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WAC HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8619)

ANNOUNCEMENT OF FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 30 JUNE 2020

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (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.

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This announcement, 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 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.

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 2020 together with the unaudited comparative figures for the corresponding period in 2019, as follows:

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

		Three months ended 30 June	
	Notes	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	3	16,251	15,350
Cost of services		(10,789)	(10,487)
Gross profit		5,462	4,863
Other income		591	393
Other losses, net		(556)	(215)
General and administrative expenses		(5,335)	(6,948)
Finance costs		(26)	(40)
Profit/(loss) before taxation	4	136	(1,947)
Income tax expenses	5	(322)	(51)
Loss for the period		(186)	(1,998)
Other comprehensive (expense)/income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(14)	19
Other comprehensive (expense)/income for the period, net of tax		(14)	19
Total comprehensive expenses for the period attributable to owners of the Company		(200)	(1,979)
Loss per share			
— Basic and diluted (HK cents)	7	(0.02)	(0.21)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company						Total HK\$'000
	Share Capital HK\$'000	Share premium HK\$'000	Merger reserves HK\$'000	Legal reserves HK\$'000	Translation reserves HK\$'000	Retained earnings HK\$'000	
At 1 April 2019 (Audited)	9,600	48,760	647	49	165	11,727	70,948
Impact on initial application of HKFRS 16	—	—	—	—	—	(165)	(165)
At 1 April 2019 (Restated)	9,600	48,760	647	49	165	11,562	70,783
Loss for the period	—	—	—	—	—	(1,998)	(1,998)
Other comprehensive income	—	—	—	—	19	—	19
Total comprehensive income/(expenses) for the period	—	—	—	—	19	(1,998)	(1,979)
At 30 June 2019 (Unaudited)	9,600	48,760	647	49	184	9,564	68,804
At 1 April 2020 (Audited)	9,600	48,760	647	49	250	4,598	63,904
Loss for the period	—	—	—	—	—	(186)	(186)
Other comprehensive expense	—	—	—	—	(14)	—	(14)
Total comprehensive expenses for the period	—	—	—	—	(14)	(186)	(200)
At 30 June 2020 (Unaudited)	9,600	48,760	647	49	236	4,412	63,704

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED 30 JUNE 2020

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 ultimate holding company of the Company is Manning Properties Limited, a company incorporated in the British Virgin Islands (the “BVI”), which is controlled by Dr. Chan Yin Nin (“Dr. Chan”) and Mr. Kwong Po Lam (“Mr. Kwong”). 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 were listed on GEM of 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.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the three months ended 30 June 2020 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.

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 2020. 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.

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 2020 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 2019 and the audited consolidated financial statements of the Group for the year ended 31 March 2020 shown in the 2020 annual report of the Company.

The unaudited condensed consolidated financial statements of the Group for the three months ended 30 June 2020 have been prepared under the historical cost convention.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED 30 JUNE 2020

2. BASIS OF PREPARATION (CONTINUED)

The preparation of the unaudited condensed consolidated financial statements of the Group for the three months ended 30 June 2020 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 unaudited condensed consolidated financial statements of the Group for the three months ended 30 June 2020 have not been audited by the Company's independent auditor, but have been reviewed by the Company's audit committee.

3. REVENUE

The principal activities of the Group are provision of comprehensive structural and geotechnical engineering consultancy services mainly in Hong Kong. An analysis of the Group's revenue is as follows:

	Three months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Construction of new properties	10,738	8,551
Refurbishment/maintenance of existing properties	3,437	5,537
Others	2,076	1,262
	16,251	15,350

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED 30 JUNE 2020

4. PROFIT/(LOSS) BEFORE TAXATION

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

	Three months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
(a) Staff costs		
Directors' remuneration	1,396	2,425
Salaries, wages and other benefits	10,637	9,976
Contributions to defined contribution retirement plan, excluding those of Directors	335	426
Total staff costs	12,368	12,827
Less: Amount included in general and administrative expenses	(2,166)	(3,594)
Total staff costs included in cost of services	10,202	9,233
(b) Finance costs		
Interest expenses on lease liabilities	26	40
(c) Other items		
Auditor's remuneration (including remuneration for non-audit services)	169	125
Exchange (gain)/loss, net	(6)	45
Depreciation of property, plant and equipment	104	94
Depreciation of right-of-use assets	698	604
Impairment losses on trade receivables and contract assets, net of reversal of impairment losses	656	170

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED 30 JUNE 2020

5. INCOME TAX EXPENSES

	Three months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong Profits Tax	344	61
Deferred taxation:		
Origination and reversal of temporary differences	(22)	(10)
	322	51

(a) Hong Kong Profits Tax

Hong Kong Profits Tax has been provided in accordance with two-tiered profits tax regime, the first HK\$2,000,000 of assessable profits of a qualifying group entity 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 2020 and 2019. The assessable profits of group entities not qualifying for the two-tiered profits tax regime are taxed at a flat rate of 16.5%.

(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 2020 and 2019.

(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 2020 and 2019.

(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 2020

6. DIVIDENDS

The Board does not recommend the payment of a dividend for the three months ended 30 June 2020 (for the three months ended 30 June 2019: nil).

7. LOSS PER SHARE

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

	Three months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company (HK\$'000)	(186)	(1,998)
Number of shares:		
Weighted average number of ordinary shares in issue ('000 Number of shares)	960,000	960,000
Basic and diluted loss per share (HK cents)	(0.02)	(0.21)

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

Diluted loss per share for both periods were the same as basic loss per share as there were no dilutive 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. 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 subsurface conditions and assessment of risks posed by site conditions. For certain civil engineering practice areas, it involves infrastructure works (such as drainage). For material engineering, it involves analysing the use of and selecting building materials in construction projects. We also provide some other related services such as Registered Structural Engineers and Authorized Persons (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 2020, the Group recorded an increase in revenue of approximately 5.9% to approximately HK\$16.3 million from approximately HK\$15.4 million for the preceding financial period. Such increase was mainly due to the increase in revenue contribution from structural and geotechnical engineering consultancy services of construction of new properties for the three months ended 30 June 2020.

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.

During the three months ended 30 June 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 had control over the VIE. The VIE arrangement was enable the Group to be involved in a social community-based e-commerce new retail online platform in the PRC.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The revenue of the Group increased from approximately HK\$15.4 million for the three months ended 30 June 2019 to approximately HK\$16.3 million for the three months ended 30 June 2020, representing an increase of approximately 5.9%. Such increase was mainly due to the increase in revenue contribution from structural and geotechnical engineering consultancy services of construction of new properties for the three months ended 30 June 2020.

Cost of Services

The cost of services increased from approximately HK\$10.5 million for the three months ended 30 June 2019 to approximately HK\$10.8 million for the three months ended 30 June 2020, representing an increase of approximately 2.9%. 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 three months ended 30 June 2020 was approximately 94.6% (for the three months ended 30 June 2019: 88.0%). The increase was mainly due to the increase in staff costs for the three months ended 30 June 2020.

Gross Profit

Gross profit of the Group increased by approximately HK\$0.6 million or 12.3% from approximately HK\$4.9 million for the three months ended 30 June 2019 to approximately HK\$5.5 million for the three months ended 30 June 2020. The increase was mainly caused by the increase in revenue for the three months ended 30 June 2020. The overall gross profit margin increased from approximately 31.7% for the three months ended 30 June 2019 to approximately 33.6% for the three months ended 30 June 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

General and Administrative Expenses

General and administrative expenses of the Group decreased by approximately HK\$1.6 million or 23.2% from approximately HK\$6.9 million for the three months ended 30 June 2019 to approximately HK\$5.3 million for the three months ended 30 June 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 decrease was mainly attributable to the (i) payment of one-off discretionary bonus for the three months ended 30 June 2019; and (ii) decrease in legal and professional fees for the three months ended 30 June 2020.

Finance costs

Finance costs decreased from approximately HK\$40,000 for the three months ended 30 June 2019 to approximately HK\$26,000 for the three months ended 30 June 2020, representing a decrease of approximately 35.0%. They represented interest expenses on lease liabilities for the three months ended 30 June 2020 and 30 June 2019, respectively. Upon adoption of HKFRS 16 Leases 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\$26,000 was recognised for the three months ended 30 June 2020 (for the three months ended 30 June 2019: HK\$40,000).

Income Tax Expenses

Income tax expenses of the Group increased by approximately HK\$271,000 from approximately HK\$51,000 for the three months ended 30 June 2019 to approximately HK\$322,000 for the three months ended 30 June 2020 and such increase was primarily attributable to the increase in assessable profit for a major operating subsidiary of the Company for the three months ended 30 June 2020.

Loss for the Period

Loss for the period of the Group for the three months ended 30 June 2020 amounted to approximately HK\$0.2 million (three months ended 30 June 2019: HK\$2.0 million). The decrease in loss was primarily attributable to the (i) payment of one-off discretionary bonus for the three months ended 30 June 2019; (ii) decrease in legal and professional fees; and (iii) increase in gross profit resulting from increase in revenue for the three months ended 30 June 2020 as discussed above.

MANAGEMENT DISCUSSION AND ANALYSIS

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 decreased from approximately 7.1 times as at 31 March 2020 to 4.5 times as at 30 June 2020. The decrease was mainly due to the increase in contract liabilities and trade and other payables as at 30 June 2020.

As at 30 June 2020 and 31 March 2020, the Group had no borrowings. The gearing ratio as at 30 June 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.

CAPITAL STRUCTURE

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

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

COMMITMENTS

As at 30 June 2020, the Group did not have any capital commitments.

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 June 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 three months ended 30 June 2020, the Group did not have any material acquisitions or disposals of subsidiaries and associates.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2020 (31 March 2020: 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 30 June 2020 (31 March 2020: nil).

EVENT AFTER THE REPORTING PERIOD

The novel coronavirus COVID-19 ("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.

Under the third wave attack of COVID-19 in Hong Kong, 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 unaudited condensed consolidated financial statements for the three months ended 30 June 2020 are authorised to issue.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2020, the Group employed a total of 140 employees (30 June 2019: 124 employees). The staff costs, including Directors' emoluments, of the Group were approximately HK\$12.4 million for the three months ended 30 June 2020 (30 June 2019: approximately HK\$12.8 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.

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 30 June 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 HK\$' million	Amount utilised up to 30 June 2020 HK\$' million	Unutilised balance as at 30 June 2020 HK\$' million
Support and expand our structural and geotechnical engineering team	7.9	5.2	2.7
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	8.2	18.7

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 2020, 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	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	471,072,000 ordinary shares	49.07%
Mr. Kwong Po Lam ("Mr. Kwong") ^(Note 1)	Interest in controlled corporation	471,072,000 ordinary shares	49.07%

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 471,072,000 shares of the Company, representing approximately 49.07% 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, and as a result Dr. Chan and Mr. Kwong are presumed to be a group of controlling shareholders pursuant to the Guidance Letter HKEx-GL89-16 issued in November 2016. Accordingly, Dr. Chan and Mr. Kwong are deemed to be interested in 471,072,000 shares held by Manning Properties Limited.
- (2) Based on the number of issued share of 960,000,000 shares as at 30 June 2020.

(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 471,072,000 shares of the Company, representing approximately 49.07% of the total share capital of the Company.

Save as disclosed above, as at 30 June 2020, 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 2020, 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	Long/short position	Approximate percentage of shareholding in the total issued share capital of the Company <i>(Note 4)</i>
Manning Properties Limited <i>(Note 1)</i>	Beneficial owner	471,072,000 ordinary shares	Long	49.07%
Ms. Julia Gower Chan <i>(Note 2)</i>	Interest of spouse	471,072,000 ordinary shares	Long	49.07%
Ms. Leung Kwai Ping <i>(Note 3)</i>	Interest of spouse	471,072,000 ordinary shares	Long	49.07%

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 471,072,000 shares of the Company, representing approximately 49.07% 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, and as a result Dr. Chan and Mr. Kwong are presumed to be a group of controlling shareholders pursuant to the Guidance Letter HKEx-GL89-16 issued in November 2016. Accordingly, Dr. Chan and Mr. Kwong are deemed to be interested in 471,072,000 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 960,000,000 shares as at 30 June 2020.

Save as disclosed above, as at 30 June 2020, 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 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

INTEREST OF COMPLIANCE ADVISER

As at 30 June 2020, neither Ample Capital Limited, the compliance adviser of the Company, nor any of its directors, employees or close associates (as defined in the GEM Listing Rules) had any interests in the securities of the Company or any other companies of the Group (including options or rights to subscribe for such securities) pursuant to Rule 6A.32 of the GEM Listing Rules.

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 2020.

CORPORATE GOVERNANCE CODE

During the three months ended 30 June 2020 and up to the date of this announcement, 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 A.1.8 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.

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 5.46 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 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

DIVIDEND

The Board does not recommend the payment of a dividend for the three months ended 30 June 2020.

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 2020 and there were no outstanding share options as at 30 June 2020.

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 Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the three months ended 30 June 2020 and this announcement.

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

Hong Kong, 13 August 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.