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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)**

**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 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.*

## INTERIM RESULTS

The board (the “**Board**”) of directors of the Company hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2019 (the “**Review Period**”), together with the unaudited comparative figures for the six months ended 30 September 2018 (the “**Previous Period**”), as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

	Notes	Three months ended		Six months ended	
		30 September		30 September	
		2019	2018	2019	2018
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>Revenue</b>	4	<b>50,322</b>	42,059	<b>93,212</b>	84,651
Cost of services		<b>(46,042)</b>	(35,638)	<b>(85,346)</b>	(69,840)
<b>Gross profit</b>		<b>4,280</b>	6,421	<b>7,866</b>	14,811
Other income	6	<b>25</b>	2	<b>83</b>	4
Other gains and losses	6	<b>(47)</b>	(469)	<b>(25)</b>	(429)
Marketing expenses		<b>(1,228)</b>	(1,301)	<b>(2,119)</b>	(2,447)
Administrative and operating expenses		<b>(7,957)</b>	(5,118)	<b>(15,067)</b>	(9,507)
Impairment losses recognised on trade receivables, net		<b>(45)</b>	(72)	<b>(94)</b>	(900)
Listing expenses		<b>-</b>	(9,169)	<b>-</b>	(9,513)
Finance costs	6	<b>(168)</b>	(118)	<b>(278)</b>	(149)
<b>Loss before taxation</b>	6	<b>(5,140)</b>	(9,824)	<b>(9,634)</b>	(8,130)
Income tax credit (expenses)	5	<b>452</b>	(428)	<b>529</b>	(903)
<b>Loss for the period</b>		<b>(4,688)</b>	(10,252)	<b>(9,105)</b>	(9,033)

	Three months ended		Six months ended	
	30 September		30 September	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Note	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>Other comprehensive expense</b>				
Item that may be reclassified subsequently to profit or loss:				
Exchange difference on translation of foreign operation	<u>(134)</u>	<u>–</u>	<u>(127)</u>	<u>–</u>
Other comprehensive expense for the period	<u>(134)</u>	<u>–</u>	<u>(127)</u>	<u>–</u>
<b>Total comprehensive expense for the period</b>	<u>(4,822)</u>	<u>(10,252)</u>	<u>(9,232)</u>	<u>(9,033)</u>
<b>Loss for the period attributable to:</b>				
Owners of the Company	<u>(4,475)</u>	<u>(10,252)</u>	<u>(8,740)</u>	<u>(9,033)</u>
Non-controlling interest	<u>(213)</u>	<u>–</u>	<u>(365)</u>	<u>–</u>
	<u>(4,688)</u>	<u>(10,252)</u>	<u>(9,105)</u>	<u>(9,033)</u>
<b>Total comprehensive expense for the period attributable to:</b>				
Owners of the Company	<u>(4,573)</u>	<u>(10,252)</u>	<u>(8,833)</u>	<u>(9,033)</u>
Non-controlling interest	<u>(249)</u>	<u>–</u>	<u>(399)</u>	<u>–</u>
	<u>(4,822)</u>	<u>(10,252)</u>	<u>(9,232)</u>	<u>(9,033)</u>
<b>Loss per share</b>				
Basic (HK Cents)	8 <u>(0.53)</u>	<u>(1.66)</u>	<u>(1.04)</u>	<u>(1.45)</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 September 2019 <i>HK\$'000</i> (unaudited)	At 31 March 2019 <i>HK\$'000</i> (audited)
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	20,409	2,999
Intangible asset	10	–	316
Rental deposits		4,151	3,794
Deposits paid for acquisition of property, plant and equipment		–	1,376
Deferred tax assets		481	33
		25,041	8,518
<b>CURRENT ASSETS</b>			
Trade and other receivables	11	43,640	32,991
Tax recoverable		3,712	2,623
Pledged bank deposits		2,500	2,500
Bank balances and cash		27,322	43,632
		77,174	81,746
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	24,424	19,886
Contract liabilities	13	1,903	420
Lease liabilities/obligations under finance leases		6,524	228
		32,851	20,534
<b>NET CURRENT ASSETS</b>		<b>44,323</b>	<b>61,212</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities/obligations under finance leases		7,691	96
Provision for reinstatement expenses		525	313
Deferred tax liabilities		–	81
		8,216	490
<b>NET ASSETS</b>		<b>61,148</b>	<b>69,240</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	14	8,400	8,400
Other reserves		64,545	64,638
Accumulated losses		(12,538)	(3,798)
Equity attributable to owners of the Company		60,407	69,240
Non-controlling interest		741	–
<b>TOTAL EQUITY</b>		<b>61,148</b>	<b>69,240</b>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019**

	Attributable to owners of the Company					Total
	Share capital	Share premium	Other reserve (Note (i))	Merger reserve (Note (ii))	Retained profits	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>At 1 April 2018 (audited)</b>	<u>1,417</u>	<u>–</u>	<u>14,118</u>	<u>(326)</u>	<u>12,397</u>	<u>27,606</u>
Adjustment (Note (iii))	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(224)</u>	<u>(224)</u>
<b>At 1 April 2018 (restated)</b>	1,417	–	14,118	(326)	12,173	27,382
Loss and other comprehensive expense for the period	–	–	–	–	(9,033)	(9,033)
Effect of reorganisation	(1,417)	–	–	1,417	–	–
Capitalisation issue	5,880	(5,880)	–	–	–	–
Issue of new shares upon listing	2,520	66,780	–	–	–	69,300
Cost of issuance of new shares	<u>–</u>	<u>(11,471)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(11,471)</u>
<b>At 30 September 2018 (unaudited)</b>	<u>8,400</u>	<u>49,429</u>	<u>14,118</u>	<u>1,091</u>	<u>3,140</u>	<u>76,178</u>

Attributable to owners of the Company

	Share capital	Share premium	Other reserve <i>(Note (i))</i>	Merger reserve <i>(Note (ii))</i>	Exchange reserve	Accumulated losses	Total	Non- controlling interest	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 April 2019 (audited)	8,400	49,429	14,118	1,091	-	(3,798)	69,240	-	69,240
Loss for the period	-	-	-	-	-	(8,740)	(8,740)	(365)	(9,105)
Other comprehensive expense for the period	-	-	-	-	(93)	-	(93)	(34)	(127)
<b>Total comprehensive expenses for the period</b>	-	-	-	-	(93)	(8,740)	(8,833)	(399)	(9,232)
Capital contribution by non-controlling interest	-	-	-	-	-	-	-	1,140	1,140
<b>At 30 September 2019 (unaudited)</b>	<b>8,400</b>	<b>49,429</b>	<b>14,118</b>	<b>1,091</b>	<b>(93)</b>	<b>(12,538)</b>	<b>60,407</b>	<b>741</b>	<b>61,148</b>

*Notes:*

(i) Other reserves as at 30 September 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 September 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.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019**

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2019</b>	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)
<b>Net cash (used in) from operating activities</b>	<b>(9,917)</b>	7,100
<b>Investing activities</b>		
Purchase of property, plant and equipment	<b>(3,645)</b>	(2,143)
Proceeds from disposal of property, plant and equipment	<b>15</b>	9
Refund of deposits paid for acquisition of property, plant and equipment	<b>130</b>	–
Payment for rental deposits	<b>(74)</b>	–
Interest received	<b>48</b>	4
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	<b>(3,526)</b>	(2,130)
	<hr/>	<hr/>
<b>Financing activities</b>		
Capital contribution by non-controlling interest	<b>399</b>	–
Proceeds from issue of shares	–	69,300
New bank borrowing raised	–	1,740
Payment of deferred listing costs	–	(4,807)
Repayment of bank borrowings	–	(3,412)
Repayment of lease liabilities/obligations under finance lease	<b>(2,863)</b>	(208)
Interest paid	<b>(278)</b>	(149)
	<hr/>	<hr/>
<b>Net cash (used in) from financing activities</b>	<b>(2,742)</b>	62,464
	<hr/>	<hr/>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(16,185)</b>	67,434
Cash and cash equivalents at the beginning of the period	<b>43,632</b>	7,044
Effect of foreign exchange rate changes	<b>(125)</b>	–
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the period</b>		
Represented by bank balances and cash	<b>27,322</b>	74,478
	<hr/>	<hr/>



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

### 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 six months ended 30 September 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 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%.

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

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

	<i>Notes</i>	Right-of-use assets <i>HK\$'000</i>
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	<i>(a)</i>	512
– Restoration and reinstatement costs	<i>(b)</i>	256
Adjustments on rental deposits at 1 April 2019	<i>(c)</i>	135
		<u>13,223</u>
By class:		
Land and buildings		12,455
Leasehold improvements		256
Motor vehicles		512
		<u>13,223</u>

- (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.

The transition to HKFRS16 has had no material impact on accumulated losses at 1 April 2019.

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included.

	<i>Notes</i>	Carrying amounts previously reported at 31 March 2019 <i>HK\$'000</i>	Adjustments <i>HK\$'000</i>	Carrying amounts under HKFRS16 at 1 April 2019 <i>HK\$'000</i>
<b>Non-current assets</b>				
Property, plant and equipment	(a), (b)	2,999	12,455	15,454
Rental deposits	(c)	3,794	(135)	3,659
<b>Current liabilities</b>				
Lease liabilities/obligations under finance leases	(a)	228	5,296	5,524
<b>Non-current liabilities</b>				
Lease liabilities/obligations under finance leases	(a)	<u>96</u>	<u>7,024</u>	<u>7,120</u>

*Note:* For the purpose of reporting cash flows from operating activities under indirect method for the six months ended 30 September 2019, movements in working capital have been computed based on opening condensed consolidated statement of financial position at 1 April 2019.

#### 4. REVENUE AND SEGMENT INFORMATION

##### Disaggregation of revenue from contract with customers

###### Segments

	Three months ended		Six months ended	
	30 September		30 September	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Types of services				
Freight forwarding and related logistics services				
Air freight	40,557	30,360	75,801	62,396
Sea freight	1,792	5,672	3,264	9,926
	<u>42,349</u>	<u>36,032</u>	<u>79,065</u>	<u>72,322</u>
Warehousing and related value-added service	<u>7,973</u>	<u>6,027</u>	<u>14,147</u>	<u>12,329</u>
Total	<u>50,322</u>	<u>42,059</u>	<u>93,212</u>	<u>84,651</u>

All the Group's revenue is recognised over time

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 subsidiaries and 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 six months ended 30 September 2019**

	Freight forwarding and related logistics services <i>HK\$'000</i> (unaudited)	Warehousing and related value-added services <i>HK\$'000</i> (unaudited)	Segment Total <i>HK\$'000</i> (unaudited)	Elimination <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
<b>Revenue</b>					
External sales	79,065	14,147	93,212	–	93,212
Inter-segment sales	–	2,832	2,832	(2,832)	–
Segment revenue	<u>79,065</u>	<u>16,979</u>	<u>96,044</u>	<u>(2,832)</u>	<u>93,212</u>
<b>Result</b>					
Segment results	<u>(4,956)</u>	<u>(1,265)</u>	<u>(6,221)</u>	<u>–</u>	<u>(6,221)</u>
Central administrative expenses					<u>(3,413)</u>
<b>Loss before taxation</b>					<u><b>(9,634)</b></u>

**For six months ended 30 September 2018**

	Freight forwarding and related logistics services <i>HK\$'000</i> (unaudited)	Warehousing and related value-added services <i>HK\$'000</i> (unaudited)	Segment Total <i>HK\$'000</i> (unaudited)	Elimination <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
<b>Revenue</b>					
External sales	72,322	12,329	84,651	–	84,651
Inter-segment sales	–	2,157	2,157	(2,157)	–
Segment revenue	<u>72,322</u>	<u>14,486</u>	<u>86,808</u>	<u>(2,157)</u>	<u>84,651</u>
<b>Result</b>					
Segment results	<u>4,344</u>	<u>(1,641)</u>	<u>2,703</u>	<u>–</u>	<u>2,703</u>
Central administrative expenses					(1,320)
Listing expenses					<u>(9,513)</u>
<b>Loss before taxation</b>					<u><b>(8,130)</b></u>

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

### *Geographical information*

For six months ended 30 September 2018, all revenue is generated from Hong Kong and all non-current assets are located in Hong Kong.

For the six months ended 30 September 2019, the majority of the Group's revenue is generated from Hong Kong and majority of the Group's non-current assets are located in Hong Kong.

## **5. INCOME TAX EXPENSES**

<b>Three months ended</b>		<b>Six months ended</b>	
<b>30 September</b>		<b>30 September</b>	
<b>2019</b>	2018	<b>2019</b>	2018
<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
<b>(unaudited)</b>	(unaudited)	<b>(unaudited)</b>	(unaudited)

The charge (credit) comprises:

Profits tax – current tax	–	342	–	1,017
Deferred tax	<b>(452)</b>	86	<b>(529)</b>	(114)
	<b>(452)</b>	428	<b>(529)</b>	903

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”), which introduces 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 not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a 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.

Under the Law of the People's Republic of China (“**PRC**”) on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% for the six months ended 30 September 2019.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

## 6. LOSS BEFORE TAXATION

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

	Three months ended		Six months ended	
	30 September		30 September	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Depreciation of property, plant and equipment	2,251	337	4,244	596
Operating lease rentals	–	2,104	–	3,511
Expenses related to short-term leases	218	–	343	–
Amortisation of intangible asset	79	237	316	474
Exchange loss/(gain)	47	(50)	32	(90)
Loss/(gain) on disposal of/written off of property, plant and equipment	–	519	(7)	519
Total other gains and losses	47	469	25	429
Bank interest income	(6)	(2)	(48)	(4)
Interest income on rental deposits	(16)	–	(32)	–
Others	(3)	–	(3)	–
Total other income	(25)	(2)	(83)	(4)
Interest expenses on finance leases	–	5	–	12
Interest expenses on lease liabilities	168	–	278	–
Interest expenses on bank borrowings	–	113	–	137
Total finance costs	168	118	278	149

## 7. DIVIDENDS

The Board does not recommend payment of interim dividend for the Review Period (for the Previous Period: nil).

## 8. LOSS PER SHARE

	Three months ended 30 September 2019		Six months ended 30 September 2019	
	HK\$'000	2018 HK\$'000	HK\$'000	2018 HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Loss:				
Loss for the period attributable to owners of the Company for the purpose of calculating basic loss per share	<u>(4,475)</u>	<u>(10,252)</u>	<u>(8,740)</u>	<u>(9,033)</u>
	Three months ended 30 September 2019		Six months ended 30 September 2019	
	HK\$'000	2018 HK\$'000	HK\$'000	2018 HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Number of shares:				
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<u>840,000,000</u>	<u>659,217,391</u>	<u>840,000,000</u>	<u>623,803,279</u>

The number of ordinary shares for the purpose of calculating basic loss per share for the Previous Period has been determined on the assumption that the capitalisation issue had been effective on 1 April 2018.

On 5 September 2018, upon listing on the Stock Exchange, the Company issued 252,000,000 additional ordinary shares.

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. The Company had the offer size adjustment option. As the Group incurred losses for the Previous Period, the potential ordinary shares were not included in the calculation of dilutive loss per share, as their inclusion would be anti-dilutive. No potential ordinary shares in issue during the Review Period. Accordingly, no diluted loss per share was presented.

## **9. PROPERTY, PLANT AND EQUIPMENT**

### **(a) Right-of-use assets**

As discussed in note 3, the Group has initially applied HKFRS 16 using the modified retrospective method and adjusted the opening balances at 1 April 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. In addition, the depreciated carrying amount of the finance leased assets which were previously included in other property, plant and equipment is also identified as right-of-use assets. Further details on the net book value of the Group's right-of-use assets by class of underlying asset are set out in note 3.1.2.

During the Review Period, the Group entered into new lease arrangement for the use of office premise and machineries for three and five years respectively. The Group is required to make fixed monthly payments. On lease commencement, the Group recognised HK\$4,683,000 of right-of-use assets and HK\$4,433,000 lease liabilities.

### **(b) Acquisitions and disposals of owned assets**

During the Review Period, the Group acquired property, plant and equipment excluding right-of-use asset amounting to approximately HK\$4,525,000 (Previous Period: HK\$2,143,000).

During the Review Period, the Group disposed of and wrote off certain property, plant and equipment with aggregate carrying amount of approximately HK\$8,000 (Previous Period: HK\$528,000) for cash proceeds of HK\$15,000 (Previous Period: HK\$9,000), resulting in a gain on disposal of HK\$7,000 (Previous Period: a loss on disposal of/written off of HK\$519,000).

## **10. INTANGIBLE ASSET**

Customer relationship has finite useful life of 28 months and are amortised on a straight-line basis.

## 11. TRADE AND OTHER RECEIVABLES

	At 30 September 2019 <i>HK\$'000</i> (unaudited)	At 31 March 2019 <i>HK\$'000</i> (audited)
Trade receivables	38,219	29,099
Less: allowance for credit losses	<u>(441)</u>	<u>(1,561)</u>
	37,778	27,538
Prepayments, deposits and other receivables ( <i>note i</i> )	5,843	5,421
Rental deposits classified as current asset	<u>19</u>	<u>32</u>
	<b><u>43,640</u></b>	<b><u>32,991</u></b>

*Note i:* The balance with non-controlling interest which included in other receivables at 30 September 2019 is HK\$659,000 (31 March 2019: nil). The amounts due is unsecured, interest free and repayable on demand.

The Group allows credit periods ranging from 0 day to 90 days to its customers.

The following is an ageing analysis of trade receivables net of allowance for credit losses, presented based on the invoice date at the end of each reporting period:

	At 30 September 2019 <i>HK\$'000</i> (unaudited)	At 31 March 2019 <i>HK\$'000</i> (audited)
0 – 30 days	17,517	15,908
31 – 60 days	12,315	7,649
61 – 90 days	4,507	1,748
Over 90 days	<u>3,439</u>	<u>2,233</u>
	<b><u>37,778</u></b>	<b><u>27,538</u></b>

## 12. TRADE AND OTHER PAYABLES

	At 30 September 2019 <i>HK\$'000</i> (unaudited)	At 31 March 2019 <i>HK\$'000</i> (audited)
Trade payables	22,867	16,151
Other payables and accrued expenses	<u>1,557</u>	<u>3,735</u>
	<u>24,424</u>	<u>19,886</u>

The following is an ageing analysis of trade payables presented based on the invoice date at the end of each reporting period:

	At 30 September 2019 <i>HK\$'000</i> (unaudited)	At 31 March 2019 <i>HK\$'000</i> (audited)
0 – 30 days	14,398	12,185
31 – 60 days	8,365	3,809
61 – 90 days	99	126
Over 90 days	<u>5</u>	<u>31</u>
	<u>22,867</u>	<u>16,151</u>

## 13. CONTRACT LIABILITIES

	At 30 September 2019 <i>HK\$'000</i>	At 31 March 2019 <i>HK\$'000</i>
Freight forwarding and related logistics services	<u>1,903</u>	<u>420</u>

Contract liabilities represent the Group's obligations to transfer services to a customer for which an amount of consideration is due from the customer. Contract liabilities is recognised over time as revenue when the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. During the Review Period, revenue recognised in the current period relating to contract liabilities at the beginning of the year was HK\$420,000.

The Group makes advance billings to customers at the commencement of services. The trade receivables resulted in contract liabilities being recognised through the shipment period until the completion of shipment.

## 14. SHARE CAPITAL

Details of movements of authorised and issued capital of the Company are as follows:

	Number of Shares	Share capital <i>HK\$</i>
Ordinary shares of HK\$0.01 each		
<b>Authorised</b>		
At 1 April 2018 (audited) ( <i>Note i</i> )	38,000,000	380,000
Increase during the period ( <i>Note ii</i> )	<u>9,962,000,000</u>	<u>99,620,000</u>
At 30 September 2018 (unaudited), 1 April 2019 (audited) and 30 September 2019 (unaudited)	<u>10,000,000,000</u>	<u>100,000,000</u>
<b>Issued and fully paid</b>		
At 1 April 2018 (audited)	100	1
Issue under reorganisation ( <i>Note iii</i> )	9,900	99
Capitalisation issue	587,990,000	5,879,900
Issue of new shares upon listing ( <i>Note iv</i> )	<u>252,000,000</u>	<u>2,520,000</u>
At 30 September 2018 (unaudited), 1 April 2019 (audited) and 30 September 2019 (unaudited)	<u>840,000,000</u>	<u>8,400,000</u>

*Notes:*

- (i) The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 10 August 2017 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each.
- (ii) Pursuant to the written resolutions of the shareholders of the Company passed on 14 August 2018, the authorised share capital of the Company was increased from HK\$380,000 to HK\$100,000,000 divided into 10,000,000,000 shares by creation of an additional 9,962,000,000 shares.
- (iii) On 10 August 2018, the Company acquired the entire share holdings in Ever Metro, from Mr. Thomas Loy, Mr. Loy Hak Moon (“**Mr. HM Loy**”), Double River Limited (“**Double River**”), Prime View Enterprises Limited (“**Prime View**”), Upperhand Holdings Limited (“**Upperhand**”) and Sunny King Investment Limited (“**Sunny King**”), respectively. In consideration of the above acquisitions, the Company allotted and issued (i) 7,077 shares to Ho Tat as directed by Mr. Thomas Loy; (ii) 1,005 shares to Yo Tat as directed by Mr. HM Loy; and (iii) 379 shares, 379 shares, 530 shares and 530 shares to Double River, Prime View, Upperhand and Sunny King, respectively.
- (iv) On 5 September 2018, upon the listing on the Stock Exchange, the Company issued 252,000,000 shares with par value HK\$0.01 each at HK\$0.275 each with gross proceeds of HK\$69,300,000.



**15. CAPITAL COMMITMENTS**

<b>At 30 September 2019 HK\$'000 (unaudited)</b>	<b>At 31 March 2019 HK\$'000 (audited)</b>
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Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of the acquisition of property, plant and equipment

–	5,196
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**16. RELATED PARTY DISCLOSURES**

**Compensation of key management personnel**

The remuneration of Directors and other members of key management during the Review Period is as follows:

	<b>Three months ended 30 September</b>		<b>Six months ended 30 September</b>	
	<b>2019 HK\$'000 (unaudited)</b>	2018 HK\$'000 (unaudited)	<b>2019 HK\$'000 (unaudited)</b>	2018 HK\$'000 (unaudited)
Salaries and other allowances	<b>1,861</b>	1,207	<b>3,535</b>	2,316
Retirement benefit scheme and contributions	<b>34</b>	34	<b>70</b>	67
	<b>1,895</b>	1,241	<b>3,605</b>	2,383

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The services of Wan Leader International Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) mainly include (a) the provision of freight forwarding and related logistics services, which include reselling cargo space the Group purchases from airlines, 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, packaging services and security screening services.

The first half of 2019 was an exceptionally challenging environment period for the Hong Kong economy due to the increasing tensions resulting from the trade disputes between the People’s Republic of China (the “**PRC**”) and the United States of America (the “**USA**”), as well as other geopolitical developments around the world. Additional tariff has been imposed by the PRC and the USA governments since 1 April 2019. This gave rise to a series of extreme uncertainties in manufacturing sector in which most of the Group’s ultimate customers operate. As they are facing difficulties in arranging their production workflows in the PRC, the volume and schedule of the orders they place to the Group has become less stable. The Directors expect that the economic and political challenges will continue to affect the business environment and have a rippling effect through the global supply chains. The Group will closely monitor the needs of the customers and react swiftly in a prudent manner.

Despite the challenges and uncertainties in Hong Kong economy ahead, the Group launched its security screening services in August 2019 to expand and diversify its services. Further to the Company’s announcement dated 21 June 2019, Fu Yo Warehouse Logistics Company Limited (“**Fu Yo**”), an indirectly wholly owned subsidiary of the Company, was registered with the Civil Aviation Department as a Regulated Air Cargo Screening Facility (“**Facility**”). Fu Yo has already entered into quotations with its customers up to the date of this announcement and received commercial orders since August 2019. The Group is also committed to obtain approval from airlines to be their designated off-airport secured screening facilities service provider in Hong Kong. The Directors expect that the security screening services will be one of the main drivers of the Group’s revenue in the long run.

Despite the weak economy, the Group is still optimistic about the air freight forwarding business in the long run. During the Review Period (as defined below), the Group entered into a third direct booking system arrangement with an agent of another two airlines with a target to offer more choices to the Group's potential and existing customers. As disclosed in the prospectus of the Company dated 24 August 2018 (the "**Prospectus**"), the success of a freight forwarder relies heavily on its efficiency in sourcing cargo space from a wide portfolio of routes at competitive prices. The Group aims at offering more alternative time slots and wider variety of cargo routes to customers. Since September 2019, the Group has been able to reserve air cargo space through the designated booking systems.

To widen the customer bases, the Group set up a subsidiary in Shenzhen and a branch in Taipei during the period from 1 April 2019 to 30 September 2019 (the "**Review Period**"). The subsidiary in Shenzhen recorded sales transactions in the Review Period and also assisted the Group in handling logistics services in the PRC.

To control cost, the Company regularly reviews its operation efficiency and expenses, including the remuneration packages of its Directors and senior management. On 8 November 2019, upon the recommendation of the remuneration committee of the Board, the Board resolved to reduce the director's fees and salaries of all three executive Directors and two members of the senior management.

During the Review Period, the performance of the Group was affected by (i) increase in purchase costs for air cargo space; (ii) increase in legal and compliance costs, professional fees and printing charges incurred after the Listing; and (iii) increase in staff costs and benefits as a result of raises in basic salary and additional headcount. The Group anticipates that these factors will continuously affect the operation and financial performance of the Group in the next half of the Group's financial year.

To mitigate the possible negative impact, the Group will further enhance its service capabilities, offer better services to its customers and continue to exercise careful cost controls to strengthen its competitiveness in the logistics industry.

## 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 increased by approximately 10.0% from approximately HK\$84.7 million for the period from 1 April 2018 to 30 September 2018 (the "Previous Period") to approximately HK\$93.2 million for the Review Period.

Revenue generated from air freight forwarding and related logistics services for the Review Period amounted to approximately HK\$75.8 million (Previous Period: HK\$62.4 million), accounting for approximately 81.3% of the Group's total revenue (Previous Period: approximately 73.7%). The revenue from this segment remained as the major source of the revenue of the Group. As stated in the Company's announcement dated 3 October 2019, two new subsidiaries were incorporated to provide new lines of freight forwarding and related logistics services to the existing and new customers, which focus on, but are not limited to, the online retail markets respectively in the USA and Southeast Asia. As such, there is an increase in the revenue from air freight forwarding and related logistics services.

Revenue generated from sea freight forwarding and related logistics services for the Review Period amounted to approximately HK\$3.3 million (Previous Period: approximately HK\$10.0 million), accounting for approximately 3.5% of the Group's total revenue (Previous Period: approximately 11.8%). 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, which was caused by (i) fewer sales orders from one customer in Taiwan and (ii) the change in the business operation of one customer in the PRC, such that it did not require the Group's services during the Review Period. To maintain our revenue in the long run, the Group has been exploring new business opportunity, such as river sand shipment, which the Group would assist its customer to deliver river sand from overseas to the PRC; the Group successfully completed its first transaction in October 2019.

Revenue generated from warehousing and related value-added services for the Review Period amounted to approximately HK\$14.1 million (Previous Period: approximately HK\$12.3 million), accounting for approximately 15.2% of the Group's total revenue (Previous Period: approximately 14.5%). The increase was mainly due to the increase in revenue from warehousing, repacking and labelling services, which recorded an increase of approximately HK\$1.4 million.

During the Review Period, an existing customer engaged Fu Yo to provide new services related to handling the imported goods of its own customers. Fu Yo commenced the relevant services in June 2019, which brought in an additional revenue of approximately HK\$0.8 million to the Group.

Since August 2019, the Group has been offering new security screening services to its customers. The Group formally signed one quotation during the Review Period. The related rules and regulations are expected to be effective in January 2020 and 25% of the air cargo from Hong Kong (by weight) will then be required to be screened by regulated agents. The Group expects that bulk purchase orders will be received from its customers in the third quarter for the year ending 31 March 2020.

### **Cost of services and gross profit**

The Group's cost of services increased by approximately 22.2% from approximately HK\$69.8 million for the Previous Period to approximately HK\$85.3 million for the Review Period. This increase was mainly attributable to (i) increase in the acquisition cost of air cargo space and (ii) higher subcontracting charges incurred for warehousing and related value-added services.

The Group's gross profit decreased by approximately 46.6% from approximately HK\$14.8 million for the Previous Period to approximately HK\$7.9 million for the Review Period. Gross profit margin decreased from approximately 17.5% 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 rates for transportation and palletisation charged by subcontractors increased; (ii) the increase in depreciation charge in connection to additional warehouse information system and leasehold improvement; and (iii) increase in staff cost and its related expenses. As for air freight forwarding and related logistics services, the main reason for decrease in gross profit margin was due to (i) the increase in the cost of services for cargo routes to North America and Europe and (ii) the lower profit margin obtained through charter flight services and block space arrangement with other local forwarders.

### **Other income**

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

Upon adoption of Hong Kong Financial Reporting Standard 16 Leases (“**HKFRS 16**”) on 1 April 2019, the refundable rental deposits were adjusted to amortised cost and an additional other interest income of approximately HK\$32,000 (Previous Period: none) was recognised during the Review Period.

### **Other gains and losses**

Other gains and losses included foreign exchange (loss) gain and gain (loss) 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 loss on disposed of/written off of property, plant and equipment. The Group recorded approximately HK\$0.5 million losses in Previous Period but obtained a gain on disposal of property, plant and equipment of approximately HK\$7,000 during the Review Period. As to foreign exchange, the Group recorded an exchange loss of approximately HK\$32,000 during the Review Period (Previous Period: an exchange gain of approximately HK\$90,000). The Group suffered from a deprecation in Renminbi (“**RMB**”) to Hong Kong Dollars (“**HKD**”).

### **Marketing expenses**

Marketing expenses mainly included cost of business development and soliciting new customers. Due to the commencement of new security screening services 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\$15.1 million for the Review Period from approximately HK\$9.5 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) increase in legal and compliance costs, professional fee and printing charges of approximately HK\$2.7 million incurred after the Listing; and (ii) increase in staff costs from approximately HK\$4.8 million for the Previous Period to approximately HK\$7.5 million for the Review Period, which was caused by raises in basic salaries and additional headcount, particularly for the Group’s new subsidiary in Shenzhen, new branch office in Taipei and two new subsidiaries providing new lines of freight forwarding and related logistics services, all of which were established after the Previous Period.

## **Listing expenses**

The Company listed on GEM on 5 September 2018 and all listing expenses had been recognised before the Review Period. As such, there were no listing expenses incurred during the Review Period (Previous Period: HK\$9.5 million).

## **Finance costs**

Finance costs for the Review Period represented interest expenses on lease liabilities. Finance costs increased from approximately HK\$149,000 for the Previous Period to approximately HK\$278,000 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\$278,000 was recognised for the Review Period.

## **Income tax credit (expenses)**

The Group's income tax expenses primarily included provisions for Hong Kong profits tax and deferred income tax expenses. As a loss before taxation of approximately HK\$9.6 million for the Review Period was recorded, an income tax credit of approximately HK\$0.5 million was recorded for the Review Period (Previous Period: income tax expenses of approximately HK\$0.9 million) as there was deferred tax impact on the property, plant and equipment, the provision for bad debts and unused tax losses.

## **Loss for the period**

The Group recorded a loss before taxation of approximately HK\$9.6 million for the Review Period (Previous Period: HK\$8.1 million). The loss was mainly due to the effects of (i) increase in the acquisition cost of air cargo space of approximately HK\$17.6 million; (ii) increase in staff cost and benefits of approximately HK\$3.0 million, as a result of raises in basic salary and additional headcount added particularly for the Group's new subsidiary in Shenzhen, new branch office in Taipei and two new subsidiaries providing new lines of freight forwarding and related logistics services, all of which were established after the Previous Period; (iii) increase in after listing compliance costs of approximately HK\$2.7 million; and (iv) the decrease in listing expense of approximately HK\$9.5 million.

## **Trade and other receivables**

Trade receivables (net of allowance for doubtful debts) increased by 37.5% from approximately HK\$27.5 million at 31 March 2019 to approximately HK\$37.8 million at 30 September 2019. Such increase was primarily attributable to the delay in repayment of service fees of approximately HK\$3.3 million by two major customers in Taiwan during the Review Period as Taipei called day off due to severe weather on 30 September 2019. The Group has 2 more subsidiaries (31 March 2019: 2 subsidiaries) commenced full operations during the Review Period. Kongda Logistics Company Limited and Protect Logistics Company Limited has 6 months (31 March 2019: 1-2 months) of revenue recorded during the Review Period. These two factors contributed to the approximately HK\$3.5 million increase in trade receivables.

There was no significant change in the Group's prepayments, deposits and other receivables. During the Review Period, the Group entered into an agreement with a supplier in arranging river sand shipment and prepaid HK\$0.4 million (Previous Period: nil) to them at 30 September 2019.

## **Trade payables and other payables**

Trade payables increased by 41.4% from approximately HK\$16.2 million at 31 March 2019 to approximately HK\$22.9 million at 30 September 2019. The increase was mainly due to the increase in cost of services of approximately 41.7% incurred in August and September 2019 to cope with the sales orders received.

Other payables and accrued expenses decreased by 56.8% from approximately HK\$3.7 million at 31 March 2019 to approximately HK\$1.6 million at 30 September 2019. The decrease was caused by a decrease in the accrued listing fee by approximately HK\$2.4 million which already fully settled during the Review Period.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group funded the liquidity and capital requirements for the Review Period primarily through cash flows from operating activities.

At 30 September 2019, the Group had cash and cash equivalents in the sum of approximately HK\$27.3 million (at 31 March 2019: HK\$43.6 million) and time deposits over three months of HK\$2.5 million (at 31 March 2019: HK\$2.5 million) most of which were either denominated in HKD, USD, RMB and New Taiwan Dollars.

The Group had lease liabilities of approximately HK\$14.2 million of which approximately HK\$0.2 million was included in obligation under finance leases at 30 September 2019 (at 31 March 2019: approximately HK\$0.3 million).



Gearing ratio is the current debt (including all leases liabilities) divided by total equity and multiplied by 100% at the year/period ended date. The gearing ratio of the Group at 30 September 2019 was approximately 10.7% (at 31 March 2019: approximately 0.3%). As a result of the adoption of new accounting standard HKFRS 16, the gearing ratio increased.

During the Review Period, the Group did not employ any financial instrument for hedging purpose.

The Directors are of the view that, at the date of this announcement, the Group's financial resources are sufficient to support its business and operations.

### **CHARGE ON ASSETS**

At 30 September 2019, certain property, plant and equipment of the Group with a carrying value of approximately HK\$0.4 million (at 31 March 2019: HK\$0.4 million) were held under leases liabilities and bank deposits of HK\$2.5 million (at 31 March 2019: HK\$2.5 million) was pledged to secure the bank guarantee obtained by the Group. Save as disclosed, the Group did not have any charges on its assets.

### **FOREIGN EXCHANGE EXPOSURE**

During the Review Period, the Group received payments from the Group's customers in foreign currencies, such as USD, Euro (“**EUR**”) and RMB, and the Group settled some of its cost and expenses with suppliers in USD, EUR, RMB and Japanese Yen (“**JPY**”). The Group is exposed to certain foreign exchange risks in respect of depreciation or appreciation amongst those currencies. The Group's operating activities are mainly denominated in HKD and the Group is exposed to foreign exchange risks primarily arising from provisions of services to customers and payments of cost of services to suppliers whose operating activities are denominated in foreign currencies. Although the Group does not maintain any specific hedging policy or foreign currency forward contracts, the Group's management closely monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should it become necessary.

### **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

At 30 September 2019, the Group had no outstanding capital commitments (at 31 March 2019: HK\$5.2 million) for the acquisition of property, plant and equipment. Save for the plans disclosed in the Prospectus, the Company's announcement(s) or this announcement, the Group did not have any future plans for material investments or capital assets at 30 September 2019.

## **MATERIAL ACQUISITIONS AND DISPOSALS**

There were no material acquisitions and disposals of subsidiaries by the Group during the Review Period.

## **SIGNIFICANT INVESTMENTS**

The Group did not hold any significant investments during the Review Period.

## **CAPITAL EXPENDITURE**

During the Review Period, the Group invested approximately HK\$9.2 million in property, plant and equipment, mainly attributable to leasehold improvement and right-of-use assets for the warehouse in Hong Kong, the new Taiwan branch office and the new warehouse information system.

## **CONTINGENT LIABILITIES**

The Group did not have any material contingent liabilities both at 31 March 2019 and at 30 September 2019.

## **DIVIDEND**

The Directors do not recommend the payment of interim dividend for the Review Period.

## **CAPITAL STRUCTURE**

There has been no change in the capital structure of the Group since 1 April 2019. The share capital of the Company consists only of ordinary shares of the Company.

At 30 September 2019, the Company's issued share capital was HK\$8.4 million, the number of its issued ordinary shares was 840,000,000 and the par value of each ordinary share was HK\$0.01.

## **TREASURY POLICIES**

The Group adopts a prudent financial management approach towards its treasury policy and thus maintained a healthy liquidity position throughout the Review Period. The management of the Group regularly reviews the recoverable amount of each individual trade debtors to ensure prompt recovery and if necessary, to make adequate impairment losses for irrecoverable amounts. During the Review Period, a sum of approximately HK\$94,000 for impairment losses on trade receivables was recognised (as compared with HK\$0.9 million in the Previous Period).

## **EMPLOYEES AND REMUNERATION POLICIES**

At 30 September 2019, the Group employed 45 staff in Hong Kong, 8 staff in the PRC and 4 staff in Taiwan (at 31 March 2019: 45 staff in Hong Kong).

For the Review Period, the Group's total cost for employee compensation and benefits (including Director's emoluments) was approximately HK\$9.5 million (Previous Period: approximately HK\$6.5 million). Remuneration is determined with reference to market terms, industrial norms and the performance, qualifications and experience of the employees.

Apart from basic remuneration, share options may be granted by the Company to eligible employees by reference to the Group's performance as well as the individual's contribution. As disclosed in the Prospectus, the Company adopted a share option scheme on 14 August 2018 (the "**Share Option Scheme**") to incentivize and retain staff members who have contributed to the development and success of the Group. The Directors believe that the compensation packages offered by the Group to its employees are competitive in comparison with market standard and practices.

During the Review Period, the Group's employees attended trainings in relation to air cargo operations, language and tax.

## USE OF PROCEEDS FROM THE LISTING

The shares of the Company (the “**Shares**”) were successfully listed on GEM of the Stock Exchange on 5 September 2018 (the “**Listing**”). The total net proceeds (the “**Net Proceeds**”) from the Listing of the Company amounted to approximately HK\$40.0 million. On 23 August 2019, the Board resolved to change the use of the Net Proceeds in connection to developing the Group’s own trucking fleet to general working capital (the “**Change in Use of Proceeds**”). Details of the Change in Use of Proceeds are set out in the Company’s announcements dated 23 August 2019 and 3 October 2019 (collectively the “**UOP Announcements**”). Details of the application of the Net Proceeds from the Listing till 30 September 2019 are set out below:

Use of the Net Proceeds	Amount of the Net Proceeds adjusted in the manner as stated in the Prospectus prior to the Change in Use of Proceeds <i>HK\$'000</i>	The Change in Use of Proceeds according to the UOP Announcements <i>HK\$'000</i>	Use of Net Proceeds subsequent to the Change in Use of Proceeds <i>HK\$'000</i>	Amount of the Net Proceeds utilised from the Listing Date to 30 September 2019 <i>HK\$'000</i>	Amount not yet utilised at 30 September 2019 <i>HK\$'000</i>	Actual business progress up to 30 September 2019
Further expanding the warehouses in Hong Kong	13,511	–	13,511	–	13,511	The Group engaged an agent and has inquired the existing landlord about the availability of vacant warehouse but has not yet identified suitable premise for the warehouse facilities.
Attracting and retaining talented and experienced personnel	14,727	(8,573)	6,154	1,098	5,056	The Group recruited two sales staff, acquired medical insurance and provided training to the staff. The Group resolved not to employ truck drivers as a result of not developing its own trucking fleet.  The hiring of warehouse staff and supporting staff would depend on the Group’s progress in expanding the warehouses.

Use of the Net Proceeds	Amount of the Net Proceeds adjusted in the manner as stated in the Prospectus prior to the Change in Use of Proceeds <i>HK\$'000</i>	The Change in Use of Proceeds according to the UOP Announcements <i>HK\$'000</i>	Use of Net Proceeds subsequent to the Change in Use of Proceeds <i>HK\$'000</i>	Amount of the Net Proceeds utilised from the Listing Date to 30 September 2019 <i>HK\$'000</i>	Amount not yet utilised at 30 September 2019 <i>HK\$'000</i>	Actual business progress up to 30 September 2019
Developing the trucking fleet	8,075	(8,075)	–	–	–	The Group resolved not to implement the plan of developing its own trucking fleet.
Further enhancing the information technology systems	2,442	(542)	1,900	1,850	50	The Group finished upgrading the warehouse management system, installing new servers and strengthening firewalls and personal computers. As the Group resolved not to develop its own trucking fleet, it would not be necessary to develop and install the corresponding GPS system.
General working capital	1,258	17,190	18,448	4,694	13,754	The Group will further utilise the general working capital to finance its cost of services, in particular in air freight forwarding and related logistic business.
	<u>40,013</u>		<u>40,013</u>	<u>7,642</u>	<u>32,371</u>	

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Board is committed to achieving good corporate governance practices and procedures. The Directors believe that good corporate governance practices are essential to enhance stakeholders' confidence and support. Throughout the Review Period, the Company complied with the code provisions prescribed in the establishment and implementation of the corporate governance guidelines containing principles and code provisions of the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) as set out in Appendix 15 of the GEM Listing Rules.

## **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.

## **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.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Review Period.

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

At 30 September 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**

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

**(ii) Long position in shares of associated corporations**

<b>Name of Director</b>	<b>Name of associated corporation</b>	<b>Capacity/ Nature of interests</b>	<b>Interest in shares</b>	<b>Approximate percentage of the Company's issued share capital</b>
Mr. Thomas Loy	Ho Tat Limited (“ <b>Ho Tat</b> ”) <i>(Note 1)</i>	Beneficial owner, parties acting in concert <i>(Note 1)</i>	1	100%
Mr. HM Loy	Yo Tat Limited (“ <b>Yo Tat</b> ”) <i>(Note 2)</i>	Beneficial owner, parties acting in concert <i>(Note 2)</i>	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 below under the heading “Directors’ Rights to Acquire Shares or Debentures”, at 30 September 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.



## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this announcement, at no time during the Review Period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in the Company or any other body corporate.

Save as disclosed in this announcement, at no time during the Review Period the Directors and the Chief Executive (including their spouses and children under 18 years of age) had any interest in, or been granted or exercised, any rights to subscribe for the shares (or warrants or debentures, as applicable) of the Company or any of its associated corporations (within the meaning of the SFO).

## 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 September 2019, the substantial shareholders of the Company 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:

<b>Name</b>	<b>Capacity/ nature of interests</b>	<b>Number of Shares held/ interested (Note 5)</b>	<b>Approximate percentage of shareholding</b>
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%

<b>Name</b>	<b>Capacity/ nature of interests</b>	<b>Number of Shares held/ interested (Note 5)</b>	<b>Approximate percentage of shareholding</b>
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 September 2019, the Directors are not aware of any interests and short positions owned by the chief executive of the Company, or any other parties. No person, other than the Directors whose interests are set out in the section “Directors’ and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or any Associated Corporations” 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.

## **SHARE OPTION SCHEME**

The Company adopted the Share Option Scheme on 14 August 2018. The purpose of the Share Option Scheme is to recognise the contribution of, and to provide an incentive to, key staff of the Group who have contributed or will contribute to the Group in order to motivate and retain them for the operation and development of the Group.

Up to the date of this announcement, no share options has been granted, exercised, lapsed or cancelled under the Share Option Scheme and there were no outstanding share options under the Share Option Scheme at 30 September 2019 and at the date of this announcement.

### **COMPLIANCE ADVISER'S INTERESTS**

The Company appointed Glory Sun Securities Limited (“**Glory Sun**”) as the compliance adviser of the Company on 30 May 2019.

As notified by Glory Sun, at 30 September 2019, save for the adviser agreement entered into between the Company and Glory Sun dated 30 May 2019, none of Glory Sun or its directors, employees or close associates (as defined in the GEM Listing Rules) had any interest in the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

### **CHANGE IN DIRECTORS' INFORMATION**

Mr. Lo Wing Sang, an executive Director, has been appointed as the company secretary, authorized representative and financial controller of Century Group International Holdings Limited (Stock Code: 2113) with effect from 1 October 2019.

### **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 reports 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, 8 November 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 [www.hkgem.com](http://www.hkgem.com) and the Stock Exchange's website at [www.hkexnews.hk](http://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](http://www.wanleader.com).*