Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

萬勵達
WAN LEADER

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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8482)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2019

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

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

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

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

THE FINANCIAL STATEMENTS

Annual Results

The board of Directors (the "**Board**") of Wan Leader International Limited (the "**Company**") announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 March 2019 together with the comparative audited figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	**2019** *HK$'000*	2018 *HK$'000*
Revenue	*4*	**193,032**	197,942
Cost of services		**(166,229)**	(155,285)
Gross profit		**26,803**	42,657
Other income		**77**	3
Other gains and losses	*5*	**(464)**	(91)
Marketing expenses		**(4,151)**	(3,137)
Administrative and operating expenses		**(27,152)**	(15,645)
Impairment losses recognised on trade receivables, net		**(933)**	(360)
Listing expenses		**(9,513)**	(8,303)
Finance costs	*7*	**(158)**	(149)
(Loss) profit before taxation		**(15,491)**	14,975
Income tax expense	*6*	**(480)**	(3,984)
(Loss) profit and other comprehensive (expenses) income for the year	*7*	**(15,971)**	10,991
Attributable to:			
Owners of the Company		**(15,971)**	10,333
Non-controlling interest		**–**	658
(Loss) earnings per share			
Basic (HK Cents)	*9*	**(2.18)**	2.00

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2019

	Notes	2019 HK$'000	2018 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**2,999**	2,163
Intangible asset		**316**	1,265
Rental deposits		**3,794**	38
Deposits paid for acquisition of property, plant and equipment		**1,376**	–
Deferred tax assets		**33**	27
		8,518	3,493
CURRENT ASSETS			
Trade and other receivables	*10*	**32,991**	44,491
Tax recoverable		**2,623**	–
Pledged bank deposits		**2,500**	–
Bank balances and cash		**43,632**	7,044
		81,746	51,535
CURRENT LIABILITIES			
Trade and other payables	*11*	**19,886**	22,793
Bank borrowings		**–**	1,672
Obligations under finance leases		**228**	366
Contract liabilities		**420**	–
Tax payable		**–**	2,036
		20,534	26,867
NET CURRENT ASSETS		**61,212**	24,668
NON-CURRENT LIABILITIES			
Obligations under finance leases		**96**	324
Provision for reinstatement expenses		**313**	–
Deferred tax liabilities		**81**	231
		490	555
NET ASSETS		**69,240**	27,606
CAPITAL AND RESERVES			
Share capital		**8,400**	1,417
Other reserves		**64,638**	13,792
(Accumulated losses) retained profits		**(3,798)**	12,397
TOTAL EQUITY		**69,240**	27,606

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

Wan Leader International Limited (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**") since 5 September 2018. The immediate and ultimate holding company is Ho Tat Limited ("**Ho Tat**"), a company incorporated in the British Virgin Islands ("**BVI**"). Its ultimate controlling party is Mr. Loy Hak Yu Thomas ("**Mr. Thomas Loy**"), who is also the Chairman of the Company. The addresses of the registered office is P.O. Box 10008, Willow House, Cricket Square, Grand Cayman KY1-1001, Cayman Islands and principal place of business of the Company is Office Tower Units 901-902, Hutchison Logistics Centre, Terminal 4, Kwai Chung Container Port, 18 Container Port Road South, Kwai Chung, New Territories, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "**Group**"), are principally engaged in freight forwarding and related logistics services and warehousing and related value-added services.

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

2. GROUP REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

In preparation for the listing of the Company's shares on GEM of the Stock Exchange, the entities now comprising the Group underwent a group reorganisation ("**Group Reorganisation**") as described below. Prior to the Group Reorganisation, Mr. Thomas Loy has 100% beneficial interests over Union Air Cargo Limited ("**Union Air**") and Fu Yo Warehouse Logistics Company Limited ("**Fu Yo**").

The principle steps of the Group Reorganisation are as follows:

(a) On 27 February 2017, Ever Metro International Limited ("**Ever Metro**") was incorporated by Mr. Thomas Loy with issued share capital of 50,000 shares of USD50,000. On 31 March 2017, Ever Metro has acquired 73% equity interests of Orient Zen Logistics Services Limited ("**Orient Zen**") from Mr. Loy Hak Moon ("**Mr. HM Loy**").

(b) On 28 July 2017, Ever Metro acquired 540,000 issued shares of Orient Zen (representing the remaining 27% equity interests of Orient Zen) and the entire issued shares of Fu Cheng Logistics Co. Limited ("**Fu Cheng**") from Mr. HM Loy by issuing of 18,494 shares to Mr. HM Loy. At the same time, Ever Metro acquired the entire issued shares of Union Air and Fu Yo from Mr. Thomas Loy by issuing 80,237 shares, in aggregate, to Mr. Thomas Loy. After the said transfers, Union Air, Fu Yo, Orient Zen and Fu Cheng became wholly owned subsidiaries of Ever Metro and Ever Metro was owned by Mr. Thomas Loy to 87.57% and Mr. HM Loy to 12.43% and controlled by Mr. Thomas Loy.

(c) On 7 August 2017, Ever Metro entered into the First Subscription Agreements with the First Investors and allotted and issued 6,100 shares respectively to the First Investors at a cash consideration of HK$2,500,000 each.

(d) On 13 October 2017, Ever Metro entered into another two separate subscription agreements with the Second Investors and allotted and issued 9,635 shares respectively to the Second Investors at a cash consideration of HK$3,500,000 each. With reference to the anti-dilution clause contained in the First Subscription Agreements, Ever Metro, at the same date, allotted and issued 790 shares respectively to each of the First Investors. Immediately upon the completion of the Second Subscription, Ever Metro had 181,781 shares in issue and was owned as to 71.65% by Mr. Thomas Loy, 10.17% by Mr. HM Loy, 7.58% by First Investors and 10.6% by Second Investors, respectively. The aggregate consideration of the First Subscription and the Second Subscription is HK$11,280,000, net of the direct issue cost of HK$720,000.

(e) In consideration of the Company's acquisition of the entire share capital of Ever Metro, the Company allotted and issued 7,077 shares to Ho Tat as directed by Mr. Thomas Loy, 1,005 shares to Yo Tat Limited ("**Yo Tat**") as directed by Mr. HM Loy and 1,818 shares in aggregate to First Investors and Second Investors. The said transfer was properly and legally completed and settled on 10 August 2018. After such transfer, Ever Metro became a wholly-owned subsidiary of the Company.

(f) By interspersing the Company between Mr. Thomas Loy, Mr. HM Loy, First Investors, Second Investors and Ever Metro, the Company became the holding company of the companies now comprising the Group on 10 August 2018. The Company will then be owned by Mr. Thomas Loy, Mr. HM Loy, First Investors and Second Investors by 71.65%, 10.17%, 7.58% and 10.6% respectively.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended 31 March 2018 and 2019 include the results, changes in equity and cash flows of the companies comprising the Group as if the Company had always been the holding company of the Group and the current group structure had been in existence throughout the years ended 31 March 2018 and 2019, or since the respective dates of incorporation, where this is a shorter period.

The consolidated statement of financial position as at 31 March 2018 have been prepared to present the assets and liabilities of the companies now comprising the Group as if the Company had always been the holding company of the Group and the current group structure had been in existence at those dates taking into account the respective dates of incorporation where applicable.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time in the current year:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

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

HKFRS 15 "Revenue from Contracts with Customers"

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 "Revenue" and the related interpretations.

The Group recognises income from freight forwarding and related logistics service and warehousing and related value-added service which arise from contracts with customers.

Information about the Group's performance obligations and the accounting policies resulting from application of HKFRS 15 are disclosed below.

Summary of effects arising from initial application of HKFRS 15

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2018. Line items that were not affected by the changes have not been included.

	Note	Carrying amounts previously reported at 31 March 2018	Remeasurement	Carrying amounts under HKFRS 15 at 1 April 2018*
		HK$'000	*HK$'000*	*HK$'000*
Current assets				
Trade and other receivables	*(a)*	44,491	700	45,191
Current liabilities				
Contract liabilities	*(a)*	–	(700)	(700)

* The amounts in this column are before the adjustments from the application of HKFRS 9.

(a) Upon adoption of HKFRS 15, trade receivables and contract liabilities in respect of advance billings to customers due for payment amounting to HK$700,000 were recognised at the date of initial application, 1 April 2018.

The following table summarises the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position as at 31 March 2019, consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the current year for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on consolidated statement of financial position

	As reported	Adjustments	Amounts without application of HKFRS 15
	HK$'000	*HK$'000*	*HK$'000*
Current assets			
Trade and other receivables	32,991	(661)	32,330
Tax recoverable	2,623	14	2,637
Current liabilities			
Trade and other payables	19,886	(155)	19,731
Contract liabilities	420	(420)	–
Capital and reserves			
Accumulated losses	3,798	72	3,870

Impact on the consolidated statement of profit and loss and other comprehensive income

	As reported	Adjustments	Amounts without application of HKFRS 15
	HK$'000	*HK$'000*	*HK$'000*
Revenue	193,032	(241)	192,791
Cost of services	(166,229)	155	(166,074)
Gross profit	26,803	(86)	26,717
Loss before taxation	(15,491)	(86)	(15,577)
Income tax expense	(480)	14	(466)
Loss and other comprehensive expense of the year	(15,971)	(72)	(16,043)

Impact on the consolidated statement of cash flows

	As reported	Adjustments	Amounts without application of HKFRS 15
	HK$'000	*HK$'000*	*HK$'000*
OPERATING ACTIVITIES			
Loss before taxation	(15,491)	(86)	(15,577)
Operating cash flows before movements in working capital	(11,619)	(86)	(11,705)
Decrease in trade and other receivables	6,766	(39)	6,727
Decrease in trade and other payables	(3,175)	(155)	(3,330)
Decrease in contract liabilities	(280)	280	–
Cash used in operations	(11,141)	–	(11,141)
Net cash used in operating activities	(16,392)	–	(16,392)

Prior to 1 April 2018, revenue from freight forwarding and related logistics services is recognised when the goods have been shipped to the customer's specific location. Upon application of HKFRS 15, such revenue is recognised over time by reference to the progress towards complete satisfaction of performance obligation when the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. This change in accounting policies resulted in an increment of revenue and trade receivables of HK$241,000, an increment of cost of services and trade payables of HK$155,000 and an increment of income tax expenses and a decrement of tax recoverable of HK$14,000 for the year ended 31 March 2019. Besides, trade receivables and contract liabilities in respect of advance billings to customers amounting to HK$420,000 were recognised as at 31 March 2019.

HKFRS 9 "Financial Instruments" and the related amendments

In the current year, the Group has applied HKFRS 9 "Financial Instruments" and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (i) the classification and measurement of financial assets and financial liabilities, (ii) expected credit losses ("**ECL**") for financial assets and (iii) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised at 1 April 2018. The difference between carrying amounts at 31 March 2018 and the carrying amounts at 1 April 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 "Financial Instruments: Recognition and Measurement".

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement (including impairment) of financial assets subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 April 2018.

	Note	**Loans and receivables** *HK$'000*	**Financial assets at amortised cost** *HK$'000*	**Deferred tax assets** *HK$'000*	**Deferred tax liabilities** *HK$'000*	**Retained profits** *HK$'000*
Closing balance at 31 March 2018 – HKAS 39		46,118	–	27	(231)	12,397
Effect arising from initial application of HKFRS 9						
Reclassification						
– From loans and receivables	*(a)*	(46,118)	46,118	–	–	–
Remeasurement						
– Impairment under ECL Model	*(b)*	–	(268)	41	3	(224)
Opening balance at 1 April 2018		–	45,850	68	(228)	12,173

(a) Loans and receivables

From loans and receivables to financial assets at amortised cost

All loans and receivables were reclassified as financial assets at amortised cost since the Group's business model is to hold these financial assets for collection of contractual cash flows, and the cash flows represent solely payments of principal and interest on the principal amount outstanding.

(b) Impairment under ECL model

At 1 April 2018, the additional credit loss allowance amounting to HK$268,000 has been recognised against retained profits. The additional loss allowance is charged against the allowance account of trade receivables.

Impacts on opening consolidated statement of financial position arising from the application of all new standards, amendments and interpretation

As a result of the changes in the Group's accounting policies above, the opening consolidated statement of financial position had to be restated. The following table show the adjustments recognised for each of the line items affected. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 March 2018	**HKFRS 9**	**HKFRS 15**	**Carrying amounts at 1 April 2018***
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)			(Restated)
Non-current assets				
Deferred tax assets	27	41	–	68
Current assets				
Trade and other receivables				
Trade receivables	38,603	(268)	700	39,035
Current liabilities				
Contract liabilities	–	–	(700)	(700)
Non-current liabilities				
Deferred tax liabilities	(231)	3	–	(228)
Capital and reserves				
Retained profits	12,397	(224)	–	12,173

Note: For the purposes of reporting cash flows from operating activities under indirect method for the year ended 31 March 2019, movements in working capital have been computed based on opening statement of financial position as at 1 April 2018 as disclosed above.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs and an interpretation that have been issued but are not yet effective:

HKFRS 16	Leases [1]
HKFRS 17	Insurance Contracts [3]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments [1]
Amendments to HKFRS 3	Definition of a Business [4]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation [1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [2]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement [1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures [1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle [1]
Amendments to HKAS 1 and HKAS 8	Definition of Material [5]

(1) Effective for annual periods beginning on or after 1 January 2019

(2) Effective for annual periods beginning on or after a date to be determined

(3) Effective for annual periods beginning on or after 1 January 2021

(4) Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

(5) Effective for annual periods beginning on or after 1 January 2020

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs and an interpretation will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 16 "Leases"

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 "Leases" and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments are presented as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group, upfront prepaid lease payments will continue to be presented as investing or operating cash flows in accordance to the nature, as appropriate.

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

Other than certain requirements which are also applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2019, the Group has non-cancellable operating lease commitments of HK$13,024,000 as disclosed in note 12. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid of HK$3,826,000 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right-of-use assets.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 “Determining whether an Arrangement contains a Lease” and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC)-Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained profits without restating comparative information.

Amendments to HKFRS 3 "Definition of a Business"

The amendments clarify the definition of a business and provide additional guidance with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or an asset acquisition. Furthermore, an optional concentration test is introduced to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The amendments will be mandatorily effective to the Group prospectively for acquisition transactions completed on or after 1 January 2020.

4. REVENUE AND SEGMENT INFORMATION

Revenue represents provision of (i) Freight forwarding and related logistics services and (ii) Warehousing and related value-added services. Revenue is recognised when or as the control of the good or service is transferred to customers.

The Group's revenue is 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 on the basis of actual services provides as a proportion of the total services provides.

During the year ended 31 March 2019, all performance obligations for freight forwarding and related logistics services and warehousing and related value-added services are for period of less than one year or less. As permitted under HKFRS 15, the transaction price allocated to unsatisfied/partially unsatisfied performance obligations as at the year ended 31 March 2019 is not disclosed.

Payment of the transaction price is generally due within 90 days.

Disaggregation of revenue from contract with customers

	For the year ended 31 March 2019	
Segments	**Freight forwarding and related logistics services**	**Warehousing and related value-added services**
	HK$'000	*HK$'000*
Types of services		
Freight forwarding and related logistics services		
Air freight	152,285	–
Sea freight	15,984	–
	168,269	–
Warehousing and related value-added services	–	24,763
Total	168,269	24,763

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

For the year ended 31 March 2019

	Freight forwarding and related logistics services *HK$'000*	**Warehousing and related valued-added services** *HK$'000*	**Segment Total** *HK$'000*	**Elimination** *HK$'000*	**Total** *HK$'000*
Revenue					
External revenue	**168,269**	**24,763**	**193,032**	**–**	**193,032**
Inter-segment revenue	**–**	**4,817**	**4,817**	**(4,817)**	**–**
Segment revenue	**168,269**	**29,580**	**197,849**	**(4,817)**	**193,032**
Result					
Segment results	**3,436**	**(4,090)**	**(654)**	**–**	**(654)**
Central administrative expenses					**(5,324)**
Listing expenses					**(9,513)**
Loss before taxation					**(15,491)**

For the year ended 31 March 2018

	Freight forwarding and related logistics services *HK$'000*	Warehousing and related valued-added services *HK$'000*	Segment Total *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
Revenue					
External revenue	170,439	27,503	197,942	–	197,942
Inter-segment revenue	3	4,635	4,638	(4,638)	–
Segment revenue	170,442	32,138	202,580	(4,638)	197,942
Result					
Segment results	20,077	4,437	24,514	–	24,514
Central administrative expenses					(1,236)
Listing expenses					(8,303)
Profit before taxation					14,975

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

Segment result represents (loss) profit before taxation from each segment without allocation of certain central administrative expenses and listing expenses. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

Geographical information

No geographical segment information is presented as the Group's operations are solely located in Hong Kong.

5. OTHER GAINS AND LOSSES

	2019	2018
	HK$'000	*HK$'000*
Exchange gain (loss)	**116**	(91)
Loss on disposals/write off of property, plant and equipment	**(580)**	–
	(464)	(91)

6. INCOME TAX EXPENSE

	2019	2018
	HK$'000	*HK$'000*
The charge (credit) comprises:		
Hong Kong Profit Tax – current tax	**640**	4,283
Over provision in prior year	**(48)**	–
Deferred tax	**(112)**	(299)
	480	3,984

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

Accordingly, starting from the current year, 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.

7. (LOSS) PROFIT FOR THE YEAR

	2019	2018
	HK$'000	*HK$'000*
(Loss) profit for the year has been arrived at after charging (crediting):		
Director's remuneration	**6,568**	2,528
Other staff salaries and allowances	**12,804**	8,667
Retirement benefit scheme contributions, excluding those of directors	**512**	387
Total employee benefits expenses	**19,884**	11,582
Auditor's remuneration	**1,200**	440
Depreciation of property, plant and equipment	**1,329**	1,033
Amortisation of intangible asset	**949**	949
Operating lease rentals in respect of rental premises	**6,477**	4,722
Interest income	**(77)**	(3)
Interest expenses on finance leases	**20**	36
Interest expenses on bank borrowings	**138**	113
Total finance costs	**158**	149

8. DIVIDENDS

No dividend has been paid or declared during the year ended 31 March 2019.

During the year ended 31 March 2018, Union Air declared dividends amounting to HK$17,500,000 to Mr. Thomas Loy. Orient Zen declared dividends amounting to HK$15,800,000 to its shareholders of which, HK$11,534,000 was attributable to Ever Metro and HK$4,266,000 was attributable to Mr. HM Loy. The rate of dividends and number of shares ranking of the dividends are not presented as such information is not considered meaningful.

9. (LOSS) EARNINGS PER SHARE

	2019	2018
	HK$'000	*HK$'000*
(Loss) earnings:		
(Loss) profit for the year attributable to the owners of the Company for the purpose of calculating basic (loss) earnings per share	**(15,971)**	10,333

	2019	2018
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic (loss) earnings per share	**731,605,479**	517,672,687

The number of ordinary shares for the purpose of calculating basic (loss) earnings per share for the years ended 31 March 2018 and 2019 has been determined on the assumption that the Group Reorganisation as detailed in note 2 and the capitalisation issue had been effective on 1 April 2017.

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company had the offer size adjustment option. As the Group incurred losses for the year ended 31 March 2019, the potential ordinary shares were not included in the calculation of dilutive loss per share, as their inclusion would be anti-dilutive. No potential ordinary shares in issue during the year ended 31 March 2018. Accordingly, no diluted (loss) earnings per share was presented.

10. TRADE AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**29,099**	38,963
Less: allowance for credit losses	**(1,561)**	(360)
	27,538	38,603
Prepayments, deposits and other receivables	**5,421**	1,623
Rental deposit classified as current asset	**32**	955
Deferred listing costs	**–**	3,310
	32,991	44,491

As detailed in note 3, upon application of new and amendments to HKFRSs, trade receivables from contracts with customers of HK$700,000 were recognised at 1 April 2018. As further derailed in note 3. at 1 April 2018, the additional credit loss allowance of HK$268,000 was recognised against retained profits and was charged against the allowance account. Accordingly, at 1 April 2018, trade receivables net of allowance for credit losses amounted to HK$39,035,000.

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

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

	2019	2018
	HK$'000	*HK$'000*
0 – 30 days	**15,908**	14,176
31 – 60 days	**7,649**	14,383
61 – 90 days	**1,748**	6,899
Over 90 days	**2,233**	3,145
	27,538	38,603

At 31 March 2019, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$14,231,000 which are past due as at the reporting date. Out of the past due balances, HK$310,000 has been past due 90 days or more and is not considered as in default because there had not been significant change in credit quality and the amounts are still considered recoverable.

At 31 March 2018, included in the Group's trade receivable balance were debtors with aggregate carrying amount of HK$29,161,000 which were past due as at the reporting date for which the Group has not provided for impairment loss as the Group considered such balances could be recovered based on historical experiences. The Group does not hold any collateral over these balances.

11. TRADE AND OTHER PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Trade payables	**16,151**	19,653
Other payables and accrued expenses	**3,735**	3,140
	19,886	22,793

The following is an aging analysis of trade payables presented based on the invoice date at the end of the year.

	2019	2018
	HK$'000	*HK$'000*
0 – 30 days	**12,185**	9,524
31 – 60 days	**3,809**	8,358
61 – 90 days	**126**	1,749
Over 90 days	**31**	22
	16,151	19,653

12. OPERATING LEASES

The Group as lessee

	2019	2018
	HK$'000	*HK$'000*
Minimum lease payments paid under operating leases recognised as an expense	**6,477**	4,722

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2019	2018
	HK$'000	*HK$'000*
Within one year	**5,790**	2,484
In the second to fifth year inclusive	**7,234**	6
	13,024	2,490

Operating lease payments represent rentals payable by the Group for its office premises, carparks and warehouses. Leases are negotiated and rentals are fixed for the period of six months to three years.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 March 2019 (the "**Year**"), the Group's business was relatively stable. There was a slight decrease in the turnover of the Group, which was attributable to the decrease in revenue generated from warehousing and related value-added services, which was mainly caused by the decrease in sales orders from the Group's major customers.

During the Year, the Group successfully set up respective arrangements to directly transact with two airlines. Since January 2019, the Group has been able to acquire air cargo space directly from these two airlines through airway bill booking systems. Through these arrangements, the management believes that the Group can diversify its cargo routes and widen its customer base in the long run.

In February 2019 and May 2019, the Group respectively installed two large objects dual view scanners to its warehouse facility (the "**Facility**") in Kwai Chung, Hong Kong. On 14 June 2018, the Civil Aviation Department accepted the application of Fu Yo Warehouse Logistics Company Limited, an indirectly wholly owned subsidiary of the Company, for registration of the Facility as a Regulated Air Cargo Screening Facility. The Group anticipated that the Facility can begin commercial operation in around July to September 2019. Utilising the two large objects dual view scanners, the Group would be able to (i) handle bulk and break-bulk cargo screening; (ii) provide horizontal and vertical views of an screened object, such that inspection time would be shortened; and (iii) provide high-quality images that would meet the relevant requirements of the airport authorities and customs regulations. The Group will be able to provide new security screening services to its customers. The Group will also exercise its best effort in obtaining approval from airlines to be their designated off-airport secured screening facilities services provider in Hong Kong.

As disclosed in the third quarterly report of the Company dated 8 February 2019, the logistics industry in which the Group operates is affected by the trade disputes between the United States of America (the "**U.S.**") and the People's Republic of China (the "**PRC**"). The Group notes that some of the major customers have already considered to reposition or restructure their production lines in the PRC in order to reduce the burden of additional tariffs. As a result, the Group received less orders from certain direct shippers.

During the Year, the performance of the Group was affected by (i) the increase in purchase costs for air and sea cargo space; (ii) the increase in staff costs; (iii) increase in rental costs; and (iv) increase in compliance costs. The Group anticipates that these factors will continuously affect the operation and financial performance of the Group in the first quarter of the Group's financial year 2019-2020.

Notwithstanding the negative impact from the trade disputes between the U.S. and the PRC to the Group's operation, the Group remains optimistic about its core business as the management believes that there is a demand for quality freight forwarding and warehousing services in Hong Kong. The Group will further strengthen its sales and marketing ability, closely monitor the needs of the customers and carefully control the cost of services as to expand its customer base and achieve sustainable business growth for the long-term benefits of its shareholders.

OUTLOOK AND PROSPECTS

The U.S.-PRC trade war in 2018-2019 has brought uncertainties to the business environment in 2019. The Group believes that the unpredictable economic volatility may persist in the near term and the Group will be confronted with several key challenges ahead, such as continuous sluggish demand due to weak consumer sentiment and inactive business investment, intense international competition resulting from currency fluctuations, as well as potential trade wars amongst countries. To cope with these uncertainties, the Group will work diligently and implement the two-pronged approach – (i) tightening cost control and (ii) upholding its services quality and expanding its scope of services. Together with the contribution from the newly set up subsidiary in the PRC and newly set up branch in Taiwan, the Group is confident that it will maintain its position in the market and be resilient to challenges in the market.

The Group will look for other opportunities to work with its business partners such as airlines and freight forwarders to strengthen its sales force in the coming financial year. The new sales force of the Group can widen its customer bases in the long run.

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 decreased by approximately 2.5% from approximately HK$197.9 million for the year ended 31 March 2018 (the "**Previous Year**") to approximately HK$193.0 million for the Year. The revenue of the Group remained relatively stable.

Revenue generated from air freight forwarding and related logistics services for the Year amounted to approximately HK$152.3 million (Previous Year: approximately HK$152.8 million), accounting for approximately 78.9% of the Group's total revenue (Previous Year: approximately 77.2%). The revenue from this segment remained as the major source of the revenue of the Group. During the Year, the Group successfully entered into charter flight agreement/arrangement with three (Previous Year: nil) freight forwarders. As a result, the Group achieved a slight growth in the air freight forwarding and related logistics services segment.

Revenue generated from sea freight forwarding and related logistics services for the Year amounted to approximately HK$16.0 million (Previous Year: approximately HK$17.6 million), accounting for approximately 8.3% of the Group's total revenue (Previous Year: approximately 8.9%). Most of the Group's customers from this segment are direct shippers. The decrease was caused by less sales order from one customer in the PRC.

Revenue generated from warehousing and related value-added services for the Year amounted to approximately HK$24.8 million (Previous Year: approximately HK$27.5 million), accounting for approximately 12.8% of the Group's total revenue (Previous Year: approximately 13.9%). The decrease was mainly due to the decrease in revenue from warehousing, repacking and labelling services, which recorded a decrease of approximately HK$5.6 million. Nevertheless, part of the impact was set off by the increase in revenue from palletising services, which recorded an increase of approximately HK$3.0 million.

Cost of services and gross profit

The Group's cost of services increased by approximately 7.0% from approximately HK$155.3 million for the Previous Year to approximately HK$166.2 million for the Year. This increase was mainly attributable to the (i) higher rental and management fees for the leasing of the Hutchison Logistics Centre Warehouse ("**HLC Warehouse**") as compared to the respective fees for the leasing of previous warehouses; and (ii) increase in the acquisition cost of air cargo space.

The Group's gross profit decreased by approximately 37.2% from approximately HK$42.7 million for the Previous Year to approximately HK$26.8 million for the Year. Gross profit margin decreased from approximately 21.6% for the Previous Year to approximately 13.9% for the Year. Such decreases were mainly due to the decreases in gross profit and gross profit margin from the air freight forwarding and related logistics services and the warehousing and related value-added services. The gross profit margin from warehousing and related value-added services decreased during the Year mainly because (i) the Group had to pay rent for both the HLC Warehouse and the outgoing warehouses in July 2018 and August 2018; (ii) the rates for transportation and palletisation charged by one subcontractor increased; and (iii) the increase in staff costs. As for air freight forwarding and related logistics services, the main reason for decrease in gross profit margin was due to (i) the increase in the cost of services for cargo routes to North America and Europe; and (ii) lower gross profit margin obtained through charter flight services.

Other income

Other income included bank interest income from fixed deposits. During the Year, the Group placed two (Previous Year: none) fixed deposits with a bank, resulting in an increase in the interest income obtained.

Other gains and losses

Other gains and losses included foreign exchange gain (loss) and loss on disposals/write off of property, plant and equipment. The Group recorded an increase in other gains and losses during the Year, which was mainly attributable to the loss on disposals/write off of property, plant and equipment. During the Year, the Group relocated its warehouse, offices and workshop, such that certain leasehold improvements and office equipment were written off. The Group recorded an exchange gain of HK$116,000 during the Year (for the Previous Year, a foreign exchange loss of HK$91,000). As the Group received payment from some of its major customers in United States dollar ("**USD**"), the Group benefited from the appreciation of USD.

Marketing expenses

Marketing expenses mainly included cost of business development and soliciting new customers. Due to the expansion of business in the air freight forwarding business and relocation of our warehouse during the Year, the sales and marketing team spent more expenses in soliciting business and introducing the HLC Warehouse to the Group's business partners. The Group also actively promoted air freight forwarding services to airlines and other freight forwarders to seek business co-operation opportunities.

With the arrival of the two large objects dual view scanners, the Group has already started promoting our new security screening services to business partners in the last quarter. The Group invited professional associations, airlines and business partners to visit our warehouse and physically look at our facilities. The costs for these activities caused an increase in our overall marketing expenses.

Administrative and operating expenses

The Group's administrative and operating expenses increased to approximately HK$27.2 million for the Year from approximately HK$15.6 million for the Previous Year. Such expenses mainly included staff costs and benefits, audit fee, legal and professional fee, depreciation, utilities and other expenses. The increase was mainly due to the combined effect of (i) increase in staff costs from approximately HK$9.3 million for the Previous Year to approximately HK$15.7 million during the Year, as more senior staff were employed; (ii) increase in rental expense from approximately HK$0.9 million for the Previous Year to approximately HK$1.5 million during the Year, as the Group paid additional rental in order to early terminate one tenancy agreement; (iii) an one time agency fee paid to a property agent of approximately HK$517,000 (Previous Year: approximately HK$16,000); (iv) increase in compliance cost from approximately HK$1.0 million for the Previous Year to approximately HK$3.2 million; and (v) increase in audit fee by approximately HK$0.8 million.

Listing expenses

Listing expenses for the Year were mainly attributable to listing expenses of approximately HK$9.5 million for the Listing (Previous Year: approximately HK$8.3 million).

Impairment losses recognised on trade receivables, net

With the effective of 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 provision matrix to calculate ECL. During the Previous Year, an impairment loss of approximately HK$0.4 million was recognised to reflect an increase in individual impairment allowance as a result of non-performing asset during the period in accordance with the Hong Kong Accounting Standard 39. During the Year, an additional amount of HK$0.9 million was recognised of which HK$853,000 has no realistic prospect of recovery and HK$80,000 has credit risk primarily due to an increase in impairment allowance as a result of the application of ECL model.

Finance costs

Finance costs for the Year represented interest expenses from bank borrowings and finance leases. Finance costs increased from HK$149,000 for the Previous Year to HK$158,000 for the Year mainly because the Group paid additional interest charges of approximately HK$80,000 for early repayment of all outstanding bank borrowings in September 2018. The Group did not obtain any bank loans after the early repayment. As such, the Group's interest expenses have decreased since October 2018.

Income tax expenses

The Group's income tax expenses primarily included provisions for Hong Kong profits tax and deferred income tax expenses. Despite recording a loss before taxation of approximately HK$15.5 million for the Year, income tax expenses of approximately HK$0.5 million (Previous Year: approximately HK$4.0 million) were incurred for the Year as listing expenses and certain expenses incurred for central administrative purposes are not deductible for tax purposes in Hong Kong.

(Loss) profit for the year

The Group recorded a loss before taxation of approximately HK$15.5 million for the Year, compared to a profit before taxation of approximately HK$15.0 million for the Previous Year. The loss was mainly due to the effects of (i) one-off listing expenses of approximately HK$9.5 million; (ii) increase in the acquisition costs of air cargo space of approximately HK$8.8 million; (iii) increase in rental and management fee of approximately HK$3.0 million expenses due to the relocation of warehouses and offices ; (iv) increase in staff costs and benefits of approximately HK$8.3 million as a result of raises in basic salary, bonus and additional headcount added; (v) increase in compliance costs after listing of approximately HK$2.2 million; and (vi) an impairment loss on trade receivables of approximately HK$0.9 million.

Trade and other receivables

Trade receivables (net of allowance for doubtful debts) decreased by 28.8% from approximately HK$38.6 million at 31 March 2018 to approximately HK$27.5 million at 31 March 2019. Such decrease was primarily attributable to (i) the repayment of service fee of approximately HK$5.1 million by one major customer during the Year, which had been overdue at 31 March 2018 and caused the then balance of the trade receivables to be higher; and (ii) decrease in revenue of approximately HK$5.2 million from February to March 2019.

Deferred listing costs were fully charged to share premium upon listing of the shares of the Company on GEM, of The Stock Exchange of Hong Kong Limited.

Deposits increased as the Group paid additional HK$3.0 million to the suppliers to secure the acquisition of air cargo space.

Trade payables and other payables

Trade payables decreased by 17.8% from approximately HK$19.7 million at 31 March 2018 to approximately HK$16.2 million at 31 March 2019. The decrease was mainly due to (i) the decrease in cost of services incurred in February and March 2019, which was caused by decrease in sales orders; (ii) shorter credit period granted by the supplier for charter flight arrangement; and (iii) early settlement to the Group's suppliers.

Other payables and accrued expenses increased by 19.4% from approximately HK$3.1 million at 31 March 2018 to approximately HK$3.7 million at 31 March 2019. The increase was mainly due to the increase in accrued expenses for compliance during the Year.

DIVIDEND

The Directors do not recommend the payment of dividend for the Year.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

The Group funded the liquidity and capital requirements for the Year primarily through cash flows from financing activities. During the Year, the Group received net proceeds from the Share offer of approximately HK$40.0 million.

At 31 March 2019, the Group cash and cash equivalents of HK$43.6 million (at 31 March 2018: HK$7.0 million) and time deposits over three months of HK$2.5 million (at 31 March 2018: Nil), most of which were either denominated in Hong Kong dollars, United States dollars or Renminbi.

At 31 March 2018, the Group had bank borrowings in the sum of approximately HK$1.7 million. The Group repaid all bank borrowings during the Year. The Group had obligation under finance leases of approximately HK$0.3 million at 31 March 2019 (at 31 March 2018: approximately HK$0.7 million).

Gearing ratio is the current debt (including bank borrowings and obligations under finance leases) divided by total equity and multiplied by 100% at the year ended date. The gearing ratio of the Group at 31 March 2019 was approximately 0.3% (at 31 March 2018: approximately 7.4%). As a result of the full repayment of the bank borrowings and no additional finance lease obtained, the gearing ratio decreased. During the Year, the Group did not employ any financial instrument for hedging purpose.

CHARGE ON ASSETS

At 31 March 2019, certain property, plant and equipment of the Group with a carrying value of approximately HK$0.5 million (at 31 March 2018: HK$1.0 million) were held under finance leases and bank deposits of HK$2.5 million (at 31 March 2018: nil) was pledged to secure the bank guarantee obtained by the Group. Save as disclosed, the Group did not have any charges on its assets.

FOREIGN EXCHANGE EXPOSURE

During the Year, the Group received payments from the Group's customers in foreign currencies, such as United States Dollar ("**USD**"), Euro ("**EUR**") and Renminbi ("**RMB**"), and the Group settled some of its cost and expenses with suppliers in USD, EUR, RMB and Japanese Yen ("**JPY**"). The Group is exposed to certain foreign exchange risks in respect of depreciation or appreciation amongst those currencies. The Group's operating activities are mainly denominated in Hong Kong dollars 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 31 March 2019, the Group had an outstanding capital commitments of HK$5.2 million (at 31 March 2018: nil) for the acquisition of property, plant and equipment. Save for the plans disclosed in the prospectus of the Company dated 24 August 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 31 March 2019.

MATERIAL ACQUISITIONS AND DISPOSALS

On 10 August 2018, the Group completed a corporate reorganisation (the "**Reorganisation**"), details of which are set out in the section headed "History, Reorganisation and Group Structure" of the Prospectus. Subsequent to the completion of the Reorganisation and up to 31 March 2019, there were no material acquisitions and disposals of subsidiaries by the Group.

SIGNIFICANT INVESTMENTS

The Group did not hold any significant investments during the Year.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities both at 31 March 2018 and at 31 March 2019.

EMPLOYMENT AND REMUNERATION POLICY

At 31 March 2019, the Group had employed 45 staff in Hong Kong (at 31 March 2018: 42).

For the Year, the Group's total cost for employee compensation and benefits (including Director's emoluments) was approximately HK$19.9 million (Previous Year: approximately HK$11.6 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 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 Year, the Group's employees attended trainings in relation to air cargo safety, language and corporate governance.

COMPLIANCE WITH LAWS AND REGULATIONS

To the best of the Director's knowledge, information and belief, having made all reasonable enquiries, the Group has in all material respects compiled with all relevant laws, rules and regulations that have a significant impact on the Group and its operations in Hong Kong.

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 total net proceeds (the "**Net Proceeds**") from the Listing of the Company amounted to approximately HK$40.0 million. Accordingly, the Group adjusted the amounts of the Net Proceeds to be used in the manner as stated in the Prospectus. Details of the application of the Net Proceeds from the Listing till 31 March 2019 are as set out below:

Use of the Net Proceeds	**Amount of the Net Proceeds adjusted in the manner as stated in the Prospectus**	**Amount of the Net Proceeds utilised from the Listing Date to 31 March 2019**	**Amount not yet utilised at 31 March 2019**	**Actual business progress up to 31 March 2019**
	HK$'000	*HK$'000*	*HK$'000*	
Further expanding the warehouses in Hong Kong	13,511	–	13,511	The Group already engaged agent and inquired the existing landlord about the availability of vacant warehouse but has not yet identified suitable premise for the warehouse facilities.
Attracting and retaining talented and experienced personnel	14,727	415	14,312	The Group already recruited two sales staff, acquired medical insurance and provided training to the staff. The Group is also obtaining information about the truck drivers for the future trucking fleet which is going to set up in the financial year 2019-2020.
Developing the trucking fleet	8,075	–	8,075	The Group is in the process of negotiating with potential suppliers of the trucks and the project is still expected to be completed in financial year 2019-2020.

Use of the Net Proceeds	Amount of the Net Proceeds adjusted in the manner as stated in the Prospectus *HK$'000*	Amount of the Net Proceeds utilised from the Listing Date to 31 March 2019 *HK$'000*	Amount not yet utilised at 31 March 2019 *HK$'000*	Actual business progress up to 31 March 2019
Further enhancing the information technology systems	2,442	1,214	1,228	The Group already started upgrading the warehouse management system, installing new server and strengthening firewall and personal computer. The Group has not yet started the project of installing GPS vehicle devices on the trucking fleet which depends on the progress of negotiating with the potential suppliers of fleet.
Working capital	1,258	1,258	–	The Group already fully applied the amount in financing the daily operation of the Group.
	40,013	2,887	37,126	

To the extent that the Net Proceeds from the Listing are not immediately required for the above purposes, they have been placed on short-term interest bearing deposits with authorised financial institutions in Hong Kong.

In the event that any part of the business plans of the Group does not materialise or proceed as planned, the Directors will carefully evaluate the situation and may reallocate the intended funding to other business plans and/or to new projects of the Group and/or to hold the funds on short-term interest bearing deposits so long as the Directors consider it to be in the best interest of the Company and the shareholders taken as a whole.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities from the Listing Date up to 31 March 2019.

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 has complied with the Required Standard of Dealings throughout the period from the Listing Date to the date of this announcement.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 14 August 2018 (the "**Share Option Scheme**"). 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. Further details of the Share Option Scheme are disclosed in the section headed "Statutory and General Information – D Share Option Scheme" in Appendix IV of the Prospectus.

Up to the date of this announcement, no share option 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 31 March 2019 and at the date of this announcement.

COMPLIANCE ADVISER'S INTERESTS

The Company's previous compliance adviser resigned on 28 February 2019 and the Company was searching for a replacement compliance adviser at 31 March 2019, such that the compliance adviser of the Company was then vacant. The Company appointed Glory Sun Securities Limited ("**Glory Sun**") as the Company's compliance adviser on 30 May 2019.

As notified by Glory Sun, at the date of this announcement, save for the compliance 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) has 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.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is committed to achieving good corporate governance practices and procedures. The Directors believe that good corporate governance practices are essential to enhance stakeholders' confidence and support. From the Listing Date up to 31 March 2019, the Company complied with the code provisions prescribed in the establishment and implementation of the corporate governance guidelines containing principles and code provisions of the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix 15 of the GEM Listing Rules.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The first annual general meeting ("**AGM**") of the Company will be held on Friday, 23 August 2019. The transfer books and register of members of the Company will be closed from Tuesday, 20 August 2019 to Friday, 23 August 2019, both days inclusive, during which no transfer of shares of the Company ("**Shares**") will be registered. In order to be eligible to attend and vote at the AGM, all transfers of shares accompanied by the relevant share certificate(s) must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at Level 22 Hopewell Centre, 183 Queen's Road East, Hong Kong (New Address: Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, with effect from 11 July 2019), for registration no later than 4:30 p.m. on Monday, 19 August 2019.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2019 as set out in this preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this preliminary announcement.

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 Dr. Chow Ho Wan Owen. Mr. Ng Kam Tsun is the chairman of the Audit Committee. The primary duties of the Audit Committee include, but are not limited to (i) making recommendations to the Board on the appointment, reappointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor and any questions of its resignation or dismissal; (ii) monitoring the integrity of the Company's financial statements and reviewing the annual reports and accounts, half-year report and, if prepared for publication, 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 results of the Group for the Year and this announcement.

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

Hong Kong, 21 June 2019

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Loy Hak Yu Thomas, Mr. Loy Hak Moon and Mr. Lo Wing Sang; and three independent non-executive Directors, namely, Mr. Ng Kam Tsun, Dr. Wu Ka Chee Davy and Dr. Chow Ho Wan Owen.

This announcement will remain on the GEM website of the Stock Exchange at http://www.hkgem.com and the "Latest Company Announcement" page of the Stock Exchange's website at www.hkexnews.hk for at least seven days from the date of its posting. This announcement will also be published on the website of the Company at www.wanleader.com.