,125
Switzerland	9,025	34,628
Hong Kong	7,241	19,168
Netherlands	1,176	13,340
Others ( <i>Note</i> )	<u>14,996</u>	<u>32,683</u>
	<u>563,536</u>	<u>546,606</u>

*Note:* Others mainly include (i) European countries such as Belgium, Bulgaria, Croatia, Estonia, France, Italy and Norway; and (ii) Australia, Canada, India, Israel, New Zealand, Taiwan, Thailand, Turkey and Singapore.

(c) **Details of contract liabilities**

	<b>30 June 2024 (Unaudited) HK\$'000</b>	<b>31 December 2023 (Audited) HK\$'000</b>
Contract liabilities ( <i>Notes</i> )	<b>13,324</b>	<b>12,495</b>

*Notes:*

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

(ii) Unsatisfied performance obligation

As at 30 June 2024, 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 financial instruments and deferred tax assets, of the Group as at 30 June 2024 and 31 December 2023 are located in the following regions:

	<b>30 June 2024 (Unaudited) HK\$'000</b>	<b>31 December 2023 (Audited) HK\$'000</b>
Hong Kong	<b>13,181</b>	<b>5,769</b>
Chinese Mainland	<b>111,219</b>	<b>124,081</b>
	<b>124,400</b>	<b>129,850</b>

**5. OTHER GAINS, NET AND OTHER INCOME**

(a) **Other gains, net**

	<b>Six months ended 30 June 2024 (Unaudited) HK\$'000</b>	<b>2023 (Unaudited) HK\$'000</b>
Loss on disposal of properties, plant and equipment	<b>(21)</b>	<b>(285)</b>
Exchange gains	<b>3,215</b>	<b>6,542</b>
Losses on derivative financial instruments	<b>–</b>	<b>(2,090)</b>
	<b>3,194</b>	<b>4,167</b>



(b) Other income

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Government grants	200	—
Others	1,350	1,623
	<u>1,550</u>	<u>1,623</u>

6. FINANCE COSTS, NET

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest income on bank deposits and convertible bonds	<u>(1,988)</u>	<u>(1,721)</u>
Finance income	<u>(1,988)</u>	<u>(1,721)</u>
Interest expenses on bank borrowings	7,787	6,735
Interest expenses on lease liabilities	<u>2,212</u>	<u>1,866</u>
Finance costs	<u>9,999</u>	<u>8,601</u>
Finance costs, net	<u>8,011</u>	<u>6,880</u>

7. INCOME TAX (EXPENSE)/CREDIT

Pursuant to the enactment of two-tiered profits tax rates by the Inland Revenue Department of Hong Kong from the year of assessment 2019/20 onwards, the first HK\$2 million of assessable profits for the Group's subsidiary in Hong Kong under Hong Kong profits tax is subject to a tax rate of 8.25%. The remaining assessable profits above HK\$2 million will continue to be subject to a tax rate of 16.5%.

During the six months ended 30 June 2024 and 2023, Hong Kong profits tax of the qualified subsidiary of the Group is calculated in accordance with the two-tiered profits tax rates regime.

During the six months ended 30 June 2024 and 2023, the Group's subsidiary in the PRC is subject to corporate income tax ("CIT") at a standard rate of 25%.

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current income tax expense	(4,849)	(1,308)
Deferred income tax credit	<u>155</u>	<u>2,166</u>
Income tax (expense)/credit	<u>(4,694)</u>	<u>858</u>

## 8. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2024 and 2023.

## 9. EARNINGS/(LOSS) PER SHARE

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

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Profit/(loss) for the period attributable to equity holders of the Company ( <i>HK\$'000</i> )	<b>15,701</b>	(1,552)
Weighted average number of ordinary shares in issue ( <i>'000</i> )	<b>100,000</b>	100,000
	<hr/>	<hr/>
Basic and diluted earnings/(loss) per share ( <i>HK cents</i> )	<b>15.70</b>	(1.55)
	<hr/>	<hr/>

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

## 10. TRADE RECEIVABLES

- (a) As at 30 June 2024 and 31 December 2023, the carrying amounts of trade receivables approximated their fair values, which were as follows:

	<b>30 June</b>	<b>31 December</b>
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Trade receivables	<b>279,771</b>	304,228
Less: Provision for impairment of trade receivables	<b>(6,406)</b>	(6,406)
	<hr/>	<hr/>
	<b>273,365</b>	297,822
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The Group's sales are made on credit terms ranging from 15 to 120 days.

- (b) As at 30 June 2024 and 31 December 2023, the aging analysis of trade receivables, net of impairment, based on invoice date, were as follows:

	<b>30 June 2024 (Unaudited) HK\$'000</b>	<b>31 December 2023 (Audited) HK\$'000</b>
Within 1 month	<b>123,463</b>	149,718
1 to 2 months	<b>71,208</b>	67,805
2 to 3 months	<b>57,582</b>	54,863
Over 3 months	<b>21,112</b>	25,436
	<hr/>	<hr/>
	<b>273,365</b>	297,822
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- (c) As at 30 June 2024 and 31 December 2023, the aging analysis of trade receivables, net of impairment, based on payment due date, were as follows:

	<b>30 June 2024 (Unaudited) HK\$'000</b>	<b>31 December 2023 (Audited) HK\$'000</b>
Current and due within 1 month	<b>242,509</b>	264,577
1 to 2 months	<b>11,279</b>	17,424
2 to 3 months	<b>1,598</b>	2,979
Over 3 months	<b>17,979</b>	12,842
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	<b>273,365</b>	297,822
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## 11. TRADE PAYABLES

- (a) As at 30 June 2024 and 31 December 2023, the aging analysis of trade payables, based on invoice date, were as follows:

	<b>30 June 2024 (Unaudited) HK\$'000</b>	<b>31 December 2023 (Audited) HK\$'000</b>
Within 1 month	<b>102,142</b>	94,215
1 to 2 months	<b>62,249</b>	55,503
2 to 3 months	<b>63,776</b>	40,312
Over 3 months	<b>60,967</b>	59,725
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	<b>289,134</b>	249,755
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As at 30 June 2024 and 31 December 2023, the carrying amounts of trade payables approximated their fair values.

- (b) As at 30 June 2024 and 31 December 2023, the aging analysis of trade payables, based on payment due date, were as follows:

	<b>30 June 2024 (Unaudited) HK\$'000</b>	31 December 2023 (Audited) HK\$'000
Current and due within 1 month	257,878	218,960
1 to 2 months	5,842	10,235
2 to 3 months	4,611	5,988
Over 3 months	20,803	14,572
	<u>289,134</u>	<u>249,755</u>

## 12. BANK BORROWINGS

	<b>30 June 2024 (Unaudited) HK\$'000</b>	31 December 2023 (Audited) HK\$'000
Bank borrowings – repayable on demand	<u>243,364</u>	<u>292,603</u>

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

	<b>30 June 2024 (Unaudited) HK\$'000</b>	31 December 2023 (Audited) HK\$'000
Within 1 year	<u>243,364</u>	<u>292,603</u>

As at 30 June 2024 and 31 December 2023, certain Group's bank borrowings and banking facilities were secured through the undertakings given by Mr. Raymond Chu, an executive director and Controlling Shareholder of the Company, and Mr. Wilson Chu, a Controlling Shareholder of the Company. The undertakings given by Mr. Raymond Chu and Mr. Wilson Chu stipulate that for so long as these bank facilities are available to the Company, Mr. Raymond Chu and Mr. Wilson Chu undertake to (i) notify the bank before pledging their shares of the Company; if their shares are pledged, a facility review of the Company will be triggered, and (ii) at all times collectively maintain at least 51% of the beneficial shareholding interest in the Company and collectively remain the single largest shareholder of the Company.

### 13. INVESTMENTS IN JOINT VENTURES

Pursuant to the joint venture agreement signed between the subsidiary of the Company, Wise Ally Holdings Limited and Giken Sakata (S) Limited on 20 March 2024, WiseGiken Elite Pte. Ltd was established as a joint venture, in which the Group subscribed 90% of ordinary shares at a consideration of SGD1,800 and Giken Sakata (S) Limited subscribed 10% of ordinary shares at a consideration of SGD200. The Group has joint control over this investment. As a consequence, the investment was classified as an investment in joint venture.

Movements in the investments in joint ventures are as follows:

	<b>30 June 2024 (Unaudited) HK\$'000</b>	31 December 2023 (Audited) HK\$'000
At the beginning of the year	–	–
Addition	<u>10</u>	<u>–</u>
At the end of the period/year	<u><b>10</b></u>	<u><b>–</b></u>

### 14. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>30 June 2024 (Unaudited) HK\$'000</b>	31 December 2023 (Audited) HK\$'000
Convertible Bonds (“CB”), at fair value, in Hong Kong	<u><b>1,785</b></u>	<u><b>1,730</b></u>

On 28 January 2022, the Group entered into a subscription agreement (the “**CB Subscription Agreement**”) with Talentone Technology Limited (“**TTL**”), pursuant to which the Group agreed to subscribe two tranches of convertible bonds in the aggregate principal amount of HK\$44,000,000 issued by TTL (the “**CB Subscriptions**”). The issue of each tranche of the CB Subscriptions is subject to the fulfilment or waiver (as the case may be) of the conditions precedent set out in the CB Subscription Agreement.

Given that the conditions precedent for the issue of each of the first and second tranche of the convertible bonds as set out in the CB Subscription Agreement have been fulfilled or waived, the subscription of the first tranche of convertible bonds in principal amount of HK\$22,000,000 was completed on 22 March 2022, and the subscription of the second tranche of convertible bonds in principal amount of HK\$22,000,000 was completed on 12 September 2023.

The first and the second tranches of the convertible bonds can be converted into an aggregate of 30% equity interest in TTL as enlarged by (i) 10% equity interest of TTL already subscribed by the Group and (ii) the new shares issued by TTL pursuant to the exercise of the conversion rights attached to the convertible bonds until the maturity date. As disclosed in the announcement of the Company dated 12 September 2023 in relation to the completion of disclosable transaction regarding the second tranche convertible bonds, both the Group and TTL agreed to extend the maturity date of both the first and the second tranches of the convertible bonds to 24 March 2025 (“**Maturity Date**”).

The convertible bonds are unsecured, interest-bearing at 1% per annum and repayable on Maturity Date.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS AND FINANCIAL REVIEW

The Group recorded revenue of approximately HK\$563.5 million for the first half of 2024 (first half of 2023: approximately HK\$546.6 million), reflecting an increase of approximately HK\$16.9 million, or approximately 3.1%. For the first half of 2024, our products were shipped to over 24 (first half of 2023: 25) countries and regions. The Philippines became our largest market, which contributed to approximately HK\$180.5 million (first half of 2023: approximately HK\$86.5 million), or approximately 32.0% (first half of 2023: approximately 15.8%) of our total revenue. Gross profit amounted to approximately HK\$108.4 million (first half of 2023: approximately HK\$76.6 million), representing an increase of approximately HK\$31.8 million, or approximately 41.6%, while the gross profit margin apparently increased from 14.0% for the first half of 2023 to 19.2% for the first half of 2024. The increase in the revenue and the gross profit of the Group in the first half of 2024 as compared to the corresponding period in 2023 was mainly attributable to the new products launched by our key customers which led to increase in our product mix and the customer orders for our products with a relatively higher contribution margin during the first half of 2024.

To reduce the borrowing costs, measures have been taken to lower bank borrowings by HK\$49.2 million from HK\$292.6 million as at 31 December 2023 to HK\$243.4 million as at 30 June 2024. In the meantime, a more proactive approach to debt collection has been implemented in the trade receivable management, which has resulted in a decrease of HK\$24.5 million as at 30 June 2024, compared to the end of last year. In anticipation of increased business activity in the third quarter of 2024, key inventories have been procured by the Group, leading to an increase in inventories from approximately HK\$223.8 million as at 31 December 2023 to approximately HK\$237.9 million as at 30 June 2024.

Selling, distribution and administrative expenses amounted to approximately HK\$84.8 million (first half of 2023: approximately HK\$77.9 million), reflecting an increase of approximately HK\$6.9 million and such increase was mainly attributable to: (i) an increase in selling expenses which was primarily attributed to the increase in sales commission of approximately HK\$2.7 million which was in parallel with the increase in sales of the Group during the first half of 2024, (ii) an increase in the deployment of our research and development efforts of approximately HK\$2.5 million to innovate and create new product plans in expanding the market share, and (iii) an increase in rental charge of HK\$1.3 million due to the new lease of office in Hong Kong.

Net finance costs increased by approximately HK\$1.1 million, or approximately 15.9% from approximately HK\$6.9 million for the first half of 2023 to approximately HK\$8.0 million for the first half of 2024. The increase in finance costs was primarily due to the persistently high interest rate of the Hong Kong Interbank Offered Rate during the first half of 2024.

Exchange gains for the first half of 2024 amounted to approximately HK\$3.2 million (first half of 2023: exchange gains of approximately HK\$6.5 million). The decrease in exchange gains was due to the slight depreciation of U.S. dollars during the first half of 2024 as most of the sales of the Group were conducted in U.S. dollars.

As a result of the foregoing, profit for the period attributable to equity holders of the Company for the first half of 2024 amounted to approximately HK\$15.7 million (first half of 2023: loss of approximately HK\$1.6 million).

## **PROSPECTS**

Since the end of COVID-19, adversity has descended with unprecedented speed and fury. The global economic outlook remains highly uncertain, and the economic recovery may still take longer than anticipated due to various uncontrollable factors, such as subdued consumer spending, ongoing geopolitical tensions and a volatile interest rate environment.

To address the challenges proactively, the Group has been committed to investing in the research and development and engineering resources. Our research and development pipeline has begun to yield positive results, and our pipeline products are set to transition to mass production in the remainder of 2024 and early 2025. The Group would implement various resource allocation plans, such as consolidating the factory sites in the PRC and enhancing production for the factory site in Bataan, to enhance cost-efficiency and mitigate geopolitical barrier issues. The Group would continue to consolidate and expand its high-power electrical equipment protection devices businesses and develop its own branded electronic products, as well as enhance its in-house capabilities in integrated systems with connectivity to ultra-high-speed communication networks that can seamlessly integrate with the Artificial Intelligence platforms. In addition, the Group would also continue to enhance its diversified product mix and implement new product strategies in order to expand its market share and maximize its overall profitability.

In this epoch of dizzying chaos, stalling, vacillating, or retreating could, in no way, avert disasters. Instead, we should be oblivious to the clutter of distressing signals and plough ahead. We believe that our strategic approach will underscore our commitment to meeting customer needs while fostering long-term success in an ever-evolving industry landscape.

## **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 2024, the Group's bank borrowings were approximately HK\$243.4 million (31 December 2023: approximately HK\$292.6 million) while the Group's cash and cash equivalents and bank deposits were approximately HK\$273.6 million (31 December 2023: approximately HK\$274.6 million).

As at 30 June 2024, the Group's total net cash by means of bank deposits and cash and equivalents less borrowings amounted to approximately HK\$30.2 million (31 December 2023: net borrowings approximately HK\$18.0 million) while its total equity amounted to approximately HK\$164.6 million (31 December 2023: approximately HK\$150.3 million). As the Group was in a net cash position, no gearing ratio was presented (31 December 2023: net gearing ratio 12.0%). The net gearing ratio is calculated as total borrowings net of cash and cash equivalents and bank deposits 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 2024, the Group incurred total capital expenditures of HK\$4.3 million for additions of properties, plant and equipment and intangible assets.

As at 30 June 2024, the Group had capital commitments in relation to the purchase of plant and machinery, contracted but not provided for in the amount of HK\$2.1 million.

## **CONTINGENT LIABILITIES**

As at 30 June 2024, 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 2024 (as at 30 June 2023: nil).

## **CHARGES ON ASSETS**

As at 30 June 2024, there were no charges over the assets of the Group (as at 30 June 2023: nil).

## **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.



## **INTERIM DIVIDEND**

The Directors do not recommend to declare any interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: nil).

## **CAPITAL STRUCTURE**

The shares of the Company were listed on the Main Board of the Stock Exchange on 10 January 2020. As at 30 June 2024, the Company's total number of issued shares was 100,000,000 of HK\$0.2 each (30 June 2023: 100,000,000 shares of HK\$0.2 each).

As at 30 June 2024, the Group's capital structure consists of bank borrowings and equity attributable to equity holders of the Company, comprising issued share capital and reserves. There was no material change in capital structure of the Group during the six months ended 30 June 2024.

## **MATERIAL EVENT AFTER THE REPORTING PERIOD**

Save as disclosed in this announcement, there were no significant events after 30 June 2024 which have material effect on the Group.

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

The Group did not have any significant investments, material acquisition or disposal of subsidiaries, associates or joint ventures during the six months ended 30 June 2024.

Save as the aforesaid CB included in the financial asset at fair value through profit or loss as set out in the note 14 to the condensed consolidated financial information above, the Group did not make or hold any significant investments (including any investment with a value of 5% or more of the Group's total assets as at 30 June 2024) during the six months ended 30 June 2024.

## **EMPLOYEES**

As at 30 June 2024, the Group employed approximately 2,000 (31 December 2023: 1,600) employees in Hong Kong and the PRC. Total staff costs for the six months ended 30 June 2024 amounted to HK\$124.0 million (for the year ended 31 December 2023: HK\$223.5 million). 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. No share option was granted during the six months ended 30 June 2024 and, as at 30 June 2024, there was no outstanding option granted under the scheme.

## **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 2024 (including sales of treasury shares (as defined in the Listing Rules)). As at 30 June 2024, there was no treasury shares held by the Company or its subsidiaries.

## **CORPORATE GOVERNANCE**

The Company had adopted and complied with all applicable code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) throughout the six months ended 30 June 2024 except for code provision C.2.1.

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company has deviated from this code provision as Mr. Raymond Chu has acted as both the Chairman and Chief Executive Officer of the Company since 30 September 2021.

Considering that Mr. Raymond Chu is the founder of the Group and possesses the expertise and extensive experience in the electronics manufacturing services industry conducive to the Company's development, coupled with Mr. Raymond Chu's responsibility in major decision-making concerning the Group's daily management and business, the Board believes that both the roles of Chairman and Chief Executive Officer being assumed by Mr. Raymond Chu can provide the Group with strong and consistent leadership and allow for effective development of long-term business strategies and efficient execution of business decisions and plans.

The Board also believes that the balance of authority is adequately ensured as the Board currently comprises three independent non-executive Directors who offer different independent perspectives. At the same time, all major decisions of the Company are made in consultation with members of the Board as well as the senior management. Therefore, the Board is of the view that the current organizational structure of the Company is in the interests of the Company and the shareholders of the Company as a whole, and there is adequate balance of power and safeguards in place. The Board will nevertheless review the organizational structure of the Company and composition of the Board from time to time in light of prevailing circumstances in order to maintain a high standard of corporate governance practices of the Company.

## **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 C3 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 2024.

## AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) comprises three independent non-executive Directors, namely Ms. Elizabeth Law (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 2024.

## 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 2024 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, Executive Director and Chief Executive Officer*

Hong Kong, 28 August 2024

*As at the date of this announcement, the executive directors of the Company are Mr. Chu Wai Hang Raymond, Mr. Chu Man Yin Arthur Newton and Mr. Lau Shui Fung; and the independent non-executive directors of the Company are Ms. Elizabeth Law, Mr. Lee Wa Lun Warren and Mr. Szeto Yuk Ting.*