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 2017

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the Review Year amounted to approximately HK$275.8 million (2016: approximately HK$344.8 million).
- Profit attributable to the equity holders of the Company for the Review Year amounted to approximately HK$9.5 million (2016: approximately HK$20.4 million).
- Basic and diluted earnings per share for the Review Year amounted to approximately HK cents 0.79 (2016: approximately HK cents 1.77).
- The Directors of the Company do not recommend the declaration of a final dividend for the Review Year.

The board (the "**Board**") of directors (the "**Directors**") of Geotech Holdings Ltd. (the "**Company**") is pleased to present the audited consolidated financial results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2017 (the "**Review Year**") together with the comparative figures for the year ended 31 December 2016 as follows. These information should be read in conjunction with the prospectus of the Company dated 28 September 2017 (the "**Prospectus**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Notes	2017	2016
		HK$'000	*HK$'000*
Revenue	*4*	**275,813**	344,766
Direct costs		**(232,668)**	(295,210)
Gross profit		**43,145**	49,556
Other income	*5*	**2,138**	3,103
Administrative expenses		**(30,592)**	(25,796)
Finance costs	*6*	**(354)**	(358)
Profit before income tax	*7*	**14,337**	26,505
Income tax expense	*8*	**(4,820)**	(6,101)
Profit for the year		**9,517**	20,404
Other comprehensive income/(expense), net of tax			
Items that may be classified subsequently to profit or loss			
Fair value gain/(loss) on available-for-sale financial assets		**151**	(9)
Total comprehensive income for the year		**9,668**	20,395
		HK cents	HK cents
Earnings per share for profit attributable to equity holders of the Company			
Basic and diluted	*10*	**0.79**	1.77

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment		**8,605**	5,258
Available-for-sales financial assets		**1,281**	1,130
		9,886	6,388
Current assets			
Trade and other receivables	*11*	**57,837**	49,640
Amounts due from directors		**–**	15,272
Amounts due from related companies		**–**	267
Amounts due from customers on construction contracts	*12*	**49,945**	42,402
Tax recoverable		**2,931**	1,538
Cash and bank balances		**109,386**	53,411
		220,099	162,530
Current liabilities			
Trade and other payables	*13*	**30,288**	37,791
Borrowings, secured		**10,000**	16,667
Obligation under finance leases		**490**	–
Amounts due to customers on construction contracts	*12*	**1,250**	2,481
Amounts due to directors		**–**	5
		42,028	56,944
Net current assets		**178,071**	105,586
Total assets less current liabilities		**187,957**	111,974
Non-current liabilities			
Obligation under finance leases		**433**	–
Deferred tax liabilities		**1,039**	519
		1,472	519
Net assets		**186,485**	111,455
Capital and reserves			
Share capital	*14*	**14,000**	10,011
Reserves		**172,485**	101,444
Equity attributable to equity holders of the Company		**186,458**	111,455

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

1.1 General information

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 on 6 June 2016. The Company's registered office is P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands and its principal place of business is Units 05-08, 11/F, Delta House, 3 On Yiu Street, Shek Mun, New Territories, Hong Kong.

The Company is an investment holding company, and its subsidiaries are principally engaged in undertaking slope works in Hong Kong as a main contractor.

As at 31 December 2017, the Directors considered the Company's immediate and ultimate holding company to be Flourish Team Limited, a company incorporated in the British Virgin Islands (the "**BVI**") and owned as to 49% by Mr. Yau Kin Wing Sino ("**Mr. Yau**"), 49% by Mr. Cheung Ting Kam ("**Mr. Cheung**"), and 2% by Mr. Kung Ho Man ("**Mr. Kung**"). Ms. Tang Ka Wa Danise ("**Ms. Tang**") holds 2% interest in the Company via Double Wink Limited, a company incorporated in the BVI. Flourish Team Limited, Double Wink Limited, Mr. Yau, Mr. Cheung, Mr. Kung and Ms. Tang are referred to as the "**Controlling Shareholders**".

The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 12 October 2017(the "**Listing Date**").

1.2 Reorganisation and basis of presentation

Pursuant to a group reorganisation (the "**Reorganisation**") of the Company in connection with the listing of its shares on the Stock Exchange (the "**Listing**"), the Company became the holding company of the companies now comprising the Group on 15 September 2017. Details of the Reorganisation are set out in the paragraph headed "Reorganisation" in the section headed "History and Development" in the Prospectus. The Group is under the common control of the Controlling Shareholders prior to and after the Reorganisation. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended 31 December 2017 and 2016 which include the results, changes in equity and cash flows of the companies now comprising the Group have been prepared using the principles of merger accounting under Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by Hong Kong Institute of Certified Public Accountants ("**HKICPA**") as if the Company had always been the holding company of the Group and the current group structure had been in existence throughout the years ended 31 December 2017 and 2016, or since their respective dates of incorporation, where it is a shorter period.

The consolidated statements of financial position as at 31 December 2017 and 2016 have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence as at those respective dates.

2. BASIS OF PREPARATION

These consolidated financial statements has been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by 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 ("**Listing Rules**").

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments classified as available-for-sale which is stated at fair value. The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is the functional currency of the Company and its subsidiaries, and all values are rounded to the nearest thousands ("**HK$'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

New and amended HKFRSs that are effective for annual periods beginning or after 1 January 2017

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 consolidated financial statements and effective for the annual period beginning on 1 January 2017:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12 included in Annual Improvements to HKFRSs 2014-2016 Cycle	Disclosure of Interests in Other Entities

Other than as noted below, the adoption of the new and amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented:

Amendments to HKAS 7 "Disclosure Initiative"

The amendments require an entity to provide disclosure that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

Amendments to HKFRS 12 included in Annual Improvements to HKFRSs 2014-2016 Cycle "Disclosure of Interests in Other Entities"

The amendments to HKFRS 12 clarify the scope of HKFRS 12 by specifying that its disclosure requirements (except for the summarised financial information for an interests in a subsidiary, a joint venture or an associate which is classified as held for sale in accordance with HKFRS 5) apply to an entity's interests irrespective of whether they are classified (or included in a disposal group that is classified) as held for sale or as discontinued operations in accordance with HKFRS 5.

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 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[3]
HKFRS 17	Insurance Contracts[4]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Repayment Features with Negative Compensation[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[3]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle[3]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Considersation[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatment[3]

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective date to be determined.
3 Effective for annual periods beginning on or after 1 January 2019.
4 Effective for annual periods beginning on or after 1 January 2021.

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Other new and amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

HKFRS 15 Revenue from contracts with customers

HKFRS 15 presents new requirements for the recognition of revenue, replacing HKAS 18 "Revenue", HKAS 11 "Construction Contracts", and several revenue-related Interpretations. HKFRS 15 Contains a single model that applies to contracts with customers and two approaches to recognising revenue; at a point in time or overtime. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. For more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

HKFRS 15 is effective for annual periods beginning on/after 1 January 2018. The Group has started to assess the impact of HKFRS 15 and expects to apply HKFRS 15, in accordance with modified retrospective approach under which the cumulative effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Based on a preliminary assessment, the Directors anticipated that the application of HKFRS 15 may result in more disclosures, however, it is not expected to have significant impact on the Group's financial statements based on the assessment on the existing contracts with customers after taking into account the above core principle.

HKFRS 9 Financial instrument

HKFRS 9 is effective for annual periods beginning on or after 1 January 2018 and will replace HKAS 39 in its entirety. The new standard introduces changes to HKAS 39's guidance on the classification and measurement of financial assets. Under HKFRS 9, each financial asset is classified into one of three main classification categories: amortised cost, fair value through other comprehensive income or fair value through profit or loss. The classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. An entity may make an irrevocable election at initial recognition to present in other comprehensive income for the subsequent changes in the fair value of an investment in an equity instrument that is not held for trading.

Most of the HKAS 39's requirements for financial liabilities were carried forward unchanged to HKFRS 9. The requirements related to the fair value option for financial liabilities have however been changed to address own credit risk. Where an entity chooses to measure its own debt at fair value, HKFRS 9 requires the amount of the change in fair value due to changes in the entity's own credit risk to be presented in other comprehensive income, unless effect of changes in the liability's credit risk would create or enlarge an accounting mismatch in profit or loss, in which case, all gains or losses on that liability are to be presented in profit or loss.

HKFRS 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, entities are required to account for expected credit losses when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.

HKFRS 9 also provides new guidance on the application of hedge accounting. The new hedge accounting models retain the three types of hedge accounting and the requirements of formal designation and documentation of hedge accounting relationships. The new hedge accounting requirements look to align hedge accounting more closely with entities' risk management activities by increasing the eligibility of both hedged items and hedging instruments and introducing a more principles-based approach to assess hedge effectiveness.

Expected impacts of the new requirements on the Group's financial statements are as follows:

(a) Classification and measurement HKFRS 9 contains three principal classification categories for financial assets: measured at (1) amortised cost, (2) fair value through profit or loss (FVTPL) and (3) fair value through other comprehensive income (FVTOCI). The classification for debt instruments is determined based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the asset. If a debt instrument is classified as FVTOCI then interest revenue, impairment and gains/losses on disposal will be recognised in profit or loss. The Group has assessed that its financial assets currently measured at amortised cost and FVTOCI will continue with their classification and measurements upon the adoption of HKFRS 9. The classification and measurement requirements for financial liabilities under HKFRS 9 are largely unchanged from HKAS 39, except that HKFRS 9 requires the fair value change of a financial liability designated at FVTPL that is attributable to changes of that financial liability's credit risk to be recognised in other comprehensive income (without reclassification to profit or loss). The Group currently does not have any financial liabilities designated at FVTPL and therefore this new requirement will not have any impact on the Group on adoption of HKFRS 9.

(b) Impairment The new impairment model in HKFRS 9 replaces the "incurred loss" model in HKAS 39 with an "expected credit loss" model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure either a 12-month expected credit loss or a lifetime expected credit loss, depending on the asset and the facts and circumstances. The Group expects that the application of the expected credit loss model may result in earlier recognition of credit losses. Based on a preliminary assessment, the directors of the Group anticipate that the adoption of HKFRS 9 would not have material impact on the results and financial position of the Group.

HKFRS 16 Leases

HKFRS 16 "Leases" will replace HKAS 17 and three related Interpretations. Leases will be recorded on the statement of financial position in the form of a right-of-use asset and a lease liability. HKFRS 16 is effective from periods beginning on or after 1 January 2019. The Directors are yet to fully assess the impact of HKFRS 16 and therefore is unable to provide quantified information. However, in order to determine the impact the Group are in the process of:

- performing a full review of all agreements to assess whether any additional contracts will now become a lease under HKFRS 16's new definition

- deciding which transitional provision to adopt; either full retrospective application or partial retrospective application (which means comparatives do not need to be restated). The partial application method also provides optional relief from reassessing whether contracts in place are, or contain, a lease, as well as other reliefs. Deciding which of these practical expedients to adopt is important as they are one-off choices

- assessing their current disclosures for finance leases and operating leases as these are likely to form the basis of the amounts to be capitalised and become right-of-use assets determining which optional accounting simplifications apply to their lease portfolio and if they are going to use these exemptions assessing the additional disclosures that will be required.

4. REVENUE AND SEGMENT INFORMATION

Revenue recognised for the years ended 31 December 2017 and 2016 are as follows:

	2017	2016
	HK$'000	*HK$'000*
Contracting revenue	**275,813**	344,766

The chief operating decision maker has been identified as the executive directors of the Company. The Directors regards the Group's business of slope, foundation and general building works as a single operating segment and reviews the overall results of the Group as a whole to make decision about resources allocation. Accordingly, no segment analysis information is presented.

No separate analysis of segment information by geographical segment is presented as the Group's revenue and non-current assets are principally attributable to a single geographical region, which is Hong Kong.

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

	2017	2016
	HK$'000	*HK$'000*
Customer A	**119,571**	239,675

5. OTHER INCOME

	2017	2016
	HK$'000	*HK$'000*
Consultancy fee income	**300**	125
Management fee income	**–**	24
Rental income from lease of machinery	**261**	289
Government grants *(Note)*	**71**	–
Labour charges income	**82**	1,322
Safety consultancy income	**623**	617
Interest income	**22**	–
Other	**779**	726
	2,138	3,103

Note: Government grants of HK$71,000 was granted during the year ended 31 December 2017 to subsidy the retirement of Pre-Euro IV Diesel Commercial Vehicles of the Group. There were no unfulfilled conditions and other contingencies attached to the receipts of those grants. There is no assurance that the Group will continue to receive such grant in the future.

6. FINANCE COSTS

	2017	2016
	HK$'000	*HK$'000*
Bank loan and overdrafts interest	**342**	327
Finance charge on obligations under finance lease	**12**	31
	354	358

7. PROFIT BEFORE INCOME TAX

	2017	2016
	HK$'000	*HK$'000*
Profit before tax is stated after charging/(crediting):		
Staff costs (including directors' remuneration)	**40,589**	42,759
Depreciation	**2,904**	4,365
Operating lease charges in respect of premises	**1,990**	2,252
Subcontracting charges (included in direct costs)	**174,438**	226,567
Listing expenses	**10,705**	8,624
Gain on disposal of property, plant and equipment	**(118)**	(12)
Auditors' remuneration	**1,206**	175

8. INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profit during the year ended 31 December 2017 (2016:16.5%).

	2017	2016
	HK$'000	*HK$'000*
Provision for Hong Kong profits tax		
– Current tax	**4,050**	5,995
– Under provision in respect of prior years	**250**	–
	4,300	5,995
Deferred tax	**520**	106
Total income tax expense	**4,820**	6,101

9. DIVIDENDS

	2017	2016
	HK$'000	*HK$'000*
Interim dividends	**30,000**	–

Prior to the Reorganisation, Praise Marble had declared to its then equity owner of HK$30,000,000 (2016: HK$ nil) for the year ended 31 December 2017.

The rates for dividends and the number of shares ranking for dividend are not presented as such information is not meaningful having regard to the purpose of this announcement.

No final dividend proposed after the reporting date.

10. EARNINGS PER SHARE

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

	2017	2016
	HK$'000	*HK$'000*
Earnings		
Profit for the year attributable to equity holders of the Company	**9,517**	20,404
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares	**1,205,479**	1,150,000

The weighted average number of ordinary shares used to calculate the basic earnings per share for the year ended 31 December 2017 includes (i)100 ordinary shares in issue at beginning of the year; (ii) 1,149,999,900 new ordinary shares issued pursuant to the Capitalisation Issue, as if all these shares had been in issue throughout the Review Year, and (iii) 55,479,000 shares, representing the weighted average of 250,000,000 new ordinary shares issued pursuant to public offer and placing of shares of the Company (the "**Share Offer**").

The weighted average number of ordinary shares used to calculate the basic earnings per share for the year ended 31 December 2016 representing the number of ordinary shares of the company immediately after the Capitalisation Issue, as if all these shares had been in issue throughout the year ended 31 December 2016.

There were no dilutive potential ordinary shares during the Review Year and the year ended 31 December 2016 and therefore, diluted earnings per share equals to basic earnings per share.

11. TRADE AND OTHER RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Trade receivables	**13,928**	21,043
Retention receivables	**16,663**	18,433
Other receivables and prepayment	**18,853**	8,355
Prepayments for property, plant and equipment	**6,797**	–
Utility and other deposits	**1,596**	1,809
	57,837	49,640

Trade receivables

The Group usually provide customers with a credit term of 21 to 30 days (2016: 21 to 30 days). For the settlement of trade receivables from provision of construction services, the Group usually reaches an agreement on the term of each payment with the customer by taking into account of factors such as, among other things, the credit history of the customer, its liquidity position and the Group's working capital needs, which varies on a case-by-case basis that requires the judgment and experience of the management.

Based on the invoice dates, the ageing analysis of the trade receivables, net of provision for impairment, was as follows:

	2017	2016
	HK$'000	*HK$'000*
0-30 days	**8,756**	17,911
31-60 days	**3,184**	2,896
61-90 days	**1,137**	25
Over 90 days	**851**	211
	13,928	21,043

At the end of the reporting date, the Group reviewed trade receivables for evidence of impairment on both an individual and collective basis. Based on this assessment, no provision for impairment has been recognised at 31 December 2017 (31 December 2016: Nil).

Trade receivables of approximately HK$5,172,000 at 31 December 2017 (2016: HK$3,132,000) which were past due but not impaired related to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

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

No amounts in relation to other receivables were past due at 31 December 2017 (31 December 2016: Nil).

12. AMOUNTS DUE FROM/(TO) CUSTOMERS ON CONSTRUCTION CONTRACTS

	2017	2016
	HK$'000	*HK$'000*
Contract costs incurred plus recognised profits less recognised losses	**902,328**	839,830
Less: progress billings	**(853,633)**	(799,909)
Contract work-in-progress	**48,695**	39,921
Analysed for reporting purposes as:		
Amounts due from customers on construction contracts	**49,945**	42,402
Amounts due to customers on construction contracts	**(1,250)**	(2,481)
	48,695	39,921

The gross amounts due from/(to) customers on construction contracts are expected to be recovered/settled within one year.

13. TRADE AND OTHER PAYABLES

	2017	2016
	HK$'000	*HK$'000*
Trade payables *(note (a))*	**11,536**	17,331
Retention payables *(note (b))*	**10,143**	13,301
Accruals and other payables	**8,609**	7,159
	30,288	37,791

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

	2017	2016
	HK$'000	*HK$'000*
0-30 days	**7,267**	11,442
31-60 days	**2,643**	4,827
61-90 days	**545**	355
Over 90 days	**1,081**	707
	11,536	17,331

Notes:

(a) Payment terms granted by suppliers are 30 to 60 days from the invoice date of the relevant purchases.

(b) Retention payables are interest-free and settled in accordance with the terms of the respective contracts.

(c) All trade and other payables are denominated in HK$.

(d) 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.

14. SHARE CAPITAL

The share capital balance in the consolidated statement of financial position as at 31 December 2016 represented the aggregate of the paid up share capital of the subsidiaries comprising the Group prior to the Reorganisation.

Movements of the authorised and issued share capital of the Company for the period from 6 June 2016 (date of incorporation of the Company) to 31 December 2017 are as follows:

	2017		2016	
	Number of shares	***HK$'000***	*Number of shares*	*HK$'000*
Authorised:				
Ordinary shares of HK$0.01 each upon incorporation *(note i)*/as at 1 January 2017	**10,000,000**	**100**	10,000,000	100
Increase in authorised share capital *(note ii)*	**3,990,000,000**	**39,900**	–	–
As at 31 December	**4,000,000,000**	**40,000**	10,000,000	100
Issued and fully paid:				
Ordinary share of HK$0.01 upon incorporation *(note i)*/as at 1 January 2017	**100**	**–**	100	–
Issuance of ordinary shares pursuant to the Capitalisation Issue *(note iii)*	**1,149,999,900**	**11,500**	–	–
Issuance of ordinary shares pursuant to the share offer *(note iv)*	**250,000,000**	**2,500**	–	–
As at 31 December	**1,400,000,000**	**14,000**	100	–

Notes:

(i) The Company was incorporated in the Cayman Islands as an exempted company under the Company Law of the Cayman Islands with limited liability on 6 June 2016 with an initial authorised share capital of HK$100,000 divided into 10,000,000 ordinary shares of HK$0.01 each and one share was issued thereafter. On 6 June 2016, 99 nil-paid shares was allotted and issued. Pursuant to the Reorganisation, the Company credited the 100 nil-paid shares as fully paid at par as the consideration for acquisition of Praise Marble on 15 September 2017.

(ii) Pursuant to the written resolution of all shareholder passed on 21 September 2017, the authorised share capital of the Company was increased from HK$100,000 to HK$40,000,000 divided into 4,000,000,000 shares of HK$0.01 each.

(iii) Pursuant to the written resolutions of the shareholder passed on 21 September 2017, 1,149,999,900 ordinary shares of HK$0.01 each were allotted and issued at par by way of capitalisation of the sum of HK$11,499,999 from the share premium account of the Company (the "**Capitalisation Issue**").

(iv) On 12 October 2017, upon listing on the Stock Exchange, 250,000,000 new shares with par value of HK$0.01 each of the Company were allotted and issued at a price of HK$0.42 per share by way of Share Offer. The proceeds of HK$2,500,000 representing the par value of these ordinary shares, were credited to the Company's share capital. The remaining proceeds less the listing costs directly attributable to the issue of shares amounted to HK$92,862,000, were credited to the Company's share premium account. The shares capital of the Company was then increased to HK$14,000,000 divided into 1,400,000,000 shares of HK$0.01 each.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

With over 20 years of experience in civil engineering industry, the Group is a leading slope works contractor in Hong Kong. The Group principally undertakes slope works as main contractor and also undertake ground investigation field works as subcontractor. To a lesser extent, the Group also undertakes slope works as subcontractor and ground investigation field works for road works contracts and building development projects as main contractor.

Geotech Engineering Limited ("**Geotech Engineering**"), the Group's principal operating subsidiary, is an approved specialist contractor included in the List of Approved Specialist Contractors for Public Works maintained by the Development Bureau under the categories of "Landslip preventive/remedial works to slopes/retaining walls" (confirmed status) and "Ground investigation field work" (Group I status). It is also an approved contractor included in the List of Approved Contractors for Public Works under the category of "Site formation" (Group B probationary status). Geotech Engineering also registered as specialist contractor in the categories of site formation works and ground investigation field works with the Building Authority.

The majority of the revenue during the Review Year was derived from undertaking slope works commissioned by the Civil Engineering and Development Department of the Government ("CEDD"). According to the Government's statement upon the launch of the Landslip Prevention and Mitigation Programme in 2010, the Government estimated that the annual expenditure on the Landslip Prevention and Mitigation Programme would be at least HK$600 million, and the Landslip Prevention and Mitigation Programme would be implemented on a rolling basis annually to upgrade 150 Government man-made slopes, to conduct safety-screening studies on 100 private man-made slopes, and to implement studies and necessary risk mitigation works for 30 natural hillside catchments per year. According to the 2016 Annual Report on Government Slope Safety Works published by the Geotechnical Engineering Office of CEDD, there are currently about 60,000 sizable man-made slopes in Hong Kong and about two-thirds of these man-made slopes are Government slopes. Also, according to the government budget for the year ending 31 March 2019 published on 28 February 2018, the estimated CEDD's expenditure for landslip prevention and mitigation for 2018 is HK$1,030.0 million, which represents an increase of 4.0% over the actual expenditure for 2017. As a result, the Group's slope work business also benefited from the overall positive atmosphere in the industry.

The Directors are aware that certain recent delays in the progress of infrastructure projects by the Legislative Council of Hong Kong and the Finance Committee of the Legislative Council of Hong Kong could result in potential delays in public infrastructure projects and hence possible postponement, or even decrease in the availability, of related slope works projects in Hong Kong in the near future. However, given the Landslip Prevention and Mitigation Programme remains in force and private sector demand is not materially affected by the above, marked opportunities for slope works are still expected by the Directors.

Geotech Engineering was recently awarded as the "Winner of the Best LPM (Landslip Prevention and Mitigation) Contractor Competition" by the CEDD's Geotechnical Engineering Office on 22 February 2018, which was an award also won by Geotech Engineering in 2016 and 2017. Geotech Engineering also achieved the maximum rating under the category of "Landslip preventive/remedial works to slopes/retaining walls" as appraised by the Development Bureau among all contractors being rated between the third quarter of 2015 to the fourth quarter of 2017. Therefore, the Directors believe that on a whole, the Group remains competitive and will be able to capture the available market opportunities due to its leading position and the continued recognition of its performance quality.

Having considered the above and other relevant factors, the Directors are still cautiously optimistic about the slope works industry in Hong Kong in general, particularly given the continuation of Landslip Prevention and Mitigation Programme.

The Company's shares were listed on the Main Board of the Stock Exchange on the Listing Date. The proceeds received from the Share Offer have strengthened the Group's cash flow and the Group will implement its future plans as set out in the section headed "Future Plans and Use of Proceeds" to the Prospectus".

As at 31 December 2017, we had 43 slope works and ground investigation field works projects on hand (including contracts in progress and contracts which are yet to commence) with a total outstanding contract sum of approximately HK$492.5 million. As at 31 December 2016, we had 44 slope works and ground investigation field works projects on hand with a total outstanding contract sum of approximately HK$351.7 million.

FINANCIAL REVIEW

Revenue

The Group's overall revenue decreased by approximately HK$69.0 million or approximately 20.0% from approximately HK$344.8 million for the year ended 31 December 2016 to approximately HK$275.8 million for the Review Year. The decrease in revenue was mainly due to (i) certain delays in works orders under public slope works projects; (ii) downward adjustment on contract sum of certain projects; (iii) the completion of certain major slope works projects during the Review Year; and (iv) net off with revenue increase in the project for marine ground investigation works for the Hong Kong International Airport's third runway awarded in October 2016.

The Board regards the Group's business of construction as a single operating segment and reviews the overall results of the Group as a whole to make decision about resources allocation. Accordingly, no segment analysis information is presented. No separate analysis of segment information by geographical segment is presented as the Group's revenue and non-current assets are principally attributable to a single geographical region, which is Hong Kong.

Gross Profit and Gross Profit Margin

The Group's direct costs decreased by approximately HK$62.5 million or approximately 21.2% from approximately HK$295.2 million for the year ended 31 December 2016 to approximately HK$232.7 million for the Review Year. Such decrease in direct costs was generally in line with the decrease in the revenue.

The gross profit of the Group for the Review Year amounted to approximately HK$43.1 million, representing a decrease of approximately 12.9% as compared with approximately HK$49.6 million for the year ended 31 December 2016, which was driven by a decrease in revenue for the same period. The Group's gross profit margin for the Review Year was approximately 15.6%, as compared with approximately 14.4% for the year ended 31 December 2016. The slight increase in the gross profit margin for the Review Year was mainly attributable to the decrease in subcontracting charge by HK$52.2 million or approximately 23.0% from approximately HK$226.6 million for the year ended 31 December 2016 to approximately HK$174.4 million for the Review Year due to the substantial completion of certain projects during the first half of the Review Year.

Other Income

Other income mainly included rental income from leasing of motor vehicles and machinery and labour charges income mainly derived from provision of safety consultancy services by the staff. During the Review Year, other income amounted to approximately HK$2.1 million (2016: approximately HK$3.1 million). The decrease in other income was mainly due to the decrease in labour charges income of approximately HK$1.2 million because of the completion of labour force supply to a contractor during the year ended 31 December 2016.

Administrative Expenses

The administrative expenses of the Group for the Review Year amounted to approximately HK$30.6 million, representing an increase of approximately 18.6% compared with approximately HK$25.8 million for the year ended 31 December 2016, mainly due to the increase in the Group's listing expenses of approximately 24.1% as compared to the year ended 31 December 2016 and the increase in compliance costs and staff costs incurred since the Listing Date and up to 31 December 2017.

Finance Costs

Finance costs for the Review Year was approximately HK$354,000, representing a slightly decrease of approximately 1.1% compared with approximately HK$358,000 for the year ended 31 December 2016. The slightly decrease was mainly attributable to the decrease in interest charges on borrowings.

Income Tax Expense

Income tax expense decreased by approximately 20.1% from approximately HK$6.1 million for the year ended 31 December 2016 to approximately HK$4.8 million for the Review Year. Such decrease was driven by the decrease in revenue and the increase of non-deductible listing expenses for the Review Year.

Net Profit

Profit attributable to owners of the Company for the Review Year decreased by approximately HK$10.9 million or approximately 53.4% from approximately HK$20.4 million for the year ended 31 December 2016 to HK$9.5 million for the Review Year. The decrease in the Group's net profit for the Review Year was mainly due to the decrease in revenue and the increase in administrative expenses as discussed above. The Group's net profit margin for the Review Year was approximately 3.5%, as compared with approximately 5.9% for the year ended 31 December 2016. The decrease in the net profit margin for the Review Year was mainly due to the increase in administrative expenses as discussed above.

Final Dividend

The Board did not recommend a payment of a final dividend for the Review Year (2016: nil).

Liquidity, Financial Resources and Capital Structure

The Shares of the Company were successfully listed on the Main Board of the Stock Exchange on the Listing Date and there has been no change in capital structure of the Group since then.

As at 31 December 2017, the Company's issued capital was HK$14 million and the number of its issued ordinary shares was 1,400 million of HK$0.01 each.

As at 31 December 2017, the Group had total cash and bank balances of approximately HK$109.4 million (31 December 2016: approximately HK$53.4 million). The increase was mainly due to the net proceeds received from the Listing. The total borrowings of the Group, consist of bank borrowings and obligation under finance leases, of the Group as at 31 December 2017 was approximately HK$10.9 million (31 December 2016: approximately HK$16.7 million). All borrowings were denominated in Hong Kong dollars. Interests are charged at fixed and floating rates. The Group did not carry out any interest rate hedging policy.

Treasury Policy

The Group has adopted a prudent financial management approach towards it 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 all debts by total equity at the period-end date and expressed as a percentage. Debts are defined to include payables incurred not in the ordinary course of business. The gearing ratio of the Group as at 31 December 2017 was approximately 5.9% (31 December 2016: approximately 15.0%). As a result of the issuance of significant number of Shares in relation to the Listing, the Group's gearing ratio decreased.

Pledge of Assets

As at 31 December 2017, the Group had approximately HK$1.1 million of net book value of our plant, machinery and equipment were pledged under finance leases (31 December 2016: HK$ nil).

Foreign Exchange Risk

The Group mainly operates in Hong Kong. Most of the operating transactions and revenue were settled in Hong Kong dollars and the Group's assets and liabilities are primarily denominated in Hong Kong dollars. With the insignificant portion of monetary transactions and assets denominated in foreign currencies, the Group did not engage in any derivatives agreement and did not commit to any financial instrument to hedge its foreign exchange exposure during the Review Year (2016: nill).

Significant Investment, Material Acquisitions or Disposal of Subsidiaries and Associated Companies

Apart from the reorganisation in relation to the Listing (as set out under the section headed "History and Development" and the paragraph headed "Corporate Reorganisation" in Appendix IV to the Prospectus), there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies by the Group during the Review Year.

Future Plans for Material Investments or Capital Assets

Save as disclosed in the Prospectus, the Group did not have other future plans for material investments or capital assets as at 31 December 2017.

Employees and Remuneration Policy

As at 31 December 2017, 114 staff fell into the Group's payroll (31 December 2016: 131 staff). Total staff costs included directors' emoluments, salaries, wages and other staff benefits, contributions and retirement schemes, provisions for staff long service payment and untaken paid leave for the Review Year amounted to approximately HK$40.6 million (2016: approximately HK$42.8 million). In order to attract and retain high quality staff and to enable smooth operation within the Group, the remuneration policy and package of the Group's employees are periodically reviewed. The salary and benefit levels of the employees of the Group are competitive (with reference to market conditions and individual qualifications and experience). The Group provides adequate job training to the employees to equip them with practical knowledge and skills. Apart from mandatory provident fund and job training programs, salaries increment and discretionary bonuses may be awarded to employees according to the assessment of individual performance and market situation. The emoluments of the Directors have been reviewed by the remuneration committee (the "**Remuneration Committee**") of the Company, having regard to the Company's operating results, market competitiveness, individual performance and achievement, and approved by the Board.

Capital Commitments and Contingent Liabilities

As at 31 December 2017, the Group had no material capital commitments or contingent liabilities (31 December 2016: HK$ nil).

Use of Net Proceeds from the Listing

The receipts of the proceeds, net of listing expenses (including underwriting fee), including both recognised in the consolidated statement of profit or loss and other comprehensive income and deducted from the share premium ("**Net Proceeds**") from the Listing were approximately HK$72.8 million. The Group intends to apply the Net Proceeds in accordance with the proposed applications set out in the section headed "Future Plans and Use of Proceeds" to the Prospectus. As stated in the Prospectus, our Company intends to apply the Net Proceeds to satisfy Specific Working Capital Requirement, finance site facilities and equipment and expand our workforce. The total net proceeds received were applied by the Group during the period from the Listing Date up to 31 December 2017 are as follows:

Use of Net Proceeds:	Planned use of proceeds *HK$'000*	Actual use of proceeds from the Listing Date to 31 December 2017 ***HK$'000***
Satisfaction of Specific Working Capital Requirement	44,144	44,144
Acquisition of the site facilities and equipment	14,351	3,298
Expansion of our workforce both at office and site level	14,350	176
Total	72,845	47,618

As at 31 December 2017 and the date of this announcement, the unutilised proceeds were placed in interest-bearing deposits with authorised financial institutions or licensed banks in Hong Kong.

The Directors regularly evaluates the Group's business objective and may change or modify plans against the changing market condition to ascertain the business growth of the Group. During the period under review, the Directors considered that no modification of the use of proceeds described in the Prospectus was required.

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 from the Listing Date up to 31 December 2017.

CORPORATE GOVERNANCE CODE/OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company has adopted and complied with the corporate governance code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing Rules during the period from the Listing Date up to the date of this announcement. The Directors will periodically review on the Company's corporate governance policies and will propose any amendment, if necessary, to ensure compliance with the CG Code from time to time.

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 Companies (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as a code of conduct of the Company for Directors' securities transactions. Having made specific enquiries of the Directors, all Directors have confirmed that they have complied with the requirements of the Model Code during the period from the Listing Date up to the date of this announcement.

Share Option Scheme

The Company has adopted a share option scheme (the "**Share Option Scheme**") on 21 September 2017. The principal terms of the Share Option Scheme is summarised in Appendix IV to the Prospectus. The main purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group. No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption on 21 September 2017, and there is no outstanding share option as at 31 December 2017.

Competing Interests

The Directors confirm that neither the Controlling Shareholders nor their respective close associates is interested in a business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the Group's business during the Period, and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

Compliance Adviser's Interests

As notified by the Company's compliance adviser, RHB Capital Hong Kong Limited ("**RHB**"), as at 31 December 2017, except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 21 September 2017, RHB nor its directors, employees or close associates had any interests in relation to the Company, which is required to be notified to the Company pursuant to the Listing Rules.

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 from the Listing Date up to 31 December 2017.

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 amount of public float for its Shares as required under the Listing Rules since the Listing Date and up to the date of this announcement.

SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

1. Mr. Cheung Ting Kam, an executive Director, a member of the Remuneration Committee and the vice chairman of the Board, passed away on 21 January 2018. Under recommendation from the nomination committee of the Company, the Board has appointed Mr. Kung Ho Man, the chief executive officer of the Company and an executive Director, as a member of the Remuneration Committee. For further details, please refer to the announcement of the Company dated 23 January 2018.

2. RHB has resigned as the compliance adviser of the Company with effect from 1 January 2018 due to the change in personnel of RHB. Grande Capital Limited has been appointed as the new compliance adviser to the Company pursuant to Rule 3A.27 of the Listing Rules with effect from 25 January 2018. For further details, please refer to the announcements of the Company dated 29 December 2017 and 25 January 2018.

AUDIT COMMITTEE

The Company established the audit committee (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 14 to the Listing Rules. The Audit Committee consists of three members, namely Mr. Chow Chun To, Mr. Fung Chi Kin and Mr. Cheung Wai Lun Jacky. Mr. Chow Chun To is the chairman of the Audit Committee.

The Audit Committee has reviewed the consolidated financial statements for the Review Year. The Audit Committee was of the opinion that the preparation of such results complied with applicable accounting standards and requirements as well as the Listing Rules and relevant adequate disclosures have been made.

REVIEW OF ANNUAL RESULTS

The Group's consolidated annual financial statements for the Review Year 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 Review Year have been agreed with the Company's auditors, Grant Thornton Hong Kong Limited ("**Grant Thornton**"), to the amounts set out in the Group's audited 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.

By Order of the Board
Geotech Holdings Ltd.
Yau Kin Wing Sino
Chairman

Hong Kong, 29 March 2018

As at the date of this announcement, the Board comprises Mr. Yau Kin Wing Sino (Chairman), Mr. Kung Ho Man and Ms. Tang Ka Wa Danise as executive Directors; and Mr. Fung Chi Kin, Mr. Cheung Wai Lun Jacky and Mr. Chow Chun To as independent non-executive Directors.