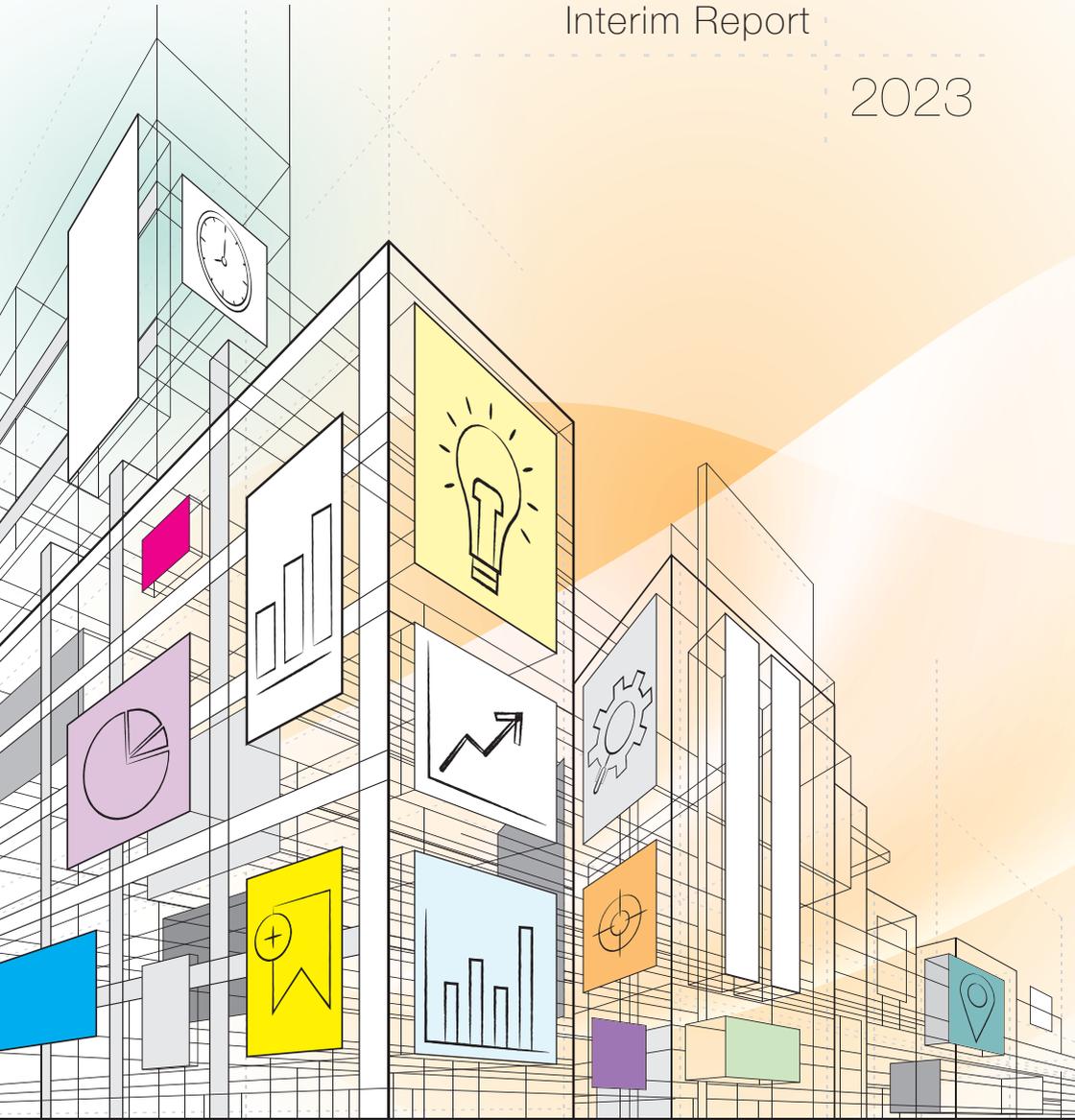


# WAC Holdings Limited

(incorporated in the Cayman Islands with limited liability)  
Stock Code: 8619

Interim Report

2023



# 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 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.*

*This report will remain on the “Latest Listed Company Information” page of the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) for at least seven days from the date of its posting. This report will also be published on the website of the Company at [www.wcce.hk](http://www.wcce.hk).*

# CONTENTS

Corporate Information	3
Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	5
Unaudited Condensed Consolidated Statement of Financial Position	6
Unaudited Condensed Consolidated Statement of Changes in Equity	7
Unaudited Condensed Consolidated Statement of Cash Flows	8
Notes to the Unaudited Condensed Consolidated Financial Statements	9
Management Discussion and Analysis	18
Other Information	26



# 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  
Mr. Kazuya Yanagihara  
(appointed on 12 October 2023)

### Independent Non-Executive Directors

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

## COMPANY SECRETARY

Mr. Ng Chun Chung

## 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  
9 Wing Hong Street  
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

# CORPORATE INFORMATION

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## 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](http://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 six months ended 30 September 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 30 September		Six months ended 30 September	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<b>Revenue</b>	4	25,259	25,058	51,445	45,472
<b>Cost of services</b>		(17,464)	(14,180)	(34,120)	(29,380)
<b>Gross profit</b>		7,795	10,878	17,325	16,092
Other income		833	2,260	1,246	2,369
Other losses, net		(2,047)	(2,780)	(4,399)	(2,952)
General and administrative expenses		(6,596)	(6,932)	(12,629)	(11,619)
Share of result of an associate		5,364	(524)	5,277	(733)
Loss on deemed disposal of an associate		(11,836)	-	(11,836)	-
Fair value gain on financial asset at fair value through profit and loss ("FVTPL")		811	-	811	-
Finance costs		(88)	(43)	(176)	(94)
<b>(Loss)/profit before taxation</b>	5	(5,764)	2,859	(4,381)	3,063
Income tax expenses	6	(277)	(661)	(477)	(795)
<b>(Loss)/profit for the period</b>		(6,041)	2,198	(4,858)	2,268
<b>Other comprehensive income</b>					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translation of foreign operations		19	153	211	248
Other comprehensive income for the period, net of tax		19	153	211	248
<b>Total comprehensive (expense)/ income for the period attributable to owners of the Company</b>		(6,022)	2,351	(4,647)	2,516
<b>(Loss)/earnings per share</b>					
- Basic and diluted (HK cents)	8	(0.52)	0.19	(0.42)	0.20

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 September 2023 HK\$'000 (Unaudited)	At 31 March 2023 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	9	3,982	4,481
Right-of-use assets		7,738	9,008
Investment in an associate		–	14,843
Rental deposits		929	929
Financial asset at FVTPL	13	9,096	–
Deferred tax assets		1,041	1,041
		<b>22,786</b>	<b>30,302</b>
<b>Current assets</b>			
Trade and other receivables	10	47,175	40,822
Financial asset at FVTPL		–	39
Contract assets		25,558	25,480
Cash and cash equivalents		36,730	41,164
		<b>109,463</b>	<b>107,505</b>
<b>Current liabilities</b>			
Trade and other payables	11	5,008	6,911
Contract liabilities		30,487	28,871
Lease liabilities		2,984	2,923
Income tax payable		553	411
		<b>39,032</b>	<b>39,116</b>
<b>Net current assets</b>		<b>70,431</b>	<b>68,389</b>
<b>Total assets less current liabilities</b>		<b>93,217</b>	<b>98,691</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		353	353
Lease liabilities		5,555	6,382
		<b>5,908</b>	<b>6,735</b>
<b>Net assets</b>		<b>87,309</b>	<b>91,956</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	12	11,520	11,520
Reserves		75,789	80,436
<b>Equity attributable to owners of the Company</b>		<b>87,309</b>	<b>91,956</b>

# 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	–	–	–	–	–	2,268	2,268
Other comprehensive income	–	–	–	–	248	–	248
Total comprehensive income for the period	–	–	–	–	248	2,268	2,516
At 30 September 2022 (Unaudited)	11,520	71,416	647	49	307	8,530	92,469
At 1 April 2023 (Audited)	<b>11,520</b>	<b>71,416</b>	<b>647</b>	<b>49</b>	<b>191</b>	<b>8,133</b>	<b>91,956</b>
(Loss) for the period	–	–	–	–	–	(4,858)	(4,858)
Other comprehensive income	–	–	–	–	211	–	211
Total comprehensive income/(expense) for the period	–	–	–	–	211	(4,858)	(4,647)
At 30 September 2023 (Unaudited)	<b>11,520</b>	<b>71,416</b>	<b>647</b>	<b>49</b>	<b>402</b>	<b>3,275</b>	<b>87,309</b>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash (used in)/generated from operating activities	(4,090)	6,462
Net cash generated from/(used in) investing activities	422	(1,494)
Net cash (used in) financing activities	(766)	(1,155)
Net (decrease)/increase in cash and cash equivalents	(4,434)	3,813
Cash and cash equivalents at the beginning of the period	41,164	37,836
Cash and cash equivalents at the end of the period	36,730	41,649

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 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 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 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 Company is an investment holding company and its shares have been listed on GEM of the Stock Exchange since 17 September 2018. The Group is principally engaged in provision of comprehensive structural and geotechnical engineering consultancy services.

The unaudited condensed consolidated financial statements of the Group are 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 six months ended 30 September 2023 have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” 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 six months ended 30 September 2023 is in conformity with the requirements of the Hong Kong Financial Reporting Standards (“HKFRSs”) 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 six months ended 30 September 2023 are consistent with those adopted in the preparation of the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 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 six months ended 30 September 2023 have been prepared under the historical cost convention.

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 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 SIX MONTHS ENDED 30 SEPTEMBER 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

### Revenue

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 September		Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Disaggregation of revenue from contracts with customers by major services lines				
– Construction of new properties	20,400	21,106	41,471	37,835
– Refurbishment/maintenance of existing properties	2,853	2,639	5,951	5,048
– Others	2,006	1,313	4,023	2,589
	<b>25,259</b>	<b>25,058</b>	<b>51,445</b>	<b>45,472</b>
Timing of revenue recognition:				
– Services recognised over time	25,259	25,058	51,445	45,472

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

## 4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

### Revenue (Continued)

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

Others represents revenue from provision of expert witness services and other minor works services recognised over the time for the periods ended 30 September 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 reportable segment.

### Geographical information

Almost all of the Group's external revenue for the six months ended 30 September 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.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

## 5. (LOSS)/PROFIT BEFORE TAXATION

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

	Three months ended		Six months ended	
	30 September		30 September	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>(a) Staff costs</b>				
Directors' remuneration	4,197	2,669	7,898	5,229
Salaries, wages and other benefits	12,471	11,596	24,631	23,041
Contributions to defined contribution retirement plan, excluding those of Directors	536	481	1,047	992
<b>Total staff costs</b>	<b>17,204</b>	<b>14,746</b>	<b>33,576</b>	<b>29,262</b>
Less: Amount included in general and administrative expenses	(2,262)	(3,322)	(3,968)	(4,762)
<b>Total staff costs included in cost of services</b>	<b>14,942</b>	<b>11,424</b>	<b>29,608</b>	<b>24,500</b>
<b>(b) Finance costs</b>				
Interest expenses on lease liabilities	88	43	176	94
<b>(c) Other items</b>				
Auditor's remuneration (including remuneration for non-audit services)	165	175	319	345
Exchange loss/(gains), net	18	322	253	563
Depreciation of property, plant and equipment	363	139	726	284
Depreciation of right-of-use assets	431	695	1,201	1,393
Impairment losses on trade receivables and contract assets, net of reversal of impairment losses	2,029	2,390	4,146	239
Loss on deemed disposal of an associate	11,911	1,671	11,911	1,671

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

## 6. INCOME TAX EXPENSES

	Three months ended 30 September		Six months ended 30 September	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Current tax:</b>				
Hong Kong Profits Tax	277	731	477	972
<b>Deferred taxation:</b>				
Origination and reversal of temporary differences	-	(70)	-	(177)
	277	661	477	795

### (a) Hong Kong Profits Tax

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 group entity is taxed at 8.25% and the assessable profits above HK\$2,000,000 are taxed at 16.5% for the six months ended 30 September 2023 and 2022. The assessable profits of group entities not qualifying for the two-tiered profit 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 six months ended 30 September 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 six months ended 30 September 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 SIX MONTHS ENDED 30 SEPTEMBER 2023

## 7. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2023 (for the six months ended 30 September 2022: nil).

## 8. (LOSS)/EARNINGS PER SHARE

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

	Three months ended 30 September		Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
(Loss)/profit for the period attributable to owners of the Company	<b>(6,041)</b>	2,198	<b>(4,858)</b>	2,268
<b>Number of shares:</b>				
Weighted average number of ordinary shares in issue ('000 Number of shares)	<b>1,152,000</b>	1,152,000	<b>1,152,000</b>	1,152,000
Basic and diluted (loss)/earnings per share (HK cents)	<b>(0.52)</b>	0.19	<b>(0.42)</b>	0.20

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

Diluted (loss)/earnings per share for those periods are the same as basic (loss)/earnings per share as there were no potential ordinary shares outstanding.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

## 9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2023, the Group acquired property, plant and equipment of approximately HK\$227,000 (30 September 2022: HK\$1,500,000).

## 10. TRADE AND OTHER RECEIVABLES

	At 30 September 2023 HK\$'000 (Unaudited)	At 31 March 2023 HK\$'000 (Audited)
Trade receivables	48,828	39,523
Less: Allowance for ECL	(9,259)	(6,785)
Trade receivables, net of allowance for credit losses	39,569	32,738
Deposits, prepayments and other receivables	7,606	8,088
Less: Allowance for ECL	-	(4)
Deposits, prepayments and other receivables, net of allowance for credit losses	7,606	8,084
	47,175	40,822

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

	At 30 September 2023 HK\$'000 (Unaudited)	At 31 March 2023 HK\$'000 (Audited)
Within 30 days	13,827	7,210
Over 30 days and within 90 days	8,655	9,890
Over 90 days and within 180 days	5,957	5,736
Over 180 days	11,130	9,902
	39,569	32,738

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

## 11. TRADE AND OTHER PAYABLES

	At 30 September 2023 HK\$'000 (Unaudited)	At 31 March 2023 HK\$'000 (Audited)
Trade payables	1,623	1,437
Provision for annual leave and long service payment	2,426	2,217
Accrued expenses and other payables	959	3,257
	<b>5,008</b>	6,911

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

	At 30 September 2023 HK\$'000 (Unaudited)	At 31 March 2023 HK\$'000 (Audited)
Within 30 days	896	778
31 – 60 days	20	154
61 – 90 days	195	–
Over 90 days	512	505
	<b>1,623</b>	1,437

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

## 12. SHARE CAPITAL

	Number of shares	Share capital HK\$'000 (Unaudited)
<hr/>		
Ordinary shares of HK\$0.01 each		
<b>Authorised:</b>		
At 1 April 2022, 31 March 2023, 1 April 2023 and 30 September 2023	1,500,000,000	15,000
<hr/>		
<b>Issued and fully paid:</b>		
At 1 April 2022, 31 March 2023, 1 April 2023 and 30 September 2023	1,152,000,000	11,520
<hr/>		

## 13. FINANCIAL ASSET AT FVTPL

During the period ended 30 September 2023, the Group recorded a loss of deemed disposal with amount of approximately HK\$11.8 million and the investment in an associate was derecognised due to loss of significant influence in the associate, OPS Holdings Limited ("OPS"). The call option to acquire additional shares of OPS expired in July 2023 and as a result, the Group lost potential voting rights and significant influence in OPS.

# 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 six months ended 30 September 2023, the Group recorded an increase in revenue of approximately HK\$6.0 million or 13.1% to approximately HK\$51.4 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.

## FINANCIAL REVIEW

### Revenue

The revenue of the Group increased from approximately HK\$45.5 million for the six months ended 30 September 2022 to approximately HK\$51.4 million for the six months ended 30 September 2023, representing an increase of approximately HK\$6.0 million or 13.1%. 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Cost of Services

The cost of services increased from approximately HK\$29.4 million for the six months ended 30 September 2022 to approximately HK\$34.1 million for the six months ended 30 September 2023, representing an increase of approximately HK\$4.7 million or 16.1%. 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\$1.2 million from approximately HK\$16.1 million for the six months ended 30 September 2022 to approximately HK\$17.3 million for the six months ended 30 September 2023. The net increase was mainly due to the increase in revenue. The overall gross profit margin slightly decreased from approximately 35.4% for the six months ended 30 September 2022 to approximately 33.7% for the six months ended 30 September 2023.

## Other Income and Other Gains or Losses

Other income and other gains or losses of the Group for the six months ended 30 September 2023 and 2022 were approximately HK\$3.2 million and HK\$0.6 million respectively, representing an increase of HK\$2.6 million or approximately 4.4 times. The increase in other income and other gains or losses was mainly attributable to the increase in impairment loss for trade receivables and contract assets for the six months ended 30 September 2023.

## General and Administrative Expenses

General and administrative expenses of the Group increased by approximately HK\$1.0 million or 8.7%, from approximately HK\$11.6 million for the six months ended 30 September 2022 to approximately HK\$12.6 million for the six months ended 30 September 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Finance Costs

Finance costs amounted to approximately HK\$0.2 million and HK\$0.1 million for the six months ended 30 September 2023 and 30 September 2022 respectively, they represented interest expenses on lease liabilities for the six months ended 30 September 2023 and 2022, respectively.

## Income Tax Expenses

Income tax expenses of the Group decreased by approximately HK\$0.3 million from approximately HK\$0.8 million for the six months ended 30 September 2022 to approximately HK\$0.5 million for the six months ended 30 September 2023 and such decrease was due to the net effect between the current tax expenses on estimated assessable profits and deferred tax expenses for the periods.

## Loss for the Period

The Group recorded a loss for the six months ended 30 September 2023 of approximately HK\$4.9 million whereas the Group recorded a profit of approximately HK\$2.3 million for the six months ended 30 September 2022. The change was mainly attributed to the loss on deemed disposal of an associate.

## 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 September 2023. The change was relatively small and was mainly due to ups and downs of items included as current assets and current liabilities.

As at 30 September 2023 and 31 March 2023, the Group had no borrowings. The gearing ratio as at 30 September 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 September 2023, the Group did not have any capital commitments (31 March 2023: nil).

## FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

During the six months ended 30 September 2023, the Group did not have any material acquisitions or disposals of subsidiaries and associates, except for the deemed disposal of an associate as below.

The Group's interest in an associate was decognised due to loss of significant influence in the associate.

# MANAGEMENT DISCUSSION AND ANALYSIS

## CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 September 2023 and up to the date of issuance of interim 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 six months ended 30 September 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 September 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

As at the date of this report, there was no significant event after 30 September 2023 which was relevant to the business or financial performance of the Group that come to the attention of the Directors.

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2023, the Group employed a total of 160 employees (30 September 2022: 148 employees). The staff costs, including Directors' emoluments, of the Group were approximately HK\$33.6 million for the six months ended 30 September 2023 (30 September 2022: approximately HK\$29.3 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 30 September 2023, we utilised the net proceeds in accordance with the designated uses set out in the Prospectus and the announcement of Company dated 5 March 2021 and 31 December 2021 in relation to the change in use of proceeds as follows:

Business strategies	Revised allocation of the total net proceeds designated in the announcement dated on	Actual usage of net proceeds up to	Unutilised net proceeds as at	Expected timeline for utilising the unutilised net proceeds
	31 December 2021	30 September 2023	30 September 2023	
	HK\$ million	HK\$ million	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

## 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 September 2023:

<b>Business objective and strategy</b>	<b>Principal business plan and activity as stated in the Prospectus</b>	<b>Actual business progress up to 30 September 2023</b>
Support and expand our structural and geotechnical engineering team	<ul style="list-style-type: none"><li>• Retain the new staff employed</li><li>• Maintenance of computers and software for additional staff</li></ul>	<ul style="list-style-type: none"><li>• The Group has recruited 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 September 2023 after the listing.</li><li>• As at 30 September 2023, the Group has purchased new computers and software for new staff in the amount of approximately HK\$0.8 million.</li></ul>
Grow and develop our civil engineering team	<ul style="list-style-type: none"><li>• Retain the new staff employed</li></ul>	<ul style="list-style-type: none"><li>• The Group has recruited 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 September 2023 after the Listing.</li></ul>

# MANAGEMENT DISCUSSION AND ANALYSIS

Business objective and strategy	Principal business plan and activity as stated in the Prospectus	Actual business progress up to 30 September 2023
Expand our office infrastructure and BIM	<ul style="list-style-type: none"> <li>• Retain the new staff employed</li> <li>• Upgrade computers and software for existing staff</li> <li>• Minor renovation for office upgrade</li> </ul>	<ul style="list-style-type: none"> <li>• The Group has recruited one BIM experienced engineer and upgraded computer equipment and server infrastructure. The Group has incurred both staff cost and computer and server infrastructure cost of approximately HK\$0.9 million as at 30 September 2023 after Listing.</li> <li>• As at 30 September 2023, the Group has purchased four sets of BIM software licenses and computer equipment amounting to approximately HK\$194,000.</li> <li>• As at 30 September 2023, the Group has paid approximately HK\$45,000 to sponsor its engineering staff to attend BIM training courses held by third parties.</li> <li>• As at 30 September 2023, the Group has paid approximately HK\$0.1 million to rent additional office in Hong Kong.</li> </ul>
Support and expand our material engineering and building repairs area of service	<ul style="list-style-type: none"> <li>• Retain the new staff employed</li> </ul>	<ul style="list-style-type: none"> <li>• The Group has recruited one new junior engineering staff to handle new projects in the area of material engineering. The Group has incurred staff costs of approximately HK\$0.1 million as at 30 September 2023 after the Listing.</li> </ul>
Acquisition of or investment in companies in construction and property development industry	<ul style="list-style-type: none"> <li>• Explore business opportunities for acquisition or investment</li> </ul>	<ul style="list-style-type: none"> <li>• The Group has acquired a company of approximately HK\$0.1 million as at 30 September 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.</li> </ul>

# OTHER INFORMATION

## DISCLOSURE OF INTERESTS

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

As at 30 September 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	Approximate percentage of shareholding in the total issued share capital of the Company <sup>(Note 2)</sup>
Dr. Chan Yin Nin ("Dr. Chan") <sup>(Note 1)</sup>	Interest in controlled corporation	342,072,000 ordinary shares	29.69%
Mr. Kwong Po Lam ("Mr. Kwong") <sup>(Note 1)</sup>	Interest in controlled corporation	342,072,000 ordinary shares	29.69%

## OTHER INFORMATION

*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 September 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 September 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.

## OTHER INFORMATION

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

As at 30 September 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 <sup>(Note 4)</sup>
Manning Properties Limited <sup>(Note 1)</sup>	Beneficial owner	342,072,000 ordinary shares	Long	29.69%
Ms. Julia Gower Chan <sup>(Note 2)</sup>	Interest of spouse	342,072,000 ordinary shares	Long	29.69%
Ms. Leung Kwai Ping <sup>(Note 3)</sup>	Interest of spouse	342,072,000 ordinary shares	Long	29.69%
Mr. Wong Man Hin, Max	Beneficial owner	139,422,000 ordinary shares	Long	12.10%

# OTHER INFORMATION

*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 September 2023.

Save as disclosed above, as at 30 September 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 the Associated Corporation” above, had notified the Company of an interest or 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.

# OTHER INFORMATION

## 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 six months ended 30 September 2023.

## PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2023.

## CORPORATE GOVERNANCE CODE

During the six months ended 30 September 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 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.

# OTHER INFORMATION

## 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 enquiries 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 six months ended 30 September 2023.

## DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2023.

## 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 has been granted during the six months ended 30 September 2023 and there were no share options outstanding as at 30 September 2023.

# OTHER INFORMATION

## 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 Mr. Choy Wai Shek, Raymond, Mr. Sze Kyran and Ms. Siu Yuk Ming, all being independent non-executive Directors. Ms. Siu Yuk Ming currently serves as the chairman of the Audit Committee. The Audit Committee has reviewed and approved the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2023.

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

Hong Kong, 14 November 2023

*As at the date of this report, the Board comprises Dr. Chan Yin Nin, Mr. Kwong Po Lam, Mr. Man Kwok Hing, Mr. Kazuya Yanagihara 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.*