

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

## **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 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 ten months ended 31 October 2019 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 for the year ending 31 December 2019, as compared to the consolidated net profit for the year ended 31 December 2018.

Such expected consolidated net loss is mainly attributable to (i) a further decrease in gross profit margin for the Group’s construction and engineering business in the second half of the financial year ending 31 December 2019 (“**2H 2019**”) which was mainly due to (a) a significant increase in projects with relatively low gross profit margin; and (b) our continuing proactive pricing strategy, in response to increasingly competitive market conditions; and (ii) an increase in administrative expenses which was mainly due to (a) higher legal and professional fees largely relating to the mandatory unconditional cash offer; and (b) higher staff costs resulting from increase in the number of employees.

During 2H 2019, due to the negative effects arising from the recent social unrest and overall economic environments in Hong Kong, the competition in the construction and engineering market, especially the slope works sector in Hong Kong, has become more competitive. The Board is aware of a marked reduction in the total amount as well as total number of contract tenders for slope works projects under the Landslip Prevention and Mitigation Programme (the “**Programme**”) launched by the Geotechnical Engineering Office of the Civil Engineering and Development Department of the government of Hong Kong Special Administrative Region, for

the year ending 2019 as compared to the year ended 2018. Contracts being awarded from such Programme which had been implemented since 2010 on a rolling basis, contributed to a major portion of the Group's revenue in the past. The Board expects that the industry conditions of the construction and engineering, in particular the slope works sector in Hong Kong, to remain challenging in the coming years and thus, will continue to cast a shadow over the outlook of the Group.

The information contained in this announcement is only based on the Board's preliminary assessment of the unaudited consolidated management accounts of the Group for the ten months ended 31 October 2019 and the information currently available, which have neither been reviewed by the audit committee of the Company nor reviewed and 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 of the Company and potential investors are advised to refer to the details in the annual results announcement of the Company for the year ending 31 December 2019, which is expected to be published in March 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, 10 December 2019

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