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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 2021**

#### **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 (the “**Directors**”) of WAC Holdings Limited (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](http://www.hkgem.com) for at least seven days from the date of its publication and the Company’s website at [www.wcce.hk](http://www.wcce.hk).*

# ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of the WAC Holdings Limited (the “**Company**”) is pleased to announce the consolidated financial results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 March 2021 together with the comparative figures for the year ended 31 March 2020, as follows:

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

	<i>Notes</i>	Year ended 31 March	
		2021 HK\$'000	2020 HK\$'000
<b>Revenue</b>	4	<b>77,317</b>	58,864
<b>Cost of services</b>		<b>(49,156)</b>	(40,856)
<b>Gross profit</b>		<b>28,161</b>	18,008
Other income	5(a)	<b>5,862</b>	1,100
Other losses, net	5(b)	<b>(1,494)</b>	(1,632)
Gain on bargain purchase	14	<b>163</b>	–
Loss on disposal of subsidiaries	15	<b>(1,734)</b>	–
General and administrative expenses		<b>(23,595)</b>	(24,627)
Finance costs	6	<b>(160)</b>	(150)
<b>Profit/(loss) before taxation</b>	7	<b>7,203</b>	(7,301)
Income tax (expense)/credit	8	<b>(888)</b>	337
<b>Profit/(loss) for the year attributable to owners of the Company</b>		<b>6,315</b>	(6,964)
<b>Other comprehensive (expense)/income</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		<b>(109)</b>	85
Exchange differences reclassified to profit or loss on disposal of subsidiaries		<b>(14)</b>	–
Other comprehensive (expense)/income for the year, net of tax		<b>(123)</b>	85
<b>Total comprehensive income/(expenses) for the year attributable to owners of the Company</b>		<b>6,192</b>	(6,879)
<b>Earnings/(loss) per share attributable to owners of the Company</b>			
– basic and diluted (HK cents)	9	<b>0.66</b>	(0.73)

# Consolidated Statement of Financial Position

		At 31 March	
		2021	2020
	Notes	HK\$'000	HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		468	667
Right-of-use assets		5,191	3,046
Rental deposits paid		797	–
Deferred tax assets		702	526
		<u>7,158</u>	<u>4,239</u>
<b>Current assets</b>			
Trade and other receivables	11	27,034	25,446
Contract assets		14,509	12,629
Income tax recoverable	10	–	503
Bank balances and cash		39,784	32,318
		<u>81,327</u>	<u>70,896</u>
<b>Current liabilities</b>			
Trade and other payables	12	5,644	4,076
Contract liabilities		6,420	3,683
Lease liabilities		2,621	2,002
Income tax payable	10	951	270
		<u>15,636</u>	<u>10,031</u>
<b>Net current assets</b>		<u>65,691</u>	<u>60,865</u>
<b>Total assets less current liabilities</b>		<u>72,849</u>	<u>65,104</u>
<b>Non-current liabilities</b>			
Lease liabilities		2,753	1,200
<b>NET ASSETS</b>		<u>70,096</u>	<u>63,904</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	13	9,600	9,600
Reserves		60,496	54,304
<b>Equity attributable to owners of the Company</b>		<u>70,096</u>	<u>63,904</u>

# Consolidated Statement of Changes in Equity

	Attributable to owners of the Company						Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Merger reserves HK\$'000	Legal reserves HK\$'000	Translation reserves HK\$'000	Retained earnings HK\$'000	
<b>At 1 April 2019</b>	9,600	48,760	647	49	165	11,562	70,783
Loss for the year	–	–	–	–	–	(6,964)	(6,964)
Other comprehensive income:							
Exchange differences on translation of foreign operations	–	–	–	–	85	–	85
Total comprehensive income/ (expenses)	–	–	–	–	85	(6,964)	(6,879)
<b>At 31 March 2020 and 1 April 2020</b>	<u>9,600</u>	<u>48,760</u>	<u>647</u>	<u>49</u>	<u>250</u>	<u>4,598</u>	<u>63,904</u>
Profit for the year	–	–	–	–	–	6,315	6,315
Other comprehensive expenses:							
Exchange differences on translation of foreign operations	–	–	–	–	(109)	–	(109)
Exchange differences related to disposal of subsidiaries	–	–	–	–	(14)	–	(14)
Total comprehensive (expenses)/ income	–	–	–	–	(123)	6,315	6,192
<b>At 31 March 2021</b>	<u>9,600</u>	<u>48,760</u>	<u>647</u>	<u>49</u>	<u>127</u>	<u>10,913</u>	<u>70,096</u>

# Notes to the Consolidated Financial Statements

*For the year ended 31 March 2021*

## 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 Hong Kong of Stock Exchange since 17 September 2018.

## 2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the accounting principles generally accepted in Hong Kong.

The consolidated financial statements also comply with the applicable disclosures requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), rounded to the nearest thousand, which is the functional currency of the Company and its subsidiaries carrying on business in Hong Kong. The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

## 3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

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

In the current year, the Group has adopted for the first time the Amendments to References to the Conceptual Framework in HKFRS standards and the amendments to HKFRSs issued by HKICPA that have been issued and effective for the Group's financial year beginning on 1 April 2020. Of these, the following developments are relevant to the Group's consolidated financial statements:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendment to HKFRS 16	Coronavirus Disease 2019 ("Covid-19")-Related Rent Concessions (early applied)

The adoption of the Amendments to References to the Conceptual Framework in HKFRS standards and the amended HKFRSs in the current year 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.

### (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 17	Insurance Contracts <sup>3</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>2</sup>
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current <sup>3, 5</sup>
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use <sup>2</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>2</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 <sup>2</sup>

1 Effective for annual periods beginning on or after 1 January 2021

2 Effective for annual periods beginning on or after 1 January 2022

3 Effective for annual periods beginning on or after 1 January 2023

4 Effective for annual periods beginning on or after a date to be determined

5 As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised in October 2020 to align the corresponding wording with no change in conclusion

The directors of the Company anticipate that the application of these new and amendments to HKFRSs will have no material impact on the consolidated financial statements.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

## 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 and provision of e-commerce online platform consulting services in the PRC.

### (i) Disaggregation of revenue

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

	Year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Disaggregated by major services lines		
– Construction of new properties	46,519	35,036
– Refurbishment/maintenance of existing properties	14,976	18,368
– E-commerce online platform	7,508	–
– Others	8,314	5,460
	<u>77,317</u>	<u>58,864</u>
Timing of revenue recognition:		
– Services recognised over time	77,185	58,864
– Sales of goods recognised at a point in time	132	–
	<u>77,317</u>	<u>58,864</u>

Revenue mainly represents the contract revenue from provision of comprehensive structural and geotechnical engineering consultancy services recognised on an over time basis during the year. Revenue from provision of e-commerce online platform consulting services was derived from 杭州舟濟網絡科技有限公司 (“Zhouji Network”) and was recognised on an over time basis during the period from 29 April 2020 to 26 March 2021.

Others represents (i) revenue from provision of expert witness services and other minor works services recognised over time during the years ended 31 March 2021 and 31 March 2020 and (ii) revenue from sales of goods derived from Zhouji Network recognised on a point in time basis during the period from 29 April 2020 to 26 March 2021.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

## 4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

### (a) Revenue (Continued)

#### (ii) *Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date*

As at 31 March 2021, the aggregate amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is approximately HK\$81,664,000 (2020: HK\$92,373,000). This amount represents revenue expected to be recognised in the future from contracts for provision of engineering services entered into by the customers with the Group. The Group will recognise the expected revenue in future when or as the work is carried out. The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March 2021 are as follows:

	<b>At 31 March</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Expected to be recognised within one year	<b>39,709</b>	37,967
Expected to be recognised after one year	<b>41,955</b>	54,406
	<b>81,664</b>	92,373

### (b) Segment reporting

Information reported to the Chief Executive Officer of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services rendered and the Group has two reportable and operating segments, as follows:

- (a) the comprehensive structural and geotechnical engineering service segment engages in the provision of engineering consultancy services in relation to the construction of new properties, refurbishment and maintenance of existing properties, alternations and additional works and expert services.
- (b) the e-commerce online platform segment engages in the provision of e-commerce retail online platform consulting services and sales of goods in online platform. The Group commenced operation in value-added telecommunications services business in the PRC upon the establishment of the variable interest entity ("VIE") arrangement on 29 April 2020 (see note 14 for details). As a result, the e-commerce online platform segment is a new operating segment in the current year. Zhouji Network became a subsidiary of the Company and its revenue, expenses, assets and liabilities were consolidated into the consolidated financial statements of the Group. On 26 March 2021, the Group disposed of Etuan Technology Limited and hereby disposed of its interests in Zhouji Network held through the VIE arrangement.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

## 4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

### (b) Segment reporting (Continued)

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax reported for financial reporting purposes except that certain other income, as well as corporate expenses of head office are excluded from such measurement.

No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

For the year ended 31 March 2021

	Comprehensive structural and geotechnical engineering consulting service HK\$'000	E-commerce online platform business HK\$'000	Total HK\$'000
<b>Segment revenue</b>			
<i>Timing of revenue recognition:</i>			
Services recognised over time	69,677	7,508	77,185
Sales of goods recognised at a point in time	–	132	132
Revenue from contracts with customers	<u>69,677</u>	<u>7,640</u>	<u>77,317</u>
<i>Disaggregated by major services lines:</i>			
Construction of new properties	46,519	–	46,519
Refurbishment/maintenance of existing properties	14,976	–	14,976
E-commerce online platform	–	7,508	7,508
Others	8,182	132	8,314
Revenue from contracts with customers	<u>69,677</u>	<u>7,640</u>	<u>77,317</u>
<b>Segment results</b>	<u>10,393</u>	<u>1,127</u>	<u>11,520</u>
Reconciliation:			
Unallocated other income			143
Unallocated corporate expenses			(2,889)
Gain on bargain purchase			163
Loss on disposal of subsidiaries			(1,734)
Profit before taxation			<u>7,203</u>

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

## 4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

### (b) Segment reporting (Continued)

For the year ended 31 March 2020

	Comprehensive structural and geotechnical engineering consulting service HK\$'000	E-commerce online platform business HK\$'000	Total HK\$'000
<b>Segment revenue</b>			
<i>Timing of revenue recognition:</i>			
Services recognised over time	58,864	–	58,864
Revenue from contracts with customers	58,864	–	58,864
<i>Disaggregated by major service lines:</i>			
Construction of new properties	35,036	–	35,036
Refurbishment/maintenance of existing properties	18,368	–	18,368
Others	5,460	–	5,460
Revenue from contracts with customers	58,864	–	58,864
<b>Segment results</b>	(1,901)	–	(1,901)
Reconciliation:			
Unallocated other income			534
Unallocated corporate expenses			(5,934)
Loss before taxation			(7,301)

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

## 4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

### (b) Segment reporting (Continued)

#### *Other segment information*

	Comprehensive structural and geotechnical engineering consulting service HK\$'000	E-commerce online platform business HK\$'000	Total HK\$'000
Amounts included in segment profit or loss:			
<b>Year ended 31 March 2021</b>			
Depreciation of property, plant and equipment	330	73	403
Depreciation of right-use-assets	2,795	–	2,795
Impairment losses for trade receivables and contract assets, net of reversal of impairment losses	2,775	–	2,775
Government subsidies	(5,050)	–	(5,050)
Loss on disposal of property, plant and equipment	–	10	10
Gain on lease modification	(44)	–	(44)
Finance costs	160	–	160
<b>Year ended 31 March 2020</b>			
Depreciation of property, plant and equipment	373	–	373
Depreciation of right-use-assets	2,678	–	2,678
Impairment losses for trade receivables and contract assets, net of reversal of impairment losses	3,148	–	3,148
Finance costs	150	–	150

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

## 4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

### (b) Segment reporting (Continued)

#### *Geographical information*

The following table sets out information about (i) the Group's revenue from external customers based on the geographical location of the operations of the Group; and (ii) the Group's non-current assets other than deferred tax assets is based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	67,512	55,323	6,379	3,346
Mainland China	7,929	511	77	367
Macau	1,876	3,030	—	—
	<u>77,317</u>	<u>58,864</u>	<u>6,456</u>	<u>3,713</u>

#### *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	
	2021	2020
	HK\$'000	HK\$'000
Customer A*	<u>11,505</u>	<u>6,025</u>

\* Revenue derived from the comprehensive structural and geotechnical engineering consulting service segment.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

## 5. OTHER INCOME AND OTHER LOSSES, NET

### (a) Other income

	Year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Bad debts written back	42	–
Government subsidies <i>(Note)</i>	5,050	–
Rent concession income	–	49
Sundry income	599	456
Interest income	171	595
	<u>5,862</u>	<u>1,100</u>

*Note:* Being the grants received from the COVID-19 Anti-epidemic Fund under the Employment Support Scheme and other subsidy schemes under the Anti-epidemic Fund as launched by the Government of the Hong Kong Special Administrative Region of the People's Republic of China and the Government of the Macao Special Administrative Region of the People's Republic of China for the year ended 31 March 2021.

### (b) Other losses, net

	Year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Exchange gains (losses), net	13	(94)
Impairment losses for trade receivables and contract assets, net of reversal and write-off	(1,541)	(1,538)
Loss on disposal of property, plant and equipment	(10)	–
Gain on lease modification	44	–
	<u>(1,494)</u>	<u>(1,632)</u>

## 6. FINANCE COSTS

	Year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Interest on bank borrowings	3	–
Interest on lease liabilities	157	150
	<u>160</u>	<u>150</u>

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

## 7. PROFIT/(LOSS) BEFORE TAXATION

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

	Year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
<b>(a) Staff costs</b>		
Directors' remuneration	8,181	6,610
Salaries, wages and other benefits, excluding those of directors	43,226	38,337
Contributions to defined contribution retirement plan, excluding those of directors	1,507	1,515
Total staff costs	52,914	46,462
Less: Amount included in general and administrative expenses	(10,257)	(9,415)
Total staff costs included in cost of services	42,657	37,047
<b>(b) Other items</b>		
Auditor's remuneration:		
– Audit service for the year	460	420
– Non-audit services	220	215
Exchange (gains)/losses, net	(13)	94
Depreciation of property, plant and equipment	403	373
Depreciation of right-of-use assets	2,795	2,678
Government subsidies	(5,050)	–
Gain on lease modification	(44)	–
Impairment losses on trade receivables and contract assets, net of reversal of impairment losses	2,775	3,148
Loss on disposal of property, plant and equipment	10	–
Operating lease charges for office equipments	–	30

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

## 8. INCOME TAX EXPENSE/(CREDIT)

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

	Year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
<b>Current tax</b>		
Hong Kong Profits Tax:		
– Provision for the year	1,072	111
– Over-provision for prior years	(11)	(15)
	<u>1,061</u>	<u>96</u>
PRC Enterprise Income Tax:		
– Provision for the year	148	1
– Over-provision for prior year	(85)	–
	<u>63</u>	<u>1</u>
Macau Complementary Tax:		
– Over-provision for prior year	(60)	–
	<u>1,064</u>	<u>97</u>
<b>Deferred taxation</b>		
Origination and reversal of temporary differences	(176)	(434)
	<u>888</u>	<u>(337)</u>

Hong Kong Profits Tax has been provided in accordance with the two-tiered profits tax rate regime, the first HK\$2,000,000 (2020: HK\$2,000,000) of assessable profits of a qualifying corporation of the Group is taxed at 8.25% (2020: 8.25%) and the assessable profits above HK\$2,000,000 (2020: HK\$2,000,000) are taxed at 16.5% (2020: 16.5%). Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation based on the rules and regulations in the relevant tax jurisdictions.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

## 8. INCOME TAX EXPENSE/(CREDIT) (CONTINUED)

### (a) (Continued)

Enterprise Income Tax ("EIT") in Mainland China has been provided at the rate of 25% (2020: 25%) on the estimated assessable profits in Mainland China during the year except as described below. Certain subsidiaries of the Company satisfied the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises. The portion of annual taxable income of a small low-profit enterprise which does not exceed RMB1 million shall be calculated at a reduced rate of 25% as taxable income amount and be subject to EIT at 20% tax rate. The portion over RMB1 million but exceeding RMB3 million shall be calculated at a reduced rate of 50% as taxable income amount and be subject to EIT at 20% tax rate.

No provision of Macau Complementary Tax has been made for the year ended 31 March 2021 and 2020.

### (b) Reconciliation between income tax expense/(credit) and accounting profit/(loss) before taxation at applicable tax rates:

	<b>Year ended 31 March</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Profit/(loss) before taxation	<b>7,203</b>	(7,301)
Notional tax on profit/(loss) before taxation, calculated at the tax rates applicable to the respective tax jurisdictions	<b>1,443</b>	(1,176)
Tax effect of non-deductible expenses	<b>932</b>	982
Tax effect of non-taxable income	<b>(860)</b>	(98)
Tax effect of tax losses not recognised	<b>80</b>	129
Tax effect of concessionary tax rate	<b>(541)</b>	(131)
Effect of tax reduction in Hong Kong Profits Tax	<b>(10)</b>	(20)
Over-provision for prior years	<b>(156)</b>	(15)
Others	<b>—</b>	(8)
Income tax expense/(credit)	<b>888</b>	(337)



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

## 9. EARNINGS/(LOSS) PER SHARE

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

	<b>Year ended 31 March</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Profit/(loss) for the year attributable to owners of the Company	<b>6,315</b>	(6,964)
Number of shares:		
Weighted average number of ordinary shares in issue ('000)	<b>960,000</b>	960,000
Basic and diluted earnings/(loss) per share (HK cents)	<b>0.66</b>	(0.73)

The calculation of basic earnings/(loss) per share is based on the profit/(loss) for the year attributable of owners of the Company and weighted average number of shares in issue.

Diluted earnings/(loss) per share for both years were the same as basic earnings/(loss) per share as there were no 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

	<b>At 31 March</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Provision for Hong Kong Profits Tax for the year	<b>1,072</b>	111
Provisional Profits Tax paid	<b>(121)</b>	(614)
Provision for corporate income tax in other jurisdiction	<b>148</b>	1
Corporate income tax paid in other jurisdiction	<b>(187)</b>	(1)
Balance of Profits Tax provision relating to prior years	<b>39</b>	270
	<b>951</b>	(233)

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

## 10. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

### (ii) Reconciliation to the consolidated statement of financial position

	At 31 March	
	2021	2020
	HK\$'000	HK\$'000
Tax recoverable	–	(503)
Tax payable	951	270
	<u>951</u>	<u>(233)</u>

## 11. TRADE AND OTHER RECEIVABLES

	At 31 March	
	2021	2020
	HK\$'000	HK\$'000
Trade receivables	31,418	27,920
Less: Allowance for trade receivables	<u>(5,254)</u>	<u>(4,010)</u>
Trade receivables, net of allowance for credit losses	26,164	23,910
Deposits, prepayments and other receivables	<u>870</u>	<u>1,536</u>
	<u>27,034</u>	<u>25,446</u>

As at 31 March 2021, the gross carrying amounts of trade receivables from contracts with customers amounted to approximately HK\$31,418,000 (2020: HK\$27,920,000).

As at 1 April 2019, trade receivables (net of allowance for credit losses) are approximately HK\$16,625,000.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

## 11. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	<b>At 31 March</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Within 30 days	<b>5,678</b>	4,156
Over 30 days and within 90 days	<b>7,761</b>	5,872
Over 90 days and within 180 days	<b>4,961</b>	6,611
Over 180 days	<b>7,764</b>	7,271
	<b>26,164</b>	23,910

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 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 credit terms of the Group granted to customers generally range from 0 to 60 days.

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.

## 12. TRADE AND OTHER PAYABLES

	<b>At 31 March</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Trade payables	<b>1,497</b>	599
Provision for annual leave and long service payment	<b>1,989</b>	1,620
Accrued expenses and other payables	<b>2,158</b>	1,857
	<b>5,644</b>	4,076

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

## 12. TRADE AND OTHER PAYABLES (CONTINUED)

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

	<b>At 31 March</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Within 30 days	<b>220</b>	265
31–60 days	<b>442</b>	176
61–90 days	<b>563</b>	–
Over 90 days	<b>272</b>	158
	<b>1,497</b>	599

Accrued expenses and other payables comprised mainly the accrued expenses of staff salaries and staff welfare (including staff's accrued bonus, overtime claims and travelling allowances), auditor's remuneration and office expenses.

## 13. SHARE CAPITAL

	<b>Number of shares</b>	<b>Share capital HK\$'000</b>
Ordinary shares of HK\$0.01 each		
<b>Authorised:</b>		
At 1 April 2019, 31 March 2020, 1 April 2020 and 31 March 2021	<b>1,500,000,000</b>	<b>15,000</b>
<b>Issued and fully paid:</b>		
At 1 April 2019, 31 March 2020, 1 April 2020 and 31 March 2021	<b>960,000,000</b>	<b>9,600</b>

## 14. ACQUISITION OF A SUBSIDIARY

On 29 April 2020, the Group entered into series of contracts with certain counter parties for establishing a variable interest entity (the "VIE") arrangement, whereby pursuant to the aforesaid contracts, the Group has obtained effective control over the operations and the entire economic interests and benefits of Zhouji Network. Upon the establishment of the VIE arrangement, Zhouji Network became a subsidiary of the Company and hence the financial results, assets and liabilities of Zhouji Network were consolidated into the consolidated financial statements of the Group. The Group commenced operating in the value-added telecommunication services business in the PRC after the establishment of the VIE arrangement, whereby the Group became involved in a social community-based e-commerce new retail online platform in the PRC. The revenue from the e-commerce online platform segment was derived from Zhouji Network for the period from 29 April 2020 to 26 March 2021.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

## 14. ACQUISITION OF A SUBSIDIARY (CONTINUED)

For details of the VIE arrangement, please refer to the announcement of the Company dated 29 April 2020.

The fair value of the identifiable assets and liabilities of Zhouji Network acquired as at its date of establishment of the VIE arrangement, which has no significant difference from their carrying amounts in the financial statements of Zhouji Network is as follows:

	HK\$'000
Net assets acquired:	
Property, plant and equipment	198
Trade receivables and other receivables	1,298
Bank balances and cash	13
Trade and other payables	(1,284)
Income tax payable	(62)
	<hr/>
	163
Gain from a bargain purchase	<hr/> 163
Satisfied by:	
Cash	<hr/> <hr/> –
Net cash inflow arising on acquisition:	
Cash consideration paid	–
Cash and cash equivalents acquired	<hr/> 13
	<hr/> <hr/> 13

The Group recognised a gain from a bargain purchase of approximately HK\$163,000 in the business combination.

Zhouji Network contributed revenue and profit after tax of approximately HK\$7,640,000 and HK\$2,063,000 respectively to the consolidated statement of profit or loss and other comprehensive income for the period between the date of acquisition and 26 March 2021, the date of its disposal.

If the acquisition had been completed on 1 April 2020, total Group's revenue for the year ended 31 March 2021 would have been HK\$78.4 million, and profit of the Group for the year ended 31 March 2021 would have been HK\$6.3 million. The proforma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2020, nor is intended to be a projection of future results.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

## 15. LOSS ON DISPOSAL OF SUBSIDIARIES

### (a) Disposal of Etuan Technology Limited (“Etuan Technology”) (including the indirect wholly-owned subsidiary Zhouji Network)

On 26 March 2021, the Company entered into a sale and purchase agreement with Mr. Huang Binghuan\* (黃冰歡) (“Mr. Huang”) to dispose of 100% equity interest in a subsidiary, namely Etuan Technology, which is principally engaged in investment holding of Zhouji Network and the other subsidiaries involved in the VIE arrangements, and at a consideration of HK\$400,000. Mr. Huang is a PRC resident and an Independent Third Party. The transaction was completed on 26 March 2021. Details are disclosed in the Group’s announcement dated 26 March 2021.

The assets and liabilities of Etuan Technology as at 26 March 2021 were as follow:

	HK\$'000
Property, plant and equipment	129
Inventories	80
Trade receivables	2,360
Prepayments, deposits and other receivables	1,326
Bank balances and cash	1,477
Trade payables	(23)
Accruals and other payables	(3,136)
Income tax payable	(153)
	<hr/>
Net assets disposed of	2,060
	<hr/>
<b>Loss on disposal of a subsidiary:</b>	
Consideration received	400
Net assets disposal of	(2,060)
Exchange difference reclassified to profit or loss on disposal of subsidiaries	14
	<hr/>
Loss on disposal of a subsidiary	(1,646)
	<hr/>
<b>Net cash outflow arising on disposal:</b>	
Cash consideration received	400
Cash and cash equivalents disposed of	(1,477)
	<hr/>
	(1,077)
	<hr/>

\* For identification purpose only

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

## 15. LOSS ON DISPOSAL OF SUBSIDIARIES (CONTINUED)

### (b) Disposal of Etuan Investment Limited (“Etuan Investment”)

On 30 March 2021, the Group entered into a sale and purchase agreement with Mr. Song Zhi\* (宋智) (“**Mr. Song**”) to dispose of 100% equity interest in a subsidiary, namely Etuan Investment, which is principally engaged in investment holding, and at a consideration of HK\$1. Mr. Song is a PRC resident and an Independent Third Party. The transaction was completed on 30 March 2021.

The assets and liabilities of Etuan Investment as at the date of disposal were as follow:

	HK\$'000
Bank balances and cash	88
Net assets disposed of	88
<b>Loss on disposal of a subsidiary:</b>	
Consideration receivable	—
Net assets disposal of	(88)
Loss on disposal of a subsidiary	(88)
<b>Net cash outflow arising on disposal:</b>	
Cash consideration receivable	—
Cash and cash equivalents disposal of	(88)
	(88)

\* For identification purpose only

## 16. DIVIDEND

The directors of the Company do not recommend the payment of final dividend for the year ended 31 March 2021 (2020: nil).

## 17. EVENT AFTER THE REPORTING PERIOD

There is no significant event after the reporting period of the Group.

# 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 design which is mainly provided in Hong Kong and Macau. 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 sub-surface conditions and assessment of risks posed by site conditions. For certain civil engineering practice areas, it involves infrastructure works (such as roads and 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 alteration and additions works and expert services from time to time as requested by our clients.

During the year ended 31 March 2021, the Group recorded an increase in revenue of approximately 31.3% to approximately HK\$77.3 million from approximately HK\$58.9 million for the preceding financial year. Such increase was mainly due to the increase in revenue contribution from structural and geotechnical engineering consultancy services of construction of new properties and e-commerce retail online platform consulting services of approximately HK\$69.7 million and HK\$7.6 million, for the year ended 31 March 2021, respectively.

On 29 April 2020, the Group entered into series of contracts with certain counter parties for establishing the VIE arrangement, whereby pursuant to the aforesaid contracts, the Group has effective control over the operations and the entire economic interests and benefits of Zhouji Network. Upon the establishment of the VIE arrangement, Zhouji Network became a subsidiary of the Company and hence the financial results, assets and liabilities of Zhouji Network were consolidated into the consolidated financial statements of the Group. The VIE arrangement enables the Group to be involved in a social community-based e-commerce new retail online platform in the PRC.

In order to streamline our business portfolio, the Group disposed two subsidiaries, Etuan Technology and Etuan Investment, respectively. On 26 March 2021, the Company entered into a sale and purchase agreement with an independent third party to dispose of its entire equity interest in Etuan Technology, which is principally engaged in investment holding of Zhouji Network, at a cash consideration of HK\$400,000. Details of which are set out in the Company's announcement dated 26 March 2021. On 30 March 2021, the Company further entered into a sale and purchase agreement with an independent third party to dispose of the entire equity interest in Etuan Investment, which is principally engaged in investment holding, and at a cash consideration of HK\$ 1.

In light of the uncertainty in the future global economy brought by Coronavirus Disease 2019 ("**COVID-19**") and resignation of Ms. Su Xiaoyan, executive director of the Company, on 26 March 2021, the Company considers that these disposals represent an opportunity to divest Etuan Technology and Etuan Investment to allow the Company to reallocate its resources.



# Management Discussion and Analysis

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, 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.

## FINANCIAL REVIEW

### Revenue

The revenue of the Group increased from approximately HK\$58.9 million for the year ended 31 March 2020 to approximately HK\$77.3 million for the year ended 31 March 2021, representing an increase of approximately 31.3%. Such increase was mainly due to the increase in revenue contribution from structural and geotechnical engineering consultancy services of construction of new properties and e-commerce retail online platform consulting services of approximately HK\$69.7 million and HK\$7.6 million, for the year ended 31 March 2021, respectively.

### Cost of Services

The cost of services increased from approximately HK\$40.8 million for the year ended 31 March 2020 to approximately HK\$49.2 million for the year ended 31 March 2021, representing an increase of approximately 20.3%. Such increase was mainly attributable to (i) increase in staff costs included in cost of services and (ii) increase in the subconsulting charges incurred both for the projects related to structural and geotechnical engineering consultancy services and e-commerce online platform undertaken by the Group, for the year ended 31 March 2021.

### Gross Profit

Gross profit of the Group increased by approximately HK\$10.2 million from approximately HK\$18.0 million for the year ended 31 March 2020 to approximately HK\$28.2 million for the year ended 31 March 2021, representing an increase of approximately 56.4%. The increased was mainly caused by the increase in revenue and increase in staff costs and subconsulting charges for the year ended 31 March 2021 as discussed above. The overall gross profit margin increased from approximately 30.6% for the year ended 31 March 2020 to approximately 36.4% for the year ended 31 March 2021.

### Other Income

The other income of the Group for the year ended 31 March 2021 and 2020 were approximately HK\$5.9 million and HK\$1.1 million respectively, representing an increase of approximately 432.9%. Increase in other income was mainly attributable to the receipt of government subsidies under the Employment Support Scheme launched by the Government of Hong Kong Special Administrative Region of the People's Republic of China ("HKSAR") of approximately HK\$5.0 million for the year ended 31 March 2021.

# Management Discussion and Analysis

## Other Losses, Net

The other losses of the Group for the year ended 31 March 2021 and 2020 were approximately HK\$1.5 million and HK\$1.6 million respectively, representing a decrease of approximately 8.5%. The other losses were mainly attributable to the provision of impairment losses on trade receivables and contract assets for the year ended 31 March 2021 and 2020.

## General and Administrative Expenses

General and administrative expenses of the Group decreased by approximately HK\$1.0 million or 4.2% from approximately HK\$24.6 million for the year ended 31 March 2020 to approximately HK\$23.6 million for the year ended 31 March 2021. General and administrative expenses primarily consisted of staff costs for accounting and administrative staff, bonus payment, staff training and welfare, depreciation and legal and professional fees. Such decrease was mainly attributable to the net effect of (i) decrease in legal and professional fees; and (ii) payment of discretionary bonus to Directors and staff.

## Finance Costs

Finance costs amounted to approximately HK\$0.1 million for the year ended 31 March 2021 and 2020, which represented interest expenses on lease liabilities and interest expenses on bank borrowings.

## Income Tax (Expense)/Credit

During the year ended 31 March 2020, the Group had income tax credit amounting to approximately HK\$0.3 million. The Group incurred income tax expense amounting to approximately HK\$0.9 million for the year ended 31 March 2021. Such change was primarily attributable to increase in assessable profit of a major operating subsidiary of the Company for the year ended 31 March 2021.

## Profit/(Loss) for the Year

Profit for the year of the Group amounted to approximately HK\$6.3 million for the year ended 31 March 2021 (for the year ended 31 March 2020: loss of approximately HK\$7.0 million). The increase in profit was primarily attributable to the net effect of (i) increase in gross profit resulting from increase in revenue; (ii) receipt of government subsidies under the Employment Support Scheme launched by the Government of HKSAR; (iii) decrease in legal and professional fees; (iv) payment of discretionary bonus; and (v) loss on disposal of subsidiaries, for the year ended 31 March 2021.

## LIQUIDITY AND FINANCIAL RESOURCES

The Group has met its liquidity requirements principally through net cash flows generated from our operations. 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 decreased from approximately 7.1 times as at 31 March 2020 to 5.2 times as at 31 March 2021. The decrease was mainly due to the increase in trade and other payables and contract liabilities as at 31 March 2021.

# Management Discussion and Analysis

As at 31 March 2021, the Group had no borrowings. The gearing ratio as at 31 March 2021, calculated based on total debts divided by total equity at the end of the reporting period and multiplied by 100%, was therefore not applicable. 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.

## 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

As at 31 March 2021, the Group did not have any capital commitments (31 March 2020: nil).

## FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 31 March 2021, save for the business plans as set out in the Prospectus and the announcement of the Company dated 5 March 2021, the Group did not have other plans for material investments and capital assets.

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

On 29 April 2020, the Group entered into series of contracts with certain counter parties for establishing VIE arrangement, whereby pursuant to the aforesaid contracts, the Group has effective control over the operations and the entire economic interests and benefits of Zhouji Network. Upon the establishment of the VIE arrangement, Zhouji Network became a subsidiary of the Company.

The Group disposed of 100% of the issued share capital of Etuan Technology (which is engaged in investment holding of Zhouji Network) and Etuan Investment on 26 March 2021 and 30 March 2021, respectively.

Save as disclosed herein, the Group did not have any material acquisition or disposal of subsidiaries, associates and joint ventures during the year ended 31 March 2021.

# Management Discussion and Analysis

## CONTINGENT LIABILITIES

The Group did not have significant contingent liabilities as at 31 March 2021 (31 March 2020: nil).

## EXPOSURE TO EXCHANGE RATE FLUCTUATION

Most of the revenue and expenses of the Group are denominated in Hong Kong dollars, and bank balances of the Group are mainly denominated in Hong Kong dollars. The e-commerce online platform managed by Zhouji Network and the office of W&C Shenzhen was operated in PRC, which the fluctuation of exchange rate of Renminbi have certain impact on the Group. During the year ended 31 March 2021, the Group did not enter into any foreign exchange forward contracts or other hedging instrument to hedge against fluctuations.

## CHARGE ON GROUP'S ASSETS

As at 31 March 2021, general banking facilities were granted to the Company and its subsidiaries. The general banking facilities were secured by the bank deposit of HK\$4.1 million and corporate guarantee from the Company (31 March 2020: nil).

## EVENT AFTER THE REPORTING PERIOD

As at the date of this announcement, there was no significant event after 31 March 2021 which was relevant to the business or financial performance of the Group that come to the attention of the Directors.

## SEGMENT INFORMATION

Segment information for the Group is presented as disclosed in note 4 to the consolidated financial statements.

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2021, the Group employed a total of 125 employees (31 March 2020: 126 employees). The staff costs, including Directors' emoluments, of the Group were approximately HK\$52.9 million for the year ended 31 March 2021 (31 March 2020: approximately HK\$46.5 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.

# Management Discussion and Analysis

## COMPARISON BETWEEN BUSINESS OBJECTIVES AND ACTUAL BUSINESS PROGRESS

The following is a comparison between the Group's business plans as set out in the Prospectus and the Group's actual business progress as at 31 March 2021:

Business objective and strategy	Principal business plan and activity as stated in the Prospectus	Actual business progress up to 31 March 2021
Support and expand our structural and geotechnical engineering team	<ul style="list-style-type: none"> <li>• Retain the new staff employed</li> <li>• Maintenance of computers and software for additional staff</li> </ul>	<ul style="list-style-type: none"> <li>• The Group has recruited sixteen new junior to senior level engineering staff and draftsman trainees to handle new projects in the area of structural engineering. Taking into account of the new recruits in 2018, 2019, 2020 and 2021, the Group has incurred staff costs of approximately HK\$7.0 million as at 31 March 2021 after the listing.</li> <li>• As at 31 March 2021, the Group has purchased new computers and software for new staff in the amount of approximately HK\$0.6 million.</li> </ul>
Grow and develop our civil engineering team	<ul style="list-style-type: none"> <li>• Retain the new staff employed</li> </ul>	<ul style="list-style-type: none"> <li>• The Group has recruited six new junior to senior level engineering staff to handle new projects in the area of civil engineering. Taking into account the new recruits in 2018, 2019, 2020 and 2021, the Group has incurred staff costs of approximately HK\$2.3 million as at 31 March 2021 after the Listing.</li> </ul>
Expand our office infrastructure and BIM	<ul style="list-style-type: none"> <li>• Retain the new staff employed</li> <li>• Upgrade computers and software for existing staff</li> <li>• Minor renovation for office upgrade</li> </ul>	<ul style="list-style-type: none"> <li>• The Group has recruited one BIM experienced engineer and upgraded computer equipment and server infrastructure.</li> <li>• As at 31 March 2021, the Group has purchased two sets of BIM software licenses and computer equipment amounting to approximately HK\$51,500.</li> <li>• As at 31 March 2021, the Group has paid approximately HK\$40,000 to sponsor its engineering staff to attend BIM training courses held by third parties.</li> <li>• The Group postponed the plan to rent additional office space due to the current outbreak of COVID-19 in Hong Kong.</li> </ul>

# Management Discussion and Analysis

Business objective and strategy	Principal business plan and activity as stated in the Prospectus	Actual business progress up to 31 March 2021
Support and expand our material engineering and building repairs area of service	<ul style="list-style-type: none"> <li>Retain the new staff employed</li> </ul>	<ul style="list-style-type: none"> <li>The Group has recruited one new junior engineering staff to handle new projects in the area of material engineering. The Group has incurred staff costs of approximately HK\$0.1 million as at 31 March 2021 after the Listing.</li> </ul>
Acquisition of or investment in companies in construction and property development industry	<ul style="list-style-type: none"> <li>Explore business opportunities for a acquisition or investment</li> </ul>	<ul style="list-style-type: none"> <li>As at 31 March 2021, the Group has not invested any companies in construction and property development industry. The Group is seeking suitable business projects or companies for investment.</li> </ul>

## 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 2021, we utilised the net proceeds in accordance with the designated uses set out in the Prospectus and the announcement of Company dated 5 March 2021 in relation to the change in use of proceeds as follows:

Business strategies	Revised allocation of the total net proceeds designated in the announcement dated on 5 March 2021 HK\$' million	Actual usage of net proceeds up to 31 March 2021 HK\$' million	Unutilised net proceeds as at 31 March 2021 HK\$' million	Expected timeline for utilising the unutilised net proceeds
Support and expand our structural and geotechnical engineering team	7.9	7.8	0.1	On or before 31 March 2022
Grow and develop our civil engineering team	7.9	2.3	5.6	On or before 31 March 2022
Expand our office infrastructure and BIM upgrade	5.2	0.4	4.8	On or before 31 March 2022
Support and expand our material engineering and building repairs area of service	0.1	0.1	–	Not applicable
General working capital	1.2	1.2	–	Not applicable
Acquisition of or investment in companies in construction and property development industry	4.6	–	4.6	On or before 31 March 2022
	<u>26.9</u>	<u>11.8</u>	<u>15.1</u>	

# Management Discussion and Analysis

The unutilised balance of net proceeds of each designated uses set out above is expected to be fully utilised by 31 March 2022. Please refer to the announcements of the Company dated 28 August 2020 and 5 March 2021 for the details of the delay in the use of the net proceeds and change in the use of proceeds, respectively.

## PRINCIPAL RISKS AND UNCERTAINTIES

The business operations and results of the Group may be affected by various factors, some of which are external causes and some are inherent to the business. The Board is aware that the Group is exposed to various risks and the principal risks and uncertainties facing the Group are summarized below:

- The Group relies heavily on professional staff, in particular, management team, in operating the business;
- The Group determines the tender price based on, among other things, the estimated time and costs involved in a project, which may deviate from the actual time and costs involved;
- Service fee may not be paid in full due to clients' projects not being completed as originally planned; and
- The Group is exposed to the credit risk of trade receivables and may experience increasing balance of such receivables and longer trade receivables' turnover days.

For other risks and uncertainties facing the Group, please refer to the section headed "Risk Factors" in the Prospectus. Material principal risks and uncertainties affecting the Group are substantially unchanged from those disclosed in the Prospectus. The Directors will monitor, assess and respond to the above risks in a timely manner.

## 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 2021 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 2021 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

<b>“Audit Committee”</b>	the audit committee of the Board
<b>“Authorized Person”</b>	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
<b>“BIM”</b>	building information modelling
<b>“BO”</b>	the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
<b>“Board”</b>	the board of Directors
<b>“BVI”</b>	the British Virgin Islands
<b>“CG Code”</b>	Corporate Governance Code and Corporate Governance Report, in Appendix 15 to the GEM Listing Rules
<b>“China” or “PRC”</b>	the People’s Republic of China, and except where the context requires otherwise, does not include Hong Kong, Macau and Taiwan
<b>“Company”</b>	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
<b>“Concerted Group”</b>	collectively refers to Dr. Chan and Mr. Kwong
<b>“Controlling Shareholder(s)”</b>	the controlling Shareholder(s) (having the meaning ascribed to it in the GEM Listing Rules), namely, Manning Properties, Dr. Chan and Mr. Kwong
<b>“Director(s)”</b>	the director(s) of our Company
<b>“Dr. Chan”</b>	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
<b>“Etuan Investment”</b>	Etuan Investment Limited, a company incorporated in the British Virgin Islands with limited liability on 18 March 2019 and engaged in investment holding
<b>“Etuan Technology”</b>	Etuan Technology Limited, a company incorporated in the British Virgin Islands with limited liability on 22 March 2019 and is engaged in investment holding of Zhouji Network through the VIE Arrangement. Before completion of the Disposal, Etuan Technology is a wholly-owned subsidiary of the Company
<b>“GEM”</b>	GEM operated by the Stock Exchange
<b>“GEM Listing Rules”</b>	the Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time
<b>“Group”, “our Group”, “we” or “us”</b>	the Company together with its subsidiaries
<b>“HK\$” or “HK dollar(s)” and “cent(s)”</b>	Hong Kong dollar(s) and cent(s) respectively, the lawful currency of Hong Kong
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“Listing”</b>	the listing of our Shares on GEM on the Listing Date

# Glossary

<b>“Macau”</b>	the Macao Special Administrative Region of the PRC
<b>“Manning Properties”</b>	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 (holding approximately 68.2% interests in Manning Properties) and Mr. Kwong (holding approximately 31.8% interests in Manning Properties)
<b>“Mr. Kwong”</b>	Mr. Kwong Po Lam (鄭保林先生), an executive Director and a Controlling Shareholder holding approximately 31.8% of interests in Manning Properties
<b>“Prospectus”</b>	the prospectus of the Company dated 31 August 2018 issued in connection with the Listing
<b>“Registered Structural Engineer”</b>	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
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC
<b>“Share Offer”</b>	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
<b>“Share(s)”</b>	ordinary share(s) of nominal value of HK\$0.01 each in the share capital of our Company
<b>“Shareholder(s)”</b>	holder(s) of our Share(s) from time to time
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“subsidiary(ies)”</b>	has the meaning ascribed to it under the GEM Listing Rules
<b>“VIE Arrangement”</b>	the variable interest entity (VIE) arrangement established through the entering into of structured contracts, which enables the Group to have effective control over the operations and the entire economic interest and benefits of Zhouji Network
<b>“W&amp;C Shenzhen”</b>	黃鄭建築科技開發（深圳）有限公司, a company incorporated under the laws of the PRC with limited liability on 2 November 2001, which is owned as to 100% by W&C Hong Kong and is our indirect wholly-owned subsidiary
<b>“Zhouji Network”</b>	Hangzhou Zhouji Network Technology Limited* (杭州舟濟網絡科技有限公司), a company incorporated in the PRC with limited liability

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

Hong Kong, 25 June 2021

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

\* For identification purpose only