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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 2021

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 (“**Director**”) 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 2021 (the “**Review Period**”), together with the unaudited comparative figures for the six months ended 30 September 2020 (the “**Previous Period**”), as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

| | | Three months ended 30 September | | Six months ended 30 September | |
|--|-------|------------------------------------|---------------------------|----------------------------------|---------------------------|
| | | 2021 | 2020 | 2021 | 2020 |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | Notes | (unaudited) | (unaudited) (restated) | (unaudited) | (unaudited) (restated) |
| Continuing operations | | | | | |
| Revenue | 4 | 179,542 | 69,694 | 309,430 | 143,438 |
| Cost of services | | (168,095) | (63,994) | (286,197) | (128,590) |
| Gross profit | | 11,447 | 5,700 | 23,233 | 14,848 |
| Other income | 6 | 96 | 516 | 172 | 1,056 |
| Other gains and losses | 6 | 6 | (232) | 1,016 | (284) |
| Sales and marketing expenses | | (2,405) | (1,011) | (3,851) | (1,828) |
| Administrative expenses | | (4,176) | (5,928) | (10,711) | (11,279) |
| Impairment losses (recognised) reversed on trade receivables, net | | (534) | 101 | (1,104) | 76 |
| Impairment losses reversed (recognised) on deposits and other receivables, net | | 212 | – | (80) | – |
| Finance costs | 6 | (42) | (28) | (91) | (56) |
| Profit (loss) before taxation | 6 | 4,604 | (882) | 8,584 | 2,533 |
| Income tax (expenses) credit | 5 | (915) | (64) | (1,583) | 12 |
| Profit (loss) for the period from continuing operations | | 3,689 | (946) | 7,001 | 2,545 |
| Discontinued operation | | | | | |
| Profit for the period from discontinued operation | 7 | – | 1,430 | – | 2,417 |
| Profit for the period | | 3,689 | 484 | 7,001 | 4,962 |

| | Three months ended 30 September | | Six months ended 30 September | |
|---|------------------------------------|-------------|----------------------------------|-------------|
| | 2021 | 2020 | 2021 | 2020 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| | | (restated) | | (restated) |
| Other comprehensive income (expenses) | | | | |
| for the period | | | | |
| <i>Item that may be reclassified</i> | | | | |
| <i>subsequently to profit or loss:</i> | | | | |
| Exchange difference on translation of foreign operations | – | 209 | 516 | 473 |
| Reclassification of translation differences upon disposals of subsidiaries | – | – | (909) | – |
| Other comprehensive income (expenses) for the period | – | 209 | (393) | 473 |
| Total comprehensive income for the period | 3,689 | 693 | 6,608 | 5,435 |
| Profit (loss) for the period attributable to: | | | | |
| Owners of the Company | | | | |
| – from continuing operations | 3,689 | (831) | 7,010 | 2,806 |
| – from discontinued operations | – | 1,430 | – | 2,417 |
| | 3,689 | 599 | 7,010 | 5,223 |
| Non-controlling interest | | | | |
| – from continuing operations | – | (115) | (9) | (261) |
| | 3,689 | 484 | 7,001 | 4,962 |

| | Three months ended | | Six months ended | |
|---|--------------------|-------------|------------------|-------------|
| | 30 September | | 30 September | |
| | 2021 | 2020 | 2021 | 2020 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Note | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| | | (restated) | | (restated) |
| Total comprehensive income (expense) for the period attributable to: | | | | |
| Owners of the Company | | | | |
| – from continuing operations | 3,689 | (622) | 6,666 | 3,279 |
| – from discontinued operation | – | 1,430 | – | 2,417 |
| | 3,689 | 808 | 6,666 | 5,696 |
| Non-controlling interest | | | | |
| – from continuing operations | – | (115) | (58) | (261) |
| | 3,689 | 693 | 6,608 | 5,435 |
| Earnings (loss) per share | | | | |
| From continuing and discontinued operations | | | | |
| Basic and diluted (HK cents) | 0.44 | 0.07 | 0.83 | 0.62 |
| From continuing operations | | | | |
| Basic and diluted (HK cents) | 0.44 | (0.10) | 0.83 | 0.33 |

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | | At 30 September 2021 HK\$'000 (unaudited) | At 31 March 2021 HK\$'000 (audited) |
|---|--------------|---|---|
| | <i>Notes</i> | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 10 | 2,145 | 3,916 |
| Rental deposits | | 94 | 172 |
| Deferred tax assets | | 371 | 156 |
| | | <u>2,610</u> | <u>4,244</u> |
| CURRENT ASSETS | | | |
| Trade and other receivables | 11 | 141,009 | 81,297 |
| Tax recoverable | | – | 386 |
| Pledged bank deposits | | 3,001 | 1,165 |
| Bank balances and cash | | 43,430 | 26,694 |
| | | <u>187,440</u> | <u>109,542</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 12 | 115,166 | 50,524 |
| Lease liabilities | | 525 | 2,418 |
| Tax payable | | 1,847 | 60 |
| Contract liabilities | 14 | 8,324 | 3,771 |
| Provisions | 15 | – | 545 |
| Bank borrowings | 13 | 3,630 | 3,630 |
| | | <u>129,492</u> | <u>60,948</u> |
| NET CURRENT ASSETS | | <u>57,948</u> | <u>48,594</u> |
| NON-CURRENT LIABILITIES | | | |
| Lease liabilities | | 1,456 | 655 |
| Provisions | 15 | – | 94 |
| Deferred tax liabilities | | – | 53 |
| | | <u>1,456</u> | <u>802</u> |
| NET ASSETS | | <u>59,102</u> | <u>52,036</u> |
| CAPITAL AND RESERVES | | | |
| Share capital | 16 | 8,400 | 8,400 |
| Other reserves | | 64,638 | 64,982 |
| Accumulated losses | | (13,936) | (20,946) |
| Equity attributable to owners of the Company | | <u>59,102</u> | <u>52,436</u> |
| Non-controlling interest | | – | (400) |
| TOTAL EQUITY | | <u>59,102</u> | <u>52,036</u> |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

| | Attributable to owners of the Company | | | | | | Non-controlling interest | Total |
|--|---------------------------------------|---------------|------------------------|-------------------------|------------------|--------------------|--------------------------|---------------|
| | Share capital | Share premium | Other reserve | Merger reserve | Exchange reserve | Accumulated losses | | |
| | HK\$'000 | HK\$'000 | (Note (i)) HK\$'000 | (Note (ii)) HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| At 1 April 2020 (audited) | 8,400 | 49,429 | 14,118 | 1,091 | (76) | (25,795) | 269 | 47,436 |
| Profit (loss) for the period | - | - | - | - | - | 5,223 | (261) | 4,962 |
| Exchange difference arising on transaction of foreign operations | - | - | - | - | 473 | - | - | 473 |
| Total comprehensive income (expenses) for the period | - | - | - | - | 473 | 5,223 | (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>8</u> | <u>52,871</u> |
| | Attributable to owners of the Company | | | | | | Non-controlling interest | Total |
| | Share capital | Share premium | Other reserve | Merger reserve | Exchange reserve | Accumulated losses | | |
| | HK\$'000 | HK\$'000 | (Note (i)) HK\$'000 | (Note (ii)) HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| At 1 April 2021 (audited) | 8,400 | 49,429 | 14,118 | 1,091 | 344 | (20,946) | (400) | 52,036 |
| Profit (loss) for the period | - | - | - | - | - | 7,010 | (9) | 7,001 |
| Exchange difference arising on transaction of foreign operations | - | - | - | - | 565 | - | (49) | 516 |
| Release of exchange reserve upon disposals of subsidiaries | - | - | - | - | (909) | - | - | (909) |
| Total comprehensive income (expenses) for the period | - | - | - | - | (344) | 7,010 | (58) | 6,608 |
| Derecognition of non-controlling interest upon disposal of a subsidiary | - | - | - | - | - | - | 458 | 458 |
| At 30 September 2021 (unaudited) | <u>8,400</u> | <u>49,429</u> | <u>14,118</u> | <u>1,091</u> | <u>-</u> | <u>(13,936)</u> | <u>-</u> | <u>59,102</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 2021

| | Six months ended | |
|---|-------------------------|--------------------|
| | 30 September | |
| | 2021 | 2020 |
| | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) |
| Net cash from operating activities | 16,168 | 3,300 |
| Investing activities | | |
| Proceeds from disposal of subsidiaries | 537 | – |
| Purchase of property, plant and equipment | (95) | (276) |
| Placement of pledged bank deposits | (2,000) | – |
| Withdrawal of pledged bank deposits | – | 617 |
| Proceeds from disposal of property, plant and equipment | – | 108 |
| Repayment of rental deposits | 3,794 | – |
| Payment for rental deposits | (94) | (20) |
| Bank interest received | 1 | 26 |
| Net cash from investing activities | 2,143 | 455 |
| Financing activities | | |
| New loans obtained from bank | – | 3,610 |
| Repayment of principal element of lease liabilities | (1,725) | (3,045) |
| Repayment of interest element of lease liabilities | (41) | (223) |
| Interest paid | (50) | – |
| Net cash (used in) from financing activities | (1,816) | 342 |
| Net increase in cash and cash equivalents | 16,495 | 4,097 |
| Cash and cash equivalents at the beginning of the period | 26,694 | 15,856 |
| Effect of foreign exchange rate changes | 241 | 71 |
| Cash and cash equivalents at the end of the period | | |
| Represented by bank balances and cash | 43,430 | 20,024 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

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 entrusted management services for operating an online e-commerce platform.

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 Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting”, all applicable 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 2021 are the same as those followed in the preparation of the Group’s consolidated financial statements for the year ended 31 March 2021.

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 2021 for the preparation of the Group’s condensed consolidated financial statements:

| | |
|--|--|
| Amendments to HKFRS 16 | COVID-19 Related Rent Concessions |
| Amendments to HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16 | Interest Rate Benchmark Reform – Phase 2 |

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

The Group's revenue from freight forwarding and related logistics services and entrusted management service for operating an online e-commerce platform are recognised over time when the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs, using output method.

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 of the Company regularly review revenue and results analysis by (i) freight forwarding and related logistics services and (ii) entrusted management service for operating an online e-commerce platform during the Review Period. No analysis of segment assets and segment liabilities is presented as such information is not regularly provided to the CODM in current or prior period.

An operating segment regarding the warehousing and related value-added services was discontinued after the disposal of a subsidiary during year ended 31 March 2021. As such, no analysis of the remaining single operating segment is presented for the Previous Period.

An analysis of the Group's revenue from continuing operations for the Review Period is as follows:

| | Three months ended 30 September | | Six months ended 30 September | |
|---|------------------------------------|----------------------|----------------------------------|-----------------------|
| | 2021 | 2020 | 2021 | 2020 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| | | (restated) | | (restated) |
| Revenue from contracts with customers | | | | |
| within the scope of HKFRS 15 | | | | |
| Freight forwarding and related logistics services | | | | |
| – Air freight | 135,149 | 65,161 | 241,300 | 135,212 |
| – Sea freight | 43,753 | 4,533 | 67,490 | 8,226 |
| | <u>178,902</u> | <u>69,694</u> | <u>308,790</u> | <u>143,438</u> |
| Entrusted management services for operating an online e-commerce platform | 640 | – | 640 | – |
| | <u>640</u> | <u>–</u> | <u>640</u> | <u>–</u> |
| Total | <u>179,542</u> | <u>69,694</u> | <u>309,430</u> | <u>143,438</u> |

For six months ended 30 September 2021

| | Freight forwarding and related logistics services | Entrusted management services for operating an online e-commerce platform | Total |
|---------------------------------|--|--|---------------------|
| | HK\$'000 | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) | (unaudited) |
| Revenue | | | |
| Segment revenue | <u>308,790</u> | <u>640</u> | <u>309,430</u> |
| Result | | | |
| Segment results | <u>12,431</u> | <u>610</u> | <u>13,041</u> |
| Central administrative expenses | | | <u>(4,457)</u> |
| Profit before taxation | | | <u>8,584</u> |

During the Review Period and Previous Period, all performance obligations for freight forwarding and related logistics services are for period of one year or less. As permitted under HKFRS 15, the transaction price allocated to unsatisfied/partially unsatisfied performance obligations as at 30 September 2021 and 30 September 2020 are not disclosed.

Geographical information

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

For the period ended 30 September 2021

| | Freight forwarding and related logistics service <i>HK\$'000</i> (unaudited) | Entrusted management services for operating an online e-commerce platform <i>HK\$'000</i> (unaudited) | Total <i>HK\$'000</i> (unaudited) |
|--|--|---|---|
| Hong Kong (place of domicile) | 296,723 | – | 296,723 |
| The People's Republic of China (the "PRC") | 5 | 640 | 645 |
| Taiwan | 12,062 | – | 12,062 |
| Total | <u>308,790</u> | <u>640</u> | <u>309,430</u> |

For the period ended 30 September 2020

| | Freight forwarding and related logistics service <i>HK\$'000</i> | Total <i>HK\$'000</i> (unaudited) (restated) |
|-------------------------------|---|---|
| Hong Kong (place of domicile) | 102,457 | 102,457 |
| The PRC | 4,863 | 4,863 |
| Taiwan | 36,118 | 36,118 |
| Total | <u>143,438</u> | <u>143,438</u> |

5. INCOME TAX EXPENSES (CREDIT)

| | Three months ended 30 September | | Six months ended 30 September | |
|--------------------------------|------------------------------------|-------------|----------------------------------|-------------|
| | 2021 | 2020 | 2021 | 2020 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| | | (restated) | | (restated) |
| Continuing operations | | | | |
| The charge (credit) comprises: | | | | |
| Current tax | 973 | 50 | 1,798 | 50 |
| Deferred taxation | (58) | 14 | (215) | (62) |
| | <u>915</u> | <u>64</u> | <u>1,583</u> | <u>(12)</u> |

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 PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the six months ended 30 September 2021 and 30 September 2020.

Under the Income Tax Act of the Taiwan area, the corporate income tax rate of the Group’s Taiwan branch is 20%. No provision for the Taiwan Corporate Income Tax has been provided as there was no assessable profit arose for the period ended 30 September 2020.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the “**BVI**”), the Group is not subject to any income tax in the Cayman Islands and the BVI.

6. PROFIT (LOSS) BEFORE TAXATION

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

| | Three months ended 30 September | | Six months ended 30 September | |
|--|------------------------------------|---------------------------|----------------------------------|---------------------------|
| | 2021 | 2020 | 2021 | 2020 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) (restated) | (unaudited) | (unaudited) (restated) |
| Continuing operations | | | | |
| Depreciation of property, plant and equipment | 140 | 563 | 1,858 | 1,132 |
| Expenses related to short-term leases | 31 | 117 | 66 | 231 |
| Exchange loss | 503 | 232 | 343 | 384 |
| Loss (gain) on disposals/write off of property, plant and equipment | 36 | – | 36 | (100) |
| Gain on disposals of subsidiaries | – | – | (850) | – |
| Reversal of provision for reinstatement cost | (545) | – | (545) | – |
| Total other gains and losses | (6) | 232 | (1,016) | 284 |
| Interest income on bank deposits | (1) | (1) | (1) | (26) |
| Interest income on rental deposits | – | (2) | (16) | (4) |
| Government grants | – | (513) | – | (1,026) |
| Sundry income | (95) | – | (155) | – |
| Total other income | <u>(96)</u> | <u>(516)</u> | <u>(172)</u> | <u>(1,056)</u> |
| Interest expenses on lease liabilities | 16 | 26 | 41 | 54 |
| Interest expenses on bank borrowings | 26 | 2 | 50 | 2 |
| Total finance costs | <u>42</u> | <u>28</u> | <u>91</u> | <u>56</u> |

7. PROFIT FOR THE PERIOD FROM DISCONTINUED OPERATION

During the year ended 31 March 2021, the Group disposed of the entire equity interest of a subsidiary, Fu Yo Warehouse Logistics Company Limited (“Fu Yo”). Fu Yo was engaged in warehousing and related value-added service operation. Accordingly, the business of Fu Yo regarded as a discontinued operation.

Profit for the period from discontinued operation has been arrived at after charging/(crediting):

| | Three months ended 30 September 2021 HK\$'000 (unaudited) | | Six months ended 30 September 2021 HK\$'000 (unaudited) | |
|---|---|---------------------------------|---|---------------------------------|
| | | 2020 HK\$'000 (unaudited) | | 2020 HK\$'000 (unaudited) |
| Discontinued operation | | | | |
| Depreciation of property, plant and equipment | – | 2,025 | – | 4,047 |
| Expenses related to short-term leases | – | 126 | – | 250 |
| Interest income on rental deposits | – | (15) | – | (30) |
| Government grants | – | (783) | – | (1,566) |
| Total other income | – | (798) | – | (1,596) |
| Gain on disposals of property, plant and equipment | – | – | – | (8) |
| Total other gains and losses | – | – | – | (8) |
| Interest expenses on lease liabilities | – | 79 | – | 169 |
| Interest expenses on bank borrowings | – | 2 | – | 2 |
| Total finance costs | – | 81 | – | 171 |

8. DIVIDENDS

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

9. EARNINGS (LOSS) PER SHARE

(a) Basic

For continuing operations

The calculation of the basic and diluted earnings (loss) per share attributable to the owners of the Company is based on the following data:

| | Three months ended 30 September | | Six months ended 30 September | |
|---|------------------------------------|---------------------------|----------------------------------|---------------------------|
| | 2021 | 2020 | 2021 | 2020 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) (restated) | (unaudited) | (unaudited) (restated) |
| Earnings (loss): | | | | |
| Profit for the period attributable to owners of the Company | 3,689 | 599 | 7,010 | 5,223 |
| Less: | | | | |
| Profit for the period from discontinued operation | — | (1,430) | — | (2,417) |
| Profit (loss) for the period attributable to owners of the Company for the purpose of calculating basic earnings (loss) per share | <u>3,689</u> | <u>(831)</u> | <u>7,010</u> | <u>2,806</u> |
| | | | | |
| | Three months ended 30 September | | Six months ended 30 September | |
| | 2021 | 2020 | 2021 | 2020 |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| Number of shares: | | | | |
| Weighted average number of ordinary shares for the purpose of calculating basic earnings (loss) per share | <u>840,000,000</u> | <u>840,000,000</u> | <u>840,000,000</u> | <u>840,000,000</u> |

(b) Diluted

Diluted earnings (loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. There were no potential ordinary shares in issue during the six months ended 30 September 2020 and 2021.

For discontinued operation

Basic and diluted earnings per share for the discontinued operation is HK0.29 cents per share for the period ended 30 September 2020 (30 September 2021: N/A), based on the profit for the period ended 30 September 2020 attributable to owners of the Company from the discontinued operation of HK\$2,417,000 and the denominators detailed above for both basic and diluted earnings per share.

10. PROPERTY, PLANT AND EQUIPMENT

Acquisitions and disposals of owned assets

During the Review Period, the Group did not acquire property, plant and equipment excluding right-of-use assets (Previous Period: HK\$160,000).

During the Review Period, the Group acquired certain property, plant and equipment (include leased properties) with HK\$1,585,000 (Previous Period: HK\$1,062,000) aggregate carrying amount. During the Review Period, the Group wrote off certain property, plant and equipment with HK\$36,000 aggregate carrying amount, resulting in a loss on disposal of HK\$36,000 (Previous Period: gain on disposal of property, plant and equipment of HK\$108,000).

11. TRADE AND OTHER RECEIVABLES

| | At 30 September 2021 HK\$'000 (unaudited) | At 31 March 2021 HK\$'000 (audited) |
|---|---|---|
| Receivables at amortised cost comprises: | | |
| Trade receivables | 133,471 | 66,700 |
| Less: allowance for impairment of trade receivables | (1,862) | (918) |
| | 131,609 | 65,782 |
| Prepayments, deposits and other receivables comprise: | | |
| – Rental deposits | 10 | 3,789 |
| – Deposits and prepayment (note i) | 2,784 | 2,674 |
| – Other receivables (note ii) | 6,874 | 9,240 |
| Less: allowances for impairment on deposits and other receivables | (268) | (188) |
| Prepayment, deposits and other receivables | 9,400 | 15,515 |
| | 141,009 | 81,297 |

Notes:

- (i) Included in deposits and prepayment, carrying amount of HK\$2,100,000 represented the refundable deposits for securing the transactions with airline and general sales agent of airlines as at 30 September 2021 (31 March 2021: HK\$2,100,000).
- (ii) Included in other receivables, gross carrying amount of approximately HK\$6,873,000 represented the consideration receivables in relation to the disposals of subsidiaries (31 March 2021: HK\$8,810,000). The balance is expected to be collected within one year from the end of the reporting date.

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 2021 <i>HK\$'000</i> (unaudited) | At 31 March 2021 <i>HK\$'000</i> (audited) |
|---------------------------------|--|--|
| Within 30 days | 71,565 | 35,841 |
| More than 30 but within 60 days | 48,840 | 19,811 |
| More than 60 but within 90 days | 8,786 | 6,452 |
| More than 90 days | 2,418 | 3,678 |
| | <u>131,609</u> | <u>65,782</u> |

12. TRADE AND OTHER PAYABLES

| | At 30 September 2021 <i>HK\$'000</i> (unaudited) | At 31 March 2021 <i>HK\$'000</i> (audited) |
|-------------------------------------|--|--|
| Trade payables | 112,569 | 47,816 |
| Other payables and accrued expenses | 2,597 | 2,708 |
| | <u>115,166</u> | <u>50,524</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 2021 <i>HK\$'000</i> (unaudited) | At 31 March 2021 <i>HK\$'000</i> (audited) |
|----------------------------------|--|--|
| Within 30 days | 63,507 | 28,144 |
| More than 30 but within 60 days | 46,918 | 18,407 |
| More than 60 but within 90 days | 1,841 | 1,260 |
| More than 90 but within 180 days | 303 | 5 |
| | <u>112,569</u> | <u>47,816</u> |

13. BANK BORROWINGS

During the Review Period, the Group did not (during the year ended 31 March 2021: HK\$3,630,000 (audited)) obtain any bank loan.

14. CONTRACT LIABILITIES

| | At 30 September 2021 <i>HK\$'000</i> (unaudited) | At 31 March 2021 <i>HK\$'000</i> (audited) |
|--|--|--|
| Freight forwarding and related logistics services | <u>8,324</u> | <u>3,771</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. During the period ended 30 September 2021, revenue recognised in the Review Period relating to contract liabilities at the beginning of the period was HK\$3,771,000 (Previous Period: HK\$221,000).

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.

15. 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 31 March 2020 (audited) | 2,000 | 526 | 2,526 |
| Addition provision in the year (audited) | – | 107 | 107 |
| Reversal of provision in the year (audited) (<i>note</i>) | (1,227) | – | (1,227) |
| Disposal of a subsidiary (audited) | (773) | – | (773) |
| Exchange realignment (audited) | – | 6 | 6 |
| | <hr/> | <hr/> | <hr/> |
| At 31 March 2021 (audited) | – | 639 | 639 |
| Reversal of provision in the period (unaudited) | – | (545) | (545) |
| Disposals of subsidiaries (unaudited) | – | (96) | (96) |
| Exchange realignment (unaudited) | – | 2 | 2 |
| | <hr/> | <hr/> | <hr/> |
| At 30 September 2021 (unaudited) | – | – | – |
| | <hr/> | <hr/> | <hr/> |

Note: Certain provision for compensation has been reimbursed through an insurance contract during the prior year and the excess provision amount made of approximately HK\$1,227,000 has been reversed.

16. 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 2020 (audited), 30 September 2020 (unaudited), 1 April 2021 (audited) and 30 September 2021 (unaudited) | <hr/> 10,000,000,000 | <hr/> 100,000,000 |
| Issued and fully paid | | |
| At 1 April 2020 (audited), 30 September 2020 (unaudited), 1 April 2021 (audited) and 30 September 2021 (unaudited) | <hr/> 840,000,000 | <hr/> 8,400,000 |

17. DISPOSALS OF SUBSIDIARIES

On 23 April 2021, the Group disposed the entire equity interest of a wholly-owned subsidiary, Hangda International Limited and its subsidiaries (“**Hangda Sub-group**”) to an independent third party. On 30 April 2021, the Group disposed the entire equity interest of Fu Da Logistics Company Limited (“**Fu Da**”) to another independent third party.

| | Hangda Sub-group <i>HK\$'000</i> (unaudited) | Fu Da <i>HK\$'000</i> (unaudited) | Total <i>HK\$'000</i> (unaudited) |
|---|---|---|---|
| Total consideration: | | | |
| Cash received | 280 | 7,500 | 7,780 |
| Deferred cash consideration | – | 2,500 | 2,500 |
| Total consideration received | 280 | 10,000 | 10,280 |
| Analysis of assets and liabilities over which control was lost: | | | |
| | Hangda Sub-group <i>HK\$'000</i> (unaudited) | Fu Da <i>HK\$'000</i> (unaudited) | Total <i>HK\$'000</i> (unaudited) |
| Property, plant and equipment | 312 | 1,176 | 1,488 |
| Rental deposits | 53 | 122 | 175 |
| Trade and other receivables | 52 | 23,169 | 23,221 |
| Pledged bank deposits | – | 167 | 167 |
| Bank balances and cash | 64 | 7,179 | 7,243 |
| Trade and other payables | (208) | (20,263) | (20,471) |
| Tax payable | – | (154) | (154) |
| Contract liabilities | – | (768) | (768) |
| Lease liabilities | (313) | (557) | (870) |
| Deferred tax liabilities | – | (54) | (54) |
| Provisions | – | (96) | (96) |
| Net (liabilities) assets disposed of | (40) | 9,921 | 9,881 |
| (Loss) gain on disposals of subsidiaries: | | | |
| Consideration received and receivable | 280 | 10,000 | 10,280 |
| Non-controlling interest | (458) | – | (458) |
| Net liabilities (assets) disposed of | 40 | (9,921) | (9,881) |
| Cumulative exchange difference reclassified from equity to profit or loss upon disposals | 41 | 868 | 909 |
| (Loss) gain on disposals | (97) | 947 | 850 |

| | Hangda Sub-group HK\$'000 (unaudited) | Fu Da HK\$'000 (unaudited) | Total HK\$'000 (unaudited) |
|--|--|----------------------------------|----------------------------------|
| Net cash inflow arising on disposals: | | | |
| Cash consideration | 280 | 7,500 | 7,780 |
| Less: bank balances and cash disposed of | (64) | (7,179) | (7,243) |
| | <u>216</u> | <u>321</u> | <u>537</u> |

18. 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 30 September 2021 HK\$'000 (unaudited) | | Six months ended 30 September 2021 HK\$'000 (unaudited) | |
|--|---|---------------------------------|---|---------------------------------|
| | 2021 HK\$'000 (unaudited) | 2020 HK\$'000 (unaudited) | 2021 HK\$'000 (unaudited) | 2020 HK\$'000 (unaudited) |
| Salaries and other allowances | 1,516 | 1,341 | 2,848 | 2,678 |
| Retirement benefit scheme and contributions | <u>26</u> | <u>30</u> | <u>52</u> | <u>60</u> |
| | <u>1,542</u> | <u>1,371</u> | <u>2,900</u> | <u>2,738</u> |

(ii) Personal guarantees

At 30 September 2021, all (at 31 March 2021: all) bank borrowings of the Group were guaranteed by Mr. Thomas Loy and Mr. Loy Hak Moon.

(iii) Sales transaction

During the Review Period, the Group received HK\$640,000 (Previous Period: nil) service income from Guangdong Jiyueke Brand Management Co. Ltd.* (“**Guangdong Jiyueke**”). Mr. Liao Daichun, chief executive officer and a substantial shareholder of the Company, is a legal representative, a director and a shareholder of Guangdong Jiyueke.

* For identification purposes only

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**”), Taiwan and Vietnam, 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 entrusted management services for operating an online e-commerce platform.

Impacted by the COVID-19 in the period ended 30 September 2020 (“**Previous Period**”), the Group successfully achieved a positive results with a net profit of approximately HK\$4.9 million for the Previous Period. Despite the continuing weak economy in Hong Kong, the Group still recorded a net profit of approximately HK\$7.0 million during the period ended 30 September 2021 (“**Review Period**”).

The management of the Group anticipates that the business from air freight forwarding and related logistics services will continue to grow in the upcoming months which is mainly driven by the services of consolidation and co-loading of air cargo space. The Group developed close connection with the suppliers in the past years and has stable supply of cargo space to facilitate consolidation and co-loading. The Group is well-positioned to collaborate with other suppliers to provide such services within prescribed timeframe. With the support of suppliers, the Group is able to deliver logistics services to a wider range of destinations in the long run.

The Group is cautiously positive to the future freight forwarding market in Hong Kong. With the introduction of vaccine and further relaxation of the lockdown measures, the global economy would gradually recover. The Group believes that the demand for air cargo services would be huge when the economies in the USA and Europe recover after the pandemic.

The airfreight rates are still in a rising trend. As such, the Group needs to retain more cash to settle the trade debts to suppliers. The businesses in Shenzhen and Taipei recorded losses in the past year. Due to the credit limits obtained from suppliers, the Taipei branch demanded huge cash support from the Group. Under such circumstances, the Group took prompt action to strip businesses with dim prospects in Shenzhen and Taipei and adopted a more prudent approach by re-focusing its operation fully in Hong Kong. During the Review Period, the Group sold the operations in Shenzhen and Taipei to two independent third parties. It was also a simple way for the Group to realise its asset for cash and restore the financial position of the Group in a timely and appropriate manner in order to sustain its continuing operation and business in Hong Kong.

Looking forwards, the Group has put an eye on expanding the existing cargo arrangements by entering into more block space agreements, or even formal agreements with the suppliers so as to secure cargo space in a more definite and cost-efficient way. This can help to cover a wider variety of cargo routes and boost the sales performance, and thus places the Group in a better position in the freight forwarding industry. The Group would continue to grasp the market potentials in penetrating into existing customers as well as enriching the customer portfolio in all dimensions and territories.

To broaden the revenue and expand the business, the Group entered into an entrusted management agreement (the “**Entrusted Management Agreement**”) with Guangdong Jiyueke Brand Management Co. Ltd* on 1 September 2021. The agreement covers one year. It is expected that entering into the Entrusted Management Agreement will help the Group to gain practical knowledge on the operation of e-commerce platform and thereby reform its business model from a freight forwarder to a technology solution provider through innovation, cloud platforms, big data etc. By taking advantage of the Group’s professional skills, knowhow and experience in freight forwarding, this transaction contemplated can further help the Group to accumulate knowledge and understanding in relation to e-commerce by being participated in platform design, order processing and after-sales services that are closely interlinked and inseparable to such kind of business. It is hoped that the Group can ultimately provide one-stop technical consultancy services to other operators without a physical presence in the overseas markets.

* *For identification purposes only*

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) entrusted management services for operating an online e-commerce platform.

Total revenue of the Group increased by approximately 115.8% from approximately HK\$143.4 million for Previous Period to approximately HK\$309.4 million for the Review Period.

Revenue generated from air freight forwarding and related logistics services for the Review Period amounted to approximately HK\$241.3 million (Previous Period: HK\$135.2 million), accounting for approximately 78.0% of the Group's total revenue (Previous Period: approximately 94.3%). The revenue from this segment remained to be the major source of the revenue of the Group. The Group further expanded its customer bases in Vietnam which brought the revenue of the Group to a higher level.

Revenue generated from sea freight forwarding and related logistics services for the Review Period amounted to approximately HK\$67.5 million (Previous Period: approximately HK\$8.2 million), accounting for approximately 21.8% of the Group's total revenue (Previous Period: approximately 5.7%). 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 more orders received from customers in Vietnam.

Revenue generated from entrusted management services from operating an online e-commerce platform for the Review Period amounted to approximately HK\$0.6 million (Previous Period: nil), accounting for approximately 0.2% of the Group's total revenue (Previous Period: nil). This was a new business to the Group and the management expected that the market will be huge in the long run.

Cost of services and gross profit

The Group's cost of services increased by approximately 122.6% from approximately HK\$128.6 million for the Previous Period to approximately HK\$286.2 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 unit cost of direct booking charges from sea freight forwarding and related logistics services.

The Group's gross profit increased by approximately 56.8% from approximately HK\$14.8 million for the Previous Period to approximately HK\$23.2 million for the Review Period. Gross profit margin decreased from approximately 10.3% for the Previous Period to approximately 7.5% for the Review Period. The main reasons for decrease in gross profit margin were due to (i) the increase in the unit cost of direct booking charges from sea freight forwarding and related logistics services which significantly lowered the gross profit margin; and (ii) decrease in profit margin from air freight forwarding services to North America.

Other income

Other income included bank interest income from bank deposits, other interest income from refundable rental deposits and sundry income. The Group had two (Previous Period: two) fixed deposits with banks during the Review Period.

The Group applied for the Employment Support Scheme launched by the Hong Kong Government during the Previous Period. No such grant has been received during the Review Period. As such, other income decreased.

Other gains and losses

Other gains and losses included foreign exchange loss, (loss) gain on disposals/write off of property, plant and equipment, gain on disposals of subsidiaries and reversal of provision for reinstatement cost. The Group recorded a net gain in other gains and losses during the Review Period, which was primarily attributable to the gain on disposals of subsidiaries.

Sales and marketing expenses

Sales and marketing expenses mainly included cost of business development and soliciting new customers. The amount increased during the Review Period as service charge amounting to approximately HK\$2.3 million (Previous Period: approximately HK\$0.3 million) was paid to a consultant.

Administrative expenses

The Group's administrative expenses decreased to approximately HK\$10.7 million for the Review Period from approximately HK\$11.3 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 decrease was mainly due to the combined effect of (i) the decrease in staff cost of approximately HK\$1.2 million; and (ii) the increase in depreciation charge of approximately HK\$0.7 million.

Impairment losses (recognised) reversed on trade receivables, net

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 collectively assessed provision matrix to calculate ECL. During the Previous Period, a reversal of an amount of approximately HK\$76,000 was recognised to reflect a decrease in impairment allowance as a result of non-performing asset during the Previous Period. During the Review Period, a reversal of an amount of approximately HK\$0.3 million (Previous Period: approximately HK\$0.2 million) was recognised while additional approximately HK\$1.2 million (Previous Period: approximately HK\$76,000 reversed) was further provided from new financial assets originated.

Impairment losses reversed (recognised) on deposits and other receivables, net

During the Review Period, ECL of approximately HK\$80,000 was recognised (Previous Period: nil) due to the significant increase in other receivables.

Finance costs

Finance costs for the Review Period represented interest expenses on lease liabilities and bank borrowings. Finance costs increased from approximately HK\$56,000 for the Previous Period to approximately HK\$91,000 for the Review Period which was caused by the increase in interest expenses on bank borrowings.

Income tax expenses (credit)

The Group's income tax expenses (credit) primarily included provisions for Hong Kong Profits Tax, the PRC's Enterprise Income Tax, Taiwan Corporate Income Tax and deferred income tax expenses (credit). A profit before taxation of approximately HK\$8.6 million for the Review Period (Previous Period: approximately HK\$2.5 million) was recorded while income tax expenses of approximately HK\$1.6 million (Previous Period: income tax credit of approximately HK\$12,000) was incurred for the Review Period.

Profit (loss) for the period from continuing operations

The Group recorded a profit for the period from continuing operations of approximately HK\$7.0 million for the Review Period (Previous Period: approximately HK\$2.6 million). The profit was mainly due to the effects of (i) increase in gross profit of approximately HK\$8.4 million; (ii) gain on disposals of subsidiaries of approximately HK\$0.9 million; (iii) increase in sales and marketing expenses of approximately HK\$2.0 million; (iv) increase in income tax expenses of approximately HK\$1.6 million; (v) increase in impairment losses recognised on trade receivables of approximately HK\$1.2 million; and (vi) decrease in government grants of approximately HK\$1.0 million.

Trade and other receivables

Trade receivables (net of allowance for impairment of trade receivables) increased by 100% from approximately HK\$65.8 million at 31 March 2021 to approximately HK\$131.6 million at 30 September 2021. 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 2021. During the Review Period, a rental deposit of approximately HK\$3.8 million was refunded.

Trade payables and other payables

Trade payables increased by approximately 135.6% from approximately HK\$47.8 million at 31 March 2021 to approximately HK\$112.6 million at 30 September 2021. The increase was mainly due to the increase in cost of services incurred in August and September 2021 to cope with the sales orders received.

Other payables and accrued expenses slightly decreased by approximately 3.7% from approximately HK\$2.7 million at 31 March 2021 to approximately HK\$2.6 million at 30 September 2021.

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 2021, the Group had cash and cash equivalents in the sum of approximately HK\$43.4 million (at 31 March 2021: approximately HK\$26.7 million) and time deposits over three months of approximately HK\$3.0 million (at 31 March 2021: approximately HK\$1.2 million) most of which were either denominated in HKD, United States Dollars (“USD”) and Renminbi (“RMB”).

At 30 September 2021, the Group had bank borrowings in the sum of approximately HK\$3.6 million (at 31 March 2021: approximately HK\$3.6 million). The Group had lease liabilities of approximately HK\$2.0 million at 30 September 2021 (at 31 March 2021: approximately HK\$3.1 million).

Gearing ratio is the current debt (including bank borrowing and 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 2021 was approximately 7.0% (at 31 March 2021: approximately 11.6%). As a result of the decrease in lease liabilities, the gearing ratio decreased.

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 2021, certain property, plant and equipment of the Group with a carrying value of approximately HK\$1.4 million (at 31 March 2021: approximately HK\$0.7 million) were held under leases liabilities and bank deposits of approximately HK\$3.0 million (at 31 March 2021: approximately HK\$1.2 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 New Taiwan Dollars ("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 2021, the Group had no outstanding capital commitments (at 31 March 2021: nil) for the acquisition of property, plant and equipment. Save for the plans disclosed in the Prospectus of the Company dated 28 August 2018 (the "**Prospectus**"), the Company's announcement(s), the Group did not have any future plans for material investments or capital assets at 30 September 2021.

MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in note 17 to the condensed financial statements, there were no material acquisitions and disposal 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\$1.6 million in property, plant and equipment, mainly attributable to right-of-use assets in Hong Kong.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities both at 31 March 2021 and at 30 September 2021.

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 2021. The share capital of the Company consists only of ordinary shares of the Company.

At 30 September 2021, 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 and sundry 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\$1.2 million for impairment losses on trade receivables, deposits and other receivables was recognised (as compared with approximately HK\$76,000 reversed in the Previous Period).

EMPLOYEES AND REMUNERATION POLICIES

At 30 September 2021, the Group employed 21 staff in Hong Kong and 6 staff in the PRC (at 31 March 2021: 19 staff in Hong Kong, 2 staff in the PRC and 9 staff in Taiwan).

For the Review Period, the Group's total cost for employee compensation and benefits (including Director's emoluments) was approximately HK\$5.3 million (Previous Period: approximately HK\$10.1 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 SHARE OFFER

The Shares of the Company 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 effect a sum of approximately HK\$13.5 million would be utilised to further expanding the warehouse 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**"). On 22 March 2021, the Board resolved to dispose the entire equity of Fu Yo. As such, the Group discontinued its operations in warehousing and related value-added services on 31 March 2021.

The Board then further resolved that the remaining Net Proceeds of approximately HK\$12.1 million would be applied to general working capital of the Group (the “**Change in Use of Proceeds 2021**”). Details are set out in the Company’s announcement dated 22 March 2021 (the “**UOP Announcement 2021**”). Details of the application of the Net Proceeds from the Listing till 30 September 2021 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 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 22 March 2021 HK\$'000 | The Change in Use of Proceeds according to the UOP Announcement 2021 HK\$'000 | Use of Net Proceeds subsequent to the Change in Use of Proceeds 2021 HK\$'000 | Amount not yet utilised at 30 September 2021 HK\$'000 | Expected timelines for the intended use | Actual business progress up to 30 September 2021 |
|--|--|--|---|---|---|--|---|--|--|---|
| 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 in May 2020 (Note). |
| Settling commission, deposits and rental payments of new warehouses | 10,956 | N/A | (10,956) | – | – | N/A | – | – | 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) | – | – | N/A | The Group already installed anti-theft system (Note). |
| Purchasing burglary, flood and fire insurance | 229 | N/A | 8 | 237 | 34 | (203) | – | – | N/A | The Group already entered into agreements with the insurance providers (Note). |

| 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 Change in Use of Proceeds 2020 <i>HK\$'000</i> | Amount of the Net Proceeds utilised from the Listing Date to 22 March 2021 <i>HK\$'000</i> | The Change in Use of Proceeds according to the UOP Announcement 2021 <i>HK\$'000</i> | Use of Net Proceeds subsequent to the Change in Use of Proceeds 2021 <i>HK\$'000</i> | Amount not yet utilised at 30 September 2021 <i>HK\$'000</i> | Expected timelines for the intended use | Actual business progress up to 30 September 2021 |
|---|---|---|--|--|--|---|--|---|--|---|
| Purchasing forklift trucks and scales | 943 | N/A | (943) | – | – | N/A | – | – | N/A | The Group resolved not to purchase forklift trucks and scales. |
| Leasing forklift trucks | N/A | N/A | 611 | 611 | 159 | (452) | – | – | N/A | The Group already rented two forklift trucks, settled the deposits and paid the rental on monthly basis (<i>Note</i>). |
| Settling deposits, utilities and services fees for warehousing and related services | N/A | N/A | 12,516 | 12,516 | 2,563 | (9,953) | – | – | N/A | The Group already paid the deposits and settled the utilities and service fees (<i>Note</i>). |
| Attracting and retaining talented and experienced personnel | 14,727 | (8,373) | – | 6,154 | 4,701 | (1,453) | – | – | N/A | 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 (<i>Note</i>). |
| Developing the trucking fleet | 8,075 | (8,075) | N/A | – | – | N/A | – | – | 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 Announcement 2020 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 22 March 2021 HK\$'000 | The Change in Use of Proceeds according to the UOP Announcement 2021 HK\$'000 | Use of Net Proceeds subsequent to the Change in Use of Proceeds 2021 HK\$'000 | Amount not yet utilised at 30 September 2021 HK\$'000 | Expected timelines for the intended use | Actual business progress up to 30 September 2021 |
|--|--|---|---|---|---|--|---|--|--|--|
| Further enhancing the information technology systems | 2,442 | (542) | N/A | 1,900 | 1,900 | N/A | - | - | - | 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 | N/A | 18,448 | 18,448 | 12,063 | 12,063 | - | - | The Group already fully utilised the general working capital to finance its cost of services, in particular in air freight forwarding and related logistics business. |
| | <u>40,013</u> | | | <u>40,013</u> | <u>27,950</u> | | | <u>-</u> | | |

Note: The Group further resolved to discontinue the warehousing and related value-added services.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board of 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 2021 to 30 September 2021, 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") except for the deviation from the code provisions of (i) A.2.1 of the CG code which have already been resolved during the Review Period; and (ii) A.4.2 of the CG Code which have already been resolved with details set out in the circular and notice of extraordinary general meeting of the Company issued on 25 October 2021.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to the code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Upon the resignation of Mr. Loy Hak Moon (“**Mr. HM Loy**”) as the chief executive officer on 16 November 2020, Mr. Loy Hak Yu Thomas (“**Mr. Thomas Loy**”) acts as both the chairman and the chief executive officer of the Company. On 2 August 2021, the Board announced that Mr. Liao Daichun resigned as non-executive Director and was appointed as the chief executive officer with effect from 20 August 2021. As a result, Mr. Thomas Loy relinquished his role as the chief executive officer and remains as the chairman and an executive Director with effect from 20 August 2021. The Board considers that this change of structure will help to bring a balance of power and authority between the Directors and the management of the Company and thus results a better corporate governance.

The Company will continue to review its corporate governance practices in order to enhance its corporate governance standard, to comply with the increasingly tightened regulatory requirements and to meet the rising expectations of shareholders and investors.

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 2021 up to 30 September 2021.

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 2021, 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/ Chief Executive | 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 (<i>Note 1</i>) | 202,642,000 | 24.12% |
| Mr. Liao Daichun (“ Mr. Liao ”) | Beneficial owner (<i>Note 2</i>) | 182,690,000 | 21.75% |

(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 (<i>Note 1</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.
2. Mr. Liao was appointed as a non-executive Director on 23 April 2021 and he resigned on 2 August 2021. Mr. Liao was the Chief Executive Officer with effect from 20 August 2021.

Save as disclosed above and below under the heading “Directors’ Rights to Acquire Shares or Debentures”, at 30 September 2021, 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 2021, 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 (Note 1) | 202,642,000 (L) | 24.12% |
| Mr. Thomas Loy | Interest in a controlled corporation, parties acting in concert (Note 1) | 202,642,000 (L) | 24.12% |
| Mr. HM Loy | Parties acting in concert (Note 1) | 202,642,000 (L) | 24.12% |
| Ms. Kong Sau Ming | Interest of spouse (Note 2) | 202,642,000 (L) | 24.12% |
| Ms. Siu Pui Sum | Interest of spouse (Note 3) | 202,642,000 (L) | 24.12% |
| Mr. Liao Daichun | Beneficial owner (Note 4) | 182,690,000 (L) | 21.75% |
| Ms. Zhao Rongjing | Interest of spouse (Note 5) | 182,690,000 (L) | 21.75% |

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. 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.
3. 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.
4. Mr. Liao Daichun was appointed as a non-executive Director on 23 April 2021 and he resigned on 2 August 2021. Mr. Liao was the Chief Executive Officer with effect from 20 August 2021.
5. Ms. Zhao Rongjing is the spouse of Mr. Liao Daichun, and is deemed to be interested in the shares which are interested by Mr. Liao Daichun under the SFO.
6. The letter “L” denotes long position in the shares.

Save as disclosed above, at 30 September 2021, 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 a 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 2021 and at the date of this announcement.

CHANGE IN DIRECTORS' INFORMATION

Mr. Lo Wing Sang, a non-executive Director up to 31 August 2021, resigned as the company secretary and authorised representative of Century Group International Holdings Limited (stock code: 2113) on 28 May 2021.

Mr. Chow Ming Po Aaron, an independent non-executive Director up to 30 September 2021, was appointed as an independent non-executive director of Grand Brilliance Group Holdings Limited (stock code: 8372) on 18 June 2021.

Mr. Ho Yuk Ming Hugo, an independent non-executive Director, retired as independent non-executive director of Wuxi Sunlit Science and Technology Company Limited* (stock code: 1289) with effect from 18 June 2021.

Mr. Yan Ximao, an executive Director, was appointed as a non-executive director of Goldway Education Group Limited (stock code: 8160) on 4 November 2021.

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. Ho Yuk Ming Hugo, Mr. Chow Chi Wing and Mr. Liao Dongqiang. Mr. Ho Yuk Ming Hugo 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.

* For identification purposes only

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, 12 November 2021

As at the date of this announcement, the Board comprises four executive Directors, namely, Mr. Loy Hak Yu Thomas, Mr. Zhang Pangfei, Ms. Wu Yushan and Mr. Yan Ximao; and three independent non-executive Directors, namely, Mr. Ho Yuk Ming Hugo, Mr. Chow Chi Wing and Mr. Liao Dongqiang.

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.