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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)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the six months ended 30 June 2020 amounted to approximately HK\$159.2 million (six months ended 30 June 2019: approximately HK\$181.7 million).
- Loss attributable to the equity holders of the Company for the six months ended 30 June 2020 amounted to approximately HK\$6.0 million (six months ended 30 June 2019: approximately HK\$3.0 million).
- Basic and diluted loss per share for the six months ended 30 June 2020 amounted to approximately HK cents 0.36 (six months ended 30 June 2019: approximately HK cents 0.21).
- The Directors have resolved not to declare any interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: nil).

The board (the “**Board**”) of directors (the “**Directors**”) of Geotech Holdings Ltd. (the “**Company**”) hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2020 together with the comparative figures for the six months ended 30 June 2019 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	<i>Notes</i>	Six months ended 30 June	
		2020	2019
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	4	159,169	181,741
Direct costs		<u>(153,463)</u>	<u>(172,436)</u>
Gross profit		5,706	9,305
Other income	5	2,826	2,481
Administrative expenses		(14,554)	(14,532)
Finance costs	6	<u>(85)</u>	<u>(73)</u>
Loss before income tax	7	(6,107)	(2,819)
Income tax credit/(expense)	8	<u>84</u>	<u>(226)</u>
Loss for the period		<u>(6,023)</u>	<u>(3,045)</u>
Other comprehensive (expense)/income, net of tax			
Items that will not be classified subsequently to profit or loss			
Fair value (loss)/gain on financial assets at fair value through other comprehensive income		<u>(78)</u>	<u>88</u>
Total comprehensive expense for the period		<u>(6,101)</u>	<u>(2,957)</u>
		HK cents	HK cents
Loss per share attributable to equity holders of the Company			
Basic and diluted	10	<u>(0.36)</u>	<u>(0.21)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

		As at 30 June 2020	As at 31 December 2019
	<i>Notes</i>	HK\$'000 (unaudited)	HK\$'000 (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		3,766	5,176
Financial assets at fair value through other comprehensive income ("FVOCI")		1,175	1,253
Finance lease receivables	11	362	963
Deferred tax assets		987	889
		6,290	8,281
Current assets			
Trade and other receivables	12	134,011	125,675
Contract assets		34,298	40,452
Finance lease receivables	11	1,427	1,995
Tax recoverable		1,344	1,817
Cash and bank balances		154,027	143,299
		325,107	313,238
Current liabilities			
Trade and other payables	13	56,470	44,099
Lease liabilities	14	3,734	4,428
Tax payable		132	–
Contract liabilities		7,695	1,801
		68,031	50,328
Net current assets		257,076	262,910
Total assets less current liabilities		263,366	271,191

		As at 30 June 2020 HK\$'000 (unaudited)	As at 31 December 2019 HK\$'000 (audited)
Non-current liabilities			
Lease liabilities	<i>14</i>	1,273	2,992
Deferred tax liabilities		194	199
		<u>1,467</u>	<u>3,191</u>
Net assets		<u>261,899</u>	<u>268,000</u>
CAPITAL AND RESERVES			
Share capital	<i>15</i>	16,800	16,800
Reserves		245,099	251,200
Total equity		<u>261,899</u>	<u>268,000</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2020

1. GENERAL INFORMATION

Geotech Holdings Ltd. (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 and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The addresses of the 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 Unit 1920, 19/F, Cheung Kong Center, 2 Queen’s Road Central, Central, Hong Kong.

The Company is an investment holding company, and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in provision of construction and engineering services and property-related services.

The Company’s immediate and ultimate holding company is Star Merit Global Limited (“**Star Merit**”), a company incorporated in the British Virgin Islands (the “**BVI**”) and wholly owned by Mr. Chen Zhi (“**Mr. Chen**”). The ultimate controlling shareholder of the Company is Mr. Chen.

The condensed consolidated interim financial statements for the six months ended 30 June 2020 were approved for issue by the board of directors (the “**Directors**”) of the Company on 25 August 2020.

2. BASIS OF PREPARATION

The condensed consolidated interim financial statements for the six months ended 30 June 2020 have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and Hong Kong Accounting Standards (“**HKASs**”) 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The condensed consolidated interim financial statements and notes thereon do not include all the information and disclosures required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”). Therefore, the condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2019.

The condensed consolidated interim financial statements are unaudited, but have been reviewed by the Company’s independent auditor, Grant Thornton Hong Kong Limited in accordance with Hong Kong Standard on Review Engagements 2410, “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*”, issued by the HKICPA.

The condensed consolidated interim financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the functional currency of the Company, and all values are rounded to the nearest thousands (“**HK\$’000**”), except when otherwise indicated.

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's most recent annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of the following amended HKFRSs that have become effective for accounting period beginning on or after 1 January 2020 as set out below. The Group has not early adopted any other standards, interpretation or amendment that has been issued but not yet effective.

Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendments to HKAS 1 and HKAS 8	Definition of Material

Other than as noted below, the adoption of these newly effective amended HKFRSs has no material impact on how the results and financial position of the Group for the current and prior periods have been prepared and presented. For those which are not yet effective and have not been early adopted by the Group, the Group is in the process of assessing their impact and are not expected to have a material impact on the Group's results and financial position.

Amendments to HKAS 1 and HKAS 8 "Definition of Material"

The amendments clarify the definition of material and state that "information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". Materiality depends on nature or magnitude of information or both.

The amendments also:

- introduce the concept of obscuring information when considering materiality and provide some examples of circumstances that may result in material information being obscured;
- clarify that materiality assessment will need to take into account how primary users could reasonably be expected to be influenced in making economic decisions by replacing the threshold "could influence" with "could reasonably be expected to influence" in the definition of material; and
- clarify that materiality assessment will need to take into account of information provided to primary users of general purpose financial statements (i.e. existing and potential investors, lenders and other creditors that rely on general purpose financial statements for much of the financial information they need).

The application of these amendments has had no impact on the Group's condensed consolidated interim financial statements.

4. REVENUE AND SEGMENT INFORMATION

(a) Revenue

The Group's principal activities are disclosed in note 1 to the condensed consolidated interim financial statements.

Revenue recognised for the six months ended 30 June 2020 and 2019 are as follows:

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Construction and engineering services	155,989	181,741
Property-related services	3,180	–
	<u>159,169</u>	<u>181,741</u>

All of the performance obligations are satisfied over time.

(b) **Segment information**

During the six months ended 30 June 2020, the Group's operating activities are attributable to construction and engineering services and property-related services. The Group organised into business units based on its segment purposes and the internal management reports are prepared in accordance with accounting policies which conform to HKFRSs, that is regularly reviewed by the executive Directors, being the chief operating decision maker (the "CODM"), for the purposes of resource allocation and assessment of segment performance.

For the six months ended 30 June 2020 (unaudited)

	Construction and engineering services HK\$'000	Property- related services HK\$'000	Total HK\$'000
Reportable segment revenue			
– From external customers	<u>155,989</u>	<u>3,180</u>	<u>159,169</u>
Reportable segment results (note)	<u><u>(3,164)</u></u>	<u><u>1,308</u></u>	(1,856)
Unallocated corporate income			407
Unallocated corporate expenses			<u>(4,658)</u>
Loss before income tax			<u><u>(6,107)</u></u>

Note:

For the six months ended 30 June 2020 (unaudited)

	Construction and engineering services HK\$'000	Property- related services HK\$'000	Unallocated HK\$'000	Total HK\$'000
Amounts included in the measure of segment results				
– Bank interest income	405	–	407	812
– Depreciation of non-financial assets	(1,360)	–	(2)	(1,362)
– Gain on disposal of property, plant and equipment	69	–	–	69
– Finance costs	(85)	–	–	(85)
	<u>405</u>	<u>–</u>	<u>407</u>	<u>812</u>
Other segment item				
Additions to non-current segment assets	16	7	–	23
	<u>16</u>	<u>7</u>	<u>–</u>	<u>23</u>

As at 30 June 2020 (unaudited)

	Construction and engineering services HK\$'000	Property- related services HK\$'000	Unallocated HK\$'000	Total HK\$'000
Reportable segment assets	<u>269,587</u>	<u>2,408</u>	<u>59,402</u>	<u>331,397</u>
Reportable segment liabilities	<u>69,084</u>	<u>63</u>	<u>351</u>	<u>69,498</u>

As at 31 December 2019 (audited)

	Construction and engineering services HK\$'000	Property- related services HK\$'000	Unallocated HK\$'000	Total HK\$'000
Reportable segment assets	<u>255,668</u>	<u>1,689</u>	<u>64,162</u>	<u>321,519</u>
Reportable segment liabilities	<u>52,170</u>	<u>11</u>	<u>1,338</u>	<u>53,519</u>

During the six months ended 30 June 2019, the Group's operating activities are attributable to a single operating segment on construction and engineering services. The CODM reviews the overall performance of the Group as a whole.

Geographical information

The Group's revenue from external customers based on the location of the operation is derived mainly in Hong Kong (place of domicile). Most non-current assets (exclude financial assets at FVOCI, finance lease receivables and deferred tax assets) of the Group are located in Hong Kong. Accordingly, no segment analysis by geographical information is presented.

Information about major customers

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

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Construction and engineering services segment		
Customer A	90,190	74,979
Customer B	44,639	33,101
Customer C	N/A*	23,592
	<u> </u>	<u> </u>

* the corresponding revenue did not contribute over 10% of total revenue of the Group

5. OTHER INCOME

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Consultancy fee income	56	158
Rental income from lease of machinery	283	618
Safety consultancy income	242	402
Bank interest income	812	624
Interest income from finance lease receivables (<i>note 11</i>)	52	53
Gain on disposal of property, plant and equipment	69	–
Surveying fee income	210	–
Government grant (<i>note (i)</i>)	100	–
Sundry income (<i>note (ii)</i>)	1,002	626
	<u>2,826</u>	<u>2,481</u>

Notes:

- (i) Government grant represented the Construction Industry Anti-epidemic Fund provided by the Government of HKSAR which aims to support the construction industry against the Outbreak by improving the anti-contagion measures at construction sites and strengthening the workers' personal protective equipment. There are no unfulfilled conditions or contingencies relating to the grant.
- (ii) Sundry income mainly represented handling charges of approximately HK\$822,000 (six months ended 30 June 2019: approximately HK\$419,000) paid by our subcontractors requesting our assistance in the procurement of construction materials for our construction contracts.

6. FINANCE COSTS

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Finance charge on lease liabilities	<u>85</u>	<u>73</u>

7. LOSS BEFORE INCOME TAX

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss before income tax is stated after charging/(crediting):		
(a) Staff costs (including Directors' remuneration)		
Salaries, wages and allowances	14,334	13,988
Discretionary bonuses	15	14
Retirement scheme contributions	517	458
	<u>14,866</u>	<u>14,460</u>
Staff costs (including Directors' remuneration) (<i>note</i>)	<u><u>14,866</u></u>	<u><u>14,460</u></u>
(b) Other items		
Depreciation, included in:		
Direct costs		
– Owned assets	278	68
– Right-of-use assets	258	92
Administrative expenses		
– Owned assets	574	848
– Right-of-use assets	252	103
	<u>1,362</u>	<u>1,111</u>
Short term leases	250	675
Subcontracting charges (included in direct costs)	143,497	159,142
(Gain)/loss on disposal of property, plant and equipment	(69)	79
Auditors' remuneration	163	392
	<u><u>163</u></u>	<u><u>392</u></u>

Note: Staff costs (including Directors' remuneration)

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Direct costs	4,307	7,381
Administrative expenses	<u>10,559</u>	<u>7,079</u>
	<u>14,866</u>	<u>14,460</u>

8. INCOME TAX (CREDIT)/EXPENSE

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Provision for Hong Kong Profits Tax		
– Current tax	77	406
– Over provision in respect of prior years	<u>(58)</u>	<u>–</u>
	19	406
Deferred tax	<u>(103)</u>	<u>(180)</u>
Total income tax (credit)/expense	<u>(84)</u>	<u>226</u>

For the six months ended 30 June 2020 and 2019, Hong Kong Profits Tax was calculated at a flat rate of 16.5% of the estimated assessable profits for the period.

For the six months ended 30 June 2020, GeoResources Limited, a subsidiary of the Group, is a qualifying corporation under the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying entities will be taxed at 8.25%, and the profits above HK\$2 million will be taxed at 16.5%.

No provision for overseas profits tax has been made as the Group had no assessable profits generated in overseas operation during the six months ended 2020 (six months ended 30 June 2019: nil).

9. DIVIDENDS

No dividend was paid or declared by the Company during the six months ended 30 June 2020 (six months ended 30 June 2019: nil).

10. LOSS PER SHARE

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

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss		
Loss for the period attributable to equity holders of the Company	<u><u>(6,023)</u></u>	<u><u>(3,045)</u></u>
	'000	'000
Number of shares		
Weighted average number of ordinary shares	<u><u>1,680,000</u></u>	<u><u>1,421,657</u></u>

The calculation of the basic loss per share for the six months ended 30 June 2020 is based on the loss for the period attributable to equity holders of the Company of HK\$6,023,000 (six months ended 30 June 2019: HK\$3,045,000) and the weighted average number of ordinary shares of 1,680,000,000 in issue during the period (six months ended 30 June 2019: 1,421,657,000).

There were no dilutive potential ordinary shares during the six months ended 30 June 2020 and 2019 and therefore, diluted loss per share equals to basic loss per share.

11. FINANCE LEASE RECEIVABLES

The maturity analysis of the undiscounted lease payments receivables from finance leases are as follows:

	As at 30 June 2020 HK\$'000 (unaudited)	As at 31 December 2019 HK\$'000 (audited)
Total undiscounted lease payments receivables:		
Within one year	1,472	2,077
After one year but within two years	<u>365</u>	<u>981</u>
	1,837	3,058
Unearned interest income	<u>(48)</u>	<u>(100)</u>
Present value of the finance lease receivables	<u><u>1,789</u></u>	<u><u>2,958</u></u>
Present value of the finance lease receivables:		
Within one year	1,427	1,995
After one year but within two years	<u>362</u>	<u>963</u>
	1,789	2,958
Less: portion due within one year included under current assets	<u>(1,427)</u>	<u>(1,995)</u>
Portion due after one year included under non-current assets	<u><u>362</u></u>	<u><u>963</u></u>

Movements in finance lease receivables are as follows:

	As at 30 June 2020 HK\$'000 (unaudited)	As at 31 December 2019 HK\$'000 (audited)
Balance as at 1 January 2019 and 1 January 2020 (audited)	2,958	–
Adjustments upon initial application of HKFRS 16	–	2,367
Addition	–	2,991
Receipts	(1,221)	(2,562)
Interest income from finance lease receivables (<i>note 5</i>)	52	162
	<hr/>	<hr/>
Balance as at 31 December 2019 (audited) and 30 June 2020 (unaudited)	1,789	2,958
	<hr/> <hr/>	<hr/> <hr/>

The finance lease receivables represent the sublease arrangement entered by the Group with sub-contractors in respect of premises typically run for an initial period of two years to three years. The leases do not include contingent rentals and variable lease payments. The subleases are entered with the same terms of the respective head-leases and no gain or loss recognised from the deemed disposal of the right-of-use assets from the head-leases.

12. TRADE AND OTHER RECEIVABLES

	As at 30 June 2020 HK\$'000 (unaudited)	As at 31 December 2019 HK\$'000 (audited)
Trade receivables	29,179	27,801
Less: impairment loss	(208)	(208)
	<hr/>	<hr/>
	28,971	27,593
Retention receivables	19,109	21,237
Other receivables and prepayment	84,234	74,669
Utility and other deposits	2,124	2,624
Less: impairment loss	(547)	(547)
	<hr/>	<hr/>
	104,920	97,983
Amount due from joint operator (<i>note</i>)	120	99
	<hr/>	<hr/>
	134,011	125,675
	<hr/> <hr/>	<hr/> <hr/>

Note: The amount is unsecured, interest-free and repayable on demand.

The Directors considered the fair values of trade and other receivables are not materially different from their carrying amounts, because their balances have short maturity periods on their inception.

Trade receivables

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

	As at 30 June 2020 HK\$'000 (unaudited)	As at 31 December 2019 HK\$'000 (audited)
0 – 30 days	20,570	24,728
31 – 60 days	4,334	339
61 – 90 days	1,835	135
Over 90 days	2,232	2,391
	<u>28,971</u>	<u>27,593</u>

Retention receivables

Retention receivables represent certified contract payments in respect of works performed, for which payments are withheld by customers for retention purposes, and the amount retained is withheld on each payment up to a maximum amount calculated on a prescribed percentage of the contract sum.

The retention receivables were expected to be recovered/settled as follows:

	As at 30 June 2020 HK\$'000 (unaudited)	As at 31 December 2019 HK\$'000 (audited)
Due within one year	1,311	2,313
Due after one year	17,798	18,924
	<u>19,109</u>	<u>21,237</u>

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

At the end of the reporting date, the Group reviewed trade receivables, retention receivables and other receivables for evidence of impairment on collective basis. Based on assessment of expected credit losses (“ECL”), no additional impairment loss has been recognised as at 30 June 2020.

13. TRADE AND OTHER PAYABLES

	As at 30 June 2020 HK\$'000 (unaudited)	As at 31 December 2019 HK\$'000 (audited)
Trade payables (<i>note (i)</i>)	32,771	19,576
Retention payables (<i>note (ii)</i>)	14,130	15,440
Accruals and other payables	<u>9,569</u>	<u>9,083</u>
	<u>56,470</u>	<u>44,099</u>

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.

Trade payables

Ageing analysis of trade payables based on the invoice dates is as follows:

	As at 30 June 2020 HK\$'000 (unaudited)	As at 31 December 2019 HK\$'000 (audited)
0 – 30 days	25,251	15,931
31 – 60 days	3,093	2,199
61 – 90 days	2,523	406
Over 90 days	<u>1,904</u>	<u>1,040</u>
	<u>32,771</u>	<u>19,576</u>

Notes:

- (i) Payment terms granted by suppliers are 30 to 60 days from the invoice date of the relevant purchases.
- (ii) Retention payables are interest-free and settled in accordance with the term of the respective contracts.

14. LEASE LIABILITIES

The analysis of the Group's lease liabilities is as follows:

	As at 30 June 2020 HK\$'000 (unaudited)	As at 31 December 2019 HK\$'000 (audited)
Total minimum lease payments:		
Within one year	3,871	4,654
After one year but within two years	1,289	2,875
After two years but within three years	—	182
	<u>5,160</u>	<u>7,711</u>
Future finance charges	<u>(153)</u>	<u>(291)</u>
Present value of lease obligation	<u><u>5,007</u></u>	<u><u>7,420</u></u>
Present value of minimum lease payments:		
Within one year	3,734	4,428
After one year but within two years	1,273	2,812
After two years but within three years	—	180
	<u>5,007</u>	<u>7,420</u>
Less: portion due within one year included under current liabilities	<u>(3,734)</u>	<u>(4,428)</u>
Portion due after one year included under non-current liabilities	<u><u>1,273</u></u>	<u><u>2,992</u></u>

As at 30 June 2020 and 31 December 2019, the Group had lease arrangements for motor vehicles with lease term of two to three years. At the end of the lease term, the Group has the option to purchase the leased motor vehicles at a price that is expected to be sufficiently lower than the fair value of the leased asset at the end of the lease. None of the leases includes contingent rentals.

As at 30 June 2020, leases of motor vehicles amounted to HK\$1,915,000 (31 December 2019: HK\$2,742,000) are held by the Group in trust but used by and belong to subcontractors or their nominees.

As at 30 June 2020 and 31 December 2019, the Group had three lease agreements for use of office or workshop premises with lease term of two to three years. The Group makes fixed payments during the contract periods. One of the lease agreements contains an option for further extending the lease period from three years to four years by giving a notice to landlord before the end of the lease. The Group considered the option would not be exercised at the lease commencement date.

As at 30 June 2020 and 31 December 2019, the Group had a lease arrangement for subleasing to sub-contractors (refer to note 11) in respect of premises run for an initial period of two years. The lease does not include contingent rentals and variable lease payments.

The leases are effectively secured by the underlying assets as the rights to the leased assets would be converted to the lessor in the event of default by repayment by the Group.

During the six months ended 30 June 2020, the total cash outflows for the leases are HK\$2,802,000 (six months ended 30 June 2019: HK\$2,682,000).

15. SHARE CAPITAL

	2020		2019	
	Number of shares	HK\$'000	Number of shares	HK\$'000
Authorised:				
As at 1 January 2019, 31 December 2019, 1 January 2020 (audited) and 30 June 2020 (unaudited)	4,000,000,000	40,000	4,000,000,000	40,000
Issued and fully paid:				
As at 1 January 2019 and 1 January 2020	1,680,000,000	16,800	1,400,000,000	14,000
Issuance of ordinary shares pursuant to the share placing (<i>note</i>)	—	—	280,000,000	2,800
As at 31 December 2019 (audited) and 30 June 2020 (unaudited)	1,680,000,000	16,800	1,680,000,000	16,800

Note: On 17 June 2019, 280,000,000 new ordinary shares with par value of HK\$0.01 each of the Company were allotted and issued at a price of HK\$0.32 per share by way of placing. The proceeds of HK\$2,800,000 representing the par value of these ordinary shares were credited to the Company's share capital. The remaining proceeds after deducting placing commission directly attributable to the issue of shares amounted to HK\$85,904,000 were credited to the Company's share premium account. The issued and fully paid share capital of the Company was then increased to HK\$16,800,000 divided into 1,680,000,000 shares of HK\$0.01 each.

16. RELATED PARTY AND CONTINUING CONNECTED TRANSACTIONS

(a) Key management personnel remuneration

The emoluments of the Directors and senior management of the Company, who represent the key management personnel during the six months ended 30 June 2020 and 2019 are as follows:

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Salaries, fee and allowances	2,413	2,622
Retirement scheme contributions	36	40
	<u>2,449</u>	<u>2,662</u>

The above emoluments in relation to service contracts of Directors are exempt continuing connected transactions under Chapter 14A of the Listing Rules.

(b) Related party transactions

Summary of the related party transactions carried out by the Group during the six months ended 30 June 2020 and 2019 are as follows:

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Property management consultancy services income from Cheer Capital Limited (<i>note (i)</i>) ("Property-related Services")	2,040	–
Rental expenses paid to Keen Forever Limited (<i>note (ii)</i>)	<u>(204)</u>	<u>–</u>

Summary of balances with related parties as at 30 June 2020 and 31 December 2019 are as follows:

	As at 30 June 2020 HK\$'000 (unaudited)	As at 31 December 2019 HK\$'000 (audited)
Lease liabilities of the lease arrangement with Keen Forever Limited (<i>note (ii)</i>)	560	749
Bank deposits to Prince Bank Plc. (<i>note (iii)</i>)		
– balance	612	2,211
– maximum balance during the six months ended 30 June 2020 (unaudited) and the year ended 31 December 2019 (audited)	1,949	2,416

Notes:

- (i) A company indirectly and wholly-owned by Mr. Chen, an executive Director and the controlling shareholder of the Company.
- (ii) A company directly and wholly-owned by Mr. Yau Kin Wing Sino, an executive Director and chief executive officer of the Company.
- (iii) A company directly controlled by Mr. Chen, an executive Director and the controlling shareholder of the Company.

The above transactions (with the exception of Property-related Services) are exempt from the requirements of reporting, announcement and approval of independent shareholders under Chapter 14A of the Listing Rules. Property-related Services are subject to reporting, annual review and announcement requirements but exempt from the requirements of circular and approval of independent shareholders under Chapter 14A of the Listing Rules. The Directors confirm that the Group has no other connected transaction or continuing connected transaction which are required to be disclosed under Chapter 14A of the Listing Rules.

17. EVENTS AFTER THE REPORTING PERIOD

It was reported that a fatal accident has occurred in March 2020 (the “**Accident**”) at a slope maintenance work in Marigold Road, Kowloon, Hong Kong (the “**Work**”). Geotech Engineering Limited (“**Geotech Engineering**”), an indirect wholly-owned subsidiary of the Company was the main contractor of the Work.

In July 2020, the Labour Department (the “**Labour Department**”) of the Government of HKSAR issued a letter to Geotech Engineering stating that it has reasonable grounds to believe Geotech Engineering has committed several offences under the Construction Sites (Safety) Regulation (Chapter 59I of the Laws of Hong Kong) and the Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong). In the said letter, it has invited Geotech Engineering to attend an interview to give a caution statement in response to the above allegations. The interview was conducted and as of the date of this announcement, there was no update from the Labour Department.

Based on the information currently available and the legal advices obtained in relation to the Accident, the Board is of the view that no provision is required at this stage.

Further information in relation to the Accident will be disclosed as and when necessary.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group was principally engaged in the provision of (i) construction and engineering services; and (ii) property-related services for the six months ended 30 June 2020.

Construction and Engineering Services

Geotech Engineering Limited (“**Geotech Engineering**”), an indirect wholly-owned subsidiary of the Company, is principally engaged in construction and engineering services and a leading slope works contractor in Hong Kong with over 20 years’ of experience in the civil engineering industry. It 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) and also an approved contractor included in the List of Approved Contractors for Public Works under the category of “Site formation” (Group B probationary status). In addition, Geotech Engineering is also registered as a specialist contractor in the categories of site formation works and ground investigation field works with the Building Authority.

Chen Xu Jian Zhu Construction Decoration Engineering (Cambodia) Co., Ltd., an indirect wholly-owned subsidiary of the Company, which was set up as part of the Group’s geographical expansion to provide construction and decoration services in the Kingdom of Cambodia (“**Cambodia**”), was granted the class three construction license by the Ministry of Land Management, Urban Planning and Construction in Cambodia during the six months ended 30 June 2020 to carry out construction business as a contractor in Cambodia. The Group is currently seeking for potential business opportunities.

Total revenue of construction and engineering services for the six months ended 30 June 2020 amounted to approximately HK\$156.0 million, representing a decrease of approximately 14.1% as compared with total revenue of approximately HK\$181.7 million for the six months ended 30 June 2019. Such decrease in revenue was mainly due to (i) the reduction in new contracts being awarded to the Group since 2019 as a result of the decline in supply of slope work projects available for tender from public sector, in particular those under the Landslip Prevention and Mitigation Programme (the “**Programme**”) launched by the Geotechnical Engineering Office of the Civil Engineering and Development Department (“**CEDD**”) of the Government of Hong Kong Special Administrative Region (“**HKSAR**”)*; and (ii) the increasingly competitive pricing for tenders in the market. Revenue in this segment continued to be deriving principally from slope works, ground investigation field works and road and drainage works, with public sector projects including those from the Programme commissioned by the CEDD, other government departments and statutory bodies, amounted to approximately 98.6% of total revenue in this segment (six months ended 30 June 2019: approximately 94.8%).

During the six months ended 30 June 2020, the Group strives to remain competitive through a variety of operational initiatives:

- in response to such market conditions, the Group has continued with its competitive pricing strategy during the period in order to maintain the Group’s competitiveness in the slope works sector in particular;
- in order to undertake more construction projects given Geotech Engineering’s capacity, it has continued its collaboration with subcontractors by focusing on project management role and subcontracting a substantial part of works required; and
- other than slope works, the Group continued to seek opportunities to diversify into other types of civil engineering works by tendering projects jointly with partners for contracts which involve various works category (including roads and drainage). The Directors consider that this strategy is beneficial to the Group’s diversification in construction and engineering services in Hong Kong.

* The Programme had been implemented by the Government of HKSAR since 2010 on a rolling basis

Following the outbreak of novel coronavirus (COVID-19) in early 2020 (the “**Outbreak**”), completion progress of certain construction projects were being delayed due to the interruption of supplies of labour and construction materials and such delay was resumed to normal at the end of February 2020. During the six months ended 30 June 2020, the Outbreak did not have significant impact on the Group’s construction and engineering operation. The Group has taken strict preventive measures on both site and office levels throughout the period to mitigate the risks arising from the Outbreak.

As at 30 June 2020, the Group had 74 construction contracts on hand, including contracts in progress and contracts yet to commence (31 December 2019: 60 construction contracts) with a total outstanding contract sum of approximately HK\$493.8 million (31 December 2019: approximately HK\$595.9 million) and these contracts are expected to be completed during or before 2022.

Property-related Services

The market environment for the property-related services was challenging in the first half of 2020 given the uncertainties in the external economic and trading environment under the Outbreak. During the six months ended 30 June 2020, the Group recorded approximately HK\$3.2 million for the provision of property management consultancy services in Hong Kong, of which approximately HK\$2.0 million was generated from continuing connected transactions. Details of the continuing connected transactions are set out in note 16(b) in the condensed consolidated interim financial statements and the Company’s announcement dated 27 December 2019. There was no new property management consultancy services agreement nor property leasing agency agreement being entered into during the six months ended 30 June 2020.

With the accumulation of solid experience in property-related services during the period, the Directors believe that the Group is well-positioned to benefit from a rebound of the property market in Hong Kong giving rise to an increasing demand for various services such as property management and property agency after the Outbreak.

OUTLOOK

Apart from focusing on construction and engineering services and property-related services in Hong Kong, the Group considered to explore other business and seek to expand geographically in order to enhance the future development and strengthen the revenue bases of the Group. The Board believes that the Group's strategy to diversify its business would provide a better return to the shareholders of the Company (the "**Shareholders**").

In line with the Board's strategy as stated above, the Group is taking an active approach for future development:

- having considered the above, the Board expects that the industry conditions of the construction and engineering services, in particular the slope works sector in Hong Kong, to remain challenging in the coming years. The Group will closely monitor the market and respond to changes in market conditions. Going forward, in order to broaden the types of works in the construction and engineering sector other than slope works and ground investigation field works, Geotech Engineering strives to partner with potential partner(s) for tendering projects in various types of civil engineering works;
- with our construction license in Cambodia in place, the Group will utilize our resources to develop our construction and decoration business in Cambodia in the second half of 2020 with the aim to secure construction contracts capitalising on the opportunities;
- although our property-related services is expected to remain challenging in the coming years given the uncertainties in the external economic and trading environment under the Outbreak. By leveraging our management experiences and knowledge gained in the industry, the Directors believe that the Group is well-positioned to seek various opportunities in property-related services once the market recovers.

In view of the current Outbreak situation, it is expected to continue to present challenges to our businesses in the second half of 2020. The Group would continue to assess the risks and uncertainties arising from the Outbreak and continue to take strict measures to mitigate the potential adverse impact on the Group.

FINANCIAL REVIEW

Revenue

The Group's total revenue decreased by approximately HK\$22.5 million or 12.4% from approximately HK\$181.7 million for the six months ended 30 June 2019 to approximately HK\$159.2 million for the six months ended 30 June 2020. The Group's total revenue for the period was contributed by the construction and engineering services and property-related services.

(a) Construction and Engineering Services

The Group's revenue generated from the construction and engineering services decreased by approximately HK\$25.7 million or approximately 14.1% from approximately HK\$181.7 million for the six months ended 30 June 2019 to approximately HK\$156.0 million for the six months ended 30 June 2020. Such decrease in revenue was mainly due to (i) the reduction in new contracts being awarded to the Group since 2019 as a result of the decline in supply of slope work projects available for tender from public sector, in particular those under the Programme launched by CEDD of the Government of HKSAR; and (ii) the increasingly competitive pricing for tenders in the market.

(b) Property-related Services

The Group recorded revenue from property-related services of approximately HK\$3.2 million for the six months ended 30 June 2020 for the provision of property management consultancy services in Hong Kong following its business expansion in the second half of 2019. Included in the revenue was continuing connected transactions amounting to approximately HK\$2.0 million as set out in note 16(b) in the condensed consolidated interim financial statements.

Gross Profit and Gross Profit Margin

The Group's total gross profit for the six months ended 30 June 2020 amounted to approximately HK\$5.7 million, representing a decrease of approximately 38.7% compared with approximately HK\$9.3 million for the six months ended 30 June 2019. The Group's total gross profit margin for the six months ended 30 June 2020 was approximately 3.6%, as compared with approximately 5.1% for the six months ended 30 June 2019.

(a) Construction and Engineering Services

The gross profit from construction and engineering services for the six months ended 30 June 2020 amounted to approximately HK\$4.1 million, representing a decrease of approximately 55.9% as compared with approximately HK\$9.3 million for the six months ended 30 June 2019. The gross profit margin from construction and engineering services for the six months ended 30 June 2020 was approximately 2.6%, as compared with approximately 5.1% for the six months ended 30 June 2019. The decrease in gross profit from construction and engineering services was mainly due to the squeeze in gross profit margin resulting from higher subcontracting charges from subcontractors engaged by the Group in recent years, with total subcontracting charges decreasing to a lesser extent compared to the decrease in revenue. During the six months ended 30 June 2020, the Group continued to focus on project management role with substantial use of subcontractors for a large proportion of revenue.

(b) Property-related Services

The gross profit and gross profit margin from property-related services for the six months ended 30 June 2020 amounted to approximately HK\$1.6 million and approximately 51.5% respectively. During the period, the Group has taken a stringent cost control on the direct staff costs and the gross profit margin was relatively high as a result.

Other Income

Other income mainly included rental income from leasing of machinery, bank interest income, safety consultancy income, surveying fee income and sundry income. For the six months ended 30 June 2020, other income amounted to approximately HK\$2.8 million (six months ended 30 June 2019: approximately HK\$2.5 million). The increase in other income was mainly due to the increase in sundry income during the six months ended 30 June 2020. Sundry income mainly represented handling charges paid by our subcontractors requesting our assistance in the procurement of construction materials for our construction contracts.

Administrative Expenses

The administrative expenses of the Group for the six months ended 30 June 2020 remained steady at approximately HK\$14.6 million, compared with approximately HK\$14.5 million for six months ended 30 June 2019. Administrative expenses primarily comprise staff costs, depreciation and legal and professional fees. Included in administrative expenses was staff costs amounting to approximately HK\$10.6 million for the six months ended 30 June 2020 (six months ended 30 June 2019: approximately HK\$7.1 million). The increase in staff costs was mainly due to the increase in headcounts following the Group's business expansion in property-related services in Hong Kong in the second half of 2019. Included in administrative expenses were legal and professional fees and gratuity payment totalling approximately HK\$403,000, relating to a fatal accident occurred in March 2020 (the "Accident") at a slope maintenance work in Marigold Road, Kowloon, Hong Kong.

Finance Costs

Finance costs represented finance charge on lease liabilities. Finance costs for the six months ended 30 June 2020 was approximately HK\$85,000, representing an increase of approximately 16.4% compared with approximately HK\$73,000 for the six months ended 30 June 2019. The increase was mainly attributable to the finance lease of motor vehicles entered into in late 2019.

Income Tax Credit/(Expense)

Income tax credit of approximately HK\$84,000 was recognised for the six months ended 30 June 2020 in contrast to income tax expenses of approximately HK\$226,000 for the six months ended 30 June 2019. The income tax credit was the net result of significant decrease in taxable income and decrease in tax credit from deferred taxation during the six months ended 30 June 2020.

Net Loss

Loss attributable to equity holders of the Company for the six months ended 30 June 2020 amounted to approximately HK\$6.0 million, as compared to the loss attributable to equity holders of the Company of approximately HK\$3.0 million for the six months ended 30 June 2019. The increase in net loss was mainly due to the decrease in gross profit which was insufficient to cover a relatively high fixed costs base of administrative expenses. As a result, the Group's net loss margin for the six months ended 30 June 2020 was approximately 3.8% (six months ended 30 June 2019: approximately 1.7%).

Interim Dividend

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: nil).

Liquidity, Financial Resources and Capital Structure

As at 30 June 2020, the Company's issued share capital was HK\$16.8 million and the number of issued ordinary shares of the Company (the "Shares") was 1,680 million of HK\$0.01 each.

As at 30 June 2020, the Group had total cash and bank balances of approximately HK\$154.0 million (31 December 2019: approximately HK\$143.3 million). The Group had no bank borrowing as at 30 June 2020 (31 December 2019: nil). Other borrowings of the Group as at 30 June 2020 were lease liabilities of approximately HK\$5.0 million (31 December 2019: approximately HK\$7.4 million). Details of lease liabilities are set out in note 14 to the condensed consolidated interim financial statements in this announcement. All borrowings were denominated in Hong Kong dollars. The interest rates on lease liabilities were charged at fixed rates with effective rates arranging from 4.13% to 5.29% for the six months ended 30 June 2020 (six months ended 30 June 2019: from 4.13% to 5.29%). The Group did not carry out any interest rate hedging policy.

Treasury Policy

The Group has adopted a prudent financial management approach towards its 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 total borrowings by total equity at the period-end date and multiplied by 100%. Total borrowings of the Group were lease liabilities of approximately HK\$5.0 million (31 December 2019: approximately HK\$7.4 million). The gearing ratio of the Group as at 30 June 2020 was approximately 1.9% (31 December 2019: approximately 2.8%). The decrease in gearing ratio was mainly due to a lower total indebtedness level from leases entered into during the six months ended 30 June 2020.

Pledge of Assets

As at 30 June 2020, the carrying amount of the Group's motor vehicles of approximately HK\$1.0 million were pledged under leases (31 December 2019: approximately HK\$1.1 million).

Foreign Exchange Risk

The Group mainly operates in Hong Kong. Most of the operating transactions and revenue are settled in Hong Kong dollars ("HK\$") and the assets and liabilities are primarily denominated in HK\$. The Group's exposures to foreign exchange mainly arise from its cash and bank denominated in the United States dollars ("US\$") amounting to approximately HK\$39.6 million as at 30 June 2020 (31 December 2019: approximately HK\$38.8 million). Most of the operating transactions from the Group's operation in Cambodia are also settled in US\$.

As HK\$ are pegged to US\$ under the Linked Exchange Rate System, the Group is not exposed to any significant foreign exchange risk against the US\$ and therefore has not entered into any derivatives agreement nor committed to any financial instrument to hedge its foreign exchange exposure during the six months ended 30 June 2020 (six month ended 30 June 2019: nil).

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

During the six months ended 30 June 2020, the Group did not have any significant investments held, material acquisitions and disposals of subsidiaries and associated companies.

Employees and Remuneration Policies

As at 30 June 2020, 160 staff were on the Group's payroll (31 December 2019: 180 staff). For the six months ended 30 June 2020, total staff costs (including Directors' remuneration) amounted to approximately HK\$14.9 million (six months ended 30 June 2019: approximately HK\$14.5 million). Total staff costs comprised salaries, wages and other staff benefits, bonuses and contribution to retirement schemes. In order to attract and retain high quality staff to enable smooth operation within the Group, the remuneration policy of the Group's employees are being reviewed periodically to ensure that the salary and benefit levels of the employees of the Group are competitive (with reference to market conditions, individual qualifications, position and experience). The Group continues to provide adequate job training to employees to equip them with practical knowledge and skills. Apart from mandatory provident fund and job training programs, salaries increment and discretionary bonuses are being awarded to employees according to the assessment of individual performance and market situation.

Capital Commitments and Contingent Liabilities

As at 30 June 2020, the Group had no capital commitments (31 December 2019: nil) nor material contingent liabilities (31 December 2019: nil).

Use of Net Proceeds from the listing of shares of the Company on 12 October 2017 (the “Listing”)

Net proceeds from the Listing (“**Net Proceeds**”) amounted to approximately HK\$72.8 million and up to 30 June 2020, approximately HK\$62.7 million had been used by the Group. The Group adjusted the expected timeline of the use of Net Proceeds and disclosed in the 2019 Annual Report. According to such plan, the application of Net Proceeds during the six months ended 30 June 2020 were as follows:

	Planned use of Net Proceeds remained unused as at 1 January 2020 HK\$’000	Actual use of Net Proceeds during the six months ended 30 June 2020 HK\$’000	Unused amount of Net Proceeds as at 30 June 2020 HK\$’000
Acquisition of the site facilities and equipment	9,928	–	9,928
Expansion of our workforce both at office level and site level	<u>3,293</u>	<u>3,132</u>	<u>161</u>
Total	<u><u>13,221</u></u>	<u><u>3,132</u></u>	<u><u>10,089</u></u> <i>(note)</i>

Note:

As at 30 June 2020, the unused amount of Net Proceeds was placed in interest-bearing deposits with licensed banks in Hong Kong. The Group expects to gradually apply the remaining Net Proceeds in the manner in accordance with actual business needs and use up the remaining Net Proceeds by the end of 2022 as previously disclosed in the 2019 Annual Report of the Company.

Fund Raising Activity – Placing of new shares under general mandate on 17 June 2019 (the “Placing”)

The net proceeds from the Placing (after deducting the placing commission, and other professional fees and expenses) amounted to approximately HK\$88.7 million and as at 1 January 2020, approximately HK\$57.6 million of the net proceeds remained unused. During the six months ended 30 June 2020, approximately HK\$13.2 million of the net proceeds from the Placing has been used for general working capital of the Group as planned. The rest of the net proceeds (approximately HK\$44.4 million) remained unused as at 30 June 2020 are intended to be used for general working capital of the Group and any potential investment opportunities by the end of 2021 as previously disclosed in the 2019 Annual Report of the Company.

CORPORATE GOVERNANCE CODE AND OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company has adopted and complied with the corporate governance code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules during the six months ended 30 June 2020. The Directors will periodically review 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

The Company has adopted the Model Code as set out in Appendix 10 to 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 six months ended 30 June 2020.

Share Option Scheme

The share option scheme was adopted by the Company on 21 September 2017 (the “**Share Option Scheme**”) and effective for a period of ten years to 20 September 2027. It is a share incentive scheme established to recognise and acknowledge the contributions that the eligible participants have or may have made to the Group. Pursuant to the Share Option Scheme, the Board may, as its discretion, offer to grant an option to any director, employee (full-time and part-time), advisor, consultant, supplier, customer, distributor, contractor, agent, business partner or service providers of the Group and to promote the success of the business of the Group.

Pursuant to the terms of the Share Option Scheme and in compliance with the provisions in Chapter 17 of the Listing Rules, the maximum number of shares which may be issued upon exercise of all share options to be granted under the Share Option Scheme and all share option schemes of the Company shall not exceed 140,000,000 shares, being 10% of the 1,400,000,000 shares in issue as at 12 October 2017, being the date the Shares were listed on the Stock Exchange. The Company may issue a circular to the Shareholders and seek approval from the Shareholders in general meeting for refreshing the 10% limit such that the total number of Shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme and any other share option schemes shall not exceed 10% of the total number of Shares in issue as at the date of the approval from the Shareholders.

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme to eligible participants in any 12 months period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant, any further grant of options in excess of this 1% limit shall be subject to the approval of Shareholders in a general meeting.

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall not be less than the highest of: (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotation sheets on the date of grant, which must be a trading date; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange’s daily quotation sheets for the five trading dates immediately preceding the date of grant; or (iii) the nominal value of a Share.

A share option may be exercised in accordance with the terms of the Share Option Scheme at any time during the period to be determined and notified by the Board to the participant at the time of making an offer for the grant of share option.

The total number of securities available for issue under the Share Option Scheme, and all other share option schemes of the Company must not exceed 140,000,000 Shares, representing 8.33% of the total number of Shares as at this announcement.

No share options have been granted under the Share Option Scheme since 21 September 2017. An offer of the grant of a share option shall be accepted by the eligible participants within a period of twenty-one days from the date of offer of grant of share option. The consideration paid by each grantee for the acceptance and grant of each share option is HK\$1.00, which has to be paid within twenty-one days.

There were no options outstanding as at 30 June 2020 (31 December 2019: nil) and no share options were granted, exercised, cancelled or lapsed during the six months ended 30 June 2020. For further details of the Share Option Scheme, please refer to the paragraph headed “D. Share Option Scheme” in Appendix IV to the prospectus of the Company dated 28 September 2017.

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 during the six months ended 30 June 2020.

Competing Interests

None of the Directors, controlling shareholders of the Company nor their respective associates (as defined in the Listing Rules) had interests in any business which competes or is likely to compete, directly or indirectly, with the Group’s business during the six months ended 30 June 2020 (or in respect of former Directors, up to their resignation date).

Events After the Reporting Period

Save as disclosed in note 17 to the condensed consolidated interim financial statements in this announcement, there is no other significant event after the reporting period.

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 primary duties of the Audit Committee are, among other things, to make recommendation to the Board on the appointment, reappointment and removal of external auditor; review the financial information; and oversee the financial reporting system and internal control procedures of our Group. As at the date of this announcement, the Audit Committee comprises three members, namely Mr. Chan Tsang Mo, Mr. Shen Zejing and Mr. So Wai Man. Mr. Chan Tsang Mo is the chairman of the Audit Committee.

REVIEW OF INTERIM RESULTS

The interim results of the Group for the six months ended 30 June 2020 are unaudited but have been reviewed and approved by the Audit Committee, which 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 unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2020 have been reviewed by our auditor, Grant Thornton Hong Kong Limited, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

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

Hong Kong, 25 August 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 and 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.