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WAN LEADER INTERNATIONAL LIMITED

萬勵達國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8482)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE CHANGE IN USE OF PROCEEDS FROM THE LISTING

Reference is made to the announcement of the Company dated 23 August 2019 (the “**Announcement**”) in relation to the change in use of proceeds from the Listing. Unless otherwise defined herein, capitalised terms in this announcement shall have the same meanings as those defined in the Announcement.

The Board wishes to supplement the following information in relation to the change in use of the Net Proceeds from the Listing.

REASONS FOR THE CHANGE IN USE OF PROCEEDS

As disclosed in the Announcement, the Board reviewed the utilisation of the total Net Proceeds and resolved not to implement the plan of developing the Group’s own trucking fleet (the “**Original Plan**”) as disclosed in the Prospectus, for three main reasons: (1) impacts of the recent global political unstableness on the Group’s businesses; (2) difficulties in the development of the Group’s own trucking fleet; and (3) changes in the Group’s business operation.

Recent global political unstableness

The recent global political unstableness has greatly influenced the export market and consumer sentiment. Since the Listing, the Group has lost two major customers for our warehousing and related value-added services and has received a reduced number of orders from two other customers. The performance of the Group's warehousing and related value-added services has been weaker than expected. As such, the Group's plan to expand its warehouse has been delayed as the demands for delivery or trucking services have been lower than expected. To safeguard the interests of the Company and its shareholders in this business environment, the Directors consider that the Group should maintain an operating model with higher flexibility, such that the Group would be able to adapt to any sudden changes in the market and customers' demands more effectively. By not implementing the Original Plan, the Group could also reduce its asset investments and headcount, which would allow the Group to have greater operational flexibility.

Difficulties in the development of the Group's own trucking fleet

Since the Listing and before the change of circumstances abovementioned, the Group had continuously attempted to carry out the Original Plan but faced difficulties in hiring suitable truck drivers, renting parking spaces and acquiring suitable vehicles according to the Original Plan. The Group had also considered acquiring other existing truck companies but was unable to identify any suitable targets.

Changes in the Group's business operation

In light of the economic unstableness and the changes in business environment, our customer base has changed. As mentioned above, since the Listing, the Group has lost businesses from some of the Group's then major customers; on the other hand, the Group has also received new businesses from new customers and expects to have more new customers for warehousing and related value-added services, who would have different requirements for the Group's delivery services.

Accordingly, the scope of logistics services and the requirements of the delivery services that we have to provide to our customers has changed and would continue to change; it is the view of the Board that the Group does not have any urgent need and it would not be commercially sensible to implement the Original Plan at this moment. The Board considers that, through the engagement of different contractors, the Group should be able to provide more flexible and diverse delivery services to our customers, which would be more suitable to meet the current needs of the Group's current business operation.

SOME OF THE OBJECTIVES OF THE ORIGINAL PLAN MAY NEVERTHELESS STILL BE ACHIEVABLE

While the Group does not plan to utilise the Net Proceeds to develop its own trucking fleet, as disclosed in the Announcement, the Directors consider that some of the objectives relating to the Original Plan may nevertheless still be achievable by other means.

Quality of trucking fleet

The Group has engaged an additional contractor to provide delivery service to the Group earlier this year and has actively monitored and reviewed its performance to ensure its performance and quality of service. Since the addition of this contractor, the Group has improved the stability of the Group's delivery service, lowered the Group's reliance over its original contractors and strengthened quality control over its delivery service.

Since moving to the current warehouse in Hutchison Logistics Centre, the Group has also upgraded our warehouse facilities and has become more familiar with the operational advantage of the warehouse. As a result, we have improved waiting and processing time for our contractors' delivery trucks and thus the quality of our delivery service, which in turn facilitated our warehousing service.

The Group shall continue to take an active approach in engaging various contractors and build a pool of reliable contractors to provide delivery service to the Group. The Directors consider that such approach would encourage internal competitions in terms of pricing and service quality among our contractors, which would be beneficial for reducing our reliance over any specific contractors, strengthening quality control and also saving our costs of services.

Corporate identity and customer loyalty

The Group has requested the new contractor to use our logo(s) and/or tradename(s) when providing delivery service to our customers. The Group intends to gradually require all contractors to implement the same. As such, the Directors consider that the Group would still be able to create a distinct corporate identity for the Group's delivery service and thereby enhance customer loyalty.

Tracing system

The Group has been cooperating with one of our delivery service contractors to integrate its tracing system with the Group's IT system and intends to require other existing and future contractors to gradually implement the same. The Directors consider that the integrated system would be able to assist us to trace our goods and monitor the contractors' fleet operation, which can improve our overall efficiency and attract more customers to engage our warehousing and related value-added services.

Scope of logistics services

In view of the changes in business environment and the Group's customer bases, the scope of logistics services that the Group has to provide to its customers has changed; through the engagement of different contractors, the Group should be able to provide more flexible and diverse delivery service to our customers, which would be more suitable for our current business need.

CHANGED USE OF PROCEEDS

As disclosed in the Announcement, the Board resolved to change the use of the sum of approximately HK\$17.19 million, originally planned for the Original Plan, to general working capital. More particularly, the said sum would be utilised to support the development of the following new lines of services and business models of Group.

New block space arrangement and sourcing air cargo space through direct airline booking systems

Since the Listing, the Group has setup two new business models in sourcing air cargo space. First, under a new block space arrangement, the Group would pay a fixed rate, rather than variable rates, for its committed air cargo space. Second, the Group has obtained access to direct airline booking systems. Through these new business models, the Group may (1) acquire air cargo space more efficiently, (2) stabilise the supply of air cargo space for the Group throughout the year, especially during peak seasons, and (3) build better commercial relationship with the airline and the respective agents, which would be beneficial to securing the supply of air cargo spaces and diversifying the cargo routes in the future.

As these business models are new and the credit terms are different from previous arrangements, the Group has been settling the costs related to these new business models by its general working capital. As such, there is a need for the Group to increase its available working capital to support these business models.

New lines of freight forwarding and related logistics services

After the Listing, two new subsidiaries were incorporated to provide new lines of freight forwarding and related logistics services to our existing and new customers, which focus on, but are not limited to, the online retail sales markets respectively in the United States of America and Southeast Asia. The Directors consider that the market that these new lines of freight forwarding and related logistics services deal with have positive growth potential and would diversify and expand our customer base and contribute revenue to the Group.

The Directors expect that these new lines of services would generate revenue in a way similar to the other existing freight forwarding and related logistics services of the Group. However, as these lines of services are new, the Group considers that there is a need to make initial investments to these two new subsidiaries, such as for the costs of hiring experienced sales managers and acquiring air cargo spaces, to support their business development.

CONCLUSION

In the circumstances, after considering the economic uncertainties, current business needs of the Group, the available working capital for the Group and alternate financing options, the Directors consider that the abovementioned change in use of the Net Proceeds would be most beneficial to the business development of the Group and is in the best interest of the Company and its shareholders as a whole.

By order of the Board
Wan Leader International Limited
Loy Hak Yu Thomas
Chairman and Executive Director

Hong Kong, 3 October 2019

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Loy Hak Yu Thomas, Mr. Loy Hak Moon and Mr. Lo Wing Sang; and three independent non-executive Directors, namely, Mr. Ng Kam Tsun, Dr. Wu Ka Chee Davy and Mr. Chow Ming Po Aaron.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, (i) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and (ii) there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the GEM website of the Stock Exchange at www.hkgem.com and the Stock Exchange's website at www.hkexnews.hk for at least seven days from the date of its posting. This announcement will also be published on the website of the Company at www.wanleader.com.