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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)

(I) DISCLOSEABLE TRANSACTION – DISPOSAL OF SUBSIDIARY AND THE CORRESPONDING SHAREHOLDER’S LOAN; AND (II) CHANGE IN USE OF PROCEEDS FROM THE LISTING

Financial adviser to the Company



THE DISPOSAL

The Board is pleased to announce that on 22 March 2021 (after trading hours), the Vendor, a direct wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser pursuant to which the Vendor agreed to sell and assign, and the Purchaser agreed to purchase and accept the assignment of the Sale Shares and the Shareholder’s Loan respectively at a total consideration of HK\$13,309,830.

IMPLICATION ON THE GEM LISTING RULES

As one or more of the applicable percentage ratios (as defined under Rule 19.07 of the GEM Listing Rules) in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

CHANGE IN USE OF PROCEEDS FROM THE LISTING

Reference is made to the Prospectus, the 2019 UOP Announcements and the 2020 UOP Announcement respectively and the interim report of the Company for the six months ended 30 September 2020, in relation to the use of proceeds from the Listing. On 22 March 2021, the Group resolved to discontinue the Group's warehousing and related value-added services and dispose of Fu Yo due to the reasons as discussed in the section headed "Reasons for and benefits of the Disposal and use of proceeds" below. The Board resolved to change the use of the sum of approximately HK\$12.06 million to general working capital. More particularly, the said sum would be utilised to settle the air cargo space acquisition cost in the Group's freight forwarding and related logistics services segment in the upcoming months.

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The Sale and Purchase Agreement

The principal terms of the Sale and Purchase Agreement are as follow:

Date : 22 March 2021

Parties : The Vendor, a direct wholly-owned subsidiary of the Company

The Purchaser

To the best of the Directors' knowledge, information and belief having made all reasonable requires, the Purchaser and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

Assets to be disposed of

Pursuant to the Sale and Purchase Agreement, the Vendor agreed to sell and assign, and the Purchaser agreed to purchase and accept the assignment of the Sale Shares and the Shareholder's Loan respectively.

Consideration and payment terms

The Consideration is HK\$13,309,830 which shall be apportioned as follows:

- (i) the consideration for the Sale Shares shall be in the sum of HK\$1,770,364; and
- (ii) the consideration of the Shareholder's Loan shall be in the sum of HK\$11,539,466, subject to adjustment with reference to difference in the balance of the Shareholder's Loan on the date of Sale and Purchase Agreement and the date of Completion.

The Consideration shall be paid in the following manner:

- (i) the sum of HK\$4,436,610 shall be payable to the Group by the cashier's order upon Completion, subject to adjustment with reference to difference in the balance of the Shareholder's Loan on the date of Sale and Purchase Agreement and the date of Completion; and
- (ii) the remaining balance of the Consideration in the sum of HK\$8,873,220 shall be settled by 4 instalments, in the following manners:–

Repayment Date	Repayment amount
Not later than 30 June 2021	HK\$2,218,305
Not later than 30 September 2021	HK\$2,218,305
Not later than 31 December 2021	HK\$2,218,305
Not later than 31 March 2022	HK\$2,218,305

Basis for determination of the Consideration

The Consideration was arrived at after arm's length negotiation between the Vendor and the Purchaser with reference to, among other things: (i) the historically operating loss positions recorded by the Disposal Company; (ii) the outlook and prospects of the Disposal Company and other factors as stated in the section headed "Reasons for and benefits of the Disposal and use of proceeds" in this announcement; (iii) the net assets value of the Disposal Company as at 31 December 2020; (iv) the value of the Shareholder's Loan on a dollar-to-dollar basis; and (v) the Disposal Company was registered with the Civil Aviation Department as a Regulated Air Cargo Screening Facility since 15 June 2019. Such Regulated Air Cargo Screening Facility was further certified as a facility in compliance with the EU RA3 Standard for third country EU aviation security validated regulated agents on 18 November 2019. The Directors consider that the Consideration is fair and reasonable and in the interests of the Company and its shareholders as a whole.

Completion

Pursuant to the terms of the Sale and Purchase Agreement, the Completion will take place on 31 March 2021 or at such other time as may be agreed by the parties, and the Disposal Company will cease to be a subsidiary of the Company and the financial results of the Disposal Company will no longer be consolidated into the financial statements of the Group.

INFORMATION ON THE DISPOSAL COMPANY

Fu Yo

Fu Yo, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company, was registered with the Civil Aviation Department as a Regulated Air Cargo Screening Facility. It principally engages in provision of warehousing and related value-add services.

Set out below are the selected financial information of Fu Yo for the years ended 31 March 2019 and 2020 and for the nine months ended 31 December 2020:

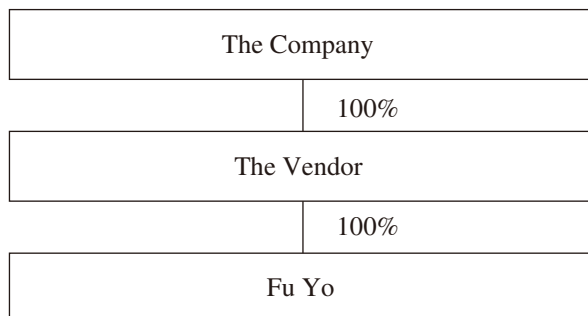
	For the nine months ended 31 December 2020	For the year ended 31 March	
	<i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (audited)	2019 <i>HK\$'000</i> (audited)
Revenue	37,275	38,540	29,580
Profit/(Loss) before taxation	2,039 ^(Note)	(4,161)	(4,102)
Profit/(Loss) after taxation	1,753 ^(Note)	(2,906)	(4,126)

Note: The amount includes (i) one-off and non-recurring government subsidy of approximately HK\$595,000 and (ii) reversal of provision for compensation of approximately HK\$1,227,000. If such government subsidy and the reversal of provision of compensation are excluded, Fu Yo's adjusted unaudited profit before taxation amounted to merely approximately HK\$217,000 for the nine months ended 31 December 2020.

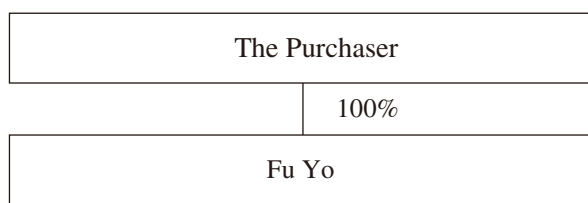
The unaudited net asset value of Fu Yo as at 31 December 2020 was approximately HK\$891,000.

Shareholding structure of the Disposal Company

Set forth below is the group chart of the Disposal Company as at the date of this announcement:



Set forth below is the group chart of the Disposal Company immediately after Completion:



REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS

The Disposal Company has been loss-making since 2018. The Group has been exploring exit opportunities to dispose of the loss-making Disposal Company and re-deploy the Group's resource on other business development opportunities with better outlook and prospects. The Disposal enables the Group to dispose of the Disposal Company at a premium to its net assets value and assign the Shareholder's Loan to the Purchaser on a dollar-to-dollar basis so as to lessen the Group's financial commitment and burden on sustaining the continued operation of the loss making Disposal Company which would hopefully improve the Group's overall liquidity and profitability following Completion.

The proceeds generated from the Disposal will be used as general working capital including but not limited to finance the cost of services related to freight forwarding and related logistics business, and investing for future expansion of business in Taiwan area.

The Directors believe that the terms of the Sale and Purchase Agreement are fair and reasonable and entering into the Sale and Purchase Agreement is in the interests of the Company and its shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL

As the Group will dispose of the Disposal Company at a premium to its net assets value and assign the Shareholder's Loan to the Purchaser on a dollar-to-dollar basis, the Group is expected to recognise an estimated unaudited gain of approximately HK\$0.7 million from the Disposal, which is calculated based on the difference between the Consideration and (i) the Shareholder's Loan, (ii) the net assets value of Disposal Company, and (iii) the expenses associated with the Disposal.

Shareholders should note that the financial effects set out above is for illustrative purpose only, which will have to be ascertained at the time of preparation of the Company's consolidated financial statements with reference to, among other things, the actual costs and expenses associated with the Disposal, and is subject to audit.

Immediately after Completion, the Disposal Company will cease to be a subsidiary of the Company and the financial results of the Disposal Company will no longer be consolidated in the Group's consolidated financial statement.

The Group will also cease its operation in the warehousing and related value-add services following Completion.

INFORMATION ON THE GROUP AND THE VENDOR

The Group provides logistics services in and to customers located in Hong Kong, the PRC, Taiwan and Vietnam, with the cargo destinations covering the United States of America, Europe, Asia and other regions. The services provided by the Group as at the date of this announcement mainly include (a) the provision of freight forwarding and related logistics services, which include reselling cargo space the Group purchases from airlines, airlines' general sales agent(s), shipping liners and other freight forwarders to direct shippers or respective freight forwarders, which act on behalf of their shipper customers and eventually deliver the goods to the destinations; and (b) the provision of warehousing and related value-added services, which include labelling services, packaging services and security screening services.

The Vendor is a company incorporated in the British Virgin Islands with limited liability and is direct wholly-owned by the Company. The principal business activity of the Vendor is investment holding and management services.

INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in the British Virgin Islands. The principal business activity of the Purchaser is investment holding.

CHANGE IN USE OF PROCEEDS FROM LISTING

Reference is made to the Prospectus, the announcements of the Company dated 23 August 2019, 3 October 2019 (the “**2019 UOP Announcements**”) and 27 May 2020 (the “**2020 UOP Announcement**”) respectively and the interim report of the Company for the six months ended 30 September 2020, in relation to the use of proceeds from the Listing.

On 22 March 2021, the Group has resolved to discontinue the Group’s warehousing and related value-added services and dispose of Fu Yo due to the reasons as discussed in the section headed “Reasons for and benefits of the Disposal and use of proceeds” above. The Board resolved to change the use of the sum of approximately HK\$12.06 million to general working capital. More particularly, the said sum would be utilised to settle the air cargo space acquisition cost in the Group’s freight forwarding and related logistics service segment in the upcoming months.

As disclosed in the Company’s Prospectus, the Group targeted in expanding its existing cargo arrangements and seeking to enter into formal agreements with its suppliers so as to secure cargo space in a more certain and cost-efficient way. In January 2021, the Group entered into a formal arrangement with an international airline. Under this new block space arrangement, the Group would pay a fixed rate and floating rates, for its committed air cargo space. The Group obtained access to direct airline booking. Through this new arrangement, the Group may (i) acquire air cargo space more efficiently, (ii) stabilise the supply of air cargo space for the Group throughout the year, especially during peak seasons, and (iii) build better commercial relationship with the airline, which would be beneficial to securing the supply of air cargo spaces and diversifying the cargo routes in the future. As this arrangement is new and the credit terms are shorter than other airline’s general sales agents, the Group has been settling the costs related to this new business arrangement by its general working capital. As such, there is a need for the Group to further increase its available working capital to support the arrangement.

Details of the application of the Net Proceeds from the Listing till 22 March 2021 are set out below:

Use of the net proceeds	Amount of the net proceeds adjusted in the manner as stated in the Prospectus prior to the change in use of proceeds according to the 2019 UOP Announcements <i>HK\$'000</i>	The change in use of proceeds according to the 2019 UOP Announcements (the "2019 UOP" Change in UOP") <i>HK\$'000</i>	The change in use of proceeds according to the 2020 UOP Announcement (the "2020 UOP" Change in UOP") <i>HK\$'000</i>	Use of net proceeds subsequent to the 2019 UOP and 2020 UOP Change in UOP <i>HK\$'000</i>	Amount of the net proceeds utilised from the Listing Date to 22 March 2021 <i>HK\$'000</i>	The change in use of proceeds on 22 March 2021 according to this Announcement <i>HK\$'000</i>	Expected Amount not yet utilised at 22 March 2021 <i>HK\$'000</i>	Actual business progress up to 22 March 2021	
Further expanding the warehouses in Hong Kong								The Groups already updated the implementation plan and signed a logistic service agreement with a supplier for the provision of warehousing and related services to the Group which included storage service in a warehousing facility, equipment at the warehouse facility and drayage service. <i>(Note)</i>	
Settling commission, deposits and rental payments of new warehouses	10,956	N/A	(10,956)	-	-	N/A	-	N/A	The Group resolved not to rent a new warehouse.
Conducting renovation work	1,231	N/A	(1,139)	92	92	N/A	-	-	The Group already completed renovation work. <i>(Note)</i>
Installing anti-theft system	152	N/A	(97)	55	53	(2)	-	N/A	The Group already installed anti-theft system. <i>(Note)</i>
Purchasing burglary, flood and fire insurance	229	N/A	8	237	34	(203)	-	N/A	The Group already entered into agreements with the insurance providers. <i>(Note)</i>

Use of the net proceeds	Amount of the net proceeds adjusted in the manner as stated in the Prospectus prior to the change in use of proceeds according to the 2019 UOP Announcements							Expected timelines for the intended use	Actual business progress up to 22 March 2021
	The change in use of proceeds according to the 2019 UOP Announcements	The change in use of proceeds according to the 2020 UOP Announcement (the "2019 UOP" Change in UOP")	The change in use of proceeds according to the 2020 UOP Announcement (the "2020 UOP" Change in UOP")	Use of net proceeds subsequent to the 2019 Change in UOP and 2020 UOP Change in UOP	Amount of the net proceeds utilised from the Listing Date to 22 March 2021	The change in use of proceeds on 22 March 2021 according to this Announcement	Amount not yet utilised at 22 March 2021		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
Purchasing forklift trucks and scales	943	N/A	(943)	-	-	N/A	-	N/A	The Group resolved not to purchase forklift trucks and scales.
Leasing forklift trucks	N/A	N/A	611	611	159	(452)	-	N/A	The Group already rented two forklift trucks and settled the rental on monthly basis. <i>(Note)</i>
Settling deposits, utilities and services fees for warehousing and related services	N/A	N/A	12,516	12,516	2,563	(9,953)	-	N/A	The Group already paid the deposits and settled the utilities and service fees. <i>(Note)</i>
Attracting and retaining talented and experienced personnel	14,727	(8,573)	-	6,154	4,701	(1,453)	-	N/A	The Group recruited two sales staff, acquired medical insurance and provided training to the staff. The Group resolved not to employ truck drivers as a result of not developing its own trucking fleet. The Group already hired of warehouse staff. <i>(Note)</i>
Developing the trucking fleet	8,075	(8,075)	N/A	-	-	N/A	-	N/A	The Group resolved not to implement the plan of developing its own trucking fleet.

Use of the net proceeds	Amount of the net proceeds adjusted in the manner as stated in the Prospectus prior to the change in use of proceeds according to the 2019 UOP Announcements									
	The change in use of proceeds according to the 2019 UOP Announcements	The change in use of proceeds according to the 2020 UOP Announcements	Use of net proceeds subsequent to the 2019 UOP and 2020 UOP	Amount of the net proceeds utilised from the Listing Date to 22 March 2021	The change in use of proceeds on 22 March 2021 according to this Announcement	Expected Amount not yet utilised at 22 March 2021	Actual business progress up to 22 March 2021			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000			
Further enhancing the information technology systems	2,442	(542)	N/A	1,900	1,900	N/A	-	-		The Group finished upgrading the warehouse management system, installing new servers and strengthening firewalls and personal computers. As the Group resolved not to develop its own trucking fleet, it would not be necessary to develop and install the corresponding GPS system.
General working capital	1,258	17,190	N/A	18,448	18,448	12,063	12,063	By 31 July 2021		The Group already utilised part of the general working capital to finance its cost of services, in particular in air freight forwarding and related logistic business. The Group will continue to settle the air cargo space acquisition cost in the upcoming months.
	<u>40,013</u>			<u>40,013</u>	<u>27,950</u>		<u>12,063</u>			

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

IMPLICATION ON THE GEM LISTING RULES

As one or more of the applicable percentage ratios (as defined under Rule 19.07 of the GEM Listing Rules) in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Board”	the board of Director
“Business Day(s)”	means a day (other than a Saturday, Sunday or public holiday or days on which a typhoon signal No. 8 or above or black rainstorm warning is hosted or announcement on extreme conditions is issued in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed bank are generally open for general banking business in Hong Kong throughout their normal business hours
“Company”	Wan Leader International Limited (萬勵達國際有限公司), a company incorporated in the Cayman Islands with limited liability (Stock code: 8482)
“Completion”	completion of the Disposal pursuant to the Sale and Purchase Agreement
“connected person(s)”	the meaning ascribed to it in the GEM Listing Rules
“Consideration”	the total consideration of HK\$13,309,830 payable under the Disposal pursuant to the Sale and Purchase Agreement
“Directors”	the directors of the Company
“Disposal”	the disposal of the Sale Shares and the Shareholder’s Loan by the Vendor to the Purchaser pursuant to the terms and conditions of the Sale and Purchase Agreement
“Fu Yo” or “Disposal Company”	Fu Yo Warehouse Logistics Company Limited (富友倉庫物流有限公司), a company incorporated in Hong Kong and is an indirect wholly-owned subsidiary of the Company

“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of The People’s Republic of China
“Listing”	the listing of the Company’s shares on GEM on 5 September 2018
“PRC”	the People’s Republic of China, other than the regions of Hong Kong, Macau and Taiwan
“Prospectus”	the prospectus of the Company dated 24 August 2018 relating to the Listing
“Purchaser”	Jinda International Group Co., Limited (進達國際集團有限公司)
“Sale and Purchase Agreement”	the sale and purchase agreement dated 22 March 2021 entered into between the Purchaser and Vendor in relation to the Disposal
“Sale Shares”	200,000 ordinary shares of Fu Yo, representing the entire issued and paid-up share capital of Fu Yo
“Shareholder’s Loan”	all of the shareholder’s loan in the amount of HK\$11,539,466 owed by the Disposal Company to the Vendor as at the date of the Sale and Purchase Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Vendor”

Ever Metro International Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company

By Order of the Board

Wan Leader International Limited

Loy Hak Yu Thomas

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 22 March 2021

As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Loy Hak Yu Thomas and Mr. Zhang Pangfei; one non-executive Director, namely, Mr. Lo Wing Sang; and three independent non-executive Directors, namely, Mr. Ng Kam Tsun, Dr. Wu Ka Chee Davy and Mr. Chow Ming Po Aaron.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at <http://www.hkgem.com> for at least of 7 days from the date of its publication and on the Company’s website at www.wanleader.com.