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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 2020

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 2020 (the “**Review Period**”), together with the unaudited comparative figures for the six months ended 30 September 2019 (the “**Previous Period**”), as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

	Notes	Three months ended		Six months ended	
		30 September		30 September	
		2020	2019	2020	2019
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	4	80,061	50,322	164,591	93,212
Cost of services		<u>(72,719)</u>	<u>(46,042)</u>	<u>(146,062)</u>	<u>(85,346)</u>
Gross profit		7,342	4,280	18,529	7,866
Other income	6	1,314	25	2,652	83
Other gains and losses	6	(232)	(47)	(276)	(25)
Sales and marketing expenses		(1,099)	(1,228)	(2,000)	(2,119)
Administrative expenses		(7,725)	(7,594)	(14,720)	(14,342)
Impairment losses recognised on trade receivables, under expected credit loss model, net of reversal		109	(45)	79	(94)
Other expenses		1,227	(363)	1,227	(725)
Finance costs	6	(109)	(168)	(227)	(278)
Profit (loss) before taxation	6	827	(5,140)	5,264	(9,634)
Income tax (expenses) credit	5	(343)	452	(302)	529
Profit (loss) for the period		484	(4,688)	4,962	(9,105)

	Three months ended		Six months ended	
	30 September		30 September	
	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Note</i>	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Other comprehensive income (expense) for the period				
Item that may be reclassified subsequently to profit or loss:				
Exchange difference on translation of foreign operations	<u>209</u>	(134)	<u>473</u>	(127)
Other comprehensive income (expense) for the period	<u>209</u>	(134)	<u>473</u>	(127)
Total comprehensive income (expense) for the period	<u>693</u>	(4,822)	<u>5,435</u>	(9,232)
Profit (loss) for the period attributable to:				
Owners of the Company	599	(4,475)	5,223	(8,740)
Non-controlling interest	<u>(115)</u>	(213)	<u>(261)</u>	(365)
	<u>484</u>	(4,688)	<u>4,962</u>	(9,105)
Total comprehensive income (expense) for the period attributable to:				
Owners of the Company	808	(4,573)	5,696	(8,833)
Non-controlling interest	<u>(115)</u>	(249)	<u>(261)</u>	(399)
	693	(4,822)	5,435	(9,232)
Earnings (loss) per share				
Basic and diluted (HK Cents)	<u>0.07</u>	(0.53)	<u>0.62</u>	(1.04)

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 September 2020 <i>HK\$'000</i> (unaudited)	At 31 March 2020 <i>HK\$'000</i> (audited)
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	9	12,610	16,656
Rental deposits		4,204	4,166
Pledged bank deposit		–	769
Deferred tax assets		1,358	1,595
		18,172	23,186
CURRENT ASSETS			
Trade and other receivables	10	64,594	48,362
Tax recoverable		544	594
Pledged bank deposits		2,227	2,042
Bank balances and cash		20,024	15,856
		87,389	66,854
CURRENT LIABILITIES			
Trade and other payables	11	38,700	29,225
Bank borrowings	12	3,610	–
Lease liabilities		5,817	6,527
Provisions	14	773	2,000
Contract liabilities	13	663	221
		49,563	37,973
NET CURRENT ASSETS		37,826	28,881
NON-CURRENT LIABILITIES			
Lease liabilities		2,597	4,105
Provision	14	530	526
		3,127	4,631
NET ASSETS		52,871	47,436
CAPITAL AND RESERVES			
Share capital	15	8,400	8,400
Other reserves		65,035	64,562
Accumulated losses		(20,572)	(25,795)
		52,863	47,167
Non-controlling interest		8	269
TOTAL EQUITY		52,871	47,436

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

	Attributable to owners of the Company								Total
	Share capital	Share premium	Other reserve	Merger reserve	Exchange reserve	Accumulated losses	Total	Non-controlling interest	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i> <i>(Note (i))</i>	<i>HK\$'000</i> <i>(Note (ii))</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)
Total comprehensive expenses for the period	-	-	-	-	(93)	(8,740)	(8,833)	(399)	(9,232)
Capital contribution by non-controlling interest	-	-	-	-	-	-	-	1,140	1,140
At 30 September 2019 (unaudited)	<u>8,400</u>	<u>49,429</u>	<u>14,118</u>	<u>1,091</u>	<u>(93)</u>	<u>(12,538)</u>	<u>60,407</u>	<u>741</u>	<u>61,148</u>
	Attributable to owners of the Company								Total
	Share capital	Share premium	Other reserve	Merger reserve	Exchange reserve	Accumulated losses	Total	Non-controlling interest	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i> <i>(Note (i))</i>	<i>HK\$'000</i> <i>(Note (ii))</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
At 1 April 2020 (audited)	8,400	49,429	14,118	1,091	(76)	(25,795)	47,167	269	47,436
Profit (loss) for the period	-	-	-	-	-	5,223	5,223	(261)	4,962
Other comprehensive income for the period	-	-	-	-	473	-	473	-	473
Total comprehensive income (expenses) for the period	-	-	-	-	473	5,223	5,696	(261)	5,435
At 30 September 2020 (unaudited)	<u>8,400</u>	<u>49,429</u>	<u>14,118</u>	<u>1,091</u>	<u>397</u>	<u>(20,572)</u>	<u>52,863</u>	<u>8</u>	<u>52,871</u>

Notes:

- (i) Other reserve represents the (i) deemed contribution by a non-controlling shareholder through the acquisition of Orient Zen Logistics Services Limited (“**Orient Zen**”), (ii) acquisition of additional interest of Orient Zen and (iii) allotment of shares of Ever Metro International Limited (“**Ever Metro**”) to strategic investors.

- (ii) Amount represents the difference between the par value of the shares issued by Ever Metro for the combination of the entire equity interests in Union Air Cargo Limited (“**Union Air**”) and Fu Yo Warehouse Logistics Company Limited (“**Fu Yo**”) and the amount of share capital of Union Air and Fu Yo.

The combination 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. Loy Hak Yu Thomas (“**Mr. Thomas Loy**”) both before and after the combination and the control is not transitory.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

	Six months ended	
	30 September	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Net cash from (used in) from operating activities	3,300	(9,917)
Investing activities		
Purchase of property, plant and equipment	(276)	(3,645)
Withdrawals of pledged bank deposits	617	–
Proceeds from disposal of property, plant and equipment	108	15
Refund of deposits paid for acquisition of property, plant and equipment	–	130
Payment for rental deposits	(20)	(74)
Interest received	26	48
	<u>455</u>	<u>(3,526)</u>
Net cash from (used in) investing activities		
Financing activities		
Capital contribution by non-controlling interest	–	399
New bank borrowing raised	3,610	–
Repayment of lease liabilities	(3,045)	(2,863)
Interest paid	(223)	(278)
	<u>342</u>	<u>(2,742)</u>
Net cash from (used in) financing activities		
Net increase (decrease) in cash and cash equivalents	4,097	(16,185)
Cash and cash equivalents at the beginning of the period	15,856	43,632
Effect of foreign exchange rate changes	71	(125)
	<u>15,927</u>	<u>43,507</u>
Cash and cash equivalents at the end of the period		
Represented by bank balances and cash	<u>20,024</u>	<u>27,322</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

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. The Company and its subsidiaries (collectively referred to as the “**Group**”) 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 also 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 the 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 2020 are the same as those followed in the preparation of the Group’s consolidated financial statements for the year ended 31 March 2020.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

In the current period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are mandatorily effective for the annual period beginning on or after 1 April 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of a Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendments to HKFRS 3	Definition of a Business

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.

4. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contract with customers

Segments

	Three months ended		Six months ended	
	30 September		30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Types of services				
Freight forwarding and related logistics services				
Air freight	65,161	40,557	135,212	75,801
Sea freight	4,533	1,792	8,226	3,264
	69,694	42,349	143,438	79,065
Warehousing and related value-added services	10,367	7,973	21,153	14,147
Total	80,061	50,322	164,591	93,212

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 focuses on the different types of services. 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 and segment liabilities is presented as such information is not regularly provided to the CODM.

For six months ended 30 September 2020

	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)
Revenue					
External revenue	143,438	21,153	164,591	–	164,591
Inter-segment revenue	16	2,814	2,830	(2,830)	–
Segment revenue	<u>143,454</u>	<u>23,967</u>	<u>167,421</u>	<u>(2,830)</u>	<u>164,591</u>
Result					
Segment results	<u>4,731</u>	<u>2,349</u>	<u>7,080</u>	<u>–</u>	<u>7,080</u>
Central administrative expenses					<u>(1,816)</u>
Profit before taxation					<u>5,264</u>

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)
Revenue					
External revenue	79,065	14,147	93,212	–	93,212
Inter-segment revenue	–	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>
Result					
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>
Loss before taxation					<u>(9,634)</u>

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

Geographical information

The Group's revenue by geographical market based on the location of operations:

For the period ended 30 September 2020

	Freight forwarding and related logistics service <i>HK\$'000</i> (unaudited)	Warehousing and related value-added services <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
Hong Kong (place of domicile)	102,457	21,153	123,610
The People's Republic of China (the "PRC")	4,863	–	4,863
Taiwan	36,118	–	36,118
Total	<u>143,438</u>	<u>21,153</u>	<u>164,591</u>

For the period ended 30 September 2019

	Freight forwarding and related logistics service <i>HK\$'000</i> (unaudited)	Warehousing and related value-added services <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
Hong Kong (place of domicile)	78,540	14,147	92,687
The PRC	<u>525</u>	<u>–</u>	<u>525</u>
Total	<u>79,065</u>	<u>14,147</u>	<u>93,212</u>

5. INCOME TAX EXPENSES (CREDIT)

Three months ended		Six months ended	
30 September		30 September	
2020	2019	2020	2019
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(unaudited)	(unaudited)	(unaudited)	(unaudited)

The charge (credit) comprises:

Current tax	50	–	50	–
Deferred tax	293	(452)	252	(529)
	343	(452)	302	(529)

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 2020 and 2019.

Under the Income Tax Act of the Taiwan area, the corporate income tax rate of the Group’s Taiwan branch is 20%.

6. PROFIT (LOSS) BEFORE TAXATION

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

	Three months ended		Six months ended	
	30 September		30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Depreciation of property, plant and equipment	2,588	2,251	5,179	4,244
Expenses related to short-term leases	243	218	481	343
Amortisation of intangible asset	–	79	–	316
Exchange loss	232	47	384	32
Gain on disposal of property, plant and equipment	–	–	(108)	(7)
Total other gains and losses	232	47	276	25
Interest income on bank deposits	(1)	(6)	(26)	(48)
Interest income on rental deposits	(17)	(16)	(34)	(32)
Subsidies received from Hong Kong Government “Employment Support Scheme”	(1,296)	–	(2,592)	–
Others	–	(3)	–	(3)
Total other income	(1,314)	(25)	(2,652)	(83)
Interest expenses on lease liabilities	105	168	223	278
Interest expenses on bank borrowings	4	–	4	–
Total finance costs	109	168	227	278

9. PROPERTY, PLANT AND EQUIPMENT

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\$1,062,000 (Previous Period: HK\$4,525,000).

During the Review Period, the Group disposed of certain property, plant and equipment with nil (Previous Period: HK\$8,000) aggregate carrying amount for cash proceeds of HK\$108,000 (Previous Period: HK\$15,000), resulting in a gain on disposal of HK\$108,000 (Previous Period: a gain on disposal of HK\$7,000).

10. TRADE AND OTHER RECEIVABLES

	At 30 September 2020 <i>HK\$'000</i> (unaudited)	At 31 March 2020 <i>HK\$'000</i> (audited)
Trade receivables	62,191	44,999
Less: allowance for credit losses	<u>(533)</u>	<u>(610)</u>
	61,658	44,389
Prepayments, deposits and other receivables	2,794	3,849
Rental deposit classified as current asset	<u>142</u>	<u>124</u>
	<u>64,594</u>	<u>48,362</u>

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 2020 <i>HK\$'000</i> (unaudited)	At 31 March 2020 <i>HK\$'000</i> (audited)
0 – 30 days	30,444	24,678
31 – 60 days	20,807	11,243
61 – 90 days	5,542	5,462
Over 90 days	<u>4,865</u>	<u>3,006</u>
	<u>61,658</u>	<u>44,389</u>

11. TRADE AND OTHER PAYABLES

	At 30 September 2020 <i>HK\$'000</i> (unaudited)	At 31 March 2020 <i>HK\$'000</i> (audited)
Trade payables	37,222	26,868
Other payables and accrued expenses	<u>1,478</u>	<u>2,357</u>
	<u>38,700</u>	<u>29,225</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 2020 <i>HK\$'000</i> (unaudited)	At 31 March 2020 <i>HK\$'000</i> (audited)
0 – 30 days	23,840	20,267
31 – 60 days	13,089	6,153
61 – 90 days	283	388
Over 90 days	<u>10</u>	<u>60</u>
	<u>37,222</u>	<u>26,868</u>

12. BANK BORROWINGS

During the Review Period, the Group obtained bank loan of HK\$3,610,000 (at 31 March 2020: Nil).

13. CONTRACT LIABILITIES

	At 30 September 2020 <i>HK\$'000</i>	At 31 March 2020 <i>HK\$'000</i>
Freight forwarding and related logistics services	<u>663</u>	<u>221</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.

The Group makes advance billings to customers at the commencement of services. The advance billings related to non-cancellable contracts that are due for payment resulted in contract liabilities being recognised through the shipment period until the completion of shipment.

14. PROVISIONS

The movement of provisions are as follows:

	Provision for compensation <i>HK\$'000</i> <i>(Note)</i>	Provision for reinstatement expenses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2019	–	313	313
Additional provision in the year	<u>2,000</u>	<u>213</u>	<u>2,213</u>
At 31 March 2020	2,000	526	2,526
Exchange	–	4	4
Reversal of provision in the period	<u>(1,227)</u>	<u>–</u>	<u>(1,227)</u>
At 30 September 2020	<u>773</u>	<u>530</u>	<u>1,303</u>

Note: Certain provision for compensation has been reimbursed through an insurance contract during the Review Period.

15. 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		
Authorised		
At 1 April 2019 (audited), 30 September 2019 (unaudited), 1 April 2020 (audited) and 30 September 2020 (unaudited)	<u>10,000,000,000</u>	<u>100,000,000</u>
Issued and fully paid		
At 1 April 2019 (audited), 30 September 2019 (unaudited), 1 April 2020 (audited) and 30 September 2020 (unaudited)	<u>840,000,000</u>	<u>8,400,000</u>

16. RELATED PARTY DISCLOSURES

(i) Compensation of key management personnel

The remuneration of directors and key management personnel during the Review Period is as follows:

	Three months ended		Six months ended	
	30 September		30 September	
	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Salaries and other allowances	1,341	1,861	2,678	3,535
Retirement benefit scheme and contributions	<u>30</u>	<u>34</u>	<u>60</u>	<u>70</u>
	<u>1,371</u>	<u>1,895</u>	<u>2,738</u>	<u>3,605</u>

(ii) Personal guarantees

At 30 September 2020 (at 31 March 2020: nil), all bank borrowings of the Group were guaranteed by Mr. Thomas Loy and Mr. Loy Hak Moon.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Wan Leader International Limited (the “**Company**”) is a company which provides logistics services in and to customers mostly located in Hong Kong, the People’s Republic of China (the “**PRC**”) and Taiwan, with cargo destinations covering the United States of America (“**USA**”), Europe, Asia and other regions. The shares (the “**Shares**”) of the Company are listed on GEM of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”).

The services of the Company and its subsidiaries (together, 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.

Despite the global volatile and challenging environment in 2020, the Group made encouraging progress during the six months ended 30 September 2020 (the “**Review Period**”), which has been reflected in its financial results. The Group’s total revenue increased by approximately 76.6% to approximately HK\$164.6 million in the Review Period, compared with approximately HK\$93.2 million in the six months ended 30 September 2019 (the “**Previous Period**”). Gross profit increased by approximately 134.2% to approximately HK\$18.5 million in the Review Period, compared with HK\$7.9 million in the Previous Period. The Group turned around from a net loss of approximately HK\$9.1 million in the Previous Period to a net profit of approximately HK\$5.0 million in the Review Period.

Benefiting from the opportunities of the increased demand in air cargo space amid the COVID-19 pandemic, the Group successfully secured air cargo spaces at compatible prices for its customers. The Group’s extensive network of airlines and other forwarders was able to meet the demands of its customers, particularly, the shipping of epidemic prevention supplies.

Looking forward to the future, the Group is cautious yet optimistic towards its business and development. The Group has implemented cost-control and operational efficiency measures and has explored other business collaboration opportunities in the market in order to maximise the profitability of the Group. During the Review Period, the Group obtained new orders from multinational companies for shipment from South East Asia to the USA. Such new business strengthened the Group’s networking in South East Asia.

Due to the COVID-19 pandemic, it is estimated that there would be keen competition for air cargo space as passenger flight services have been largely suspended around the globe. The Group anticipates that the cost of air cargo space will fluctuate rapidly in the market. To maintain the profitability of the Group, the Group generally would not enter into any long term commitments with its customers, which would fix the selling price of air cargo space.

The management was fully aware that the outbreak of COVID-19 has huge impact on the Group's ultimate customers which majority of them are manufacturers of electronic products. The demand for their goods in overseas may move downward. Some manufacturers have already changed their production arrangement and schedule. They have less demand for air freight forwarding and related logistics services. In response to the unpredictable operating environment, the management will closely monitor the market situation, 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 76.6% from approximately HK\$93.2 million for Previous Period to approximately HK\$164.6 million for the Review Period.

Revenue generated from air freight forwarding and related logistics services for the Review Period amounted to approximately HK\$135.2 million (Previous Period: HK\$75.8 million), accounting for approximately 82.1% of the Group's total revenue (Previous Period: approximately 81.3%). The revenue from this segment remained to be the major source of the revenue of the Group. The Taipei branch commenced business in October 2019 and contributed a significant portion of revenue to the air freight forwarding and related logistics services during the Review Period.

Revenue generated from sea freight forwarding and related logistics services for the Review Period amounted to approximately HK\$8.2 million (Previous Period: approximately HK\$3.3 million), accounting for approximately 5.0% of the Group's total revenue (Previous Period: approximately 3.5%). 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 increased significantly, due to the resumption of the river sand shipment (the delivery of river sand for its customer from overseas to the PRC).

Revenue generated from warehousing and related value-added services for the Review Period amounted to approximately HK\$21.2 million (Previous Period: approximately HK\$14.1 million), accounting for approximately 12.9% of the Group's total revenue (Previous Period: approximately 15.2%). The revenue from this segment increased as (i) the Group offered security screening services during the Review Period (which were available for only two months in the Previous Period); (ii) the Group was engaged for a few special projects in connection to palletisation services during the Review Period; and (iii) a long-term existing customer placed more orders to the Group.

Cost of services and gross profit

The Group's cost of services increased by approximately 71.2% from approximately HK\$85.3 million for the Previous Period to approximately HK\$146.1 million for the Review Period. This increase was mainly attributable to (i) increase in the acquisition cost of air cargo space due to the increases in unit costs and limited supply in air cargo spaces; and (ii) increase in the subcontracting charges paid to suppliers for warehousing and related value-added services.

The Group's gross profit increased by approximately 134.2% from approximately HK\$7.9 million for the Previous Period to approximately HK\$18.5 million for the Review Period. Gross profit margin increased from approximately 8.5% for the Previous Period to approximately 11.2% for the Review Period. Such increases were mainly due to the increases 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 increased during the Review Period mainly because (i) the security screening services brought in additional revenue to the Group; (ii) special projects were obtained from an existing customer for palletisation services; and (iii) the transaction volume from a long-term customer increased. As for air freight forwarding and related logistics services, the main reason for increase in gross profit margin was due to (i) the increase in the overall selling prices of air cargo spaces, which resulted from the limited supply of air cargo spaces, coupled with surging demand from customers during the Review Period, such that the Group could command higher selling prices which ultimately improved the gross profit of the freight-forwarding and related services segment; and (ii) cessation of charter flight services which were of lower profit margin.

Other income

Other income included bank interest income from fixed deposits, other interest income from refundable rental deposits and government subsidies. The Group placed two (Previous Period: two) fixed deposits with banks.

The Group applied for the Employment Support Scheme launched by the Hong Kong Government and approximately HK\$2.6 million (Previous Period: nil) of grants were obtained during the Review Period.

Other gains and losses

Other gains and losses included foreign exchange loss and gain on disposals of property, plant and equipment. The Group recorded a net losses in other gains and losses during the Review Period, which was primarily attributable to the exchange loss of approximately HK\$384,000 during the Review Period (Previous Period: an exchange loss of approximately HK\$32,000). As the Group received payments from some of its customers in United States Dollars (“USD”), the Group suffered from the depreciation in USD.

Sales and marketing expenses

Sales and marketing expenses mainly included cost of business development and soliciting new customers. The Group’s marketing expenses remained stable.

Administrative expenses

The Group’s administrative expenses increased to approximately HK\$14.7 million for the Review Period from approximately HK\$14.3 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\$0.4 million; (ii) the increase in depreciation charge of approximately HK\$0.4 million; and (iii) the decrease in amortisation of intangible asset of approximately HK\$0.3 million.

Other expenses

During the Review Period, the Group recorded a reversal of such expenses amounted to HK\$1.2 million (Previous Period: approximately HK\$0.7 million charged, representing professional fee paid).

Impairment losses recognised on trade receivables, under expected credit loss model, net of reversal

Under the Hong Kong Financial Reporting Standard 9 “Financial Instruments”, the management assesses the measurement of expected credit losses (“ECL”) in relation to trade receivables and uses individually assessed provision matrix to calculate ECL. During the Review Period, a reversal of an amount of approximately HK\$0.6 million (Previous Period: approximately HK\$0.3 million) was recognised while additional approximately HK\$0.5 million (Previous Period: approximately HK\$0.4 million) was further provided from new financial assets originated.

Finance costs

Finance costs for the Review Period represented interest expenses on lease liabilities and bank borrowings. Finance costs decreased from approximately HK\$278,000 for the Previous Period to approximately HK\$227,000 for the Review Period which caused by the decrease in interest on lease liabilities.

Income tax (expenses) credit

The Group’s income tax (expenses) credit primarily included provisions for Hong Kong profits tax and deferred income tax expenses. A profit before taxation of approximately HK\$5.3 million for the Review Period (Previous Period: loss before taxation of approximately HK\$9.6 million) was recorded while income tax expenses of approximately HK\$302,000 (Previous Period: income tax credit of approximately HK\$529,000) was incurred for the Review Period as there was deferred tax impact on unused tax losses.

Profit (loss) for the period

The Group recorded a profit (loss) before taxation of approximately HK\$5.3 million for the Review Period (Previous Period: loss before taxation of approximately HK\$9.6 million). The profit was mainly due to the effects of (i) increase in the gross profit of the Group of approximately HK\$10.6 million; and (ii) government subsidies of approximately HK\$2.6 million received during the Review Period.

Trade and other receivables

Trade receivables (net of allowance for credit losses) increased by 39.0% from approximately HK\$44.4 million at 31 March 2020 to approximately HK\$61.7 million at 30 September 2020. Such increase was primarily attributable to the increase in sales in August and September when compared with that of February and March.

The Group's prepayments, deposits and other receivables decreased when compared to year ended 31 March 2020. During the Review Period, a number of prepayment outstanding at 31 March 2020 was recognised as administrative expenses.

Trade payables and other payables

Trade payables increased by approximately 38.3% from approximately HK\$26.9 million at 31 March 2020 to approximately HK\$37.2 million at 30 September 2020. The increase was mainly due to the increase in cost of services of approximately HK\$13.9 million incurred in August and September 2020 to cope with the sales orders received.

Other payables and accrued expenses decreased by approximately 37.5% from approximately HK\$2.4 million at 31 March 2020 to approximately HK\$1.5 million at 30 September 2020. The decrease was caused by a decrease in the accrued audit fee and legal and professional fee by approximately HK\$0.6 million and HK\$0.2 million respectively.

LIQUIDITY AND FINANCIAL RESOURCES

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

At 30 September 2020, the Group had cash and cash equivalents in the sum of approximately HK\$20.0 million (at 31 March 2020: approximately HK\$15.9 million) and time deposits over three months of approximately HK\$2.2 million (at 31 March 2020: approximately HK\$2.8 million) most of which were either denominated in HKD, USD, RMB and New Taiwan Dollars ("NTD").

At 30 September 2020, the Group had bank borrowings in the sum of approximately HK\$3.6 million (at 31 March 2020: nil). The Group had lease liabilities of approximately HK\$8.4 million at 30 September 2020 (at 31 March 2020: approximately HK\$10.6 million).

Gearing ratio is the current debt (including bank borrowing and 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 2020 was approximately 17.8% (at 31 March 2020: approximately 13.8%). As a result of the new bank borrowings raised, 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 2020, certain property, plant and equipment of the Group with a carrying value of approximately HK\$0.8 million (at 31 March 2020: nil) were held under leases liabilities and bank deposits of approximately HK\$2.2 million (at 31 March 2020: approximately HK\$2.8 million) was pledged to secure the guarantee facilities 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"), RMB and NTD, and the Group settled some of its cost and expenses with suppliers in USD, EUR, RMB and NTD. 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 2020, the Group had no outstanding capital commitments (at 31 March 2020: nil) for the acquisition of property, plant and equipment. Save for the plans disclosed in the Prospectus of the Company dated 28 April 2018 (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 2020.

MATERIAL ACQUISITIONS AND DISPOSALS

There were no material acquisitions or 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\$1.1 million in property, plant and equipment, mainly attributable to right-of-use assets and leasehold improvement in Hong Kong and the Taipei branch office.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities both at 31 March 2020 and at 30 September 2020.

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 2020. The share capital of the Company consists only of ordinary shares of the Company.

At 30 September 2020, 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\$79,000 for impairment losses on trade receivables was reversed (as compared with HK\$94,000 recognised in the Previous Period).

EMPLOYEES AND REMUNERATION POLICIES

At 30 September 2020, the Group employed 50 staff in Hong Kong, 7 staff in the PRC and 8 staff in Taiwan (at 31 March 2020: 45 staff in Hong Kong, 8 staff in the PRC and 4 staff in Taiwan).

For the Review Period, the Group's total cost for employee compensation and benefits (including Director's emoluments) was approximately HK\$10.1 million (Previous Period: approximately HK\$9.5 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, listing rules, corporate governance, accounting 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**”). On 27 May 2020, the Board further resolved that a sum of approximately HK\$13.5 million would be utilised to further expanding the warehouses in Hong Kong (the “**Change in Use of Proceeds 2020**”). Details are set out in the Company’s announcement dated 27 May 2020 (the “**UOP Announcement 2020**”). Details of the application of the Net Proceeds from the Listing till 30 September 2020 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>	The Change in Use of Proceeds according to the UOP Announcement 2020 <i>HK\$’000</i>	Use of Net Proceeds subsequent to the Change in Use of Proceeds and Proceeds 2020 <i>HK\$’000</i>	Amount of the Net Proceeds utilised from the Listing Date to 30 September 2020 <i>HK\$’000</i>	Amount not yet utilised at 30 September 2020 <i>HK\$’000</i>	Expected timelines for the intended use	Actual business progress up to 30 September 2020
Further expanding the warehouses in Hong Kong								The Groups already updated the implementation plan and signed a logistic service agreement with a supplier for the provision of warehousing and related services to the Group which included storage service in a warehousing facility, equipment at the warehouse facility and drayage service.

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 HK\$'000	The Change in Use of Proceeds according to the UOP Announcements HK\$'000	The Change in Use of Proceeds according to the UOP Announcement 2020 HK\$'000	Use of Net Proceeds subsequent to the Change in Use of Proceeds and Proceeds 2020 HK\$'000	Amount of the Net Proceeds utilised from the Listing Date to 30 September 2020 HK\$'000	Amount not yet utilised at 30 September 2020 HK\$'000	Expected timelines for the intended use	Actual business progress up to 30 September 2020
Settling commission, deposits and rental payments of new warehouses	10,956	N/A	(10,956)	-	-	-	N/A	The Group resolved not to rent a new warehouse.
Conducting renovation work	1,231	N/A	(1,139)	92	92	-	-	The Group already completed renovation work.
Installing anti-theft system	152	N/A	(97)	55	53	2	By 30 September 2021	The Group already installed anti-theft system and maintenance fee would be settled on annual basis.
Purchasing burglary, flood and fire insurance	229	N/A	8	237	34	203	By 30 September 2025	The Group already entered into agreements with the insurance providers and further expenses will be incurred in upcoming years.

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>	The Change in Use of Proceeds according to the UOP Announcement 2020 <i>HK\$'000</i>	Use of Net Proceeds subsequent to the Change in Use of Proceeds and Proceeds 2020 <i>HK\$'000</i>	Amount of the Net Proceeds utilised from the Listing Date to 30 September 2020 <i>HK\$'000</i>	Amount not yet utilised at 30 September 2020 <i>HK\$'000</i>	Expected timelines for the intended use	Actual business progress up to 30 September 2020
Purchasing forklift trucks and scales	943	N/A	(943)	-	-	-	N/A	The Group resolved not to purchase forklift trucks and scales.
Leasing forklift trucks	N/A	N/A	611	611	90	521	By 30 September 2025	The Group already rented two forklift trucks and will settle the rental on monthly basis.
Settling deposits, utilities and services fees for warehousing and related services	N/A	N/A	12,516	12,516	1,395	11,121	By 30 September 2025	The Group already paid the deposits and will continue to settle the utilities and service fees.

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>	The Change in Use of Proceeds according to the UOP Announcement 2020 <i>HK\$'000</i>	Use of Net Proceeds subsequent to the Change in Use of Proceeds and Proceeds 2020 <i>HK\$'000</i>	Amount of the Net Proceeds utilised from the Listing Date to 30 September 2020 <i>HK\$'000</i>	Amount not yet utilised at 30 September 2020 <i>HK\$'000</i>	Expected timelines for the intended use	Actual business progress up to 30 September 2020
Attracting and retaining talented and experienced personnel	14,727	(8,573)	–	6,154	2,975	3,179	By 30 September 2021	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 Group already hired of warehouse staff.
Developing the trucking fleet	8,075	(8,075)	–	–	–	–	N/A	The Group resolved not to implement the plan of developing its own trucking fleet.

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 HK\$'000	The Change in Use of Proceeds according to the UOP Announcements HK\$'000	The Change in Use of Proceeds according to the UOP Announcement 2020 HK\$'000	Use of Net Proceeds subsequent to the Change in Use of Proceeds and Change in Use of Proceeds 2020 HK\$'000	Amount of the Net Proceeds utilised from the Listing Date to 30 September 2020 HK\$'000	Amount not yet utilised at 30 September 2020 HK\$'000	Expected timelines for the intended use	Actual business progress up to 30 September 2020
Further enhancing the information technology systems	2,442	(542)	-	1,900	1,900	-	-	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	18,448	-	-	The Group already utilised 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>24,987</u>	<u>15,026</u>		

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The board (“**Board**”) of directors (“**Director**”) of the Company 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. From 1 April 2020 to 30 September 2020, 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 Rules Governing the Listing of Securities on the GEM of the Stock Exchange (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.

DIRECTOR’S INTEREST IN COMPETING INTERESTS

The Directors, controlling shareholders and their respective 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 purchased, sold or redeemed any of the Company’s listed securities from 1 April 2020 to 30 September 2020.

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 2020, 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 (<i>Note 1</i>)	481,101,600	57.28%
Mr. Loy Hak Moon (“ Mr. HM Loy ”)	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

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 ”) <i>(Note 1)</i>	Beneficial owner, parties acting in concert <i>(Note 1)</i>	1	100%
Mr. HM Loy	Yo Tat Limited (“ Yo Tat ”) <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 2020, 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 2020, 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:

Long Positions

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

Name	Capacity/ nature of interests	Number of Shares held/ interested (Note 5)	Approximate percentage of shareholding
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%
Mr. Liao Daichun	Beneficial owner	42,150,000 (L)	5.02%

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 (as defined in the prospectus of the Company dated 24 August 2018) 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 2020, the Directors are not aware of any interests and short positions owned by 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 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 2020 and at the date of this announcement.

COMPLIANCE ADVISER'S INTERESTS

As notified by Glory Sun Securities Limited (“**Glory Sun**”), the Company’s compliance adviser, at 30 September 2020, 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, a non-executive Director, being the executive director, company secretary and authorised representative of China Trustful Group Limited (Stock Code: 8265), has resigned from the aforesaid positions on 30 July 2020.

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, 13 November 2020

As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Loy Hak Yu Thomas and Mr. Loy Hak Moon; one non-executive Director, namely, 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 and the Stock Exchange’s website at www.hkexnews.hk for at least seven days from the date of its posting. This announcement will also be published on the website of the Company at www.wanleader.com.