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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 2024**

#### **INTERIM RESULTS HIGHLIGHTS**

- Revenue decreased from approximately HK\$282.8 million for the six months ended 30 September 2023 to approximately HK\$265.3 million for the six months ended 30 September 2024, representing a decrease of approximately HK\$17.5 million or 6.2%.
- Gross profit decreased from approximately HK\$29.3 million for the six months ended 30 September 2023 to approximately HK\$2.9 million for the six months ended 30 September 2024, representing a decrease of approximately HK\$26.4 million or 90.2%.
- The Group recorded a loss and total comprehensive expense for the period attributable to owners of the Company of approximately HK\$7.2 million for the six months ended 30 September 2024 (six months ended 30 September 2023: a profit and total comprehensive income for the period of approximately HK\$16.6 million).
- Basic loss per share attributable to owners of the Company was approximately HK0.7 cents for the six months ended 30 September 2024 (six months ended 30 September 2023: basic earnings per share of approximately HK1.7 cents).
- The Board has resolved not to recommend the declaration of an interim dividend for the six months ended 30 September 2024 and 2023.

#### **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 2024, together with the comparative unaudited figures for the corresponding period in 2023.

**UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF  
COMPREHENSIVE INCOME**

*FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024*

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2024</b>	2023
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	6	<b>265,314</b>	282,839
Cost of services		<u><b>(262,431)</b></u>	<u>(253,551)</u>
<b>Gross profit</b>		<b>2,883</b>	29,288
Other income	7	–	93
Administrative expenses		<b>(10,664)</b>	(9,907)
Impairment losses on trade receivables and contract assets		<u><b>(181)</b></u>	<u>(424)</u>
<b>Operating (loss)/profit</b>	8	<u><b>(7,962)</b></u>	<u>19,050</u>
Finance income		<b>870</b>	808
Finance costs		<u><b>(76)</b></u>	<u>(69)</u>
Finance costs, net		<u><b>794</b></u>	<u>739</u>
<b>(Loss)/profit before income tax expense</b>		<b>(7,168)</b>	19,789
Income tax credit/(expense)	9	<u><b>4</b></u>	<u>(3,175)</u>
<b>(Loss)/profit and total comprehensive (expense)/income for the period attributable to owners of the Company</b>		<u><b>(7,164)</b></u>	<u>16,614</u>
<b>(Loss)/earnings per share attributable to owners of the Company</b>			
Basic and diluted ( <i>expressed in HK cents per share</i> )	10	<u><b>(0.7)</b></u>	<u>1.7</u>

**UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**

*AS AT 30 SEPTEMBER 2024*

		<b>30 September 2024</b>	31 March 2024
	<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		<b>3,267</b>	3,808
Right-of-use assets		<b>538</b>	827
Deposit		<b>184</b>	184
		<u><b>3,989</b></u>	<u>4,819</u>
<b>Current assets</b>			
Trade receivables	12	<b>80,465</b>	76,038
Contract assets	13	<b>210,268</b>	214,508
Other receivables, deposits and prepayments		<b>4,164</b>	4,758
Amount due from immediate holding company		<b>100</b>	97
Tax recoverable		<b>2,819</b>	2,497
Short-term bank deposit		<b>–</b>	50,000
Cash and cash equivalents		<b>66,833</b>	31,871
		<u><b>364,649</b></u>	<u>379,769</u>
<b>Total assets</b>		<u><b>368,638</b></u>	<u>384,588</u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		<b>10,000</b>	10,000
Reserves		<b>308,655</b>	315,819
<b>Total equity</b>		<u><b>318,655</b></u>	<u>325,819</u>

		<b>30 September</b>	31 March
		<b>2024</b>	2024
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		47	370
Deferred tax liabilities		<u>312</u>	<u>316</u>
		<u>359</u>	<u>686</u>
<b>Current liabilities</b>			
Trade payables	14	14,069	33,230
Accruals and other payables		17,542	21,821
Contract liabilities	13	3,414	2,496
Lease liabilities		549	536
Bank borrowings		<u>14,050</u>	<u>–</u>
		<u>49,624</u>	<u>58,083</u>
<b>Total liabilities</b>		<u>49,983</u>	<u>58,769</u>
<b>Total equity and liabilities</b>		<u>368,638</u>	<u>384,588</u>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

## 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 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 2024.

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 2024, 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 2024 for the preparation of the Group's unaudited condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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 2024 and have not been early adopted by the Group:

HKAS 21 and HKFRS 1 Amendments	Lack of Exchangeability <sup>1</sup>
HKFRS 9 and HKFRS 7 Amendments	Amendments to Classification and Measurement of Financial Instruments <sup>2</sup>
HKFRS 18	Presentation and Disclosure in Financial Statements <sup>3</sup>
HKFRS 19	Subsidiaries without Public Accountability: Disclosures <sup>3</sup>
HKFRS 10 and HKAS 28 Amendments	Sale or Contribution of Assets between an Investor and its Associate of Joint Venture <sup>4</sup>
Hong Kong Interpretation 5 Amendments	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>4</sup>

<sup>1</sup> effective for accounting periods beginning on or after 1 January 2025

<sup>2</sup> effective for accounting periods beginning on or after 1 January 2026

<sup>3</sup> effective for accounting periods beginning on or after 1 January 2027

<sup>4</sup> no mandatory effective date is determined yet but early application is permitted

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 2024.

## 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	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Wet trades work	<u>265,314</u>	<u>282,839</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	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Customer 1	43,162	N/A*
Customer 2	36,605	51,105
Customer 3	29,268	43,562
Customer 4	<u>28,296</u>	<u>38,646</u>

\* 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	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Youth Employment and Training Programme ( <i>Note</i> )	–	93
	<u>–</u>	<u>93</u>

*Note:* 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.

## 8. EXPENSES BY NATURE

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Employee benefit expenses (including directors' remuneration)		
– Salaries, wages, bonuses and other welfare and allowances	23,715	16,093
– Pension costs – defined contribution plan	600	520
	<u>24,315</u>	<u>16,613</u>
Depreciation of plant and equipment	678	736
Depreciation of right-of-use assets	289	242
	<u>678</u>	<u>242</u>

Employee benefit expenses (including directors' remuneration) included in cost of services were approximately HK\$18,885,000 (six months ended 30 September 2023: approximately HK\$12,251,000) for the six months ended 30 September 2024.



## 9. INCOME TAX CREDIT/(EXPENSE)

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income tax	–	(3,106)
Deferred income tax	4	(69)
	<u>4</u>	<u>(69)</u>
	<u>4</u>	<u>(3,175)</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%.

## 10. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 September 2024 and 2023.

	Six months ended 30 September	
	2024	2023
	(Unaudited)	(Unaudited)
(Loss)/profit attributable to owners of the Company (HK\$'000)	<u>(7,164)</u>	<u>16,614</u>
Weighted average number of ordinary shares in issue	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Basic and diluted (loss)/earnings per share (in HK cents)	<u>(0.7)</u>	<u>1.7</u>

Diluted (loss)/earnings per share for the six months ended 30 September 2024 and 2023 were the same as the basic (loss)/earnings per share as there were no dilutive potential ordinary shares outstanding during the reporting periods.

## 11. DIVIDEND

The Board has resolved not to recommend the declaration of an interim dividend for the six months ended 30 September 2024 and 2023.

## 12. TRADE RECEIVABLES

	<b>30 September 2024 HK\$'000 (Unaudited)</b>	31 March 2024 HK\$'000 (Audited)
Trade receivables	81,468	76,919
Less: provision for impairment	<u>(1,003)</u>	<u>(881)</u>
Trade receivables, net	<b><u>80,465</u></b>	<b><u>76,038</u></b>

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

	<b>30 September 2024 HK\$'000 (Unaudited)</b>	31 March 2024 HK\$'000 (Audited)
Within 30 days	36,131	40,799
31-60 days	16,378	20,304
Over 60 days	<u>28,959</u>	<u>15,816</u>
	<b><u>81,468</u></b>	<b><u>76,919</u></b>

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

## 13. CONTRACT ASSETS AND CONTRACT LIABILITIES

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

	<b>30 September 2024 HK\$'000 (Unaudited)</b>	31 March 2024 HK\$'000 (Audited)
<b>Contract assets</b>		
Unbilled revenue	116,801	125,121
Retention receivables for wet trades works	<u>94,089</u>	<u>89,950</u>
Total contract assets	210,890	215,071
Less: provision for impairment	<u>(622)</u>	<u>(563)</u>
Contract assets, net	<b><u>210,268</u></b>	<b><u>214,508</u></b>
<b>Contract liabilities</b>	<b><u>(3,414)</u></b>	<b><u>(2,496)</u></b>

#### 14. TRADE PAYABLES

	<b>30 September 2024</b>	31 March 2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Trade payables	<b>14,069</b>	33,230

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

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

	<b>30 September 2024</b>	31 March 2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Within 30 days	<b>14,069</b>	33,230

## 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.

During the period of uncertainty in the Hong Kong real estate market, wet trades contractors encountered various challenges. Firstly, the decreasing demand for new construction projects directly impacted on the workload of construction firms. With fewer individuals willing to invest in real estate during this uncertain period, the necessity for wet trade works decreased. Secondly, the Group faced a decline in project opportunities and contracts, escalating competition within the sector. To maintain competitiveness, the Group found itself compelled to reduce prices, thereby affecting the Group’s gross profit margins. Furthermore, the volatile market environment could lead to financial constraints, impeding the operational efficiency and growth of the wet trade works industry. Delays in real estate development projects caused by the market downturn could result in issues such as postponed payments for construction projects and prolonged construction works schedule. These challenges could negatively impact the Group’s cash flow, leading to operating cash outflows for the six months ended 30 September 2024 as well as the profitability of the Group.

In response to these challenges, the Group was seeking to exploring opportunities in the fitting-out sector for strengthen the income source. Diversifying risk through expansion into the fitting-out sector could bring numerous benefits to the Group grappling with a downturn in the Hong Kong wet trade works industry. This strategic move not only offered new revenue opportunities but also utilized existing resources, bolstered market resilience, and promoted long-term business sustainability.

As at 30 September 2024, the Group had 56 projects (31 March 2024: 61 projects) on hand with backlog value of approximately HK\$506.1 million (31 March 2024: approximately HK\$564.8 million).

## **PROSPECTS**

Facing volatility in the Hong Kong real estate market, the Group is seeking to strengthen its income source by venturing into the Southeast Asian market. The Group conducts in market research, risk assessments, and meticulous partner selection to ensure that investments yield the anticipated returns, considering factors like regulations, cultural environments, and competition.

Southeast Asia is known for its rapid economic growth, substantial population, and abundant natural resources, rendering it a promising investment hub. By entering the Southeast Asian market, the Group can broaden its business horizons and customer base, capitalizing on the economic development and construction demands of the region. There exist numerous investment opportunities in construction projects in Southeast Asia, including infrastructure development, real estate ventures, and industrial park construction, all falling within the expertise of the Group. Recently, the Group was successfully entered into Cambodia Market and awarded a construction project in Cambodia.

## **FINANCIAL REVIEW**

### **Revenue**

The revenue decreased from approximately HK\$282.8 million for the six months ended 30 September 2023 to approximately HK\$265.3 million for the six months ended 30 September 2024, representing a decrease of approximately HK\$17.5 million or 6.2%. The decrease in revenue was caused by the decrease in the number of projects and the reduction in the budget of some main contractors due to the volatility in the real estate market.

### **Cost of Services**

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

Despite the decrease in revenue, the cost of services increased from approximately HK\$253.6 million for the six months ended 30 September 2023 to approximately HK\$262.4 million for the six months ended 30 September 2024, representing an increase of approximately HK\$8.9 million or 3.5%. Such increase was caused by the increase in subcontracting charges in light of unexpected changes in request of the Group's work by the customers during the six months ended 30 September 2024.

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

The gross profit decreased from approximately HK\$29.3 million for the six months ended 30 September 2023 to approximately HK\$2.9 million for the six months ended 30 September 2024, representing a decrease of approximately HK\$26.4 million or 90.2%. The decrease in gross profit was primarily attributable to (i) the increase in subcontracting charges in light of unexpected changes in request of the Group's work by the customers during the six months ended 30 September 2024; and (ii) the decline in gross profit margin of new projects due to the volatility in the real estate market.

The gross profit margin was approximately 1.1% and 10.4% for the six months ended 30 September 2024 and 2023, respectively.

### **Other Income**

Other income represented wage subsidy granted under Youth Employment and Training Programme during the six months ended 30 September 2023.

### **Administrative Expenses**

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

The administrative expenses increased from approximately HK\$9.9 million for the six months ended 30 September 2023 to approximately HK\$10.7 million for the six months ended 30 September 2024, representing an increase of approximately HK\$0.8 million or 7.6%. Such increase was mainly due to the increase in staff cost.

### **Finance Costs, Net**

The net finance income increased from approximately HK\$0.7 million for the six months ended 30 September 2023 to approximately HK\$0.8 million for the six months ended 30 September 2024, represented an increase of approximately HK\$55,000 or 7.4%. Such increase was mainly due to the increase in interest income from short-term bank deposits.

### **Income Tax Expense**

The income tax expense was approximately HK\$3.2 million for six months ended 30 September 2023, and it turned to income tax credit of approximately HK\$4,000 for the six months ended 30 September 2024. Such change was because there was no assessable profit during the six months ended 30 September 2024.

### **(Loss)/Profit and Total Comprehensive (Expense)/Income for the Period**

The Group recorded the profit and total comprehensive income of approximately HK\$16.6 million for the six months ended 30 September 2023, and it turned to the loss and total comprehensive expense of approximately HK\$7.2 million for the six months ended 30 September 2024. Such change was mainly driven by the decrease in gross profit 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 2024, the Group maintained a healthy liquidity position with net current assets balance, cash and cash equivalents and short-term bank deposit of approximately HK\$315.0 million (31 March 2024: approximately HK\$321.7 million); approximately HK\$66.8 million (31 March 2024: approximately HK\$31.9 million) and nil (31 March 2024: HK\$50 million), respectively. The cash and cash equivalents and short-term bank deposit 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 announcement, the capital structure of the Company comprised mainly issued share capital and reserves.

#### **Bank Borrowings**

The bank borrowings was approximately HK\$14.1 million as at 30 September 2024 and nil as at 31 March 2024. Such bank borrowings 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 approximately 4.4% as at 30 September 2024. The gearing ratio was nil as at 31 March 2024 as there was no outstanding bank borrowings as at 31 March 2024.

#### **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 2024 and 31 March 2024 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 2024, the Group incurred capital expenditures of approximately HK\$0.1 million (six months ended 30 September 2023: approximately HK\$1.6 million).

## **CONTINGENT LIABILITIES**

The Group did not have any material contingent liabilities as at 30 September 2024 and 31 March 2024.

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

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

## **PLEDGE OF ASSETS**

As at 30 September 2024 and 31 March 2024, the Group did not have any pledge of assets.

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

As at and during the six months ended 30 September 2024, the Group did not have any significant investments held, material 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 2024.

## **FINANCIAL INSTRUMENTS**

As at 30 September 2024, the major financial instruments include trade receivables, other receivables and deposits, 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 30 September 2024, the Group had 92 employees (31 March 2024: 89 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 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	Unutilised	Amount of	Unutilised	Expected
	use of Net	Net Proceeds	Net Proceeds	amount of	
	Proceeds	as at 31 March	utilised from	Net Proceeds	timeline
	2024	2024	1 April 2024 to	as at	for the use of
	HK\$ million	HK\$ million	30 September	30 September	Net Proceeds
			2024	2024	
			HK\$ million	HK\$ million	
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	3.0	3.0	–	N/A
Purchasing machinery and motor vehicles	2.7	–	–	–	N/A
Procuring an enterprise resources planning (“ERP”) system ( <i>Note</i> )	1.9	1.9	–	1.9	March 2025
Purchasing planks and toe-boards to further strengthen the Group’s occupational safety	1.4	0.4	0.4	–	N/A
The Group’s general working capital	8.9	–	–	–	N/A
Total	<u>91.8</u>	<u>5.3</u>	<u>3.4</u>	<u>1.9</u>	

*Note:* The use of procuring an ERP 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 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 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 2024 and 2023.

## **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 six months ended 30 September 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 six months ended 30 September 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 six months ended 30 September 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 or lapsed under the Scheme during the six months ended 30 September 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 six months ended 30 September 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 six months ended 30 September 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 six months ended 30 September 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 six months ended 30 September 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.

## **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 2024 and the accounting information given in this interim 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). The interim report of the Company for the six months ended 30 September 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, 26 November 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.*