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## **Geotech Holdings Ltd.**

**致浩達控股有限公司**

*(Incorporated in Cayman Islands with limited liability)*

**(Stock code: 1707)**

### **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

**Placing Agent**



#### **THE PLACING**

On 4 June 2019 (after trading hours), the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Placing Agent agreed to place, on a best endeavor basis, of up to 280,000,000 Placing Shares to currently expected to be not less than six Placees who are Independent Third Parties.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the 280,000,000 Placing Shares under the Placing represent (i) approximately 20% of the existing issued share capital of the Company of 1,400,000,000 Shares as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the Placing Shares under the Placing will be HK\$2,800,000.

The Placing Price of HK\$0.32 represents: (i) a discount of approximately 16.88% to the closing price of HK\$0.385 as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 18.37% to the average closing price of HK\$0.392 as quoted on the Stock Exchange for last five consecutive trading days immediately preceding to the date of the Placing Agreement.

The Placing is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares.

The maximum gross proceeds from the Placing will be approximately HK\$89.6 million. The maximum net proceeds from the Placing will amount to approximately HK\$88.7 million intended to be utilised for the general working capital of the Group and any potential investment opportunities in the future. The net proceeds raised per Placing Share will be approximately HK\$0.317.

**Shareholders and potential investors should note that the Placing is subject to conditions under the Placing Agreement to be fulfilled. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## THE PLACING AGREEMENT

### Date

4 June 2019 (after trading hours)

### Issuer

The Company

### Placing Agent

Head & Shoulders Securities

The Company has conditionally agreed to place through the Placing Agent and/or its sub-placing agent(s), on a best endeavor basis, of up to 280,000,000 Placing Shares to independent Placees. Placing Agent will receive a placing commission of 1% of the aggregate amount equal to the Placing Price multiplied by the actual number of Placing Shares successfully placed by the Placing Agent and/or its sub-placing agent(s). The terms of the Placing Agreement were arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to, amongst other things, the prevailing market conditions. The Directors are of the view that the terms of the Placing Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **Placees**

The Placing Agent and/or its sub-placing agent(s) will place the Placing Shares to not less than six Placees, who and whose ultimate beneficial owner(s) are Independent Third Parties. It is expected that none of the Placees will become substantial Shareholder (as defined under the Listing Rules) immediately after completion of the Placing.

## **Number of Placing Shares**

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the 280,000,000 Placing Shares under the Placing represent (i) approximately 20% of the existing issued share capital of the Company of 1,400,000,000 Shares as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the Placing Shares under the Placing will be HK\$2,800,000.

## **Ranking of Placing Shares**

The Placing Shares under the Placing will rank, upon issue, *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

## **Placing Price**

The Placing Price of HK\$0.32 represents:

- (i) a discount of approximately 16.88% to the closing price of HK\$0.385 as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a discount of approximately 18.37% to the average closing price per Share of HK\$0.392 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding to the date of the Placing Agreement.

The Placing Price was determined with reference to, amongst other things, the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing are on normal commercial terms and are fair and reasonable based on the current market conditions. Hence, the Directors consider that the Placing is in the interests of the Company and its Shareholders as a whole.

## **General Mandate**

The Placing Shares will be issued under the General Mandate which the Company is authorised to issue up to 280,000,000 new Shares and therefore the issue of the Placing Shares will not be subject to the approval by the Shareholders. Up to the date of this announcement, no new Shares have been issued under the General Mandate.

## **Condition of the Placing**

Completion of the Placing is conditional upon the Stock Exchange granting listing of and permission to deal in, all of the Placing Shares.

In the event that the condition to the Placing is not fulfilled on or prior to 25 June 2019, or such later date as may be agreed between the Company and the Placing Agent, the obligations and liabilities of the Company under the Placing shall be null and void except that certain terms and conditions of the Placing Agreement shall remain in full force and effect.

## **Termination**

The Placing Agreement may be terminated by the Placing Agent at any time up to 8:00 a.m. on the date of completion of the Placing if there has come to the notice of the Placing Agent that:

- (i) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (ii) there is any breach of the warranties, representations and undertakings given by the Company in this Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or
- (iii) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed; or
- (iv) any event of force majeure (being an event beyond the control of the parties and which is unforeseeable or unavoidable), including but without limiting the generality hereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out, occurs which prevents the performance of the contractual obligations of the parties hereunder.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

If notice is given by the Placing Agent to terminate the Placing Agreement in accordance with the terms of the Placing Agreement, save for certain surviving provisions, the Placing Agreement shall thereupon cease to have effect, and none of the parties to the Placing Agreement shall have any rights or claims by reason thereof except for any antecedent breach of any obligations under the Placing Agreement.

## Completion of the Placing

Completion of the Placing will take place on the third Business Day following the condition precedent being satisfied or such later time and/or date as the Company and the Placing Agent may agree in writing.

## REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group principally engaged in provision of construction and engineering services. With over 20 years of experience in the civil engineering industry, the Group is a leading slope works contractor in Hong Kong.

The maximum gross proceeds from the Placing will be approximately HK\$89.6 million. The maximum net proceeds from the Placing will amount to approximately HK\$88.7 million intended to be utilised for the general working capital of the Group and any potential investment opportunities in the future. The net proceeds raised per Placing Share will be approximately HK\$0.317.

## FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company had not conducted any equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

## EFFECTS ON SHAREHOLDING STRUCTURE

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon completion of the Placing (assuming there will be no other change in the issued share capital of the Company between the date of this announcement and completion of the Placing) are set out as follows:

	As at the date of this announcement		Immediately upon the completion of Placing	
	<i>No. of Shares</i>	<i>Approx. %</i>	<i>No. of Shares</i>	<i>Approx. %</i>
Star Merit Global Limited ( <i>Note 1</i> )	920,480,000	65.75	920,480,000	54.79
Placees	–	–	280,000,000	16.67
Other public shareholders	<u>479,520,000</u>	<u>34.25</u>	<u>479,520,000</u>	<u>28.54</u>
Total	<u><u>1,400,000,000</u></u>	<u><u>100.00</u></u>	<u><u>1,680,000,000</u></u>	<u><u>100.00</u></u>

*Notes:*

1. Star Merit Global Limited is wholly and beneficially owned by Mr. Chen Zhi, who is an executive Director.
2. The percentages are subject to rounding error, if any.

## GENERAL

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

## DEFINITIONS

The following terms shall have the following meanings ascribed to them respectively in this announcement unless the context otherwise requires:

“AGM”	the annual general meeting of the Company held on 8 June 2018
“Board”	the board of Directors
“Company”	Geotech Holdings Ltd., a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Stock Exchange (stock code: 1707)
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Board pursuant to the ordinary resolution passed by the Shareholders at the AGM to allot, issue and deal with Shares up to 20% of the then issued share capital of the Company (being 1,400,000,000 Shares) as at the date of passing such resolution, which is equivalent to 280,000,000 Shares
“Group”	the Company and its subsidiaries
“Head & Shoulders Securities”	Head & Shoulders Securities Limited, a licensed corporation to carry on business in Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Placee(s)”	any professional, institutional or other investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent and/or its sub-placing agent(s) to subscribe for any of the Placing Shares
“Placing”	the placing of up to 280,000,000 Placing Shares pursuant to the terms of the Placing Agreement
“Placing Agent”	Head & Shoulders Securities
“Placing Agreement”	the placing agreement entered into between the Company and the Placing Agent dated 4 June 2019 in relation to the Placing
“Placing Price”	HK\$0.32 per Placing Share
“Placing Share(s)”	up to 280,000,000 new Shares to be placed pursuant to the Placing Agreement
“Shareholders”	holder(s) of the Share(s)
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 4 June 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, 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.*