Geotech Holdings Ltd.
致浩達控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1707)

PROFIT WARNING

This announcement is made by Geotech Holdings Ltd. (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provision (as defined in the Listing Rules) under Part XIVA of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong).

Based on the preliminary review of the unaudited consolidated management accounts of the Group and the information currently available, the board of directors (the "**Board**") of the Company wishes to inform the shareholders of the Company and potential investors that the Group is expected to record a consolidated net loss in the range between approximately HK$6 million to approximately HK$7 million for the six months ended 30 June 2020, as compared to the consolidated net loss of approximately HK$3 million for the six months ended 30 June 2019.

Such expected increase in consolidated net loss is mainly attributable to:

(i) a decrease in revenue from the Group's construction and engineering services (the "**Construction Business**") -

The decrease in revenue was mainly attributable to (a) the reduction in new contracts being awarded to the Group since 2019 as a result of the decline in supply of slope work projects available for tender from public sector, in particular those under the Landslip Prevention and Mitigation Programme launched by the Geotechnical Engineering Office of the Civil Engineering and Development Department of the government of Hong Kong Special Administrative Region; and (b) the increasingly competitive pricing for tenders in the market;

(ii) the significant reduction in gross profit of Construction Business despite the positive contribution from our property-related services -

Reduction in gross profit of Construction Business was largely due to the squeeze in gross profit margin resulting from higher subcontracting charges from subcontractors engaged by the Group in recent years, with total subcontracting charges decreasing to a lesser extent compared to the decrease in revenue. During the six months ended 30 June 2020, the Group continued to focus on project management role with substantial use of subcontractors for a large proportion of revenue; and

(iii) a relatively high fixed costs base with administrative expenses (such as staff costs) of not less than approximately HK$14 million.

As the Company is still in the process of finalising the interim results of the Group for the six months ended 30 June 2020, the information contained in this announcement is only based on the Board's preliminary assessment of the unaudited consolidated management accounts of the Group and the information currently available, which have neither been reviewed by the audit committee of the Company nor reviewed/audited by the Company's auditors. The above information may be subject to further adjustments upon final review by the Board and the Company's auditors. Shareholders and potential investors are advised to refer to the details in the interim results of the Group for the six months ended 30 June 2020, which is expected to be published in late August 2020 in accordance with the Listing Rules.

Shareholders of the Company and potential investors should exercise caution when dealing in the securities of the Company.

By order of the Board
Geotech Holdings Ltd.
Chen Zhi
Chairman and executive Director

Hong Kong, 18 August 2020

As at the date of this announcement, the Board comprises Mr. Chen Zhi as chairman and executive Director, Mr. Qiu Dong as executive Director, Mr. Yau Kin Wing Sino as executive Director and Chief Executive Officer, and Mr. Chan Tsang Mo, Mr. Shen Zejing and Mr. So Wai Man as independent non-executive Directors.