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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)

PROFIT WARNING REDUCTION OF LOSS

This announcement is made by Geotech Holdings Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Based on the preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 December 2021 and the information currently available to the board of directors (the “**Board**”) of the Company, the Board wishes to inform the shareholders of the Company and potential investors that the Group is expected to record a net loss in the range between approximately HK\$11.5 million to HK\$14.5 million for the year ended 31 December 2021, as compared to the net loss of approximately HK\$28.1 million for the year ended 31 December 2020.

Such expected decrease in net loss is mainly attributable to the combined effect of the following factors:

- (i) the recognition of reversal of impairment loss on other receivables (advances to subcontractors and materials and expenses paid on behalf of subcontractors) of not less than approximately HK\$5.0 million due to the recovery from a subcontractor during the year ended 31 December 2021, while impairment loss on other receivables of approximately HK\$15.0 million was recognised for the year ended 31 December 2020;
- (ii) the one-off government grant from (a) the Employment Support Scheme under the Anti-epidemic Fund launched by the Government of the Hong Kong Special Administrative Region (“**HKSAR**”) in respect of the outbreak of novel coronavirus (COVID-19) (the “**Outbreak**”) and (b) the Construction Industry Anti-epidemic Fund provided by the Government of HKSAR which aims to support the construction industry against the Outbreak, amounting to an aggregate

sum of approximately HK\$6.9 million was recognised for the year ended 31 December 2020 but no such income was being recognised for the year ended 31 December 2021; and

- (iii) a reduction in gross profit of the Group mainly due to two loss making construction and engineering contracts in relation to (i) loss incurred as a result of extra construction costs employed for a slope and site formation works project in public sector in dealing with ongoing geological difficulties which was first identified in the financial year ended 31 December 2020; and (ii) substantial loss incurred in the variation works concerning a public sector project under the roads and drainage works category, although such issue is still under negotiation between the Group and the customer.

As the Company is still in the process of finalising the annual results of the Group for the year ended 31 December 2021, 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 or 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 annual results of the Group for the year ended 31 December 2021, which is expected to be published in late March 2022 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, 2 March 2022

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. Kung Ho Man 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.