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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 ANNUAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**HIGHLIGHTS**

	<b>For the year ended 31 December</b>		
	<b>2021</b>	<b>2020</b>	<b>Changes</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	
Revenue	<b>1,047,330</b>	819,503	27.8%
Gross profit	<b>194,262</b>	156,892	23.8%
Gross profit margin	<b>18.5%</b>	19.1%	-60 bps
Operating profit	<b>34,978</b>	14,692	138.1%
Profit for the year attributable to equity holders of the Company	<b>20,120</b>	1,451	1,286.6%
Basic and diluted earnings per share	<b>1.01 HK cents</b>	0.07 HK cent	1,342.9%

## FINAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Wise Ally International Holdings Limited (the “**Company**”) announces the consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2021 (“**FY2021**”) together with the comparative figures for the year ended 31 December 2020 (“**FY2020**”) as follows:

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 December 2021*

	Note	2021 HK\$'000	2020 HK\$'000
Revenue	3	1,047,330	819,503
Cost of sales		<u>(853,068)</u>	<u>(662,611)</u>
<b>Gross profit</b>		<b>194,262</b>	156,892
Other losses, net	4	(14,743)	(9,829)
Other income	4	1,740	4,800
Selling and distribution expenses		(52,414)	(48,241)
Administrative expenses		(93,481)	(87,474)
Impairment losses on financial assets		<u>(386)</u>	<u>(1,456)</u>
<b>Operating profit</b>		<b>34,978</b>	14,692
Finance income		41	783
Finance costs		<u>(7,571)</u>	<u>(11,980)</u>
Finance costs, net		<u>(7,530)</u>	<u>(11,197)</u>
<b>Profit before income tax</b>		<b>27,448</b>	3,495
Income tax expense	5	<u>(7,328)</u>	<u>(2,044)</u>
<b>Profit for the year attributable to equity holders of the Company</b>		<b>20,120</b>	1,451
<b>Other comprehensive income:</b>			
<i>Item that may be subsequently reclassified to profit or loss</i>			
Currency translation differences		4,919	3,749
<i>Item that will not be subsequently reclassified to profit or loss</i>			
Actuarial gain on long service payment scheme		<u>–</u>	<u>5</u>
<b>Total other comprehensive income for the year</b>		<b>4,919</b>	3,754
<b>Total comprehensive income for the year attributable to equity holders of the Company</b>		<b>25,039</b>	5,205
<b>Earnings per share attributable to equity holders of the Company</b>			
Basic and diluted ( <i>HK cents</i> )	6	<u>1.01</u>	<u>0.07</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	<i>Note</i>	<b>2021</b> <i>HK\$'000</i>	<b>2020</b> <i>HK\$'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Properties, plant and equipment		<b>90,433</b>	92,740
Intangible assets		<b>935</b>	2,460
Deposits and prepayments		<b>2,905</b>	8,249
Deferred tax assets		<b>4,121</b>	5,068
		<b>98,394</b>	108,517
<b>Current assets</b>			
Inventories		<b>288,728</b>	135,954
Trade receivables	8	<b>275,183</b>	255,800
Prepayments, deposits and other receivables		<b>27,632</b>	10,919
Cash and cash equivalents		<b>207,272</b>	234,376
		<b>798,815</b>	637,049
<b>Total assets</b>		<b>897,209</b>	745,566
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	11	<b>20,000</b>	20,000
Reserves		<b>132,744</b>	117,705
<b>Total equity</b>		<b>152,744</b>	137,705

	<i>Note</i>	<b>2021</b> <b>HK\$'000</b>	2020 HK\$'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long service payment scheme		25	25
Deferred government grants		132	170
Deferred tax liabilities		2,170	1,164
Lease liabilities		<u>15,741</u>	<u>24,489</u>
		<u>18,068</u>	<u>25,848</u>
<b>Current liabilities</b>			
Trade payables	9	233,494	180,228
Contract liabilities, other payables and accruals		200,896	102,495
Deferred government grants		1,171	1,033
Lease liabilities		17,158	14,296
Bills payables		15,680	20,328
Bank borrowings	10	249,900	261,456
Amount due to a related company		636	126
Current income tax liabilities		<u>7,462</u>	<u>2,051</u>
		<u>726,397</u>	<u>582,013</u>
<b>Total liabilities</b>		<u>744,465</u>	<u>607,861</u>
<b>Total equity and liabilities</b>		<u>897,209</u>	<u>745,566</u>

## NOTES:

### 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 and Mr. Chu Wai Cheong Wilson (collectively, the “**Controlling Shareholders**”) who have been controlling the group companies since their incorporation.

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

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

### 2. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires the directors of the Company to exercise their judgement in the process of applying the Group’s accounting policies.

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

The Group has applied the following amended standards for the first time for their annual reporting period beginning 1 January 2021:

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

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 and amended standards, interpretation and accounting guideline issued but not yet adopted by the Group**

The following new and amended standards, interpretation and accounting guideline have been issued but are not effective for the Group's financial periods beginning 1 January 2021 and have not been early adopted by the Group:

		<b>Effective for accounting period beginning on or after</b>
Amendments to HKFRS 16	Covid-19-related Rent Concessions Beyond 30th June 2021	1 April 2021
Accounting Guideline 5 (revised)	Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations	1 January 2022
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds Before Intended Use	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Costs of Fulfilling a Contract	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Annual Improvements Project	Annual Improvements to HKFRSs 2018-2020	1 January 2022
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
HKFRS 17 and Amendments to HKFRS 17	Insurance Contracts	1 January 2023
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayments on Demand Clause	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 and amended standards, interpretation and accounting guideline 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, interpretation and accounting guideline.

### 3. 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 the 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 years ended 31 December 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**

	2021 <i>HK\$’000</i>	2020 <i>HK\$’000</i>
Customer A	<u>132,367</u>	<u>154,134</u>
Customer B	<u>N/A*</u>	<u>138,572</u>
Customer C	<u>125,387</u>	<u>N/A*</u>
Customer D	<u>N/A*</u>	<u>87,601</u>
Customer E	<u>120,556</u>	<u>N/A*</u>

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

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

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
United States (the "U.S.")	430,948	439,680
Philippines	168,837	59,412
Ireland	129,224	71,517
United Kingdom	100,368	96,706
Switzerland	35,458	15,240
The People's Republic of China (the "PRC")	36,383	33,292
Estonia	24,480	21,057
Germany	24,154	16,496
Netherlands	23,500	14,333
Hong Kong	6,980	20,812
Others ( <i>Note</i> )	66,998	30,958
	<u>1,047,330</u>	<u>819,503</u>

*Note:* Others mainly include (i) European countries such as Czech Republic, France, Italy, Norway, Sweden and Turkey; and (ii) Australia, Canada, India, Korea, Malaysia, Mexico, New Zealand, Singapore, Taiwan, Thailand and Vietnam.

**(c) Details of contract liabilities**

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Contract liabilities ( <i>Notes</i> )	<u>61,161</u>	<u>22,257</u>

*Notes:*

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

As at 31 December 2021 and 2020, 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 31 December 2021 and 2020 were located in the following regions:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong	15,494	11,219
The PRC	78,779	92,230
	<u>94,273</u>	<u>103,449</u>

#### 4. OTHER LOSSES, NET AND OTHER INCOME

##### (a) Other losses, net

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss on disposal of properties, plant and equipment	(2,325)	(731)
Exchange losses	(12,418)	(9,100)
Gain on lease modification	–	2
	<u>(14,743)</u>	<u>(9,829)</u>

##### (b) Other income

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Government grants	<u>1,740</u>	<u>4,800</u>

#### 5. INCOME TAX EXPENSE

During the years ended 31 December 2021 and 2020, the Group's subsidiary in Hong Kong had no assessable profit under Hong Kong profits tax.

During the year ended 31 December 2021, the Group's subsidiary in the PRC was subject to corporate income tax ("CIT") at a standard rate of 25%. During the year ended 31 December 2020, the Group's subsidiary in the PRC had no assessable profit under CIT.

During the years ended 31 December 2021 and 2020, a 5% withholding tax was levied on dividend declared by the Company in the PRC to its foreign shareholder.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Current income tax</b>		
– PRC CIT	4,662	–
Under/(over)-provision in prior year		
– PRC CIT	–	30
– Hong Kong profits tax	–	(193)
	<u>–</u>	<u>(163)</u>
Total current income tax	4,662	(163)
<b>Deferred income tax</b>	<u>2,666</u>	<u>2,207</u>
Income tax expense	<u>7,328</u>	<u>2,044</u>

## 6. EARNINGS PER SHARE

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

In determining the weighted average number of ordinary shares deemed to be in issue during the year ended 31 December 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 in relation to the listing, were deemed to have been issued since 1 January 2020.

	Year ended 31 December	
	2021	2020
Profit for the year attributable to equity holders of the Company (HK\$'000)	20,120	1,451
Weighted average number of ordinary shares in issue ('000)	<u>2,000,000</u>	<u>1,987,705</u>
Basic and diluted earnings per share (HK cents)	<u>1.01</u>	<u>0.07</u>

There were no differences between the basic and diluted earnings per share as there were no potential dilutive ordinary shares outstanding during the year.

## 7. DIVIDENDS

The Directors of the Company did not recommend the payment of an interim dividend for the year ended 31 December 2020.

At the Board meeting held on 29 March 2021, the Directors recommended the payment of a final dividend of HK\$0.005 per ordinary share for the year ended 31 December 2020, amounting to a total of HK\$10,000,000. The dividends were paid during the year ended 31 December 2021.

The Directors of the Company did not recommend the payment of an interim dividend for the year ended 31 December 2021.

At the Board meeting held on 30 March 2022, the Directors of the Company recommended the payment of a final dividend of HK\$0.0025 per ordinary share for the year ended 31 December 2021, amounting to a total of HK\$5,000,000. The final dividend was not reflected as dividend payable in these consolidated financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2022 after receiving shareholders' approval at the forthcoming annual general meeting.

## 8. TRADE RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	277,025	257,256
Less: provision for impairment of trade receivables	<u>(1,842)</u>	<u>(1,456)</u>
	<u>275,183</u>	<u>255,800</u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 to 90 days	240,049	241,248
91 to 365 days	33,871	12,107
Over 365 days	<u>1,263</u>	<u>2,445</u>
	<u>275,183</u>	<u>255,800</u>

Movements of the provision for impairment of trade receivables were as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
At beginning of the year	1,456	1,556
Provision for impairment of trade receivables on an individual basis	251	1,304
Provision for impairment of trade receivables on a collective basis	135	152
Written-off	<u>-</u>	<u>(1,556)</u>
At end of the year	<u>1,842</u>	<u>1,456</u>

## 9. TRADE PAYABLES

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 to 90 days	186,639	168,145
91 to 365 days	45,429	7,994
Over 365 days	<u>1,426</u>	<u>4,089</u>
	<u>233,494</u>	<u>180,228</u>

## 10. BANK BORROWINGS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Bank loans – secured and repayable on demand	<u>249,900</u>	<u>261,456</u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 1 year	239,400	244,956
Between 1 and 2 years	6,000	6,000
Between 2 and 5 years	<u>4,500</u>	<u>10,500</u>
	<u>249,900</u>	<u>261,456</u>

During the year ended 31 December 2021, the Group was in compliance with the financial covenants of its bank facilities save as the facilities described below. As at 31 December 2021, the Group was in breach of certain financial covenants in respect of the Group's facilities with a bank with the total facilities granted amounting to approximately HK\$326,500,000, of which approximately HK\$230,263,000 was utilised by the Group as bank borrowings and bills payables as of 31 December 2021.

After the end of the reporting period, notwithstanding the breach of financial covenants under the bank facilities with the relevant bank, upon the mutual agreement of the relevant bank and the Group and having settled part of the drawn down amount and the breach of covenant penalty imposed by the relevant bank, the Group renewed the bank facilities with the relevant bank and with facilities limit reduced to HK\$220,000,000.

With the consideration of the cash and cash equivalents amounting to approximately HK\$207,272,000, the financial position and operating activities of the Group and the undrawn bank facilities with other banks amounting to approximately HK\$164,684,000 as at 31 December 2021, the management considers that the breach of financial covenants under the bank facilities described above did not have any material adverse impact to the Group.

## 11. SHARE CAPITAL

	Number of shares <i>'000</i>	Nominal value <i>HK\$'000</i>
At 1 January 2020	1,000	10
Capitalisation issue ( <i>Note a</i> )	1,499,000	14,990
Issuance of shares upon listing ( <i>Note b</i> )	<u>500,000</u>	<u>5,000</u>
At 31 December 2020, 1 January 2021 and 31 December 2021	<u>2,000,000</u>	<u>20,000</u>

*Notes:*

- (a) Pursuant to the written resolution passed by the shareholders of the Company on 10 December 2019, a total of 1,499,000,000 shares of HK\$0.01 each were allotted and issued at par value to the shareholders of the Company as of 10 January 2020 on a pro rata basis by way of capitalisation of HK\$14,990,000 from the Company's share premium account on the Listing Date.
- (b) On 10 January 2020, pursuant to the Hong Kong public offering and international placing (the "**Global Offering**"), the Company issued a total of 500,000,000 ordinary shares at a price of HK\$0.25 per share for a total gross proceeds (before related share issuance costs) of HK\$125,000,000.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

Approaching the third year of the COVID-19 crisis, though the global economy environment is still tough and challenging, we completed the year of 2021 with a very encouraging result.

The enormous trade tensions between the U.S. and the PRC together with the Russo-Ukrainian War have continued to adversely affect the market demand for our products as well as supply stability. As mentioned in the Company's 2021 interim report, the growth of the Group's revenue in the first half of 2021 was 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 first half of FY2021. The combined impact of these factors adversely affected the Group's financial performance in the first half of FY2021, by which the Group's revenue only hit HK\$421.3 million and the Group suffered a loss of HK\$7.9 million for the first half of FY2021. In response to the challenges and difficult operating conditions, by putting more efforts in developing and exploring the new customer base, we have been benefited from the gradual rebound of the global economy leading to a significant increase in sales orders received by our Group from some of our major customers and the new customers in the second half of FY2021. With our resilient manufacturing capabilities and our efforts in overcoming the challenges, we achieved a revenue of HK\$626.0 million with a profit of HK\$28.0 million in the second half of FY2021. As a result, the Group recorded a total revenue of HK\$1,047.3 million and profit of HK\$20.1 million for FY2021, reflecting an increase of HK\$227.8 million or 27.8% as compared to the revenue of HK\$819.5 million and an increase of HK\$18.7 million or 1,286.6% as compared to net profit of HK\$1.5 million for FY2020, respectively, despite the adverse impacts from the COVID-19 pandemic.

A tentative rebound of the global economy and gradual easing of the COVID-19 pandemic might have contributed, but, with certitude and pride, it is the resiliency and dedication of our staff that underwrite this significant upswing.

### PROSPECTS

Even as the Omicron variant of COVID-19 has begun to recede, the world has not yet been able to return to 'normalcy' when the Russo-Ukrainian War erupted in what is arguably the greatest, most dangerous military conflict since World War Two. The human tragedy is immense. The fallout could potentially be so enormous and profound that it cannot be gaged or comprehended meaningfully at this stage. New disruptions, surging inflation, and soaring interest rates, are about the only ominous certainties in a sea of uncertainties.

In response, and going forward, the introduction of new pipeline products will bring in new customers, and developing products of our own brand will be pursued ardently and feverishly.

On top of the above, our collaboration with Talentone Technology Limited, which has been licensed by a Fortune 100 company (the "**Licensor**") to use the licensed trademark (the "**Licensed Trademark**") in certain products in its ordinary course of business as a wholesale distributor, has been consummated which should, with time and effort, open up exciting growth opportunities in the area of floor care products.

The Licensor distributes products with their Licensed Trademark in over 1,200 locations across over 70 countries. It is envisioned that by leveraging this linkage, our Group's capabilities and footprints can be much expanded.

Despite all these current uncertainties, we are confident that the Company will emerge fresher, stronger and worthier.

## **FINANCIAL REVIEW**

The Group recorded revenue of HK\$1,047.3 million for FY2021 (FY2020: HK\$819.5 million), reflecting an increase of HK\$227.8 million, or 27.8%. Such increase was mainly due to the recovery of business in the last quarter in 2021.

For FY2021, our products were shipped to over 25 (FY2020: 24) countries and regions. The U.S. continued to be our largest market, which contributed to HK\$430.9 million (FY2020: HK\$439.7 million), or 41.1% (FY2020: 53.7%) of our total revenue. Sales to the U.S. showed a minute drop in comparison with that of last year, as sales in the U.S. were fairly stable. The percentage of U.S. sales over our total revenue displayed a fall of 12.6%, which was attributable to the remarkably expanded sales in other countries, such as the Philippines and Ireland, in FY2021. The changes in sales mix to other major countries of the world were mainly the combined impact of the COVID-19 pandemic and change of distribution strategy from some of our major customers between countries.

Gross profit amounted to HK\$194.3 million (FY2020: HK\$156.9 million), representing an increase of HK\$37.4 million, or 23.8%, while the gross profit margin decreased from 19.1% for FY2020 to 18.5% for FY2021. The increase in gross profit was mainly due to the increase in revenue brought by new customers, whilst the decrease in gross profit margin was a direct result of higher material costs driven by key components shortage and supply chain disruption in FY2021.

The selling and distribution and administrative expenses amounted to HK\$145.9 million (FY2020: HK\$135.7 million), reflecting an increase of HK\$10.2 million or 7.5%. The increase in expenses was primarily due to an especially steep increase in global freight rates in FY2021.

Net finance costs decreased by HK\$3.7 million, or 33.0% from HK\$11.2 million for FY2020 to HK\$7.5 million for FY2021. The decrease was mainly due to the fact that some revolving loans and term loans were repaid during FY2021.

As a result of the foregoing, profit for the year attributable to equity holders of the Company for FY2021 amounted to HK\$20.1 million (FY2020: HK\$1.5 million). The increase in profit for FY2021 was mainly attributable to the profit attained in the second half of FY2021, which was slightly offset by the loss suffered in the first half of FY2021 as the global economy had been gradually adapting to the conditions of the pandemic.

## **DIVIDEND**

The Board recommends the payment of a final dividend of HK\$5.0 million (2020: HK\$10.0 million), representing HK\$0.0025 (2020: HK\$0.0050) per ordinary share for the year ended 31 December 2021. Subject to the approval by the shareholders of the Company at the forthcoming annual general meeting of the Company to be held on Wednesday, 1 June 2022 (the "2022 AGM"), the proposed final dividend is expected to be paid on or before Thursday, 23 June 2022 to the shareholders of the Company whose names appear on the register of members of the Company on Thursday, 9 June 2022.

## **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 31 December 2021, the Group's bank borrowings were HK\$249.9 million (31 December 2020: HK\$261.5 million) while the Group's cash and cash equivalents were HK\$207.3 million (31 December 2020: HK\$234.4 million).

As at 31 December 2021, the Group's total net borrowings amounted to HK\$42.6 million (31 December 2020: HK\$27.1 million) while its total equity amounted to HK\$152.7 million (31 December 2020: HK\$137.7 million), resulting in a net gearing ratio of 27.9% (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**

The Group incurred total capital expenditures of HK\$16.9 million during FY2021 (FY2020: HK\$19.4 million) for additions of properties, plant and equipment and intangible assets.

As at 31 December 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\$1.8 million (31 December 2020: HK\$4.9 million).

## **CONTINGENT LIABILITIES**

As at 31 December 2021, to the best knowledge of the Board, the Group was not involved in any legal proceedings pending or threatened against our Group which could have a material adverse effect on our business or operations. Besides, the Group did not have any significant contingent liabilities as at 31 December 2021.

## **CHARGES ON ASSETS**

As at 31 December 2021 and 2020, there were no charges over the assets of the Group.

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

The Group did not have any material acquisition and disposal of subsidiaries, associates and joint ventures during the year ended 31 December 2021.

## **SIGNIFICANT INVESTMENTS**

As at 31 December 2021, there were no significant investments held by 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 instruments to hedge against its foreign exchange exposure during the year ended 31 December 2021.

## EVENTS OCCURRING AFTER THE REPORTING PERIOD

- (a) On 28 January 2022, Wise Ally Holdings Limited (“**the Subscriber**”), a wholly-owned subsidiary of the Company, entered into the share subscription agreement and the convertible bonds subscription agreement with Talentone Technology Limited (“**the Target Company**”), an independent third party of the Company, pursuant to which the Subscriber conditionally agreed to subscribe for, and the Target Company conditionally agreed to issue, the subscription shares (the “**Subscription Shares**”) at a consideration of HK\$2,000,000 (the “**Share Subscription**”) and the convertible bonds at an aggregate consideration of HK\$44,000,000 (the “**CB Subscription**”) respectively. Reference is made to the announcements of the Company dated 28 January 2022, 8 February 2022 and 22 March 2022 in relation to a discloseable transaction regarding the Share Subscription and the CB Subscription in details.

The Target Company is principally engaged in the development and sales of the high technology floor care products including, among others, vacuum cleaners and has been granted the right to use the licensed trademarks in certain products in its ordinary course of business as a wholesale distributor.

Upon the completion of the Share Subscription and the CB Subscription, the Group can leverage on the Target Company’s experience and sales network and start establishing its own network while also expanding the Group’s revenue sources.

The Share Subscription and the first tranche CB Subscription of the convertible bonds in a principal amount of HK\$22,000,000 were completed on 22 March 2022.

- (b) Due to the outbreak of the novel coronavirus pandemic, a number of provinces and municipalities in the PRC have taken emergency public health measures and various actions to prevent the spread of the novel coronavirus.

The Group will continue to assess the impact of the outbreak of the novel coronavirus pandemic on the financial performance of the Group and operation of the Group’s production plant in Dongguan and the Group’s exposure to the risks and uncertainties in this connection. The Group will take appropriate measures as necessary.

## **CAPITAL STRUCTURE**

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

As at 31 December 2021, the Group's capital structure consisted 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 FY2021.

## **EMPLOYEES**

As at 31 December 2021, the Group employed approximately 1,300 (31 December 2020: 1,500) employees in Hong Kong and the PRC. Total staff costs for FY2021 amounted to HK\$191.4 million (FY2020: HK\$160.8 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 option was granted during FY2021 and as at 31 December 2021, there was no outstanding option granted under the scheme.

## **CLOSURE OF REGISTER OF MEMBERS**

For determining the entitlement to attend and vote at the 2022 AGM, the register of members of the Company will be closed from Friday, 27 May 2022 to Wednesday, 1 June 2022, both dates inclusive, during which period no transfer of share(s) will be registered. In order to be eligible to attend and vote at the 2022 AGM, unregistered holder(s) of share(s) of the Company shall ensure that all transfer document(s) accompanied by the relevant share certificate(s) must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 26 May 2022.

For determining the entitlement to the proposed final dividend (subject to the approval by the shareholders of the Company at the 2022 AGM), the register of members of the Company will be closed from Wednesday, 8 June 2022 to Thursday, 9 June 2022, both days inclusive, during which period no transfer of share(s) of the Company will be registered. In order to qualify for the proposed final dividend, unregistered holder(s) of share(s) of the Company should ensure that all transfer document(s) accompanied by the relevant share certificate(s) must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 7 June 2022.

## USE OF PROCEEDS

The shares of the Company have been listed on the Main Board of the Stock Exchange since 10 January 2020 by way of 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 31 December 2021, the details of the utilised and unutilised net proceeds were as follows:

Intended use of proceeds	Proposed use of proceeds <i>HK\$ million</i>	Utilised <i>HK\$ million</i>	Unutilised <i>HK\$ million</i>	Expected timeline of full utilisation of the unutilised proceeds
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)</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	(2.8)	16.6	By the end of 2023 <i>(Note)</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	(0.6)	1.9	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>(21.2)</u>	<u>52.8</u>	

*Note:*

Due to the border controls, travel restrictions and disruptions in supply chain caused by the COVID-19 pandemic, the unutilised proceeds for these expansion plans and enhancement projects are expected to be utilised 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 FY2021.

## **CORPORATE GOVERNANCE**

The Stock Exchange has announced amendments to Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") which shall apply to corporate governance reports for financial years commencing on or after 1 January 2022. Appendix 14 to the Listing Rules has been restructured and renamed from "Corporate Governance Code and Corporate Governance Report" to "Corporate Governance Code" and the code provision numbers are updated. As such, the code provision numbers mentioned in this announcement are referring to the code provision numbers in the predecessor Appendix 14 to the Listing Rules, unless otherwise stated.

The Company had complied with all the then-effective code provisions as set out in the Corporate Governance Code (the "**CG Code**") in Appendix 14 to the Listing Rules during FY2021 except for code provision A.2.1 (now C.2.1).

Under code provision A.2.1 (now 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. Chu Wai Hang, Raymond ("**Mr. Chu**") has acted as both the Chairman and Chief Executive Officer of the Company since 30 September 2021.

Considering that Mr. Chu is the founder of the Group and possesses the expertise and extensive experience in the electronics manufacturing services (EMS) industry conducive to the Company's development, coupled with Mr. 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. 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 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.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS**

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 during FY2021.

## **SUFFICIENCY OF PUBLIC FLOAT**

The Company has maintained a sufficient public float for the period during FY2021 and up to the date of this announcement.

## **AUDIT COMMITTEE**

The audit committee of the Company (the “**Audit Committee**”), comprising three independent non-executive Directors, namely Ms. Ling Imma Kit Sum (chairperson of Audit Committee), Mr. Lee Wa Lun Warren and Mr. Szeto Yuk Ting, has reviewed with the management and the Board the accounting principles and practices adopted by the Group and discussed auditing, internal controls, risk management and financial reporting matters including a review of the annual results of the Group for the year ended 31 December 2021.

## **SCOPE OF WORK OF THE AUDITOR**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in this announcement have been agreed by the Group’s auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

## **ANNUAL GENERAL MEETING**

The 2022 AGM will be held on Wednesday, 1 June 2022. A notice convening the 2022 AGM will be published and sent to the shareholders of the Company in due course. The notice of the 2022 AGM and the proxy form will also be available 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) in due course.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL 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 annual 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, 30 March 2022

*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. Ling Imma Kit Sum, Mr. Lee Wa Lun Warren and Mr. Szeto Yuk Ting.*