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Geotech Holdings Ltd.

致浩達控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1707)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024**

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the year ended 31 December 2024 amounted to approximately HK\$80.5 million (2023: approximately HK\$134.6 million).
- Gross profit of the Group for the year ended 31 December 2024 amounted to approximately HK\$5.4 million (2023: approximately HK\$3.6 million).
- Loss attributable to equity holders of the Company for the year ended 31 December 2024 amounted to approximately HK\$15.8 million (2023: approximately HK\$16.4 million).
- Basic and diluted loss per share for the year ended 31 December 2024 amounted to approximately HK cents 0.94 (2023: approximately HK cents 0.97).

The board (the “**Board**”) of directors (the “**Directors**”) of Geotech Holdings Ltd. (the “**Company**”) hereby announces the consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the financial year ended 31 December 2024 together with the comparative figures for the corresponding year of 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	<i>Notes</i>	2024 <i>HK\$’000</i>	2023 <i>HK\$’000</i>
Revenue	4	80,501	134,567
Direct costs		<u>(75,113)</u>	<u>(130,989)</u>
Gross profit		5,388	3,578
Other income	5	3,645	4,872
Administrative expenses		(24,513)	(25,047)
Reversal of impairment under expected credit loss (“ECL”) allowance on trade and other receivables, net		8	8
Reversal of impairment under ECL allowance on contract assets		13	275
Finance costs	6	<u>(67)</u>	<u>(35)</u>
Loss before income tax	7	(15,526)	(16,349)
Income tax expense	8	<u>(285)</u>	<u>(17)</u>
Loss for the year		<u>(15,811)</u>	<u>(16,366)</u>
Other comprehensive income, net of tax			
Items that will not be reclassified subsequently to profit or loss			
Fair value gain on financial assets at fair value through other comprehensive expense		49	72
Remeasurement of long service payment (“LSP”) obligations		<u>303</u>	<u>–</u>
Total comprehensive expense for the year attributable to equity holders of the Company		<u>(15,459)</u>	<u>(16,294)</u>
		<i>HK cents</i>	<i>HK cents</i>
Loss per share attributable to equity holders of the Company			
Basic and diluted	10	<u>(0.94)</u>	<u>(0.97)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		3,445	5,411
Financial assets at fair value through other comprehensive income (“FVOCI”)		–	1,072
Finance lease receivables	<i>11</i>	–	206
Deferred tax assets		–	266
		3,445	6,955
Current assets			
Trade and other receivables	<i>12</i>	56,438	54,040
Contract assets	<i>13</i>	6,832	12,979
Finance lease receivables	<i>11</i>	206	261
Cash and bank balances		121,407	137,239
		184,883	204,519
Current liabilities			
Trade and other payables	<i>14</i>	24,180	27,841
Lease liabilities	<i>15</i>	675	729
Tax payable		71	110
Contract liabilities	<i>13</i>	1,190	4,382
		26,116	33,062
Net current assets		158,767	171,457
Total assets less current liabilities		162,212	178,412
Non-current liabilities			
Lease liabilities	<i>15</i>	–	655
Long service payment obligations	<i>16</i>	741	827
		741	1,482
Net assets		161,471	176,930
CAPITAL AND RESERVES			
Share capital	<i>17</i>	16,800	16,800
Reserves		144,671	160,130
Total equity		161,471	176,930

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL INFORMATION

Geotech Holdings Ltd. (the “**Company**”) was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law (as revised) of the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of the registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands, and its principal place of business is Unit 706-708, 7th Floor, Tower II, Metroplaza, 223 Hing Fong Road, Kwai Chung, New Territories, Hong Kong.

The Company is an investment holding company, and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in provision of construction and engineering services, property-related services and sales of luxury products.

The Company’s immediate and ultimate holding company is Star Merit Global Limited (“**Star Merit**”), a company incorporated in the British Virgin Islands (the “**BVI**”) and wholly owned by Mr. Chen Zhi (“**Mr. Chen**”). The ultimate controlling shareholder of the Company is Mr. Chen.

These consolidated financial statements for the year ended 31 December 2024 (the “**Consolidated Financial Statements**”) were approved for issue by the board of directors (the “**Directors**”) of the Company on 24 March 2025.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), which is a collective term including all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the accounting principles generally accepted in Hong Kong.

The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The material accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented in the consolidated financial statements. The adoption of new or amended HKFRSs and the impacts on the Group’s consolidated financial statements, if any, are disclosed in Note 3.

The consolidated financial statements have been prepared on the historical cost basis except for financial assets at fair value through other comprehensive income (“**FVOCI**”) which are stated at fair value. The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the functional currency of the Company, and all values are rounded to the nearest thousands (“**HK\$’000**”), except when otherwise indicated.

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates.

3. ADOPTION OF NEW AND AMENDED HKFRSs

(a) Amended HKFRSs that are effective for annual periods beginning on 1 January 2024

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2024:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The adoption of the amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

(b) Issued but not yet effective HKFRSs

At the date of authorisation of these consolidated financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

HKFRS 18	Presentation and Disclosure in Financial Statements ³
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contacts Referencing Nature-dependent Electricity ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKAS 21	Lack of Exchangeability ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11 ²
Amendments to Hong Kong Interpretation 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ³

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual periods beginning on or after 1 January 2027

⁴ Effective date not yet determined

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. The directors are in the process of making an assessment of the impact of other new and amended HKFRSs but not yet in the position to ascertain their impact on the Group's consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

(a) Revenue

The Group's principal activities are disclosed in Note 1 of the consolidated financial statements.

Revenue recognised for the years ended 31 December 2024 and 2023 are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Construction and engineering services	61,129	122,774
Property-related services	8,977	8,412
Sales of luxury products	<u>10,395</u>	<u>3,381</u>
	<u><u>80,501</u></u>	<u><u>134,567</u></u>

The performance obligations of revenue of the Group from construction and engineering services and property related services are satisfied over time, and the sales of luxury products is at a point in time.

(b) Segment information

The Group's operating activities are attributable to construction and engineering services, property-related services and sales of luxury products.

The Group organised its business units based on its segment purposes and the internal management reports are prepared in accordance with accounting policies which conform to HKFRSs, which is regularly reviewed by the executive directors, being the chief operating decision maker (the "CODM"), for the purposes of resource allocation and assessment of segment performance. The CODM has identified construction and engineering services, property-related services and sales of the luxury products as reportable segments.

For the year ended 31 December 2024

	Construction and engineering services HK\$'000	Property- related services HK\$'000	Sales of luxury products HK\$'000	Total HK\$'000
Reportable segment revenue				
— From external customers	<u>61,129</u>	<u>8,977</u>	<u>10,395</u>	<u>80,501</u>
Reportable segment results (Note)	<u>(10,944)</u>	<u>968</u>	<u>141</u>	(9,835)
Unallocated corporate income				1,649
Unallocated corporate expenses				<u>(7,340)</u>
Loss before income tax				<u>(15,526)</u>

Note:

	Construction and engineering services HK\$'000	Property- related services HK\$'000	Sales of luxury products HK\$'000	Unallocated HK\$'000	Total HK\$'000
Amounts included in the measure of segment results					
— Bank interest income	605	36	-	1,649	2,290
— Reversal of the Impairment under ECL allowance on contract assets	13	-	-	-	13
— Depreciation of non-financial assets	(1,932)	(4)	-	(1)	(1,937)
— Reversal of the Impairment under ECL allowance on trade and other receivables, net	8	-	-	-	8
— Impairment of items of property, plant and equipment	(642)	-	-	-	(642)
— Gain on disposal of plant and equipment	3	-	-	-	3
— Long service payment	(155)	(33)	(9)	-	(197)
— Finance costs	<u>(63)</u>	<u>(4)</u>	<u>-</u>	<u>-</u>	<u>(67)</u>
Other segment item					
Additions to non-current segment assets	<u>613</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>613</u>

As at 31 December 2024

	Construction and engineering services <i>HK\$'000</i>	Property- related services <i>HK\$'000</i>	Sales of luxury products <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment assets	113,794	6,394	4,425	63,715	188,328
Reportable segment liabilities	<u>24,617</u>	<u>780</u>	<u>128</u>	<u>1,332</u>	<u>26,857</u>

For the year ended 31 December 2023

	Construction and engineering services <i>HK\$'000</i>	Property- related services <i>HK\$'000</i>	Sales of luxury products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment revenue				
— From external customers	<u>122,774</u>	<u>8,412</u>	<u>3,381</u>	<u>134,567</u>
Reportable segment results (<i>Note</i>)	<u>(10,600)</u>	<u>1,270</u>	<u>506</u>	<u>(8,824)</u>
Unallocated corporate income				1,903
Unallocated corporate expenses				<u>(9,428)</u>
Loss before income tax				<u>(16,349)</u>

Note:

	Construction and engineering services <i>HK\$'000</i>	Property- related services <i>HK\$'000</i>	Sales of luxury products <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amounts included in the measure of segment results					
— Bank interest income	564	25	—	1,901	2,490
— Reversal of the Impairment under ECL allowance on contract assets	275	—	—	—	275
— Depreciation of non-financial assets	(446)	(8)	—	(4)	(458)
— Reversal of the Impairment under ECL allowance on trade and other receivables, net	8	—	—	—	8
— Loss on disposal of plant and equipment	(2)	—	—	—	(2)
— Long service payment	(159)	(49)	(1)	(15)	(224)
— Finance costs	<u>(32)</u>	<u>(2)</u>	<u>—</u>	<u>(1)</u>	<u>(35)</u>
Other segment item					
Additions to non-current segment assets	<u>5,571</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>5,571</u>

As at 31 December 2023

	Construction and engineering services <i>HK\$'000</i>	Property- related services <i>HK\$'000</i>	Sales of luxury products <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment assets	116,158	6,281	4,692	84,343	211,474
Reportable segment liabilities	31,983	79	1,149	1,333	34,544

Geographical information

The Group's revenue from external customers based on the location of the operation is derived solely in Hong Kong (place of domicile). Most non-current assets of the Group based on the location of assets are located in Hong Kong. Accordingly, no segment analysis by geographical information is presented.

Information about major customers

Revenue from customers which individually contributed over 10% of the Group's revenue is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Construction and engineering services segment		
— Customer A	38,870	21,690
— Customer B	—	69,443
— Customer C	8,485	—

(c) Disaggregation of revenue from type of projects

For the year ended 31 December 2024

	Construction and engineering services <i>HK\$'000</i>	Property- related services <i>HK\$'000</i>	Sales of luxury products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Private sector project	11,256	8,977	—	20,233
Public sector project	49,873	—	—	49,873
Individuals	—	—	10,395	10,395

For the year ended 31 December 2023

	Construction and engineering services <i>HK\$'000</i>	Property- related services <i>HK\$'000</i>	Sales of luxury products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Private sector project	5,011	8,412	–	13,423
Public sector project	117,763	–	–	117,763
Individuals	–	–	3,381	3,381
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

5. OTHER INCOME

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Consultancy fee income	129	414
Rental income from lease of machinery	114	60
Material charges income	145	1,185
Safety consultancy income	165	91
Bank interest income	2,290	2,490
Interest income from finance lease receivables (<i>Note 11</i>)	15	5
Gain on disposal of plant and equipment	3	–
Exchange gain, net	–	29
Sundry income (<i>Note</i>)	784	598
	<u> </u>	<u> </u>
	<u>3,645</u>	<u>4,872</u>

Note:

Sundry income mainly represented service charges of approximately HK\$749,000 (2023: approximately HK\$529,000) paid by subcontractors requesting the Group's assistance in the procurement of labour for the construction projects.

6. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Finance charge on lease liabilities	47	13
Net interest expense on LSP obligations	20	22
	<u> </u>	<u> </u>
	<u>67</u>	<u>35</u>

7. LOSS BEFORE INCOME TAX

Loss before income tax is stated after charging/(crediting):

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
(a) Staff costs (including Directors' remuneration)		
Salaries, fee, wages and allowances	26,951	28,223
Discretionary bonuses	1,079	1,389
Retirement scheme contributions	784	726
Expenses arising from LSP obligations (<i>note 16</i>)	197	224
	<hr/>	<hr/>
Staff costs (including Directors' remuneration) (<i>Note</i>)	29,011	30,562
	<hr/> <hr/>	<hr/> <hr/>
(b) Other items		
Depreciation, included in:		
Direct costs		
— Owned assets	1,345	292
Administrative expenses		
— Owned assets	133	166
— Right-of-use assets	459	—
	<hr/>	<hr/>
	1,937	458
	<hr/> <hr/>	<hr/> <hr/>
Short term leases	716	572
Subcontracting charges (included in direct costs)	42,197	109,072
(Gain)/Loss on disposal of property, plant and equipment	(3)	2
Auditors' remuneration	1,047	1,003
Reversal of impairment under ECL allowance on contract asset	(13)	(275)
Reversal of impairment under ECL allowance on trade and other receivables, net	(8)	(8)
Impairment of items of property, plant and equipment	642	—
	<hr/>	<hr/>
	642	—
	<hr/> <hr/>	<hr/> <hr/>
<i>Note:</i> Staff costs (including Directors' remuneration)		
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Direct costs	14,761	12,284
Administrative expenses	14,250	18,278
	<hr/>	<hr/>
	29,011	30,562
	<hr/> <hr/>	<hr/> <hr/>

8. INCOME TAX EXPENSE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Provision for Hong Kong Profits Tax		
— Current tax	120	191
— Over provision in respect of prior years	<u>(101)</u>	<u>(6)</u>
	19	185
Deferred tax	<u>266</u>	<u>(168)</u>
Income tax expense for the year	<u><u>285</u></u>	<u><u>17</u></u>

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in or derived from Hong Kong for the years ended 31 December 2024 and 2023, except that the Group's qualified entity is calculated in accordance with the two-tiered profit tax rates regime and the profits tax of other group entities in Hong Kong which are not qualified for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of qualifying corporations will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%.

No provision for overseas profit tax has been made as the Group had no assessable profits generated in overseas operation during the year ended 31 December 2024 (2023: nil).

9. DIVIDENDS

No dividend was paid or proposed for the year ended 31 December 2024, nor has any dividend been proposed since the end of the reporting period (2023: nil).

10. LOSS PER SHARE

The calculation of basic loss per share attributable to equity holders of the Company is based on the following:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss		
Loss for the year attributable to equity holders of the Company	<u>(15,811)</u>	<u>(16,366)</u>
	<i>'000</i>	<i>'000</i>
Number of shares		
Weighted average number of ordinary shares	<u>1,680,000</u>	<u>1,680,000</u>

The calculation of the basic loss per share for the year ended 31 December 2024 is based on the loss for the year attributable to equity holders of the Company of approximately HK\$15,811,000 (2023: approximately HK\$16,366,000) and the weighted average number of ordinary shares 1,680,000,000 (2023: 1,680,000,000) in issue during the year.

There were no dilutive potential ordinary shares during the years ended 31 December 2024 and 2023 and therefore, diluted loss per share equals to basic loss per share.

11. FINANCE LEASE RECEIVABLES

The maturity analysis of the undiscounted lease payments receivables from finance leases are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Total undiscounted lease payments receivables:		
Within one year	210	276
After one year but within two years	<u>–</u>	<u>210</u>
	210	486
Unearned interest income	<u>(4)</u>	<u>(19)</u>
Present value of the finance lease receivable	<u>206</u>	<u>467</u>
Present value of the finance lease receivables:		
Within one year	206	261
After one year but within two years	<u>–</u>	<u>206</u>
	206	467
Less: portion due within one year included under current assets	<u>(206)</u>	<u>(261)</u>
Portion due after one year included under non-current assets	<u>–</u>	<u>206</u>

Movements in finance lease receivables

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Balance as at 1 January	467	–
Addition	–	528
Receipts	(276)	(66)
Interest income from finance lease receivables (<i>Note 5</i>)	15	5
	<u>206</u>	<u>467</u>
Balance as at 31 December	<u>206</u>	<u>467</u>

The finance lease receivables represent the sublease arrangement entered by the Group with subcontractors in respect of premises typically run for an initial period of 2 to 3 years. The leases do not include contingent rentals and variable lease payments. The subleases are entered with the same terms of the respective head-leases and no gain or loss recognised from the deemed disposal of the right-of-use assets from the head-leases. The sublease arrangement started during the year ended 31 December 2023.

12. TRADE AND OTHER RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	7,182	9,595
Less: impairment under ECL allowance	(110)	(217)
	<u>7,072</u>	<u>9,378</u>
Retention receivables	9,101	12,559
Other receivables (<i>Note (i)</i>)	24,206	21,074
Prepayment (<i>Note (ii)</i>)	7,668	7,093
Utility and other deposits	1,303	1,167
Less: impairment under ECL allowance	(9,272)	(9,173)
	<u>33,006</u>	<u>32,720</u>
Amount due from joint operators (<i>Note (iii)</i>)	17,283	14,365
Less: impairment under ECL allowance (<i>Note (iv)</i>)	(923)	(2,423)
	<u>16,360</u>	<u>11,942</u>
	<u>56,438</u>	<u>54,040</u>

Notes:

- (i) Other receivables include materials and expenses of slope work contracts paid on behalf of subcontractors, for which expenses are recharged to subcontractors.

- (ii) Prepayment mainly represent advance payment to sub-contractors approximately HK\$5,776,000 (2023: HK\$4,970,000) paid for the working capital.
- (iii) The amount is unsecured, interest-free and repayable on demand.
- (iv) Due to the financial situation of one of the joint operators kept unstable, HK\$1,500,000 (2023: HK\$14,100,000) have been written off during the year.

The Directors consider that the fair values of trade and other receivables are not materially different from their carrying amounts, because their balances have short maturity periods on their inception.

At the end of the reporting date, the Group reviewed trade receivables, retention receivables and other receivables for evidence of impairment on collective basis. Based on ECL assessment, impairment under ECL allowance of HK\$10,305,000 has been recognised as at 31 December 2024 (31 December 2023: HK\$11,813,000).

Trade receivables

Based on the invoice dates, the ageing analysis of the trade receivables, net of impairment under ECL allowance, is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0–30 days	5,882	5,411
31–60 days	–	2,145
61–90 days	866	1,822
Over 90 days	324	–
	<u>7,072</u>	<u>9,378</u>

The movements in the impairment under ECL allowance on trade receivables are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Balance as at 1 January	217	60
ECL allowance recognised during the year	–	157
ECL allowance reversed during the year	(107)	–
	<u>110</u>	<u>217</u>

Retention receivables

Retention receivables represents certified contract payments in respect of works performed, for which payments are withheld by customers for retention purposes, and the amount retained is withheld on each payment up to a maximum amount calculated on a prescribed percentage of the contract sum.

The retention receivables were expected to be recovered/settled as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Due within one year	5,593	1,226
Due after one year	3,508	11,333
	<u>9,101</u>	<u>12,559</u>

Retention receivables are interest-free and repayable approximately one year after the expiry of the maintenance period of construction projects.

The movements in the impairment under ECL allowance on retention receivables are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Balance as at 1 January	37	127
ECL allowance recognised during the year	22	–
ECL allowance reversed during the year	–	(90)
	<u>59</u>	<u>37</u>

Other receivables

The movements in the impairment under ECL allowance on other receivables are as follows:

	Stage 1 <i>HK\$'000</i>	Stage 2 <i>HK\$'000</i>	Stage 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance as at 1 January 2023	211	25,523	–	25,734
Reclass	–	(16,523)	16,523	–
Amount write-off during the year	–	–	(14,100)	(14,100)
ECL allowance reversed during the year	(75)	–	–	(75)
	<u>136</u>	<u>9,000</u>	<u>2,423</u>	<u>11,559</u>
Balance as at 31 December 2023 and 1 January 2024	136	9,000	2,423	11,559
Amount write-off during the year	–	–	(1,500)	(1,500)
ECL allowance recognised during the year	77	–	–	77
	<u>213</u>	<u>9,000</u>	<u>923</u>	<u>10,136</u>
Balance as at 31 December 2024	213	9,000	923	10,136

Company winding up petitions have been filed against a joint operator of the Group, the Group considered to impair the amount due from the joint operator, and the total ECL allowance of HK\$16,523,000 has been recognised based on lifetime ECL (i.e. Stage 2), and reclassified to Stage 3 in prior years. As the financial situation of the joint operator kept unstable, HK\$1,500,000 (2023: HK\$14,100,000) have been written off during the year ended 31 December 2024.

13. CONTRACT ASSETS AND CONTRACT LIABILITIES

13.1 Contract assets

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Contract assets arising from construction contracts	6,838	12,998
Less: impairment under ECL allowance	(6)	(19)
	<u>6,832</u>	<u>12,979</u>

The amount of contract assets is expected to be recovered/settled within one year.

At the end of the reporting date, the Group reviewed contract assets for evidence of impairment on collective basis. Based on ECL assessment, impairment under ECL allowance of HK\$6,000 has been recognised as at 31 December 2024 (31 December 2023: HK\$19,000).

The movements in the impairment under ECL allowance on contract assets are as follows:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance as at 1 January	19	294
ECL allowance reversed during the year	(13)	(275)
	<u>6</u>	<u>19</u>

13.2 Contract liabilities

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Contract liabilities arising from construction contracts from billings in advance of performance	<u>1,190</u>	<u>4,382</u>

All of the contract liabilities are expected to be recovered/settled within one year.

The decrease of contract liabilities during the year ended 31 December 2024 is mainly due to the decrease in obligation to perform construction work services to certain customers for which the Group has received less considerations from those customers at the end of the reporting period.

Movements in contract liabilities

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Balance as at 1 January	4,382	1,550
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(5,681)	(1,942)
Increase in contract liabilities as a result of billing in advance of construction activities	<u>2,489</u>	<u>4,774</u>
Balance as at 31 December	<u>1,190</u>	<u>4,382</u>

Unsatisfied long-term construction contracts

The transaction price allocated to the remaining unsatisfied or partially satisfied performance obligations as at 31 December are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within one year	114,397	75,791
More than one year	<u>174,455</u>	<u>103,355</u>
	<u>288,852</u>	<u>179,146</u>

14. TRADE AND OTHER PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables (<i>Note (i)</i>)	7,605	9,108
Retention payables (<i>Note (ii)</i>)	7,834	11,653
Accruals and other payables (<i>Note (iii)</i>)	<u>8,741</u>	<u>7,080</u>
	<u><u>24,180</u></u>	<u><u>27,841</u></u>

All amounts are short-term and hence, the carrying values of the Group's trade payables, retention payables and accruals and other payables are considered to be a reasonable approximation of fair value.

Ageing analysis of trade payables based on the invoices date is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0–30 days	5,468	7,018
31–60 days	968	371
61–90 days	–	883
Over 90 days	<u>1,169</u>	<u>836</u>
	<u><u>7,605</u></u>	<u><u>9,108</u></u>

Notes:

- (i) Payment terms granted by suppliers are 30 to 60 days from the invoice date of the relevant purchases.
- (ii) Retention payables are interest-free and settled in accordance with the terms of the respective contracts.
- (iii) Accruals and other payables include amount of accrued salary and bonus approximately HK\$2,730,000 (31 December 2023: HK\$1,301,000).

15. LEASE LIABILITIES

The analysis of the Group's lease liabilities is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Total minimum lease payments:		
Within one year	690	756
After one year but within two years	—	690
	<u>690</u>	<u>1,446</u>
Future finance charges	<u>(15)</u>	<u>(62)</u>
Present value of lease obligation	<u><u>675</u></u>	<u><u>1,384</u></u>
Present value of minimum lease payment:		
Within one year	675	729
After one year but within two years	—	655
	<u>675</u>	<u>1,384</u>
Less: portion due within one year included under current liabilities	<u>(675)</u>	<u>(729)</u>
Portion due after one year included under non-current liabilities	<u><u>—</u></u>	<u><u>655</u></u>

As at 31 December 2024, the Group had 3 (31 December 2023: 3) lease arrangements for use of office premises, warehouse and car park. These lease periods are for 2 (31 December 2023: 2) years. The Group makes fixed payments during the contract periods.

The leases are effectively secured by the underlying assets as the rights to the leased assets would be converted to the lessor in the event of default by repayment by the Group.

During the year ended 31 December 2024, the total cash outflows for the leases are HK\$1,472,000 (2023: HK\$1,162,000).

16. LONG SERVICE PAYMENT OBLIGATIONS

Pursuant to the Hong Kong Employment Ordinance, Chapter 57, Hong Kong employees that have been employed continuously for at least five years are entitled to LSP under certain circumstances (e.g. dismissal by employers or upon retirement).

The amount of LSP payable is determined with reference to the employee's last monthly salary (capped at HK\$22,500) and the years of service, reduced by the amount of any accrued benefits derived from the Group's contributions to MPF scheme, with an overall cap of HK\$390,000 per employee. Currently, the Group does not have any separate funding arrangement in place to meet its LSP obligations.

In June 2022, the Hong Kong SAR Government (the "**Government**") gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "**Amendment Ordinance**"), which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset the LSP. The Amendment Ordinance will take effect on 1 May 2025 (the "**Transition Date**"). Separately, the Government has indicated that it would launch a subsidy scheme to assist employers after the abolition.

Among other things, once the abolition of the offsetting mechanism takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory MPF contributions (irrespective of the contributions made before, on or after the Transition Date) to reduce the LSP in respect of an employee's service from the Transition Date. However, where an employee's employment commenced before the Transition Date, the employer can continue to use the above accrued benefits to reduce the LSP in respect of the employee's service up to that date. In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

The benefit payment under LSP remains capped at HK\$390,000 per employee. If an employee's total benefit payment exceeds HK\$390,000, the amount in excess of the cap is deducted from the portion accrued from the Transition Date.

The Group has accounted for the offsetting mechanism and its abolition.

The Group has determined that the Amendment Ordinance primarily impacts the Group's LSP obligations with respect to Hong Kong employees.

The present value of unfunded LSP obligations and its movements are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
At 1 January	827	–
Remeasurements recognised in other comprehensive income:		
— Actuarial gain arising from voluntary resignation of employees	(303)	–
Expenses recognised in profit or loss:		
— Current service cost	217	246
— Past service cost	–	581
	<u>741</u>	<u>827</u>
At 31 December	<u>741</u>	<u>827</u>

The current service cost, past service cost and interest cost are included in employee benefits expenses. They are recognised in the following line items in the consolidated statement of profit or loss:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Administrative expenses	197	224
Finance cost	20	22
	<u>217</u>	<u>246</u>

Estimates and assumptions

The significant actuarial assumptions for the determination of LSP obligations are as follows:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Discount rate	3.7%	3.7%
Salary growth rate	2.5%	3.8%

These assumptions were developed by history record and management decision. Discount factors are determined close to each period-end by reference to market yields of government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related LSP obligations. Other assumptions are based on current actuarial benchmarks and management's historical experience.

The present value of the LSP obligations was measured using the projected unit credit method.

The weighted average duration of the LSP obligations is 17 years (2023: 19 years).

Expected maturity analysis of undiscounted LSP obligations in the coming years as at 31 December 2024 is disclosed as follows:

	Within 1 year	Over 1 year within 2 years	Over 2 years but within 5 years	Over 5 years
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
LSP obligations	<u>7</u>	<u>10</u>	<u>25</u>	<u>699</u>

Expected maturity analysis of undiscounted LSP obligations in the coming years as at 31 December 2023 is disclosed as follows:

	Within 1 year	Over 1 year within 2 years	Over 2 years but within 5 years	Over 5 years
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
LSP obligations	<u>2</u>	<u>18</u>	<u>4</u>	<u>803</u>

The LSP obligations expose the Group to actuarial risks such as interest rate risk, salary risk and the investment risk of the Group's MPF scheme's constituent funds.

There were no changes in the methods and assumptions used in preparing the sensitivity analysis from prior year.

17. SHARE CAPITAL

	2024		2023	
	<i>Number of shares</i>	<i>HK\$'000</i>	<i>Number of shares</i>	<i>HK\$'000</i>
Authorised:				
As at 1 January and 31 December	<u>4,000,000,000</u>	<u>40,000</u>	<u>4,000,000,000</u>	<u>40,000</u>
Issued and fully paid:				
As at 1 January and 31 December	<u>1,680,000,000</u>	<u>16,800</u>	<u>1,680,000,000</u>	<u>16,800</u>

18. RELATED PARTY AND CONNECTED TRANSACTIONS/CONTINUING CONNECTED TRANSACTIONS

(a) Key management personnel remuneration

The emoluments of the Directors and senior management of the Company, who represent the key management personnel during the years ended 31 December 2024 and 2023 are as follows:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries, fee and allowances	4,501	6,060
Discretionary bonuses	275	310
Retirement scheme contributions	<u>72</u>	<u>72</u>
	<u>4,848</u>	<u>6,442</u>

The above emoluments in relation to service contracts of Directors are exempt continuing connected transactions under Chapter 14A of the Listing Rules.

(b) Related party transactions

Summary of the related party transactions carried out by the Group during the years ended 31 December 2024 and 2023 are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Property management consultancy services and property leasing agency services income from Cheer Capital Limited (“ Property-related Services ”) (<i>Note (i)</i>)	5,045	4,560
Bank deposits to Prince Bank Plc. (<i>Note (ii)</i>)		
— balance as at 31 December	196	151
— maximum balance during the year ended 31 December	<u>219</u>	<u>222</u>

The above related party transactions are de minimis connected transactions/continuing connected transactions under Chapter 14A of the Listing Rules.

Notes:

- (i) A company indirectly and wholly-owned by Mr. Chen, an executive Director and the controlling shareholder of the Company.
- (ii) A company directly controlled by Mr. Chen, an executive Director and the controlling shareholder of the Company.

The above transactions (with the exception of Property-related Services) are fully exempt from the requirements of reporting, annual review, announcement and approval of independent shareholders under Chapter 14A of the Listing Rules. Property-related Services are subject to reporting, annual review and announcement requirements but exempt from the requirements of circular and approval of independent shareholders under and comply Chapter 14A of the Listing Rules. The Directors confirm that the Group has no other connected transaction or continuing connected transaction which are required to be disclosed under Chapter 14A of the Listing Rules.

19. CONTINGENT LIABILITIES

As at 31 December 2024 and 2023, the Group has been involved in a number of claims, litigations and potential claims against the Group regarding the employees’ compensation and common law personal injury. Based on the information available, the Board considered that the Group has sufficient insurance coverage on any liability arising from those claims, litigations and potential claims.

As such, the Directors are of the view that such claims, litigations and potential claims would not cause any material adverse impact on the operation and financial position of the Group and no provision is required to be made in the consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group was principally engaged in the provision of (i) construction and engineering services; (ii) property-related services; and (iii) sales of luxury products for the year ended 31 December 2024.

Construction and Engineering Services

Geotech Engineering Limited (“**Geotech Engineering**”), an indirect wholly-owned subsidiary of the Company, is principally engaged in construction and engineering services and a leading slope works contractor in Hong Kong with over 20 years of experience in the civil engineering industry. It is an approved specialist contractor included in the List of Approved Specialist Contractors for Public Works maintained by the Development Bureau (the “**DB**”) under the categories of “Landslip preventive/remedial works to slopes/retaining walls” (the “**LPM**”) (confirmed status) and “Ground investigation field work” (Group I status) and also an approved contractor included in the List of Approved Contractors for Public Works under the category of “Site formation” (Group B probationary status). In addition, Geotech Engineering is also registered as a specialist contractor in the categories of site formation works and ground investigation field works with the Building Authority.

Total revenue of construction and engineering services for the year ended 31 December 2024 amounted to approximately HK\$61.1 million, representing a decrease of approximately 50.2% as compared with total revenue of approximately HK\$122.8 million last year. Such decrease in revenue was mainly due to the completion of certain major slope works projects while newly awarded major projects were still at the beginning stage during the year. Revenue in this segment continued to be deriving principally from slope works, ground investigation field works and road and drainage works, with public sector projects including those from the Landslip Prevention and Mitigation Programme (the “**Programme**”) commissioned by the Civil Engineering and Development Department, other government departments and statutory bodies, which amounted to approximately 62.0% of total revenue in this segment (2023: approximately 87.5%).

During the year, Geotech Engineering has continued its strategy for construction and engineering services in Hong Kong through a variety of operational initiatives:

- in response to keen market competition, although securing new contracts had been difficult during the year, the Group has continued to submit tenders but is cautious about the pricing so as to maintain a reasonable gross profit margin while at the same time remaining competitive. The strategy to maintain a reasonable gross profit might have contributed to some tenders not having been awarded to the Group;
- in order to undertake more construction projects given Geotech Engineering's capacity, it has continued to focus on project management role and our collaboration with subcontractors by subcontracting a substantial part of works required; and
- other than slope works, the Group has continued to seek opportunities to diversify into other types of civil engineering works by tendering projects jointly with partners for contracts which involve various work categories (especially for site formation works and ground investigation field works). The Directors consider that this strategy is beneficial to the Group's diversification in construction and engineering services in Hong Kong.

As at 31 December 2024, the Group had 39 construction contracts on hand, including contracts in progress and contracts yet to commence (31 December 2023: 48 contracts) with a total outstanding contract sum of approximately HK\$288.9 million (31 December 2023: approximately HK\$179.1 million) and in which approximately HK\$114.4 million out of these contracts are expected to be completed in 2025.

Property-related Services

The market environment for property-related services in Hong Kong was still challenging for the year given the uncertainties in the economic and business environment of Hong Kong. During the year, the Group recorded revenue of approximately HK\$8.7 million (2023: approximately HK\$8.4 million) and HK\$0.3 million (2023: HK\$nil) for the provision of property management consultancy services and property leasing agency services respectively. Of which, approximately HK\$4.7 million of property management consultancy services (2023: approximately HK\$4.6 million) and HK\$0.3 million of property leasing agency services (2023: HK\$nil) respectively were generated from continuing connected transactions. Details of the continuing connected transactions are set out in note 18 to the consolidated financial statements and section headed "CONTINUING CONNECTED TRANSACTIONS" in this announcement. The Group has renewed the property management consultancy services agreements with all existing independent client during the year ended 31 December 2024.

Sales of luxury products

The Group has expanded into sales of luxury projects business segment in the fourth quarter of 2023. While the Group targets to expand its market presence by actively widening its customer base and collaborating with various suppliers to diversify its product offerings, it will adhere to its prudent business approach and devise appropriate business strategies based on market demand and development. The Group will continuously optimise its operations to improve profitability.

During the year, the Group recorded revenue of approximately HK\$10.4 million (2023: approximately HK\$3.4 million) for sales of luxury goods. Such increase in revenue was mainly due to the Group's stable growth in sales of luxury watches sector during the year.

OUTLOOK

Apart from focusing on construction and engineering services and property-related services in Hong Kong, the Group has expanded into the sales of luxury products in the fourth quarter of 2023. the Group will continue to explore other business expansion in order to enhance the future development and strengthen the revenue bases of the Group. The Board believes that the Group's strategy to diversify its business could provide a better return to the shareholders of the Company (the "**Shareholders**").

In line with the Board's strategy as stated above, the Group is taking a cautious approach for future development:

- the dilemma between winning tenders at extremely thin gross profit margin and submitting tenders at a reasonable gross profit margin exists in every tender opportunity. The Group strives to strike a delicate balance between winning contracts for the business and making profits for its shareholders;

- having considered the industry conditions of the construction and engineering services in Hong Kong, the Group will closely monitor the market and respond to changes in market conditions. Going forward, in order to broaden the types of works in the construction and engineering sector other than slope works, Geotech Engineering strives to partner with potential partner(s) for tendering projects in various types of civil engineering works (especially for site formation works and ground investigation field works);
- taking into consideration the market circumstances in Cambodia, the Group will take a cautious approach in the development of our construction and decoration business in Cambodia;
- although our property-related services are expected to remain challenging in the coming years given the uncertainties in the economic and business environment of Hong Kong, by leveraging our management experiences and knowledge gained in the industry, the Group will strive to seek various opportunities in property-related services;
- due to the uncertainties in the economic and business environment of Hong Kong, the Group will continue to adopt a prudent approach regarding its inventory management of luxury products in order to lower costs. The Group will also actively explore potential partnership with new suppliers and expand customer base to diversity business risks; and
- in addition to the above, the Group may also seek to diversify and explore other investment opportunities in the future.

The Group will continue to monitor the situation and assess the market risks and uncertainties during the economic recovery cycle and strive to take strict measures to mitigate any potential adverse impact on the Group.

FINANCIAL REVIEW

Revenue

The Group's total revenue decreased by approximately HK\$54.1 million or approximately 40.2% from approximately HK\$134.6 million for the year ended 31 December 2023 to approximately HK\$80.5 million for the year ended 31 December 2024. The Group's total revenue for the year was contributed by the construction and engineering services, property-related services and sales of luxury products.

(a) Construction and Engineering Services

The Group's revenue generated from the construction and engineering services decreased by approximately HK\$61.7 million or approximately 50.2% from approximately HK\$122.8 million for the year ended 31 December 2023 to approximately HK\$61.1 million for the year ended 31 December 2024. Such decrease in revenue was mainly due to the completion of certain major slope works projects while newly awarded major projects were still at the beginning stage during the year.

(b) Property-related Services

The Group's revenue from property-related services remained stable for the year ended 31 December 2024 as compared with the year ended 31 December 2023 which included continuing connected transactions amounting to approximately HK\$5.0 million (2023: approximately HK\$4.6 million) and the details of which are set out in note 18 to the consolidated financial statements and the section headed "CONTINUING CONNECTED TRANSACTIONS" in this announcement.

(c) Sales of luxury products

The Group's revenue from sales of luxury products increased by approximately HK\$7.0 million or approximately 207.5% from approximately HK\$3.4 million for the year ended 31 December 2023 to approximately HK\$10.4 million for the year ended 31 December 2024. Such increase in revenue was mainly due to the stable growth in the sales of luxury watches sector as a result of the Group's expansion into sales of luxury good market.

Gross Profit and Gross Profit Margin

The Group's total gross profit for the year ended 31 December 2024 amounted to approximately HK\$5.4 million, representing an increase of 50.6% as compared with approximately HK\$3.6 million for the year ended 31 December 2023. The Group's gross profit margin for the year ended 31 December 2024 was approximately 6.7%, as compared with approximately 2.7% for the year ended 31 December 2023.

(a) Construction and Engineering Services

The gross profit from construction and engineering services for the year ended 31 December 2024 amounted to approximately HK\$0.6 million, representing an increase of 150% as compared with approximately HK\$0.2 million for the year ended 31 December 2023. The gross profit margin from construction and engineering services for the year ended 31 December 2024 was approximately 1.0%, as compared with approximately 0.2% for the year ended 31 December 2023. The slight increase in gross profit and gross profit margin was mainly due to the cost optimisation as a result of manpower restructuring during the year.

(b) Property-related Services

The gross profit from property-related services for the year ended 31 December 2024 amounted to approximately HK\$2.8 million representing an increase of approximately HK\$0.4 million as compared with approximately HK\$2.4 million for the year ended 31 December 2023. The gross profit margin for the year ended 31 December 2024 was approximately 31.5%, as compared with approximately 28.2% for the year ended 31 December 2023. The increase in gross profit margin was mainly due to the property leasing agency services income of approximately HK\$0.3 million recognised for the year ended 31 December 2024 (2023: nil).

(c) Sales of luxury products

The gross profit from sales of luxury products for the year ended 31 December 2024 amounted to approximately HK\$2.0 million, representing an increase of approximately 100% as compared with approximately HK\$1.0 million for the year ended 31 December 2023. The gross profit margin for the year ended 31 December 2024 was approximately 18.8%, as compared with approximately 28.6% for the year ended 31 December 2023. The decrease in gross profit margin was mainly due to the increase in the direct selling expenses incurred during the year.

Other Income

Other income mainly included bank interest income, material charges income and sundry income. For the year ended 31 December 2024, other income amounted to approximately HK\$3.6 million (2023: approximately HK\$4.9 million). The decrease in other income was mainly due to the decrease in handling charges paid by subcontractors requesting our assistance in the procurement of construction materials for our construction contracts.

Administrative Expenses

Administrative expenses primarily comprise staff costs, depreciation and legal and professional fees. The administrative expenses of the Group for the year ended 31 December 2024 amounted to approximately HK\$24.5 million, representing a decrease of approximately 2.1% as compared with approximately HK\$25.0 million for the year ended 31 December 2023. The administrative expenses remained stable for the years ended 31 December 2024 and 2023.

Finance Costs

Finance costs represent finance charge on lease liabilities and net interest expense on long service payment obligations. Finance costs for the year ended 31 December 2024 was approximately HK\$67,000, representing an increase of approximately 91.4% compared with approximately HK\$35,000 for the year ended 31 December 2023. The increase was mainly attributable to the commencement of new lease on premise during the year.

Income Tax Expense

Income tax expense of approximately HK\$285,000 was recognised for the year ended 31 December 2024 as compared with an income tax expense of approximately HK\$17,000 for the year ended 31 December 2023, resulting from an increase in deferred tax expense during the year.

Net Loss

Net loss for the year ended 31 December 2024 amounted to approximately HK\$15.8 million, as compared to the net loss of approximately HK\$16.4 million for the year ended 31 December 2023. Despite the decrease in other income, the reduction in the Group's net loss was mainly due to the increase in gross profit as discussed above. The Group's net loss margin for the year ended 31 December 2024 was approximately 19.6%, as compared to approximately 12.2% for the year ended 31 December 2023.

Final Dividend

The Board did not recommend the payment of any final dividend for the year ended 31 December 2024 (2023: nil).

Liquidity, Financial Resources and Capital Structure

As at 31 December 2024, the Company's issued share capital was HK\$16.8 million and the number of issued ordinary shares of the Company (the "**Shares**") was 1,680 million with par value of HK\$0.01 each. There has been no change in the capital structure of the Group since the listing of the Company's Shares on the Main Board of the Stock Exchange on 12 October 2017 (the "**Listing**").

As at 31 December 2024, the Group had total cash and bank balances of approximately HK\$121.4 million (31 December 2023: approximately HK\$137.2 million). The Group had no bank borrowing as at 31 December 2024 (31 December 2023: nil). Other borrowings of the Group as at 31 December 2024 were lease liabilities of approximately HK\$0.7 million (31 December 2023: approximately HK\$1.4 million). Details of lease liabilities are set out in note 15 to the consolidated financial statements in this announcement. All borrowings were denominated in Hong Kong dollars. The interest rates on lease liabilities were charged at fixed rates with effective rate at 4.41% for the year ended 31 December 2024 (2023: 4.23% to 4.78%). The Group did not carry out any interest rate hedging policy.

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.

Gearing ratio

Gearing ratio is calculated by dividing total borrowings by total equity as at the year-end date and multiplied by 100%. As at 31 December 2024, the total borrowings of the Group were the lease liabilities of approximately HK\$0.7 million (31 December 2023: approximately HK\$1.4 million). The gearing ratio of the Group as at 31 December 2024 was approximately 0.4% (31 December 2023: approximately 0.8%). The decrease in gearing ratio was mainly due to lower total indebtedness level resulting from repayment of lease liabilities of the Group during the year.

Pledge of Assets

As at 31 December 2024 and 2023, no asset of the Group was pledged.

Foreign Exchange Exposure

The Group mainly operates in Hong Kong. Most of the operating transactions and revenue are settled in Hong Kong dollars and the assets and liabilities are primarily denominated in HK\$. The Group's exposures to foreign exchange mainly arise from its cash and bank deposits denominated in United States Dollars ("US\$") amounting to approximately HK\$37.8 million as at 31 December 2024 (31 December 2023: approximately HK\$37.1 million). Most of the operating transactions from the Group's operation in Cambodia are settled in US\$.

However, HK\$ is pegged to US\$ under the Linked Exchange Rate System, the Group is not exposed to any significant foreign exchange risk against US\$ and therefore has not entered into any derivatives agreement nor committed to any financial instrument to hedge its foreign exchange exposure during the year ended 31 December 2024 (2023: nil).

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, Joint Ventures and Associated Companies

During the year ended 31 December 2024, the Group did not have any significant investments held, material acquisitions and disposals of subsidiaries, joint ventures and associated companies.

Future Plans for Material Investments or Capital Assets

Save as disclosed under the section headed “Use of Net Proceeds from the listing of the shares of the Company on 12 October 2017” in this announcement, the Group did not have other future plans for material investments or capital assets as at 31 December 2024.

Employees and Remuneration Policies

As at 31 December 2024, employees who were on the Group’s payroll included 60 full-time employees (31 December 2023: 65 full-time employees). For the year ended 31 December 2024, total staff costs (including Directors’ remuneration) amounted to approximately HK\$29.0 million (2023: approximately HK\$30.6 million). Total staff costs comprised salaries, Directors’ fee, wages and allowances, discretionary bonuses and retirement scheme contributions. In order to attract and retain high quality staff and to enable smooth operation within the Group, the remuneration policy of the Group’s employees are being reviewed periodically to ensure that the salary and benefit levels of employees of the Group are competitive (with reference to market conditions and individual qualifications, position, performance and experience). The Group continues to provide adequate job training to the employees to equip them with practical knowledge and skills. Apart from the defined contribution retirement plan in Hong Kong and Cambodia and job training programs, salary increments and discretionary bonuses are being awarded to employees according to the assessment of individual performance and market situation.

Capital Commitments

As at 31 December 2024, the Group had no capital commitments (31 December 2023: nil).

Contingent Liabilities

As at 31 December 2024 and 2023, the Group has been involved in a number of claims, litigations and potential claims against the Group regarding the employees' compensation and common law personal injury. Based on the information available, the Board considered that the Group has sufficient insurance coverage on any liability arising from those claims, litigations and potential claims.

As such, the Board is of the view that such claims, litigations and potential claims would not cause any material adverse impact on the operation and financial position of the Group and no provision is required to be made in the consolidated financial statements.

Use of Net Proceeds from the listing of shares of the Company on 12 October 2017

Net proceeds from the Listing (“**Net Proceeds**”) amounted to approximately HK\$72.8 million. As at 31 December 2024, a total amount of approximately HK\$68.0 million out of the Net Proceeds had been used by the Group and approximately HK\$4.8 million remained unused.

As at 31 December 2024, the unused amount of Net Proceeds was placed in interest-bearing deposits with licensed banks in Hong Kong. The Group will gradually apply the remaining Net Proceeds for the acquisition of site facilities and equipment (being consistent with the purposes as set out in prospectus of the Company dated 28 September 2017 (the “**Prospectus**”)) in accordance with actual business needs and expects to use up the remaining Net Proceeds within one year (i.e. on or before the end of year 2025). Details are as follows:

	Planned use of Net Proceeds remained unused as at 1 January 2024 HK\$'000	Actual use of Net Proceeds during the year ended 31 December 2024 HK\$'000	Unused amount of Net Proceeds as at 31 December 2024 HK\$'000	Expected timeline of full utilisation of the unutilised proceeds
Acquisition of the site facilities and equipment	<u>5,290</u>	<u>511</u>	<u>4,779</u>	By the end of 2025

CORPORATE GOVERNANCE

Compliance with the Corporate Governance Code

The Company has adopted and complied with the applicable code provisions (the “**Code Provision(s)**”) as set out in the CG Code contained in Part 2 of Appendix C1 to the Listing Rules during the year ended 31 December 2024. The Directors will periodically review the Company’s corporate governance policies and will propose any amendment, if necessary, to ensure compliance with the CG Code from time to time.

PURCHASE, SALE AND 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 December 2024.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

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 a code of conduct of the Company for Directors’ securities transactions. Having made specific enquiries with the Directors, all of the Directors have confirmed that they have complied with the requirements of the Model Code during the year ended 31 December 2024.

CONTINUING CONNECTED TRANSACTIONS

For the year ended 31 December 2024, the continuing connected transactions of the Group which were subject to annual reporting under rule 14A.49 of the Listing Rules were as follows:

On 27 December 2019, Nova Management Services Limited (“**Nova**”) (as the consultant), an indirect wholly-owned subsidiary of the Company, entered into a property leasing and management consultancy agreement (the “**Property Management Consultancy Agreement**”) with Cheer Capital Limited (“**Cheer Capital**”) (as the property owner), in relation to the provision of property management consultancy services for a commercial property in Hong Kong owned by Cheer Capital (the “**Property**”) for a term of three years from 1 January 2020 to 31 December 2022.

On the same date, Nova (as the agent) also entered into a property leasing agency agreement (the “**Leasing Agency Agreement**”) with Cheer Capital (as the property owner) in relation to the provision of property leasing agency services in relation to the Property for prospective tenants referred by Cheer Capital or existing tenants of the Property (collectively the “**Agency Tenant(s)**”). Such services include handling enquiries and introductions, negotiation on leasing terms and conditions, site visit(s) arrangement and preparation and execution of formal agreement(s) with the Agency Tenants, for a term of three years from 1 January 2020 to 31 December 2022.

On 28 December 2022, the Property Management Consultancy Agreement and the Leasing Agency Agreement were renewed for a term of three years from 1 January 2023 to 31 December 2025 and to set the corresponding annual caps. The other terms of the Property Management Consultancy Agreement and the Leasing Agency Agreement remain unchanged.

Through the engagements of the Property Management Consultancy Agreement and the Leasing Agency Agreement which are of a recurring nature, it enables a more diversified revenue base and stable cash inflow for the Group.

Cheer Capital is a company indirectly and wholly-owned by Mr. Chen Zhi, the chairman of the Board and an executive Director and the controlling shareholder of the Company. As such, Cheer Capital is a connected person of the Company and the transactions contemplated under the Property Management Consultancy Agreement and Leasing Agency Agreement constitute continuing connected transactions (collectively, the “**Continuing Connected Transactions**”). Detailed terms of the Property Management Consultancy Agreement and Leasing Agency Agreement were set out in the announcements of the Company dated 27 December 2019 and 28 December 2022.

It was expected that the aggregated annual caps pursuant to the Property Management Consultancy Agreement and Leasing Agency Agreement shall be approximately HK\$6,497,000, HK\$5,380,000 and HK\$5,517,000 for each of the three years ending 31 December 2023, 2024 and 2025 respectively. The income received for services provided by Nova pursuant to the Property Management Consultancy Agreement and Leasing Agency Agreement aggregately amounted to approximately HK\$5,045,000 which is within the aggregated annual cap of approximately HK\$5,380,000 for the year ended 31 December 2024. Details of the transactions are set out in note 18 to the consolidated financial statements in this announcement.

The independent non-executive Directors of the Company have reviewed and confirmed that the above Continuing Connected Transactions for the year ended 31 December 2024 have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to the relevant agreements governing such transactions on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company's auditor has reported to the Board and confirmed that for the year ended 31 December 2024 (i) nothing has come to their attention that causes them to believe that the Continuing Connected Transactions have not been approved by the Board; (ii) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group; (iii) nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and (iv) nothing has come to their attention that causes them to believe that the aggregate amount of the Continuing Connected Transactions as disclosed in note 18 to the consolidated financial statements in this announcement have exceeded the annual cap as disclosed in the Company's announcement dated 28 December 2022.

Details of other connected transactions/continuing connected transactions exempt from annual reporting requirement under Chapter 14A of the Listing Rules and/or related party transactions are set out in note 18 to the consolidated financial statements in this announcement.

COMPETING INTERESTS

Based on the confirmations received from each of the Directors, none of the Directors, controlling shareholder of the Company nor their respective close associates (as defined in the Listing Rules) had interests in any business which competes or is likely to compete, directly or indirectly, with the Group's businesses during the year ended 31 December 2024, and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company has maintained a sufficient level of public float for its Shares as required under the Listing Rules during the year ended 31 December 2024 and up to the date of this announcement.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Group did not have any significant event subsequent to the year ended 31 December 2024 and up to the date of this announcement.

AUDIT COMMITTEE

The Company established the Audit Committee on 21 September 2017 in accordance with Rule 3.21 of the Listing Rules with terms of reference aligned with the provision of the CG Code as set out in Appendix C1 to the Listing Rules. As at the date of this announcement, the Audit Committee comprised three independent non-executive Directors, namely Mr. Chan Tsang Mo, Mr. Shen Zejing and Ms. Yip Wai Ching. Mr. Chan Tsang Mo is the chairman of the Audit Committee.

REVIEW OF ANNUAL RESULTS

The Group's annual results for the year ended 31 December 2024 have been reviewed and approved by the Audit Committee. The Audit Committee was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made. The figures in respect of the announcement of the Group's results for the year ended 31 December 2024 have been agreed with the Company's auditors, Grant Thornton Hong Kong Limited ("**Grant Thornton**"), to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Grant Thornton in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Grant Thornton on this announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement will be published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.geotech.hk). The annual report of the Company for the year ended 31 December 2024 will be published on the websites of the Stock Exchange and the Company in due course.

By Order of the Board
Geotech Holdings Ltd.
Chen Zhi

Chairman and executive Director

Hong Kong, 24 March 2025

As at the date of this announcement, the Board comprises Mr. Chen Zhi as Chairman and executive Director, Mr. Qiu Weiren as executive Director, and Mr. Chan Tsang Mo, Mr. Shen Zejing and Ms. Yip Wai Ching as independent non-executive Directors.