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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 2020

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 for at least seven days from the date of its publication and the Company's website 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 2020 together with the comparative figures for the year ended 31 March 2019, as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income

		Year ended 31 March	
		2020	2019
	Notes	**HK$'000**	HK$'000
Revenue	*4*	**58,864**	64,629
Cost of services		**(40,856)**	(40,833)
Gross profit		**18,008**	23,796
Other income	*5(a)*	**1,100**	689
Other losses, net	*5(b)*	**(1,632)**	(6)
Listing expenses		**–**	(5,427)
General and administrative expenses		**(24,627)**	(18,387)
Finance costs	*6*	**(150)**	(147)
(Loss)/Profit before taxation	*7*	**(7,301)**	518
Income tax credit/(expenses)	*8*	**337**	(937)
Loss for the year attributable to owners of the Company		**(6,964)**	(419)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**85**	89
Other comprehensive income for the year, net of tax		**85**	89
Total comprehensive expenses for the year attributable to owners of the Company		**(6,879)**	(330)
Loss per share attributable to owners of the Company			
– basic and diluted (HK cents)	*9*	**(0.73)**	(0.05)

Consolidated Statement of Financial Position

	Notes	At 31 March 2020 HK$'000	2019 HK$'000
Non-current assets			
Property, plant and equipment		**667**	725
Right-of-use assets		**3,046**	–
Deposits paid		**–**	782
Deferred tax assets		**526**	92
		4,239	1,599
Current assets			
Trade and other receivables	*11*	**25,446**	19,994
Contract assets		**12,629**	13,146
Income tax recoverable	*10*	**503**	926
Bank balances and cash		**32,318**	42,219
		70,896	76,285
Current liabilities			
Trade and other payables	*12*	**4,076**	3,367
Contract liabilities		**3,683**	3,294
Lease liabilities		**2,002**	–
Income tax payable	*10*	**270**	275
		10,031	6,936
Net current assets		**60,865**	69,349
Total assets less current liabilities		**65,104**	70,948
Non-current liabilities			
Lease liabilities		**1,200**	–
NET ASSETS		**63,904**	70,948
CAPITAL AND RESERVES			
Share capital	*13*	**9,600**	9,600
Reserves		**54,304**	61,348
Equity attributable to owners of the Company		**63,904**	70,948

Consolidated Statement of Changes in Equity

	Attributable to owners of the Company						
	Share capital HK$'000	**Share premium** HK$'000	**Merger reserves** HK$'000	**Legal reserves** HK$'000	**Translation reserves** HK$'000	**Retained earnings** HK$'000	**Total** HK$'000
At 1 April 2018	10	14,997	647	49	76	12,146	27,925
Loss for the year	–	–	–	–	–	(419)	(419)
Other comprehensive income	–	–	–	–	89	–	89
Total comprehensive income/(expenses)	–	–	–	–	89	(419)	(330)
Shares issued pursuant to the Capitalisation Issue *(Note 13)*	6,710	(6,710)	–	–	–	–	–
Shares issued pursuant to the Share Offer *(Note 13)*	2,880	54,720	–	–	–	–	57,600
Share issue expenses	–	(14,247)	–	–	–	–	(14,247)
At 31 March 2019	9,600	48,760	647	49	165	11,727	70,948
Impact on initial application of HKFRS 16	–	–	–	–	–	(165)	(165)
At 1 April 2019, as restated	9,600	48,760	647	49	165	11,562	70,783
Loss for the year	–	–	–	–	–	(6,964)	(6,964)
Other comprehensive income	–	–	–	–	85	–	85
Total comprehensive income/(expenses)	–	–	–	–	85	(6,964)	(6,879)
At 31 March 2020	9,600	48,760	647	49	250	4,598	63,904

Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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.

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 new and amendments to HKFRSs issued by the HKICPA that have been issued and effective for the Group's financial year beginning on 1 April 2019. Of these, the following developments are relevant to the Group's consolidated financial statements:

Amendments to HKFRS 9	Prepayment Features with Negative Compensation
HKFRS 16	Leases
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Except as described below, the adoption of the new and amended HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or the disclosures set out in the consolidated financial statements.

HKFRS 16 Leases ("HKFRS 16")

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 Leases ("HKAS 17"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standards to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

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

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

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

The Group as a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and

ii. applied the exemption not to recognise right-of-use assets and lease liabilities for the lease term ends within 12 months of the date of initial application.

Summary of effects arising from initial application of HKFRS 16

As at 1 April 2019, the Group recognised lease liabilities and right-of-use assets for leases previously classified as operating leases applying HKAS 17. The Group measured the lease liabilities at the present value of the remaining lease payments, discounted using the incremental borrowing rate of relevant group entities at the date of initial application. The Group's weighted average incremental borrowing rate applied is 3.86%. The Group measured the right-of-use assets at its carrying amount as if HKFRS 16 had been applied since the commencement date, but discounted using the incremental borrowing rate of relevant group entities at the date of initial application.

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

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

Summary of effects arising from initial application of HKFRS 16 (Continued)

The lease liabilities as at 1 April 2019 reconciled to the operating leases commitments as at 31 March 2019 is as follows:

	HK$'000
Operating lease commitments disclosed as at 31 March 2019	4,688
Less:	
Lease liabilities discounted at relevant incremental borrowing rates	(150)
Short-term leases accounted for as expense using the straight-line basis	(66)
Lease liabilities as at 1 April 2019	4,472

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

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

Summary of effects arising from initial application of HKFRS 16 (Continued)

Impact on the consolidated statement of financial position

The following table summarises the impacts of applying of HKFRS 16 on the Group's consolidated statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 March 2019	**Adjustments**	**Carrying amounts after application of HKFRS 16 at 1 April 2019**
	HK$'000	HK$'000	HK$'000
Non-current assets			
Right-of-use assets	–	4,307	4,307
Current liabilities			
Lease liabilities	–	2,554	2,554
Non-current liabilities			
Lease liabilities	–	1,918	1,918
Reserves			
Retained earnings	11,727	(165)	11,562

Impact on the consolidated statement of cash flows

For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 March 2020, movements in working capital have been computed based on opening statement of financial position as at 1 April 2019 as disclosed above.

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

(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 3 (Amendments)	Definition of a Business[4]
HKFRS 9, HKAS 39 and HKFRS 7 (Amendments)	Interest Rate Benchmark Reform[1]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKFRS 17	Insurance Contracts[2]
HKAS 1 and HKAS 8 (Amendments)	Definition of Material[1]

1 Effective for annual periods beginning on or after 1 January 2020.
2 Effective for annual periods beginning on or after 1 January 2021.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

The directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

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.

(i) Disaggregation of revenue

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

	Year ended 31 March	
	2020	2019
	HK$'000	HK$'000
Disaggregated by major services lines		
– Construction of new properties	**35,036**	43,925
– Refurbishment/maintenance of existing properties	**18,368**	16,651
– Others	**5,460**	4,053
	58,864	64,629

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

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

As at 31 March 2020, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is approximately HK$92,373,000. This amount represents revenue expected to be recognised in the future from construction contracts 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 2020 are as follows:

	At 31 March	
	2020	2019
	HK$'000	HK$'000
Expected to be recognised within one year	**37,967**	34,991
Expected to be recognised after one year	**54,406**	24,469
	92,373	59,460

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment reporting

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

Geographical information

Almost all of the Group's external revenue for the year ended 31 March 2020 and 2019 is derived from services rendered in Hong Kong, the place of domicile of the Group's principal operating entities. Almost all of the non-current assets employed by the Group are located in Hong Kong. Hence no geographical information is presented.

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	
	2020	2019
	HK$'000	HK$'000
Customer A	**6,025**	–*

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

5. OTHER INCOME AND OTHER LOSSES, NET

(a) Other income

	Year ended 31 March	
	2020	2019
	HK$'000	HK$'000
Bad debts written back	**–**	88
Rent concession income	**49**	–
Sundry income	**456**	372
Interest income	**595**	229
	1,100	689

(b) Other losses, net

	Year ended 31 March	
	2020	2019
	HK$'000	HK$'000
Exchange losses, net	**(94)**	(138)
Impairment losses for trade receivables and contract assets, net of reversal	**(1,538)**	132
	(1,632)	(6)

6. FINANCE COSTS

	Year ended 31 March	
	2020	2019
	HK$'000	HK$'000
Interest on bank borrowings	**–**	147
Interest on lease liabilities	**150**	–
	150	147

7. (LOSS)/PROFIT BEFORE TAXATION

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

		Year ended 31 March	
		2020	2019
		HK$'000	HK$'000
(a)	**Staff costs**		
	Directors' remuneration	**6,610**	4,933
	Salaries, wages and other benefits	**38,337**	37,325
	Contributions to defined contribution retirement plan, excluding those of directors	**1,515**	1,299
	Total staff costs	**46,462**	43,557
	Less: Amount included in general and administrative expenses	**(9,415)**	(6,227)
	Total staff costs included in cost of services	**37,047**	37,330
(b)	**Other items**		
	Auditor's remuneration:		
	– Audit service for the year	**420**	400
	– Non-audit services	**215**	12
	– Over-provision in prior year	**–**	(200)
	Exchange losses, net	**94**	138
	Depreciation of property, plant and equipment	**373**	292
	Depreciation of right-of-use assets	**2,678**	–
	Impairment losses on trade receivables and contract assets, net of reversal of impairment losses	**3,148**	1,374
	Written off of bad debts	**1,610**	1,506
	Operating lease charges for office premises	**–**	2,777
	Operating lease charges for office equipments	**30**	167

8. INCOME TAX (CREDIT)/EXPENSES

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

	Year ended 31 March	
	2020	2019
	HK$'000	HK$'000
Current tax		
Hong Kong Profits Tax:		
– Provision for the year	**111**	771
– Over-provision for prior years	**(15)**	(30)
	96	741
Enterprise Income Tax in The PRC Provision for the year	**1**	69
Macau Complementary Tax Provision for the year	**–**	145
	97	955
Deferred taxation		
Origination and reversal of temporary differences	**(434)**	(18)
	(337)	937

Hong Kong Profits Tax has been provided in accordance with two-tiered profits tax rate regime, the first HK$2,000,000 of assessable profits of a qualifying corporation of the Group is taxed at 8.25% and the assessable profits above HK$2,000,000 are taxed at 16.5% (2019: 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.

8. INCOME TAX (CREDIT)/EXPENSES (CONTINUED)

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

	Year ended 31 March	
	2020	2019
	HK$'000	HK$'000
(Loss)/profit before taxation	**(7,301)**	518
Notional tax on (loss)/profit before taxation, calculated at the tax rates applicable to the respective tax jurisdictions	**(1,176)**	(20)
Tax effect of non-deductible expenses	**982**	1,047
Tax effect of non-taxable income	**(98)**	(75)
Tax effect of tax losses not recognised	**129**	–
Tax effect of concessionary tax rate	**(131)**	–
Effect of tax reduction in Hong Kong Profits Tax	**(20)**	(30)
Over-provision for prior years	**(15)**	–
Others	**(8)**	15
Income tax (credit)/expenses	**(337)**	937

9. LOSS PER SHARE

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

	Year ended 31 March	
	2020	2019
Loss attributable to owners of the Company (HK$'000)	**(6,964)**	(419)
Weighted average number of ordinary shares in issue ('000 Number of shares)	**960,000**	826,652
Basic and diluted loss per share (HK cents)	**(0.73)**	(0.05)

The calculation of basic loss per share is based on the loss for the year attributable to owners of the Company and weighted average number of shares in issue. For the year ended 31 March 2019, the number of shares for the purpose of basic loss per share has been retrospectively adjusted for the 671,000,000 shares which were issued pursuant to the Capitalisation Issue (as defined in Note 13(ii)).

Diluted loss per share for both years were the same as basic 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

	At 31 March	
	2020	2019
	HK$'000	HK$'000
Provision for Hong Kong Profits Tax for the year	**111**	771
Provisional Profits Tax paid	**(614)**	(1,535)
Provision for corporate income tax in other jurisdiction	**1**	214
Corporate income tax paid in other jurisdiction	**(1)**	(33)
Balance of Profits Tax provision relating to prior years	**270**	(68)
	(233)	(651)

(ii) Reconciliation to the consolidated statement of financial position

	At 31 March	
	2020	2019
	HK$'000	HK$'000
Tax recoverable	**(503)**	(926)
Tax payable	**270**	275
	(233)	(651)

11. TRADE AND OTHER RECEIVABLES

	At 31 March	
	2020	2019
	HK$'000	HK$'000
Trade receivables	**27,920**	19,542
Less: Allowance for trade receivables	**(4,010)**	(2,917)
Trade receivables, net of allowance for credit losses	**23,910**	16,625
Deposits, prepayments and other receivables	**1,536**	3,369
	25,446	19,994

As at 31 March 2020, the gross carrying amounts of trade receivables from contracts with customers amounted to approximately HK$27,920,000 (2019: HK$19,542,000).

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	
	2020	2019
	HK$'000	HK$'000
Within 30 days	**4,156**	4,742
Over 30 days and within 90 days	**5,872**	8,771
Over 90 days and within 180 days	**6,611**	1,882
Over 180 days	**7,271**	1,230
	23,910	16,625

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

	At 31 March	
	2020	2019
	HK$'000	HK$'000
Trade payables	**599**	639
Accrued expenses	**1,232**	1,614
Other payables	**2,245**	1,114
	4,076	3,367

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

	At 31 March	
	2020	2019
	HK$'000	HK$'000
Within 30 days	**265**	446
31–60 days	**176**	60
61–90 days	**–**	50
Over 90 days	**158**	83
	599	639

13. SHARE CAPITAL

	2020 Number of shares	**2020** Share capital HK$'000	2019 Number of shares	2019 Share capital HK$'000
Ordinary shares of HK$0.01 each				
Authorised:				
At 1 April	**1,500,000,000**	**15,000**	38,000,000	380
Increase in authorised share capital on 27 August 2018 *(Note i)*	**–**	**–**	1,462,000,000	14,620
At 31 March	**1,500,000,000**	**15,000**	1,500,000,000	15,000
Issued and fully paid:				
At 1 April	**960,000,000**	**9,600**	1,000,000	10
Issue of shares under the Capitalisation Issue *(Note ii)*	**–**	**–**	671,000,000	6,710
Issue of shares under the Share Offer *(Note iii)*	**–**	**–**	288,000,000	2,880
At 31 March	**960,000,000**	**9,600**	960,000,000	9,600

Note:

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

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

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

14. DIVIDEND

The directors of the Company do not recommend the payment of final dividend for the year ended 31 March 2020 (2019: nil).

15. EVENT AFTER THE REPORTING PERIOD

The COVID-19 outbreak since early 2020 has exerted certain downward pressure on the overall economy in various countries and regions, including Hong Kong, the People's Republic of China and Macau. It has brought about additional uncertainties in the Group's operating environment and may continue to impact the Group's operations and financial position. The Group has been closely monitoring the impact from COVID-19 on the Group's businesses.

As the extent to which the ongoing COVID-19 outbreak is uncertain, it is not practicable to estimate the full financial effect that the COVID-19 outbreak may have on the Group's businesses as at the date when the financial statements are authorised to issue.

In 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 control over the VIE. The VIE arrangement will enable the Group to be involved in a social community-based e-commerce new retail online platform in the PRC in the future. For details of the VIE arrangement, please refer to the announcement of the Company dated 29 April 2020.

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 2020, the Group recorded a decrease in revenue of approximately 8.9% to approximately HK$58.9 million from approximately HK$64.6 million for the preceding financial year. The decrease was mainly affected by the outbreak of COVID-19 in Hong Kong, the People's Republic of China and Macau, the social unrest in Hong Kong, and the work from home arrangement for certain government departments and our certain clients because of COVID-19, resulting in temporary suspension of construction works and delays in project progress during the year ended 31 March 2020. Such negative impact is expected to continue for an uncertain period.

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 business and operating environments of the Group will remain challenging. The Group will continue to expand its market share by securing more engineering consultancy service contracts. The Group is seeking new business opportunities by exploring a social community-based e-commerce new retail online platform which could provide a selection of commodities with quality for users and shopping guides for saving money, professional health management solutions and online education solutions.

FINANCIAL REVIEW

Revenue

The revenue of the Group decreased from approximately HK$64.6 million for the year ended 31 March 2019 to approximately HK$58.9 million for the year ended 31 March 2020, representing a decrease of approximately 8.9%. Such decrease was mainly due to the decrease in revenue that had been affected by the outbreak of COVID-19 in Hong Kong, the People's Republic of China and Macau, the social unrest in Hong Kong, and the work from home arrangement for certain government departments and our certain clients because of COVID-19, resulting in temporary suspension of construction works and delays in project progress during the year ended 31 March 2020. The decrease in revenue was mainly from structural and geotechnical engineering consultancy services of construction of new properties. The market competition intensified as our competitors offered their services at lower prices.

Management Discussion and Analysis

Cost of Services

The cost of services remained stable at approximately HK$40.8 million for the year ended 31 March 2020 and 2019. 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 2020 was approximately 90.7% (31 March 2019: 91.4%).

Gross Profit

Gross profit of the Group decreased by approximately HK$5.8 million or 24.3% from approximately HK$23.8 million for the year ended 31 March 2019 to approximately HK$18.0 million for the year ended 31 March 2020. The overall gross profit margin decreased from approximately 36.8% for the year ended 31 March 2019 to approximately 30.6% for the year ended 31 March 2020. The decrease was mainly caused by the decrease in revenue, with staff costs for professional staff handling our projects remained the same level for both years, accounting for approximately 90.7% and 91.4% of the total cost of services for the year ended 31 March 2020 and 2019 respectively.

General and Administrative Expenses

General and administrative expenses of the Group increased by approximately HK$6.2 million or 33.9% from approximately HK$18.4 million for the year ended 31 March 2019 to approximately HK$24.6 million for the year ended 31 March 2020. 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 increase was mainly attributable to the (i) increase in legal and professional fees; and (ii) payment of one-off discretionary bonus.

Listing Expenses

During the year ended 31 March 2019, the Group recognised non-recurring listing expenses in connection with the Listing of approximately HK$5.4 million. No such expenses were recognised during the year ended 31 March 2020.

Finance Costs

Finance costs of the Group remained stable amounting to approximately HK$0.1 million for the year ended 31 March 2020 and 2019. They represented interest expenses on lease liabilities and interest expenses on bank borrowings for the year ended 31 March 2020 and 2019, respectively. Upon adoption of HKFRS 16 on 1 April 2019, the lease liabilities were initially measured at the present value of the lease payments that were not paid at that date. Subsequently, the lease liabilities were adjusted for interest and lease payments. As a result, an interest expense on lease liabilities of approximately HK$150,000 was recognised for the year ended 31 March 2020.

Income Tax Credit/(Expenses)

During the year ended 31 March 2019, the Group incurred income tax expenses amounting to approximately HK$0.9 million. The Group had income tax credit amounting to approximately HK$0.3 million for the year ended 31 March 2020. Such change was primarily attributable to decrease in assessable profit and increase in provision of deferred tax assets for a major operating subsidiary of the Company for the year ended 31 March 2020.

Loss for the Year

Loss for the year increased by approximately HK$6.6 million or 1,562.1% from a loss of approximately HK$0.4 million for the year ended 31 March 2019 to a loss of approximately HK$7.0 million for the year ended 31 March 2020. The loss was primarily attributable to the (i) decrease in revenue; (ii) increase in legal and professional fees; (iii) payment of one-off discretionary bonus; and (iv) increase in provision of impairment losses on trade receivables and contract assets for the year ended 31 March 2020.

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 11.0 times as at 31 March 2019 to 7.1 times as at 31 March 2020. The decrease was mainly due to the (i) decrease in bank and cash balances; and (ii) increase in lease liabilities as at 31 March 2020.

As at 31 March 2020, the Group had no borrowings. The gearing ratio as at 31 March 2020, 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.

Management Discussion and Analysis

CAPITAL STRUCTURE

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

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

COMMITMENTS

The Group's operating lease commitments amounted to approximately HK$4.7 million as at 31 March 2019, and there was no such commitments as at 31 March 2020 upon application of HKFRS 16. The operating lease commitments of the Group as at 31 March 2019 were primarily related to the leases of its office premises and equipments.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 31 March 2020, save for the business plans as set out in the Prospectus, the Group did not have other plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

During the year ended 31 March 2020, the Group did not have any material acquisitions or disposals of subsidiaries and associates.

CONTINGENT LIABILITIES

The Group did not have significant contingent liabilities as at 31 March 2020 (31 March 2019: Nil).

EXPOSURE TO EXCHANGE RATE FLUCTUATION

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

CHARGE ON GROUP'S ASSETS

The Group did not have any pledged assets as at 31 March 2020 (31 March 2019: nil).

EVENT AFTER THE REPORTING PERIOD

The COVID-19 outbreak since early 2020 has exerted certain downward pressure on the overall economy in various countries and regions, including Hong Kong, the People's Republic of China and Macau. It has brought about additional uncertainties in the Group's operating environment and may continue to impact the Group's operations and financial position. The Group has been closely monitoring the impact from COVID-19 on the Group's businesses.

As the extent to which the ongoing COVID-19 outbreak is uncertain, it is not practicable to estimate the full financial effect that the COVID-19 outbreak may have on the Group's businesses as at the date when the financial statements are authorised to issue.

In 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 control over the VIE. The VIE arrangement will enable the Group to be involved in a social community-based e-commerce new retail online platform in the PRC in the future. For details of the VIE arrangement, please refer to the announcement of the Company dated 29 April 2020.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2020, the Group employed a total of 126 employees (31 March 2019: 125 employees). The staff costs, including Directors' emoluments, of the Group were approximately HK$46.5 million for the year ended 31 March 2020 (31 March 2019: approximately HK$43.6 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

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 2020, we utilised the net proceeds in accordance with the designated uses set out in the Prospectus as follows:

Business strategies	**Amount designated in the Prospectus**	**Amount utilised up to 31 March 2020**	**Unutilised balance as at 31 March 2020**
	HK$' million	HK$' million	HK$' million
Support and expand our structural and geotechnical engineering team	7.9	4.3	3.6
Grow and develop our civil engineering team	7.9	1.4	6.5
Expand our office infrastructure and BIM upgrade	5.2	0.4	4.8
Support and expand our material engineering and building repairs area of service	4.7	–	4.7
General working capital	1.2	1.2	–
	26.9	7.3	19.6

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 2020 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 2020 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

"Audit Committee"	the audit committee of the Board
"Authorized Person"	a person whose name is on the authorized persons' register kept by the Building Authority under section 3(1) of the BO as an architect, an engineer, or a surveyor
"BIM"	building information modelling
"BO"	the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Board"	the board of Directors
"BVI"	the British Virgin Islands
"CG Code"	Corporate Governance Code and Corporate Governance Report, in Appendix 15 to the GEM Listing Rules
"China" or "PRC"	the People's Republic of China, and except where the context requires otherwise, does not include Hong Kong, Macau and Taiwan
"Company"	WAC Holdings Limited, a company incorporated in the Cayman Islands as an exempted company with limited liability on 25 August 2017 and the issued Shares of which are listed on GEM of the Stock Exchange
"Concerted Group"	collectively refers to Dr. Chan and Mr. Kwong
"Controlling Shareholder(s)"	the controlling Shareholder(s) (having the meaning ascribed to it in the GEM Listing Rules), namely, Manning Properties, Dr. Chan and Mr. Kwong
"Director(s)"	the director(s) of our Company
"Dr. Chan"	Dr. Chan Yin Nin (陳延年博士), an executive Director and a Controlling Shareholder holding approximately 68.2% of interests in Manning Properties
"GEM"	GEM operated by the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time
"Group", "our Group", "we" or "us"	the Company together with its subsidiaries
"HK$" or "HK dollar(s)" and "cent(s)"	Hong Kong dollar(s) and cent(s) respectively, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing"	the listing of our Shares on GEM on 17 September 2018

Glossary

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

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

Hong Kong, 22 June 2020

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

* *For identification purpose only*