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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 2022

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 Listed Company Information” page of the Stock Exchange’s website at www.hkexnews.hk for at least seven days from the date of its posting. This announcement will be also be published on the website of the Company at 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 2022 together with the comparative figures for the year ended 31 March 2021, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 March	
		2022	2021
	Notes	HK\$'000	HK\$'000
Revenue	4	79,121	77,317
Cost of services		(53,142)	(49,156)
Gross profit		25,979	28,161
Other income and other gains or losses	5	1,651	5,909
Gain on bargain purchase		–	163
Gain on deemed disposal of an associate		720	–
Loss on disposals of subsidiaries		–	(1,734)
Fair value changes on financial assets at fair value through profit or loss (“ FVTPL ”)		(2,876)	–
Impairment loss on investment in an associate		(1,861)	–
Impairment loss for trade receivables and contract assets, net of reversal of impairment losses and write-off		(3,871)	(1,541)
General and administrative expenses		(21,359)	(23,595)
Share of result of an associate		(1,773)	–
Finance costs	6	(229)	(160)
(Loss)/profit before taxation	7	(3,619)	7,203
Income tax expense	8	(1,032)	(888)
(Loss)/profit for the year attributable to owners of the Company		(4,651)	6,315

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (CONTINUED)**

		Year ended 31 March	
		2022	2021
	<i>Notes</i>	HK\$'000	HK\$'000
Other comprehensive expense			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		(68)	(109)
Exchange differences reclassified to profit or loss on disposals of subsidiaries		—	(14)
Other comprehensive expense for the year, net of tax		<u>(68)</u>	<u>(123)</u>
Total comprehensive (expense)/income for the year attributable to owners of the Company		<u>(4,719)</u>	<u>6,192</u>
(Loss)/earnings per share attributable to owners of the Company			
– basic and diluted (<i>HK cents</i>)	9	<u>(0.43)</u>	<u>0.66</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 31 March	
	<i>Notes</i>	2022	2021
		<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		1,419	468
Right-of-use assets		4,354	5,191
Investment in an associate		18,020	–
Rental deposits paid		–	797
Deferred tax assets		1,001	702
		<u>24,794</u>	<u>7,158</u>
Current assets			
Trade and other receivables	11	34,900	27,034
Financial assets at FVTPL		766	–
Contract assets		22,089	14,509
Cash and cash equivalents		37,836	39,784
		<u>95,591</u>	<u>81,327</u>
Current liabilities			
Trade and other payables	12	8,260	5,644
Contract liabilities		17,416	6,420
Lease liabilities		1,952	2,621
Income tax payable	10	244	951
		<u>27,872</u>	<u>15,636</u>
Net current assets		<u>67,719</u>	<u>65,691</u>
Total assets less current liabilities		<u>92,513</u>	<u>72,849</u>
Non-current liabilities			
Lease liabilities		<u>2,560</u>	<u>2,753</u>
NET ASSETS		<u><u>89,953</u></u>	<u><u>70,096</u></u>
CAPITAL AND RESERVES			
Share capital	13	11,520	9,600
Reserves		<u>78,433</u>	<u>60,496</u>
Equity attributable to owners of the Company		<u><u>89,953</u></u>	<u><u>70,096</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company						Total <i>HK\$'000</i>
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Merger reserves <i>HK\$'000</i>	Legal reserves <i>HK\$'000</i>	Translation reserves <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	
At 1 April 2020	<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)
Reverse of exchange differences upon disposals of subsidiaries	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14)</u>	<u>-</u>	<u>(14)</u>
Total comprehensive (expense)/income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(123)</u>	<u>6,315</u>	<u>6,192</u>
At 31 March 2021 and 1 April 2021	<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>
Loss for the year	-	-	-	-	-	(4,651)	(4,651)
Other comprehensive expense:							
Exchange differences on translation of foreign operations	-	-	-	-	(68)	-	(68)
Issuance of consideration shares upon acquisition of an associate (<i>note 13</i>)	<u>1,920</u>	<u>22,656</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,576</u>
Total comprehensive (expense)/income	<u>1,920</u>	<u>22,656</u>	<u>-</u>	<u>-</u>	<u>(68)</u>	<u>(4,651)</u>	<u>19,857</u>
At 31 March 2022	<u>11,520</u>	<u>71,416</u>	<u>647</u>	<u>49</u>	<u>59</u>	<u>6,262</u>	<u>89,953</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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 are listed on GEM of The Hong Kong of Stock Exchange Limited (“**Stock Exchange**”) since 17 September 2018.

2. BASIS OF PREPARATION

These 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**”). HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance. Significant accounting policies adopted by the Group are disclosed below.

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. Except for derivative financial assets are measured at fair value, the measurement basis used in the presentation 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 (CONTINUED)

For the year ended 31 March 2022

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 the HKICPA that have been issued and effective for the Group's financial year beginning on 1 April 2021. Of these, the following developments are relevant to the Group's consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021

The adoption of all new amendments to HKFRS in 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:

	Effective for accounting periods beginning on or after
Amendments to HKFRS 3 Business Combination – Reference to the Conceptual Framework	1 January 2022
Amendments to HKFRS 16 Property, Plant and Equipment – Proceeds before Intended use	1 January 2022
Amendments to HKFRS 37 Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to HKFRSs 2018-2020 Cycle	1 January 2022
Amendments to HKAS 1 Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKAS 1 Presentation of Financial Statements and HKFRS Practice Statement 2 Making Materiality Judgements – Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12 Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023

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 (CONTINUED)

For the year ended 31 March 2022

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 within the scope of HKFRS 15 by services lines is as follows:

	Year ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
Disaggregated by major services lines		
– Construction of new properties	53,035	46,519
– Refurbishment/maintenance of existing properties	16,128	14,976
– E-commerce online platform	–	7,508
– Others	9,958	8,314
	<u>79,121</u>	<u>77,317</u>

	Year ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
Timing of revenue recognition:		
– Services recognised over time	79,121	77,185
– Sales of goods recognised at a point in time	–	132
	<u>79,121</u>	<u>77,317</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(a) Revenue (Continued)

(i) Disaggregation of revenue (Continued)

Revenue mainly represents the contract revenue from provision of comprehensive structural and geotechnical engineering consultancy services recognised over time 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 2022 and 2021; and (ii) revenue from sales of goods derived from Zhouji Network recognised at a point in time basis during the period from 29 April 2020 to 26 March 2021.

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

As at 31 March 2022, the aggregate amount of the transaction price allocated to the remaining performance obligations under the Group’s existing contracts is approximately HK\$92,568,000 (2021: HK\$81,664,000). 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 2022 are as follows:

	At 31 March	
	2022	2021
	HK\$’000	HK\$’000
Expected to be recognised within one year	48,771	39,709
Expected to be recognised after one year	43,797	41,955
	92,568	81,664

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment reporting

Information reported to the Chief Executive 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 over an online platform. The Group commenced operations in value-added telecommunication services business in the PRC upon the establishment of the variable interest entity (“**VIE**”) arrangement on 29 April 2020. As a result, the e-commerce online platform segment became a new operating segment during the year ended 31 March 2021. Under the VIE arrangement, 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’s interest in Zhouji Network held under the VIE arrangement was disposed upon the disposal of Etuan Technology Limited.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment reporting (Continued)

For the year ended 31 March 2022

	Comprehensive structural and geotechnical engineering consulting service <i>HK\$'000</i>	E-commerce online platform business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue			
<i>Timing of revenue recognition:</i>			
Services recognised over time	79,121	–	79,121
Revenue from contracts with customers	<u>79,121</u>	<u>–</u>	<u>79,121</u>
<i>Disaggregated by major services lines:</i>			
Construction of new properties	53,035	–	53,035
Refurbishment/maintenance of existing properties	16,128	–	16,128
Others	9,958	–	9,958
Revenue from contracts with customers	<u>79,121</u>	<u>–</u>	<u>79,121</u>
Segment results	<u>4,912</u>	<u>–</u>	<u>4,912</u>
Reconciliation:			
Unallocated other income			36
Unallocated corporate expenses			(2,777)
Gain on deemed disposal of an associate			720
Fair value changes on financial assets at FVTPL			(2,876)
Impairment loss on investment in an associate			(1,861)
Share of result of an associate			<u>(1,773)</u>
Loss before taxation			<u><u>(3,619)</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment reporting (Continued)

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
Segment revenue			
<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>
Segment results	<u>10,393</u>	<u>1,127</u>	11,520
Reconciliation:			
Unallocated other income			143
Unallocated corporate expenses			(2,889)
Gain on bargain purchase			163
Loss on disposals of subsidiaries			<u>(1,734)</u>
Profit before taxation			<u>7,203</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

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:			
Year ended 31 March 2022			
Depreciation of property, plant and equipment	378	–	378
Depreciation of right-use-assets	2,780	–	2,780
Bad debts written off	1,784	–	1,784
Impairment losses for trade receivables and contract assets, net of reversal of impairment losses and write-off	3,871	–	3,871
Government subsidies	(400)	–	(400)
Gain on lease modification	(22)	–	(22)
Finance costs	229	–	229
	<u> </u>	<u> </u>	<u> </u>
Year ended 31 March 2021			
Depreciation of property, plant and equipment	330	73	403
Depreciation of right-use-assets	2,795	–	2,795
Bad debts written off	1,234	–	1,234
Impairment losses for trade receivables and contract assets, net of reversal of impairment losses and write-off	1,541	–	1,541
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
	<u> </u>	<u> </u>	<u> </u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

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 investment in an associate and deferred tax assets is based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong	77,458	67,512	4,510	6,379
Mainland China	–	7,929	1,263	77
Macau	1,663	1,876	–	–
	<u>79,121</u>	<u>77,317</u>	<u>5,773</u>	<u>6,456</u>

Information about major customers

During the year ended 31 March 2022, no external customers individually contributing 10% or more of the Group's total revenue, details as follows:

	Year ended 31 March	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Customer A*	<u>Nil</u>	<u>11,505</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

5. OTHER INCOME AND OTHER GAINS OR LOSSES

	Year ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
Bad debts written back	–	42
Government subsidies (<i>Note</i>)	400	5,050
Sundry income	943	599
Interest income	112	171
Exchange gains, net	174	13
Loss on disposal of property, plant and equipment	–	(10)
Gain on lease modification	22	44
	1,651	5,909

Note: Being the grants received from the COVID-19 Anti-epidemic Fund under the Employment Support Scheme, Support for Engineering, Architectural, Surveying, Town Planning and Landscape Sectors 3.0 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 years ended 31 March 2022 and 2021.

6. FINANCE COSTS

	Year ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
Interest on bank borrowings	–	3
Interest on lease liabilities	229	157
	229	160

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

7. (LOSS)/PROFIT BEFORE TAXATION

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

	Year ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
(a) Staff costs		
Directors' remuneration	8,208	8,181
Salaries, wages and other benefits, excluding those of directors	45,446	43,226
Contributions to defined contribution retirement plan, excluding those of directors	1,849	1,507
Total staff costs	55,503	52,914
Less: Amount included in general and administrative expenses	(8,166)	(10,257)
Total staff costs included in cost of services	<u>47,337</u>	<u>42,657</u>
(b) Other items		
Auditor's remuneration:		
– Audit service for the year	680	460
– Non-audit services	200	220
Exchange gains, net	(174)	(13)
Depreciation of property, plant and equipment	378	403
Depreciation of right-of-use assets	2,780	2,795
Government subsidies	(400)	(5,050)
Gain on lease modification	(22)	(44)
Bad debts written off	1,784	1,234
Impairment losses on trade receivables and contract assets, net of reversal of impairment losses and write-off	3,871	1,541
Loss on disposal of property, plant and equipment	–	10

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

8. INCOME TAX EXPENSE

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

	Year ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
Current tax		
Hong Kong Profits Tax:		
– Provision for the year	1,329	1,072
– Under/(over)-provision for prior years	2	(11)
	<u>1,331</u>	<u>1,061</u>
PRC Enterprise Income Tax:		
– Provision for the year	–	148
– Over-provision for prior year	–	(85)
	<u>–</u>	<u>63</u>
Macau Complementary Tax:		
– Over-provision for prior year	–	(60)
	<u>–</u>	<u>–</u>
	1,331	1,064
Deferred taxation		
Origination and reversal of temporary differences	(299)	(176)
	<u>(299)</u>	<u>(176)</u>
	<u>1,032</u>	<u>888</u>

Hong Kong Profits Tax has been provided in accordance with the two-tiered profits tax rate regime, the first HK\$2,000,000 (2021: HK\$2,000,000) of assessable profits of a qualifying corporation of the Group is taxed at 8.25% (2021: 8.25%) and the remaining assessable profits above HK\$2,000,000 (2021: HK\$2,000,000) are taxed at 16.5% (2021: 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 (CONTINUED)

For the year ended 31 March 2022

8. INCOME TAX EXPENSE (CONTINUED)

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

Enterprise Income Tax (“EIT”) in Mainland China has been provided at the rate of 25% (2021: 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 RMB1.0 million shall be calculated at a reduced rate of 12.5% as taxable income amount and be subject to EIT at 20% tax rate. The portion over RMB1.0 million but not exceeding RMB3.0 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 years ended 31 March 2022 and 2021.

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

	Year ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
(Loss)/profit before taxation	<u>(3,619)</u>	<u>7,203</u>
Notional tax on (loss)/profit before taxation, calculated at the tax rates applicable to the respective tax jurisdictions	472	1,443
Tax effect of non-deductible expenses	723	932
Tax effect of non-taxable income	(16)	(860)
Tax effect of tax losses not recognised	26	80
Tax effect of concessionary tax rate	(165)	(541)
Effect of tax reduction in Hong Kong Profits Tax	(10)	(10)
Under/(over)-provision for prior years	<u>2</u>	<u>(156)</u>
Income tax expense	<u>1,032</u>	<u>888</u>

No deferred tax asset has been recognised in respect of PRC unused tax losses due to the unpredictability of relevant future profit of approximately HK\$1,176,000 (2021: HK\$140,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

9. (LOSS)/EARNINGS PER SHARE

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

	Year ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
(Loss)/profit for the year attributable to owners of the Company	(4,651)	6,315
Number of shares:		
Weighted average number of ordinary shares in issue ('000)	1,093,085	960,000
Basic and diluted (loss)/earnings per share (HK cents)	<u>(0.43)</u>	<u>0.66</u>

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

Diluted (loss)/earnings per share for both years were the same as basic (loss)/earnings 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

	At 31 March	
	2022	2021
	HK\$'000	HK\$'000
Provision for Hong Kong Profits Tax for the year	1,329	1,072
Provisional Profits Tax paid	(1,085)	(121)
Provision for corporate income tax in other jurisdictions	–	148
Corporate income tax paid in other jurisdictions	–	(187)
Balance of Profits Tax provision relating to prior years	–	39
	<u>244</u>	<u>951</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

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

(ii) Reconciliation to the consolidated statement of financial position

	At 31 March	
	2022	2021
	HK\$'000	HK\$'000
Tax recoverable	–	–
Tax payable	244	951
	<u>244</u>	<u>951</u>
	<u>244</u>	<u>951</u>

11. TRADE AND OTHER RECEIVABLES

	At 31 March	
	2022	2021
	HK\$'000	HK\$'000
Trade receivables	37,033	31,418
Less: Allowance for trade receivables	<u>(8,854)</u>	<u>(5,254)</u>
Trade receivables, net of allowance for credit losses	28,179	26,164
Deposits, prepayments and other receivables	<u>6,721</u>	<u>870</u>
	<u>34,900</u>	<u>27,034</u>

As at 31 March 2022, the gross carrying amounts of trade receivables from contracts with customers amounted to approximately HK\$37,033,000 (2021: HK\$31,418,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

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:

	At 31 March	
	2022	2021
	HK\$'000	HK\$'000
Within 30 days	6,936	5,678
Over 30 days and within 90 days	9,818	7,761
Over 90 days and within 180 days	4,048	4,961
Over 180 days	7,377	7,764
	<u>28,179</u>	<u>26,164</u>

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 ageing analysis of accounts and on management's judgement including the creditworthiness and the past collection history of each customer.

12. TRADE AND OTHER PAYABLES

	At 31 March	
	2022	2021
	HK\$'000	HK\$'000
Trade payables	1,645	1,497
Provision for annual leave and long service payment	2,145	1,989
Accrued expenses and other payables	4,470	2,158
	<u>8,260</u>	<u>5,644</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

12. TRADE AND OTHER PAYABLES (CONTINUED)

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

	At 31 March	
	2022	2021
	HK\$'000	HK\$'000
Within 30 days	516	220
31 – 60 days	225	442
61 – 90 days	134	563
Over 90 days	770	272
	<u>1,645</u>	<u>1,497</u>

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

	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	<u>1,500,000,000</u>	<u>15,000</u>
Issued and fully paid:		
At 1 April 2020, 31 March 2021, and 1 April 2021	<u>960,000,000</u>	<u>9,600</u>
Issue in consideration for the acquisition of the 23.4% issued share capital of an associate (<i>note</i>)	<u>192,000,000</u>	<u>1,920</u>
At 31 March 2022	<u>1,152,000,000</u>	<u>11,520</u>

Note:

On 22 July 2021, the Company issued 192,000,000 new ordinary shares for the acquisition of 23.4% issued share capital of an associate. The closing share price of the Company's shares at the date of issue is HK\$0.128 per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

14. DIVIDEND

The directors of the Company do not recommend the payment of final dividend for the year ended 31 March 2022 (2021: nil).

15. 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 2022, the Group recorded an increase in revenue of approximately 2.3% to approximately HK\$79.1 million from approximately HK\$77.3 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 of approximately HK\$6.5 million for the year ended 31 March 2022.

The Group was focusing on developing business opportunities from existing clients and was looking for diversifying the types of services to be provided to various clients such as provision of equipment rental services in construction site. 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. The Group is actively seeking new business opportunities in the way of acquisition or formation of joint ventures.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW

Revenue

The revenue of the Group increased from approximately HK\$77.3 million for the year ended 31 March 2021 to approximately HK\$79.1 million for the year ended 31 March 2022, representing an increase of approximately 2.3%. Such increase was mainly due to the increase in revenue contribution from structural and geotechnical engineering consultancy services of construction of new properties approximately HK\$6.5 million for the year ended 31 March 2022.

Cost of Services

The cost of services increased from approximately HK\$49.2 million for the year ended 31 March 2021 to approximately HK\$53.1 million for the year ended 31 March 2022, representing an increase of approximately 8.1%. The cost of services mainly comprised of staff costs for professional staff and subconsulting costs. The percentage of staff costs to total cost of services for the year ended 31 March 2022 was approximately 89.1% (for the year ended 31 March 2021: approximately 86.8%). The increase was mainly attributable to the net effect of (i) increase in subconsulting charges incurred for the construction projects related to structural and geotechnical engineering consultancy services; (ii) increase in staff costs and benefits as a result of raises in basic salary and staff welfare for the structural and geotechnical engineering consultancy services for the year ended 31 March 2022; and (iii) absence of cost of services derived from the business of e-commerce online platform undertaken by Zhouji Network due to disposals on 26 March 2021.

Gross Profit

Gross profit of the Group decreased by approximately HK\$2.2 million from approximately HK\$28.2 million for the year ended 31 March 2021 to approximately HK\$26.0 million for the year ended 31 March 2022, representing a decreased of approximately 7.7%. The decrease was mainly caused by the increase in professional staff costs and subconsulting charges for the year ended 31 March 2022 as discussed above. The overall gross profit margin decreased from approximately 36.4% for the year ended 31 March 2021 to approximately 32.8% for the year ended 31 March 2022.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW (CONTINUED)

Other Income and Other Gains or Losses

Other income and other gains or losses of the Group for the years ended 31 March 2022 and 2021 were approximately HK\$1.7 million and HK\$5.9 million respectively, representing an decrease of approximately 72.1%. The decrease in other income and other gains or losses was mainly attributable to the absence of government subsidies from the Employment Support Scheme under the Anti-epidemic Fund which launched by the Government of Hong Kong Special Administrative Region of the People's Republic of China ("HKSAR").

Fair Value Changes on Financial Assets at Fair Value Through Profit or Loss ("FVTPL")

During the year ended 31 March 2022, the Group recorded a loss arising from fair value changes on financial assets at FVTPL of approximately HK\$2.9 million, representing the decrease of fair value of the derivative financial assets relating to investment in an associate held by the Group as at 31 March 2022.

Impairment Loss on Investment in an Associate

The Group has engaged an independent external professional valuer to assess the recoverable amount of investment in an associate as at 31 March 2022. The recoverable amount of investment in an associate is lower than its carrying amount as at 31 March 2022, which resulted an impairment loss of approximately HK\$1.9 million for the year ended 31 March 2022. Such impairment loss on investment in an associate is a non-cash and extraordinary item and will not have any impact on the Group's cash flows and daily business operation.

General and Administrative Expenses

General and administrative expenses of the Group decreased by approximately HK\$2.2 million or 9.5% from approximately HK\$23.6 million for the year ended 31 March 2021 to approximately HK\$21.4 million for the year ended 31 March 2022. 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 absence of general and administrative expenses derived from the business of e-commerce online platform undertaken by Zhouji Network due to disposal on 26 March 2021.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW (CONTINUED)

Share of Result of an Associate

The share of loss of an associate of approximately HK\$1.8 million was contributed by an associate, OPS, which was acquired in 22 July 2021.

Finance Costs

Finance costs amounted to approximately HK\$0.2 million for the years ended 31 March 2022 and 2021, which represented interest expenses on lease liabilities and interest expenses on bank borrowings.

Income Tax Expense

The Group incurred income tax expense amounting to approximately HK\$1.0 million and HK\$0.9 million for the years ended 31 March 2022 and 2021, respectively. Such change was primarily attributable to increase in assessable profit of a major operating subsidiary of the Company for the year ended 31 March 2022.

(Loss)/Profit for the Year

Loss for the year of the Group amounted to approximately HK\$4.7 million for the year ended 31 March 2022 (for the year ended 31 March 2021: profit of approximately HK\$6.3 million). The loss was primarily attributable to the (a) increase in cost of services resulting from (i) increase in the subconsulting charges incurred for the construction projects that required subconsulting services undertaken by the Group; (ii) increase in professional staff costs included in cost of services; and (b) absence of government subsidies received from Government of HKSAR under the Employment Support Scheme; (c) impairment loss recognised in respect of the interest in an associate; (d) fair value losses on derivative financial assets relating to investment in an associate held by the Group as at 31 March 2022; (e) share of loss from an associate; and (f) increase in provision of impairment loss on trade receivables for the year ended 31 March 2022.

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 5.2 times as at 31 March 2021 to 3.4 times as at 31 March 2022. The decrease was mainly due to the increase in trade and other payables and contract liabilities as at 31 March 2022.

As at 31 March 2022, the Group had no borrowings. The gearing ratio as at 31 March 2022, 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.

On 22 July 2021, the Company issued 192,000,000 new ordinary shares for the acquisition of 23.4% issued share capital of OPS. The closing share price of the Company's shares at the date of issue is HK\$0.128 per share.

CAPITAL STRUCTURE (CONTINUED)

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 1,152,000,000.

COMMITMENTS

As at 31 March 2022, the Group did not have any capital commitments (31 March 2021: nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 31 March 2022, save for the business plans as set out in the Prospectus and the announcements of the Company dated 5 March 2021 and 31 December 2021, the Group did not have other plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

Background of the Acquisition

On 9 July 2021, the Company and its subsidiary, WAC (Hong Kong) Limited (the "**Purchaser**"), and Alpha Generator Limited (the "**Vendor**") entered into sale and purchase agreement, pursuant to which the Purchaser has conditionally purchase, and the Vendor conditionally agreed to sell 23.4% of the issued share capital of OPS. The consideration was satisfied by the allotment and issue of 192,000,000 new shares to the Vendor at the date of completion (the "**Consideration shares**"). The Consideration shares were issued under the general mandate. Having satisfied all the terms and conditions of the agreements, the acquisition was completed on 22 July 2021.

On 22 July 2021, the Company issued 192,000,000 new ordinary shares for the acquisition of 23.4% issued share capital of OPS, an associate of the Company. The closing share price of the Company's shares at the date of issue was HK\$0.128 per Share.

Please refer to the announcements of the Company dated 9 July 2021, 16 July 2021 and 22 July 2021 for the detail contents and principal terms of the acquisition transaction.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES (CONTINUED)

Profit Guarantee

The Vendor irrevocably and unconditionally warranted and guaranteed to the Purchaser that the audited net profit after taxation of the OPSHK for the Guaranteed Period should not be less than HK\$6,000,000. Auditors were procured by the Vendor to provide the audited financial statements of the OPSHK for the Guaranteed Period on or before 30 April 2022.

According to the audited report of OPSHK received in April 2022, the Profit Guarantee was met.

Call Option

Pursuant to the sale and purchase agreement, Vendor has additionally granted to the Purchaser the call option to acquire up to a further 660 shares in the OPS from the Vendor, which right is exercisable from time to time at the sole discretion of the Purchaser, in whole or in part, within two years after the date of completion, at a consideration of HK\$5,148,000 if fully exercised, or pro rata amount if partially exercised. There is no premium for the Option.

During the year ended 31 March 2022, the Purchaser has not exercised any call option under the sale and purchase agreement.

Save as disclosed herein, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 March 2022.

CONTINGENT LIABILITIES

The Group did not have significant contingent liabilities as at 31 March 2022 (31 March 2021: nil).

EXPOSURE TO EXCHANGE RATE FLUCTUATION

The Group's revenue generating operations are mainly transacted in Hong Kong dollars. In addition, the Group bank balances are mainly denominated in Hong Kong dollars. The Directors consider the impact of foreign exchange exposure to the Group is minimal. During the year ended 31 March 2022, 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 2022, 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 2021: HK\$4.1 million).

EVENT AFTER THE REPORTING PERIOD

As at the date of this announcement, there was no significant event after 31 March 2022 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 2022, the Group employed a total of 141 employees (31 March 2021: 125 employees). The staff costs, including Directors' emoluments, of the Group were approximately HK\$55.5 million for the year ended 31 March 2022 (for the year ended 31 March 2021: approximately HK\$52.9 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 contributions.

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 2022, 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 and 31 December 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 31 December 2021 <i>HK\$' million</i>	Actual usage of net proceeds up to 31 March 2022 <i>HK\$' million</i>	Unutilised net proceeds as at 31 March 2022 <i>HK\$' million</i>	Expected timeline for utilising the unutilised net proceeds
Support and expand our structural and geotechnical engineering team	11.8	9.3	2.5	On or before 31 March 2023
Grow and develop our civil engineering team	7.9	5.3	2.6	On or before 31 March 2023
Expand our office infrastructure and BIM upgrade	1.3	1.0	0.3	On or before 31 March 2023
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	0.1	4.5	On or before 31 March 2023
	26.9	17.0	9.9	

USE OF PROCEEDS (CONTINUED)

The unutilised balance of net proceeds of each designated uses set out above is expected to be fully utilised by 31 March 2023. Please refer to the announcements of the Company dated 28 August 2020, 5 March 2021 and 31 December 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.

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 2022:

Business objective and strategy	Principal business plan and activity as stated in the Prospectus	Actual business progress up to 31 March 2022
Support and expand our structural and geotechnical engineering team	<ul style="list-style-type: none"> Retain the new staff employed Maintenance of computers and software for additional staff 	<ul style="list-style-type: none"> The Group has recruited nineteen 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, 2021 and 2022, the Group has incurred staff costs of approximately HK\$8.6 million as at 31 March 2022 after the listing. As at 31 March 2022, the Group has purchased new computers and software for new staff in the amount of approximately HK\$0.7 million.
Grow and develop our civil engineering team	<ul style="list-style-type: none"> Retain the new staff employed 	<ul style="list-style-type: none"> The Group has recruited eighteen 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, 2021 and 2022, the Group has incurred staff costs of approximately HK\$5.3 million as at 31 March 2022 after the Listing.

COMPARISON BETWEEN BUSINESS OBJECTIVES AND ACTUAL BUSINESS PROGRESS (CONTINUED)

Business objective and strategy	Principal business plan and activity as stated in the Prospectus	Actual business progress up to 31 March 2022
Expand our office infrastructure and BIM	<ul style="list-style-type: none"> • Retain the new staff employed • Upgrade computers and software for existing staff • Minor renovation for office upgrade 	<ul style="list-style-type: none"> • The Group has recruited one BIM experienced engineer and upgraded computer equipment and server infrastructure. The Group has incurred both staff costs and computer and server infrastructure cost of approximately HK\$0.7 million as at 31 March 2022 after Listing. • As at 31 March 2022, the Group has purchased four sets of BIM software licenses and computer equipment amounting to approximately HK\$194,000. • As at 31 March 2022, the Group has paid approximately HK\$45,000 to sponsor its engineering staff to attend BIM training courses held by third parties. • The Group postponed the plan to rent additional office space due to the current outbreak of COVID-19 in Hong Kong.
Support and expand our material engineering and building repairs area of service	<ul style="list-style-type: none"> • Retain the new staff employed 	<ul style="list-style-type: none"> • 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 2022 after the Listing.

COMPARISON BETWEEN BUSINESS OBJECTIVES AND ACTUAL BUSINESS PROGRESS (CONTINUED)

Business objective and strategy	Principal business plan and activity as stated in the Prospectus	Actual business progress up to 31 March 2022
Acquisition of or investment in companies in construction and property development industry	<ul style="list-style-type: none">• Explore business opportunities for acquisition or investment	<ul style="list-style-type: none">• The Group has acquired a company of approximately HK\$0.1 million as at 31 March 2022.

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 2022 with the management and external auditor of the Company.

SCOPE OF WORK OF MCMILLAN WOODS (HONG KONG) CPA LIMITED

The figures in respect of this preliminary announcement of the Group's results for the year ended 31 March 2022 have been compared by the Company's auditor, McMillan Woods (Hong Kong) CPA Limited ("McMillan Woods"), to the amounts set out in the Group's financial statements for the year and the amounts were found to be in agreement. The work performed by McMillan Woods in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the auditor on this preliminary announcement of results.

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
"Board"	the board of Directors
"BVI"	the British Virgin Islands
"CG Code"	Corporate Governance Code and Corporate Governance Report, 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

GLOSSARY (CONTINUED)

“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961) of the Cayman Islands, as amended, consolidated, revised or otherwise modified from time to time
“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 that they ceased to be the controlling shareholder of the Company and remained as the largest substantial shareholder of the Company on 25 February 2022 (please refer to the announcement of the Company dated on 25 February 2022)
“COVID-19”	the novel coronavirus disease
“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
“Etuan Technology”	Etuan Technology Limited, a company incorporated in the British Virgin Islands with limited liability on 22 March 2019 and is principally 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
“FVTPL”	financial assets at fair value through profit or loss

GLOSSARY (CONTINUED)

“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
“Government”	the Government of Hong Kong
“Group”, “our Group”, “we” or “us”	the Company together with its subsidiaries
“Guaranteed Period”	The 12-month period commencing on 1 January 2021 and ending on 31 December 2021 both days inclusive
“Guaranteed Profit” or “Profit Guarantee”	The irrevocable guarantee provided by the Alpha Generator Limited to the WAC (Hong Kong) Limited that the audited net profit after tax of the Target Company for the Guaranteed Period shall not be less than HK\$6,000,000 for the period commencing on 1 January 2021 and ending on 31 December 2021 (both days inclusive)
“HK\$” or “HK dollar(s)” and “cent(s)”	Hong Kong dollar(s) and cent(s) respectively, the lawful currency of Hong Kong
“HKEX” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Listing”	the listing of our Shares on GEM on the Listing Date

GLOSSARY (CONTINUED)

“Macau”	the Macao 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 (holding approximately 68.2% of interests in Manning Properties) and Mr. Kwong (holding approximately 31.8% of interests in Manning Properties)
“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
“OPS”	OPS Holdings Limited, a company incorporated in the BVI with limited liability which was acquired by the group on 22 July 2021. At 31 March 2022, the group owns 19.83% equity interest of the OPS and it is an associate company of the Group
“OPSHK”	OPS Interior Design Consultant Limited, a company incorporated in Hong Kong with limited liability which is a wholly own subsidiary of the OPS
“Prospectus”	the prospectus of the Company dated 31 August 2018 issued in connection with the Listing
“Registered Structural Engineer”	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
“RMB”	Renminbi, the lawful currency of the PRC
“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

GLOSSARY (CONTINUED)

“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
“VIE Arrangement”	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
“Zhouji Network”	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
“%”	percent

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

Hong Kong, 28 June 2022

As at the date of this announcement, the Board comprises Dr. Chan Yin Nin and Mr. Kwong Po Lam, Mr. Man Kwok Hing and Ms. Leung Suet Yiu as executive Directors; and Mr. Choy Wai Shek, Raymond, Mr. Sze Kyran and Ms. Siu Yuk Ming as independent non-executive Directors.

* For identification purpose only