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## **GC Construction Holdings Limited**

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

**(Stock Code: 1489)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2023**

#### **FINANCIAL HIGHLIGHTS**

- Revenue increased from approximately HK\$456.4 million for the year ended 31 March 2022 to approximately HK\$541.6 million for the year ended 31 March 2023, representing an increase of approximately HK\$85.2 million or 18.7%.
- Gross profit increased from approximately HK\$57.7 million for the year ended 31 March 2022 to approximately HK\$65.5 million for the year ended 31 March 2023, representing an increase of approximately HK\$7.8 million or 13.6%.
- The Group recorded a profit and total comprehensive income for the year attributable to owners of the Company of approximately HK\$49.3 million for the year ended 31 March 2023 (2022: approximately HK\$31.3 million).
- Basic earnings per share attributable to owners of the Company was approximately HK5.7 cents for the year ended 31 March 2023 (2022: approximately HK4.2 cents).
- The Board has resolved not to recommend the declaration of a final dividend for the years ended 31 March 2023 (2022: nil).

#### **ANNUAL RESULTS**

The board (the “**Board**”) of directors (the “**Directors**”) of GC Construction Holdings Limited (the “**Company**”) is pleased to present the consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2023, together with the comparative figures for the year ended 31 March 2022.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2023**

	<i>Notes</i>	<b>2023</b> <b>HK\$'000</b>	2022 <i>HK\$'000</i>
Revenue	5	<b>541,648</b>	456,432
Cost of services		<u>(476,127)</u>	<u>(398,744)</u>
<b>Gross profit</b>		<b>65,521</b>	57,688
Other income	6	<b>18,743</b>	592
Administrative expenses		<b>(20,605)</b>	(12,087)
Listing expenses		<b>(6,951)</b>	(7,642)
(Impairment losses)/reversal of impairment loss on trade receivables and contract assets		<u>(439)</u>	<u>360</u>
<b>Operating profit</b>	7	<u><b>56,269</b></u>	<u>38,911</u>
Finance income		<b>1,006</b>	1
Finance costs		<u>(540)</u>	<u>(140)</u>
Finance income/(costs), net		<u><b>466</b></u>	<u>(139)</u>
<b>Profit before income tax expense</b>		<b>56,735</b>	38,772
Income tax expense	8	<u>(7,407)</u>	<u>(7,478)</u>
<b>Profit and total comprehensive income for the year attributable to owners of the Company</b>		<u><b>49,328</b></u>	<u>31,294</u>
<b>Earnings per share attributable to owners of the Company</b>			
Basic and diluted ( <i>expressed in HK cents per share</i> )	9	<u><b>5.7</b></u>	<u>4.2</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AS AT 31 MARCH 2023

	<i>Note</i>	<b>2023</b> <b>HK\$'000</b>	2022 <i>HK\$'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant and equipment		<b>3,113</b>	1,702
Right-of-use assets		<b>328</b>	820
Deposits		<b>–</b>	173
		<b>3,441</b>	2,695
<b>Current assets</b>			
Trade receivables	11	<b>53,704</b>	27,183
Contract assets		<b>196,845</b>	130,272
Other receivables, deposits and prepayments		<b>6,330</b>	11,039
Amount due from immediate holding company		<b>65</b>	437
Short-term bank deposit		<b>50,000</b>	–
Cash and cash equivalents		<b>47,942</b>	27,546
		<b>354,886</b>	196,477
<b>Total assets</b>		<b>358,327</b>	199,172
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		<b>10,000</b>	390
Reserves		<b>296,750</b>	142,066
<b>Total equity</b>		<b>306,750</b>	142,456

	<i>Note</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		–	353
Deferred tax liabilities		<b>320</b>	174
		<u>320</u>	<u>174</u>
		----- <b>320</b>	----- 527
<b>Current liabilities</b>			
Trade payables	12	<b>21,870</b>	28,707
Accruals and other payables		<b>18,950</b>	14,656
Amount due to a director		–	10,741
Contract liabilities		<b>3,076</b>	887
Lease liabilities		<b>353</b>	510
Bank borrowings		<b>5,634</b>	–
Current income tax liabilities		<b>1,374</b>	688
		<u>51,257</u>	<u>56,189</u>
		----- <b>51,257</b>	----- 56,189
<b>Total liabilities</b>		<u><b>51,577</b></u>	<u>56,716</u>
		----- <b>51,577</b>	----- 56,716
<b>Total equity and liabilities</b>		<u><b>358,327</b></u>	<u>199,172</u>
		=====	=====

# NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

## FOR THE YEAR ENDED 31 MARCH 2023

### 1. GENERAL INFORMATION

GC Construction Holdings Limited (formerly known as Chan Kiu Engineering 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 Company 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

The consolidated financial information of the Group has been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Company Ordinance Cap. 622. The consolidated financial information has been prepared under the historical cost convention.

These consolidated financial information is presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand (“**HK\$’000**”) except when otherwise indicated.

### 3. ACCOUNTING POLICIES

The following amended standards, annual improvements and guideline are mandatory for the first time for the financial year beginning 1 April 2022:

Annual Improvements Project	Annual Improvements to HKFRS Standards 2018–2020 (Amendments)
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope Amendments
Amendments to HKFRS 16	Covid-19 Related Rent Concessions beyond 2021
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations

The adoption of these amended standards, annual improvements and guideline did not result in any substantial change to the Group’s accounting policies. The amended standards, annual improvements and guideline listed above had no material impact on the consolidated financial information.

#### 4. ISSUED BUT NOT YET EFFECTIVE HKFRSs

New standards, amendments to existing standards and interpretation that have been issued and are relevant to the Group but not effective for the financial year beginning 1 April 2022 and have not been early adopted:

		<b>Effective for annual periods beginning on or after</b>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 April 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 April 2023
Amendments to HKAS 12	Deferred tax related to Assets and Liabilities arising from a Single Transaction	1 April 2023
HKFRS 17	Insurance Contracts	1 April 2023
Amendments to HKFRS 17	Amendments to HKFRS 17	1 April 2023
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information	1 April 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 April 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 April 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 April 2024
HK Int 5 (Revised)	Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayments on Demand Clause	1 April 2024
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The directors of the Group are in the process of assessing the financial impact of the adoption of the above new standards, amendments to standards and interpretation, and do not expect them to have a material impact in the current or future reporting periods and on foreseeable future transactions. The directors of the Group will adopt the new standards, amendments to standards and interpretation when they become effective.

## 5. REVENUE AND SEGMENT INFORMATION

The executive directors are identified as the chief operating decision makers 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.

### Revenue

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Wet trades work	<u>541,648</u>	<u>456,432</u>

All of the Group's revenue is recognised over time.

## 6. OTHER INCOME

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Youth Employment and Training Programme ( <i>Note a</i> )	408	591
Employment Support Scheme ( <i>Note b</i> )	18,296	–
Other	<u>39</u>	<u>1</u>
	<u>18,743</u>	<u>592</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 (2022: same).
- (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.

## 7. EXPENSES BY NATURE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Employee benefit expenses (including directors' remuneration)		
– Directors' fees	270	–
– Salaries, wages, bonuses and other welfare and allowances	37,587	31,279
– Pension costs – defined contribution plan	1,347	1,304
	<u>39,204</u>	<u>32,583</u>
Auditor's remuneration – audit services	2,000	220
Depreciation of plant and equipment	1,131	824
Depreciation of right-of-use assets	492	493

Employee benefit expenses (including directors' remuneration) included in cost of services were approximately HK\$26,992,000 (2022: approximately HK\$24,858,000) for the year ended 31 March 2023.

## 8. INCOME TAX EXPENSE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current income tax	7,261	7,480
Deferred income tax	146	(2)
	<u>7,407</u>	<u>7,478</u>

## 9. 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 year.

The Company has 39,000,000 share in issue as at 1 April 2022 and 31 March 2022. On 10 October 2022, 711,000,000 shares were issued under capitalisation issue. On the same date, 250,000,000 shares were issued by way of Share Offer upon the Company's Listing. The weighted average number of shares in issue for the years ended 31 March 2023 and 2022 for the purpose of earnings per share computation has been retrospectively adjusted for the effect of the 711,000,000 shares issued under the capitalisation issue on 10 October 2022. Further, 118,493,000 shares, being the effect of the Share Offer calculated using a time-weighting factor, has been included in such weighted average numbers in issue for the year ended 31 March 2023.

	2023	2022
Profit attributable to owners of the Company ( <i>HK\$'000</i> )	<u>49,328</u>	<u>31,294</u>
Weighted average number of ordinary shares in issue ( <i>'000</i> )	<u>868,493</u>	<u>750,000</u>
Basic and diluted earnings per share ( <i>in HK cents</i> )	<u>5.7</u>	<u>4.2</u>

Diluted earnings per share for the years ended 31 March 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 (2022: same).



## 10. DIVIDEND

No dividend has been paid or declared by the Company for the year ended 31 March 2023 (2022: Nil).

## 11. TRADE RECEIVABLES

### Trade receivables

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	53,974	27,349
Less: provision for impairment	<u>(270)</u>	<u>(166)</u>
Trade receivables, net	<u><u>53,704</u></u>	<u><u>27,183</u></u>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	46,024	21,788
31–60 days	7,093	3,757
Over 60 days	<u>857</u>	<u>1,804</u>
	<u><u>53,974</u></u>	<u><u>27,349</u></u>

The credit terms provided to our customers range from 14 days to 60 days. The Group's trade receivables are denominated in HK\$ (2022: same).

The carrying amounts of trade receivables approximate their fair values.

## 12. TRADE PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables	<u><u>21,870</u></u>	<u><u>28,707</u></u>

The trade payables are denominated in HK\$ and the carrying amounts approximate their fair values (2022: same).

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	<u><u>21,870</u></u>	<u><u>28,707</u></u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Board of GC Construction Holdings Limited is pleased to present the consolidated annual results of the Group for the year ended 31 March 2023, together with the comparative figures for the corresponding year in 2022.

The shares of the Company (the “**Shares**”) were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 10 October 2022 (the “**Listing Date**”) by way of share offer (the “**Share Offer**”) (the “**Listing**”). The Group is a wet trades contractor in Hong Kong. The wet trades works performed by the Group mainly included plastering, tile laying, brick laying, floor screeding and marble works.

In the first half of year under review, Hong Kong experienced the well-documented fifth wave of outbreak of COVID-19 which resulted in certain adverse impact to the Group’s business, and the progress of the residential related projects of the Group were slowed down due to the disruptions of COVID-19. However, with the efforts of the management team and the success of the business strategies, the Group shifted the business focus to government infrastructure projects in the first half of the year under review. The projects of a hospital in Yaumatei, a sports park in Kai Tak and the community isolations and treatment facilities helped the Group withstand the challenging times and maintain a solid financial position. The Group participated in the construction of the community isolations and treatment facilities. With the dedications and hard work of the workers and employees, the Group completed the construction of the community isolations and treatment facilities efficiently under the tight timetable. The Board is of the view that it was an honour for the Group to be able to assist the community to fight against COVID-19.

Towards the half way of the year ended 31 March 2023, the outbreak of COVID-19 in Hong Kong began to ease and the economic activities in Hong Kong has gradually resumed. The Group was fully committed to the progress of all existing projects. The revenue increased from approximately HK\$456.4 million for the year ended 31 March 2022 to approximately HK\$541.6 million for the year ended 31 March 2023, representing an increase of approximately HK\$85.2 million or 18.7%. 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 a commercial project at the Hong Kong International Airport, a private residential project in Tai Wo Ping, a project of a sports park in Kai Tak and a project of a community isolation and treatment facility.

As at 31 March 2023, the Group had 53 projects (31 March 2022: 39 projects) on hand.

## **PROSPECTS**

Leveraging the Group's established track record in the wet trades industry in Hong Kong, the management will continue to make use of the advantages of the Group to increase the Group's market share in the wet trades industry. It is commonly known that the Hong Kong government has a high priority in addressing the housing problem in Hong Kong. The increasing land for housing development, the northern metropolitan development, the development plan of Tseung Kwan O District 137 and the new Light Public Housing are expected to increase the demand for wet trades works. The Group is confident in maintaining solid performance in the coming years by seizing the abovementioned opportunities and controlling its costs.

In recent years, Southeast Asia countries have achieved robust economic growth, primarily driven by strong domestic investments in infrastructures and real properties developments, and supported by the trend where an increasing number of international enterprises have been setting up or relocating their supply chain and production activities to such regions. Amid this geo-economic development, the Group is considering to look into the feasibility of establishing a presence in Southeast Asia, with an aim to securing suitable wet trades works and other construction-related projects. The Group will closely monitor the economic demand from various Southeast Asia countries and explore suitable opportunities to expand overseas, in an effort to stimulate its long-term growth and diversify its growth drivers. In addition, with its solid financial position, strong reputation, established customer base and experience management, the Group will look out for potential opportunities to diversify its service portfolio via offering other wet trade-related ancillary works, including but not limited to fitting-out and decoration works. In this regard, the Group may consider collaborating with other partners and/or setting up its own team in developing its presence in other ancillary works. Considering the Group's leading market position in the Hong Kong wet trades industry and its successful listing on the Main Board of the Stock Exchange in the past year, the management believes that the Group is well-positioned to develop its practice in other ancillary works and in turn capture the market growth in such fields.

## **FINANCIAL REVIEW**

### **Revenue**

The revenue increased from approximately HK\$456.4 million for the year ended 31 March 2022 to approximately HK\$541.6 million for the year ended 31 March 2023, representing an increase of approximately HK\$85.2 million or 18.7%. The increase in revenue was mainly driven by the increase in the amount of works performed by the Group in some of our ongoing sizeable projects, including a commercial project at the Hong Kong International Airport, a private residential project in Tai Wo Ping, a project of a sports park in Kai Tak and a project of a community isolation and treatment facility.

### **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\$398.7 million for the year ended 31 March 2022 to approximately HK\$476.1 million for the year ended 31 March 2023, representing an increase of approximately HK\$77.4 million or 19.4%. The increase in cost of services was generally in line with the increase in revenue.

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

The gross profit increased from approximately HK\$57.7 million for the year ended 31 March 2022 to approximately HK\$65.5 million for the year ended 31 March 2023, representing an increase of approximately HK\$7.8 million or 13.6%. The increase in gross profit was primarily attributable to the increase in revenue for the year ended 31 March 2023.

The gross profit margin remained relatively stable at approximately 12.1% and 12.6% for the years ended 31 March 2023 and 2022, respectively.

### **Other Income**

The other income increased from approximately HK\$0.6 million for the year ended 31 March 2022 to approximately HK\$18.7 million for the year ended 31 March 2023, representing an increase of approximately HK\$18.2 million. Such increase was primarily attributable to the government grant from the Employment Support Scheme under the Anti-Epidemic Fund, which amounted to approximately HK\$18.3 million for the year ended 31 March 2023, while our Group did not receive such government grant for the year ended 31 March 2022.

## **Administrative Expenses**

The administrative expenses increased from approximately HK\$12.1 million for the year ended 31 March 2022 to approximately HK\$20.6 million for the year ended 31 March 2023, representing an increase of approximately HK\$8.5 million. Such increase was mainly due to the increase in staff cost, entertainment expenses and legal and professional fees incurred after the Listing.

## **Finance income/(costs), net**

The Group recorded net finance costs of approximately HK\$0.1 million for the year ended 31 March 2022, and it turned to net finance income of approximately HK\$0.5 million for the year ended 31 March 2023. Interest income from short-term bank deposits amounted to approximately HK\$1.0 million for the year ended 31 March 2023, which was partially offset by the interest expenses on bank borrowings.

## **Income Tax Expense**

The income tax expense remained relatively stable at approximately HK\$7.4 million and HK\$7.5 million for the years ended 31 March 2023 and 2022, respectively. The effective tax rate, which is calculated by dividing the income tax expense by profit before taxation, was approximately 13.1% and 19.3% for the years ended 31 March 2023 and 2022, respectively. The decrease in effective tax rate was mainly due to the increase in income not subject to tax.

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

The profit and total comprehensive income for the year increased from approximately HK\$31.3 million for the year ended 31 March 2022 to approximately HK\$49.3 million for the year ended 31 March 2023, representing an increase of approximately HK\$18.0 million or 57.6%. Such increase was mainly driven by the increase in gross profit and other income.

## **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, cash generated from operations and bank borrowings. As at 31 March 2023, the Group maintained a healthy liquidity position with net current assets balance of approximately HK\$303.6 million (2022: approximately HK\$140.3 million), comprising cash and cash equivalent of approximately HK\$47.9 million (2022: approximately HK\$27.5 million) and short-term bank deposit of HK\$50 million (2022: nil), respectively. The cash and cash equivalents were denominated in Hong Kong dollars.

The Shares were listed on the 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 announcement, the capital structure of the Company comprised mainly issued share capital, reserves. The Group also deploy bank borrowings as its financial resources.

## **Bank Borrowings**

The bank borrowings as at 31 March 2023 represented term loans of approximately HK\$5.6 million (2022: nil). Such term loans are dominated in Hong Kong dollars and bear interest at floating rates.

## **Gearing Ratio**

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.

The gearing ratio was nil as at 31 March 2022 as there was no outstanding bank borrowings as at 31 March 2022.

## **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 31 March 2023 and 2022 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 year ended 31 March 2023, the Group incurred capital expenditures of approximately HK\$2.5 million (2022: approximately HK\$0.9 million).

## **CONTINGENT LIABILITIES**

The Group did not have any material contingent liabilities as at 31 March 2023 and 2022.

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

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

## **PLEDGE OF ASSETS**

All of the personal guarantees and securities for the Group's bank borrowings has been released and the bank borrowings are secured by way of corporate guarantee as at the date of this announcement.

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

For the year ended 31 March 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 year ended 31 March 2023.

## **FINANCIAL INSTRUMENTS**

As at 31 March 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, bank borrowings 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 31 March 2023, the Group had 77 employees (2022: 83 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 THE REPORTING PERIOD**

There have been no material events from the end of the reporting period up to the date of this 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 is HK\$125 million and the amount of net proceeds from the Share Offer is 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>	Utilised	Unutilised	Expected timeline for the use of Net Proceeds
		amount since the Listing Date and up to 31 March 2023 <i>HK\$ million</i>	amount of Net Proceeds as at 31 March 2023 <i>HK\$ million</i>	
Financing the up-front costs of the Group’s projects	67.0	67.0	–	March 2023
Expanding the Group’s manpower and leasing an additional office	9.9	0.7	9.2	March 2024
Purchasing machinery and motor vehicles	2.7	1.9	0.8	March 2024
Procuring an enterprise resources planning (“ERP”) system ( <i>Note 1</i> )	1.9	–	1.9	March 2024
Purchasing planks and toe-boards to further strengthen the Group’s occupational safety	1.4	0.4	1.0	March 2024
The Group’s general working capital	8.9	8.9	–	March 2023
Total	<u>91.8</u>	<u>78.9</u>	<u>12.9</u>	

*Note:*

- (1) 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 results announcement, there was no further 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 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 dividend for the years ended 31 March 2023 (2022: nil).

## **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 period from the Listing Date to the year ended 31 March 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 period from the Listing Date to the year ended 31 March 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 period from the Listing Date to the year ended 31 March 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, forfeited or lapsed under the Scheme during the period from the Listing Date to the year ended 31 March 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 year ended 31 March 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 the Listing Date to the year ended 31 March 2023. 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 period from the Listing Date to the year ended 31 March 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 period from the Listing Date to the date of this annual results announcement.

## **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.

The Audit Committee had reviewed the Group's annual results for the year ended 31 March 2023 and confirmed that they were prepared in accordance with applicable accounting standards and the Listing Rules and that adequate disclosures have been made.

## **SCOPE OF WORK OF PRICEWATERHOUSECOOPERS**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2023 as set out in the preliminary announcement for the year ended 31 March 2023 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

## **ANNUAL GENERAL MEETING**

The forthcoming Annual General Meeting (“**2023 AGM**”) of the Company will be held on 18 August 2023 and the notice and circular of the 2023 AGM will be published and despatched to the Shareholders in the manner as required by the Listing Rules in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

To ascertain the identity of the Shareholders who will be entitled to attend and vote at the 2023 AGM, the register of members of the Company will be closed from Tuesday, 15 August 2023 to Friday, 18 August 2023, both dates inclusive, the period during which no transfer of Shares will be effected. In order to be eligible to attend and vote at the 2023 AGM, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong for registration not later than 4:30 p.m. on Monday, 14 August 2023.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

The annual results announcement and the annual 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). The annual report of the Company for the year ended 31 March 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 June 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.*