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WAC HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8619)

CHANGE IN USE OF PROCEEDS

References are made to (i) the prospectus of WAC Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) dated 31 August 2018 (the “**Prospectus**”) in relation to the listing of the Company’s shares on GEM of the Stock Exchange; (ii) the supplemental announcement of the Company dated 28 August 2020 (the “**Announcement**”) in relation to the amendment of expected timeline of the use of unutilised net proceeds; and (iii) the third quarterly report of the Group for the nine months ended 31 December 2020 (the “**Third Quarterly Report**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Prospectus, the Announcement and the Third Quarterly Report.

CHANGE IN USE OF PROCEEDS

Net proceeds from the Share Offer received by the Company was approximately HK\$26.9 million (after deducting the listing expenses) (the “**Net Proceeds**”). As at 28 February 2021, being the latest practicable date (the “**Latest Practicable Date**”) for the purpose of this announcement, the Group has utilised approximately HK\$11.3 million of the Net Proceeds and the unutilised net proceeds amounted to approximately HK\$15.6 million (the “**Unutilised Net Proceeds**”).

For the reasons and benefits explained below, the Board has resolved to change the use of Unutilised Net Proceeds of HK\$4.6 million under business strategies “Support and expand our material engineering and building repairs area of service” to “Acquisition of or investment in companies in construction and property development industry”. Breakdown of the original allocation of the Net proceeds, breakdown of the Net Proceeds utilised, breakdown of the Unutilised Net Proceeds, and the revised allocation of the Unutilised Net Proceeds are summarised as follows:

Business strategies	Allocation of total net proceeds designated in the Prospectus <i>HK\$' million</i>	Actual usage of net proceeds up to the Latest Practicable Date <i>HK\$' million</i>	Unutilised Net Proceeds as at the Latest Practicable Date <i>HK\$' million</i>	Revised allocation of the Unutilised Net Proceeds <i>HK\$' million</i>	Expected timeline for utilising the Unutilised Net Proceeds
Support and expand our structural and geotechnical engineering team	7.9	7.4	0.5	0.5	On or before 31 March 2022
Grow and develop our civil engineering team	7.9	2.2	5.7	5.7	On or before 31 March 2022
Expand our office infrastructure and BIM upgrade	5.2	0.4	4.8	4.8	On or before 31 March 2022
Support and expand our material engineering and building repairs area of service	4.7	0.1	4.6	—	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	On or before 31 March 2022
	26.9	11.3	15.6	15.6	

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

The spread of the novel coronavirus disease (“COVID-19”) had triggered an economic downturn in Hong Kong. As the COVID-19 situation is still evolving severely, there remains a significant degree of uncertainty over the severity and duration of the economic downturn in Hong Kong, as well as the trajectory of the economic recovery once the outbreak is contained. After due and careful consideration of the current business environment and development needs of the Group, the Board considers that the use of the Unutilised Net Proceeds should be appropriately adjusted to better cope with the current economic conditions and future challenges brought by COVID-19.

Re-allocation of Unutilised Net Proceeds for acquisition of or investment in companies in construction and property development industry

The Group originally allocated the Net Proceeds of approximately HK\$4.7 million to “Support and expand our material engineering and building repairs area of service”. However, only approximately HK\$0.1 million has been utilised as at the Latest Practicable Date due to (i) the intensified market competition of material engineering and building repairs area of service as our competitors offered their services at lower prices in this economic downturn in Hong Kong, resulting in the Group’s tender success rate being lower than expected; and (ii) the fact that the Group has been taking cautious and conservative approach when applying the Net Proceeds to recruitment of personnel under the uncertainties caused by the COVID-19 global pandemic. As such, the Net Proceeds had not been utilised as originally planned.

In view of the recent market conditions and having considered by the Board (i) the low interest rate environment; and (ii) the financial position of the Group, the Board considered that the reallocation of the Unutilised Net Proceeds of approximately HK\$4.6 million to the acquisition of or investment in companies with growth potential in construction and property development industry would present a good opportunity for the Group to utilise its available funds more effectively and efficiently for a more favourable return for the Company’s shareholders, broaden its customer base and source of revenue in the long-term, and expand its business. The Group has been actively exploring business opportunities in the construction and property development industry in order to enlarge its existing business and spread its business risks. As at the date of this announcement, there is no definitive target identified, nor has any due diligence process been commenced or definitive agreement been entered into.

The Board is of the view that the aforesaid change in the use of Net Proceeds is in the best interest of the Company and its shareholders as a whole and will not have any material adverse effect on the existing business and operations of the Group. The Board will closely monitor the development of COVID-19 and continue to evaluate its impact on the operations of the Group and the plans for the use of Unutilised Net Proceeds, and may revise or amend such plans where necessary, to cope with the changing market conditions and strive for better business performance of the Group.

Save as disclosed in this announcement, there are no other changes in the use of the Net Proceeds.

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

Hong Kong, 5 March 2021

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the GEM website of the Stock Exchange at www.hkgem.com and the “Latest Company Announcements” page of the Stock Exchange’s website at www.hkexnews.hk for at least seven days from the date of its posting. This announcement will also be published on the website of the Company at www.wcce.hk.