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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)

**UPDATE ANNOUNCEMENT ON POST-ACCIDENT
DEVELOPMENT AND THE SUMMONSES**

The announcement is made by the board (the “**Board**”) of directors (the “**Directors**”) of Geotech Holdings Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) concerning disclosure of inside information and Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

References are made to note 17 to the condensed consolidated interim financial statements in the interim results announcement published by the Company on 25 August 2020 in relation to the fatal accident occurred in March 2020 (the “**Accident**”); and the announcement published by the Company on 22 September 2020 in relation to the twelve summonses (the “**Summonses**”) as a result of the Accident (collectively the “**Previous Announcements**”). Unless the context otherwise requires, capitalised terms used in this announcement shall have the same meanings as those defined in the Previous Announcements.

The Board would like to provide an update to the shareholders of the Company and the potential investors on the development since the Accident and the Summonses.

STATUS OF LITIGATION

As disclosed in the announcement dated 22 September 2020, Geotech Engineering (as the defendant) was required to appear before the Court on 19 October 2020 in relation to the Summonses. As Geotech Engineering is still in the course of seeking legal advice in respect of the Summonses and extra time is needed to prepare for the proceedings, Geotech Engineering has made an application to postpone the hearing of the proceedings and the Court granted a three-week postponement of the hearing to 9 November 2020.

UPDATE OF THE WORK AND ENHANCEMENT OF SAFETY MEASURES

After the occurrence of the Accident, Geotech Engineering has engaged an independent safety consultant to conduct a safety investigation of the Accident, and subsequently an internal accident prevention programme has been implemented as a safety enhancement measure to Geotech Engineering and all its subcontractors in order to increase safety awareness and prevent the recurrence of similar accidents. Furthermore, a safety improvement plan was submitted to the Labour Department in response to a suspension notice on the Work. The Labour Department was satisfied with the improvement plan submitted by Geotech Engineering and uplifted the suspension on 12 August 2020. Despite the delay resulting from the Accident, the Work was completed in late September 2020 and resulted in a small financial loss.

MAXIMUM PENALTIES OF THE SUMMONSES

Based on the legal opinion, the Board is of the understanding that the maximum potential penalty for the twelve offences under the corresponding regulations of the Construction Sites (Safety) Regulations (Chapter 59I of the Laws of Hong Kong) and Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong) would be up to HK\$2.7 million. As Geotech Engineering is still in the course of seeking legal advice in respect of the Summonses, the Board is unable to ascertain the likelihood of being imposed with the maximum penalty at this stage and the actual outcome may differ. Depending on the assessment of the likely outcome of offences to be advised by our legal counsel, appropriate provision (if required) will be made in the financial statement of the Group. In the event that Geotech Engineering is convicted with such offences, a conviction record would also be recorded with the Labour Department and certain impediment may be caused to its operation and it is in the process of assessing the potential impact.

UPDATE OF INSURANCE POLICIES AND THE FINANCIAL IMPACT ON THE GROUP

The Board believes that Geotech Engineering was properly insured under two valid insurance policies namely, the employee's compensation policy and public liability policy, as required by the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) at the material time of the Accident. Geotech Engineering has complied with the necessary procedures in notifying the insurer following the Accident. Under the insurance policies, the insurer is liable to indemnify Geotech Engineering in respect of the claims under the Employee's Compensation Ordinance and at common law (including personal injury claims) incidental to the Accident. However, in the event that the Court imposes any penalties to Geotech Engineering under the Summonses, such liabilities are not expected to be covered by the relevant insurance. For certain costs/expenses associated with the Accident including, among others, gratuity payments, legal fees, fees to independent safety consultant etc, which are subject to consent from the insurer, they may not be covered under the employee's compensation policy. Hence, the eventual financial impact to the Group would depend on (i) the outcome of the Summonses; and (ii) the extent of loss from other potential claims and costs/expenses associated with the Accident which are not recoverable from the insurer. The Group cannot ascertain the exact amount of loss from (ii) above at present, but the Board is currently of the view that such claims from (ii) above are sufficiently covered by the insurance policies.

Further disclosures on the material developments of the cases will be announced as and when appropriate.

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, 20 October 2020

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. Shen Zejing and Mr. So Wai Man as independent non-executive Directors.