



Geotech Holdings Ltd. 致浩達控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock code: 1707

Interim Report 2021



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chen Zhi (*Chairman*)
Mr. Qiu Dong
Mr. Kung Ho Man (*Chief Executive Officer*)

Independent Non-Executive Directors

Mr. Chan Tsang Mo
Mr. Shen Zejing
Mr. So Wai Man

AUDIT COMMITTEE

Mr. Chan Tsang Mo (*Chairman*)
Mr. Shen Zejing
Mr. So Wai Man

REMUNERATION COMMITTEE

Mr. So Wai Man (*Chairman*)
Mr. Chan Tsang Mo
Mr. Chen Zhi
Mr. Shen Zejing

NOMINATION COMMITTEE

Mr. Chen Zhi (*Chairman*)
Mr. Chan Tsang Mo
Mr. Shen Zejing
Mr. So Wai Man

COMPANY SECRETARY

Ms. Li Yan

AUTHORISED REPRESENTATIVES

Mr. Chen Zhi
Ms. Li Yan

REGISTERED OFFICE IN THE CAYMAN ISLANDS

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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Certified Public Accountants
Registered Public Interest Entity Auditor
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Hong Kong

HONG KONG LEGAL ADVISOR

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PRINCIPAL BANKERS

Bank of Communications Co., Ltd. Hong Kong Branch
Shanghai Commercial Bank Limited
The Hongkong and Shanghai Banking Corporation Limited

STOCK CODE

1707

WEBSITE

www.geotech.hk

MANAGEMENT DISCUSSION AND ANALYSIS

The board (the “**Board**”) of directors (the “**Directors**”) of Geotech Holdings Ltd. (the “**Company**”) presents the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2021.

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 2021.

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” (confirmed status) (the “**LPR**”) 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.

Subsequent to the reporting period, certain registrations/licences of Geotech Engineering were suspended as a result of the fatal accident occurred in March 2020 (the “**Accident**”) as disclosed in note 17 to the condensed consolidated interim financial statements in the interim results announcement published by the Company on 25 August 2020. Details of the suspension has been disclosed in note 25 to the condensed consolidated interim financial statements and the section headed “Significant Events After the Reporting Period” in this report.

Total revenue of construction and engineering services for the six months ended 30 June 2021 amounted to approximately HK\$183.5 million, representing an increase of approximately 17.6% as compared with total revenue of approximately HK\$156.0 million for the six months ended 30 June 2020. Such increase in revenue was mainly due to the increase in slope works performed for the six months ended 30 June 2021 as certain material slope work contracts contributed to significant increase in revenue in the reporting period reflecting a stage of significant progress of works of the projects as compared to the first half of 2020 contributing relatively lower proportion of revenue of such projects. 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 (the “**Programme**”)* commissioned by the Civil Engineering and Development Department of the Government of the Hong Kong Special Administrative Region (“**HKSAR**”), other government departments and statutory bodies, amounted to approximately 93.9% of total revenue in this segment (six months ended 30 June 2020: approximately 98.6%).

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

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

During the six months ended 30 June 2021, the Group has continued its strategy through a variety of operational initiatives:

- in response to keen market conditions, Geotech Engineering has continued with its competitive pricing strategy during the reporting period in order to maintain the Group's competitiveness in the slope works sector in particular and securing new contracts had been difficult during the period; and
- 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.

As at 30 June 2021, the Group had 59 construction contracts on hand, including contracts in progress and contracts yet to commence (31 December 2020: 76 construction contracts) with a total outstanding contract sum of approximately HK\$273.0 million (31 December 2020: approximately HK\$437.5 million) and these contracts are expected to be completed during or before 2023.

In addition, the Group's construction and decoration business in Cambodia remained difficult during the reporting period and our focus was to keep the operating costs down minimising the staff costs.

Property-related Services

The market environment for the property-related services was challenging in the first half of 2021 given the uncertainties in the external economic and trading environment under the ongoing outbreak of novel coronavirus (Covid-19) since early 2020 (the "**Outbreak**"). During the six months ended 30 June 2021, the Group recorded approximately HK\$3.1 million (six months ended 30 June 2020: approximately HK\$3.2 million) for the provision of property management consultancy services in Hong Kong, of which approximately HK\$2.1 million was generated from continuing connected transactions (six months ended 2020: approximately HK\$2.0 million). Details of the continuing connected transactions are set out in the Company's announcement dated 27 December 2019.

Given the ongoing challenging market environment, the Group is exploring other business opportunities to broaden its revenue base in the segment leveraging our solid experience in property-related services.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

OUTLOOK

Apart from focusing on construction and engineering services and property-related services in Hong Kong, the Group considered to explore other business expansion 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 a cautious approach for future development:

- having considered the industry conditions of the construction and engineering services in Hong Kong as stated above, 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 construction and engineering works;
- the Group will strive to undertake new slope work projects (i) in the private sector; and (ii) as a subcontractor, following Geotech Engineering's refrainment from tendering public works contracts under the LPR category as disclosed in note 25 to the condensed consolidated interim financial statements and the section headed "Significant Events After the Reporting Period" in this report;
- taking into consideration the ongoing Outbreak situation in Cambodia, the Group will take a cautious approach in the development of our construction and decoration business in Cambodia in the second half of 2021;
- although our property-related services is expected to remain challenging in the coming years given the uncertainties in the external economic and business environment under the Outbreak. By leveraging our management experiences and knowledge gained in the industry, the Group will strive to seek various opportunities in property-related services; and
- having considered the above, the Group may also seek to diversify and explore other investment opportunities in the future.

In view of the ongoing Outbreak situation, it is expected to continue to present challenges to our businesses in the second half of 2021. The Group will continue to monitor the situation and risks and uncertainties arising from the Outbreak with striving to implement strict measures to mitigate the potential adverse impact on the Group.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

FINANCIAL REVIEW

Revenue

The Group's total revenue increased by approximately HK\$27.4 million or 17.2% from approximately HK\$159.2 million for the six months ended 30 June 2020 to approximately HK\$186.6 million for the six months ended 30 June 2021. 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 increased by approximately HK\$27.5 million or approximately 17.6% from approximately HK\$156.0 million for the six months ended 30 June 2020 to approximately HK\$183.5 million for the six months ended 30 June 2021. Such increase in revenue was mainly due to the increase in slope works performed for the six months ended 30 June 2021 as certain material slope work contracts contributed to significant increase in revenue in the reporting period reflecting a stage of significant progress of works of the projects as compared to the first half of 2020 contributing relatively lower proportion of revenue of such projects.

(b) Property-related Services

The Group's revenue from property-related services for the six months ended 30 June 2021 remained steady at approximately HK\$3.1 million, compared with approximately HK\$3.2 million for the six months ended 30 June 2020. Included in the revenue was continuing connected transactions amounting to approximately HK\$2.1 million.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Gross Profit and Gross Profit Margin

The Group's total gross profit for the six months ended 30 June 2021 amounted to approximately HK\$0.9 million, representing a significant decrease of approximately 84.2% compared with approximately HK\$5.7 million for the six months ended 30 June 2020. The Group's total gross profit margin for the six months ended 30 June 2021 was approximately 0.5%, as compared with approximately 3.6% for the six months ended 30 June 2020.

(a) Construction and Engineering Services

The gross profit from construction and engineering services for the six months ended 30 June 2021 amounted to approximately HK\$0.2 million, representing a decrease of approximately 95.1% as compared with approximately HK\$4.1 million for the six months ended 30 June 2020. The gross profit margin from construction and engineering services for the six months ended 30 June 2021 was approximately 0.1%, as compared with approximately 2.6% for the six months ended 30 June 2020. The decrease in gross profit and gross profit margin from construction and engineering services was mainly due to loss-making construction and engineering contracts in relation to (i) loss incurred as a result of extra construction costs employed for a slope and site formation works project in the public sector in dealing with ongoing geological difficulties which was first identified in the financial year ended 31 December 2020 and onerous contract provision recognised for contract obligation as at 30 June 2021; and (ii) substantial loss incurred in the variation works concerning a public sector project under the roads and drainage works category, although such issue is still under negotiation between the Group and the customer.

(b) Property-related Services

The gross profit from property-related services for the six months ended 30 June 2021 amounted to approximately HK\$0.7 million, representing a decrease of approximately HK\$0.9 million as compared with approximately HK\$1.6 million for the six months ended 30 June 2020. The gross profit margin for the six months ended 30 June 2021 was approximately 22.6%, as compared with approximately 51.5% for the six months ended 30 June 2020. The decrease in gross profit and gross profit margin was mainly due to additional manpower in providing property-related services.

Other Income

Other income mainly included rental income from leasing of machinery, bank interest income, safety consultancy income, handling charges paid by our subcontractors requesting our assistance in the procurement of construction materials for our construction contracts and gain on disposal of property, plant and equipment. Other income remained steady at approximately HK\$2.8 million for the six months ended 2021 and 2020 respectively.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Administrative Expenses

The administrative expenses of the Group decreased by 6.8% to approximately HK\$13.6 million for the six months ended 30 June 2021 as compared with approximately HK\$14.6 million for the six months ended 30 June 2020. Administrative expenses primarily comprise staff costs, depreciation and legal and professional fees. Included in administrative expenses were staff costs of approximately HK\$8.6 million (six months ended 30 June 2020: approximately HK\$10.6 million) and legal and professional fees of approximately HK\$3.0 million (six months ended 30 June 2020: approximately HK\$1.5 million). The decrease in staff costs which was mainly due to decrease in headcount under stringent cost control was partly offset by the additional legal and professional fees incurred for the legal proceedings that the Group were involved in as disclosed in note 23 to the condensed consolidated interim financial statements and the section headed "Contingent Liabilities" in this report.

Finance Costs

Finance costs represented finance charge on lease liabilities. Finance costs for the six months ended 30 June 2021 was approximately HK\$31,000, representing a decrease of approximately 63.5% compared with approximately HK\$85,000 for the six months ended 30 June 2020. The decrease was mainly attributable to the decrease in lease liabilities after repayments.

Income Tax (Expense)/Credit

Income tax expense of approximately HK\$702,000 was recognised for the six months ended 30 June 2021 in contrast to income tax credit of approximately HK\$84,000 for the six months ended 30 June 2020 as a result of decrease in the tax credit from deferred taxation during the six months ended 30 June 2021.

Net Loss

Net loss for the six months ended 30 June 2021 amounted to approximately HK\$10.6 million, as compared to the net loss of approximately HK\$6.0 million for the six months ended 30 June 2020. 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 2021 was approximately 5.7% (six months ended 30 June 2020: approximately 3.8%).

Interim Dividend

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Liquidity, Financial Resources and Capital Structure

As at 30 June 2021, the Company's issued share capital was HK\$16.8 million and the number of issued ordinary shares of the Company was 1,680 million with par value of HK\$0.01 each.

As at 30 June 2021, the Group had total cash and bank balances of approximately HK\$178.0 million (31 December 2020: approximately HK\$156.3 million). The Group had no bank borrowing as at 30 June 2021 (31 December 2020: nil). Other borrowings of the Group as at 30 June 2021 were lease liabilities of approximately HK\$1.2 million (31 December 2020: approximately HK\$3.0 million). Details of lease liabilities are set out in note 19 to the condensed consolidated interim financial statements in this report. 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 4.13% to 5.29% for the six months ended 30 June 2021 (six months ended 30 June 2020: 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 as at the period-end date and multiplied by 100%. Total borrowings of the Group were lease liabilities of approximately HK\$1.2 million (31 December 2020: approximately HK\$3.0 million). The gearing ratio of the Group as at 30 June 2021 was approximately 0.5% (31 December 2020: approximately 1.2%). The decrease in gearing ratio was mainly due to a lower total indebtedness level from repayment of lease liabilities of the Group.

Trade and other Receivables, (net)

Reference is made to the 2020 annual report of the Company regarding the impairment loss of approximately of HK\$14.9 million recognised in the year ended 31 December 2020 on trade and other receivables (net) due to credit risk arising from two subcontractors. No additional impairment loss was recognised for the six months ended 30 June 2021. For the reporting period, the Group has implemented a tightened credit policy to monitor the performance of its subcontractors by performing aging analysis, review of past history of payments made, assessment of the subcontractors' financial position and on-going discussions to follow up on recoverabilities with the said subcontractors. Legal actions against the relevant subcontractors would also be considered if recovery from them become practically impossible and the management considers that such actions are likely to result in recovery of payment.

Pledge of Assets

As at 30 June 2021, the carrying amount of the Group's motor vehicles of approximately HK\$0.6 million were pledged under leases (31 December 2020: approximately HK\$1.0 million).

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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\$37.3 million as at 30 June 2021 (31 December 2020: approximately HK\$38.3 million). Most of the operating transactions from the Group's operation in Cambodia are settled in US\$.

As HK\$ are pegged to the 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 2021 (six month ended 30 June 2020: nil).

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

During the six months ended 30 June 2021, the Group did not have any significant investments held, material acquisitions nor disposals of subsidiaries or associated companies.

Employees and Remuneration Policies

As at 30 June 2021, 129 employees were on the Group's payroll (31 December 2020: 146 employees). For the six months ended 30 June 2021, total staff costs (including Directors' remuneration) amounted to approximately HK\$16.6 million (six months ended 30 June 2020: approximately HK\$14.9 million). Total staff costs comprised salaries, Directors' fee 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 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 the employees to equip them with practical knowledge and skills. Apart from the defined contribution retirement benefit schemes in Hong Kong and Cambodia and job training programs, salaries increment 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 report, the Group did not have other future plans for material investments or capital assets as at 30 June 2021.

Capital Commitments

As at 30 June 2021, the Group had no capital commitments (31 December 2020: nil).

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Contingent Liabilities

As at 30 June 2021 and 31 December 2020, the Group 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 at 30 June 2021 and 31 December 2020, Geotech Engineering has been a defendant in four legal proceedings by two subcontractors. Up to the date of approval of the condensed consolidated interim financial statements, such legal proceedings are still in process. Based on the information available and advice from the Company's legal counsel, the Board considered that there is reasonable merit in the defence to the proceedings.

As such, the Board is of the view that such claims and litigations 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 1 January 2021 and 30 June 2021, a total amount of approximately HK\$63.2 million out of the Net Proceeds had been used by the Group. As at 30 June 2021, 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 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 section headed "Future Plans and Use of Proceeds" to the prospectus of the Company dated 28 September 2017 and the adjusted timeline as disclosed in the 2019 annual report of the Company and the details are as follows:

	Planned use of Net Proceeds remained unused as at 1 January 2021	Actual use of Net Proceeds during the six months ended 30 June 2021	Unused amount of Net Proceeds as at 30 June 2021
	HK\$'000	HK\$'000	HK\$'000
Acquisition of the site facilities and equipment	9,649	–	9,649

Fund Raising Activity – Placing of new shares under general mandate (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. As at 1 January 2021 and 30 June 2021, approximately HK\$44.4 million of the net proceeds remained unused and 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.

INDEPENDENT REVIEW REPORT



To the board of directors of Geotech Holdings Ltd.
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated interim financial statements of Geotech Holdings Ltd. (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages 14 to 43 which comprise the condensed consolidated statement of financial position as at 30 June 2021 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of condensed consolidated interim financial statements to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with HKAS 34.

Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review 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. A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



INDEPENDENT REVIEW REPORT (Continued)

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Grant Thornton Hong Kong Limited

Certified Public Accountants

Level 12

28 Hennessy Road

Wanchai

Hong Kong

27 August 2021

Chan Tze Kit

Practising Certificate No.: P05707

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2021

	Notes	Six months ended 30 June	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Revenue	5	186,588	159,169
Direct costs		(185,707)	(153,463)
Gross profit		881	5,706
Other income	6	2,816	2,826
Administrative expenses		(13,584)	(14,554)
Finance costs	7	(31)	(85)
Loss before income tax	8	(9,918)	(6,107)
Income tax (expense)/credit	9	(702)	84
Loss for the period		(10,620)	(6,023)
Other comprehensive income/(expense), net of tax			
Items that will not be reclassified subsequently to profit or loss			
Fair value gain/(loss) on financial assets at fair value through other comprehensive income		29	(78)
Total comprehensive expense for the period attributable to equity holders of the Company		(10,591)	(6,101)
		HK cents	HK cents
Loss per share attributable to equity holders of the Company			
Basic and diluted	11	(0.63)	(0.36)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Notes	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	12	1,502	2,536
Financial assets at fair value through other comprehensive income ("FVOCI")	13	1,326	1,297
Deferred tax assets		2	599
		2,830	4,432
Current assets			
Trade and other receivables	14	80,609	103,100
Contract assets	15	16,772	35,061
Finance lease receivables	16	221	657
Cash and bank balances	17	178,019	156,335
		275,621	295,153
Current liabilities			
Trade and other payables	18	43,701	54,213
Lease liabilities	19	1,158	2,812
Tax payable		198	170
Contract liabilities	15	3,866	2,154
		48,923	59,349
Net current assets		226,698	235,804
Total assets less current liabilities		229,528	240,236

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
As at 30 June 2021

	Notes	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
Non-current liabilities			
Lease liabilities	19	-	180
Deferred tax liabilities		140	77
		140	257
Net assets			
		229,388	239,979
CAPITAL AND RESERVES			
Share capital	20	16,800	16,800
Reserves		212,588	223,179
Total equity			
		229,388	239,979

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Share capital	Share premium	Capital reserve	Financial assets fair value reserve	Retained earnings	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance as at 1 January 2020 (audited)	16,800	167,266	10,011	132	73,791	268,000
Loss for the period	-	-	-	-	(6,023)	(6,023)
Other comprehensive expense, net of tax:						
<i>Items that will not be classified subsequently to profit or loss</i>						
- Fair value loss on financial assets at FVOCI	-	-	-	(78)	-	(78)
Total comprehensive expense for the period	-	-	-	(78)	(6,023)	(6,101)
Balance as at 30 June 2020 (unaudited)	16,800	167,266	10,011	54	67,768	261,899

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)
 For the six months ended 30 June 2021

	Share capital HK\$'000	Share premium* HK\$'000	Capital reserve* HK\$'000	Financial assets fair value reserve* HK\$'000	Retained earnings* HK\$'000	Total HK\$'000
Balance as at 1 January 2021 (audited)	16,800	167,266	10,011	176	45,726	239,979
Loss for the period	-	-	-	-	(10,620)	(10,620)
Other comprehensive income, net of tax:						
<i>Items that will not be classified subsequently to profit or loss</i>						
- Fair value gain on financial assets at FVOCI	-	-	-	29	-	29
Total comprehensive expense for the period	-	-	-	29	(10,620)	(10,591)
Balance as at 30 June 2021 (unaudited)	16,800	167,266	10,011	205	35,106	229,388

* The reserves accounts comprise the Group's reserves of HK\$212,588,000 as at 30 June 2021 (31 December 2020 (audited): HK\$223,179,000) in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Cash flow from operating activities		
Cash generated from operations	29,201	11,734
Interest paid	(48)	(138)
Income tax (paid)/refund	(14)	586
<i>Net cash generated from operating activities</i>	29,139	12,182
Cash flow from investing activities		
Interest received	229	864
Purchase of property, plant and equipment	(36)	(23)
Proceeds from disposal of property, plant and equipment	735	140
Increase in amount due from joint operator	(6,566)	(21)
<i>Net cash (used in)/generated from investing activities</i>	(5,638)	960
Cash flow from financing activity		
Payment for lease liabilities	(1,817)	(2,414)
<i>Cash used in financing activity</i>	(1,817)	(2,414)
Net increase in cash and cash equivalents	21,684	10,728
Cash and cash equivalents at the beginning of period	156,335	143,299
Cash and cash equivalents at end of period, represented by cash and bank balances (note 17)	178,019	154,027

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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 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 2021 were approved for issue by the Board of directors (the “**Directors**”) on 27 August 2021.

2. BASIS OF PREPARATION

The condensed consolidated interim financial statements for the six months ended 30 June 2021 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 2020.

The condensed consolidated interim financial statements are unaudited, but have been reviewed by the Company’s independent auditor, Grant Thornton Hong Kong Limited.

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
For the six months ended 30 June 2021

3. ADOPTION OF NEW OR AMENDED HKFRSs

Amended HKFRSs that are effective for annual periods beginning on 1 January 2021

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

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

Issued but not yet effective HKFRSs

At the date of authorisation of these condensed consolidated interim financial statements, certain new and amended HKFRSs have been published but are not yet effective and have not been adopted early by the Group.

HKFRS 17	Insurance Contracts and related amendments ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ⁵
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract ¹
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018-2020 ¹
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations ⁴

¹ Effective for annual periods beginning on or after 1 January 2022

² Effective for annual periods beginning on or after 1 January 2023

³ Effective date not yet determined

⁴ Effective for business combination/common control combination for which the acquisition/combination date is on or after the beginning of the first annual period beginning on or after 1 January 2022

⁵ Effective for annual periods beginning on or after 1 April 2021

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
For the six months ended 30 June 2021

3. ADOPTION OF NEW OR AMENDED HKFRSs (Continued)

Issued but not yet effective HKFRSs (Continued)

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Other new and amended HKFRSs are not expected to have a material impact on the Group's condensed consolidated interim financial statements.

Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies"

The amendments to HKAS 1 require entities to disclose material accounting policy information instead of significant accounting policies in its financial statements. The amendments also provide some guidance on how material policy information are being identified and provide some examples of when accounting policy information is likely to be material.

In March 2021, HKICPA issued HKFRS Practice Statement 2 "Making Materiality Judgements" to provide entities with non-mandatory guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with HKFRS. HKFRS Practice Statement 2 was subsequently revised to provide guidance and examples on how to apply the concept of materiality to accounting policy disclosures.

The amendments to HKAS 1 are effective for annual reporting period beginning on or after 1 January 2023 and are applied prospectively. Earlier application is permitted. Except for the disclosures of accounting policies may need to be revised to cope with the above changes, the directors expect that the amendments have no other material impact on the condensed consolidated interim financial statements.

Amendments to HKAS 8 "Definition of Accounting Estimates"

The amendments clarify how entities should distinguish changes in accounting policies from changes in accounting estimates by introducing a definition for accounting estimates, which is now defined as "monetary amounts in the financial statements that are subject to measurement uncertainty".

Besides, the amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. Accounting estimates typically involve the use of judgements or assumptions based on latest available reliable information. A change in accounting estimate that results from new information or new development is not correction of an error. Therefore, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. In addition, two illustrative examples are added to illustrate how to apply the new definition of accounting estimates.

The amendments are effective for annual reporting period beginning on 1 January 2023 and are applied prospectively. Earlier application is permitted. The directors expect that the amendments have no material impact on the condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
For the six months ended 30 June 2021

4. ESTIMATES AND JUDGEMENTS

The preparation of condensed consolidated interim financial statements requires management to make accounting judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, those significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements of the Group for the year ended 31 December 2020.

5. 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 2021 and 2020 are as follows:

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Construction and engineering services	183,522	155,989
Property-related services	3,066	3,180
	186,588	159,169

All of the performance obligations are satisfied over time.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
For the six months ended 30 June 2021

5. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information

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, for the purposes of resource allocation and assessment of segment performance.

For the six months ended 30 June 2021 (unaudited)

	Construction and engineering services HK\$'000	Property- related services HK\$'000	Total HK\$'000
Reportable segment revenue			
- From external customers	183,522	3,066	186,588
Reportable segment results (<i>note</i>)	(5,342)	177	(5,165)
Unallocated corporate income			128
Unallocated corporate expenses			(4,881)
Loss before income tax			(9,918)

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	155,989	3,180	159,169
Reportable segment results (<i>note</i>)	(3,164)	1,308	(1,856)
Unallocated corporate income			407
Unallocated corporate expenses			(4,658)
Loss before income tax			(6,107)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
For the six months ended 30 June 2021

5. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

Note:

For the six months ended 30 June 2021 (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	91	-	128	219
- Depreciation of non-financial assets	(894)	(3)	(4)	(901)
- Net gain on disposal and written off of property, plant and equipment	566	-	-	566
- Finance costs	(31)	-	-	(31)
Other segment item				
Additions to non-current segment assets	36	-	-	36

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
Amount 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)
Other segment item				
Additions to non-current segment assets	16	7	-	23

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
For the six months ended 30 June 2021

5. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

As at 30 June 2021 (unaudited)

	Construction and engineering services HK\$'000	Property- related services HK\$'000	Unallocated HK\$'000	Total HK\$'000
Reportable segment assets	177,898	2,774	97,779	278,451
Reportable segment liabilities	48,717	105	241	49,063

As at 31 December 2020 (audited)

	Construction and engineering services HK\$'000	Property- related services HK\$'000	Unallocated HK\$'000	Total HK\$'000
Reportable segment assets	242,163	2,608	54,814	299,585
Reportable segment liabilities	58,091	87	1,428	59,606

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 and deferred tax 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	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Construction and engineering services segment		
Customer A	109,657	90,190
Customer B	48,127	44,639

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
For the six months ended 30 June 2021

6. OTHER INCOME

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Consultancy fee income	124	56
Rental income from lease of machinery	60	283
Safety consultancy income	198	242
Bank interest income	219	812
Interest income from finance lease receivables (note 16)	10	52
Gain on disposal of property, plant and equipment	566	69
Surveying fee income	315	210
Government grant (note (i))	–	100
Sundry income (note (ii))	1,324	1,002
	2,816	2,826

Notes:

- (i) Government grant represented the Construction Industry Anti-epidemic Fund provided by the Government of HKSAR at one-off basis which aims to support the construction industry against the outbreak of novel coronavirus (Covid-19) 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) During the six months ended 30 June 2021, sundry income mainly represented handling charges of approximately HK\$1,287,000 (six months ended 30 June 2020: approximately HK\$822,000) paid by subcontractors requesting our assistance in the procurement of construction materials for our construction contracts.

7. FINANCE COSTS

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Finance charge on lease liabilities	31	85

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
For the six months ended 30 June 2021

8. LOSS BEFORE INCOME TAX

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Loss before income tax is stated after charging/(crediting):		
(a) Staff costs (including Directors' remuneration)		
Salaries, wages and allowances	16,049	14,334
Discretionary bonuses	–	15
Retirement scheme contributions	560	517
Staff costs (including Directors' remuneration) (note)	16,609	14,866
(b) Other items		
Depreciation, included in:		
Direct costs		
– Owned assets	63	278
– Right-of-use assets	249	258
Administrative expenses		
– Owned assets	158	574
– Right-of-use assets	431	252
	901	1,362
Short term leases	220	250
Subcontracting charges (included in direct costs)	175,953	143,497
Net gain on disposal and written off of property, plant and equipment	(566)	(69)
Auditors' remuneration	180	163

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
For the six months ended 30 June 2021

8. LOSS BEFORE INCOME TAX (Continued)

Note: Staff costs (including Directors' remuneration)

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Direct costs	7,967	4,307
Administrative expenses	8,642	10,559
	16,609	14,866

9. INCOME TAX EXPENSE/(CREDIT)

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Provision for Hong Kong Profits Tax		
– Current tax	63	77
– Over provision in respect of prior years	(21)	(58)
Deferred tax income/(expense)	42	19
	660	(103)
Total income tax expense/(credit)	702	(84)

For the six months ended 30 June 2021 and 2020, Hong Kong Profits Tax was calculated at a flat rate of 16.5% of the estimated assessable profits for the periods.

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 2021 (six months ended 30 June 2020: nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
For the six months ended 30 June 2021

10. DIVIDENDS

No dividend was paid or declared by the Company during the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

11. 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	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Loss		
Loss for the period attributable to equity holders of the Company	(10,620)	(6,023)
	'000	'000
Number of shares		
Weighted average number of ordinary shares	1,680,000	1,680,000

The calculation of the basic loss per share for the six months ended 30 June 2021 is based on the loss for the period attributable to equity holders of the Company of HK\$10,620,000 (six months ended 30 June 2020: HK\$6,023,000) and the weighted average number of ordinary shares of 1,680,000,000 in issue during the period (six months ended 30 June 2020: 1,680,000,000).

There were no dilutive potential ordinary shares during the six months ended 30 June 2021 and 2020 and therefore, diluted loss per share equals to basic loss per share.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
For the six months ended 30 June 2021

12. PROPERTY, PLANT AND EQUIPMENT

	Premises held under leases (note) HK\$'000	Plant and machinery HK\$'000	Motor vehicles (note) HK\$'000	Furniture and fixtures HK\$'000	Leasehold improvement HK\$'000	Computer and software HK\$'000	Total HK\$'000
Cost							
As at 1 January 2021 (audited)	1,934	2,291	5,686	1,320	950	651	12,832
Additions	-	11	-	20	-	5	36
Disposals/written off	-	(960)	(2,001)	(9)	(706)	-	(3,676)
As at 30 June 2021 (unaudited)	1,934	1,342	3,685	1,331	244	656	9,192
Accumulated depreciation							
As at 1 January 2021 (audited)	(1,038)	(2,135)	(4,706)	(1,100)	(771)	(546)	(10,296)
Charge for the period	(476)	(112)	(203)	(33)	(57)	(20)	(901)
Depreciation written back upon disposals/written off	-	960	1,832	9	706	-	3,507
As at 30 June 2021 (unaudited)	(1,514)	(1,287)	(3,077)	(1,124)	(122)	(566)	(7,690)
Net book value							
As at 30 June 2021 (unaudited)	420	55	608	207	122	90	1,502
As at 31 December 2020 (audited)	896	156	980	220	179	105	2,536

Note: As at 30 June 2021, the carrying amounts of the Group's right-of-use assets in relation to premises and motor vehicles are HK\$420,000 and HK\$582,000 respectively (31 December 2020: HK\$896,000 and HK\$954,000 respectively). The depreciation charge for the six months ended 30 June 2021 of the Group's right-of-use assets in relation to premises and motor vehicles are HK\$476,000 and HK\$203,000 respectively (six months ended 30 June 2020: HK\$323,000 and HK\$187,000 respectively). As at 30 June 2021, the carrying amount of the Group's motor vehicles of HK\$582,000 are pledged under leases (31 December 2020: HK\$954,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
For the six months ended 30 June 2021

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
Unlisted securities – Unit Trust Fund	1,326	1,297

The fair value of the Group's financial assets at FVOCI has been measured as described in note 24.

14. TRADE AND OTHER RECEIVABLES

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
Trade receivables	29,973	29,001
Less: impairment loss	(184)	(184)
	29,789	28,817
Retention receivables	11,822	17,103
Other receivables (<i>note (i)</i>)	29,091	53,402
Prepayment	16,479	16,728
Utility and other deposits	1,704	1,892
Less: impairment loss	(15,501)	(15,501)
	43,595	73,624
Amount due from joint operator (<i>note (ii)</i>)	7,225	659
	80,609	103,100

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
 For the six months ended 30 June 2021

14. TRADE AND OTHER RECEIVABLES (Continued)

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, is as follows:

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
0 – 30 days	26,625	24,822
31 – 60 days	519	997
61 – 90 days	–	315
Over 90 days	2,645	2,683
	29,789	28,817

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 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
Due within one year	2,605	3,681
Due after one year	9,217	13,422
	11,822	17,103

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
For the six months ended 30 June 2021

14. TRADE AND OTHER RECEIVABLES (Continued)

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, no additional impairment loss has been recognised as at 30 June 2021.

15. CONTRACT ASSETS AND CONTRACT LIABILITIES

Contract assets

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
Contract assets arising from construction contracts	17,010	35,299
Less: impairment loss	(238)	(238)
	16,772	35,061

The amount of contract assets is expected to be recovered/settled within one year.

Contract liabilities

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
Contract liabilities arising from construction contracts from billings in advance of performance	3,866	2,154

All of the contract liabilities is expected to be recovered/settled within one year.

The decrease of contract assets during the six months ended 30 June 2021 is mainly due to the decrease in ongoing construction projects at the end of the reporting period.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
For the six months ended 30 June 2021

16. FINANCE LEASE RECEIVABLES

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

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
Total undiscounted lease payments receivables:		
Within one year	223	669
Unearned interest income	(2)	(12)
Present value of the finance lease receivables	221	657
Present value of the finance lease receivables:		
Within one year	221	657
Less: portion due within one year included under current assets	(221)	(657)
Portion due after one year included under non-current assets	-	-

Movements in finance lease receivables:

	For the six months ended 30 June 2021 HK\$'000 (unaudited)	For the year ended 31 December 2020 HK\$'000 (audited)
Balance as at beginning of the period/ year	657	2,958
Derecognition	-	(933)
Receipts	(446)	(1,431)
Interest income from finance lease receivables (note 6)	10	63
Balance as at end of the period/year	221	657

The finance lease receivables represent the sublease arrangement entered by the Group with subcontractors 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
For the six months ended 30 June 2021

17. CASH AND BANK BALANCES

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
Cash at bank (<i>note 22(b)</i>)	177,946	156,275
Cash on hand	73	60
	178,019	156,335

Cash at bank earns interest at floating rates based on daily bank deposit rates.

The Directors consider that the fair values of cash at bank are not materially different from their carrying amounts, because their balances have short maturity periods on their inception.

18. TRADE AND OTHER PAYABLES

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
Trade payables (<i>note (i)</i>)	14,880	23,092
Retention payables (<i>note (ii)</i>)	23,218	21,213
Accruals and other payables	4,390	9,743
Provision of onerous contracts	1,213	165
	43,701	54,213

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
 For the six months ended 30 June 2021

18. TRADE AND OTHER PAYABLES (Continued)

Trade payables

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

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
0 – 30 days	9,244	17,626
31 – 60 days	1,112	1,362
61 – 90 days	955	637
Over 90 days	3,569	3,467
	14,880	23,092

Provision of onerous contracts

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
Provision of onerous contracts	1,213	165

Movements in provision of onerous contracts

	For the six months ended 30 June 2021 HK\$'000 (unaudited)	For the year ended 31 December 2020 HK\$'000 (audited)
Balance as at beginning of the period/year	165	–
Provision	1,048	165
Balance as at end of the period/year	1,213	165

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
For the six months ended 30 June 2021

19. LEASE LIABILITIES

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

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
Total minimum lease payments:		
Within one year	1,172	2,875
After one year but within two years	–	182
	1,172	3,057
Future finance charges	(14)	(65)
Present value of lease obligation	1,158	2,992
Present value of minimum lease payments:		
Within one year	1,158	2,812
After one year but within two years	–	180
	1,158	2,992
Less: portion due within one year included under current liabilities	(1,158)	(2,812)
Portion due after one year included under non-current liabilities	–	180

As at 30 June 2021 and 31 December 2020, the Group had lease arrangements for motor vehicles. These lease periods are for 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 2021, leases of motor vehicles amounted to HK\$375,000 (31 December 2020 (audited): HK\$939,000) are held by the Group in trust but used by and belong to subcontractors or their nominators.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
 For the six months ended 30 June 2021

19. LEASE LIABILITIES (Continued)

As at 30 June 2021, four (31 December 2020 (audited): four) of the leases of office or workshop premises are for own use for 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 2021, two (31 December 2020 (audited): two) of the leases are under the lease arrangements for subleasing to subcontractors (refer to note 16) in respect of premises run for an initial period of two to three 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 2021, the total cash outflows for the leases are HK\$1,952,000 (six months ended 30 June 2020: HK\$2,802,000).

20. SHARE CAPITAL

	As at 30 June 2021		As at 31 December 2020	
	Number of shares	HK\$'000	Number of shares	HK\$'000
Authorised:				
As at 1 January 2020, 31 December 2020, 1 January 2021 (audited) and 30 June 2021 (unaudited)	4,000,000,000	40,000	4,000,000,000	40,000
Issued and fully paid:				
As at 1 January 2020, 31 December 2020, 1 January 2021 (audited) and 30 June 2021 (unaudited)	1,680,000,000	16,800	1,680,000,000	16,800

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
 For the six months ended 30 June 2021

21. LEASE COMMITMENTS

As lessee

As at 30 June 2021 and 31 December 2020, the lease commitments for short term leases are as follows:

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
Within one year	267	107

22. 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 2021 and 2020 are as follows:

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Salaries, fee and allowances	2,206	2,413
Retirement scheme contributions	38	36
	2,244	2,449

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
For the six months ended 30 June 2021

22. RELATED PARTY TRANSACTIONS (Continued)

(b) Related party transactions

Summary of the related party transactions carried out by the Group during the six months ended 30 June 2021 and 2020 are as follows:

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Property management consultancy services income from Cheer Capital Limited (note (i))	2,142	2,040
Payment of lease liabilities to Keen Forever Limited (note (ii))	–	(190)
Finance charge on lease liabilities to Keen Forever Limited (note (ii))	–	(14)

Summary of balance with related parties as at 30 June 2021 and 31 December 2020 are as follows:

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
	Bank deposits to Prince Bank Plc. (note (iii))	
– balance	58	353
– maximum balance during the six months ended 30 June 2021 (unaudited) and the year ended 31 December 2020 (audited)	711	2,211

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, who resigned as the executive Director and chief executive officer of the Company on 25 November 2020 and hence not a related party during the period.
- (iii) A company directly controlled by Mr. Chen, an executive Director and the controlling shareholder of the Company.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
For the six months ended 30 June 2021

23. CONTINGENT LIABILITIES

As at 30 June 2021 and 31 December 2020, 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 at 30 June 2021 and 31 December 2020, Geotech Engineering has been a defendant in four legal proceedings by two subcontractors. Up to the date of approval of the condensed consolidated interim financial statements, such legal proceedings are still in process. Based on the information available and advice from the Company's legal counsel, the Board considered that there is reasonable merit in the defence to the proceedings.

As such, the Board is of the view that such claims and litigations 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.

24. FAIR VALUE MEASUREMENT

Financial assets and liabilities measured at fair value in the condensed consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability and significance of inputs to the measurements, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and not using significant unobservable inputs.
- Level 3: significant unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

	Fair value at 30 June 2021 HK\$'000 (unaudited)	Fair value measurement using Level 2 HK\$'000 (unaudited)
Recurring fair value measurement		
Financial assets		
Financial assets at FVOCI:		
– Unlisted securities	1,326	1,326

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
 For the six months ended 30 June 2021

24. FAIR VALUE MEASUREMENT (Continued)

	Fair value at 31 December 2020 HK\$'000 (audited)	Fair value measurement using Level 2 HK\$'000 (audited)
Recurring fair value measurement		
Financial assets		
Financial assets at FVOCI:		
– Unlisted securities	1,297	1,297

There were no transfers between categories during the reporting period.

The methods and valuation techniques used for the purpose of measuring fair values categorised in Level 2 are unchanged compared to the previous reporting periods and are described below:

The financial assets at FVOCI are unlisted securities dominated in US\$. Fair values have been determined by reference to their quoted prices as stated in the bank statements at each of the reporting date and have been translated using the spot foreign currency rates at the end of the reporting periods where appropriate. The effects of non-observable inputs are not significant for the unlisted securities.

Fair value change on unlisted securities is recognised in other comprehensive income and included under "Financial assets fair value reserve".

25. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

As a result of the Accident, regulatory actions were accepted by Geotech Engineering subsequent to the end of the reporting period. Details are as follows:

- (i) Geotech Engineering has accepted regulatory action from the Construction Industry Council to suspend its registration as a registered subcontractor to undertake geotechnical works under the category of general civil works with specialty in geotechnical works under the Registered Specialist Trade Contractors Scheme for a period of 6 months with effect from 6 July 2021. For further details, please refer to the announcement of the Company dated 5 July 2021; and
- (ii) Geotech Engineering has also accepted regulating actions from the DB to (i) voluntarily refrain from tendering for public works contracts under the LPR category for a period of 8 months with effect from and including 4 August 2021; and (ii) conduct, at its own expense, an independent safety audit at site level so as to demonstrate proper execution of works at height. For further details, please refer to the announcement of the Company dated 30 July 2021.

These regulatory actions would not affect the operation of the Group's current projects.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2021, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) which have been (i) notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) which, pursuant to Section 352 of the SFO, have been entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as a code of conduct of the Company for Directors' securities transaction, notified to the Company and the Stock Exchange were as follows:

Long position in the Shares

Name of Director	Capacity/ Nature of interest	No. of Shares held/ interested in	Approximate percentage of shareholding
Mr. Chen Zhi	Interests in controlled corporation (<i>note</i>)	920,480,000	54.79%

Note: 920,480,000 shares are held by Star Merit Global Limited ("Star Merit"), representing approximately 54.79% of the entire issued share capital of the Company. Star Merit is wholly and beneficially owned by Mr. Chen Zhi. Therefore, Mr. Chen Zhi is deemed to be interested in all the shares held by Star Merit by virtue of Part XV of the SFO.

Save as disclosed above and so far as is known to the Directors, as at 30 June 2021, none of the Directors nor chief executives of the Company had or was deemed to have any other interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) to be notified to the Company and the Stock Exchange under the Model Code.

CORPORATE GOVERNANCE AND OTHER INFORMATION (Continued)

Substantial Shareholders' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2021, so far as is known to the Directors, the following entity (other than a Director or chief executive of the Company) had, or was deemed to have, interests or short positions (directly or indirectly) in the shares or underlying shares or debentures which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Long position in the Shares

Name of Shareholder	Capacity/ Nature of interest	No. of Shares held/ interested in	Approximate percentage of shareholding
Star Merit	Beneficial owner	920,480,000	54.79%

Save as disclosed above and so far as is known to the Directors, as at 30 June 2021, the Directors were not aware of any other entity which or person other than a Director or chief executive of the Company who had, or was deemed to have an interest or a short position in the shares or the underlying shares or debentures of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO.

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 Company's 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION (Continued)

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 Company's shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a trading day; (ii) the average of the closing prices of the Company's 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 report.

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 to be paid by each grantee upon acceptance of an offer for grant of each share option is HK\$1.00.

There were no options outstanding as at 30 June 2021 (31 December 2020: nil) and no share options were granted, exercised, cancelled or lapsed during the six months ended 30 June 2021. 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.

Changes in Information of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors subsequent to the date of the 2020 annual report of the Company are set out below:

The basic annual salary of Mr. Kung Ho Man has been changed to HK\$1,800,000 with effect from 1 September 2021.

Mr. Chan Tsang Mo resigned as the company secretary of China Oil Gangran Energy Group Holdings Limited (stock code: 8132), the shares of which are listed on GEM Board of the Stock Exchange with effect from 4 August 2021.

CORPORATE GOVERNANCE AND OTHER INFORMATION (Continued)

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 2021. 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 2021.

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 2021.

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 2021.

Significant Events After the Reporting Period

As a result of the Accident, regulatory actions were accepted by Geotech Engineering subsequent to the end of the reporting period. Details are as follows:

- (i) Geotech Engineering has accepted regulatory action from the Construction Industry Council to suspend its registration as a registered subcontractor to undertake geotechnical works under the category of general civil works with specialty in geotechnical works under the Registered Specialist Trade Contractors Scheme for a period of 6 months with effect from 6 July 2021. For further details, please refer to the announcement of the Company dated 5 July 2021; and
- (ii) Geotech Engineering has also accepted regulating actions from the DB to (i) voluntarily refrain from tendering for public works contracts under the LPR category for a period of 8 months with effect from and including 4 August 2021; and (ii) conduct, at its own expense, an independent safety audit at site level so as to demonstrate proper execution of works at height. For further details, please refer to the announcement of the Company dated 30 July 2021.

These regulatory actions would not affect the operation of the Group’s current projects.

CORPORATE GOVERNANCE AND OTHER INFORMATION (Continued)

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 report, 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 2021 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 2021 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, 27 August 2021