萬勵達
WAN LEADER

WAN LEADER INTERNATIONAL LIMITED
萬勵達國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8482)

ANNOUNCEMENT OF FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 30 JUNE 2019

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the "**Directors**") of Wan Leader International Limited (the "**Company**") 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 (the "**GEM Listing Rules**") 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.*

FIRST QUARTERLY RESULTS

The board (the "**Board**") of directors of the Company hereby announces the unaudited consolidated first quarterly results of the Company and its subsidiaries (collectively, the "**Group**") for the three months ended 30 June 2019, together with the unaudited comparative figures for the corresponding period in 2018, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED 30 JUNE 2019

		Three months ended 30 June	
		2019	2018
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Revenue	*4*	**42,890**	42,592
Cost of services		**(39,304)**	(34,202)
Gross profit		**3,586**	8,390
Other income	*6*	**58**	2
Other gains and losses	*6*	**22**	40
Marketing expenses		**(891)**	(1,146)
Administrative and operating expenses		**(7,110)**	(4,389)
Impairment losses recognised on trade receivables, net		**(49)**	(828)
Listing expenses		**–**	(344)
Finance costs	*6*	**(110)**	(31)
(Loss) profit before taxation	*6*	**(4,494)**	1,694
Income tax credit (expense)	*5*	**77**	(475)
(Loss) profit for the period		**(4,417)**	1,219

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE THREE MONTHS ENDED 30 JUNE 2019

		Three months ended 30 June	
		2019	2018
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of foreign operation		**7**	–
Other comprehensive income for the period		**7**	–
Total comprehensive (expense) income for the period		**(4,410)**	1,219
(Loss) profit for the period attributable to:			
Owners of the Company		**(4,265)**	1,219
Non-controlling interest		**(152)**	–
		(4,417)	1,219
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		**(4,260)**	1,219
Non-controlling interest		**(150)**	–
		(4,410)	1,219
(Loss) earnings per share			
Basic (HK cents)	*8*	**(0.51)**	0.21

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED 30 JUNE 2019

	Attributable to owners of the Company					
	Share capital	Share premium	Other reserve *(Note (i))*	Merger reserve *(Note (ii))*	Retained profits	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2018 (audited)	1,417	–	14,118	(326)	12,397	27,606
Adjustment *(Note (iii))*	–	–	–	–	(224)	(224)
At 1 April 2018 (restated) (audited)	1,417	–	14,118	(326)	12,173	27,382
Profit and other comprehensive income for the period	–	–	–	–	1,219	1,219
At 30 June 2018 (unaudited)	1,417	–	14,118	(326)	13,392	28,601

	Attributable to owners of the Company								
	Share capital	**Share premium**	**Other reserve** *(Note (i))*	**Merger reserve** *(Note (ii))*	**Exchange reserve**	**Accumulated losses**	**Total**	**Non-controlling interest**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
At 1 April 2019 (audited)	**8,400**	**49,429**	**14,118**	**1,091**	**-**	**(3,798)**	**69,240**	**-**	**69,240**
Loss for the period	**-**	**-**	**-**	**-**	**-**	**(4,265)**	**(4,265)**	**(152)**	**(4,417)**
Other comprehensive income for the period	**-**	**-**	**-**	**-**	**5**	**-**	**5**	**2**	**7**
Total comprehensive income (expense) for the period	**-**	**-**	**-**	**-**	**5**	**(4,265)**	**(4,260)**	**(150)**	**(4,410)**
At 30 June 2019 (unaudited)	**8,400**	**49,429**	**14,118**	**1,091**	**5**	**(8,063)**	**64,980**	**(150)**	**64,830**

Notes:

(i) Other reserves as at 30 June 2018 and 2019 represents:

(a) Ever Metro International Limited ("**Ever Metro**") acquired the entire issued shares of Orient Zen Logistics Service Limited ("**Orient Zen**") on 31 March 2017 (73% equity interests) and 28 July 2017 (27% equity interests), at a cash of HK$11,275,451 and issuing 18,493 shares as the consideration. The difference between the cash consideration and par value of the issued shares of Ever Metro and the fair value of net assets of Orient Zen acquired were recorded as other reserves.

(b) On 7 August and 13 October 2017, Ever Metro entered into four separate subscription agreements with four strategic investors and allotted and issued 33,050 shares in aggregate respectively to these investors at a cash consideration of HK$12,000,000 in aggregate. The difference between the par value of the issued shares of Ever Metro and the cash consideration received from strategic investors are recorded as other reserves.

(c) On 10 August 2018, the Company acquired the entire issued shares of Ever Metro by issuing of 9,900 shares of the Company as the consideration. The difference between the par value of the issued shares of the Company and the fair value of net assets of Ever Metro acquired are recorded as other reserves.

After the exchange of shares and shares allotment pursuant to the reorganisation stated in the Company's Prospectus dated 24 August 2018 (the "**Prospectus**") in preparation of listing, the Company became the holding company of the subsidiaries now comprising the Group on 10 August 2018, the details of which are set out under the section headed "History, Reorganisation and Group Structure" in the Prospectus.

(ii) Merger reserves as at 30 June 2018 and 2019 represents:

On 28 July 2017, Ever Metro acquired the entire issued shares of Union Air Cargo Limited ("**Union Air**") and Fu Yo Warehouse Logistics Company Limited ("**Fu Yo**") from Mr. Loy Hak Yu Thomas ("**Mr. Thomas Loy**"), by issue of 80,237 shares of Ever Metro as the consideration. After the said transfers, Union Air and Fu Yo became wholly owned subsidiaries of Ever Metro. The acquisitions of Union Air and Fu Yo by Ever Metro have been accounted for using the principles of merger accounting as Union Air, Fu Yo and Ever Metro are under the common control of Mr. Thomas Loy both before and after these acquisitions and the control is not transitory. The difference between the par value of the issued shares of Ever Metro and the fair value of net assets of Union Air and Fu Yo acquired are recorded as merger reserves.

(iii) Upon adoption of Hong Kong Financial Reporting Standard 9 "Financial instruments" on 1 April 2018, an additional impairment loss on financial assets recognised under expected credit loss model, net of associated deferred tax, amounting to HK$224,000 was recorded as an adjustment to retained profits at 1 April 2018.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its shares were listed on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 5 September 2018.

The Company is an investment holding company and its subsidiaries are principally involved in the provision of freight forwarding and related logistics services and provision of warehousing and related value-added services.

The condensed consolidated financial statements are presented in Hong Kong dollar ("**HK dollar**" or "**HK$**"), which is same as the functional currency of the Company.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared on the historical cost basis.

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standard ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") as well as with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**").

Other than changes in accounting policies resulting from application of new and amendments to HKFRSs, the accounting policies and methods of computation used in the condensed consolidated financial statements for the three months ended 30 June 2019 are the same as those followed in the preparation of the Group's consolidated financial statements for the year ended 31 March 2019.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

In the current period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2019 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

Except as described below, the application of the amendments to HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3.1 Impacts and changes in accounting policies of application on HKFRS 16 "Leases"

The Group has applied HKFRS 16 for the first time in the current period. HKFRS 16 superseded HKAS 17 "Leases" ("HKAS 17"), and the related interpretations.

3.1.1 Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of office premises and motor vehicles that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets in “property, plant and equipment”, the same line item as that within which the corresponding underlying assets would be presented if they were owned.

Leasehold land and building

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 “Financial Instruments” (“HKFRS 9”) and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 "Income Taxes" requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

3.1.2 Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease" and not apply this standards to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application; and

ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

The Group recognised lease liabilities of approximately HK$12,644,000 and right-of-use assets of approximately HK$13,223,000 at 1 April 2019.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 4.38%.

	Note	**At 1 April 2019** *HK$'000*
Operating lease commitments disclosed as at 31 March 2019		**13,024**
Lease liabilities discounted at relevant incremental borrowing rates		**12,426**
Less: Recognition exemption – short-term leases		**(106)**
Lease liabilities relating to operating leases recognised upon application of HKFRS 16		**12,320**
Add: Obligations under finance leases recognised at 31 March 2019	*(a)*	**324**
Lease liabilities as at 1 April 2019		**12,644**
Analysed as		
Current		**5,524**
Non-current		**7,120**
		12,644

The carrying amount of right-of-use assets as at 1 April 2019 comprises the following:

	Notes	Right-of- use assets HK$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16		12,320
Amounts included in property, plant and equipment under HKAS 17		
– Assets previously under finance leases	*(a)*	512
– Restoration and reinstatement costs	*(b)*	256
Adjustments on rental deposits at 1 April 2019	*(c)*	135
		13,223
By class:		
Land and buildings		12,455
Leasehold improvements		256
Motor vehicles		512
		13,223

(a) In relation to assets previously under finance leases, the Group recategorised the carrying amounts of the relevant assets which were still under lease as at 1 April 2019 amounting to HK$512,000 as right-of- use assets. In addition, the Group reclassified the obligations under finance leases of approximately HK$228,000 and HK$96,000 to lease liabilities as current and non-current liabilities respectively at 1 April 2019.

(b) In relation to the leases of office premises that the Group acts as lessee, the carrying amount of the estimated costs of reinstating the rented premises previously included in property, plant and equipment amounting to HK$256,000 as at 1 April 2019 were included as right-of-use assets.

(c) Before the application of HKFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. Accordingly, HK$135,000 was adjusted to refundable rental deposits paid and right-of-use assets.

4. REVENUE AND SEGMENT INFORMATION

The Group's operating segments are determined based on information reported to the chief operating decision maker (the "**CODM**") of the Group, being Mr. Thomas Loy, for the purpose of resource allocation and performance assessment. With regard to the similar economic characteristics of Union Air, Orient Zen, Kongda Logistics Company Limited ("**Kongda**"), Protect Logistics Company Limited ("**Protect**") and Profit Tat (Shenzhen) Supply Chain Management Company Limited ("**Profit Tat**") in view of the similarity of their services provided and customers served, their operations are aggregated as one single reportable segment as freight forwarding and related logistics services although their financial information is reported to the CODM separately. The directors regularly review revenue and results analysis by (i) Freight forwarding and related logistics services and (ii) Warehousing and related value-added services. No analysis of segment assets or segment liabilities is presented as such information is not regularly provided to the CODM.

For the three months ended 30 June 2019

	Freight forwarding and related logistics services *HK$'000* **(unaudited)**	**Warehousing and related value-added services** *HK$'000* **(unaudited)**	**Segment Total** *HK$'000* **(unaudited)**	**Elimination** *HK$'000* **(unaudited)**	**Total** *HK$'000* **(unaudited)**
Revenue					
External revenue	**36,716**	**6,174**	**42,890**	**–**	**42,890**
Inter-segment revenue	**–**	**1,310**	**1,310**	**(1,310)**	**–**
Segment revenue	**36,716**	**7,484**	**44,200**	**(1,310)**	**42,890**
Result					
Segment results	**(2,037)**	**(764)**	**(2,801)**	**–**	**(2,801)**
Central administrative expenses					**(1,693)**
Loss before taxation					**(4,494)**

For the three months ended 30 June 2018

	Freight forwarding and related logistics services *HK$'000* (unaudited)	Warehousing and related value-added services *HK$'000* (unaudited)	Segment Total *HK$'000* (unaudited)	Elimination *HK$'000* (unaudited)	Total *HK$'000* (unaudited)
Revenue					
External revenue	36,290	6,302	42,592	–	42,592
Inter-segment revenue	–	1,314	1,314	(1,314)	–
Segment revenue	36,290	7,616	43,906	(1,314)	42,592
Result					
Segment results	2,207	119	2,326	–	2,326
Central administrative expenses					(288)
Listing expenses					(344)
Profit before taxation					1,694

Inter-segment sales are charged at prices mutually agreed by both parties.

Geographical information

No geographic segment information is presented as the Group's revenue are solely derived from Hong Kong.

5. INCOME TAX CREDIT (EXPENSE)

	Three months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
The (credit) charge comprises:		
Hong Kong Profits Tax – current tax	**–**	675
Deferred tax	**(77)**	(200)
	(77)	475

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduced the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

Accordingly, the Hong Kong Profits Tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

6. (LOSS) PROFIT BEFORE TAXATION

(Loss) profit before taxation has been arrived at after charging/(crediting):

		Three months ended 30 June	
		2019	2018
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Depreciation of property, plant and equipment		**1,993**	259
Operating lease rentals		**–**	1,407
Expenses related to short-term leases		**125**	–
Amortisation of intangible asset		**237**	237
Exchange gain		**(15)**	(40)
Gain on disposal of property, plant and equipment		**(7)**	–
Total other gains and losses		**(22)**	(40)
Bank interest income		**(42)**	(2)
Interest income on rental deposits		**(16)**	–
Total other income		**(58)**	(2)
Interest expenses on finance leases		**–**	7
Interest expenses on lease liabilities		**110**	–
Interest expenses on bank borrowings		**–**	24
Total finance costs		**110**	31

7. DIVIDENDS

The Board does not recommend payment of any dividend for the three months ended 30 June 2019 (2018: Nil).

8. (LOSS) EARNINGS PER SHARE

	Three months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
(Loss) earnings:		
(Loss) profit for the period attributable to owners of the Company for the purpose of calculating basic (loss) earnings per share	**(4,265)**	1,219

	Three months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic (loss) earnings per share	**840,000,000**	588,000,000

No ordinary shares are issued during the Review Period. Therefore, the number of shares for the purpose of calculating basic loss per share for the Review Period equalled to the number of shares issued as at 31 March 2019 – 840,000,000.

The weighted average number of ordinary shares for the purpose of calculating basic (loss) earnings per share for the three months ended 30 June 2018 has been determined on the assumption that the Group reorganisation as stated in note 2 of the Company's Annual Report 2018-2019 dated 21 June 2019 and the capitalisation issue had been effective on 1 April 2018.

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. No potential ordinary shares in issue during the three months ended 30 June 2018 and 2019. Accordingly, no diluted (loss) earnings per share was presented.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

On 5 September 2018 (the "**Listing Date**"), the shares (the "**Share(s)**") of Wan Leader International Limited (the "**Company**") were listed on GEM of the Stock Exchange of Hong Kong (the "**Stock Exchange**") (the "**Listing**") by way of share offer (the "**Share Offer**").

The services of the Company and its subsidiaries (the "**Group**") mainly include (a) the provision of freight forwarding and related logistics services, which include reselling cargo space the Group purchases from airlines' general sales agent(s), shipping liners and other freight forwarders to direct shippers or respective freight forwarders, which act on behalf of their shipper customers and eventually deliver the goods to the destinations; and (b) the provision of warehousing and related value-added services, which include labelling services and packaging services.

For the three months ended 30 June 2019 (the "**Review Period**"), the Group recorded an increase in revenue, which was attributable to the slight increase in revenue generated from charter flight services. However, in general, the Group's business was affected by the adverse change in the economic conditions.

The logistics industry in which the Group operates in has been affected by the trade disputes between the United States of America (the "**U.S.**") and the People's Republic of China (the "**PRC**"). The Group notes that some of the major customers have already repositioned or restructured their production lines in the PRC in order to reduce the impact of additional tariffs. As a result, the Group received less orders from certain direct shippers during the Review Period.

During the Review Period, the performance of the Group was affected by (i) the increase in purchase costs for air cargo space; (ii) legal and compliance costs, professional fees and printing charges incurred after the Listing; (iii) increase in staff costs and benefits as a result of raises in basic salary and additional headcount; and (iv) increase in lease charges and the related depreciation expenses (formerly classified as rental expenses) due to the relocation of warehouses and offices and acquisition of two different large objects dual view scanners for the Facility. Due to the uncertainties in the existing market and trade environment, the global economic condition is very unstable and a downward trend appears to be inevitable, which world largely affect the Group's performance in the financial year ending 31 March 2020 ("**FY2020**").

In view of the challenges in the business environment, the Group has explored new business opportunities to expand and diversify its services.

During the Review Period, the Group set up a subsidiary in the PRC. The Group intends to expand its sales base to the PRC through the setting up of the subsidiary. This new subsidiary has not yet obtained any significant sales order during the Review Period as it was still in the set-up stage.

As disclosed in the annual report of the Company dated 21 June 2019, the Civil Aviation Department accepted the application of Fu Yo Warehouse Logistics Company Limited ("**Fu Yo**"), an indirectly wholly owned subsidiary of the Company, for registration of the warehouse facility (the "**Facility**") as a Regulated Air Cargo Screening Facility. The Group is one of the three applicants who successfully obtained such registration in Hong Kong as at 30 June 2019. With such registration, Fu Yo would be able to provide new security screening services to its customers. The Group is negotiating with potential customers and anticipates that the Facility can begin commercial operation in the second quarter of FY2020. The management is also committed to obtain approval from airlines to be their designated off-airport secured screening facilities services provider in Hong Kong.

The Group expects that it would be able to capture the business opportunities from the new screening services would bring. The Group will exercise its best effort to widen its customer base, to expand its business and networking in the Greater China region and to offer a wider range of services to the customers so as to secure the market position, particularly in the current unstable economic environment.

FINANCIAL REVIEW

Revenue

The Group's revenue was primarily derived from (i) air freight forwarding and related logistics services; (ii) sea freight forwarding and related logistics services; and (iii) warehousing and related value-added services.

Total revenue of the Group slightly increased by approximately 0.7% from approximately HK$42.6 million for the three months ended 30 June 2018 (the "**Previous Period**") to approximately HK$42.9 million for the Review Period.

Revenue generated from air freight forwarding and related logistics services for the Review Period amounted to approximately HK$35.2 million (Previous Period: approximately HK$32.0 million), accounting for approximately 82.1% of the Group's total revenue (Previous Period: approximately 75.1%). The revenue from this segment remained as the major source of revenue of the Group. During the Review Period, the Group renewed charter flight agreements/ arrangements with three freight forwarders. As a result, the Group achieved a slight growth in the air freight forwarding and related logistics services segment.

Revenue generated from sea freight forwarding and related logistics services for the Review Period amounted to approximately HK$1.5 million (Previous Period: approximately HK$4.3 million), accounting for approximately 3.5% of the Group's total revenue (Previous Period: approximately 10.1%). Most of the Group's customers from this segment are direct shippers. The revenue from sea freight forwarding and related logistics services during the Review Period decreased significantly and the decrease was caused by (i) fewer sales orders from one customer in Taiwan and (ii) the change in the business operation from one customer in the PRC which did not require the Group's services during the Review Period.

Revenue generated from warehousing and related value-added services for the Review Period amounted to approximately HK$6.2 million (Previous Period: approximately HK$6.3 million), accounting for approximately 14.4% of the Group's total revenue (Previous Period: approximately 14.8%). The revenue from this segment remained stable.

During the Review Period, an existing customer (who is also a supplier) engaged Fu Yo to handle the imported goods of its own customers. Fu Yo commenced the services in June 2019, which brought in an additional revenue of approximately HK$196,000 to the Group.

Cost of services and gross profit

The Group's cost of services increased by approximately 14.9% from approximately HK$34.2 million for the Previous Period to approximately HK$39.3 million for the Review Period. This increase was mainly attributable to the higher lease charge and its related depreciation expenses and management fees for the leasing of the Hutchison Logistics Centre Warehouse ("**HLC Warehouse**") as compared to the respective fees for the leasing of the previous warehouses.

The Group's gross profit decreased by approximately 57.1% from approximately HK$8.4 million for the Previous Period to approximately HK$3.6 million for the Review Period. Gross profit margin decreased from approximately 19.7% for the Previous Period to approximately 8.4% for the Review Period. Such decreases were mainly due to the decreases in gross profit and gross profit margin from the air freight forwarding and related logistics services and the warehousing and related value-added services. The gross profit margin from warehousing and related value-added services decreased during the Review Period mainly because (i) the Group incurred higher lease charge and the related depreciation expenses (formerly classified as rental expenses) for the HLC Warehouse and two different large objects dual view scanners; (ii) the rates for transportation and palletisation charged by one subcontractor increased; and (iii) the increase in staff costs. As for air freight forwarding and related logistics services, the main reasons for decrease in gross profit margin were due to (i) the increase in the cost of services for cargo routes to North America and Europe; and (ii) lower profit margin obtained through charter flight services.

Other income

Other income included bank interest income from fixed deposits and other interest income from the refundable rental deposits. The Group placed two (Previous Period: none) fixed deposits with a bank, resulting an increase in the bank interest income obtained.

Upon adoption of Hong Kong Financial Reporting Standard 16 Leases ("**HKFRS 16**") on 1 April 2019, the non-refundable rental deposits were adjusted to amortised cost and an additional other interest income of approximately HK$16,000 (Previous Period: none) was recognised during the Review Period.

Other gains and losses

Other gains and losses included foreign exchange gain (loss) and gain on disposals of property, plant and equipment. The Group recorded a decrease in other gains and losses during the Review Period, which was primarily attributable to the decrease in foreign exchange gain. The Group recorded an exchange gain of approximately $15,000 during the Review Period (for the Previous Period, a foreign exchange gain of approximately HK$40,000). As the Group received less payment from some of its major customers in United States Dollars ("**USD**"), the Group benefited less from the appreciation in USD.

Marketing expenses

Marketing expenses mainly included cost of business development and soliciting new customers. Due to the promotion of new screening services in Hong Kong during the Review Period, the Group spent less effort in overseas. As such, the marketing expenses decreased.

Administrative and operating expenses

The Group's administrative and operating expenses increased to approximately HK$7.1 million for the Review Period from approximately HK$4.4 million for the Previous Period. Such expenses mainly included staff costs and benefits, audit fees, legal and professional fees, depreciation, utilities and other expenses. The increase was mainly due to the combined effect of (i) legal and compliance costs, professional fee and printing charges of approximately HK$1.4 million incurred after the Listing; (ii) increase in staff costs from approximately HK$2.3 million for the Previous Period to approximately HK$3.5 million during the Review Period, as a result of raises in basic salaries and additional headcount; and (iii) increase in audit fee by approximately HK$141,000.

Listing expenses

The Group listed on GEM on 5 September 2019. As such, there were no (Previous Period: HK$344,000) listing expenses incurred during the Review Period.

Finance costs

Finance costs for the Review Period represented interest expenses on lease liabilities. Finance costs increased from approximately HK$31,000 for the Previous Period to approximately HK$110,000 for the Review Period. Upon adoption of HKFRS 16 on 1 April 2019, the lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liabilities are adjusted for interest and lease payments. As a result, an interest expense on lease liabilities of approximately HK$110,000 was recognised for the Review Period.

Income tax credit (expense)

The Group's income tax expense primarily included provisions for Hong Kong profits tax and deferred income tax expenses. A loss before taxation of approximately HK$4.5 million for the Review Period was recorded while income tax credit of approximately HK$77,000 (Previous Period: income tax expense of approximately HK$3.1 million) was recorded for the Review Period as there was deferred tax impact on the property, plant and equipment, the provision for bad debts and unused tax losses.

(Loss) profit for the period

The Group recorded a loss before taxation of approximately HK$4.5 million for the Review Period, compared to a profit before taxation of approximately HK$1.7 million for the Previous Period. The loss was mainly due to the effects of (i) increase in the costs of air cargo space of approximately HK$5.7 million; (ii) legal and compliance costs, professional fees and printing charges of approximately HK$1.4 million incurred after the Listing; (iii) increase in staff costs and benefits of approximately HK$1.3 million as a result of raises in basic salary and additional headcount added; and (iv) increase in lease charges and its related expenses (classified as rental expenses in Previous Period) and management fees of approximately HK$0.6 million due to the relocation of warehouses and offices and the lease for two different large objects dual view scanners.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

At 30 June 2019, the following Directors and chief executive of the Company (the "**Chief Executive**") had the following interests and short positions in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**")) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the GEM Listing Rules:

(i) Long position in Shares of the Company

Name of Director	Capacity/ Nature of interests	Interest in Shares	Approximate percentage of the Company's issued share capital
Mr. Loy Hak Yu Thomas ("**Mr. Thomas Loy**")	Interest in a controlled corporation, parties acting in concert *(Note 1)*	481,101,600	57.28%
Mr. Loy Hak Moon ("**Mr. HM Loy**")	Interest in a controlled corporation, parties acting in concert *(Note 2)*	481,101,600	57.28%

(ii) Long position in shares of associated corporations

Name of Director	Name of associated corporation	Capacity/ Nature of interests	Interest in shares	Approximate percentage of the Company's issued share capital
Mr. Thomas Loy	Ho Tat Limited ("**Ho Tat**") *(Note 1)*	Beneficial owner, parties acting in concert *(Note 1)*	1	100%
Mr. HM Loy	Yo Tat Limited ("**Yo Tat**") *(Note 2)*	Beneficial owner, parties acting in concert *(Note 2)*	1	100%

Notes:

1. Ho Tat is wholly and beneficially owned by Mr. Thomas Loy. By virtue of the SFO, Mr. Thomas Loy is deemed to be interested in all the shares held by Ho Tat. Mr. Thomas Loy and Mr. HM Loy are parties acting in concert pursuant to the Acting in Concert Confirmation dated 1 November 2017 (the "**Acting in Concert Confirmation**") upon the Share Offer becoming unconditional.

2. Yo Tat is wholly and beneficially owned by Mr. HM Loy. By virtue of the SFO, Mr. HM Loy is deemed to be interested in all the shares held by Yo Tat. Mr. Thomas Loy and Mr. HM Loy are parties acting in concert pursuant to the Acting in Concert Confirmation upon the Share Offer becoming unconditional.

Save as disclosed above and as disclosed under the heading "Directors' Rights to Acquire Shares or Debentures", at 30 June 2019, none of the Directors or the Chief Executive and/or any of their respective associates had any interest or short position in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

To the best knowledge of the Directors, at 30 June 2019, the substantial shareholders of the Company (not being the Directors or the Chief Executive) had interests or short positions in the shares or underlying shares of the Company, which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO, as follows:

Long positions:

Name	**Capacity/ nature of interests**	**Number of Shares held/ interested** *(Note 5)*	**Approximate percentage of the shareholding**
Ho Tat	Beneficial owner, parties acting in concert *(Note 1)*	481,101,600 (L)	57.28%
Yo Tat	Beneficial owner, parties acting in concert *(Note 2)*	481,101,600 (L)	57.28%
Mr. Thomas Loy	Interest in a controlled corporation, parties acting in concert *(Note 1)*	481,101,600 (L)	57.28%
Mr. HM Loy	Interest in a controlled corporation, parties acting in concert *(Note 2)*	481,101,600 (L)	57.28%
Ms. Kong Sau Ming	Interest of spouse *(Note 3)*	481,101,600 (L)	57.28%
Ms. Siu Pui Sum	Interest of spouse *(Note 4)*	481,101,600 (L)	57.28%

Notes:

1. Ho Tat is wholly and beneficially owned by Mr. Thomas Loy. By virtue of the SFO, Mr. Thomas Loy is deemed to be interested in all the shares held by Ho Tat. Mr. Thomas Loy and Mr. HM Loy are parties acting in concert pursuant to the Acting in Concert Confirmation upon the Share Offer becoming unconditional.

2. Yo Tat is wholly and beneficially owned by Mr. HM Loy. By virtue of the SFO, Mr. HM Loy is deemed to be interested in all the shares held by Yo Tat. Mr. Thomas Loy and Mr. HM Loy are parties acting in concert pursuant to the Acting in Concert Confirmation upon the Share Offer becoming unconditional.

3. Ms. Kong Sau Ming is the spouse of Mr. Thomas Loy, and is deemed to be interested in the Shares which are interested by Mr. Thomas Loy under the SFO.

4. Ms. Siu Pui Sum is the spouse of Mr. HM Loy, and is deemed to be interested in the Shares which are interested by Mr. HM Loy under the SFO.

5. The letter "L" denotes long position in the Shares.

Save as disclosed above, at 30 June 2019, the Directors are not aware of any interests and short positions owned by any other parties. No person, other than the Directors or chief executive of the Company, whose interests are set out in the section "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debenture" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

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 from 1 April 2019 up to 30 June 2019.

COMPETING INTERESTS

The Directors, controlling shareholders and their respective close associates (as defined in the GEM Listing Rules) are not aware of any competing business that they themselves are currently conducting or is being conducted by their connected or related parties during the Review Period.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in securities of the Company by the Directors (the "**Required Standard of Dealings**").

Following specific enquiries to all of the Directors, each Director has confirmed that he complied with the Required Standard of Dealings throughout the Review Period.

AUDIT COMMITTEE

The Company established an audit committee (the "**Audit Committee**") with specific written terms of reference formulated in accordance with the requirements of rules 5.28 to 5.29 of the GEM Listing Rules and the CG Code. The Audit Committee currently consists of three independent non-executive Directors, namely Mr. Ng Kam Tsun, Dr. Wu Ka Chee Davy and Mr. Chow Ming Po Aaron. Mr. Ng Kam Tsun is the chairman of the Audit Committee. The primary duties of the Audit Committee include, but are not limited to (i) making recommendations to the Board on the appointment, reappointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor and any questions of its resignation or dismissal; (ii) monitoring the integrity of the Company's financial statements and reviewing the annual reports and accounts, half-year report and quarterly reports, and reviewing significant financial reporting judgements contained in them; and (iii) reviewing the financial reporting, financial controls, risk management and internal control systems of the Group.

The Audit Committee has reviewed the unaudited consolidated results of the Group for the Review Period.

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

Hong Kong, 9 August 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 will remain on the GEM website of the Stock Exchange at http://www.hkgem.com and the "Latest Company Announcement" page of 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.