

GEOTECH HOLDINGS LTD:
A HANDMAIDEN OF THE HONGKONG GOVERNMENT

For the Financial Year, ending December 31, 2017, one may expect that the Net Profit Attributable to Shareholders of Geotech Holdings Ltd () (Code: 1707, Main Board, The Stock Exchange of Hongkong Ltd) to be materially affected by two independent factors:

1. Listing expenses; and,
2. Insufficient manpower to deal with two new projects, both of which were awarded at the start of the second quarter of the 2016 Financial Year and both of which had to be outsourced to subcontractors.

The above was made very apparent in the Share Offer Prospectus of Geotech Holdings Ltd, dated September 28, 2017.

Geotech Holdings Ltd has a history, dating back to 1994, so that one would have thought that, in view of the undeniable fact that the Company has been in existence for about 23 years, the supposed matter of Management, being caught with its proverbial trousers, down around its ankles – not having sufficient manpower to deal with certain new projects – might turn heads.

The reason that the Management of this Company determined to seek a listing on the premier equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) was, principally, to allow Management to gain relatively easier access to capital markets in order to borrow interest-free cash by issuing the Company's *'paper'*.

(This medium has disregarded the other three reasons, given by Management in deciding to seek a listing on the Main Board of The Stock Exchange of Hongkong Ltd, because they all smack of waffle ... and little else.)

The Initial Public Offering (IPO) Of Geotech Holdings Ltd

Geotech Holdings Ltd pitched its story in its Share Offer Prospectus of September 28, 2017.

In this document, it was stated that the Company was Offering 250 million New, one-cent Shares.

The managing triumvirate, via a holding company, took the opportunity, at the outset of this IPO, to sell 100 million of its existing shares.

Investors of the HKSAR were Offered 35 million Shares (the Public Offer tranche) and the remaining 315 million Shares were reserved to be placed with, presumably, well-heeled investors (the Placing tranche).

The Indicative Offer Price Per Share was set by Management as not being less than 34 cents and not being in excess of 42 cents.

On October 11, 2017, Management announced that the Offer Price Per Share had been struck at the top end of the Indicative Offer Price range: 42 cents.

The Allotment Results Announcement stated that the Company anticipated the net proceeds from this cash-raising exercise to be about \$HK72.50 million.

The Public Offer tranche, one was told in this Announcement, had been over-subscribed by about 190.80 times, while the Placing tranche had been '*moderately over-subscribed*'.

The Net Proceeds of the IPO are expected to be utilised as follows, according to Page Six of the Allotment Results Announcement:

- Approximately, \$HK43.90 million, that is about 60.60 percent, '*will be used for satisfying Specific Working Capital Requirements associated with undertaking more new tender contracts in both public and private sectors that we plan to tender by 31 December 2018*';
- Approximately, \$HK14.30 million, that is about 19.70 percent, '*will be used to finance the site facilities and equipment prior to the commencement of works for the additional new tender contracts to be engaged in relation to our expansion by 31*

December 2018'; and,

- Approximately, \$HK14.30 million, that is about 19.70 percent, *'will be allocated for the recruitment for new projects we plan to tender by 31 December 2019'.*

The Business Of Geotech Holdings Ltd

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