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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 THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2022

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.*

THIRD QUARTERLY RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of the Company hereby announces the unaudited consolidated third quarterly results of the Company and its subsidiaries (collectively, the “**Group**”) for the nine months ended 31 December 2022 (the “**Review Period**”), together with the unaudited comparative figures for the nine months ended 31 December 2021 (the “**Previous Period**”), are as follows:

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

FOR THE NINE MONTHS ENDED 31 DECEMBER 2022

	Notes	Three months ended 31 December		Nine months ended 31 December	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited) (restated)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited) (restated)
Revenue	4	41,781	238,756	178,281	548,186
Cost of sales and services		(38,986)	(220,579)	(175,052)	(507,256)
Gross profit		2,795	18,177	3,229	40,930
Other income	6	189	171	799	343
Other gains and losses	6	17	(41)	153	975
Sales and marketing expenses		(1,972)	(2,172)	(4,364)	(6,023)
Administrative expenses		(6,276)	(4,228)	(16,511)	(14,459)
Reversal of impairment losses/(impairment losses) recognised on trade receivables, net		43	(1,375)	1,081	(2,479)
Reversal of impairment losses recognised on deposits and other receivables, net		–	212	–	132
Finance costs	6	(38)	(48)	(126)	(139)
Share of result of an associate		(183)	–	(484)	–
(Loss)/profit before taxation		(5,425)	10,696	(16,223)	19,280
Income tax expenses	5	(564)	(1,766)	(908)	(3,349)
(Loss)/profit for the period		(5,989)	8,930	(17,131)	15,931

	Three months ended		Nine months ended	
	31 December		31 December	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Notes	(unaudited)	(unaudited)	(unaudited)	(unaudited)
		(restated)		(restated)
Other comprehensive (expenses)/income for the period				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Exchange differences arising on translation of financial statements of foreign operations	(125)	21	(213)	537
Other comprehensive (expenses)/income for the period	(125)	21	(213)	537
Total comprehensive (expenses)/income for the period	(6,114)	8,951	(17,344)	16,468
(Loss)/profit for the period attributable to:				
Owners of the Company	(5,989)	8,930	(17,131)	15,940
Non-controlling interest	—	—	—	(9)
	(5,989)	8,930	(17,131)	15,931
Total comprehensive (expense)/income for the period attributable to:				
Owners of the Company	(6,114)	8,951	(17,344)	16,526
Non-controlling interest	—	—	—	(58)
	(6,114)	8,951	(17,344)	16,468
(Loss)/earnings per share				
Basic and diluted (HK cents)	(0.60)	1.07	(1.86)	1.90

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 31 DECEMBER 2022

	Attributable to owners of the Company									Total
	Share capital	Share premium	Other reserve <i>(Note (i))</i>	Merger reserve <i>(Note (ii))</i>	Statutory reserve	Exchange reserve	Accumulated losses	Total	Non-controlling interest	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i> (Restated)	<i>HK\$'000</i>	<i>HK\$'000</i> (Restated)	<i>HK\$'000</i> (Restated)	<i>HK\$'000</i> (Restated)
At 1 April 2021 (audited)	8,400	49,429	14,118	1,091	–	344	(20,946)	52,436	(400)	52,036
Profit/(loss) for the period	–	–	–	–	–	–	15,940	15,940	(9)	15,931
Exchange differences arising on translation of financial statements of foreign operations	–	–	–	–	–	586	–	586	(49)	537
Total comprehensive income/ (expenses) for the period	–	–	–	–	–	586	15,940	16,526	(58)	16,468
Disposal of a subsidiary	–	–	–	–	–	(909)	–	(909)	458	(451)
Transfer to Statutory reserve	–	–	–	–	198	–	(198)	–	–	–
At 31 December 2021 (unaudited)	<u>8,400</u>	<u>49,429</u>	<u>14,118</u>	<u>1,091</u>	<u>198</u>	<u>21</u>	<u>(5,204)</u>	<u>68,053</u>	<u>–</u>	<u>68,053</u>

	Attributable to owners of the Company								Total
	Share capital	Share premium	Other reserve <i>(Note (i))</i>	Merger reserve <i>(Note (ii))</i>	Statutory reserve <i>(Note (iii))</i>	Exchange reserve	Accumulated losses	Total	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 April 2022 (audited)	8,400	49,429	14,118	1,091	199	35	(11,907)	61,365	
Loss for the period	–	–	–	–	–	–	(17,131)	(17,131)	
Exchange differences arising on translation of financial statements of foreign operations	–	–	–	–	–	(213)	–	(213)	
Total comprehensive expenses for the period	–	–	–	–	–	(213)	(17,131)	(17,344)	
Proceeds from placing of new shares	1,500	26,400	–	–	–	–	–	27,900	
Issuing expenses of placing of new shares	–	(577)	–	–	–	–	–	(577)	
At 31 December 2022 (unaudited)	<u>9,900</u>	<u>75,252</u>	<u>14,118</u>	<u>1,091</u>	<u>199</u>	<u>(178)</u>	<u>(29,038)</u>	<u>71,344</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.

- (iii) In accordance with relevant regulations of the People’s Republic of China (the “**PRC**”), one subsidiary of the Company is required to appropriate not less than 10% of its profits after tax to the respective statutory reserves, until the respective balances of the fund reach 50% of the respective registered capitals. Subject to certain restrictions as set out in the relevant PRC regulations, these statutory reserves may be used to offset against their respective accumulated losses, if any.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 DECEMBER 2022

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 (i) provision of freight forwarding and related logistics services; (ii) provision of entrusted management services for operating an online e-commerce platform; and (iii) trading of fashion items.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollar (“**HK dollar**” or “**HK\$**”), which is same as the functional currency of the Company.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis.

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standard (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”).

Other than changes in accounting policies resulting from application of new and amendments to HKFRSs, the accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the nine months ended 31 December 2022 are the same as those followed in the preparation of the Group’s consolidated financial statements for the year ended 31 March 2022.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

In the current period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA which are effective for the Group’s financial year beginning 1 April 2022:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendment to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 cycle

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 unaudited condensed consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

The Group’s revenue from freight forwarding and related logistics services, entrusted management service for operating an online e-commerce platform, and trading of fashion items 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 regularly review revenue and results analysis by (i) freight forwarding and related logistics services; (ii) entrusted management service for operating an online e-commerce platform; and (iii) trading of fashion items 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.

During the period ended 31 December 2022, specifically, the Group’s reportable segments are as follows:

- i) Provision of freight forwarding and related logistics services
- ii) Entrusted management services for operating an online e-commerce platform
- iii) Trading of fashion items

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

	Three months ended		Nine months ended	
	31 December		31 December	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(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	33,977	197,079	153,182	438,379
– Sea freight	1,399	39,770	17,459	107,260
	<u>35,376</u>	<u>236,849</u>	<u>170,641</u>	<u>545,639</u>
Entrusted management services for operating an online e-commerce platform	2,700	1,907	3,935	2,547
Trading of fashion items	3,705	–	3,705	–
	<u>41,781</u>	<u>238,756</u>	<u>178,281</u>	<u>548,186</u>
Total	<u>41,781</u>	<u>238,756</u>	<u>178,281</u>	<u>548,186</u>

For the period ended 31 December 2022

	Freight forwarding and related logistics services	Entrusted management services for operating an online e-commerce platform	Trading of fashion items	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue				
Segment revenue	<u>170,641</u>	<u>3,935</u>	<u>3,705</u>	<u>178,281</u>
Result				
Segment (loss)/profit	<u>(11,993)</u>	<u>2,163</u>	<u>830</u>	<u>(9,000)</u>
Other income				799
Corporate expenses				(7,412)
Finance costs				(126)
Share of result of an associate				<u>(484)</u>
Loss before taxation				<u>(16,223)</u>

For nine months ended 31 December 2021

	Freight forwarding and related logistics services <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) (restated)
Revenue			
Segment revenue	<u>545,639</u>	<u>2,547</u>	<u>548,186</u>
Result			
Segment profit	<u>22,231</u>	<u>2,070</u>	<u>24,301</u>
Other income			343
Gain on disposal of subsidiaries			850
Corporate expenses			(6,075)
Finance costs			<u>(139)</u>
Profit before taxation			<u><u>19,280</u></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 31 December 2022 and 31 December 2021 are not disclosed.

Geographical information

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

For the period ended 31 December 2022

	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)	Trading of fashion items <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
Hong Kong (place of domicile)	170,641	–	3,705	174,346
The People's Republic of China (the "PRC")	–	3,935	–	3,935
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>170,641</u>	<u>3,935</u>	<u>3,705</u>	<u>178,281</u>

For the period ended 31 December 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)	533,572	–	533,572
The PRC	5	2,547	2,552
Taiwan	12,062	–	12,062
	<hr/>	<hr/>	<hr/>
Total	<u>545,639</u>	<u>2,547</u>	<u>548,186</u>

5. INCOME TAX EXPENSES

	Three months ended		Nine months ended	
	31 December		31 December	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
		(restated)		(restated)
Current tax:				
– Hong Kong Profit Tax	7	(1,996)	(26)	(3,525)
– PRC Enterprise Income Tax (“EIT”)	(569)	36	(718)	(116)
– Taiwan Corporate Income Tax	–	–	–	(117)
	<u>(562)</u>	<u>(1,960)</u>	<u>(744)</u>	<u>(3,758)</u>
Deferred taxation	<u>(2)</u>	<u>194</u>	<u>(164)</u>	<u>409</u>
	<u>(564)</u>	<u>(1,766)</u>	<u>(908)</u>	<u>(3,349)</u>

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. For the periods ended 31 December 2022 and 2021, Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other 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%.

Under the Law of the PRC on Enterprise Income Tax (the “**PRC EIT Law**”) and Implementation Regulation of the PRC EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards. The Group provided PRC EIT for the period ended 31 December 2022 and 2021 under the tax rate of 25%.

Under the Income Tax Act of the Taiwan area, the corporate income tax rate of the Group’s Taiwan branch for the period ended 31 December 2021 is 20%. As the Group disposed Taiwan operation in April 2021, no provision for corporate income tax for the period ended 31 December 2022.

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. (LOSS)/PROFIT BEFORE TAXATION

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

	Three months ended		Nine months ended	
	31 December		31 December	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
		(restated)		(restated)
Depreciation of property, plant and equipment	315	150	945	2,008
Expenses related to short-term leases	13	74	337	140
Exchange (gain)/loss	(17)	41	(153)	384
Loss on disposal of/written off of property, plant and equipment	–	–	–	36
Gain on disposal of subsidiaries	–	–	–	(850)
Reversal of provision for reinstatement cost	–	–	–	(545)
Total other gains and losses	(17)	41	(153)	(975)
Interest income on bank deposits	(76)	(1)	(78)	(2)
Interest income on rental deposits	–	–	(1)	(16)
Government grants	(53)	–	(530)	–
Sundry income	(60)	(170)	(190)	(325)
Total other income	(189)	(171)	(799)	(343)
Interest expenses on lease liabilities	21	34	72	75
Interest expenses on bank borrowings	17	14	54	64
Total finance costs	38	48	126	139

7. DIVIDENDS

The Board does not recommend payment of interim dividend for the nine months ended 31 December 2022 (for the Previous Period: nil).

8. (LOSS)/EARNINGS PER SHARE

(a) Basic

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

	Three months ended		Nine months ended	
	31 December		31 December	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
		(restated)		(restated)
(Loss)/earnings:				
(Loss)/profit for the period attributable to owners of the Company	<u>(5,989)</u>	<u>8,930</u>	<u>(17,131)</u>	<u>15,940</u>
(Loss)/profit for the purpose of calculating basic (loss)/earnings per share	<u><u>(5,989)</u></u>	<u><u>8,930</u></u>	<u><u>(17,131)</u></u>	<u><u>15,940</u></u>

	Three months ended		Nine months ended	
	31 December		31 December	
	2022	2021	2022	2021
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Number of shares:				
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	<u><u>990,000,000</u></u>	<u><u>840,000,000</u></u>	<u><u>923,454,545</u></u>	<u><u>840,000,000</u></u>

The placing of 150,000,000 ordinary shares was completed on 1 August 2022. For details, please refer to the Company's announcements dated 6 July 2022 and 1 August 2022.

(b) Diluted

Diluted (loss)/earnings 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 nine months ended 31 December 2021 and 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Wan Leader International Limited (the “**Company**”) is a company that provides logistics services 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. It also provides entrusted management services in the PRC and has been trading fashion items in Hong Kong since October 2022. The shares (the “**Shares**”) of the Company are listed on GEM of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”).

The core businesses of the Company and its subsidiaries (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; (b) the provision of entrusted management services for operating an online e-commerce platform; and (c) trading of fashion items.

The Group recorded a net loss of approximately HK\$17.1 million for the period ended 31 December 2022 (“**Review Period**”) as compared to a net profit of approximately HK\$15.9 million for the period ended 31 December 2021 (“**Previous Period**”). Furthermore, the recurring impact of the novel coronavirus pandemic (“**COVID-19**”) throughout the Review Period adversely affected the results of the Review Period.

According to the PRC government’s announcement that mainland China has fully reopened its borders with Hong Kong and Macau with all COVID-19 restrictions dropped and no quotas imposed on arrivals from either side, state and city officials, the reopening of all cross-border checkpoints means all channels for the flow of people and cargo between Hong Kong and neighbouring Guangdong and Shenzhen are back to pre-pandemic status. It is expected to see a sustained economic recovery in 2023 as a result of reopening and policy stimulus, and China’s supply chain logistics would recover quickly after most pandemic-related restrictions were lifted. Furthermore, China’s economic reopening might boost global growth, it definitely has had a positive ripple effect on the global logistics market. The Company believes that the reopening of China’s borders in late 2022 would lead to a strong comeback. While China opens up and the economy continues to grow, the Group will certainly benefit from it as well.

Looking forward, the Group is cautious yet optimistic towards its business and development, with a range of significant opportunities ahead. The Company will continue to closely monitor the global COVID-19 situation and changes in market demand in order to implement stricter cost control measures to ensure a more robust operating cash flow, and to actively respond to the risks and opportunities posed by COVID-19 to the operations.

To broaden the revenue and expand the business, the Group renewed the entrusted management agreement (the “**Entrusted Management Agreement**”) with Guangdong Jiyueke Brand Management Co. Ltd* on 1 September 2022. The agreement covers one year. It is expected that entering into the Entrusted Management Agreement will help the Group to gain more practical knowledge on the operation of an 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, know-how and experience in freight forwarding, this transaction can further help the Group to accumulate knowledge and understanding in relation to e-commerce by participating in platform design, order processing and after-sales services that are closely interlinked and inseparable from this kind of business. It is hoped that the Group can ultimately provide one-stop technical consulting services to other operators without having a physical presence in the overseas markets.

In addition, the Group looks for other attractive businesses in an attempt to diversify its business areas to reduce the reliance on existing logistics businesses and broaden its revenue base. The Group commenced a new business segment trading of fashion items since October 2022, which may include sourcing luxury fashion products from Europe and arranging logistics from Europe to Hong Kong and then delivering the products to Hong Kong-based customer. The Group has entered into several contracts with independent third parties concerning the purchase agreements and sales agreement.

The Company is constantly striving to improve the Group’s business operations and financial position by actively seeking potential investment opportunities that would diversify the Group’s existing business portfolio, broaden its source of income and enhance the value to the Shareholders of the Company.

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; (iii) entrusted management services for operating an online e-commerce platform; and (iv) trading of fashion items.

Total revenue of the Group decreased by approximately 67.5% from approximately HK\$548.2 million for Previous Period to approximately HK\$178.3 million for the Review Period.

Revenue generated from air freight forwarding and related logistics services for the Review Period amounted to approximately HK\$153.2 million (Previous Period: approximately HK\$438.4 million), accounting for approximately 85.9% of the Group’s total revenue (Previous Period: approximately 80.0%). The revenue from this segment remained the major source of revenue of the Group.

Revenue generated from sea freight forwarding and related logistics services for the Review Period amounted to approximately HK\$17.5 million (Previous Period: approximately HK\$107.3 million), accounting for approximately 9.8% of the Group's total revenue (Previous Period: approximately 19.5%). Most of the Group's customers in this segment are direct shippers.

Revenue generated from entrusted management services from operating an online e-commerce platform for the Review Period amounted to approximately HK\$3.9 million (Previous Period: approximately HK\$2.5 million), accounting for approximately 2.2% of the Group's total revenue (Previous Period: approximately 0.5%). The management expected that the market will be huge in the long run in this business segment.

Revenue generated from trading of fashion items for the Review Period amounted to approximately HK\$3.7 million (Previous Period: nil), accounting for approximately 2.1% of the Group's total revenue (Previous Period: nil). This was a new business to the Group.

Cost of sales and services and gross profit

The Group's cost of services decreased by approximately 65.5% from approximately HK\$507.2 million for the Previous Period to approximately HK\$175.1 million for the Review Period. This decrease was mainly to cope with the reduction in sales orders received.

The Group's gross profit decreased by approximately 92.1% from approximately HK\$40.9 million for the Previous Period to approximately HK\$3.2 million for the Review Period. Gross profit margin decreased from approximately 7.5% for the Previous Period to approximately 1.8% for the Review Period. Such decrease was mainly attributable to (i) a decrease in turnover due to the continuous impact brought by the COVID-19 pandemic, the customs clearance process between the PRC and Hong Kong freight has been hindered, and drops in demand for cargo spaces because of the worldwide economic downturn; (ii) the unit costs of air and sea cargo spaces remained at a high level; and (iii) an increase in storage costs when compared with the Previous Period.

Other income

Other income included bank interest income from bank deposits, other interest income from refundable rental deposits and sundry income.

The Group applied for the Employment Support Scheme launched by the Hong Kong Government and approximately HK\$0.5 million of grants were obtained in the Review Period (Previous Period: nil).

Other gains and losses

Other gains and losses included foreign exchange gain/loss, loss 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 foreign exchange.

Sales and marketing expenses

Sales and marketing expenses mainly included cost of business development and soliciting new customers. The amount decreased during the Review Period as service charge amounting to approximately HK\$1.7 million (Previous Period: approximately HK\$3.6 million) was paid to a consultant.

Administrative expenses

The Group's administrative expenses increased to approximately HK\$18.8 million for the Review Period (Previous Period: approximately HK\$14.5 million). Such expenses mainly included staff costs and benefits, audit fees, legal and professional fees, depreciation, utilities and other expenses.

Impairment losses reversed on trade receivables, net

Under the Hong Kong Financial Reporting Standard 9 "Financial Instruments", the management assessed the measurement of expected credit losses ("ECL") in relation to trade receivables and used a collectively assessed provision matrix to calculate ECL. During the Review Period, reversal in impairment loss of approximately HK\$1.1 million was recognised (Previous Period: additional impairment loss of approximately HK\$2.5 million was recognised) due to the decrease in trade receivable balances and decrease in the customer's past due ratio.

Impairment losses recognised on deposits and other receivables, net

During the Review Period, none of impairment loss was recognised (Previous Period: additional impairment loss of approximately HK\$0.1 million was recognised) due to the insignificant change in balance of other receivables during the Review Period.

Finance costs

Finance costs for the Review Period represented interest expenses on lease liabilities and bank borrowings. Finance costs decreased from approximately HK\$139,000 for the Previous Period to approximately HK\$126,000 for the Review Period which was caused by the decrease in interest expenses on bank borrowings.

Income tax expenses

The Group's income tax expenses 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 loss before taxation of approximately HK\$18.9 million for the Review Period (Previous Period: profit before taxation approximately HK\$19.3 million) was recorded while income tax expenses of approximately HK\$0.9 million (Previous Period: approximately HK\$3.8 million) was incurred for the Review Period.

(Loss)/profit for the period

The Group recorded a loss for the period of approximately HK\$17.1 million for the Review Period, compared to a profit for the period of approximately HK\$15.9 million for the Previous Period. The loss was mainly due to the effects of (i) a decrease in turnover due to the continuous impact brought by the COVID-19 pandemic, the customs clearance process between the PRC and Hong Kong freight has been hindered, and drops in demand for cargo spaces because of the worldwide economic downturn; (ii) the unit costs of air and sea cargo spaces remained at a high level; and (iii) an increase in storage costs when compared with the Previous Period.

CAPITAL COMMITMENTS

As at 31 December 2022, the Group did not have any material capital commitment.

CHARGE ON ASSETS

As at 31 December 2022, certain property, plant and equipment of the Group with a carrying value of approximately HK\$1.8 million (at 31 March 2022: approximately HK\$2.3 million) were held under leases liabilities and bank deposits of approximately HK\$3.0 million (at 31 March 2022: approximately HK\$3.0 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.

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 6 July 2022, the Company conducted a placing of 150,000,000 new ordinary shares of HK\$0.01 each (“**Placing Share**”) at a price of HK\$0.186 each to raise a gross proceeds of approximately HK\$27.9 million (the “**Placing**”). The Placing Shares were issued under the relevant general mandate granted to the Directors at the annual general meeting of the Company held on 27 August 2021. The closing price per share of the Company on the Stock Exchange on 6 July 2022 was HK\$0.201. The net price per Placing Share was approximately HK\$0.182. Completion of the Placing took place on 1 August 2022 (the “**Placing under General Mandate**”). The net proceeds arising from the placing had been applied in accordance with the plans as set out in the Company’s announcements. As at 31 December 2022, the net proceeds from the Placing under General Mandate (after deducting the placing commission and other relevant costs and expenses) amounted to approximately HK\$27.3 million were fully utilised as the Group’s general working capital.

For further details of the Placing, please refer to the announcements of the Company dated 6 July 2022 and 1 August 2022.

DIVIDEND

The Board does not recommend the payment of interim dividend for the Review Period.

COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with Review Period presentation.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The board (“**Board**”) of directors (“**Director**”) of the Company is committed to achieving good corporate governance practices and procedures. The Directors believe that good corporate governance practices are essential to enhance stakeholders’ confidence and support. From 1 April 2022 to 31 December 2022, 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 GEM of the Stock Exchange (the “**GEM Listing Rules**”).

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 they have complied with the Required Standard of Dealings throughout the Review Period.

DIRECTOR’S INTEREST IN COMPETING BUSINESS

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 has purchased, sold or redeemed any of the Company’s listed securities during the Review Period.

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

As at 31 December 2022, the following Director 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. Thomas Loy	Interest in a controlled corporation (<i>Note 1</i>)	75,992,000	7.68%
Mr. Liao Daichun (“ Mr. Liao ”)	Beneficial owner (<i>Note 2</i>)	182,690,000	18.45%

(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:

- 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. Liao was appointed as a non-executive Director on 23 April 2021 and he resigned on 2 August 2021. Mr. Liao has been 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 31 December 2022, 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, as at 31 December 2022, 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)	75,992,000 (L)	7.68%
Mr. Thomas Loy	Interest in a controlled corporation, parties acting in concert (Note 1)	75,992,000 (L)	7.68%
Mr. Loy Hak Moon ("Mr. HM Loy")	Parties acting in concert (Note 1)	75,992,000 (L)	7.68%
Ms. Kong Sau Ming	Interest of spouse (Note 2)	75,992,000 (L)	7.68%
Ms. Siu Pui Sum	Interest of spouse (Note 3)	75,992,000 (L)	7.68%
Mr. Liao Daichun	Beneficial owner (Note 4)	182,690,000 (L)	18.45%
Ms. Zhao Rongjing	Interest of spouse (Note 5)	182,690,000 (L)	18.45%
Mr. Luo Honghui	Beneficial owner, interest in a controlled corporation (Note 6)	141,570,000 (L)	14.30%
Zhongyuehui (Shenzhen) Holdings Group Limited	Beneficial owner (Note 6)	126,650,000 (L)	12.79%

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 and subject to the terms and conditions of the Acting in Concert Confirmation (as defined in the prospectus of the Company dated 24 August 2018) upon 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 has been 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. Mr. Luo Honghui (“**Mr. Luo**”) is personally interested in 14,920,000 Shares. Zhongyuehui (Shenzhen) Holdings Group Limited (a company 95% controlled by Mr. Luo) is interested in 126,650,000 Shares. Accordingly, Mr. Luo is deemed to be interested in 126,650,000 Shares owned by Zhongyuehui (Shenzhen) Holdings Group Limited by virtue of Part XV of the SFO.
7. The letter “L” denotes long position in the Shares.

Save as disclosed above, as at 31 December 2022, the Directors are not aware of any interests and short positions owned by the chief executive of the Company, or any other parties. No person, other than the Directors, whose interests are set out in the section headed “Directors’ and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and Any Associated Corporations” above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

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

As at 31 December 2022 and 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 December 2022 and at the date of this announcement.

CHANGE IN DIRECTORS' INFORMATION

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 and resigned on 27 May 2022.

Mr. Chow Chi Wing (“**Mr. Chow**”), an independent non-executive Director, retired as the company secretary and the authorised representative of Asia Television Holdings Limited (stock code: 707) with effect from 8 August 2022. Mr. Chow was appointed as the company secretary of Tian Cheng Holdings Limited (stock code: 2110) with effect from 1 November 2022.

EVENT AFTER THE REVIEW PERIOD

There was no significant event relevant to the business or financial performance of the Group that has come to the attention to the Directors after the Review Period and up to the date of this announcement.

AUDIT COMMITTEE

The Company established an audit committee (the “**Audit Committee**”) on 14 August 2018 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 report and quarterly reports, and reviewing significant financial reporting judgements contained in them; and (iii) reviewing the financial reporting, financial controls, risk management and internal control systems of the Group.

The Audit Committee has reviewed the unaudited condensed consolidated results of the Group for the Review Period.

By order of the Board
Wan Leader International Limited
Zhang Pangfei
Executive Director

Hong Kong, 13 February 2023

At the date of this announcement, the executive Directors are Mr. LOY Hak Yu Thomas, Mr. ZHANG Pangfei, Ms. WU Yushan and Mr. YAN Ximao; the independent non-executive Directors are Mr. HO Yuk Ming Hugo, Mr. CHOW Chi Wing, Mr. LIAO Dongqiang and Mr. ZHANG Quanhui.

This announcement will remain on 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.