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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)

PROFIT WARNING

This announcement is made by Geotech Holdings Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provision (as defined in the Listing Rules) under Part XIVA of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong).

Based on the preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 December 2020 and the information currently available to the board of directors (the “**Board**”) of the Company, the Board wishes to inform the shareholders of the Company and potential investors that the Group is expected to record a net loss in the range between HK\$25.0 million to HK\$30.0 million for the year ended 31 December 2020, as compared to the net loss of approximately HK\$12.5 million for the year ended 31 December 2019.

Such expected increase in net loss is mainly attributable to:

- (i) the significant reduction in gross profit of the Group’s construction and engineering services due to:
 - additional construction costs incurred for certain slope works contracts in dealing with (a) unexpected geological difficulties in construction sites; and (b) delay in construction progress of certain projects where additional resources have been employed; and
 - the decline in overall gross profit margin for slope works contracts during the year ended 31 December 2020, following certain projects with relatively high gross profit margin were completed in the year ended 31 December 2019 and first half of 2020; and

- (ii) the recognition of impairment loss of other receivables (advances to subcontractors and materials and expenses paid on behalf of subcontractors) in the range between HK\$15.0 million to HK\$18.0 million due to financial difficulties of two subcontractors that led to uncertainties of recoverability.

As the Company is still in the process of finalising the annual results of the Group for the year ended 31 December 2020, the information contained in this announcement is only based on the Board's preliminary assessment of the unaudited consolidated management accounts of the Group and the information currently available, which have neither been reviewed by the audit committee of the Company nor reviewed/audited by the Company's auditors. The above information may be subject to further adjustments upon final review by the Board and the Company's auditors. Shareholders and potential investors are advised to refer to the details in the annual results of the Group for the year ended 31 December 2020, which is expected to be published in late March 2021 in accordance with the Listing Rules.

Shareholders of the Company and potential investors should exercise caution when dealing in the securities of the Company.

By order of the Board
Geotech Holdings Ltd.
Chen Zhi

Chairman and executive director

Hong Kong, 5 March 2021

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. Kung Ho Man 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.