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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)**

### **CHANGE IN USE OF PROCEEDS FROM THE LISTING**

Reference is made to the prospectus (the “**Prospectus**”) of Wan Leader International Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 24 August 2018 relating to the listing (the “**Listing**”) of the Company’s shares on GEM of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 5 September 2018, the announcements of the Company dated 23 August 2019 and 3 October 2019 respectively (the “**Announcements**”), and the 2019-2020 interim report of the Company for the six months ended 30 September 2019 (the “**Interim Report**”) in relation to the use of proceeds from the Listing.

#### **PLANNED USE OF PROCEEDS**

The total net proceeds (the “**Net Proceeds**”) from the Listing (after deducting the underwriting fees and other Listing expenses) amounted to approximately HK\$40.0 million. As disclosed in the Prospectus and the Announcements, the Net Proceeds would be applied to (i) expand our warehouses, (ii) attract and retain talented and experienced personnel, (iii) further enhance our information technology systems and (iv) be used as general working capital. As at 31 March 2020, according to the unaudited management accounts of the Group, the Group had used approximately HK\$22.3 million, representing approximately 55.8% of the Net Proceeds, and the remaining balance of the Net Proceeds was approximately HK\$17.7 million.

According to the currently planned use of the Net Proceeds, a sum of approximately HK\$13,511,000 would be utilised in relation to expanding our warehouses in Hong Kong (the “**Expansion**”), including (i) settling commission, deposits and rental payments of new warehouses (approximately HK\$10.9 million), (ii) conducting renovation work (approximately HK\$1.2 million), (iii) installing anti-theft system (approximately HK\$0.2 million), (iv) purchasing burglary, flood and fire insurance (approximately HK\$0.2 million) and (v) purchasing forklift trucks and scales (approximately HK\$1.0 million).

## CHANGE IN USE OF PROCEEDS

For the reasons further explained below, the board (the “**Board**”) of directors (the “**Directors**”) of the Company has resolved to change the use of the Net Proceeds for the Expansion. Particularly, the unutilised Net Proceeds will be applied as follows:

	Planned use of the Net Proceeds as stated in the Prospectus and the Announcements (approximately) <i>HK\$'000</i>	Actual use of the Net Proceeds up to 31 March 2020 (unaudited and approximately) <i>HK\$'000</i>	Unutilised Net Proceeds as at 31 March 2020 (unaudited and approximately) <i>HK\$'000</i>	Changed use of the unutilised Net Proceeds (unaudited and approximately) <i>HK\$'000</i>
Further expanding the warehouses in Hong Kong:				
– settling commission, deposits and rental payments of new warehouses	10,956	–	10,956	–
– conducting renovation work	1,231	–	1,231	92
– installing anti-theft system	152	–	152	55
– purchasing burglary, flood and fire insurance	229	–	229	237
– purchasing forklift trucks and scales	943	–	943	–
– leasing forklift trucks	N/A	N/A	N/A	611
– settling deposits, utilities and services fees for warehousing and related services	N/A	N/A	N/A	12,516
	13,511	–	13,511	13,511
Attracting and retaining talented and experienced personnel	6,154	1,918	4,236	4,236
Developing the trucking fleet	–	–	–	–
Further enhancing the information technology systems	1,900	1,900	–	–
Working capital	18,448	18,448	–	–
	<b>40,013</b>	<b>22,266</b>	<b>17,747</b>	<b>17,747</b>

## REASONS FOR THE CHANGE IN USE OF PROCEEDS

As disclosed in the Interim Report, the Group engaged an agent and has inquired the existing landlord about the availability of vacant warehouse, but has not yet identified any suitable rental premise for the warehouse facilities. On the other hand, despite the on-going challenging business environment, the Group is still in need of expanding our warehouses in Hong Kong to cope with our business operation and cater the increasing demand for our warehousing and value-added services.

Moreover, in view of the recent global and local political unstableness and the outbreak of COVID-19 worldwide, which has continued to influence the export market and consumer sentiment, the Directors consider that the Group should continue to maintain an operation model with higher flexibility, such that the Group would be able to adopt to any sudden changes in the market more effectively.

On 27 May 2020, the Group signed a logistics service agreement (the “**Agreement**”) with a supplier (the “**Supplier**”) for the provision of warehousing and related services (the “**Services**”) to the Group, which include:

- (i) Storage service in a warehouse facility, which has a total storage capacity of approximately 10,000 square feet and is located in close proximity with the Group’s existing warehouse in Hutchison Logistics Centre in Kwai Chung, Hong Kong;
- (ii) Equipment at the warehouse facility; and
- (iii) Drayage services.

The Agreement is for an initial term up to 10 May 2021, whereas either party may terminate the Agreement with one month advance written notice.

The estimated fees for the provision of the Services and the related estimated expenses for each year would be approximately HK\$3 million, such that the sum of approximately HK\$13,511,000 from the Net Proceeds originally allocated for the Expansion would be sufficient to cover the said fees for almost five years. In comparison, according to the original plan of Expansion, the said allocated sum would only be sufficient to cover the relevant expenses for two years.

The Directors consider that utilising the Services provided by the Supplier would allow the Group to improve the capacity of our warehousing and value-added services and also maintain flexibility. Particularly, (i) the Group is not required to commit to a fixed long term agreement, (ii) the Group would have the flexibility to adjust its capacity in the future to cater

demand; (iii) the Supplier is a well established logistics services provider in Hong Kong and has a strong reputation for its drayage services; and (iv) the close proximity of the Supplier's warehouse facility with the Group's existing warehouse would allow the Group to manage its warehousing and related services more efficiently. As such, the Directors consider that the Group would achieve the objectives of the Expansion in an even more efficient and flexible manner.

Having carefully considered the current business environment and development needs of the Group, the Board considers that the change in the use of the Net Proceeds is fair and reasonable, which allows the Group to meet its financial and operation needs more efficiently and flexibly.

The Board is of the view that the change in use of the Net Proceeds is in line with the business strategies of the Group and will not materially adversely affect the financial position or operation of the Group and is in the best interest of the Company and the Shareholders as a whole.

The Directors will continuously assess the plans for the use of the Net Proceeds as set out in the Prospectus, the Announcements, the Interim Report and above, and may revise or amend such plans where necessary, to cope with the changing market conditions and strive for better business performance for the Group.

The Board confirms that, save as disclosed in this announcement, there are no other changes to the use of Net Proceeds.

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

Hong Kong, 27 May 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, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, (i) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and (ii) there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the GEM website of the Stock Exchange at [www.hkgem.com](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).*