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WAC HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8619)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 2023

The board (the “**Board**”) of directors (the “**Directors**”) of WAC Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the three months ended 30 June 2023. This announcement, containing the full text of the 2023 first quarterly report of the Company for the three months ended 30 June 2023 (the “**2023 First Quarterly Report**”), complies with the relevant requirements of the Rules Governing the Listing of Securities (“**GEM Listing Rules**”) on the GEM of The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcement of first quarterly results. The printed version of the 2023 First Quarterly Report will be dispatched to the shareholders of the Company and available for viewing on the website of The Stock Exchange of Hong Kong Limited and of the Company in due course in the manner as required by the GEM Listing Rules.

By order of the Board

WAC HOLDINGS LIMITED

Dr. Chan Yin Nin

Chairman

Hong Kong, 14 August 2023

As at the date of this announcement, the Board comprises Dr. Chan Yin Nin, 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.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited 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.

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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.

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*This report, for which the directors (the “**Director(s)**”) of WAC Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (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 report 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 report misleading.*

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dr. Chan Yin Nin (*Chairman*)
Mr. Kwong Po Lam (*Managing Director*)
Ms. Leung Suet Yiu
Mr. Man Kwok Hing

Independent Non-Executive Directors

Mr. Choy Wai Shek, Raymond, *MH, JP*
Mr. Sze Kyran, *MH*
Ms. Siu Yuk Ming

COMPANY SECRETARY

Ms. Sin Pui Ying

COMPLIANCE OFFICER

Dr. Chan Yin Nin

AUTHORISED REPRESENTATIVES

Dr. Chan Yin Nin
Ms. Sin Pui Ying

AUDIT COMMITTEE

Ms. Siu Yuk Ming (*Chairlady*)
Mr. Choy Wai Shek, Raymond, *MH, JP*
Mr. Sze Kyran, *MH*

REMUNERATION COMMITTEE

Mr. Sze Kyran, *MH (Chairman)*
Mr. Choy Wai Shek, Raymond, *MH, JP*
Ms. Siu Yuk Ming
Dr. Chan Yin Nin
Mr. Kwong Po Lam

NOMINATION COMMITTEE

Mr. Choy Wai Shek, Raymond, *MH, JP (Chairman)*
Mr. Sze Kyran, *MH*
Ms. Siu Yuk Ming
Dr. Chan Yin Nin
Mr. Kwong Po Lam

AUDITOR

McMillan Woods (Hong Kong) CPA Limited

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Floor 9
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Cheung Sha Wan
Kowloon, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong SAR

PRINCIPAL BANKERS

CMB Wing Lung Bank Limited
Industrial and Commercial Bank of China (Asia) Limited
Bank of China (HK) Limited

WEBSITE ADDRESS

www.wcce.hk

PLACE OF LISTING

GEM of the Stock Exchange

STOCK CODE

8619

The board of Directors (the “Board”) of the Company is pleased to announce the unaudited condensed consolidated results of the Group for the three months ended 30 June 2023 together with the unaudited comparative figures for the corresponding period in 2022, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Three months ended	
		2023	2022
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	4	26,186	20,414
Cost of services		(16,656)	(15,200)
Gross profit		9,530	5,214
Other income and other gains or losses		178	109
Impairment loss for trade receivables and contract assets, net of reversal of impairment losses and write-off		(2,117)	(172)
General and administrative expenses		(6,033)	(4,687)
Share of result of an associate		(87)	(209)
Finance costs		(88)	(51)
Profit before taxation	5	1,383	204
Income tax expenses	6	(200)	(134)
Profit for the period		1,183	70
Other comprehensive income/(expense)			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		192	95
Other comprehensive income/(expense) for the period, net of tax		192	95
Total comprehensive income for the period attributable to owners of the Company		1,375	165
Earnings per share			
– Basic and diluted (HK cents)	8	0.10	–*

* Less than 0.01 HK cents

UNAUDITED CONDENSED 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 2022 (Audited)	11,520	71,416	647	49	59	6,262	89,953
Profit for the period	-	-	-	-	-	70	70
Other comprehensive income	-	-	-	-	95	-	95
Total comprehensive income for the period	-	-	-	-	95	70	165
At 30 June 2022 (Unaudited)	11,520	71,416	647	49	154	6,332	90,118
At 1 April 2023 (Audited)	11,520	71,416	647	49	191	8,133	91,956
Profit for the period	-	-	-	-	-	1,183	1,183
Other comprehensive income	-	-	-	-	192	-	192
Total comprehensive income for the period	-	-	-	-	192	1,183	1,375
At 30 June 2023 (Unaudited)	11,520	71,416	647	49	383	9,316	93,331

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED 30 JUNE 2023

1. GENERAL INFORMATION

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 Floor 9, No. 9 Wing Hong Street, Cheung Sha Wan, Kowloon, Hong Kong.

The Company is an investment holding company and its shares are listed on GEM of The Hong Kong of Stock Exchange Limited (the “**Stock Exchange**”) since 17 September 2018. The Group is principally engaged in the provision of comprehensive structural and geotechnical engineering consultancy services.

The unaudited condensed consolidated financial statements of the Company is presented in Hong Kong dollars (“**HK\$**”), rounded to the nearest thousand, which is same as the functional currency of the Company and its subsidiaries carrying on business in Hong Kong.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the three months ended 30 June 2023 have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of the GEM Listing Rules.

The preparation of the unaudited condensed consolidated financial statements of the Group for the three months ended 30 June 2023 is in conformity with the HKFRSs requirements in the use of certain critical accounting estimates. The HKFRSs also require the management to exercise their judgements in the process of applying the Group’s accounting policies.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements of the Group for the three months ended 30 June 2023 are consistent with those adopted in the preparation of the unaudited condensed consolidated financial statements of the Group for the three months ended 30 June 2022 and the audited consolidated financial statements of the Group for the year ended 31 March 2023 shown in the 2023 annual report of the Company.

The unaudited condensed consolidated financial statements of the Group for the three months ended 30 June 2023 have been prepared under the historical cost convention.

The unaudited condensed consolidated financial statements of the Group for the three months ended 30 June 2023 have not been audited by the Company’s independent auditor, but have been reviewed by the Company’s audit committee.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED 30 JUNE 2023

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

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operation and effective for its accounting period beginning on 1 April 2023. The adoption of the new and revised HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or the disclosures set out in these unaudited condensed consolidated financial statements. The Group has not early applied the new and revised HKFRSs that have been issued but are not yet effective.

4. REVENUE AND SEGMENT INFORMATION

The principal activities of the Group are provision of comprehensive structural and geotechnical engineering consultancy services mainly in Hong Kong. Disaggregation of revenue from contracts with customers by services lines is as follows:

	Three months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Disaggregation of revenue from contracts with customers by major services lines:		
– Construction of new properties	21,071	16,729
– Refurbishment/maintenance of existing properties	3,098	2,409
– Others	2,017	1,276
	26,186	20,414
Timing of revenue recognition:		
– Services recognised over time	26,186	20,414

Revenue mainly represents the contract revenue from provision of comprehensive structural and geotechnical engineering consultancy services recognised over time during the periods ended 30 June 2023 and 2022.

Others represents revenue from provision of expert witness services and other minor works services recognised over time during the periods ended 30 June 2023 and 2022.

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 makers (i.e. the directors of the Company) review the overall results and financial position of the Group as a whole prepared in accordance with accounting policies which conform to HKFRSs. Accordingly, the Group presents only one single operating segment.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED 30 JUNE 2023

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Geographical information

Almost all of the Group's external revenue for the three months ended 30 June 2023 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.

5. PROFIT BEFORE TAXATION

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

	Three months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(a) Staff costs		
Directors' remuneration	3,701	2,560
Salaries, wages and other benefits	12,160	11,445
Contributions to defined contribution retirement plan, excluding those of Directors	511	511
Total staff costs	16,372	14,516
Less: Amount included in general and administrative expenses	(1,706)	(1,440)
Total staff costs included in cost of services	14,666	13,076
(b) Finance costs		
Interest expenses on lease liabilities	88	51
(c) Other items		
Auditor's remuneration (including remuneration for non-audit services)	154	170
Exchange loss/(gain), net	235	241
Depreciation of property, plant and equipment	363	145
Depreciation of right-of-use assets	770	698
Government subsidies	–	(113)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED 30 JUNE 2023

6. INCOME TAX EXPENSES

	Three months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong Profits Tax	200	241
Deferred taxation:		
Origination and reversal of temporary differences	-	(107)
	200	134

(a) Hong Kong Profits Tax

Hong Kong Profits Tax has been provided in accordance with the 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% for the three months ended 30 June 2023 and 2022.

(b) PRC Enterprise Income Tax

No provision for PRC Enterprise Income Tax has been made as the subsidiary incorporated in the People's Republic of China (the "PRC") has estimated tax losses for the three months ended 30 June 2023 and 2022.

(c) Macau Complementary Tax

No provision for Macau Complementary Tax has been made as the subsidiary incorporated in Macau has estimated tax losses for the three months ended 30 June 2023 and 2022.

(d) Cayman Islands and BVI Income Tax

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED 30 JUNE 2023

7. DIVIDENDS

The Board does not recommend the payment of a dividend for the three months ended 30 June 2023 (for the three months ended 30 June 2022: nil).

8. EARNINGS PER SHARE

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

	Three months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Company	1,183	70
Number of shares:		
Weighted average number of ordinary shares in issue ('000)	1,152,000	1,152,000
Basic and diluted earnings per share (HK cents)	0.10	—*

* Less than 0.01 HK cents

The calculation of basic earnings per share is based on the profit for the period attributable to owners of the Company and weighted average number of ordinary shares in issue of the Company.

Diluted earnings per share for both periods were the same as basic earnings per share as there were no potential ordinary shares outstanding.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is a construction engineering consultant focusing on the area of comprehensive structural and geotechnical engineering which is mainly provided in Hong Kong 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 road 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 (as defined in the prospectus of the Company dated 31 August 2018 (the "**Prospectus**")) work in relation to alterations and additions works and expert services from time to time as requested by our clients.

During the three months ended 30 June 2023, the Group recorded an increase in revenue of HK\$5.8 million or approximately 28.3% to approximately HK\$26.2 million. Such increase was mainly due to the increase in revenue contribution from structural and geotechnical engineering consultancy services of construction of new properties and refurbishment/maintenance of existing properties from increased number of clients and projects.

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 continues to expand its market share by securing more engineering consultancy service contracts.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The revenue of the Group increased from approximately HK\$20.4 million for the three months ended 30 June 2022 to approximately HK\$26.2 million for the three months ended 30 June 2023, representing an increase of HK\$5.8 million or approximately 28.3%. Such increase was mainly due to the increase in revenue contribution from structural and geotechnical engineering consultancy services of construction of new properties and refurbishment/maintenance of existing properties from increased number of clients and projects.

Cost of Services

The cost of services increased from approximately HK\$15.2 million for the three months ended 30 June 2022 to approximately HK\$16.7 million for the three months ended 30 June 2023, representing an increase of HK\$1.5 million or approximately 9.6%. Such increase during the current period was mainly attributable to the net effect of (i) increase in the sub-consulting charges incurred for the projects that required sub-consulting services undertaken by the Group; and (ii) increase in staff costs and benefits related to structural and geotechnical engineering consultancy services included in cost of services.

Gross Profit

Gross profit of the Group increased by approximately HK\$4.3 million from approximately HK\$5.2 million for the three months ended 30 June 2022 to approximately HK\$9.5 million for the three months ended 30 June 2023. The net increase was mainly due to the increase in revenue and gross profit margin. The overall gross profit margin increased from approximately 25.5% for the three months ended 30 June 2022 to approximately 36.4% for the three months ended 30 June 2023.

Other Income and Other Gains or Losses

Other income and other gains or losses of the Group for the three months ended 30 June 2023 and 2022 were approximately HK\$0.2 million and HK\$0.1 million respectively, representing an increase of HK\$0.1 million or approximately 63.3%. The increase in other income and other gains or losses was mainly attributable to the increase in interest income from the Group's bank deposits for the three months ended 30 June 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

General and Administrative Expenses

General and administrative expenses of the Group increased by approximately HK\$1.3 million or 28.7%, from approximately HK\$4.7 million for the three months ended 30 June 2022 to approximately HK\$6.0 million for the three months ended 30 June 2023. General and administrative expenses primarily consisted of staff costs for accounting and administrative staff, accrued staff bonus, staff training and welfare, depreciation, and legal and professional fees. Such increase was mainly attributable to the increase in staff costs, staff welfare and benefits and increase in various expenses due to increase scale of operations.

Finance Costs

Finance costs amounted to approximately HK\$0.1 million for both periods, they represented interest expenses on lease liabilities for the three months ended 30 June 2023 and 2022, respectively.

Income Tax Expenses

Income tax expenses of the Group increased by approximately HK\$0.1 million from approximately HK\$0.1 million for the three months ended 30 June 2022 to approximately HK\$0.2 million for the three months ended 30 June 2023 and such increase was due to the net effect between the current tax expenses on estimated assessable profits and deferred tax expenses for the periods.

Profit for the Period

Profit for the period of the Group increased by approximately HK\$1.1 million or 15.9 times from approximately HK\$0.1 million for the three months ended 30 June 2022 to approximately HK\$1.2 million for the three months ended 30 June 2023. The increase was mainly attributed to the increase in revenue and gross profit margin as mentioned above.

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, 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 slightly increased from approximately 2.7 times as at 31 March 2023 to approximately 2.8 times as at 30 June 2023. The change was relatively small and was mainly due to ups and downs of items included as current assets and current liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2023 and 31 March 2023, the Group had no borrowings. The gearing ratio as at 30 June 2023, 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. The share capital of the Company only comprises of ordinary shares.

As at the date of this report, 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.

CAPITAL COMMITMENTS

As at 30 June 2023, the Group did not have any capital commitments (31 March 2023: nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 June 2023, save for the business plans as set out in the Prospectus and the section headed "Use of Proceeds" in this quarterly report, the Group did not have other plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

During the three months ended 30 June 2023, the Group did not have any material acquisitions or disposals of subsidiaries and associates.

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2023 and up to the date of issuance of quarterly report.

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. During the three months ended 30 June 2023, 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 30 June 2023, general banking facilities were granted to a subsidiary of the Company. The general banking facilities were secured by the bank deposit of HK\$2.1 million and corporate guarantee from the Company (31 March 2023: HK\$2.1 million).

EVENT AFTER THE REPORTING PERIOD

On 22 July 2023, the call option to acquire additional shares of OPS Holdings Limited (the "OPS") expired, and as a result, the Group lost potential voting rights and significant influence in OPS. As a result, the Group's equity interest in OPS was reclassified as financial asset subsequent to the expiration of the call option.

The Directors will continue to assess the financial impact once the valuation to be completed.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2023, the Group employed a total of 160 employees (30 June 2022: 140 employees). The staff costs, including Directors' emoluments, of the Group were approximately HK\$16.4 million for the three months ended 30 June 2023 (30 June 2022: approximately HK\$14.5 million). Remuneration is mainly determined with reference to market trends, the Group's operating results and the performance, qualification and experience of individual employee. The remuneration packages mainly comprise basic salaries, medical coverage, overtime allowance, travelling allowance and discretionary bonuses based on individual performance, which are offered to employees as recognition of and reward for their contribution.

MANAGEMENT DISCUSSION AND ANALYSIS

COMPARISON BETWEEN BUSINESS OBJECTIVES AND ACTUAL BUSINESS PROGRESS

The following is a comparison between the Group's business plans as set out in the Prospectus and the Group's actual business progress as at 30 June 2023:

Business objective and strategy	Principal business plan and activity as stated in the Prospectus	Actual business progress up to 30 June 2023
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 twenty-three 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\$11.0 million as at 30 June 2023 after the listing of the Company's shares on GEM of the Stock Exchange on 17 September 2018 (the "Listing").• As at 30 June 2023, the Group has purchased new computers and software for new staff in the amount of approximately HK\$0.8 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 twenty 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\$7.9 million as at 30 June 2023 after the Listing.

MANAGEMENT DISCUSSION AND ANALYSIS

Business objective and strategy	Principal business plan and activity as stated in the Prospectus	Actual business progress up to 30 June 2023
Expand our office infrastructure and building information modelling (the "BIM") upgrade	<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 cost and computer and server infrastructure cost of approximately HK\$0.9 million as at 30 June 2023 after Listing. As at 30 June 2023, the Group has purchased four sets of BIM software licenses and computer equipment amounting to approximately HK\$194,000. As at 30 June 2023, the Group has paid approximately HK\$45,000 to sponsor its engineering staff to attend BIM training courses held by third parties. As at 30 June 2023, the Group has paid approximately HK\$0.1 million to rent additional office 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 30 June 2023 after the Listing.
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 30 June 2023. The Group expects that the unutilised net proceeds will be utilised on or before 31 March 2024. The Group is seeking suitable business projects or companies for investment.

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 received by the Company from 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 was approximately HK\$26.9 million (after deduction of listing expenses). Up to 30 June 2023, we utilised the net proceeds in accordance with the designated uses set out in the Prospectus and the announcements of the 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	Actual usage of net proceeds up to	Unutilised balance as at	Expected timeline for utilising the unutilised net proceeds
	31 December 2021 HK\$ million	30 June 2023 HK\$ million	30 June 2023 HK\$ million	
Support and expand our structural and geotechnical engineering team	11.8	11.8	-	Not applicable
Grow and develop our civil engineering team	7.9	7.9	-	Not applicable
Expand our office infrastructure and BIM upgrade	1.3	1.3	-	Not applicable
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 2024
	26.9	22.4	4.5	

The unutilised balance of net proceeds of each designated uses set out above is expected to be fully utilised by 31 March 2024. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

DISCLOSURE OF INTERESTS

A. Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporation

As at 30 June 2023, interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO), or (ii) pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(i) Long position in the Company's shares

Name of Directors	Capacity/ Nature of interest	Number and class of shares held	Approximate percentage of shareholding in the total issued share capital of the Company ^(Note 2)
Dr. Chan Yin Nin ("Dr. Chan") ^(Note 1)	Interest in controlled corporation	342,072,000 ordinary shares	29.69%
Mr. Kwong Po Lam ("Mr. Kwong") ^(Note 1)	Interest in controlled corporation	342,072,000 ordinary shares	29.69%

MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

- (1) Manning Properties Limited is owned as to approximately 68.2% by Dr. Chan and approximately 31.8% by Mr. Kwong, which in turn holds 342,072,000 shares of the Company, representing approximately 29.69% of the total share capital of the Company. Dr. Chan and Mr. Kwong, as the Concerted Group, restrict their ability to exercise direct control over the Company by holding their interests through Manning Properties Limited, a common investment holding company. Accordingly, Dr. Chan and Mr. Kwong are deemed to be interested in the 342,072,000 Shares held by Manning Properties Limited.
- (2) Based on the number of issued share of 1,152,000,000 shares as at 30 June 2023.

(ii) Interests in shares of the associated corporation of the Company

Name of Directors	Name of associated corporation	Capacity/ Nature of interest	Number of shares held in the associated corporation	Approximate percentage of shareholding in the associated corporation
Dr. Chan	Manning Properties Limited	Beneficial owner	7,500 ordinary shares	68.2%
Mr. Kwong	Manning Properties Limited	Beneficial owner	3,500 ordinary shares	31.8%

Note: Manning Properties Limited is owned as to approximately 68.2% by Dr. Chan and approximately 31.8% by Mr. Kwong, which in turn holds 342,072,000 shares of the Company, representing approximately 29.69% of the total share capital of the Company.

Save as disclosed above, as at 30 June 2023, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

MANAGEMENT DISCUSSION AND ANALYSIS

B. Substantial Shareholders' and Other Persons' Interests and Short Positions in the Shares and Underlying Shares of the Company

As at 30 June 2023, interests and short positions of the person (other than the Directors or chief executive of the Company) in the shares and underlying shares of the Company which were required to be recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name	Capacity/ Nature of interest	Number and class of shares held	Long/short position	Approximate percentage of shareholding in the total issued share capital of the Company ^(Note 4)
Manning Properties Limited ^(Note 1)	Beneficial owner	342,072,000 ordinary shares	Long	29.69%
Ms. Julia Gower Chan ^(Note 2)	Interest of spouse	342,072,000 ordinary shares	Long	29.69%
Ms. Leung Kwai Ping ^(Note 3)	Interest of spouse	342,072,000 ordinary shares	Long	29.69%
Mr. Wong Man Hin, Max	Beneficial owner	121,458,000 ordinary shares	Long	10.54%

Notes:

- (1) Manning Properties Limited is owned as to approximately 68.2% by Dr. Chan and approximately 31.8% by Mr. Kwong, which in turn holds 342,072,000 shares of the Company, representing approximately 29.69% of the total share capital of the Company. As the Concerted Group, Dr. Chan and Mr. Kwong restrict their ability to exercise direct control over the Company by holding their interests through Manning Properties Limited, a common investment holding company. Accordingly, Dr. Chan and Mr. Kwong are deemed to be interested in the 342,072,000 Shares held by Manning Properties Limited.
- (2) Ms. Julia Gower Chan is the spouse of Dr. Chan. By virtue of the SFO, Ms. Julia Gower Chan is deemed to be interested in the shares of the Company interested by Dr. Chan.
- (3) Ms. Leung Kwai Ping is the spouse of Mr. Kwong. By virtue of the SFO, Ms. Leung Kwai Ping is deemed to be interested in the shares of the Company interested by Mr. Kwong.
- (4) Based on the number of issued share of 1,152,000,000 shares as at 30 June 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Save as disclosed above, as at 30 June 2023, so far as is known to the Directors, no person, other than the Directors and chief executive of the Company whose interests are set out in the section “Directors’ and Chief Executive’s Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporation” above, had notified the Company of an interest or a short position in the shares or underlying shares of the Company that was required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

COMPETING AND CONFLICTS OF INTERESTS

The Directors are not aware of any business or interest of the Directors or the controlling shareholders of the Company or any of their respective close associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during the three months ended 30 June 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the three months ended 30 June 2023.

CORPORATE GOVERNANCE CODE

During the three months ended 30 June 2023 and up to the date of this report, the Company has complied with the applicable code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 15 to the GEM Listing Rules with an exception of deviation from code provision C.1.8 as explained below:

Under code provision C.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.

MANAGEMENT DISCUSSION AND ANALYSIS

The Directors will continue to review its corporate governance practices in order to enhance its corporate governance standard, to comply with the increasingly tightened regulatory requirements from time to time, and to meet the rising expectation of shareholders and other stakeholders of the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standards of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had made specific enquiry of all the Directors and the Company was not aware of any non-compliance with the required standard of dealings and the Company's code of conduct regarding securities transactions by the Directors during the three months ended 30 June 2023.

DIVIDEND

The Board does not recommend the payment of a dividend for the three months ended 30 June 2023 (for the three months ended 30 June 2022: nil).

SHARE OPTION SCHEME

The Company adopted a share option scheme on 27 August 2018 (the "**Scheme**"). The terms of the Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

No share options have been granted under the Scheme during the three months ended 30 June 2023 and there were no outstanding share options as at 30 June 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

AUDIT COMMITTEE

The Company established an audit committee (the “**Audit Committee**”) on 27 August 2018 with its written terms of reference in compliance with the GEM Listing Rules and in accordance with the provisions set out in the CG Code which is available on the websites of the Stock Exchange and the Company. The primary duties of the Audit Committee are to make recommendations to the Board on the appointment, reappointment and removal of the external auditor, to review and monitor the external auditor’s independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, and to monitor the integrity of the Company’s annual report and accounts, interim report and quarterly reports before submission to the Board. The Audit Committee currently consists of three members, namely Ms. Siu Yuk Ming, Mr. Choy Wai Shek, Raymond and Mr. Sze Kyran, all being independent non-executive Directors. Ms. Siu Yuk Ming currently serves as the chairlady of the Audit Committee. The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the three months ended 30 June 2023.

By order of the Board
WAC Holdings Limited
Dr. Chan Yin Nin
Chairman

Hong Kong, 14 August 2023

As at the date of this report, 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.