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## **GC Construction Holdings Limited**

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

**(Stock Code: 1489)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

#### **INTERIM RESULTS HIGHLIGHTS**

- Revenue increased from approximately HK\$262.7 million for the six months ended 30 September 2022 to approximately HK\$282.8 million for the six months ended 30 September 2023, representing an increase of approximately HK\$20.1 million or 7.7%.
- Gross profit decreased from approximately HK\$32.0 million for the six months ended 30 September 2022 to approximately HK\$29.3 million for the six months ended 30 September 2023, representing a decrease of approximately HK\$2.7 million or 8.4%.
- The Group recorded a profit and total comprehensive income for the period attributable to owners of the Company of approximately HK\$16.6 million for the six months ended 30 September 2023 (six months ended 30 September 2022: approximately HK\$36.3 million).
- Basic earnings per share attributable to owners of the Company was approximately HK1.7 cents for the six months ended 30 September 2023 (six months ended 30 September 2022: approximately HK4.8 cents).
- The Board has resolved not to recommend the declaration of an interim dividend for the six months ended 30 September 2023 and 2022.

#### **INTERIM RESULTS**

The board (the “**Board**”) of directors (the “**Directors**”) of GC Construction Holdings Limited (the “**Company**”) is pleased to present the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2023, together with the comparative unaudited figures for the corresponding period in 2022.

**UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF  
COMPREHENSIVE INCOME**  
*FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023*

		<b>Six months ended 30 September</b>	
	<i>Notes</i>	<b>2023</b>	2022
		<b>HK\$'000</b>	HK\$'000
		<b>(Unaudited)</b>	(Unaudited)
Revenue	6	<b>282,839</b>	262,707
Cost of services		<u><b>(253,551)</b></u>	<u>(230,736)</u>
<b>Gross profit</b>		<b>29,288</b>	31,971
Other income	7	<b>93</b>	18,582
Administrative expenses		<b>(9,907)</b>	(6,629)
Listing expenses		–	(3,166)
Impairment losses on trade receivables and contract assets		<u><b>(424)</b></u>	<u>(211)</u>
<b>Operating profit</b>	8	<u><b>19,050</b></u>	<u>40,547</u>
Finance income		<b>808</b>	–
Finance costs		<u><b>(69)</b></u>	<u>(208)</u>
Finance costs, net	9	<u><b>739</b></u>	<u>(208)</u>
<b>Profit before income tax expense</b>		<b>19,789</b>	40,339
Income tax expense	10	<u><b>(3,175)</b></u>	<u>(4,029)</u>
<b>Profit and total comprehensive income for the period attributable to owners of the Company</b>		<u><b>16,614</b></u>	<u>36,310</u>
<b>Earnings per share attributable to owners of the Company</b>			
Basic and diluted ( <i>expressed in HK cents per share</i> )	11	<u><b>1.7</b></u>	<u>4.8</u>

**UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF  
FINANCIAL POSITION**  
*AS AT 30 SEPTEMBER 2023*

		<b>30 September 2023</b>	31 March 2023
	<i>Notes</i>	<i>HK\$'000</i> <b>(Unaudited)</b>	<i>HK\$'000</i> <b>(Audited)</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant and equipment	13	<b>3,954</b>	3,113
Right-of-use assets		<b>86</b>	328
		<u>4,040</u>	<u>3,441</u>
<b>Current assets</b>			
Trade receivables	14	<b>52,514</b>	53,704
Contract assets	15	<b>198,575</b>	196,845
Other receivables, deposits and prepayments		<b>5,369</b>	6,330
Amount due from immediate holding company		<b>15</b>	65
Short-term bank deposit		<b>50,000</b>	50,000
Cash and cash equivalents		<b>54,236</b>	47,942
		<u>360,709</u>	<u>354,886</u>
<b>Total assets</b>		<b><u>364,749</u></b>	<b><u>358,327</u></b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		<b>10,000</b>	10,000
Reserves		<b>313,364</b>	296,750
<b>Total equity</b>		<b><u>323,364</u></b>	<b><u>306,750</u></b>

		<b>30 September</b>	31 March
		<b>2023</b>	2023
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities		<u>389</u>	<u>320</u>
		<u>389</u>	<u>320</u>
<b>Current liabilities</b>			
Trade payables	16	21,695	21,870
Accruals and other payables		13,420	18,950
Contract liabilities	15	2,880	3,076
Lease liabilities		89	353
Bank borrowings		–	5,634
Current income tax liabilities		<u>2,912</u>	<u>1,374</u>
		<u>40,996</u>	<u>51,257</u>
<b>Total liabilities</b>		<u>41,385</u>	<u>51,577</u>
<b>Total equity and liabilities</b>		<u>364,749</u>	<u>358,327</u>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

### 1. GENERAL INFORMATION

GC Construction Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 28 April 2020 as an exempted company with limited liability under Companies Act (as revised) of the Cayman Islands. The address of the Company’s registered office is 71 Fort Street, PO Box 500, George Town, Grand Cayman KY1-1106, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “**Group**”) are engaged in the provision of wet trades works to public or private residential and commercial properties in Hong Kong. The ultimate holding company of the Company is Evolve Billion Limited. The ultimate controlling shareholders of the Group are Mr. Chan Kiu Sum and Mr. Chan Wing Ping.

On 10 October 2022, the shares of the Company (the “**Shares**”) were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Listing**”) by way of share offer (the “**Share Offer**”).

### 2. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements (the “**unaudited interim financial statements**”) are prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and the Hong Kong Companies Ordinance. These unaudited interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual audited consolidated financial statements for the year ended 31 March 2023.

The accounting policies and the basis of preparation adopted in the preparation of this unaudited condensed interim financial statements are consistent with those adopted in the Group’s annual financial statements for the year ended 31 March 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which also include HKASs and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong and the disclosures requirements of the Hong Kong Companies Ordinance, except for the adoption of the amendments to HKFRSs as disclosed in note 3 below.

These unaudited condensed consolidated interim financial statements are presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand (“**HK\$’000**”) except when otherwise indicated. These unaudited condensed consolidated interim financial statements have not been audited or reviewed by the Company’s external auditors, but have been reviewed by the Company’s audit committee.

### 3. APPLICATION OF AMENDMENTS TO HKFRSs

The Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 April 2023 for the preparation of the Group's unaudited condensed consolidated financial statements:

HKFRS 17 and related amendments	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

The application of the amendments to HKFRSs has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these unaudited condensed consolidated interim financial statements.

### 4. ISSUED BUT NOT YET EFFECTIVE HKFRSs

The following new standards, amendments to standards, and interpretation that have been issued, but have not been effective for the six months ended 30 September 2023 and have not been early adopted by the Group:

Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants (2022) <sup>2</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 April 2024.

<sup>3</sup> Effective for annual periods beginning on or after 1 April 2025.

The directors of the Company anticipate that the above new and amended HKFRSs will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of such standards. The Group is in the process of making an assessment of the impact of these new and amended HKFRSs upon initial application. Currently it has been considered that the adoption of them is unlikely to have a material impact on the Group's results of operations and financial position.

### 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of unaudited condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this unaudited condensed consolidated interim financial information, the critical judgments made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied in the preparation of the Group's annual audited consolidated financial statements for the year ended 31 March 2023.

## 6. REVENUE AND SEGMENT INFORMATION

The executive directors are identified as the chief operating decision makers (“CODM”) of the Group who review the Group’s internal reporting in order to assess performance and allocate resources.

The Group’s revenue is derived from provision of wet trades works in Hong Kong and accordingly, there is only one single operating segment for the Group under HKFRS 8.

### (a) Revenue

	Six months ended 30 September	
	2023 HK\$’000 (Unaudited)	2022 HK\$’000 (Unaudited)
Wet trades work	<u>282,839</u>	<u>262,707</u>

All of the Group’s revenue is recognised over time for the reporting period.

### (b) Revenue from major customers

Revenue individually generated from the following customer contributed more than 10% of the total revenue of the Group:

	Six months ended 30 September	
	2023 HK\$’000 (Unaudited)	2022 HK\$’000 (Unaudited)
Customer 1	51,105	N/A*
Customer 2	43,562	N/A*
Customer 3	38,646	N/A*
Customer 4	N/A*	56,786
Customer 5	N/A*	30,429
Customer 6	N/A*	72,810

\* Represent less than 10% of revenue for the respective period.

All of the Group’s revenue are generated in Hong Kong.

## 7. OTHER INCOME

	Six months ended 30 September	
	2023 HK\$’000 (Unaudited)	2022 HK\$’000 (Unaudited)
Youth Employment and Training Programme ( <i>Note a</i> )	93	269
Employment Support Scheme ( <i>Note b</i> )	–	18,305
Other	–	8
	<u>93</u>	<u>18,582</u>

Notes:

- (a) Amount represents wage subsidy granted under Youth Employment and Training Programme (“YETP”). Funds are granted to the Group for employing trainees under the YETP. The Group is entitled to HK\$1,500 salary allowance per month for each trainee employed.
- (b) Amount represents wage subsidy granted under Employment Support Scheme under the Anti-Epidemic Fund. Subsidies are offered to employers who have employed employees and paid MPF for them. Wage subsidies were granted to the Group for the use of paying wages and MPF of employees from May 2022 to July 2022.

## 8. EXPENSES BY NATURE

	<b>Six months ended 30 September</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Employee benefit expenses (including directors' remuneration)		
– Salaries, wages, bonuses and other welfare and allowances	<b>16,093</b>	17,960
– Pension costs – defined contribution plan	<b>520</b>	583
	<b>16,613</b>	18,543
Depreciation of plant and equipment	<b>736</b>	453
Depreciation of right-of-use assets	<b>242</b>	221
Gain on disposal on plant and equipment	<b>–</b>	8

Employee benefit expenses (including directors' remuneration) included in cost of services were approximately HK\$12,251,000 (six months ended 30 September 2022: approximately HK\$14,503,000) for the six months ended 30 September 2023.

## 9. FINANCE COSTS, NET

	<b>Six months ended 30 September</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Finance income:		
– Interest income from bank deposits	<b>808</b>	–
Finance costs:		
– Interest expense on borrowings	<b>(65)</b>	(193)
– Interest expense on lease liabilities	<b>(4)</b>	(15)
	<b>(69)</b>	(208)
Finance costs, net	<b>739</b>	(208)



## 10. INCOME TAX EXPENSE

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income tax	3,106	4,007
Deferred income tax	69	22
	<u>3,175</u>	<u>4,029</u>

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Company and two subsidiaries are not subject to any income tax in the Cayman Islands and the British Virgin Islands.

Chan Kiu Construction Decoration Engineering Limited (“**Chan Kiu**”) and Ying Wai (Chan Kiu) Construction Engineering Co., Limited (“**Ying Wai**”) are subject to Hong Kong profits tax. Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits during the reporting periods, except for Chan Kiu that is qualified under the two-tiered profits tax rate regime, under which the first HK\$2.0 million of its assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

## 11. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 September 2023 and 2022.

In determining the weighted average number of shares in issue during the six months ended 30 September 2022, 711,000,000 Shares issued pursuant to the capitalisation issue were deemed to have been issued on 1 April 2022 as if the Company has been incorporated by then.

	Six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company (HK\$'000)	<u>16,614</u>	<u>36,310</u>
Weighted average number of ordinary shares in issue	<u>1,000,000,000</u>	<u>750,000,000</u>
Basic and diluted earnings per share (in HK cents)	<u>1.7</u>	<u>4.8</u>

Diluted earnings per share for the six months ended 30 September 2023 and 2022 were the same as the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the reporting periods.

## 12. DIVIDEND

The Board has resolved not to recommend the declaration of an interim dividend for the six months ended 30 September 2023 and 2022.

## 13. PLANT AND EQUIPMENT

During the six months ended 30 September 2023, the Group incurred capital expenditure of approximately HK\$1.6 million (six months ended 30 September 2022: approximately HK\$0.8 million).

## 14. TRADE RECEIVABLES

	<b>30 September 2023 HK\$'000 (Unaudited)</b>	31 March 2023 HK\$'000 (Audited)
Trade receivables	52,786	53,974
Less: provision for impairment	(272)	(270)
	<u>52,514</u>	<u>53,704</u>
Trade receivables, net	<u><b>52,514</b></u>	<u><b>53,704</b></u>

The ageing analysis of the trade receivables based on invoice date is as follows:

	<b>30 September 2023 HK\$'000 (Unaudited)</b>	31 March 2023 HK\$'000 (Audited)
Within 30 days	47,144	46,024
31–60 days	5,642	7,093
Over 60 days	–	857
	<u>52,786</u>	<u>53,974</u>

The credit terms provided to our customers range from 14 days to 60 days. The Group's trade receivables are denominated in HK\$.

## 15. CONTRACT ASSETS AND CONTRACT LIABILITIES

Included in contract assets/(liabilities) are the following:

	<b>30 September 2023 HK\$'000 (Unaudited)</b>	31 March 2023 HK\$'000 (Audited)
<b>Contract assets</b>		
Unbilled revenue	<b>114,041</b>	127,878
Retention receivables for wet trades works	<b>85,505</b>	69,516
	<hr/>	<hr/>
Total contract assets	<b>199,546</b>	197,394
Less: provision for impairment	<b>(971)</b>	(549)
	<hr/>	<hr/>
Contract assets, net	<b>198,575</b>	196,845
	<hr/> <hr/>	<hr/> <hr/>
<b>Contract liabilities</b>	<b>(2,880)</b>	(3,076)
	<hr/> <hr/>	<hr/> <hr/>

## 16. TRADE PAYABLES

	<b>30 September 2023 HK\$'000 (Unaudited)</b>	31 March 2023 HK\$'000 (Audited)
Trade payables	<b>21,695</b>	21,870
	<hr/> <hr/>	<hr/> <hr/>

The trade payables are denominated in HK\$ and the carrying amounts approximate their fair values.

As at 30 September 2023 and 31 March 2023, the ageing analysis of the trade payables based on invoice date is as follows:

	<b>30 September 2023 HK\$'000 (Unaudited)</b>	31 March 2023 HK\$'000 (Audited)
Within 30 days	<b>21,695</b>	21,870
	<hr/> <hr/>	<hr/> <hr/>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

Facing the uncertainty in the macro-environment, the executive Directors firmly believe that distinguishing the Group from fierce competitors can only be achieved by delivering high-quality wet trades works. Skilled workers with expertise in handling wet trades materials and applying relevant techniques are essential for the wet trades works. Although the construction industry has grappled with a shortage of skilled workers over the past years, the executive Directors have established good business partnerships with experienced subcontractors, which has minimised the impact of the labour shortage to the Group. To alleviate the labour shortage issue, the Government of Hong Kong Special Administrative Region (the “**Government**”) has implemented a range of initiatives to tackle this issue, including the promotion of vocational education, support for apprenticeship programs, and the provision of subsidies and incentives for construction industry employers. In particular, the Group actively studies the Government’s strategies for labour importation and actively participates in relevant forums and discussions. The Group has started to develop internal training programs specific to the potential imported workers in familiarising themselves with the requisite standards and safety measures.

In the past years, the Group has been honoured to receive tender invitations from prominent property developers in the wet trades industry, thanks to our extensive experience and impeccable reputation. As a result, we have been awarded with some sizable projects during the six months ended 30 September 2023. The revenue increased from approximately HK\$262.7 million for the six months ended 30 September 2022 to approximately HK\$282.8 million for the six months ended 30 September 2023, representing an increase of approximately HK\$20.1 million or 7.7%. The increase in revenue was mainly driven by the increase in the amount of works performed by the Group in some of the ongoing sizeable projects, including (1) redevelopment projects at Kwai Chung Hospital; (2) projects relating to the Kai Tak Development; (3) projects relating to the LOHAS Park Development; (4) a residential project in Tai Wo Ping; and (5) a residential project in Lung Cheung Road.

As at 30 September 2023, the Group had 60 projects (31 March 2023: 53 projects) on hand with backlog value of approximately HK\$758.8 million (31 March 2023: approximately HK\$621.4 million). The Group has stable and steady backlog value and the executive Directors believe that the financial performance of the Group will remain stable in the coming year.

## **PROSPECTS**

The economic slowdown in Hong Kong has introduced a range of unstable factors that pose challenges to the property market. Recently, individuals and investors have become more cautious about property investments. This cautiousness leads to a decrease in demand for property investments as well as the overall demand for wet trade works. Nevertheless, the Group remains cautiously optimistic about the prospects of the local construction market and will continue to focus on the Group's core business.

In order to strengthen the income source of the Group, the executive Directors intend to explore opportunities in overseas markets, with a particular focus on the Southeast Asian region where there are strong domestic investments in infrastructures and real properties developments as discussed in the Group's annual report for the year ended 31 March 2023. The executive Directors firmly believe that the Group's expertise in wet trades works, characterised by excellent craftsmanship and attention to detail, positions the company favourably in the wet trade markets. The executive Directors will also closely monitor the changes in market conditions.

## **FINANCIAL REVIEW**

### **Revenue**

The revenue increased from approximately HK\$262.7 million for the six months ended 30 September 2022 to approximately HK\$282.8 million for the six months ended 30 September 2023, representing an increase of approximately HK\$20.1 million or 7.7%. The increase in revenue was mainly driven by the increase in the amount of works performed by the Group in some of the ongoing sizeable projects, including (1) redevelopment projects at Kwai Chung Hospital; (2) projects relating to the Kai Tak Development; (3) projects relating to the LOHAS Park Development; (4) a residential project in Tai Wo Ping; and (5) a residential project in Lung Cheung Road.

### **Cost of Services**

The cost of services mainly comprised subcontracting fees, cost of materials and toolings and direct labour costs.

The cost of services increased from approximately HK\$230.7 million for the six months ended 30 September 2022 to approximately HK\$253.6 million for the six months ended 30 September 2023, representing an increase of approximately HK\$22.8 million or 9.9%. The increase in cost of services was caused by the increase in revenue and the increase in additional costs resulted from the shortage of wet trades workers.

## **Gross Profit and Gross Profit Margin**

The gross profit decreased from approximately HK\$32.0 million for the six months ended 30 September 2022 to approximately HK\$29.3 million for the six months ended 30 September 2023, representing a decrease of approximately HK\$2.7 million or 8.4%. The decrease in gross profit was primarily attributable to the more-than proportionate increase in cost of services as compared to the increase in revenue for the six months ended 30 September 2023.

The gross profit margin was approximately 10.4% and 12.2% for the six months ended 30 September 2023 and 2022, respectively.

## **Other Income**

The other income decreased from approximately HK\$18.6 million for the six months ended 30 September 2022 to approximately HK\$0.1 million for the six months ended 30 September 2023, representing a decrease of approximately HK\$18.5 million. Such decrease was attributable to the government grant from the Employment Support Scheme under the Anti-Epidemic Fund of approximately HK\$18.3 million received by the Group for the six months ended 30 September 2022, while the Group did not receive such government grant for the six months ended 30 September 2023.

## **Administrative Expenses**

The administrative expenses increased from approximately HK\$6.6 million for the six months ended 30 September 2022 to approximately HK\$9.9 million for the six months ended 30 September 2023, representing an increase of approximately HK\$3.3 million. Such increase was mainly due to the increase in legal and professional fee incurred after the Listing and entertainment expenses.

## **Finance Costs, Net**

The Group recorded net finance costs of approximately HK\$0.2 million for the six months ended 30 September 2022, and it turned to net finance income of approximately HK\$0.7 million for the six months ended 30 September 2023. Interest income from short-term bank deposits amounted to approximately HK\$0.8 million for the six months ended 30 September 2023 (six months ended 30 September 2022: nil), which was partially offset by the interest expenses on bank borrowings.

## **Income Tax Expense**

The income tax expense decreased from approximately HK\$4.0 million for the six months ended 30 September 2022 to approximately HK\$3.2 million for the six months ended 30 September 2023 due to the decrease in gross profit and the increase in administrative expenses as discussed above.

## **Profit and Total Comprehensive Income for the Period**

The profit and total comprehensive income for the period decreased from approximately HK\$36.3 million for the six months ended 30 September 2022 to approximately HK\$16.6 million for the six months ended 30 September 2023, representing a decrease of approximately HK\$19.7 million or 54.2%. Such decrease was mainly driven by the decrease in the other income of approximately HK\$18.5 million, the decrease in gross profit of approximately HK\$2.7 million, and the increase in the administrative expenses as mentioned above.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

The Group needs to maintain a solid liquidity for working capital to support the Group's business operations. The principal sources of liquidity are equity capital and cash generated from the operations. As at 30 September 2023, the Group maintained a healthy liquidity position with net current assets balance and cash and cash equivalents of approximately HK\$319.7 million (31 March 2023: approximately HK\$303.6 million) and approximately HK\$54.2 million (31 March 2023: approximately HK\$47.9 million), respectively. The cash and cash equivalents were denominated in Hong Kong dollars.

The Shares were listed on Main Board of the Stock Exchange on 10 October 2022. There has been no change in the capital structure of the Company since then. As at the date of this interim results announcement, the capital structure of the Company comprised mainly issued share capital and reserves.

### **Bank Borrowings**

The bank borrowings as at 31 March 2023 represented tax loan facilities of approximately HK\$5.6 million. Such tax loans had been settled during the six months ended 30 September 2023. Tax loans were dominated in Hong Kong dollars and bear interest at floating rates.

### **Gearing Ratio**

The gearing ratio was nil as at 30 September 2023 as there was no outstanding bank borrowings as at 30 September 2023.

Gearing ratio is calculated as total borrowings (i.e. bank borrowings) divided by the total equity as at the respective reporting dates. The gearing ratio was approximately 1.8% as at 31 March 2023.

### **Net Debt to Equity Ratio**

Net debt to equity ratio is calculated as net debts (i.e. bank borrowings, net of cash and cash equivalents) divided by total equity as at the respective reporting dates.

The net debt to equity ratio was not applicable as at 30 September 2023 and 31 March 2023 as the Group had net cash position as at both dates.

## **Treasury Policy**

The Group has adopted a prudent financial management approach towards its treasury policy. 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 all the time.

## **Capital Expenditures**

For the six months ended 30 September 2023, the Group incurred capital expenditures of approximately HK\$1.6 million (six months ended 30 September 2022: approximately HK\$0.8 million).

## **CONTINGENT LIABILITIES**

The Group did not have any material contingent liabilities as at 30 September 2023 and 31 March 2023.

## **OFF-BALANCE SHEET ARRANGEMENTS AND COMMITMENTS**

The Directors confirm that as at the date of this interim results announcement, the Group did not have any off-balance sheet arrangements or commitments.

## **PLEDGE OF ASSETS**

As at 30 September 2023, all of the personal guarantees and securities for the Group's bank borrowings had been released.

## **SIGNIFICANT INVESTMENTS, ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

As at and during the six months ended 30 September 2023, the Group did not have any significant investments, acquisitions or disposals of subsidiaries, associates and joint ventures.

## **FOREIGN EXCHANGE EXPOSURE**

The Group has a minimal exposure to foreign currency risk as most of the business transactions and assets and liabilities of the Group are principally denominated in Hong Kong Dollar. As such, the Directors consider the Group's risk in foreign exchange is insignificant and no foreign exchange hedging was conducted by the Group during the six months ended 30 September 2023.



## **FINANCIAL INSTRUMENTS**

As at 30 September 2023, the major financial instruments include trade receivables, other receivables and deposits, short-term bank deposit, cash and cash equivalents, trade payables, accruals and other payables and lease liabilities. The management manages such exposure to ensure appropriate measures are implemented in a timely and effective manner.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 September 2023, the Group had 66 employees (31 March 2023: 77 employees) who were directly employed by the Group and based in Hong Kong. The Group offers remuneration package to the employees which includes salary and bonuses. Generally, the Group considers employees' salaries based on each of their qualifications, position and seniority. The Group has an annual review system to appraise the performance of the employees, which constitutes the grounds of the decision as to the salary raises, bonuses and promotions. The remuneration of the Directors is decided by the Board upon the recommendation from the remuneration committee of the Company having regard to the Group's operating results, individual performance and comparable market statistics.

## **EVENTS AFTER REPORTING PERIOD**

There have been no other material events from the end of the reporting period to the date of this interim results announcement.

## **USE OF PROCEEDS**

The Shares were successfully listed on the Main Board of the Stock Exchange on 10 October 2022.

The amount of gross proceeds from the Share Offer was HK\$125 million and the amount of net proceeds from the Share Offer was approximately HK\$91.8 million after deducting underwriting commissions and the expenses relating to the Share Offer (the "**Net Proceeds**").

The Net Proceeds will be used in the manner consistent with that as disclosed in the section headed “Future Plans and Use of Proceeds” of the Company’s prospectus dated 23 September 2022 (the “**Prospectus**”), details of which are as outlined below:

Purposes	Intended use of Net Proceeds <i>HK\$ million</i>	Unutilised amount of Net Proceeds as at 1 April 2023 <i>HK\$ million</i>	Amount of Net Proceeds utilised from 1 April 2023 to 30 September 2023 <i>HK\$ million</i>	Unutilised amount of Net Proceeds as at 30 September 2023 <i>HK\$ million</i>	Expected timeline for the use of Net Proceeds
Financing the up-front costs of the Group’s projects	67.0	–	–	–	N/A
Expanding the Group’s manpower and leasing an additional office	9.9	9.2	1.6	7.6	March 2024
Purchasing machinery and motor vehicles	2.7	0.8	0.8	–	N/A
Procuring an enterprise resources planning system <i>(Note)</i>	1.9	1.9	–	1.9	March 2024
Purchasing planks and toe-boards to further strengthen the Group’s occupational safety	1.4	1.0	0.1	0.9	March 2024
The Group’s general working capital	8.9	–	–	–	N/A
Total	<u>91.8</u>	<u>12.9</u>	<u>2.5</u>	<u>10.4</u>	

*Note:* The use of procuring an enterprise resources planning system was delayed as the Company needed more time to conduct search on ERP system and negotiate with the service providers of ERP system.

As at the date of this interim results announcement, there was no change for the intended use of Net Proceeds as disclosed in the Prospectus.

## **FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

Save as disclosed in the section headed “Future Plans and Use of Proceeds” of the Prospectus, as at the date of this interim results announcement, the Group did not have other plans for material investments and capital assets.

## **DIVIDEND**

The Board has resolved not to recommend the declaration of an interim dividend for the six months ended 30 September 2023 and 2022.

## **CORPORATE GOVERNANCE CODE**

The Company is committed to ensuring high standards of corporate governance and business practices. The Company's corporate governance practices are based on the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). During the six months ended 30 September 2023, save as disclosed below, the Company has complied with the applicable code provisions of the CG Code and, where applicable, the recommended best practices of the CG Code.

According to the code provision C.2.1 of part 2 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The Company has appointed Mr. Chan Kiu Sum as both the chairman and the chief executive officer of the Company. Considering that Mr. Chan Kiu Sum has been operating and managing the Group since 2005, the Board believes that vesting the roles of the chairman and chief executive officer in Mr. Chan Kiu Sum would enable the Group to achieve higher responsiveness, efficiency and effectiveness when formulating business strategies and executing business plans. The Board believes that the balance of power and authority is sufficiently maintained by the operation of the senior management and the Board, which comprises experienced and high-calibre individuals. The Board currently comprises two executive Directors (including Mr. Chan Kiu Sum) and three independent non-executive Directors and therefore has a fairly strong independence element in its composition.

The Board will nevertheless review the structure and composition of the Board from time to time in light of prevailing circumstances, in order to maintain a high standard of corporate governance practices of the Company.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as the required standard for securities transactions by Directors. All Directors, after specific enquiries by the Company, confirmed that they have complied with the required standard set out in the Model Code during the six months ended 30 September 2023.

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

No purchase, sale or redemption of the Company's listed securities was made by the Company or any of its subsidiaries during the six months ended 30 September 2023.

## **SHARE OPTION SCHEME**

Written resolutions were passed on 13 September 2022 to adopt the share option scheme (the “**Scheme**”). The principal terms of the Scheme are summarised in the paragraph headed “D. Share Option Scheme” in Appendix IV of the Prospectus.

No share options have been granted, exercised, cancelled or lapsed under the Scheme during the six months ended 30 September 2023. The Scheme will remain in force for a period of 10 years after the date of adoption.

## **MANAGEMENT CONTRACT**

No contract, other than a contract of service with any Director or any person in the full-time employment of the Company, concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the six months ended 30 September 2023.

## **COMPETING INTERESTS**

Mr. Chan Kiu Sum, Mr. Chan Wing Ping and Evolve Billion Limited (collectively, the “**Controlling Shareholders**”) had entered into the deed of non-competition in favour of the Company on 18 September 2022 (the “**Non-competition Undertaking**”). Each of the Controlling Shareholders has confirmed that he/it had complied with the Non-Competition Undertaking during the period from 1 April 2023 to the date of this interim results announcement. The independent non-executive Directors have reviewed that state of compliance of each of the Controlling Shareholders with the Non-competition Undertaking and as far as the independent non-executive Directors can ascertain, there has been no breach of the undertakings given in the Non-competition Undertaking by the Controlling Shareholders during the six months ended 30 September 2023.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company’s total issued share capital was held by the public during the six months ended 30 September 2023.

## **AUDIT COMMITTEE**

The Company established the Audit Committee with written terms of reference in compliance with Rule 3.22 of the Listing Rules and the code provisions D.3.3 and D.3.7 of part 2 of the CG Code. The primary duties of the Audit Committee are, among others, to make recommendations to Board on the appointment, reappointment and removal of external auditor, review the financial statements and material advice in respect of financial reporting, oversee the financial reporting process, internal control, risk management systems and audit process of the Company and perform other duties and responsibilities assigned by the Board.

The Audit Committee comprises Mr. Yu Chi Wing, Dr. Huang Hong and Dr. Lo Ki Chiu, all being independent non-executive Directors. Mr. Yu Chi Wing is the chairperson of the Audit Committee.

## **REVIEW OF INTERIM FINANCIAL RESULTS BY AUDIT COMMITTEE**

The unaudited condensed consolidated interim financial information of the Group for the six months ended 30 September 2023 and the accounting information given in this interim results announcement has not been audited by the Company's external auditor but has been reviewed by the Audit Committee of the Company, which was of the opinion that the preparation of such accounting information complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made.

## **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT**

The results announcement and the interim report are published on the Company's website at [www.chankiu.hk](http://www.chankiu.hk) and the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk). This results announcement of the Company for the six months ended 30 September 2023 will be despatched to its shareholders and will also be published on the websites of both the Stock Exchange and the Company in due course in the manner as required by the Listing Rules.

## **APPRECIATION**

The Board would like to express its sincere gratitude to the management of the Group and all the staff for their hard work and dedication, as well as its shareholders, business associates and other professional parties for their support throughout the period.

On behalf of the Board  
**GC Construction Holdings Limited**  
**Chan Kiu Sum**  
*Chairman and Executive Director*

Hong Kong, 27 November 2023

*As at the date of this announcement, the Board comprises Mr. Chan Kiu Sum (Chairman and Chief Executive Officer) and Mr. Chan Wing Ping as executive Directors and Dr. Huang Hong, Mr. Yu Chi Wing and Dr. Lo Ki Chiu as independent non-executive Directors.*