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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 2024

FINANCIAL HIGHLIGHTS

- Revenue increased from approximately HK\$541.6 million for the year ended 31 March 2023 to approximately HK\$585.2 million for the year ended 31 March 2024, representing an increase of approximately HK\$43.5 million or 8.0%.
- Gross profit decreased from approximately HK\$65.5 million for the year ended 31 March 2023 to approximately HK\$41.8 million for the year ended 31 March 2024, representing a decrease of approximately HK\$23.7 million or 36.1%.
- The Group recorded a profit and total comprehensive income for the year attributable to owners of the Company of approximately HK\$19.1 million for the year ended 31 March 2024 (2023: approximately HK\$49.3 million).
- Basic earnings per share attributable to owners of the Company was approximately HK1.9 cents for the year ended 31 March 2024 (2023: approximately HK5.7 cents).
- The Board has resolved not to recommend the declaration of a final dividend for the years ended 31 March 2024 (2023: 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 2024, together with the comparative figures for the year ended 31 March 2023.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2024

	<i>Notes</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
Revenue	5	585,170	541,648
Cost of services		<u>(543,327)</u>	<u>(476,127)</u>
Gross profit		41,843	65,521
Other income	6	102	18,743
Administrative expenses		(20,733)	(20,605)
Listing expenses		–	(6,951)
Impairment loss on trade receivables and contract assets		<u>(625)</u>	<u>(439)</u>
Operating profit	7	<u>20,587</u>	<u>56,269</u>
Finance income		2,287	1,006
Finance costs		<u>(114)</u>	<u>(540)</u>
Finance income, net		<u>2,173</u>	<u>466</u>
Profit before income tax expense		22,760	56,735
Income tax expense	8	<u>(3,691)</u>	<u>(7,407)</u>
Profit and total comprehensive income for the year attributable to owners of the Company		<u>19,069</u>	<u>49,328</u>
Earnings per share attributable to owners of the Company			
Basic and diluted (<i>expressed in HK cents per share</i>)	9	<u>1.9</u>	<u>5.7</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Plant and equipment		3,808	3,113
Right-of-use assets		827	328
Deposits		184	–
		4,819	3,441
Current assets			
Trade receivables	11	76,038	53,704
Contract assets	12	214,508	196,845
Other receivables, deposits and prepayments		4,758	6,330
Amount due from immediate holding company		97	65
Tax recoverable		2,497	–
Short-term bank deposit		50,000	50,000
Cash and cash equivalents		31,871	47,942
		379,769	354,886
Total assets		384,588	358,327
EQUITY			
Equity attributable to owners of the Company			
Share capital		10,000	10,000
Reserves		315,819	296,750
Total equity		325,819	306,750

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
LIABILITIES			
Non-current liabilities			
Lease liabilities		370	–
Deferred tax liabilities		316	320
		<u>686</u>	<u>320</u>
Current liabilities			
Trade payables	13	33,230	21,870
Accruals and other payables		21,821	18,950
Contract liabilities	12	2,496	3,076
Lease liabilities		536	353
Bank borrowings		–	5,634
Current income tax liabilities		–	1,374
		<u>58,083</u>	<u>51,257</u>
Total liabilities		<u>58,769</u>	<u>51,577</u>
Total equity and liabilities		<u>384,588</u>	<u>358,327</u>

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

FOR THE YEAR ENDED 31 MARCH 2024

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 new standard and amendments to existing standards are mandatory for the first time for the financial year beginning 1 April 2023:

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
HKFRS 17	Insurance Contracts
Amendments to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information

The adoption of these new standard and amendments to existing standards did not result in any substantial change to the Group’s accounting policies. The new standard and amendments to existing standards listed above had no material impact on the consolidated financial information.

4. ISSUED BUT NOT YET EFFECTIVE HKFRSs

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 2023 and have not been early adopted:

		Effective for annual periods beginning on or after
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 Int5 (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 HKAS 7 and HKFRS 7	Supplier Finance Arrangement	1 April 2024
Amendments to HKFRS 21	Lack of Exchangeability	1 April 2025
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 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 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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Wet trades work	<u>585,170</u>	<u>541,648</u>

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

6. OTHER INCOME

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Employment Support Scheme (<i>Note a</i>)	–	18,296
Youth Employment and Training Programme (<i>Note b</i>)	102	408
Other	–	39
	<u>102</u>	<u>18,743</u>

Notes:

- (a) 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 (2024: nil).
- (b) 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 (2023: same).

7. EXPENSES BY NATURE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Employee benefit expenses (including directors' remuneration)		
– Directors' fees	570	270
– Salaries, wages, bonuses and other welfare and allowances	34,292	37,587
– Pension costs – defined contribution plan	1,241	1,347
	<u>36,103</u>	<u>39,204</u>
Auditor's remuneration – audit services	1,700	2,000
Depreciation of plant and equipment	1,750	1,131
Depreciation of right-of-use assets	493	492

Employee benefit expenses (including directors' remuneration) included in cost of services were approximately HK\$25,490,000 (2023: approximately HK\$26,992,000) for the year ended 31 March 2024.

8. INCOME TAX EXPENSE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current income tax	3,695	7,261
Deferred income tax	(4)	146
	<u>3,691</u>	<u>7,407</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 shares in issue as at 1 April 2022. The weighted average number of shares in issue for the year ended 31 March 2023 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. On the same date, 250,000,000 shares were issued by way of Share Offer upon the Company's Listing. 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.

	Year ended 31 March	
	2024	2023
Profit attributable to owners of the Company (<i>HK\$'000</i>)	<u>19,069</u>	<u>49,328</u>
Weighted average number of ordinary shares in issue (<i>'000</i>)	<u>1,000,000</u>	<u>868,493</u>
Basic earnings per share (<i>in HK cents</i>)	<u>1.9</u>	<u>5.7</u>

Diluted earnings per share for the year ended 31 March 2024 were the same as the basic earnings per share as there was no dilutive potential ordinary shares outstanding during the year (2023: same).

10. DIVIDEND

No dividend has been paid or declared by the Company for the year ended 31 March 2024 (2023: Nil).

11. TRADE RECEIVABLES

Trade receivables

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	76,919	53,974
Less: provision for impairment	<u>(881)</u>	<u>(270)</u>
Trade receivables, net	<u><u>76,038</u></u>	<u><u>53,704</u></u>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 30 days	40,799	46,024
31–60 days	20,304	7,093
Over 60 days	<u>15,816</u>	<u>857</u>
	<u><u>76,919</u></u>	<u><u>53,974</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\$ (2023: same).

The carrying amounts of trade receivables approximate their fair values.

12. CONTRACT ASSETS AND CONTRACT LIABILITIES

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

	As at 31 March	
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Contract assets		
Unbilled revenue	125,121	127,878
Retention receivables for wet trades works	<u>89,950</u>	<u>69,516</u>
Total contract assets	215,071	197,394
Less: provision for impairment	<u>(563)</u>	<u>(549)</u>
Contract assets, net	<u><u>214,508</u></u>	<u><u>196,845</u></u>
Contract liabilities	<u><u>(2,496)</u></u>	<u><u>(3,076)</u></u>

13. TRADE PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables	33,230	21,870

The trade payables are denominated in HK\$ and the carrying amounts approximate their fair values (2023: same).

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 30 days	33,230	21,870

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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.

Revenue increased from approximately HK\$541.6 million for the year ended 31 March 2023 to approximately HK\$585.2 million for the year ended 31 March 2024. This represented an increase of approximately HK\$43.5 million or 8.0%. The Group embarked on several significant projects that proved to be key contributors to the company’s revenue, these projects spanned across various sectors and exemplified the Group’s diverse capabilities. The key projects undertaken by the Group during the year ended 31 March 2024 included the redevelopment projects at Kwai Chung Hospital, projects related to the Kai Tak Development, projects related to the LOHAS Park Development, a residential project in Tai Wo Ping and a residential project in Kam Sheung Road. From large-scale infrastructure development to innovative real estate development, each project played an important role in driving the Group’s success and strengthening its position in the market. These projects showcased the Group’s expertise in delivering high-quality developments in both the public and private sectors.

The Group has experienced a decrease in gross profit margin due to the volatility of the real estate market. The instability in property prices has adversely affected the number of new wet trade works projects and contracts available to tender during the year. Companies engaged in wet trade works are now faced with heightened competition as they strive to secure limited projects and contracts. The intense market competition has led to a huge pressure on the Group’s tender price and profit margin for its newly awarded projects during the year ended 31 March 2024, where the Group had to lower its tender price in order to secure new contracts, thereby putting pressure on the profit margin of the wet trade works industry. Such competitive environment has made it challenging for the Group to maintain high profit margin. Further, the decreasing trend in property prices have also resulted in a reduction in the budget to the ongoing projects. Faced with tightened budget, main contractors may tend to exercise prudence in assessing the progress of the ongoing projects to avoid over-budget. This, in turn, led to a decrease in the gross profit margin of some of the Group’s ongoing projects and adversely affected the financial performance of the Group.

During the year ended 31 March 2024, the Group participated in the Labour Importation Scheme for the Construction Sector, commonly known as the Construction Sector Scheme. This scheme, supported by the government, has played a significant role in alleviating the shortage issue faced by the Hong Kong wet trade works industry. Historically, the industry has encountered challenges owing to a scarcity of skilled workers. However, with the importation of labour, the wet trade works industry has gained access to a larger pool of labour resources, effectively addressing the gaps created by the labour shortage. The increased availability of labour has bolstered the industry’s workforce reserve, resulting in enhanced efficiency in project execution.

As at 31 March 2024, the Group had 61 projects (2023: 53 projects) on hand with backlog value of approximately HK\$564.8 million (2023: approximately HK\$621.5 million).

PROSPECTS

The volatile real estate market in Hong Kong has posed significant challenges for the wet trade works industry in the region. To mitigate risks and explore new opportunities, the Group has established a subsidiary with the aim of exporting its expertise in wet trade works to Southeast Asian countries. Cambodia, with its rapidly growing economy and expanding infrastructure development, has emerged as an appealing destination for the Group to pursue overseas business opportunities. Venturing into this new market will enable the Group to diversify its revenue streams. In addition, the Group is also expanding into the fitting-out works sector in Hong Kong. By diversifying into fitting-out projects, the Group can tap into a distinct market segment and leverage its existing resources, including skilled labor and project management capabilities, while adapting its expertise to meet the specific demands of fitting-out works.

These initiatives will enable the Group to navigate the challenges of the real estate market and position itself for long-term success. Exploring wet trade works in Cambodia and fitting-out projects in Hong Kong will not only diversify the Group's services but also reduce its dependence on wet trade works in Hong Kong.

FINANCIAL REVIEW

Revenue

The revenue increased from approximately HK\$541.6 million for the year ended 31 March 2023 to approximately HK\$585.2 million for the year ended 31 March 2024, representing an increase of approximately HK\$43.5 million or 8.0%. 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 the redevelopment projects at Kwai Chung Hospital, projects related to the Kai Tak Development, projects related to the LOHAS Park Development, a residential project in Tai Wo Ping and a residential project in Kam Sheung 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\$476.1 million for the year ended 31 March 2023 to approximately HK\$543.3 million for the year ended 31 March 2024, representing an increase of approximately HK\$67.2 million or 14.1%. The increase in cost of services was caused by the increase in the amount of works performed by the Group.

Gross Profit and Gross Profit Margin

The gross profit decreased from approximately HK\$65.5 million for the year ended 31 March 2023 to approximately HK\$41.8 million for the year ended 31 March 2024, representing a decrease of approximately HK\$23.7 million or 36.1%. The decrease in gross profit was primarily attributable to the volatility of the real estate market. The instability in property prices has adversely affected the gross profit margin of the wet trade works.

The gross profit margin was approximately 7.2% and 12.1% for the years ended 31 March 2024 and 2023, respectively.

Other Income

The other income decreased from approximately HK\$18.7 million for the year ended 31 March 2023 to approximately HK\$0.1 million for the year ended 31 March 2024, representing a decrease of approximately HK\$18.6 million. Such decrease was primarily attributable to the recognition of the government grant from the Employment Support Scheme under the Anti-Epidemic Fund of approximately HK\$18.3 million for the year ended 31 March 2023, while the Group did not receive such government grant for the year ended 31 March 2024.

Administrative Expenses

The administrative expenses mainly comprised staff costs, entertainment expenses, depreciation, motor vehicles expenses, insurance and legal and professional expenses.

The administrative expenses remained stable at approximately HK\$20.7 million for the year ended 31 March 2024 and approximately HK\$20.6 million for the year ended 31 March 2023, respectively.

Finance income, net

The net finance income increased from approximately HK\$0.5 million for the year ended 31 March 2023 to approximately HK\$2.2 million for the year ended 31 March 2024. Such increase was mainly due to the increase in interest income from short-term bank deposits.

Income Tax Expense

The income tax expense decreased from approximately HK\$7.4 million for the year ended 31 March 2023 to approximately HK\$3.7 million for the year ended 31 March 2024 as there is a decrease in assessable profit for the year ended 31 March 2024.

Profit and Total Comprehensive Income for the Year

The profit and total comprehensive income for the year decreased from approximately HK\$49.3 million for the year ended 31 March 2023 to approximately HK\$19.1 million for the year ended 31 March 2024, representing decrease of approximately HK\$30.3 million or 61.3%. Such decrease was mainly driven by the decrease 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 2024, the Group maintained a healthy liquidity position with net current assets balance of approximately HK\$321.7 million (2023: approximately HK\$303.6 million), comprising cash and cash equivalent of approximately HK\$31.9 million (2023: approximately HK\$47.9 million) and short-term bank deposit of HK\$50 million (2023: HK\$50 million), respectively. The cash and cash equivalents were mainly 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 31 March 2024, the capital structure of the Company comprised mainly issued share capital and reserves.

Bank Borrowings

The bank borrowings was nil as at 31 March 2024 and approximately HK\$5.6 million as at 31 March 2023. Such term loans were dominated in Hong Kong dollars and bear interest at floating rates.

Gearing Ratio

Gearing ratio was calculated as total borrowings (i.e. bank borrowings) divided by the total equity as at the respective reporting dates. The gearing ratio was nil as at 31 March 2024 as there was no outstanding bank borrowings as at 31 March 2024. 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 31 March 2024 and 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 year ended 31 March 2024, the Group incurred capital expenditures of approximately HK\$3.4 million (2023: approximately HK\$2.5 million).

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 March 2024 and 2023.

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

As at 31 March 2024, the Group did not have any pledge of assets.

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

For the year ended 31 March 2024, 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 2024.

FINANCIAL INSTRUMENTS

As at 31 March 2024, 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 31 March 2024, the Group had 89 employees (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 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	Utilised	Unutilised	Expected
	use of	amount	amount of	
	Net Proceeds	since the	Net Proceeds	timeline for
	HK\$ million	Listing Date	as at	the use of
		and up to	31 March 2024	Net Proceeds
		31 March 2024	HK\$ million	Net Proceeds
			HK\$ million	
Financing the up-front costs of the Group’s projects	67.0	67.0	–	N/A
Expanding the Group’s manpower and leasing an additional office (<i>Note a</i>)	9.9	6.9	3.0	March 2025
Purchasing machinery and motor vehicles	2.7	2.7	–	N/A
Procuring an enterprise resources planning (“ERP”) system (<i>Note b</i>)	1.9	–	1.9	March 2025
Purchasing planks and toe-boards to further strengthen the Group’s occupational safety	1.4	1.0	0.4	March 2025
The Group’s general working capital	8.9	8.9	–	N/A
Total	<u>91.8</u>	<u>86.5</u>	<u>5.3</u>	

Notes:

- (a) Despite the Group’s efforts in actively recruiting and interviewing potential candidates, the expansion of the Group’s manpower was delayed because the Group was unable to find suitable candidates. However, the Group will continue to recruit potential candidates.
- (b) 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 2024 (2023: 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 C1 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). During the year ended 31 March 2024, 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 three executive Directors (including Mr. Chan Kiu Sum) and four 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 C3 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 year ended 31 March 2024.

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 year ended 31 March 2024.

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 year ended 31 March 2024. 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 2024.

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 year ended 31 March 2024. 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 year ended 31 March 2024.

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 year ended 31 March 2024.

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, Dr. Lo Ki Chiu and Dr. Luk Che Chung, *JP*, 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 2024 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 2024 as set out in the preliminary announcement for the year ended 31 March 2024 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 ("**2024 AGM**") of the Company will be held on 16 August 2024 and the notice and circular of the 2024 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 2024 AGM, the register of members of the Company will be closed from Tuesday, 13 August 2024 to Friday, 16 August 2024, 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 2024 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, 12 August 2024.

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 and the Stock Exchange's website at www.hkexnews.hk. The annual report of the Company for the year ended 31 March 2024 will 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, 24 June 2024

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