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WAC HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8619)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2019

CHARACTERISTICS OF GEM OF 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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the Directors of the Company, 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 www.hkgem.com for at least seven days from the date of its publication and the Company's website at www.wcce.hk.

ANNUAL RESULTS

The board of Directors (the "Board") of the Company is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2019 together with the comparative figures for the preceding financial year, as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income

		Year ended 31 March	
		2019	2018
	Notes	**HK$'000**	HK$'000
Revenue	*4*	**64,629**	69,089
Cost of services		**(40,833)**	(38,616)
Gross profit		**23,796**	30,473
Other income	*5(a)*	**689**	323
Other losses, net	*5(b)*	**(6)**	(812)
Listing expenses		**(5,427)**	(11,023)
General and administrative expenses		**(18,387)**	(14,108)
Finance costs	*6*	**(147)**	(306)
Profit before taxation	*7*	**518**	4,547
Income tax expenses	*8*	**(937)**	(2,458)
(Loss)/profit for the year attributable to owners of the Company		**(419)**	2,089
Other comprehensive income/(expenses)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**89**	(154)
Other comprehensive income/(expenses) for the year, net of tax		**89**	(154)
Total comprehensive (expenses)/income for the year attributable to owners of the Company		**(330)**	1,935
(Loss)/earnings per share attributable to owners of the Company			
– basic and diluted (HK cents)	*9*	**(0.05)**	0.35

Consolidated Statement of Financial Position

		At 31 March	
		2019	2018
	Notes	**HK$'000**	HK$'000
Non-current assets			
Property, plant and equipment		**725**	612
Deposits paid		**782**	782
Deferred tax assets		**92**	74
		1,599	1,468
Current assets			
Trade and other receivables	*11*	**19,994**	25,873
Contract assets		**13,146**	–
Amounts due from customers for contract work		**–**	12,150
Income tax recoverable	*10*	**926**	374
Bank balances and cash		**42,219**	6,633
		76,285	45,030
Current liabilities			
Trade and other payables	*12*	**3,367**	7,323
Contract liabilities		**3,294**	–
Amounts due to customers for contract work		**–**	1,986
Amounts due to controlling shareholders		**–**	389
Bank borrowings	*13*	**–**	8,875
Income tax payable	*10*	**275**	–
		6,936	18,573
Net current assets		**69,349**	26,457
Total assets less current liabilities		**70,948**	27,925
NET ASSETS		**70,948**	27,925
CAPITAL AND RESERVES	*14*		
Share capital		**9,600**	10
Reserves		**61,348**	27,915
Equity attributable to owners of the Company		**70,948**	27,925

Consolidated Statement of Changes in Equity

	Attributable to the owners of the Company						
	Share capital	**Share premium**	**Merger reserves**	**Legal reserves**	**Translation reserves**	**Retained earnings**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2017	647	–	–	49	230	10,057	10,983
Profit for the year	–	–	–	–	–	2,089	2,089
Other comprehensive expenses	–	–	–	–	(154)	–	(154)
Total comprehensive (expenses)/income	–	–	–	–	(154)	2,089	1,935
Arising from reorganisation	(647)	–	647	–	–	–	–
Issue of new shares of the Company *(Note 14)*	10	14,997	–	–	–	–	15,007
At 31 March 2018	10	14,997	647	49	76	12,146	27,925
Loss for the year	–	–	–	–	–	(419)	(419)
Other comprehensive income	–	–	–	–	89	–	89
Total comprehensive income/(expense)	–	–	–	–	89	(419)	(330)
Shares issued pursuant to the Capitalisation Issue *(Note 14)*	6,710	(6,710)	–	–	–	–	–
Shares issued pursuant to the Share Offer *(Note 14)*	2,880	54,720	–	–	–	–	57,600
Share issue expenses	–	(14,247)	–	–	–	–	(14,247)
At 31 March 2019	9,600	48,760	647	49	165	11,727	70,948

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

1. GENERAL INFORMATION

WAC Holdings Limited (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability on 25 August 2017 under the Companies Law, Cap. 22 (Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business in Hong Kong is 9/F., No. 9 Wing Hong Street, Cheung Sha Wan, Kowloon, Hong Kong. The ultimate holding company of the Company is Manning Properties Limited ("**Manning Properties**"), a company incorporated in the British Virgin Islands ("**BVI**"), which is controlled by Dr. Chan Yin Nin ("**Dr. Chan**") and Mr. Kwong Po Lam ("**Mr. Kwong**").

The Company is an investment holding company and its shares were listed on GEM of the Stock Exchange since 17 September 2018.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is same as the functional currency of the Company and all values are rounded to the nearest thousand except when otherwise indicated.

2. BASIS OF PREPARATION AND REORGANISATION

Pursuant to a reorganisation of the Company and its subsidiaries now comprising the Group which was completed on 20 November 2017 to rationalise the Group's structure (the "**Reorganisation**") in preparation of the listing of the shares of the Company on GEM of The Hong Kong Stock Exchange Limited (the "**Listing**"), the Company became the holding company of the Group. Details of the Reorganisation are fully explained in the paragraphs headed "Reorganisation" of the section headed "History, Reorganisation and Group Structure" in the prospectus of the Company dated 31 August 2018 (the "**Prospectus**") in connection with the Listing.

The consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group in respect of the year ended 31 March 2018 are prepared as if the current group structure immediately after the Reorganisation had been in existence throughout the year ended 31 March 2018 or since their respective dates of incorporation or establishment to 31 March 2018 if this is the shorter period.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) New and amended standards adopted by the Group

In the current year, the Group has adopted for the first time the new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") that have been issued and effective for Group's financial year beginning on 1 April 2018. Of these, the following developments are relevant to the Group's consolidated financial statements:

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
Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKFRS 1, First-time adoption of Hong Kong Financial Reporting Standards
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)

Excepted as described below, the adoption of the new and amended 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 the disclosures set out in these consolidated financial statements.

HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15")

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 retained profits (or other components of equity, as appropriate) and comparative figures 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 and has used the practical expedient for all contract modifications that occurred before the date of initial application, the aggregate effect of all of the modifications was reflected at the date of initial application. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue and HKAS 11 Construction Contracts and the related interpretations.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

(a) New and amended standards adopted by the Group (Continued)

HKFRS 15 Revenue from Contracts with Customers (Continued)

The adoption of HKFRS 15 resulted in the following changes to the Group's accounting policies:

HKFRS 15 introduces a 5-step approach when recognising revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when control of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

(a) New and amended standards adopted by the Group (Continued)

HKFRS 15 Revenue from Contracts with Customers (Continued)

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Summary of effects arising from initial application of HKFRS 15

Prior to the application of HKFRS 15, the Group recognised contract revenue and costs by reference to the stage of completion of the contract activity at the end of the reporting period and measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, in accordance with HKAS 11. This is principally consistent with the "input method" under HKFRS 15, which is adopted by the Group after the coming into effect of HKFRS 15 on 1 April 2018. Accordingly, the application of HKFRS 15 does not have material impact on the retained profits of the Group as at 1 April 2018.

The following table summarises the impact of applying HKFRS 15 on the Group's consolidated statement of financial position as at 1 April 2018 for each of the line item affected. Line items that were not affected by the changes have not been included.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

(a) New and amended standards adopted by the Group (Continued)

Summary of effects arising from initial application of HKFRS 15 (Continued)

Impact on the consolidated statement of financial position

	Notes	**Carrying amounts previously reported at 31 March 2018** HK$'000	**Reclassification** HK$'000	**Carrying amounts under HKFRS 15 at 1 April 2018** HK$'000
Current Assets				
Contract assets	*(a)*	—	12,150	12,150
Amounts due from customers for contract work	*(a)*	12,150	(12,150)	–
Current Liabilities				
Contract liabilities	*(b)*	—	1,986	1,986
Amounts due to customers for contract work	*(b)*	1,986	(1,986)	–

Notes:

(a) At the date of initial application of HKFRS 15, the amounts due from customers for contract work amounting to HK$12,150,000 was related to the Group's right to consideration for work completed and not billed. It was reclassified to contract assets upon application of HKFRS 15.

(b) At the date of initial application of HKFRS 15, amounts due to customers for contract work amounting to HK$1,986,000 was related to advance from customers. It was reclassified to contract liabilities upon application of HKFRS 15.

The following tables summarise the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position as at 31 March 2019 for each of the line items affected. Line items that were not affected by the changes have not been included.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

(a) New and amended standards adopted by the Group (Continued)

Summary of effects arising from initial application of HKFRS 15 (Continued)

Impact on the consolidated statement of financial position (Continued)

	Notes	**As reported** HK$'000	**Adjustments** HK$'000	**Amounts without application of HKFRS 15** HK$'000
Current assets				
Amounts due from customers for contract work	*(a)*	–	13,146	13,146
Contract assets	*(a)*	13,146	(13,146)	–
Current liabilities				
Amounts due to customers for contract work	*(b)*	–	3,294	3,294
Contract liabilities	*(b)*	3,294	(3,294)	–

Notes:

(a) Prior to the application of HKFRS 15, the Group's right to consideration for work completed and not billed was classified as amounts due from customers for contract work. For illustrative purpose of the table above, such right of HK$13,146,000 was reclassified from contract assets to amounts due from customers for contract work.

(b) Prior to the application of HKFRS 15, advance from customers was classified as amounts due to customers for contract work. For illustrative purpose of the table above, advance from customers of HK$3,294,000 was reclassified from contract liabilities to amounts due to customers for contract work.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

(a) New and amended standards adopted by the Group (Continued)

Summary of effects arising from initial application of HKFRS 15 (Continued)

Impact on the consolidated statement of cash flows

	As reported HK$'000	Adjustments HK$'000	Amounts without application of HKFRS 15 HK$'000
OPERATING ACTIVITIES			
Increase in contract assets	(13,189)	13,189	–
Decrease in amounts due from customers for contract work	12,150	(13,189)	(1,039)
Increase in contract liabilities	3,295	(3,295)	–
Decrease in amounts due to customers for contract work	(1,986)	3,295	1,309

HKFRS 9 Financial Instruments

HKFRS 9 replaces Hong Kong Accounting Standard HKAS 39 "Financial Instruments: Recognition and Measurement" for the Group's annual periods beginning on or after 1 April 2018. In the current year, the Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses ("**ECL**") for financial assets and (3) 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 as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018, if any, are recognised in the opening accumulated 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".

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

(a) New and amended standards adopted by the Group (Continued)

Classification and measurement of financial assets

The directors of the Company reviewed and assessed the Group's financial assets as at 1 April 2018 based on the facts and circumstances that existed at that date. There is no change in classification and measurement of the Group's financial assets.

Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and contract assets. Except for those which had been determined as credit impaired under HKAS 39, trade receivables are grouped based on internal credit rating. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore estimated the expected loss rates for the trade receivables and the contract assets on the same basis.

Except for those which had been determined as credit impaired under HKAS 39, ECL for other financial assets at amortised cost, including, bank balances and other receivables, are assessed on 12-month ECL ("**12m ECL**") basis as there had been no significant increase in credit risk since initial recognition.

As at 1 April 2018, no additional credit loss allowance has been recognised against accumulated profits as the estimated allowance under the ECL model was not significantly different to that under HKAS 39 based on the counterparties' past repayment history and forward looking information.

(b) 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 interpretation that have been issued but are not yet effective:

HKFRS 16	Leases[1]
HK(IFRIC)–Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle[1]
Amendments to HKFRS 3	Definition of a Business[3]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKAS 1 and HKAS 8	Definition of Material[2]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial reporting[2]

1 Effective for annual periods beginning on or after 1 January 2019.
2 Effective for annual periods beginning on or after 1 January 2020.
3 Effective for business combination and asset acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

(b) New and amendments to HKFRSs in issue but not yet effective (Continued)

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 will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 16 "Leases" ("HKFRS 16")

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. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. HKFRS 16 also includes requirements relating to subleases and lease modifications.

Distinctions of operating leases and finance leases are removed for lease 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 for 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 finance lease payments as financing cash flows and operating lease payments 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. 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.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

(b) New and amendments to HKFRSs in issue but not yet effective (Continued)

HKFRS 16 "Leases" ("HKFRS 16") (Continued)

As at 31 March 2019, the Group has non-cancellable operating lease commitments of approximately HK$4,688,000. 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.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group will 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 will elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening accumulated profits without restating comparative information.

4. REVENUE AND SEGMENT INFORMATION

(a) Revenue

The principal activities of the Group are provision of comprehensive structural and geotechnical engineering consultancy services mainly in Hong Kong.

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by services lines is as follows:

	Year ended 31 March	
	2019	2018
	HK$'000	HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major services lines		
— Construction of new properties	**43,925**	49,061
— Refurbishment/maintenance of existing properties	**16,651**	16,905
— Others	**4,053**	3,123
	64,629	69,089

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(a) Revenue (Continued)

Disaggregation of revenue (Continued)

Note: The Group has initially applied HKFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated and was prepared in accordance with HKAS 18 and HKAS 11 (see note 3(a)).

Revenue represents the contract revenue from provision of comprehensive structural and geotechnical engineering consultancy services recognised over the time during the year.

(b) Segment reporting

The Group currently operates in one single operating segment which is comprehensive structural and geotechnical engineering consultancy services. For the purpose of resources allocation and performance assessment, the chief operating decision maker ("**CODM**") (i.e. the directors of the Company) reviews the overall results and financial position of the Group as a whole prepared in accordance with accounting policies which conform to HKFRSs. Accordingly, the operation of the Group constitute only one single operating segment. Other than entity wide information, no further analysis of this single segment is presented.

Geographical information

Almost all of the Group's external revenue for the years ended 31 March 2019 is derived from services rendered in Hong Kong, the place of domicile of the Group's principal operating entities. Almost all of the non-current assets employed by the Group are located in Hong Kong. Hence no geographical information is presented.

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment reporting (Continued)

Information about major customers

Revenue from external customers individually contributing 10% or more of the Group's total revenue is as follows:

	Year ended 31 March	
	2019	2018
	HK$'000	HK$'000
Customer A	**–***	8,035

* Revenue from Customer A was less than 10% of the Group's total revenue for the year ended 31 March 2019.

5. OTHER INCOME AND OTHER LOSSES, NET

(a) Other income

	Year ended 31 March	
	2019	2018
	HK$'000	HK$'000
Bad debts written back	**88**	67
Sundry income	**372**	256
Interest income	**229**	–
	689	323

(b) Other losses, net

	Year ended 31 March	
	2019	2018
	HK$'000	HK$'000
Exchange (losses)/gains, net	**(138)**	28
Provision for doubtful debts	**–**	(840)
Impairment losses for trade receivables and contract assets, net of reversal	**132**	–
	(6)	(812)

6. FINANCE COSTS

	Year ended 31 March	
	2019	2018
	HK$'000	HK$'000
Interest on bank borrowings	**147**	306

7. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging (crediting):

	Year ended 31 March	
	2019	2018
	HK$'000	HK$'000
(a) Staff costs		
Directors' remuneration	**4.933**	4,616
Salaries, wages and other benefits	**37,325**	35,793
Contributions to defined contribution retirement plan, excluding those of directors	**1,299**	1,368
Total staff costs	**43,557**	41,777
Less: Amount included in general and administrative expenses	**(6,227)**	(5,127)
Total staff costs included in cost of services	**37,330**	36,650
(b) Other items		
Auditor's remuneration:		
– Audit service for the year	**400**	500
– Non-audit services	**12**	–
– Overprovision in prior year	**(200)**	–
Exchange losses/(gains), net	**138**	(28)
Depreciation of property, plant and equipment	**292**	235
Provision from doubtful debts	**–**	840
Impairment losses on trade receivable and contract assets, net reversal of impairment losses	**1,374**	–
Written off of bad debts	**1,506**	–
Operating lease charges for office premises	**2,777**	2,706

8. INCOME TAX EXPENSES

(a) Income tax in the consolidated statement of profit or loss and other comprehensive income represents:

	Year ended 31 March	
	2019	2018
	HK$'000	HK$'000
Current tax		
Hong Kong Profits Tax:		
– Provision for the year	**771**	2,366
– Over provision for prior year	**(30)**	–
	741	2,366
– Enterprise Income Tax in The PRC Provision for the year	**69**	19
– Macau Complementary Tax Provision for the year	**145**	76
	955	2,461
Deferred taxation		
Origination and reversal of temporary differences	**(18)**	(3)
	937	2,458

Hong Kong Profits Tax has been provided in accordance with two-tiered profits tax rate regime, the first HK$2,000,000 of assessable profits of a qualifying corporation of the Group is taxed at 8.25% and the assessable profits above HK$2,000,000 are taxed at 16.5% (2018: flat rate of 16.5%). Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

8. INCOME TAX EXPENSES (CONTINUED)

(b) Reconciliation between income tax expenses and accounting profit before taxation at applicable tax rates:

	Year ended 31 March	
	2019	2018
	HK$'000	HK$'000
Profit before taxation	**518**	4,547
Notional tax on profit before taxation, calculated at the tax rate applicable to the respective tax jurisdictions	**(20)**	683
Tax effect of non-deductible expenses	**1,047**	1,819
Tax effect of non-taxable income	**(75)**	(71)
Tax effect of tax losses not recognised	**–**	34
Effect of tax reduction in Hong Kong Profits Tax	**(30)**	–
Others	**15**	(7)
Actual tax expense	**937**	2,458

9. (LOSS)/EARNINGS PER SHARE

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

	2019	2018
(Loss)/profit attributable to owners of the Company (HK$'000)	**(419)**	2,089
Weighted average number of ordinary shares in issue ('000 Number of shares)	**826,652**	589,427
Basic and diluted (loss)/earnings per share (HK cents)	**(0.05)**	0.35

The calculation of basic (loss)/earnings per share is based on the (loss)/profit for year attributable to owners of the Company and weighted average number of shares in issue. The number of shares for the purpose of basic (loss)/earnings per share has been retrospectively adjusted for the 671,000,000 shares which were issued pursuant to the Capitalisation Issue (as defined in the Prospectus). In addition, the number of shares for the year ended 31 March 2018 is calculated on the basis that the shares issued to Manning Properties have been issued since 1 April 2017.

Diluted (loss)/earnings per share for those years were the same as basic (loss)/earnings per share as there were no dilutive potential ordinary shares outstanding.

10. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Current taxation in the consolidated statement of financial position represents:

(i) Current taxation

	At 31 March	
	2019	2018
	HK$'000	HK$'000
Provision for Hong Kong Profits Tax for the year	**771**	2,366
Provisional Profits Tax paid	**(1,535)**	(2,509)
Provision for corporate income tax in other jurisdiction	**214**	95
Corporate income tax paid in other jurisdiction	**(33)**	–
Balance of Profits Tax provision relating to prior years	**(68)**	(326)
	(651)	(374)

(ii) Reconciliation to the consolidated statement of financial position

	At 31 March	
	2019	2018
	HK$'000	HK$'000
Tax recoverable	**(926)**	(374)
Tax payable	**275**	–
	(651)	(374)

11. TRADE AND OTHER RECEIVABLES

	At 31 March	
	2019	2018
	HK$'000	HK$'000
Trade receivables	**19,542**	24,922
Less: Allowance for trade receivables	**(2,917)**	(3,232)
Trade receivables, net of loss allowance	**16,625**	21,690
Deposits, prepayments and other receivables	**3,369**	4,183
	19,994	25,873

As at 31 March 2019, the gross carrying amounts of trade receivables from contracts with customers amounted to approximately HK$19,542,000 (2018: HK$24,922,000).

The following is an ageing analysis of the trade receivables presented based on invoice dates at the end of the reporting period and net of allowance for credit losses/doubtful debts recognised:

	At 31 March	
	2019	2018
	HK$'000	HK$'000
Within 30 days	**4,742**	5,196
Over 30 days and within 90 days	**8,771**	5,217
Over 90 days and within 180 days	**1,882**	4,903
Over 180 days	**1,230**	6,374
	16,625	21,690

The management of the Group closely monitors the credit quality of trade receivables and considers the debtors that are neither past due nor impaired to be of a good credit quality. Before accepting any new customer, the Group's management will assess the potential customer's credit quality and determine the credit limits of each customer. Credit limits attributable to customers are reviewed periodically.

The Group has a policy for allowance of impairment loss which is based on the evaluation of collectability and aging analysis of accounts and on management's judgement including the creditworthiness and the past collection history of each customer.

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

As at 31 March 2018, included in the Group's trade receivables and debtors with aggregate carrying amount of HK$19,886,000, which are past due at the end of the reporting period for which the Group has not provided for impairment loss. The Group did not hold any collateral over these balances.

The following is an ageing analysis of trade receivables which were past due but not impaired at 31 March 2018:

	2018 HK$'000
Overdue:	
Within 30 days	6,185
Over 30 days and within 90 days	2,703
Over 90 days and within 180 days	5,928
Over 180 days	5,070
	19,886

Based on the historical experience of the Group, trade receivables that are past due but not impaired are generally recoverable.

12. TRADE AND OTHER PAYABLES

	At 31 March	
	2019 **HK$'000**	2018 HK$'000
Trade payables	**639**	1,023
Accrued expenses	**1,614**	5,845
Other payables	**1,114**	455
	3,367	7,323

12. TRADE AND OTHER PAYABLES (CONTINUED)

The ageing analysis of the Group's trade payables based on invoice dates was as follows:

	At 31 March	
	2019	2018
	HK$'000	HK$'000
Within 30 days	**446**	318
31–60 days	**60**	189
61–90 days	**50**	113
Over 90 days	**83**	403
	639	1,023

13. BANK BORROWINGS

	At 31 March	
	2019	2018
	HK$'000	HK$'000
Bank loans	**–**	8,875
Carrying amounts repayable (based on scheduled repayable terms):		
Within one year	**–**	5,570
More than one year, but not more than two years	**–**	3,305
More than two years, but not more than five years	**–**	–
	–	8,875
Less: Amounts due shown under current liabilities		
– due within one year	**–**	(5,570)
– due after one year but contain a repayable on demand clause	**–**	(3,305)
Amounts shown under non-current liabilities	**–**	–

Note: All bank borrowings contain a repayment on demand clause and are shown under current liabilities. The amounts due are presented based on scheduled repayment dates set out in the loan agreements.

The fixed rate of bank loans at 31 March 2018 carried interest at the rate of 2.52% to 4% per annum.

At 31 March 2018, term loans of approximately HK$5,875,000 were secured by the guarantee given by Hong Kong Mortgage Corporation Limited and personal guarantees by Dr. Chan and Mr. Kwong.

14. CAPITAL AND RESERVES

	2019		2018	
	Number of shares	**Share capital HK$'000**	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.01 each				
Authorised:				
At date of incorporation and 1 April *(Note i)*	**38,000,000**	**380**	38,000,000	380
Increase in authorised share capital on 27 August 2018 *(Note iii)*	**1,462,000,000**	**14,620**	–	–
At 31 March	**1,500,000,000**	**15,000**	38,000,000	380
Issued and fully paid:				
At date of incorporation and 1 April *(Note i)*	**1,000,000**	**10**	1	–*
Allotment of shares at date of incorporation *(Note i)*	**–**	**–**	700,999	7
Allotment of shares under Pre-IPO Investment *(Note ii)*	**–**	**–**	299,000	3
Issue of shares under the Capitalisation Issue *(Note iv)*	**671,000,000**	**6,710**	–	–
Issue of shares under the Share Offer *(Note v)*	**288,000,000**	**2,880**	–	–
At 31 March	**960,000,000**	**9,600**	1,000,000	10

*Note:** *Less than HK$1,000*

Note:

(i) The Company was incorporated on 25 August 2017 in the Cayman Islands with an authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 each. On the date of incorporation, the Company issued and allotted one nil paid share to an initial subscriber, which was transferred to Manning Properties, a company owned and controlled by Dr. Chan and Mr. Kwong.

On the date of incorporation, 700,999 shares were further allotted and issued at par, credited as fully paid, to Manning Properties. Accordingly, the Company was owned as to 100% by Manning Properties on the date of its incorporation.

14. CAPITAL AND RESERVES (CONTINUED)

Note: (Continued)

(ii) Pre-IPO Investment

On 9 May 2017, Galaxy Sourcing Limited ("Galaxy") entered into a share subscription agreement with Mr. Kwong, Dr. Chan and Wong & Cheng Consulting Engineers Limited ("W&C Hong Kong"), one of subsidiaries of the Company, (the "Share Subscription Agreement"), pursuant to which W&C Hong Kong has agreed to allot and issue shares representing 29.9% of its enlarged issued share capital to Galaxy at a consideration of HK$15,000,000.

On 29 August 2017, the Company, W&C Hong Kong, Dr. Chan and Mr. Kwong and Galaxy entered into a deed of novation, pursuant to which, amongst others, the liabilities and obligations of W&C Hong Kong under the Share Subscription Agreement were novated to the Company. Accordingly, the Company allotted and issued 299,000 shares to Galaxy on the same day at a consideration of HK$15,000,000. Accordingly, the Company was owned as to 70.1% by Manning Properties and 29.9% by Galaxy.

(iii) On 27 August 2018, the authorised share capital of the Company was increased from HK$380,000 to HK$15,000,000 by the creation of an additional 1,462,000,000 shares with a par value of HK$0.01 each.

(iv) On 27 August 2018, conditional on the share premium account of the Company being credited as a result of the shares issued pursuant to the Share Offer as mentioned and defined in (v) below, a sum of HK$6,710,000 standing to the credit of the share premium account of the Company were capitalised by way of applying such sum in paying up in full at par 671,000,000 shares in which 470,371,000 and 200,629,000 shares were allotted to Manning Properties and Galaxy respectively (the "Capitalisation Issue"). Upon completion of the Capitalisation Issue, total issued share capital of the Company became 672,000,000 shares of HK$0.01 each.

(v) On 17 September 2018, 288,000,000 ordinary shares of HK$0.01 each were issued by way of share offer at a price of HK$0.20 per share (the "Share Offer") for a total cash consideration of HK$57,600,000, before issuance cost. The excess of the Share Offer over the par value of the shares issued was credited to the share premium account of the Company.

15. DIVIDEND

The directors of the Company do not recommend the payment of a final dividend for the year ended 31 March 2019 and 2018.

Management Discussion and Analysis

BUSINESS REVIEW AND OUTLOOK

The Group is a construction engineering consultant focusing on the area of comprehensive structural and geotechnical engineering which is mainly provided in Hong Kong. The Group's consultancy services mainly cover: (i) structural engineering; (ii) geotechnical engineering; (iii) certain civil engineering practice areas; and (iv) material engineering.

For structural engineering, it involves loading calculation and stress designs. For geotechnical engineering, it involves calculation of earth surface conditions and assessment of risks posed by site conditions. For certain civil engineering practice areas, it involves infrastructure works (such as drainage). For material engineering, it involves analysing the use of and selecting building materials in construction projects. We also provide some other related services such as Registered Structural Engineers and Authorized Persons work in relation to alterations and additions works and expert services from time to time as requested by our clients.

During the year ended 31 March 2019, the Group recorded a decrease in revenue of approximately 6.5% to approximately HK$64.6 million from approximately HK$69.1 million for the preceding financial year. The decrease was mainly driven by the decrease of revenue contribution from structural and geotechnical engineering consultancy services of construction of new properties. The Group was focusing on developing business opportunities from existing clients and was looking for increasing the types of consultancy services to be provided to various clients.

Looking forward, although the global economy remains uncertain and market competition is intense, the Directors consider that the expediting and increasing supply of land for residential development is one of the key industrial drivers of the construction engineering consultancy in Hong Kong as well as factors affecting the labour costs and private office rental expenses. The Directors are of the view that the number of properties to be built and maintained in Hong Kong remains to be the key driver for the growth of the construction engineering consultancy industry. With the Group's experienced management team and reputation in the market, the Directors consider that the Group is well-positioned to compete against its competitors under future challenges that are commonly faced by all competitors, and the Group will continue to strengthen the market position in the industry and expand the market share by securing more consultancy engineering service contracts by utilising the net proceeds from the Share Offer to implement our business plans as set out in the Prospectus.

FINANCIAL REVIEW

Revenue

The revenue of the Group decreased from approximately HK$69.1 million for the year ended 31 March 2018 to approximately HK$64.6 million for the year ended 31 March 2019, representing a decrease of approximately 6.5%. Such decrease was mainly due to (i) decrease in average revenue contributed per project for the year ended 31 March 2019 than the preceding financial year; (ii) decrease of revenue contribution for structural and geotechnical engineering consultancy services of construction of new properties. The market competition intensified as our competitors offered their services at lower price.

Management Discussion and Analysis

Cost of Services

The cost of services increased from approximately HK$38.6 million for the year ended 31 March 2018 to approximately HK$40.8 million for the year ended 31 March 2019, representing an increase of approximately 5.7%. Such increase was mainly attributable to (i) increase in subconsulting charges incurred for the projects that required subcontracting services undertaken by the Group; and (ii) increase in staff costs included in cost of services during the year ended 31 March 2019.

Gross Profit

Gross profit of the Group decreased by approximately HK$6.7 million or 21.9% from approximately HK$30.5 million for the year ended 31 March 2018 to approximately HK$23.8 million for the year ended 31 March 2019. The decrease was mainly caused by the decrease in revenue and increase in subconsulting charges for the year ended 31 March 2019 as discussed above, with staff costs for professional staff handling our projects remained relatively stable for both years, accounting for approximately 91.4% and 94.9% of the cost of services for the years ended 31 March 2019 and 2018 respectively. The overall gross profit margin decreased from approximately 44.1% for the year ended 31 March 2018 to approximately 36.8% for the year ended 31 March 2019 as the revenue contributed by projects with high gross margin was lower for the year ended 31 March 2019 than the corresponding period in 2018.

General and Administrative Expenses

General and administrative expenses of the Group increased by approximately HK$4.3 million or 30.3% from approximately HK$14.1 million for the year ended 31 March 2018 to approximately HK$18.4 million for the year ended 31 March 2019. General and administrative expenses primarily consisted of staff costs for accounting and administrative staff, staff training and welfare, travelling expenses, depreciation, legal and professional fees, and rent and rates. Such increase was mainly attributable to the (i) annual salary increment and increase in staff overtime working hours expenses; and (ii) increase in legal and professional expenses after the Listing.

Listing Expenses

During the years ended 31 March 2019 and 2018, the Group recognised non-recurring listing expenses in connection with the Listing of approximately HK$5.4 million and HK$11.0 million respectively, representing a decrease of approximately HK$5.6 million.

Finance Costs

The Group's finance costs mainly comprised interest expenses on bank borrowings. Finance cost of the Group decreased by approximately HK$0.2 million or 52.0% from approximately HK$0.3 million for the year ended 31 March 2018 to approximately HK$0.1 million for the year ended 31 March 2019. It was mainly due to full repayment of all outstanding loan balances during the year ended 31 March 2019.

Income Tax Expenses

Income tax expenses of the Group decreased by approximately HK$1.6 million or 61.9% from approximately HK$2.5 million for the year ended 31 March 2018 to approximately HK$0.9 million for the year ended 31 March 2019 and such decrease was primarily attributable to the decrease in assessable profit of a major operating subsidiary of the Company.

(Loss)/Profit for the Year

(Loss)/Profit for the year decreased by approximately HK$2.5 million or 120.0% from a profit of HK$2.1 million for the year ended 31 March 2018 to a loss of HK0.4 million for the year ended 31 March 2019. Such decrease was primarily attributable to the combined effect of the decrease in (1) gross profit; (2) listing expenses; (3) the increase in staff costs; and (4) legal and professional expenses as discussed above.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has met its liquidity requirements principally through net cash flows generated from our operations and bank borrowings. The Group's principal uses of cash have been, and are expected to continue to be, applied to operational costs. The Directors believe that in the long term, the Group's operations will be funded by internally generated cash flows and, if necessary, additional equity financing and/or bank borrowings.

The current ratio increased from approximately 2.4 times as at 31 March 2018 to approximately 11.0 times as at 31 March 2019. The increase was mainly due to (i) the increase in bank and cash balances mainly arising from the Share Offer; and (ii) the full repayment of all outstanding bank borrowings as at 31 March 2019.

As at 31 March 2019, the Group had no borrowings (31 March 2018: approximately HK$8.9 million). The gearing ratio, calculated based on total debts divided by total equity at the end of the reporting period and multiplied by 100%, decreased from approximately 33.2% as at 31 March 2018 to approximately 0% as at 31 March 2019 mainly due to the funds raised in the Share Offer and the Group's continuous effort to manage its financial leverage. Total debts include amounts due to controlling shareholders and interest-bearing borrowings. The Directors consider the Group's financial position is sound and strong and the Group has sufficient liquidity to satisfy its funding requirements with available bank and cash balances and bank credit facilities.

The maturity profile of the Group's borrowings as at 31 March 2019 and 31 March 2018 were as follows:

	31 March 2019 HK$'000	31 March 2018 HK$'000
Repayable within one year	**–**	5,570
Repayable more than one year, but not more than two years	**–**	3,305
	–	8,875

During the year ended 31 March 2018, the bank borrowings of the Group carried interest at the rate between 2.52% to 4.1% per annum.

Management Discussion and Analysis

As at 31 March 2018, term loans of approximately HK$5.9 million was secured by the guarantee given by Hong Kong Mortgage Corporation Limited and personal guarantees by Dr. Chan and Mr. Kwong.

As at 31 March 2019, banking facilities of HK$2.5 million was secured by the personal guarantees given by Dr. Chan and Mr. Kwong.

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the current period. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

CAPITAL STRUCTURE

The Shares of the Company were listed on GEM of the Stock Exchange on 17 September 2018. There has been no change in the capital structure of the Group since then. The share capital of the Company only comprises of ordinary Shares.

As at the date of this announcement, the Company's authorised share capital was HK$15,000,000 divided into 1,500,000,000 Shares at par value of HK$0.01 each and the number of its issued ordinary Shares was 960,000,000.

COMMITMENTS

The operating lease commitments of the Group as at 31 March 2019 were primarily related to the leases of its office premise. The Group's operating lease commitments as at 31 March 2019 amounted to approximately HK$4.7 million (2018: approximately HK$6.6 million).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 31 March 2019, save for the business plans as set out in the Prospectus, the Group did not have other plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

During the year ended 31 March 2019, the Group did not have any material acquisitions or disposals of subsidiaries and associates.

CONTINGENT LIABILITIES

The Group did not have significant contingent liabilities as at 31 March 2019 (31 March 2018: Nil).

Management Discussion and Analysis

EXPOSURE TO EXCHANGE RATE FLUCTUATION

The Group's revenue generating operations are mainly transacted in Hong Kong dollars. In addition, the Group's borrowings and bank balances are mainly denominated in Hong Kong dollars. The Directors consider the impact of foreign exchange exposure to the Group is minimal.

CHARGE ON GROUP'S ASSETS

The Group did not have any pledged assets as at 31 March 2019 (2018: nil).

EVENT AFTER THE REPORTING PERIOD

Up to the date of this announcement, there was no significant event relevant to the business or financial performance of the Group that come to the attention of the Directors after the year ended 31 March 2019.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2019, the Group employed a total of 125 employees (31 March 2018: 132 employees). The staff costs, including Directors' emoluments, of the Group were approximately HK$37.3 million for the year ended 31 March 2019 (31 March 2018: approximately HK$36.7 million). Remuneration is mainly determined with reference to market trends, the Group's operating results and the performance, qualification and experience of individual employee. The remuneration packages mainly comprise basic salaries, medical coverage, overtime allowance, travelling allowance and discretionary bonuses based on individual performance, which are offered to employees as recognition of, and reward for their contribution.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2019 (2018: nil).

Management Discussion and Analysis

USE OF PROCEEDS

The Shares of the Company were successfully listed on GEM of the Stock Exchange on 17 September 2018. The net proceeds from the Share Offer received by the Company was approximately HK$26.9 million (after deduction of listing expenses). Up to 31 March 2019, we utilised the net proceeds in accordance with the designated uses set out in the Prospectus as follows:

Business strategies	**Amount designated in the Prospectus** HK$' million	**Amount utilised up to 31 March 2019** HK$' million	**Unutilised balance as at 31 March 2019** HK$' million
Support and expand our structural and geotechnical engineering team	7.9	0.7	7.2
Grow and develop our civil engineering team	7.9	0.6	7.3
Expand our office infrastructure and BIM upgrade	5.2	–*	5.2
Support and expand our material engineering and building repairs area of service	4.7	–	4.7
General working capital	1.2	1.2	–
	26.9	2.5	24.4

* *Less than HK$0.1 million*

Other Information

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the CG Code with an exception of deviation from Code Provision A.1.8 of the CG Code as explained below:

Under Code Provision A.1.8, an issuer should arrange appropriate insurance cover in respect of legal action against its directors. The Board has not arranged an insurance cover in respect of Directors' liability as the Board considers that the industry, business and financial situation of the Company are currently stable, and the Company has established sufficient internal control system. The Board will review the need for the insurance cover from time to time.

AUDIT COMMITTEE

The Audit Committee has reviewed the annual results of the Group for the year ended 31 March 2019 with the management and external auditor of the Company.

SCOPE OF WORK OF WELLINK CPA LIMITED

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 included in this preliminary results announcement have been agreed by the Group's auditor, Wellink CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Wellink CPA Limited 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 HKICPA, and consequently no assurance has been expressed by Wellink CPA Limited on this preliminary results announcement.

Glossary

"associate(s)"	has the meaning ascribed to it under Rule 20.06(2) of the GEM Listing Rules
"Audit Committee"	the audit committee of the Board
"Authorized Person"	a person whose name is on the authorized persons' register kept by the Building Authority under section 3(1) of the BO as an architect, an engineer, or a surveyor
"BIM"	building information modelling
"BO"	the Buildings Ordinance (Chapter 123 or the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Board"	the board of Directors
"BVI"	the British Virgin Islands
"CG Code"	Corporate Governance Code and Corporate Governance Report, in Appendix 15 to the GEM Listing Rules
"China" or "PRC"	the People's Republic of China, and except where the context requires otherwise, does not include Hong Kong, Macau and Taiwan
"Company"	WAC Holdings Limited, a company incorporated in the Cayman Islands as an exempted company with limited liability on 25 August 2017 and the issued Shares of which are listed on GEM of the Stock Exchange
"Concerted Group"	collectively refers to Dr. Chan and Mr. Kwong
"Controlling Shareholder(s)"	the controlling Shareholder(s) (having the meaning ascribed to it in the GEM Listing Rules), namely, Manning Properties, Dr. Chan and Mr. Kwong
"Director(s)"	the director(s) of our Company
"Dr. Chan"	Dr. Chan Yin Nin (陳延年博士), an executive Director and a Controlling Shareholder holding approximately 68.2% of interests in Manning Properties
"GEM"	GEM operated by the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time
"Group", "our Group", "we" or "us"	the Company together with its subsidiaries
"HK\$" or "HK dollar(s)" and "cent(s)"	Hong Kong dollar(s) and cent(s) respectively, the lawful currency of Hong Kong

Glossary

"HKEX" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing"	the listing of our Shares on GEM on 17 September 2018
"Macau"	the Macau Special Administrative Region of the PRC
"Manning Properties"	Manning Properties Limited (萬年地產發展有限公司), a company incorporated in the BVI with limited liability on 9 February 2015, and a Controlling Shareholder, which is wholly-owned by the Concerted Group, comprising Dr. Chan (approximately 68.2% shareholding) and Mr. Kwong (approximately 31.8% shareholding)
"Mr. Kwong"	Mr. Kwong Po Lam (鄺保林先生), an executive Director and a Controlling Shareholder holding approximately 31.8% of interests in Manning Properties
"Prospectus"	the prospectus of the Company dated 31 August 2018 issued in connection with the Listing
"Registered Structural Engineer" or "RSE"	a person whose name is for the time being on the structural engineers' register kept by the Building Authority under section 3(3) of the BO
"Share Offer"	the issue of 288,000,000 ordinary Shares by way of share offer at a price of HK$0.20 per Share on 17 September 2018
"Share(s)"	ordinary share(s) of nominal value of HK$0.01 each in the share capital of our Company
"Shareholder(s)"	holder(s) of our Share(s) from time to time
"subsidiary(ies)"	has the meaning ascribed to it under the GEM Listing Rules

By order of the Board
WAC HOLDINGS LIMITED
Dr. Chan Yin Nin
Chairman

Hong Kong, 24 June 2019

As at the date of this announcement, the Board comprises Dr. Chan Yin Nin, Mr. Kwong Po Lam and Ms. Su Xiaoyan as executive Directors; and Ms. Chu Moune Tsi, Stella, Mr. Choy Wai Shek, Raymond and Mr. Sze Kyran as independent non-executive Directors.