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## **WAC HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8619)**

### **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018**

#### **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.

*This announcement, for which the directors (the “Directors”) 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](http://www.hkgem.com) for at least seven days from the date of its publication and the Company’s website at [www.wcce.hk](http://www.wcce.hk).*

# INTERIM RESULTS

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 2018 together with the unaudited comparative figures for the corresponding period in 2017, 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	
		2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Revenue	4	16,683	18,286	32,439	35,720
Cost of services		(10,042)	(9,786)	(19,966)	(19,156)
Gross profit		6,641	8,500	12,473	16,564
Other income		288	80	368	129
Other gains/(losses), net		10	(47)	202	(45)
Listing expenses		(4,922)	(4,263)	(5,427)	(4,263)
General and administrative expenses		(4,078)	(3,354)	(8,132)	(6,171)
Finance costs	5	(57)	(75)	(131)	(137)
(Loss)/Profit before taxation	6	(2,118)	841	(647)	6,077
Income tax expense	7	(345)	(835)	(692)	(1,992)
(Loss)/Profit for the period		(2,463)	6	(1,339)	4,085
Other comprehensive income/ (expenses)					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations		53	13	135	(39)
Other comprehensive income/ (expenses) for the period, net of tax		53	13	135	(39)
Total comprehensive (expenses)/ income for the period attributable to owners of the Company		(2,410)	19	(1,204)	4,046
(Loss)/Earnings per share					
– Basic and diluted (HK cents)	9	(0.34)	–*	(0.19)	0.81

Note:\* Less than HK\$0.01 cents

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 September 2018 HK\$'000 (Unaudited)	At 31 March 2018 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment		567	612
Deposits paid		782	782
Deferred tax assets		68	74
		<b>1,417</b>	<b>1,468</b>
<b>Current assets</b>			
Trade and other receivables	10	16,902	25,873
Contract assets		15,681	—
Amounts due from customers for contract work		—	12,150
Income tax recoverable		543	374
Bank balances and cash		54,938	6,633
		<b>88,064</b>	<b>45,030</b>
<b>Current liabilities</b>			
Trade and other payables	11	10,440	7,323
Contract liabilities		4,129	—
Amounts due to customers for contract work		—	1,986
Amounts due to controlling shareholders		—	389
Bank borrowings	12	4,838	8,875
		<b>19,407</b>	<b>18,573</b>
<b>Net current assets</b>		<b>68,657</b>	<b>26,457</b>
<b>NET ASSETS</b>		<b>70,074</b>	<b>27,925</b>
<b>Capital and reserves</b>			
Share capital	13	9,600	10
Reserves		60,474	27,915
<b>TOTAL EQUITY</b>		<b>70,074</b>	<b>27,925</b>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the 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 2017 (Audited)	647	—	—	49	230	10,057	10,983
Profit for the period	—	—	—	—	—	4,085	4,085
Other comprehensive expense	—	—	—	—	(39)	—	(39)
Total comprehensive (expense)/income	—	—	—	—	(39)	4,085	4,046
Issue of shares	10	14,997	—	—	—	—	15,007
Arising from reorganisation	(550)	—	550	—	—	—	—
At 30 September 2017 (Unaudited)	107	14,997	550	49	191	14,142	30,036
At 1 April 2018 (Audited)	10	14,997	647	49	76	12,146	27,925
Loss for the period	—	—	—	—	—	(1,339)	(1,339)
Other comprehensive income	—	—	—	—	135	—	135
Total comprehensive income/(expense)	—	—	—	—	135	(1,339)	(1,204)
Shares issued pursuant to the Capitalisation Issue (Note 13 (iv))	6,710	(6,710)	—	—	—	—	—
Shares issued pursuant to the Share Offer (Note 13 (v))	2,880	54,720	—	—	—	—	57,600
Share issue expenses	—	(14,247)	—	—	—	—	(14,247)
At 30 September 2018 (Unaudited)	9,600	48,760	647	49	211	10,807	70,074

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 September	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash generated from/(used in) operating activities	5,424	(5,529)
Net cash used in investing activities	(105)	(56)
Net cash generated from financing activities	42,927	18,602
Net increase in cash and cash equivalents	48,246	13,017
Cash and cash equivalents at beginning of the period	6,633	(515)
Effect of foreign exchange rate changes	59	71
Cash and cash equivalents at end of the period	54,938	12,573
Analysis of cash and cash equivalents		
Bank balances and cash	54,938	14,449
Bank overdrafts	—	(1,876)
	54,938	12,573

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

## 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 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 were listed on the GEM of the Stock Exchange since 17 September 2018 (the “Listing”). The Group is principally engaged in provision of comprehensive structural and geotechnical engineering consultancy services.

The unaudited condensed consolidated financial information is presented in Hong Kong dollars (“HK\$”), which is same as the functional currency of the Company.

## 2. BASIS OF PREPARATION AND REORGANISATION

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2018 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 provisions of the GEM Listing Rules.

Pursuant to a reorganisation (the “Reorganisation”) of the Company and its subsidiaries now comprising the Group completed on 20 November 2017 to rationalise the Group’s structure in preparation of the listing of the shares of the Company on the GEM of the Stock Exchange (the “Listing”), the Company became the holding company of the Group. Details of the Reorganisation are set out in the prospectus of the Company dated 31 August 2018 (the “Prospectus”).

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operation and effective for its accounting period beginning on 1 April 2018.

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 2018 are consistent with those adopted in the Accountants’ Report set out in Appendix I to the Prospectus, except for the adoption of the new and revised HKFRSs as stated below. The unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Accountants’ Report set out in Appendix I to the Prospectus.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

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

### HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current period. HKFRS 15 superseded HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 April 2018. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 April 2018 and has used the practical expedient for all contract modifications that occurred before the date of initial application, the aggregate effect of all of the modifications was reflected at the date of initial application. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue and HKAS 11 Construction Contracts and the related interpretations.

The adoption of HKFRS 15 resulted in the following changes to the Group's accounting policies:

HKFRS 15 introduces a 5-step approach when recognising revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when control of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

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

### HKFRS 15 Revenue from Contracts with Customers (Continued)

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

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

### Summary of effects arising from initial application of HKFRS 15

Prior to the application of HKFRS 15, the Group recognised contract revenue and costs by reference to the stage of completion of the contract activity at the end of the reporting period and measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, in accordance with HKAS 11. This is principally consistent with the “input method” under HKFRS 15 as mentioned above. Accordingly, the application of HKFRS 15 does not have material impact on the retained profits of the Group as at 1 April 2018.

The following table summarises the impact of applying HKFRS 15 on the Group’s condensed consolidated statement of financial position as at 30 September 2018 for each of the line item affected. Line items that were not affected by the changes have not been included.

### *Impact on the condensed consolidated statement of financial position*

	As reported HK\$'000	Adjustments HK\$'000	Amounts without application of HKFRS 15 HK\$'000
<b>Current assets</b>			
Amounts due from customers for contract work	—	15,681	15,681
Contract assets	15,681	(15,681)	—
<b>Current liabilities</b>			
Amounts due to customers for contract work	—	4,129	4,129
Contract liabilities	4,129	(4,129)	—

The Group has not yet applied new/revise HKFRSs that have been issued but not yet effective. The Group is in the process of assessing, where applicable, the potential impact of these new/revise HKFRSs but is not yet in a position to state whether these new/revise HKFRSs would have a material impact on its results of operations.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

## 4. REVENUE AND SEGMENT INFORMATION

### (a) Revenue

The principal activities of the Group are provision of comprehensive structural and geotechnical engineering consultancy services mainly in Hong Kong.

	Three months ended 30 September		Six months ended 30 September	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Provision of comprehensive structural and geotechnical engineering consultancy services	16,683	18,286	32,439	35,720

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

### (b) Segment reporting

The Group currently operates in one single operating segment which is comprehensive structural and geotechnical engineering consultancy services. For the purpose of resources allocation and performance assessment, the chief operating decision maker ("CODM") (i.e. the directors of the Company) reviews the overall results and financial position of the Group as a whole prepared in accordance with accounting policies which conform to HKFRSs.

#### *Geographical information*

Almost all of the Group's external revenue for the six months ended 30 September 2018 is derived from services rendered in Hong Kong, the place of domicile of the Group's principal operating entities. Since almost all of the non-current assets employed by the Group are located in Hong Kong, no geographical information is presented accordingly.

## 5. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Interest on bank borrowings	57	75	131	137

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

## 6. (LOSS)/PROFIT BEFORE TAXATION

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

	Three months ended		Six months ended	
	30 September		30 September	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>(a) Staff costs</b>				
Directors' remuneration	1,166	1,155	2,319	2,311
Salaries, wages and other benefits	9,111	8,775	18,321	17,373
Contributions to defined contribution retirement plan, excluding those of Directors	303	304	612	620
<b>Total staff costs</b>	<b>10,580</b>	<b>10,234</b>	<b>21,252</b>	<b>20,304</b>
Less: Amount included in general and administrative expenses	(1,430)	(1,055)	(2,967)	(2,070)
<b>Total staff costs included in cost of services</b>	<b>9,150</b>	<b>9,179</b>	<b>18,285</b>	<b>18,234</b>
<b>(b) Other items</b>				
Auditor's remuneration (including remuneration for non-audit services)	31	125	156	250
Exchange losses, net	67	47	173	45
Depreciation of property, plant and equipment	67	61	129	117
Reversal of allowance of trade receivables	(77)	—	(375)	—
Operating lease charges for office premises	692	657	1,389	1,331

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

## 7. INCOME TAX EXPENSE

### (a) Hong Kong Profits Tax

Hong Kong Profits Tax is calculated at the rate of 16.5% on the estimated assessable profits for both periods.

### (b) PRC Enterprise Income Tax

Under the Enterprise Income Tax Law of the People's Republic of China (the "PRC"), the Enterprise Income Tax is calculated at the rate of 25% for both periods.

### (c) Macau Complementary Tax

Macau Complementary Tax is calculated at the rate of 12% on the estimated assessable profits for both periods.

### (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.

## 8. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2018 (2017: Nil).

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

## 9. (LOSS)/EARNINGS PER SHARE

The calculations of basic (loss)/earnings per share attributable to the owners of the Company are based on the following data:

	Three months ended 30 September		Six months ended 30 September	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
<b>(Loss)/Earnings:</b>				
(Loss)/profit for the period attributable to owners of the Company	(2,463)	6	(1,339)	4,085
<b>Number of shares:</b>				
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	715,826,087	543,144,000	694,032,787	507,304,918
Basic (loss)/earnings per share (HK cents)	(0.34)	—*	(0.19)	0.81

Note:\* less than HK\$0.01 cents

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. The number of shares for the purpose of basic (loss)/earnings per share has been retrospectively adjusted for the 671,000,000 shares which were issued pursuant to the Capitalisation Issue (as defined in Note 13). In addition, the number of shares for the three months and six months ended 30 September 2017 is calculated on the basis that the shares issued to Manning Properties have been issued since 1 April 2017.

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

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

## 10. TRADE AND OTHER RECEIVABLES

	At 30 September 2018 HK\$'000 (Unaudited)	At 31 March 2018 HK\$'000 (Audited)
Trade receivables	18,858	24,922
Less: Allowance for trade receivables	(2,565)	(3,232)
	16,293	21,690
Deposits, prepayments and other receivables	609	4,183
	16,902	25,873

The ageing analysis of the trade receivables (which included in trade and other receivables) based on the invoice dates, is as follows:

	At 30 September 2018 HK\$'000 (Unaudited)	At 31 March 2018 HK\$'000 (Audited)
Within 30 days	6,910	5,196
31-60 days	2,624	4,437
61-90 days	988	780
91-180 days	1,673	4,903
Over 180 days	4,098	6,374
	16,293	21,690

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

## 11. TRADE AND OTHER PAYABLES

	At 30 September 2018 HK\$'000 (Unaudited)	At 31 March 2018 HK\$'000 (Audited)
Trade payables	424	1,023
Accrued expenses	8,899	5,845
Other payables	1,117	455
	<b>10,440</b>	<b>7,323</b>

The ageing analysis of the trade payables based on the invoice dates, is as follows:

	At 30 September 2018 HK\$'000 (Unaudited)	At 31 March 2018 HK\$'000 (Audited)
Within 30 days	184	318
31-60 days	164	189
61-90 days	22	113
Over 90 days	54	403
	<b>424</b>	<b>1,023</b>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

## 12. BANK BORROWINGS

	At 30 September 2018 HK\$'000 (Unaudited)	At 31 March 2018 HK\$'000 (Audited)
Bank loans	4,838	8,875
Carrying amounts repayable (based on scheduled repayment terms):		
Within one year	4,838	5,570
More than one year, but not more than two years	—	3,305
More than two years, but not more than five years	—	—
	4,838	8,875
Less: Amounts shown under current liabilities		
— due within one year	(4,838)	(5,570)
— due after one year but contain a repayable on demand clause	—	(3,305)
Amounts shown under non-current liabilities	—	—

Note: All bank borrowings contain a repayment on demand clause are shown under current liabilities. The amounts due are presented based on scheduled repayment dates set out in the loan agreements.

The bank loans at 30 September 2018 and 31 March 2018 carried interest at the rate of 3% to 5.09% and 2.52% to 4% per annum, respectively.

At 30 September 2018 and 31 March 2018, term loans of approximately HK\$1,838,000 and HK\$5,875,000 respectively were secured by the guarantee given by Hong Kong Mortgage Corporation Limited and personal guarantees by Dr. Chan and Mr. Kwong.



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

## 13. SHARE CAPITAL

	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.01 each		
<b>Authorised:</b>		
At date of incorporation (Note i) and 31 March 2018 (audited)	38,000,000	380
Increase in authorised share capital on 27 August 2018 (Note iii)	1,462,000,000	14,620
At 30 September 2018 (unaudited)	1,500,000,000	15,000
<b>Issued and fully paid:</b>		
At date of incorporation (Note i)	1	– *
Allotment of shares at date of incorporation (Note i)	700,999	7
Allotment of shares under Pre-IPO Investment (Note ii)	299,000	3
At 31 March 2018 (audited)	1,000,000	10
Issue of shares under the Capitalisation Issue (Note iv)	671,000,000	6,710
Issue of shares under the Share Offer (Note v)	288,000,000	2,880
At 30 September 2018 (unaudited)	960,000,000	9,600

Note:\* Less than HK\$1,000

Note:

- (i) The Company was incorporated on 25 August 2017 in the Cayman Islands with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each. On the date of incorporation, the Company issued and allotted one nil paid share to an initial subscriber, which was transferred to Manning Properties, a company owned and controlled by Dr. Chan and Mr. Kwong.

On the date of incorporation, 700,999 shares were further allotted and issued at par, credited as fully paid, to Manning Properties. Accordingly, the Company was owned as to 100% by Manning Properties on the date of its incorporation.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

## 13. SHARE CAPITAL (CONTINUED)

Note: (continued)

### (ii) Pre-IPO Investment

On 9 May 2017, Galaxy Sourcing Limited (“Galaxy”) entered into a share subscription agreement with Mr. Kwong, Dr. Chan and Wong & Cheng Consulting Engineers Limited (“W&C Hong Kong”), one of subsidiaries of the Company, (the “Share Subscription Agreement”), pursuant to which W&C Hong Kong has agreed to allot and issue shares representing 29.9% of its enlarged issued share capital to Galaxy at a consideration of HK\$15,000,000.

On 29 August 2017, the Company, W&C Hong Kong, Dr. Chan and Mr. Kwong and Galaxy entered into a deed of novation, pursuant to which, amongst others, the liabilities and obligations of W&C Hong Kong under the Share Subscription Agreement were novated to the Company. Accordingly, the Company allotted and issued 299,000 shares to Galaxy on the same day at a consideration of HK\$15,000,000. Accordingly, the Company was owned as to 70.1% by Manning Properties and 29.9% by Galaxy.

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

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

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

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

## 14. OPERATING LEASE COMMITMENTS

The Group leases office premises and photocopiers through non-cancellable operating leases. These operating leases do not contain provisions for contingent lease rentals.

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	At 30 September 2018 HK\$'000 (Unaudited)	At 31 March 2018 HK\$'000 (Audited)
Within one year	2,773	2,630
In the second to fifth years inclusive	3,349	3,994
	<b>6,122</b>	<b>6,624</b>

## 15. BANKING FACILITIES

The Group has general bank facilities available of HK\$13.0 million as at 30 September 2018 (31 March 2018: HK\$9.3 million). These facilities were also secured by a personal guarantee by Dr. Chan and Mr. Kwong. Such personal guarantee will be released following our early settlement of the respective bank borrowings in full or replaced by a corporate guarantee.

## 16. RELATED PARTY TRANSACTIONS

### (i) Transactions

In addition to the related party transactions and balances disclosed elsewhere in the unaudited condensed consolidated financial statements, the Group entered into the following transactions with its related party during the period:

	Three months ended 30 September 2018 HK\$'000 (Unaudited)		Six months ended 30 September 2018 HK\$'000 (Unaudited)	
	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Consultancy fee received from Win Win Way Construction Co., Limited ("Win Win Way"), included in revenue	306	230	548	230

Mr. Kwong is a director of Win Win Way Construction Holdings Ltd., the holding company of Win Win Way.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

## 16. RELATED PARTY TRANSACTIONS (CONTINUED)

### (ii) Compensation of key management personnel

	Three months ended		Six months ended	
	30 September		30 September	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Salaries and other allowances	2,588	2,412	4,999	4,814
Retirement benefits scheme contributions	32	32	60	64
	2,620	2,444	5,059	4,878

The remuneration of key management personnel is determined with regard to the performance of the individuals and market trends.

## 17. SUBSEQUENT EVENTS

There were no significant events after 30 September 2018.

# 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 surface 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 a construction project. We also provide some other related services such as Registered Structural Engineers and Authorized Persons (as defined in 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 2018, 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 Directors consider that the expediting and increasing supply of land for residential development is one of the key industrial drivers of the construction engineering consultancy in Hong Kong as well as factors affecting the labour costs and private office rental expenses. The Directors are of the view that the number of properties to be built and maintained in Hong Kong remains to be the key driver for the growth of the construction engineering consultancy industry. With the Group's experienced management team and reputation in the market, the Directors consider that the Group is well-positioned to compete against its competitors under future challenges that are commonly faced by all competitors, and the Group will continue to strengthen the market position in the industry and expand the market share by securing more consultancy engineering service contracts by utilising the net proceeds from the Listing to implement our business plan as set out in the Prospectus.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### Revenue

The revenue of the Group decreased from approximately HK\$35.7 million for the six months ended 30 September 2017 to approximately HK\$32.4 million for the six months ended 30 September 2018, representing a decrease of approximately 9.2%. Such decrease was mainly due to the decrease in average revenue contributed per project for the six months ended 30 September 2018 than the corresponding period in 2017.

### Cost of Services

The cost of services increased from approximately HK\$19.2 million for the six months ended 30 September 2017 to approximately HK\$20.0 million for the six months ended 30 September 2018, representing an increase of approximately 4.2%. Such increase was mainly attributable to the slight increase in the subconsulting charges incurred for the projects that required subcontracting services undertaken by the Group during the six months ended 30 September 2018.

### Gross Profit

Gross profit of the Group decreased by approximately HK\$4.1 million from approximately HK\$16.6 million for the six months ended 30 September 2017 to approximately HK\$12.5 million for the six months ended 30 September 2018. The decrease was mainly caused by the decrease in revenue and increase in subconsulting charges for the six months ended 30 September 2018 as discussed above, with staff costs for professional staff handling our projects remained relatively stable for both periods, accounting for approximately 91.6% and 95.2% of the cost of services for the six months ended 30 September 2018 and 2017 respectively. The overall gross profit margin decreased from approximately 46.4% for the six months ended 30 September 2017 to approximately 38.5% for the six months ended 30 September 2018 as the revenue contributed by projects with high gross margin was lower for the six months ended 30 September 2018 than the corresponding period in 2017.

### General and administrative Expenses

General and administrative expenses of the Group increased by approximately HK\$1.9 million or 31.8% from approximately HK\$6.2 million for the six months ended 30 September 2017 to approximately HK\$8.1 million for the six months ended 30 September 2018. General and administrative expenses primarily consisted of staff costs for accounting and administrative staff, staff training and welfare, depreciation, legal and professional fees, and rent and rates. Such increase was mainly attributable to the (i) annual salary increment and increase in staff overtime working hours expenses; (ii) the employment of a finance manager and a financial controller in October 2017 and June 2017 respectively; and (iii) increase in legal and professional expenses after Listing.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Listing Expenses

During the six months ended 30 September 2018 and 2017, the Group recognised non-recurring listing expenses in connection with the Listing of approximately HK\$5.4 million and HK\$4.3 million respectively, representing an increase of approximately HK\$1.1 million.

## Finance Costs

The Group's finance costs mainly comprised interest expenses on bank borrowings and amounted to approximately HK\$0.1 million in both periods.

## Income Tax Expense

Income tax expense for the Group decreased by approximately HK\$1.3 million or 65.2% from approximately HK\$2.0 million for the six months ended 30 September 2017 to approximately HK\$0.7 million for the six months ended 30 September 2018 and such decrease was consistent with the decrease in estimated profits assessable under Hong Kong Profits Tax.

## (Loss)/Profit for the Period

As a result of the aforesaid and in particular the decrease in gross profit and increase in general and administrative expenses and the listing expenses of approximately HK\$5.4 million, the Group recorded a loss attributable to the owners of the Company of approximately HK\$1.3 million for the six months ended 30 September 2018 (30 September 2017: profit approximately HK\$4.1 million).

## LIQUIDITY AND FINANCIAL RESOURCES

The Group has met its liquidity requirements principally through net cash flows generated from our operations and bank borrowings. The Group's principal uses of cash have been, and are expected to continue to be, operational costs and investing activities. 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 increased from approximately 2.4 times as at 31 March 2018 to 4.5 times as at 30 September 2018. The increase was mainly due to (i) the increase in bank balances and cash mainly arising from the Share Offer from the Listing; and (ii) the decrease in bank borrowings of approximately 45.5% as at 30 September 2018.

As at 30 September 2018, the Group had total borrowings of approximately HK\$4.8 million (31 March 2018: approximately HK\$8.9 million). The gearing ratio, calculated based on total debts divided by total equity at the end of the reporting period and multiplied by 100%, decreased from approximately 33.2% as at 31 March 2018 to approximately

# MANAGEMENT DISCUSSION AND ANALYSIS

6.9% as at 30 September 2018 mainly due to the funds raised in the Share Offer and the Group's continuous effort to manage its financial leverage. Total debts include amounts due to controlling shareholders and interest-bearing debts. 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 balances and cash and bank credit facilities.

The maturity profiles of the Group's borrowings as of 30 September 2018 and 31 March 2018 were as follows:

	30 September 2018 HK\$'000	31 March 2018 HK\$'000
Repayable within one year	4,838	5,570
Repayable more than one year, but not more than two years	—	3,305
	<b>4,838</b>	<b>8,875</b>

For the six months ended 30 September 2018, the bank borrowings of the Group carried interest at the rate between 3% and 5.09% per annum. As at 30 September 2018, the Group's borrowings with fixed interest rates accounted for approximately 82.9% to total borrowings.

For further details regarding the Group's bank borrowings, please refer to note 12 to the unaudited condensed consolidated financial statements.

## 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 the 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.



# MANAGEMENT DISCUSSION AND ANALYSIS

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

## COMMITMENTS

The operating lease commitments of the Group as at 30 September 2018 were primarily related to the leases of its office premise. The Group's operating lease commitments as at 30 September 2018 amounted to approximately HK\$6.1 million (31 March 2018: approximately HK\$6.6 million).

## FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 September 2018, save for the business plans 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 AFFILIATED COMPANIES

During the six months ended 30 September 2018, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

## CONTINGENT LIABILITIES

The Group did not have material contingent liabilities as at 30 September 2018.

## EXPOSURE TO EXCHANGE RATE FLUCTUATION

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

## CHARGE OF GROUP'S ASSETS

As at 30 September 2018, there was no significant pledge on the Group's assets (31 March 2018: Nil).

## EVENT AFTER THE REPORTING PERIOD

Up to the date of this announcement, there was no significant event relevant to the business or financial performance of the Group that come to the attention of the Directors after the six months ended 30 September 2018.

# MANAGEMENT DISCUSSION AND ANALYSIS

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2018, the Group employed a total of 129 employees (31 March 2018: 132 employees). The staff costs, including Directors' emoluments, of the Group were approximately HK\$21.3 million for the six months ended 30 September 2018 (30 September 2017: approximately HK\$20.3 million). Remuneration is determined with reference to market trends and the performance, qualification and experience of individual employee. The remuneration packages comprise monthly fixed salaries and discretionary bonuses based on individual performance, which are paid to employees as recognition of, and reward for, their contribution.

## USE OF PROCEEDS

The shares of the Company were successfully listed on the 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 2018, we utilised the net proceeds in accordance with the designated uses set out in the Prospectus as follows:

<b>Business strategies</b>	<b>Amount designated in the Prospectus HK\$' million</b>	<b>Amount utilised up to 30 September 2018 HK\$' million</b>	<b>Unutilised balance as at 30 September 2018 HK\$' million</b>
Support and expand our structural and geotechnical engineering team	7.9	—	7.9
Grow and develop our civil engineering team	7.9	—*	7.9
Expand our office infrastructure and BIM upgrade	5.2	—	5.2
Support and expand our material engineering and building repairs area of service	4.7	—	4.7
General working capital	1.2	—	1.2
	<b>26.9</b>	<b>—*</b>	<b>26.9</b>

Note:\* Less than HK\$0.1 million

# 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 the Associated Corporation

As at 30 September 2018, 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 Director	Capacity/Nature of interest	Number and class of shares	Approximate percentage of shareholding in the total issued share capital of the Company <i>(Note 2)</i>
Dr. Chan Yin Nin ("Dr. Chan") <i>(Note 1)</i>	Interest in a controlled corporation	471,072,000 ordinary shares	49.07%
Mr. Kwong Po Lam ("Mr. Kwong") <i>(Note 1)</i>	Interest in a controlled corporation	471,072,000 ordinary shares	49.07%

#### 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 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 the 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 September 2018.

# MANAGEMENT DISCUSSION AND ANALYSIS

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

Name of Director	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 September 2018, 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 September 2018, 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 5)</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%
Galaxy Sourcing Limited <i>(Note 4)</i>	Beneficial owner	200,928,000 ordinary shares	Long	20.93%
Dr. Yuen Fung Ting <i>(Note 4)</i>	Interest in a controlled corporation	200,928,000 ordinary shares	Long	20.93%

# 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 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 the 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) Galaxy Sourcing Limited is wholly owned by Dr. Yuen Fung Ting and therefore Dr. Yuen Fung Ting is deemed to be interested in the 200,928,000 shares held by Galaxy Sourcing Limited pursuant to the SFO.
- (5) Based on the number of issued share of 960,000,000 shares as at 30 September 2018.

Save as disclosed above, as at 30 September 2018, 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.

## **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 2018.

## **INTERESTS OF COMPLIANCE ADVISER**

As notified by the compliance adviser of the Company, Ample Capital Limited (“Ample Capital”), as at 30 September 2018, save for the compliance adviser agreement dated 16 November 2017 entered into between the Company and Ample Capital, neither Ample

# MANAGEMENT DISCUSSION AND ANALYSIS

Capital nor its directors, employees and close associates had any interests in relation to the Group which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

## 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 2018.

## CORPORATE GOVERNANCE CODE

During the six months ended 30 September 2018 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 the code provision A.1.8 as explained below:

Under the 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.

## DIRECTORS' SECURITIES TRANSACTIONS

The Group 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 also made specific enquiries of all the Directors and the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors throughout the six months ended 30 September 2018.

## DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2018.

## 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

No share options has been granted during the six months ended 30 September 2018 and there were no share options outstanding as at 30 September 2018.

## 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 consists of three members, namely Ms. Chu Moune Tsi, Stella, Mr. Choy Wai Shek, Raymond and Mr. Sze Kyran, all being independent non-executive Directors of the Company. Ms. Chu Moune Tsi, Stella currently serves as the chairman of the Audit Committee. The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2018.

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

Hong Kong, 12 November 2018

*As at the date of this announcement, the executive Directors are Dr. Chan Yin Nin and Mr. Kwong Po Lam, and the independent non-executive Directors are Ms. Chu Moune Tsi, Stella, Mr. Choy Wai Shek, Raymond, MH, JP and Mr. Sze, Kyran, MH.*