

IPO FACT SHEET
Wise Ally International Holdings Limited (9918)
ISSUE STATISTICS

Offer Size:	HK\$125m – HK\$155m
Placement Tranche:	500m
Price:	HK\$0.25 – HK\$0.31
Board lot:	8,000
Entry fee:	HK\$2,504.99
Historical PE	6.49x – 8.05x
Net tangible assets per share:	HK\$0.09 – HK\$0.10
Market Cap (post-IPO):	HK\$500m – HK\$620m
Open:	27 Dec 2019
Close:	12.00 noon on 02 Jan 2020
Trading:	10 Jan 2020
Sponsor:	WAG Worldsec Corporate Finance Limited

Year ended 31 Dec	(HK'000)	yoy % chg
Revenue		
2017	1,232,653	79.2%
2018	1,257,295	1.9%
Profit for the year/period		
2017	74,172	7,453.1%
2018	77,018	3.8%

BACKGROUND

- The Group is an established electronics manufacturing services (“EMS”) provider offering full turnkey solutions to their customers with particular focus in consumer electronic products.
- They provide a comprehensive range of services including design development and enhancement, provision of technical advice and engineering solution, selection and procurement of materials, production, quality control and logistics management.
- According to the Euromonitor Report, they are the only unlisted company within the top 15 consumer EMS providers in China in terms of revenue in 2018.
- Their solutions aim to combine electronic components (such as microcontroller and microprocessor embedded with software and PCB) and mechanical and electromechanical components to form a multifunctional module to facilitate the overall function of the finished electronic products of their customers.
- The deliverables of their manufacturing services include PCBAs, multifunctional modules and finished electronic products, covering a range of product applications including vapour products, appliances, commercial controls and HVACs during the Track Record Period.

BUSINESS STRATEGIES

- Intensify the sales and marketing efforts to major consumer EMS industry players in North America, Europe and the PRC.
- Increase their production capacity by expanding their manufacturing platform in South East Asia region and the PRC.
- Enhance their production efficiency and capability by acquiring new machinery and equipment and upgrading the production facility at their existing Dongguan Production Plant.
- Strengthen their research capability for the development and provision of IoT related solutions.
- Enhance their MES and information technology infrastructure.

COMPETITIVE STRENGTHS

- Highly integrated and comprehensive range of services across the consumer EMS value chain coupled with capabilities to manufacture a diversified product range and an efficient production process.
- Strategic collaborations, stable and established business relationships with internationally renowned and industry-leading brand owners.
- Strong technical expertise and product development capability which facilitate their business expansion into new markets.

- Commitment to stringent quality assurance.
- Experienced, visionary and professional management team with an entrepreneurial spirit.

KEY RISKS

- any further enforcement or regulatory actions to be taken or more stringent requirements to be imposed by the FDA or other relevant authorities in the U.S. or other jurisdictions on vapour products, including regulatory actions on vapour products containing THC, may materially and adversely affect their revenue and business performance attributable to the vapour products application and their overall profitability.
- They rely on their major customers and this may expose them to risks relating to fluctuations or decline in their revenue.
- Sino-U.S. trade war could materially and adversely affect their business, financial condition and results of operations.
- They may face difficulties in retaining their existing customer base and developing new customers.
- They generate a substantial portion of their revenue from customers procured by third party sales representatives, in particular, Sales Representative A; and any decrease or loss of business from the sales representatives could adversely and substantially affect their operations and financial conditions.
- They operate in a highly competitive industry and their development and manufacturing capabilities may not be able to keep pace with their customers' demands.
- They had high gearing ratio during the Track Record Period and net cash used in operating activities for FY2018. If they are unable to meet their payment obligations, their business, financial condition and results of operations may be materially and adversely affected
- They had net current liabilities as at 31 December 2016 and 2017 and may have net current liabilities in the future.

DIVIDEND POLICY

- No less than 30% of their net profit available for distribution to their Shareholders beginning from the financial year ending 31 December 2020.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation
Increasing their production capacity by expanding their manufacturing platform in South East Asia region and the PRC.	32.7	35.0%
Enhancing their production efficiency and capability by acquiring new machinery and equipment and upgrading the production facility at their existing Dongguan Production Plant.	24.6	26.3%
Strengthening their research capability for the development and provision of IoT related solutions.	5.1	5.5%
Increasing their marketing efforts in North America and Europe.	5.4	5.8%
Enhancing their MES and information technology infrastructure.	3.3	3.5%
Repayment of a capital expenditure bank loan.	13.6	14.5%
Used as their general working capital.	8.8	9.4%
Total:	93.5	100.0%

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