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**英達公路再生科技(集團)有限公司**  
 Freetech Road Recycling Technology ( Holdings ) Limited  
*(incorporated in the Cayman Islands with limited liability)*  
**(stock code: 6888)**

**ANNOUNCEMENT OF INTERIM RESULTS  
 FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020**

The board of directors (the “Board”) of Freetech Road Recycling Technology (Holdings) Limited (the “Company”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six-month period ended 30 June 2020 (the “Period”).

**FINANCIAL HIGHLIGHTS**

	Six-month period ended		Increase/ (decrease)
	30 June		
	2020 Unaudited HK\$'000	2019 Unaudited HK\$'000	
Revenue	113,631	118,778	(4.3%)
Gross profit	7,978	20,208	(60.5%)
Loss attributable to owners of the Company	(24,165)	(29,774)	(18.8%)
Loss per share (Basic) (HK cents)	(2.28)	(2.80)	(18.6%)
Gross profit margin <sup>1</sup>	7.0%	17.0%	

<sup>1</sup> (gross profit/revenue) x 100%

## FINANCIAL RESULTS

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six-month period ended 30 June 2020

		Six-month period ended	
		30 June	
		2020	2019
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
REVENUE	3	<b>113,631</b>	118,778
Cost of sales		<b>(105,653)</b>	(98,570)
Gross profit		<b>7,978</b>	20,208
Other income	4	<b>6,333</b>	2,709
Other gains and losses, net	5	<b>(269)</b>	(43)
Reversal of/(provision for) impairment losses on financial assets		<b>13,500</b>	(13,344)
Selling and distribution costs		<b>(9,144)</b>	(10,282)
Administrative expenses		<b>(34,822)</b>	(33,246)
Research and development costs		<b>(9,926)</b>	(3,463)
Other expenses		<b>(511)</b>	(17)
Share of losses of joint ventures		<b>(1,897)</b>	(3,614)
Finance costs	6	<b>(2,743)</b>	(3,287)
LOSS BEFORE TAXATION	7	<b>(31,501)</b>	(44,379)
Taxation	8	<b>(2,717)</b>	519
LOSS FOR THE PERIOD		<b>(34,218)</b>	(43,860)

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six-month period ended 30 June 2020*

	Six-month period ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
LOSS FOR THE PERIOD	<b>(34,218)</b>	(43,860)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		
<i>Item that will not be reclassified to profit or loss:</i>		
Exchange differences arising from translation	(13,469)	(1,024)
Fair value loss on investments in equity instruments at fair value through other comprehensive income	(516)	(299)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	<b>(13,985)</b>	(1,323)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<b>(48,203)</b>	(45,183)
Loss for the period attributable to:		
Owners of the Company	(24,165)	(29,774)
Non-controlling interests	(10,053)	(14,086)
	<b>(34,218)</b>	(43,860)
Total comprehensive income for the period attributable to:		
Owners of the Company	(37,428)	(31,314)
Non-controlling interests	(10,775)	(13,869)
	<b>(48,203)</b>	(45,183)
LOSS PER SHARE	<i>10</i>	
Basic	<b>HK(2.28) cents</b>	HK(2.80) cents
Diluted	<b>HK(2.28) cents</b>	HK(2.80) cents

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2020 (Unaudited) HK\$'000	31 December 2019 (Audited) HK\$'000
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	155,648	164,588
Investment property	11	239,259	244,173
Right-of-use assets		13,514	15,093
Goodwill		6,150	6,150
Other receivables	13	9,851	9,168
Other intangible assets		182	228
Prepayments and deposits for acquisition of land use rights and other intangible assets		5,984	6,123
Interests in joint ventures		26,929	27,542
Deferred tax assets		581	942
Equity instruments at fair value through other comprehensive income		7,428	7,976
Contract assets		12,912	17,329
		<b>478,438</b>	499,312
<b>CURRENT ASSETS</b>			
Inventories		49,529	44,261
Bills and trade receivables	12	106,346	112,595
Contract assets		145,272	269,402
Prepayments, deposits and other receivables	13	42,774	44,216
Time deposits		25,175	15,120
Pledged bank deposits		25,870	24,135
Financial assets at fair value through profit or loss		35,026	39,200
Bank balances and cash		124,768	177,571
		<b>554,760</b>	726,500
<b>CURRENT LIABILITIES</b>			
Bills, trade and other payables	14	240,347	346,674
Contract liabilities		1,103	3,601
Lease liabilities		2,358	2,445
Taxation payable		762	4,819
Bank borrowings		80,997	110,880
		<b>325,567</b>	468,419
<b>NET CURRENT ASSETS</b>		<b>229,193</b>	258,081
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>707,631</b>	757,393

		<b>30 June 2020 (Unaudited) HK\$'000</b>	31 December 2019 (Audited) HK\$'000
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		<b>24,755</b>	25,254
Lease liabilities		<b>2,055</b>	3,103
		<u><b>26,810</b></u>	<u>28,357</u>
		<u><b>680,821</b></u>	<u>729,036</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	<i>15</i>	<b>107,900</b>	107,900
Reserves		<b>552,501</b>	589,941
		<u><b>660,401</b></u>	<u>697,841</u>
Attributable to owners of the Company		<b>20,420</b>	31,195
Non-controlling interests		<u><b>680,821</b></u>	<u>729,036</u>
Total equity		<u><b>680,821</b></u>	<u>729,036</u>

# NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 8 June 2011 under the Companies Law, Chapter 22 of the Cayman Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. During the period, the Group were principally engaged in the manufacturing and sale of road maintenance equipment and provision of road maintenance services in the People's Republic of China (the "PRC").

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis, except for investment property and financial instruments which measured at fair values.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six-month period ended 30 June 2020 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2019.

### Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 7, HKFRS 9 and HKAS 39	Interest Rate Benchmark Reform
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 16	COVID-19-Related Rent Concessions
Conceptual Framework for Financial Reporting (Revised)	

The amendments are not yet effective for the current accounting period but early adopted by the Group.

The application of the new and amendments to HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

### 3. REVENUE AND SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

Maintenance services	—	Provision of road maintenance services
Sale of equipment	—	Manufacturing and sale of road maintenance equipment

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment loss, which is a measure of adjusted loss before tax. The adjusted loss before tax is measured consistently with the Group's loss before tax except that interest income, exchange differences, share of losses of joint ventures, finance costs, as well as head office and corporate expenses are excluded from such measurement.

#### Geographic information

The Group's revenue from external customers is derived substantially from its operations in the PRC, and the non-current assets of the Group are substantially located in the PRC.

#### Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue for the six-month periods ended 30 June 2020 and 2019 is set out below:

	Six-month period ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Customer A — Provision of road maintenance services	<u>36,268</u>	<u>47,878</u>

For the six-month period ended 30 June 2020

	Maintenance services (Unaudited) <i>HK\$'000</i>	Sale of equipment (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
<b>Segment revenue:</b>			
Sales to external customers	85,575	28,056	113,631
Other revenue	714	42	756
	<u>86,289</u>	<u>28,098</u>	<u>114,387</u>
Revenue	86,289	28,098	114,387
Allocated corporate expenses	(112,185)	(29,943)	(142,128)
	<u>(25,896)</u>	<u>(1,845)</u>	<u>(27,741)</u>
<b>Segment results</b>			
	<u>(25,896)</u>	<u>(1,845)</u>	<u>(27,741)</u>
<i>Reconciliation:</i>			
Interest income			5,577
Finance costs			(2,743)
Unallocated corporate expenses			(4,697)
Share of losses of joint ventures			(1,897)
			<u>(1,897)</u>
Loss before tax			<u><u>(31,501)</u></u>
<b>Other segment information:</b>			
Impairment losses (reversed)/recognised in respect of trade receivables, contract assets and other receivables	(14,387)	887	(13,500)
Depreciation and amortisation	11,132	1,849	12,981
Capital expenditure*	5,292	1,927	7,219

\* Capital expenditure consists of additions to property, plant and equipment, investment property, land use rights and other intangible assets.



For the six-month period ended 30 June 2019

	Maintenance services (Unaudited) <i>HK\$'000</i>	Sale of equipment (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
<b>Segment revenue:</b>			
Sales to external customers	94,611	24,167	118,778
Other revenue	<u>311</u>	<u>311</u>	<u>622</u>
Revenue	94,922	24,478	119,400
Allocated corporate expenses	<u>(130,296)</u>	<u>(21,733)</u>	<u>(152,029)</u>
<b>Segment results</b>	<u>(35,374)</u>	<u>2,745</u>	<u>(32,629)</u>
<i>Reconciliation:</i>			
Interest income			2,087
Finance costs			(3,287)
Unallocated corporate expenses			(6,936)
Share of losses of joint ventures			<u>(3,614)</u>
Loss before tax			<u><u>(44,379)</u></u>
<b>Other segment information:</b>			
Impairment losses (reversed)/recognised in respect of trade receivables, contract assets and other receivables	18,440	(5,096)	13,344
Depreciation and amortisation	15,717	1,516	17,233
Capital expenditure*	13,928	46	13,974

\* Capital expenditure consists of additions to property, plant and equipment, investment property, land use rights and other intangible assets.

#### 4. OTHER INCOME

	Six-month period ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Government grants ( <i>Note</i> )	615	615
Interest income	5,577	2,087
Others	141	7
	<u>6,333</u>	<u>2,709</u>

*Note:* The government grants mainly represent unconditional subsidies from PRC local governments to encourage the operations of certain subsidiaries. The government grants are accounted for as immediate financial support with no future related costs expected to be incurred and are not related to any assets.

#### 5. OTHER GAINS AND LOSSES, NET

	Six-month period ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Write off of property, plant and equipment	–	(31)
Net foreign exchange losses	(49)	–
Donation	(220)	(12)
	<u>(269)</u>	<u>(43)</u>

#### 6. FINANCE COSTS

	Six-month period ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Interest on:		
— Bank borrowings	2,644	3,193
— Lease liabilities	99	94
	<u>2,743</u>	<u>3,287</u>

## 7. LOSS BEFORE TAXATION

The Group's loss before taxation is arrived at after charging/(crediting):

	Six-month period ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Depreciation of property, plant and equipment	11,615	16,060
Depreciation of right-of-use assets	1,305	1,098
Amortisation of other intangible assets	61	75
Minimum lease payments under operating leases of land and buildings	892	1,510
Write off of property, plant and equipment	–	31
Reversal of impairment losses on trade receivables and contract assets	(15,488)	(5,053)
Provision for impairment losses on other receivables	1,988	18,397
Foreign exchange differences, net	49	–
	<u>          </u>	<u>          </u>

## 8. TAXATION

The charge comprises:

	Six-month period ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
PRC Enterprise Income Tax (“EIT”):		
— Current tax	1,051	997
— Under provision in prior years	2,109	–
— Over provision in prior years	–	(1,683)
	<u>          </u>	<u>          </u>
	3,160	(686)
Deferred tax (credit)/charge	(443)	167
	<u>          </u>	<u>          </u>
	<u>2,717</u>	<u>(519)</u>

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the condensed consolidated financial statements since there is no tax assessable profit for the six-month periods ended 30 June 2019 and 2020.

Except as described below, provision for PRC EIT is made based on the estimated taxable income for PRC taxation purposes at 25% pursuant to the Law of the PRC on Enterprise Income Tax and Implementation Regulation.

英達熱再生有限公司 Freetech Road Recycling Corporation (“Freetech Road Recycling”) was recognised as a High-Tech company in 2010, 2014 and 2017 respectively and the applicable tax rate is 15% from 1 January 2010 to 31 October 2020.

南京英達公路養護車製造有限公司 Nanjing Freetech Road Maintenance Vehicle Manufacturing Corporation (“Freetech Manufacturing”) was recognised as a High-Tech company in 2009, 2012, 2015 and 2018 respectively and the applicable tax rate is 15% from 1 January 2009 to 3 November 2021.

## 9. DIVIDENDS

At a meeting of the board of directors held on 28 August 2020, the directors resolve not to pay any interim dividend to shareholders (six-month period ended 30 June 2019: Nil).

## 10. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

### Loss

	<b>Six-month period ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Loss for the purposes of calculating basic and diluted loss per share		
— attributable to the owners of the Company	<b>(24,165)</b>	<b>(29,774)</b>

### Number of shares

	<b>Six-month period ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Weighted average number of ordinary shares in issue less shares held under share award scheme during the period for the purpose of calculating basic loss per share	<b>1,061,541,000</b>	1,061,630,000
Effect of dilutive potential ordinary shares:		
Unvested share award	<b>—</b>	<b>—</b>
Weighted average number of ordinary shares for the purpose of calculating diluted loss per share	<b>1,061,541,000</b>	1,061,630,000

The computation of diluted loss per share for the six month period ended 30 June 2020 and 30 June 2019 did not assume the exercise of the Company’s outstanding share options and the share award as that would decrease the loss per share for the period presented.

## 11. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

During the six-month period ended 30 June 2020, the Group acquired property, plant and equipment, and investment property of HK\$6,661,000 and HK\$558,000, respectively (six-month period ended 30 June 2019: HK\$1,142,000 and HK\$12,832,000).

The fair value of the Group's investment property was arrived at on the basis of a valuation carried out at the end of the reporting period by Beijing Huaya Zhengxin Assets Appraisal Co., Ltd. (北京華亞正信資產評估有限公司), who is a firm of independent valuer qualifications, on market value basis. There is no changes in fair value of investment property for the six-month period ended 30 June 2020 (six-month period ended 30 June 2019: Nil).

## 12. BILLS AND TRADE RECEIVABLES

	<b>30 June 2020 (Unaudited) HK\$'000</b>	31 December 2019 (Audited) HK\$'000
Trade receivables	<b>102,625</b>	112,147
Bills receivables	<b>3,721</b>	448
	<b><u>106,346</u></b>	<u>112,595</u>

The following is an aged analysis of bills receivables at the end of the reporting period:

	<b>30 June 2020 (Unaudited) HK\$'000</b>	31 December 2019 (Audited) HK\$'000
0 to 180 days	<b><u>3,721</u></b>	<u>448</u>

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The Group's trade customers are principally government agencies. The credit period is determined on a case by case basis, subject to the fulfillment of conditions as stipulated in the respective sales contracts. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates:

	<b>30 June 2020 (Unaudited) HK\$'000</b>	31 December 2019 (Audited) HK\$'000
Within 3 months	15,657	51,034
3 to 12 months	33,798	16,069
1 to 2 years	15,018	22,037
Over 2 years	38,152	23,007
	<u>102,625</u>	<u>112,147</u>

As at 30 June 2020, included in the trade receivables are amounts due from the Group's related companies of HK\$17,648,000 (31 December 2019: HK\$11,261,000), which are repayable on credit terms similar to those offered to the major customers of the Group.

### 13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<b>30 June 2020 (Unaudited) HK\$'000</b>	31 December 2019 (Audited) HK\$'000
Other receivables	29,806	36,946
Portion classified as non-current assets	<u>(9,851)</u>	<u>(9,168)</u>
Current portion	19,955	27,778
Prepayments and deposits	21,744	15,222
Tax recoverable	1,075	1,216
	<u>42,774</u>	<u>44,216</u>

At 30 June 2020, included in the Group's prepayments, deposits and other receivables are amounts due from related companies of HK\$2,074,000 (31 December 2019: HK\$628,000), which are unsecured, interest-free and have no fixed terms of repayment.

### 14. BILLS, TRADE AND OTHER PAYABLES

	<b>30 June 2020 (Unaudited) HK\$'000</b>	31 December 2019 (Audited) HK\$'000
Bills payable	19,173	28,502
Trade payables	166,727	253,727
Other tax payables	13,019	16,101
Other payables and accrued charges	41,428	48,344
	<u>240,347</u>	<u>346,674</u>

The following is an aged analysis of bills payable at the end of the reporting period:

	<b>30 June 2020 (Unaudited) HK\$'000</b>	31 December 2019 (Audited) HK\$'000
0 to 180 days	<b>19,173</b>	28,502

An aged analysis of the Group's trade payables at the end of the reporting period, based on the invoice date, is as follows:

	<b>30 June 2020 (Unaudited) HK\$'000</b>	31 December 2019 (Audited) HK\$'000
Within 3 months	<b>60,405</b>	141,819
3 to 12 months	<b>70,674</b>	68,075
1 to 2 years	<b>16,110</b>	23,126
Over 2 years	<b>19,538</b>	20,707
	<b>166,727</b>	253,727

The trade payables are non-interest-bearing and are normally settled on terms ranging from 30 to 180 days.

As at 30 June 2020, included in the Group's trade payables are amounts due to related companies of approximately HK\$4,167,000 (31 December 2019: HK\$4,264,000), which are repayable within 90 days, which represents credit terms similar to those offered by the related companies to their major customers.

As at 31 December 2019, included in the Group's other payables and accrued charges is an amount due to a related party of approximately HK\$65,000 which is unsecured, interest-free and have no fixed terms of repayment.

As at 30 June 2020, included in the Group's, other payables and accrued charges is an amount due to a non-controlling shareholder of approximately HK\$25,763,000 (31 December 2019: HK\$26,226,000) which is unsecured, interest-free and have no fixed terms of repayment.

## 15. SHARE CAPITAL

### Shares

	<b>30 June 2020 (Unaudited) HK\$'000</b>	31 December 2019 (Audited) HK\$'000
Authorised: 10,000,000,000 (31 December 2019: 10,000,000,000) ordinary shares of HK\$0.10 each	<u><b>1,000,000</b></u>	<u>1,000,000</u>
Issued and fully paid: 1,079,000,000 (31 December 2019: 1,079,000,000) ordinary shares of HK\$0.10 each	<u><b>107,900</b></u>	<u>107,900</u>

## 16. COMMITMENTS

The Group had the following commitments as at the end of the reporting period:

	<b>30 June 2020 (Unaudited) HK\$'000</b>	31 December 2019 (Audited) HK\$'000
Contracted, but not provided for:		
Land use rights	<b>14,303</b>	14,636
Property, plant and equipment	<b>12,286</b>	11,345
Capital contribution payable to an equity instrument at fair value through other comprehensive income	<u><b>315</b></u>	<u>315</u>
	<u><b>26,904</b></u>	<u>26,296</u>



## **BUSINESS REVIEW**

The board of directors (the “Board”) is pleased to present the unaudited consolidated interim results of Freetech Road Recycling Technology (Holdings) Limited (the “Company”) and its subsidiaries (collectively, the “Group”) for the six-month period ended 30 June 2020 (the “Period”).

The year of 2020 is the year that the Ministry of Transport of the People’s Republic of China (the “PRC”) will perform large scale road inspections once every five years on highways and to inspect the quality and condition of the road maintenance work. It is also the concluding year for the general development of a moderately prosperous society and the “13th Five-year Plan”, as well as a decisive year for winning the critical battle for prevention and treatment of pollution. However, the COVID-19 outbreak in early 2020 is a black swan event that has caused significant and far-reaching impacts on the economy of the PRC and the world. Many provinces and municipalities in the PRC have implemented emergency public health measures since January 2020, which include, among other things, imposing quarantine orders and travel restrictions. The travel restrictions were gradually lifted in second quarter of 2020, the business operation and production gradually return to normal, a positive trend of ongoing recovery has emerged in the PRC economy. However, due to: (1) the quarantine orders and travel restrictions; and (2) the bad weather condition on the construction site of the Group’s road maintenance projects, the provision of road maintenance services for the “Hot-in-Place” projects on hand of the Group were delayed to the second half of 2020, the asphalt pavement maintenance (“APM”) services sector recorded a decrease in revenue. In addition, the APM equipment segment recorded an increase in revenue, contributed by the Group’s diversified product range strategy, more revenue contributed by the new product launched into the market in the recent years. The Group also recorded a reversal of expected credit loss of trade receivables and contracts assets for the Period due to collection of these outstanding balances had improved after Premier Li Keqiang reiterated that local government shall settle their overdue debts due to private enterprises by the end of the year during the executive meeting of the State Council convened on 8 January 2020.

During the Period, the Group’s operating revenue was approximately HK\$113.6 million, representing a decrease of approximately 4.3%, as against the corresponding period of 2019. Total loss attributable to owners of the Company was approximately HK\$24.2 million, representing a decrease of approximately 18.8%, as against the corresponding of 2019.

### **APM Services**

During the Period, due to the outbreak of COVID-19 in January 2020 and the bad weather condition on the construction site of the Group’s road maintenance projects, the Group has delayed the road maintenance projects on hand until the second half of 2020. The total serviced area of “Hot-in-Place” projects of the Group was decreased from 0.8 million square meters during the six-month period ended 30 June 2019 to 0.7 million square meters during the Period, representing a decrease of approximately 12.5%.

In addition, the revenue of non-“Hot-in-Place” projects contributed by Tianjin Expressway Maintenance Company Limited (天津市高速公路養護有限公司) (“Tianjin Expressway Maintenance”), a non-wholly owned subsidiary of the Group, was slightly increased by 4.7% as against the corresponding period of 2019. The APM services segment recorded revenue of approximately HK\$85.6 million, representing a decrease of 9.6% as against the corresponding period of 2019. Despite the decrease in the total serviced area of “Hot-in-Place” projects, the Group has continued to be a leading integrated solution provider using “Hot-in-Place” recycling technology in the APM industry in the PRC.

## **APM Equipment**

The APM equipment segment of the Group recorded revenue of HK\$28.1 million, representing an increase of 16.1% as against the corresponding period of 2019, which was primarily due to the Group’s diversified product range strategy, more revenue contributed by the new product launched into the market in the recent years.

## **Research and Development**

To maintain our leading position in using “Hot-in-Place” recycling technology in the APM industry, the Group continued to place emphasis on technological innovation.

### *New Patents*

During the Period, despite the decrease in the Group’s operating revenue, the Group continued to invest resources in research and development. As at 30 June 2020, it had registered 176 patents (as at 31 December 2019: 168), of which 18 were invention patents (as at 31 December 2019: 18), 133 were utility model patents (as at 31 December 2019: 127) and 25 were design patents (as at 31 December 2019: 23). Besides, it had 24 pending patent applications (as at 31 December 2019: 24), of which 13 invention patents and 11 utility model patents (as at 31 December 2019: 10 invention patents, 12 utility model patents and 2 design patents).

During the Period, the Group consistently enhanced its investment in research and development, further strengthening its research and development capabilities, and enabling it to overcome certain technological limitations in the APM service industry. In the APM standard series, the Group had developed new asphalt hopper reheating technologies that it can shorten the heating time to 50% of the original method. This further strengthen our competitiveness and improve our customer working efficiency.

In cleansing series, the Group further enriched our cleansing series such as mechanical sweeper which is particularly suitable for large and bulky garbage, 100% electric garbage vacuum machine for municipal side walk cleaning. In addition, the Group also developed new valuable functions like disinfection system, water recycling system which have high demand from the customers.

## *Others*

With strong research and development capabilities, the Group is able to adopt the most advanced technologies in the APM industry, provides customised solutions to its clients and maintain its competitive edges and leading status in the APM industry by using the recycling technology.

## **OUTLOOK**

Year 2020 is not only the end of the PRC's "13th Five-year Plan", it is also the planning year for the PRC's "14th Five-year Plan". The pursuit of sound and scientific environmental governance plans with an emphasis on pollution treatment in a precise, scientific and lawful manner shall be the main target of the "14th Five-year Plan". Thus, the PRC government will continue to develop green economy and adopt higher standard for environmental standards. With our patent "Hot-in-Place" recycling technology and other new products, the Group will benefit from the increasing demand for APM and the favourable environment in the PRC, especially those using the recycling technologies.

First, as at 31 December 2019, China has the longest expressway and the second longest highway (in terms of mileage) in the world. The overall growth of the APM industry in the PRC remains sustainable and the existing penetration rate of recycling technology (including the Group's "Hot-in-Place" recycling technology) is still minimal and has significant potential for expansion. In addition, the Ministry of Transport will perform road inspections on highways in the second half of 2020 to inspect the quality and condition of the road maintenance work. Therefore, it offers us the largest road maintenance market and huge room to grow. Secondly, subsequent to the Company's sale of a modular series equipment to a customer in the Republic of Korea and standard series equipment to customers in Macau, Malaysia and Taiwan, the Company will continue to explore the overseas business opportunities and strategic cooperation with other companies, such as some listed companies and large-scale or state-owned enterprises. Third, the Group will continue to leverage on its state-owned partners' overseas channels to explore overseas business opportunities. The Group is making an effort to promote its overseas business opportunities in the countries along the "One Belt One Road" and four Asian tigers. In light of these, the Group is well positioned to benefit from the government's policies and the positive development prospects in the environmental protection sector.

As a leading provider of the "Hot-in-Place" recycling technology in the APM sector and a provider of one-stop solution covering "testing, planning, equipment and construction", the Group will leverage on its competitive advantages and implement favourable policies to achieve a healthy growth in its business. The Group plans to enhance its market position, enter into new markets and enlarge its share in existing markets by the following means:

1. it will increase market penetration, particularly in cities where the use of "Hot-in-Place" recycling technology is currently relatively limited;
2. it will focus on the cities which will hold major events to gain and complete projects of high awareness;
3. it will diversify its product range and developed new product in road industry;

4. it will continue to invest on its testing and planning department by devoting more equipment and staff so as to enhance its one-stop solution and generate new revenue stream which is road doctor consultant services;
5. it will further optimize its techniques and technologies to lower the construction costs;
6. it will grasp the opportunities in the wave of state-owned enterprise reforms to acquire more maintenance companies in the express highway sector; and
7. it will leverage on its state-owned partners' overseas channels to expand the international APM equipment and services market.

In addition, the Group has started planning the development of the investment property acquired by the Group at lot 04-05 and 04-06 of Jiangxinzhou, Jianye District, Nanjing, the PRC (中國南京市建鄴區江心洲) in December 2016. The investment property will be developed into the global technology research and development centre of the Group. The investment property will not only enable the Group to enhance its research and development capabilities, but also has good potential as a long term investment.

Looking into the future, the Group holds confidence in its business prospects and will strive to provide higher returns for its shareholders with the principle of “Efficient use of technology to create multi-win situations” (“善用科技，共創多贏”).

## **FINANCIAL PERFORMANCE REVIEW**

The Group consists of two main business segments: the APM service segment, where it provides APM services under its registered trademark 公路醫生® (Road Doctor) to repair damaged asphalt pavement surfaces, and the APM equipment segment, where it manufactures and sells a wide range of APM equipment.

The following is a description of the Group's operating activities during the Period, with comparisons against the corresponding period for 2019.

## REVENUE

### a. APM Services

	Six-month period ended 30 June 2020		2019		Increase/ (decrease)
	Unaudited HK\$'000	Area serviced (square meters'000)	Unaudited HK\$'000	Area serviced (square meters'000)	
<b>Revenue (net of VAT)</b>					
“Hot-in-Place” Projects	40,053	691	51,153	786	(21.7%)
Non-“Hot-in-Place” Projects	45,522	–	43,458	–	4.7%
Total	<u>85,575</u>		<u>94,611</u>		(9.6%)

	Six-month period ended 30 June 2020		2019		Increase/ (decrease)
	Unaudited HK\$'000	Margin	Unaudited HK\$'000	Margin	
<b>Gross profit</b>					
“Hot-in-Place” Projects	(6,707)	(16.7%)	4,566	8.9%	(246.9%)
Non-“Hot-in-Place” Projects	1,624	3.6%	3,787	8.7%	(57.1%)
Total	<u>(5,083)</u>	<u>(5.9%)</u>	<u>8,353</u>	8.8%	(160.9%)

Revenue for this segment decreased compared with that of the corresponding period in 2019 due to: (1) the outbreak of COVID-19, many provinces and municipalities in the PRC have implemented emergency public health measures since January 2020, which include, among other things, imposing quarantine orders and travel restrictions; and (2) the bad weather condition on the construction site of the Group’s road maintenance projects. Thus, the provision of road maintenance services for the “Hot-in-Place” projects on hand of the Group were delayed to the second half of 2020. The total serviced area of “Hot-in-Place” projects was decreased by approximately 12.5% from 0.8 million square meters during the six-month period ended 30 June 2019 to 0.7 million square meters during the Period. In addition, the provision of road maintenance services for the “Hot-in-Place” projects during the Period were conducted in lower selling price market.

During the Period, the revenue of non-“Hot-in-Place” projects of approximately HK\$45.5 million was contributed by Tianjin Expressway Maintenance and was involved in traditional APM method which the Group will gradually migrate the project of Tianjin Expressway Maintenance from traditional APM method into the Group’s “Hot-in-Place” recycling technology in order to strengthen its profitability.

The gross profit margin of “Hot-in-Place” Projects decreased significantly from 8.9% for the six-month period ended 30 June 2019 to -16.7% during the Period. The decrease in gross profit margin is mainly due to: (1) the decrease in the revenue of “Hot-in-Place” Projects, because the Group will continue to incur fixed cost of sales of this sector despite decrease in revenue; and (2) the provision of road maintenance services for the “Hot-in-Place” projects of the Group during the Period were mainly conducted in lower selling price market and the provision of road maintenance services for the “Hot-in-Place” projects on hand of the Group which have higher selling price were delayed to the second half of 2020.

**b. APM Equipment**

	Six-month period ended 30 June 2020		2019		Increase/ (decrease)
	Unaudited <i>HK\$'000</i>	<i>units/ sets</i>	Unaudited <i>HK\$'000</i>	<i>units/ sets</i>	
<b>Revenue (net of VAT)</b>					
Standard series	24,810	23	20,672	17	20.0%
Modular series	–	–	–	–	–
Repair and maintenance	3,246	N/A	3,495	N/A	(7.1%)
Total	<u>28,056</u>		<u>24,167</u>		<u>16.1%</u>

	Six-month period ended 30 June 2020		2019		Increase/ (decrease)
	Unaudited <i>HK\$'000</i>	<i>Margin</i>	Unaudited <i>HK\$'000</i>	<i>Margin</i>	
<b>Gross profit</b>					
Standard series	10,830	43.7%	9,947	48.1%	8.9%
Modular series	–	N/A	–	N/A	–
Repair and maintenance	2,231	68.7%	1,908	54.6%	16.9%
Total	<u>13,061</u>	<u>46.6%</u>	<u>11,855</u>	<u>49.1%</u>	<u>10.2%</u>

Revenue for the APM equipment segment for the Period was increased by 16.1% as against the corresponding period for 2019 was primarily due to the Group’s diversified product range strategy, more revenue contributed by the new product launched into the market in the recent years. Due to the outbreak of COVID-19, although the manufacturing of equipment was affected by the delay in supply of major equipment components and the signing of the APM equipment sales contract was also affected by the travel restriction in the first five months of 2020, but the manufacturing and sales of APM equipment of the Group resumed normal in June 2020.

The decrease in the gross profit margin for APM equipment from 49.1% in 2019 to 46.6% for the Period was due to the sale of lower gross profit margin of standard series.

## **OTHER INCOME**

Other income were increased by approximately HK\$3.6 million from HK\$2.7 million for the six-month period ended 30 June 2019 to HK\$6.3 million for the Period, primarily due to the increase in the interest income received.

## **REVERSAL OF/(PROVISION FOR) IMPAIRMENT LOSSES ON FINANCIAL ASSETS**

Expected credit loss allowance on financial assets reversed of approximately HK\$13.5 million for the Period, primarily due to the net effect of (i) the expected credit loss allowance of trade receivables and contract assets reversed; and (ii) the recognition of expected credit loss allowance of other receivables. During the six-month period ended 30 June 2019, expected credit loss allowance on financial assets recognised of approximately HK\$13.3 million.

## **SELLING AND DISTRIBUTION COSTS**

The decrease in the selling and distribution costs by HK\$1.2 million from HK\$10.3 million for the six-month period ended 30 June 2019 to HK\$9.1 million for the Period was mainly due to the outbreak of COVID-19 and the implementation of travelling restriction, resulted less travelling and entertainment expenses were incurred.

## **ADMINISTRATIVE EXPENSES**

Administrative expenses were increased by approximately HK\$1.6 million, from HK\$33.2 million for the six-month period ended 30 June 2019 to HK\$34.8 million for the Period was relatively stable.

## **RESEARCH AND DEVELOPMENT COSTS**

Research and development costs were increased by approximately HK\$6.4 million, or approximately 182.9%, from HK\$3.5 million for the six-month period ended 30 June 2019 to HK\$9.9 million for the Period, primarily due to more costs incurred in: (1) the diversification of the product range of the Group in road industry; and (2) the development of automated and smart functions in the Group's products in order to reduce cost and provide higher quality services.

## **FINANCE COSTS**

Finance costs were decreased by approximately HK\$0.6 million, or approximately 18.2%, from HK\$3.3 million for the six-month period ended 30 June 2019 to HK\$2.7 million for the Period, primarily due to decrease in bank borrowing amount.

## **SHARE OF LOSSES OF JOINT VENTURES**

The Group's share of losses from the joint ventures was approximately HK\$1.9 million for the Period, decreased by approximately HK\$1.7 million, as against the corresponding period of 2019 primarily due to the more road maintenance projects performed by the joint ventures as the Ministry of Transport of the PRC will perform large scale road inspections once every five years on highways in the second half of 2020.

## **TAXATION**

Taxation was increased by approximately HK\$3.2 million, from reversal of taxation of approximately HK\$0.5 million for the six-month period ended 30 June 2019 to taxation expense of approximately HK\$2.7 million for the Period, which is mainly due to the net effect of: (1) underprovision of taxation in the year ended 31 December 2019; and (2) profit making of some of the subsidiaries during the Period.

## **LOSS**

Loss attributable to owners of the Company was decreased by approximately HK\$5.6 million, or approximately 18.8%, from approximately HK\$29.8 million for the six-month period ended 30 June 2019 to approximately HK\$24.2 million for the Period, primarily due to the net effect of (i) the decrease in revenue of APM services segment; (ii) the recognition of reversal of expected credit loss allowance of trade receivables and contract assets; and (iii) more research and development cost incurred.

## **LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

As at 30 June 2020, the Group's bank balances and cash, time deposits, pledged bank deposits and financial assets at fair value through profit or loss amounted to approximately HK\$210.8 million (as at 31 December 2019: HK\$256.0 million). The decrease was primarily due to the net effect of (1) net cash used in the operating activities; (2) the purchase of property, plant and equipment; and (3) the repayment of bank borrowings. As at 30 June 2020, the bank borrowings of the Group amounted to HK\$81.0 million (as at 31 December 2019: HK\$110.9 million). As at 30 June 2020 and 31 December 2019, the Group was in a net cash position.

After Premier Li Keqiang has reiterated the settlement of overdue debts of local government to private enterprises during the State Council Executive Meeting of the PRC on 8 January 2020, the collection of the Group's outstanding trade receivables balances continued to improve during the Period. In addition, due to the effect of the gross carrying amount of trade receivables and contract assets balance as at 31 December 2019 which were due to receive during the Period and decrease in the APM services projects performed during the Period, these balances was decreased by HK\$158.3 million, or approximately 20.3%, from HK\$778.8 million as of 31 December 2019 to HK\$620.5 million as of 30 June 2020. The contract assets balance also includes some retention money withheld by the customers (5% to 10% of the contract price which is to be paid after the expiration of the warranty period) which was not yet past due. As at the latest practicable date, customers had subsequently settled trade receivables amounting to HK\$48.1 million (equivalent to approximately RMB43.9 million).

As at 30 June 2020, the Group's liquidity position remained stable and the Group strives to efficiently use its financial resources and adopts a prudent financial policy in order to maintain a healthy capital ratio and support its business expansion requirements.



## INTEREST-BEARING BANK BORROWINGS

As at 30 June 2020, the Group had total debt of HK\$81.0 million (as at 31 December 2019: HK\$110.9 million), which was unsecured interest-bearing bank borrowings.

As at 30 June 2020, bank balances of approximately HK\$25.9 million (as at 31 December 2019: HK\$24.1 million) was pledged to secure general banking facilities granted to the Group.

The maturity profile of the interest-bearing bank borrowing as at 31 December 2019 and 30 June 2020 were repayable within one year or on demand.

## USE OF PROCEEDS RAISED FROM INITIAL PUBLIC OFFERING (“IPO”)

The Group received approximately net proceeds of HK\$687.0 million, after deducting underwriting fees and other related expenses, from the Company’s IPO. These net proceeds were applied up to the period ended 30 June 2020 in the manner as stated in the prospectus of the Company dated 14 June 2013, as follows:

	<b>Net Proceeds</b>		
	<b>Available</b>	<b>Utilised</b>	<b>Unutilised</b>
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Investment in research and development activities	137.4	137.4	–
Establishing joint ventures and expanding APM service teams	137.4	98.6	38.8
Manufacturing APM equipment and expanding our APM service teams	103.1	103.1	–
Acquisitions of other APM service providers	103.0	53.6	49.4
Constructing new production facility	68.7	68.7	–
Establishing sales offices in new markets and marketing expenses	68.7	68.7	–
General corporate purposes and working capital requirements	68.7	68.7	–
	<u>687.0</u>	<u>598.8</u>	<u>88.2</u>

The unutilised net proceeds have been deposited into short term deposits in bank accounts maintained by the Group.

As at 30 June 2020, the unutilised net proceeds of about HK\$88.2 million have not yet been used as the Group has not yet identified any ideal joint venture partner for establishing joint ventures and expanding APM service team and any appropriate APM service provider for acquisition which can provide higher returns to the Company’s shareholders. The Group will continue to identify suitable joint venture partner and/or APM service provider.

## **SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

Save as disclosed in this announcement, there were no other significant investments held, nor were there any material acquisitions or disposals of any subsidiaries, associates or joint ventures during the Period. Except as disclosed in this announcement, there was no concrete plan authorised by the Board for other material investments or additions of capital assets as at the date of this announcement.

## **CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

The Group's capital commitments are set out in note 16 to these interim condensed unaudited financial information.

As at 30 June 2020, the Group did not have any material contingent liabilities.

## **FINANCIAL RISK MANAGEMENT**

The Group's business is exposed to a variety of financial risks, such as interest rate risk, foreign currency risk and credit risk.

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank borrowings with a floating interest rate. As at 30 June 2020, 100.0% of the Group's bank borrowings are at fixed interest rate (as at 31 December 2019: 69.7% and 30.3% of the Group's bank borrowings are at fixed interest rate and floating interest rate, respectively). The Group has not used any interest rate swaps to hedge its interest rate risk.

The Group collects most of its revenue in RMB and most of its expenditures as well as capital expenditures are also denominated in RMB. The Group's exposures to foreign currency risk arises mainly from certain bank deposits and interest-bearing bank borrowings denominated in foreign currency of the relevant group entities. As at 30 June 2020, certain time deposit, bank balances and cash, pledged bank deposits and financial assets at fair value through profit or loss of approximately HK\$199,544,000 (as at 31 December 2019: HK\$238,215,000) are denominated in RMB, the remaining balances are mainly denominated in Hong Kong dollars. As at 30 June 2020, the Group's bank borrowings denominated in RMB amounted to HK\$80,997,000 (equivalent to RMB74,000,000) (as at 31 December 2019: HK\$110,880,000 (equivalent to RMB99,000,000)). The Group has not hedged its foreign currency risk. The changes in foreign currency translation reserve during the Period was the result of the depreciation of RMB against Hong Kong dollar as the assets and liabilities of the Group are denominated in RMB, but for the purpose of presenting consolidated financial statements, these assets and liabilities are translated into Hong Kong dollars.

The Group has policies in place to evaluate credit risk when accepting new business and to limit its credit exposure to individual customers.

## **EMPLOYEES AND REMUNERATION**

As at 30 June 2020, the Group had a total of 526 full time employees (as at 31 December 2019: 550). The Group provides competitive remuneration packages to retain its employees including discretionary bonus schemes, medical insurance and other allowances and benefits in kind as well as mandatory provident fund schemes for employees in Hong Kong and state-managed retirement benefit schemes for employees in the PRC.

## **CORPORATE GOVERNANCE CODE**

The Board is committed to achieving a high standard of corporate governance to safeguard the interests of the Company's shareholders and to enhance corporate value and accountability. During the Period, the Company has applied the principles and complied with the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except code provision A.2.1 as more particularly described below.

CG Code provision A.2.1 provides that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The Board considers that the Company is still in its growing stage and it would be beneficial to the Group for Mr. Sze Wai Pan ("Mr. Sze") to assume both roles as the chairman and chief executive officer of the Company since the two roles tend to reinforce each other and are mutually enhancing in respect of the Group's continual growth and development. When the Group has developed to a more sizeable organisation, the Board will consider separating the two roles to be assumed by two individuals. With the strong business experience of directors of the Company, the Group does not expect any issues would arise due to the combined roles of Mr. Sze. The Group also has in place an internal control system to perform a check-and-balance function. There are also three independent non-executive directors on the Board offering strong, independent and differing perspectives. The Board is therefore of the view that there is an adequate balance-of-power and safeguards in place to enable the Company to make and implement decisions promptly and effectively.

## **AUDIT COMMITTEE**

The audit committee of the Company has been set up in accordance with the Listing Rules. The audit committee comprises three independent non-executive directors, namely Ms. Yeung Sum (Chairman), Mr. Tang Koon Yiu Thomas and Dr. Lau Ching Kwong (including one independent non-executive director with the appropriate professional qualifications).

At an audit committee meeting held on 28 August 2020, the audit committee, along with the management of the Company, reviewed the accounting principles and practices adopted by the Group and other financial reporting matters as well as the interim condensed consolidated unaudited financial statements for the Period. The audit committee was satisfied that the financial statements were prepared in accordance with applicable accounting standards and fairly present the Group's financial position and results for the Period.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules.

A specific enquiry has been made to all the directors and the directors have confirmed that they have complied with the Model Code during the Period.

The Company has also established written guidelines on no less exacting terms than the Model Code for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company (the “Employees Written Guidelines”).

No incident of non-compliance with the Employees Written Guidelines was noted by the Company during the Period.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities during the Period.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the Period (for the six-month period ended 30 June 2019: nil).

## **PUBLICATION OF INTERIM RESULTS AND REPORT**

The interim results announcement is published on the website of The Stock Exchange of Hong Kong Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.freetech-holdings.hk](http://www.freetech-holdings.hk).

The interim report of the Company for the six-month period ended 30 June 2020 will be despatched to the shareholders of the Company and published on the above websites in due course.

## **APPRECIATION**

We wish to express our sincere gratitude to our management and staff members for their dedication and hard work during the Period. We would like to extend our thanks to all our business partners, customers and shareholders for their support. We believe that they will continue to render support to the Group for our continuous growth and success in the future.

By order of the Board  
**Freetech Road Recycling Technology (Holdings) Limited**  
**Sze Wai Pan**  
*Chairman and Chief Executive Officer*

Hong Kong, 28 August 2020

*As at the date of this announcement, the executive Directors are Mr. Sze Wai Pan, Ms. Sze Wan Nga and Mr. Chan Kai King; the non-executive Directors are Prof. Tong Wai Cheung Timothy, Dr. Chan Yan Chong and Mr. Wang Lei; and the independent non-executive Directors are Ms. Yeung Sum, Mr. Tang Koon Yiu Thomas and Dr. Lau Ching Kwong.*