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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 2025**

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the six months ended 30 June 2025 amounted to approximately HK\$60.8 million (six months ended 30 June 2024: approximately HK\$32.8 million).
- Loss attributable to the equity holders of the Company for the six months ended 30 June 2025 amounted to approximately HK\$7.8 million (six months ended 30 June 2024: approximately HK\$8.1 million).
- Basic and diluted loss per share for the six months ended 30 June 2025 amounted to approximately HK cents 0.46 (six months ended 30 June 2024: approximately HK cents 0.48).
- The Directors have resolved not to declare any interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: 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 2025 together with the comparative figures for the six months ended 30 June 2024 as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

For the six months ended 30 June 2025

		Six months ended 30 June	
		2025	2024
	<i>Notes</i>	HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	4	60,789	32,790
Direct costs		<u>(57,973)</u>	<u>(30,406)</u>
Gross profit		2,816	2,384
Other income	5	1,482	2,542
Administrative expenses		(8,380)	(12,926)
Impairment under ECL allowance on other receivables	11(iii)	(3,436)	–
Finance costs	6	<u>(55)</u>	<u>(40)</u>
Loss before income tax	7	(7,573)	(8,040)
Income tax expense	8	<u>(199)</u>	<u>(94)</u>
Loss for the period		<u>(7,772)</u>	<u>(8,134)</u>
Other comprehensive income, net of tax			
Items that will not be reclassified subsequently to profit or loss			
Fair value gain on financial assets at fair value through other comprehensive income		–	28
Remeasurement of long service payment (“LSP”) obligations		<u>53</u>	<u>–</u>
Total comprehensive expense for the period attributable to equity holders of the Company		<u>(7,719)</u>	<u>(8,106)</u>
		HK cents	HK cents
Loss per share			
Basic and diluted	10	<u>(0.46)</u>	<u>(0.48)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		As at 30 June 2025 HK\$'000 (unaudited)	As at 31 December 2024 HK\$'000 (audited)
	Notes		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		4,569	3,445
		<u>4,569</u>	<u>3,445</u>
Current assets			
Trade and other receivables	11	60,875	56,438
Contract assets		6,042	6,832
Finance lease receivables		71	206
Inventories		2,520	–
Cash and bank balances		108,306	121,407
		<u>177,814</u>	<u>184,883</u>
Current liabilities			
Trade and other payables	12	24,385	24,180
Lease liabilities	13	977	675
Tax payable		95	71
Contract liabilities		1,386	1,190
		<u>26,843</u>	<u>26,116</u>
Net current assets		<u>150,971</u>	<u>158,767</u>
Total assets less current liabilities		<u>155,540</u>	<u>162,212</u>
Non-current liabilities			
Lease liabilities	13	963	–
Long service payment obligations		825	741
		<u>1,788</u>	<u>741</u>
Net assets		<u>153,752</u>	<u>161,471</u>
CAPITAL AND RESERVES			
Share capital	14	16,800	16,800
Reserves		136,952	144,671
Total equity		<u>153,752</u>	<u>161,471</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2025

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 address of the registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands, and its principal place of business is Unit 706-708, 7th Floor, Tower II, Metroplaza, 223 Hing Fong Road, Kwai Chung, New Territories, 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, property-related services and sales of luxury products.

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 2025 were approved for issue by the Board of directors (the “**Directors**”) on 28 August 2025.

2. BASIS OF PREPARATION

The condensed consolidated interim financial statements for the six months ended 30 June 2025 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 (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The condensed consolidated interim financial statements 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**”) and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2024.

The condensed consolidated interim financial statements are presented in thousands of units of Hong Kong dollars (“**HK\$’000**”), except when otherwise indicated.

3. ADOPTION OF AMENDED HKFRSs

Amended HKFRSs that are effective for annual period beginning on 1 January 2025

The condensed consolidated interim financial statements for the six months ended 30 June 2025 have been prepared in accordance with the accounting policies adopted in the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the following amended HKFRSs which are effective as of 1 January 2025.

Amendments to HKAS 21

Lack of Exchangeability

The adoption of the above amendments to HKFRSs had no material impact on how the results and financial position of the Group for the current and prior periods have been prepared and presented.

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 2025 and 2024 are as follows:

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Construction and engineering services	51,393	24,642
Property-related services	4,391	4,662
Sales of luxury products	5,005	3,486
	60,789	32,790

The performance obligations of revenue of the Group from construction and engineering services and property related services are satisfied over time, and the sales of luxury products is at a point in time.

(b) Segment information

The Group's operating activities are attributable to construction and engineering services and property-related services. During the year ended 31 December 2023, the sales of luxury products became a new reporting segment of the Group. The Group commenced its business in sales of luxury products to further diversify its revenue base and introduced a new source of income from the business.

The Group organised its business units based on its segment purposes and the internal management reports are prepared in accordance with accounting policies which conform to HKFRSs, which is regularly reviewed by the executive Directors, being the Chief Operating Decision Maker ("CODM"), for the purposes of resource allocation and assessment of segment performance. The CODM has identified construction and engineering services, property-related services and sales of the luxury products as reportable segments.

For the six months ended 30 June 2025 (unaudited)

	Construction and engineering services <i>HK\$'000</i>	Property- related services <i>HK\$'000</i>	Sales of luxury products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment revenue				
— From external customers	<u>51,393</u>	<u>4,391</u>	<u>5,005</u>	<u>60,789</u>
Reportable segment results <i>(Note)</i>	<u>(6,642)</u>	<u>840</u>	<u>198</u>	<u>(5,604)</u>
Unallocated corporate income				640
Unallocated corporate expenses				<u>(2,609)</u>
Loss before income tax				<u>(7,573)</u>

Note:

	Construction and engineering services <i>HK\$'000</i>	Property- related services <i>HK\$'000</i>	Sales of luxury products <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amounts included in the measure of segment results					
— Bank interest income	337	6	—	640	983
— Depreciation of non-financial assets	(1,034)	(1)	—	—	(1,035)
— Impairment under ECL allowance on other receivables	(3,436)	—	—	—	(3,436)
— Gain on disposal of plant and equipment	26	—	—	—	26
— Long service payment	(102)	(18)	(4)	—	(124)
— Finance costs	(53)	(2)	—	—	(55)
Other segment item					
Additions to non-current segment assets	2,353	—	—	—	2,353

As at 30 June 2025 (unaudited)

	Construction and engineering services <i>HK\$'000</i>	Property- related services <i>HK\$'000</i>	Sales of luxury products <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment assets	114,409	6,710	4,542	56,722	182,383
Reportable segment liabilities	28,397	163	67	4	28,631

For the six months ended 30 June 2024 (unaudited)

	Construction and engineering services <i>HK\$'000</i>	Property- related services <i>HK\$'000</i>	Sales of luxury products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment revenue				
— From external customers	24,642	4,662	3,486	32,790
Reportable segment results (Note)	(5,281)	1,135	(480)	(4,626)
Unallocated corporate income				882
Unallocated corporate expenses				(4,296)
Loss before income tax				(8,040)

Note:

	Construction and engineering services <i>HK\$'000</i>	Property- related services <i>HK\$'000</i>	Sales of luxury products <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amounts included in the measure of segment results					
— Bank interest income	270	18	—	882	1,170
— Depreciation of non-financial assets	(963)	(2)	—	(1)	(966)
— Long service payment	(8)	(2)	—	—	(10)
— Finance costs	(38)	(2)	—	—	(40)

Other segment item

Additions to non-current segment assets	76	—	—	—	76
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As at 31 December 2024 (audited)

	Construction and engineering services <i>HK\$'000</i>	Property- related services <i>HK\$'000</i>	Sales of luxury products <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment assets	113,794	6,394	4,425	63,715	188,328
Reportable segment liabilities	24,617	780	128	1,332	26,857

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 of the Group based on the location of the assets 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	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Construction and engineering services segment		
Customer A	21,970	13,336
Customer B	15,295	–

(c) Disaggregation of revenue from type of projects

For the six months ended 30 June 2025 (unaudited)

	Construction and engineering services HK\$'000	Property- related services HK\$'000	Sales of luxury products HK\$'000	Total HK\$'000
Private sector project	5,837	4,391	–	10,228
Public sector project	45,556	–	–	45,556
Individuals	–	–	5,005	5,005

For the six months ended 30 June 2024 (unaudited)

	Construction and engineering services HK\$'000	Property- related services HK\$'000	Sales of luxury products HK\$'000	Total HK\$'000
Private sector project	4,769	4,662	–	9,431
Public sector project	19,873	–	–	19,873
Individuals	–	–	3,486	3,486

5. OTHER INCOME

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Consultancy fee income	97	67
Rental income from lease of machinery	1	91
Safety consultancy income	54	82
Bank interest income	983	1,170
Interest income from finance lease receivables	3	9
Net exchange gain	212	–
Gain on disposal of plant and equipment	26	–
Labour charges income	98	900
Sundry income	8	223
	<u>1,482</u>	<u>2,542</u>

6. FINANCE COSTS

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Finance charge on lease liabilities	42	27
Net interest expense on LSP obligations	13	13
	<u>55</u>	<u>40</u>

7. LOSS BEFORE INCOME TAX

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss before income tax is stated after charging/(crediting):		
(a) Staff costs (including Directors' remuneration)		
Salaries, fees, wages and allowances	10,845	12,952
Retirement scheme contributions	353	447
Expenses arising from LSP obligations	124	10
	<u>11,322</u>	<u>13,409</u>
Staff costs (including Directors' remuneration) (<i>Note</i>)	<u>11,322</u>	<u>13,409</u>
(b) Other items		
Depreciation, included in:		
Direct costs		
— Owned assets	969	671
Administrative expenses		
— Owned assets	66	66
— Right-of-use assets	—	229
	<u>1,035</u>	<u>966</u>
Short term leases	293	577
Subcontracting charges (included in direct costs)	43,981	17,066
Gain on disposal of plant and equipment	(26)	—
Net exchange (gain)/loss	(212)	2
Impairment under ECL allowance on other receivables	3,436	—
	<u>3,436</u>	<u>—</u>

Note: Staff costs (including Directors' remuneration)

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Direct costs	6,256	5,533
Administrative expenses	5,066	7,876
	<u>11,322</u>	<u>13,409</u>

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Provision for Hong Kong Profits Tax		
— Current tax	104	96
— Under provision in respect of prior years	95	—
Deferred tax	—	(2)
Total income tax expense	<u>199</u>	<u>94</u>

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in or derived from Hong Kong for the six months ended 30 June 2025 and 2024, except that the Group's qualified entity is calculated in accordance with the two-tiered profits tax rates regime and the profits tax of other group entities in Hong Kong which are not qualified for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of qualifying corporations will be taxed at 8.25%, and profits above HK\$2,000,000 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 30 June 2025 (six months ended 30 June 2024: nil).

9. DIVIDENDS

No dividend was paid or declared by the Company during the six months ended 30 June 2025 (six months ended 30 June 2024: 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	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss		
Loss for the period attributable to equity holders of the Company	<u>(7,772)</u>	<u>(8,134)</u>
	'000	'000
Number of shares		
Weighted average number of ordinary shares	<u>1,680,000</u>	<u>1,680,000</u>

The calculation of the basic loss per share for the six months ended 30 June 2025 is based on the loss for the period attributable to equity holders of the Company of HK\$7,772,000 (six months ended 30 June 2024: HK\$8,134,000) and the weighted average number of ordinary shares of 1,680,000,000 in issue during the period (six months ended 30 June 2024: 1,680,000,000).

There were no dilutive potential ordinary shares during the six months ended 30 June 2025 and 2024 and therefore, diluted loss per share equals to basic loss per share.

11. TRADE AND OTHER RECEIVABLES

	As at 30 June 2025 <i>HK\$'000</i> (unaudited)	As at 31 December 2024 <i>HK\$'000</i> (audited)
Trade receivables	8,742	7,182
Less: impairment under ECL allowance	<u>(110)</u>	<u>(110)</u>
	<u>8,632</u>	<u>7,072</u>
Retention receivables	8,980	9,101
Other receivables (<i>Note (i)</i>)	28,040	24,206
Prepayment (<i>Note (ii)</i>)	9,811	7,668
Utility and other deposits	936	1,303
Less: impairment under ECL allowance (<i>Note (iii)</i>)	<u>(12,708)</u>	<u>(9,272)</u>
	<u>35,059</u>	<u>33,006</u>
Amounts due from joint operators (<i>Note (iv)</i>)	18,107	17,283
Less: impairment under ECL allowance	<u>(923)</u>	<u>(923)</u>
	<u>17,184</u>	<u>16,360</u>
	<u>60,875</u>	<u>56,438</u>

Notes:

- (i) Other receivables include materials and expenses of slope work contracts paid on behalf of subcontractors, for which expenses are recharged to subcontractors.
- (ii) Prepayment mainly represent advance payment to subcontractors approximately HK\$8,498,000 (31 December 2024: HK\$5,776,000) paid for the working capital.
- (iii) Due to the significant increase in credit risk arising from two subcontractors which had financial difficulties, the management of the Group conducted an impairment assessment on other receivables (including material costs, subcontracting charges and expenses paid on behalf of subcontractors) approximately HK\$3,436,000 (six months ended 30 June 2024: HK\$nil) impairment under ECL allowance was recognised during the six months ended 30 June 2025.
- (iv) The amounts are 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 under ECL allowance, is as follows:

	As at 30 June 2025 HK\$'000 (unaudited)	As at 31 December 2024 HK\$'000 (audited)
0–30 days	7,768	5,882
31–60 days	262	–
61–90 days	149	866
Over 90 days	453	324
	<u>8,632</u>	<u>7,072</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 2025 <i>HK\$'000</i> (unaudited)	As at 31 December 2024 <i>HK\$'000</i> (audited)
Due within one year	5,884	5,593
Due after one year	<u>3,096</u>	<u>3,508</u>
	<u><u>8,980</u></u>	<u><u>9,101</u></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, apart from the other receivables as disclosed in note 11(iii), the Group also reviewed trade receivables, retention receivables and amounts due from joint operators for evidence of impairment on collective basis. Based on ECL assessment, no additional impairment under ECL allowance has been recognised for the six months ended 30 June 2025 (six months ended 30 June 2024: nil).

12. TRADE AND OTHER PAYABLES

	As at 30 June 2025 <i>HK\$'000</i> (unaudited)	As at 31 December 2024 <i>HK\$'000</i> (audited)
Trade payables (<i>Note (i)</i>)	9,366	7,605
Retention payables (<i>Note (ii)</i>)	8,134	7,834
Accruals and other payables	<u>6,885</u>	<u>8,741</u>
	<u><u>24,385</u></u>	<u><u>24,180</u></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.

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 terms of the respective contracts.

Trade payables

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

	As at 30 June 2025 HK\$'000 (unaudited)	As at 31 December 2024 HK\$'000 (audited)
0–30 days	6,912	5,468
31–60 days	245	968
61–90 days	55	–
Over 90 days	2,154	1,169
	<u>9,366</u>	<u>7,605</u>

13. LEASE LIABILITIES

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

	As at 30 June 2025 HK\$'000 (unaudited)	As at 31 December 2024 HK\$'000 (audited)
Total minimum lease payments:		
Within one year	1,034	690
After one year but within two years	721	–
After two years but within three years	266	–
	<u>2,021</u>	<u>690</u>
Future finance charges	<u>(81)</u>	<u>(15)</u>
Present value of lease obligation	<u>1,940</u>	<u>675</u>
Present value of minimum lease payments:		
Within one year	977	675
After one year but within two years	698	–
After two years but within three years	265	–
	<u>1,940</u>	<u>675</u>
Less: portion due within one year included under current liabilities	<u>(977)</u>	<u>(675)</u>
Portion due after one year included under non-current liabilities	<u>963</u>	<u>–</u>

As at 30 June 2025, the Group had lease arrangements for motor vehicles. These lease periods are for 2 to 3 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 2025, 3 (31 December 2024 (audited): 3) of the leases are for use of office premises, warehouse and car parks for 2 years (31 December 2024 (audited): 2 years). The Group makes fixed payments during the contract periods.

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 2025, the total cash outflows for the leases are HK\$954,000 (six months ended 30 June 2024: HK\$955,000).

14. SHARE CAPITAL

	As at 30 June 2025		As at 31 December 2024	
	Number of shares	HK\$'000	Number of shares	HK\$'000
Authorised:				
As at 1 January 2024,				
31 December 2024,				
1 January 2025 (audited)				
and 30 June 2025 (unaudited)	<u>4,000,000,000</u>	<u>40,000</u>	<u>4,000,000,000</u>	<u>40,000</u>
Issued and fully paid:				
As at 1 January 2024,				
31 December 2024,				
1 January 2025 (audited) and				
30 June 2025 (unaudited)	<u>1,680,000,000</u>	<u>16,800</u>	<u>1,680,000,000</u>	<u>16,800</u>

15. RELATED PARTY 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 2025 and 2024 are as follows:

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Salaries, fees, wages and allowances	2,261	2,520
Retirement scheme contributions	<u>33</u>	<u>36</u>
	<u>2,294</u>	<u>2,556</u>

(b) Related party transactions

Summary of the related party transactions carried out by the Group during the six months ended 30 June 2025 and 2024 are as follows:

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Property management consultancy services and property leasing agency services income from Cheer Capital Limited (<i>Note (i)</i>)	2,419	2,697

Summary of balance with related parties as at 30 June 2025 and 31 December 2024 are as follows:

	As at	As at
	30 June	31 December
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Bank deposits to Prince Bank Plc. (<i>Note (ii)</i>)		
— balance	4	196
— maximum balance during the six months ended 30 June 2025 (unaudited) and the year ended 31 December 2024 (audited)	196	219

Notes:

- (i) A company indirectly and wholly-owned by Mr. Chen, the controlling shareholder of the Company. Mr. Chen resigned as the executive Director of the Company on 16 July 2025.
- (ii) A company majority-owned by Mr. Chen, the controlling shareholder of the Company. Mr. Chen resigned as the executive Director of the Company on 16 July 2025.

16. CONTINGENT LIABILITIES

As at 30 June 2025 and 31 December 2024, the Group has been involved in a number of claims, litigations and potential claims against the Group regarding the employees' compensation and common law personal injury. Based on the information available, the Board considered that the Group has sufficient insurance coverage on any liability arising from those claims, litigations and potential claims.

As such, the Board is of the view that such claims, litigations and potential claims would not cause any material adverse impact on the operation and financial position of the Group and no provision is required to be made in the condensed consolidated interim financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group was principally engaged in the provision of (i) construction and engineering services; (ii) property-related services; and (iii) sales of luxury products for the six months ended 30 June 2025.

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 (the “**DB**”) under the categories of “Landslip preventive/remedial works to slopes/retaining walls” (the “**LPM**”) (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 with the Building Authority as a general building contractor and a specialist contractor in the categories of site formation works and ground investigation field works.

Total revenue of construction and engineering services for the six months ended 30 June 2025 amounted to approximately HK\$51.4 million, representing an increase of approximately 108.6% as compared with total revenue of approximately HK\$24.6 million for the six months ended 30 June 2024. Such increase in revenue was mainly due to the award of a major slope works project in the second half of 2024 and another major slope works project was still at the beginning stage during the six months ended 30 June 2024. 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 Landslip Prevention and Mitigation Programme commissioned by the Civil Engineering and Development Department of the Government of the Hong Kong Special Administrative Region, other government departments and statutory bodies, amounted to approximately 88.6% of total revenue in this segment (six months ended 30 June 2024: approximately 80.6%).

During the six months ended 30 June 2025, Geotech Engineering has continued its strategy for construction and engineering services in Hong Kong through a variety of operational initiatives:

- in response to keen market competition, although securing new contracts had been difficult during the period, the Group has continued to submit tenders but is cautious about the pricing so as to maintain a reasonable gross profit margin while at the same time remaining competitive. The strategy for maintaining a reasonable gross profit might have caused some tenders not being awarded to the Group; and
- in order to undertake more construction projects given Geotech Engineering's capacity, it has continued to focus on project management role and our collaboration with subcontractors by subcontracting a substantial part of works required.

As at 30 June 2025, the Group had 47 construction contracts on hand, including contracts in progress and contracts yet to commence (31 December 2024: 39 construction contracts) with a total outstanding contract sum of approximately HK\$278.2 million (31 December 2024: approximately HK\$288.9 million). These contracts are expected to be completed on or before 2028.

Property-related Services

The market environment for the property-related services in Hong Kong was still challenging for the reporting period given the uncertainties in the external economic and business environment of Hong Kong. During the six months ended 30 June 2025, the Group recorded revenue of approximately HK\$4.4 million (six months ended 30 June 2024: approximately HK\$4.3 million) and HK\$nil (six months ended 30 June 2024: HK\$0.4 million) for the provision of property management consultancy services and property leasing agency services respectively. Of which, approximately HK\$2.4 million of property management consultancy services (six months ended 30 June 2024: approximately HK\$2.3 million) and HK\$nil of property leasing agency services (six months ended 30 June 2024: HK\$0.4 million) were generated from continuing connected transactions. Details of the continuing connected transactions are set out in the Company's announcement dated 28 December 2022.

Sales of luxury products

While the Group targets to expand its market presence by actively widening its customer base and collaborating with various suppliers to diversify its product offerings, it will adhere to its prudent business approach and devise appropriate business strategies based on market demand and development. The Group will continuously optimise its operations to improve profitability.

During the six months ended 30 June 2025, the Group recorded revenue of approximately HK\$5.0 million (2024: approximately HK\$3.5 million) for sales of luxury goods. Such increase in revenue was mainly due to the Group's stable growth in sales of luxury watches sector during the period.

OUTLOOK

Apart from focusing on construction and engineering services and property-related services in Hong Kong, the Group has expanded into the sales of luxury products in the fourth quarter of 2023, the Group will continue to explore other business expansion in order to enhance its future development and strengthen its revenue bases. The Board believes that the Group's strategy to diversify its business could 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 a cautious approach for future development:

- the dilemma between winning tenders at extremely thin gross profit margin and submitting tenders at a reasonable gross profit margin exists in every tender opportunity. The Group strives to strike a delicate balance between winning tenders and generating profits for its Shareholders;
- having considered the industry conditions of the construction and engineering services in Hong Kong, 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, Geotech Engineering strives to partner with potential partner(s) for tendering projects in various types of civil engineering works (especially for general building, site formation works and ground investigation field works);
- taking into consideration the market circumstances in Cambodia, the Group will take a cautious approach in the development of our construction and decoration business in Cambodia;

- although our property-related services are expected to remain challenging in the coming years given the uncertainties in the economic and business environment of Hong Kong, by leveraging our management experiences and knowledge gained in the industry, the Group will strive to seek various opportunities in property-related services;
- due to the uncertainties in the economic and business environment of Hong Kong, the Group will continue to adopt a prudent approach regarding its inventory management of luxury products in order to lower costs. The Group will also actively explore potential partnership with new suppliers and expand customer base globally to diversify business risks; and
- in addition to the above, the Group may also seek to diversify and explore other investment opportunities in the future.

The Group will continue to monitor the situation and assess the market risks and uncertainties and strive to take strict measures to mitigate any potential adverse impact on the Group.

FINANCIAL REVIEW

Revenue

The Group's total revenue increased by approximately HK\$28.0 million or approximately 85.4% from approximately HK\$32.8 million for the six months ended 30 June 2024 to approximately HK\$60.8 million for the six months ended 30 June 2025. The Group's total revenue for the period was contributed by the construction and engineering services, property-related services and sales of luxury products.

(a) Construction and Engineering Services

The Group's revenue generated from the construction and engineering services increased by approximately HK\$26.8 million or approximately 108.6% from approximately HK\$24.6 million for the six months ended 30 June 2024 to approximately HK\$51.4 million for the six months ended 30 June 2025. Such increase in revenue was mainly due to the award of a major slope works project in the second half of 2024 and another major slope works project was still at the beginning stage during the six months ended 30 June 2024.

(b) Property-related Services

The Group's revenue from property-related services decreased by approximately HK\$0.3 million from approximately HK\$4.7 million for the six months ended 30 June 2024 to approximately HK\$4.4 million for the six months ended 30 June 2025. Such decrease was mainly due to the absence of property leasing agency fee during the period. Included in the revenue was continuing connected transactions amounting to approximately HK\$2.4 million (six months ended 30 June 2024: approximately HK\$2.7 million).

(c) Sales of luxury products

The Group's revenue from sales of luxury products increased by approximately HK\$1.5 million or approximately 43.6% from approximately HK\$3.5 million for the six months ended 30 June 2024 to approximately HK\$5.0 million for the six months ended 30 June 2025. Such increase in revenue was mainly due to the stable growth in the sales of luxury watches sector as a result of the Group's expansion into sales of luxury products market.

Gross Profit and Gross Profit Margin

The Group's total gross profit for the six months ended 30 June 2025 amounted to approximately HK\$2.8 million, representing an increase of approximately 18.1% compared with approximately HK\$2.4 million for the six months ended 30 June 2024. The Group's total gross profit margin for the six months ended 30 June 2025 was approximately 4.6%, as compared with approximately 7.3% for the six months ended 30 June 2024.

(a) Construction and Engineering Services

The gross profit from construction and engineering services increased by approximately HK\$0.4 million from approximately HK\$0.1 million for the six months ended 30 June 2024 to approximately HK\$0.5 million for the six months ended 30 June 2025. The gross profit margin from construction and engineering services for the six months ended 30 June 2025 was approximately 1.0%, as compared with approximately 0.5% for the six months ended 30 June 2024. The increase in gross profit and gross profit margin was mainly due to the cost optimisation as a result of manpower restructuring in 2024.

(b) Property-related Services

The gross profit from property-related services for the six months ended 30 June 2025 amounted to approximately HK\$1.3 million, representing a decrease of approximately HK\$0.5 million as compared with approximately HK\$1.8 million for the six months ended 30 June 2024. The gross profit margin for the six months ended 30 June 2025 was approximately 30.7%, as compared with approximately 39.6% for the six months ended 30 June 2024. The decrease in gross profit and gross profit margin was mainly due to additional staffs recruited for capturing the market opportunities.

(c) Sales of luxury products

The gross profit from sales of luxury products for the six months ended 30 June 2025 amounted to approximately HK\$1.0 million, representing an increase of approximately 137.7% as compared with approximately HK\$0.4 million for the six months ended 30 June 2024. The gross profit margin for the six months ended 30 June 2025 was approximately 19.4%, as compared with approximately 11.7% for the six months ended 30 June 2024. The increase in gross profit margin was mainly due to the decrease in the direct selling expenses incurred during the period.

Other Income

Other income mainly included bank interest income, labour charges income and sundry income. For the six months ended 30 June 2025, other income amounted to approximately HK\$1.5 million (six months ended 30 June 2024: approximately HK\$2.5 million). The decrease in other income was mainly due to the decrease in labour charges income during the period. Further details are set out in note 5 to the condensed consolidated interim financial statements in this announcement.

Administrative Expenses

Administrative expenses primarily comprise staff costs, lease expenses and legal and professional fees. The administrative expenses of the Group for the six months ended 30 June 2025 amounted to approximately HK\$8.4 million, representing a decrease of approximately 35.2% compared with approximately HK\$12.9 million for the six months ended 30 June 2024. The decrease in administrative expenses was mainly due to the cost optimisation as a result of manpower restructuring.

Impairment under Expected Credit Loss Allowance on Other Receivables

In accordance with HKFRS 9, the Group makes allowances on items subject to expected credit losses (“ECL”) (including other receivables) based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation. The Group performs ECL assessment on whether a financial instrument’s credit risk has increased significantly since initial recognition.

An impairment under ECL allowance on other receivables (including material costs, subcontracting charges and expenses paid on behalf of joint operators) of approximately HK\$3.4 million was recognised during the six months ended 30 June 2025 mainly due to the significant increase in credit risk arising from two subcontractors which had financial difficulties. The Group holds on-going discussions with the said subcontractors, and may pursue legal action (if necessary) for recovery of payment.

Finance Costs

Finance costs represent finance charge on lease liabilities and net interest expense on long service payment obligations. Finance costs remained stable for the six months ended 30 June 2025 and 2024.

Income Tax Expense

Income tax expense of approximately HK\$199,000 (six months ended 30 June 2024: approximately HK\$94,000) was recognised for the six months ended 30 June 2025. The increase in tax expense was due to the under provision of income tax expense in prior years.

Net Loss

Net loss for the six months ended 30 June 2025 amounted to approximately HK\$7.8 million, as compared to the net loss of approximately HK\$8.1 million for the six months ended 30 June 2024. Despite the decreases in other income and administrative expenses and the recognition of impairment under ECL allowance on other receivables, the reduction in the Group’s net loss was mainly due to the increase in gross profit as discussed above. The Group’s net loss margin for the six months ended 30 June 2025 was approximately 12.8% (six months ended 30 June 2024: approximately 24.8%).

Interim Dividend

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: nil).

Liquidity, Financial Resources and Capital Structure

As at 30 June 2025, 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 with par value of HK\$0.01 each.

As at 30 June 2025, the Group had total cash and bank balances of approximately HK\$108.3 million (31 December 2024: approximately HK\$121.4 million). The Group had no bank borrowing as at 30 June 2025 (31 December 2024: nil). Other borrowings of the Group as at 30 June 2025 were lease liabilities of approximately HK\$1.9 million (31 December 2024: approximately HK\$0.7 million). Details of lease liabilities are set out in note 13 to the condensed consolidated interim financial statements in this announcement. All borrowings were denominated in Hong Kong dollars ("HK\$"). The interest rates on lease liabilities were charged at fixed rates with effective rates arranging from 0.02% to 6.04% for the six months ended 30 June 2025 (six months ended 30 June 2024: from 4.23% 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 as at the period-end date and multiplied by 100%. As at 30 June 2025, the total borrowings of the Group were lease liabilities of approximately HK\$1.9 million (31 December 2024: approximately HK\$0.7 million). The gearing ratio of the Group as at 30 June 2025 was approximately 1.3% (31 December 2024: approximately 0.4%). The increase in gearing ratio was mainly due to increase in total indebtedness level from leases entered into during the six months ended 30 June 2025.

Pledge of Assets

As at 30 June 2025, the carrying amounts of the Group's motor vehicles of approximately HK\$1.9 million were pledged under leases (31 December 2024: HK\$nil).

Capital Structure

There has been no change in the capital structure of the Group since the listing (the “**Listing**”) of the Company's shares on the Main Board of the Stock Exchange. The share capital of the Company only comprises ordinary shares.

Foreign Exchange Risk

The Group mainly operates in Hong Kong. Most of the operating transactions and revenue are settled in 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 deposits denominated in the United States Dollars (“US\$”) amounting to approximately HK\$38.3 million as at 30 June 2025 (31 December 2024: approximately HK\$37.8 million). Most of the operating transactions from the Group's operation in Cambodia are settled in US\$.

However, HK\$ is pegged to US\$ under the Linked Exchange Rate System, the Group is not exposed to any significant foreign exchange risk against 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 2025 (six months ended 30 June 2024: nil).

Significant Investment Held, Material Acquisitions and Disposals of Subsidiaries, Associated Companies and Joint Ventures

During the six months ended 30 June 2025, the Group did not have any significant investments held, material acquisitions and disposals of subsidiaries, associated companies and joint ventures.

Employees and Remuneration Policies

As at 30 June 2025, the Group's payroll included 53 full-time employees (31 December 2024: 60 full-time employees). For the six months ended 30 June 2025, total staff costs (including Directors' remuneration) amounted to approximately HK\$11.3 million (six months ended 30 June 2024: approximately HK\$13.4 million). Total staff costs comprised salaries, wages, Directors' fees and allowances, discretionary bonuses and retirement scheme contributions. In order to attract and retain high quality staff and to enable smooth operation within the Group, the remuneration policy of the Group's employees is 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, performance and experience). The Group continues to provide adequate job training to the employees to equip them with practical knowledge and skills. Apart from the defined contribution retirement plan in Hong Kong and Cambodia and job training programs, salary increments and discretionary bonuses are being awarded to employees according to the assessment of individual performance and market situation.

Future Plans for Material Investments or Capital Assets

Save as disclosed under the section headed "Use of Net Proceeds from the listing of shares of the Company on 12 October 2017" in this announcement, the Group did not have other future plans for material investments or capital assets as at 30 June 2025.

Capital Commitments

As at 30 June 2025 and 31 December 2024, the Group had no capital commitments.

Contingent Liabilities

As at 30 June 2025 and 31 December 2024, the Group has been involved in a number of claims, litigations and potential claims against the Group regarding the employees' compensation and common law personal injury. Based on the information available, the Board considered that the Group has sufficient insurance coverage on any liability arising from those claims, litigations and potential claims.

As such, the Board is of the view that such claims, litigations and potential claims would not cause any material adverse impact on the operation and financial position of the Group and no provision is required to be made in the condensed consolidated interim financial statements.

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. As at 30 June 2025, a total amount of approximately HK\$70.4 million out of the Net Proceeds had been used by the Group and approximately HK\$2.4 million remained unused. As at 30 June 2025, the unused amount of Net Proceeds was placed in interest-bearing deposits with licensed banks in Hong Kong. The Group will gradually apply the remaining Net Proceeds for the acquisition of site facilities and equipment (being consistent with the purposes as set out in prospectus of the Company dated 28 September 2017) in accordance with actual business needs and use up the remaining Net Proceeds by the end of 2025. Details are as follows:

	Planned use of Net Proceeds remained unused as at 1 January 2025 <i>HK\$'000</i>	Actual use of Net Proceeds during the six months ended 30 June 2025 <i>HK\$'000</i>	Unused amount of Net Proceeds as at 30 June 2025 <i>HK\$'000</i>	Expected timeline of full utilisation of the unutilised proceeds
Acquisition of the site facilities and equipment	<u>4,779</u>	<u>2,350</u>	<u>2,429</u>	By the end of 2025

Compliance with the Corporate Governance Code

The Company has adopted and complied with the applicable code provisions (the “**Code Provision(s)**”) as set out in the Corporate Governance Code (the “**CG Code**”) contained in Part 2 of Appendix C1 to the Listing Rules during the six months ended 30 June 2025. 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 of Listed Issuers

The Company has adopted the Model Code as set out in Appendix C3 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 2025.

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 2025.

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 businesses during the six months ended 30 June 2025.

Events After the Reporting Period

The Group does not have any material subsequent event after the reporting period and up to the date of this announcement.

Audit Committee

The interim results of the Group for the six months ended 30 June 2025 have not been audited or reviewed by the independent auditors of the Company. The audit committee of the Company has reviewed the Group's unaudited condensed consolidated results for the six months ended 30 June 2025 and discussed with the management of the Company on the accounting principles and practices adopted by the Group with no disagreement by the audit committee of the Company.

Publication of Interim Results and Interim Report

This interim results announcement will be published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.geotech.hk). The interim report of the Company for the six months ended 30 June 2025 will be dispatched to Shareholders of the Company (as appropriate) and published on the websites of the Stock Exchange and the Company in compliance with the requirements under the Listing Rules in due course.

By order of the Board
Geotech Holdings Ltd.
Lok Kar Kin
Executive Director

Hong Kong, 28 August 2025

As at the date of this announcement, the Board comprises Mr. Wei Weizhan, Mr. Hui Sai Kwong, Garrison and Mr. Lok Kar Kin as executive Directors and Mr. Chan Tsang Mo, Mr. Shen Zejing and Ms. Yip Wai Ching as independent non-executive Directors.