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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 2021**

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 2021 (the “Period”).

FINANCIAL HIGHLIGHTS

| | Six-month period ended 30 June | | Increase/ (decrease) |
|--|-----------------------------------|-------------------------------|-------------------------|
| | 2021 Unaudited HK\$'000 | 2020 Unaudited HK\$'000 | |
| Revenue | 130,644 | 113,631 | 15.0% |
| Gross profit | 29,402 | 7,978 | 268.5% |
| Profit/(Loss) attributable to owners of the Company | 1,785 | (24,165) | 107.4% |
| Earnings/(Loss) per share (Basic) (HK cents) | 0.18 | (2.28) | 107.9% |
| Gross profit margin ¹ | 22.5% | 7.0% | |

¹ (gross profit/revenue) x 100%

FINANCIAL RESULTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six-month period ended 30 June 2021

| | | Six-month period ended 30 June | |
|---|-------|-----------------------------------|-------------|
| | | 2021 | 2020 |
| | | (Unaudited) | (Unaudited) |
| | Notes | HK\$'000 | HK\$'000 |
| REVENUE | 3 | 130,644 | 113,631 |
| Cost of sales | | (101,242) | (105,653) |
| Gross profit | | 29,402 | 7,978 |
| Other income | 4 | 5,306 | 6,333 |
| Other gains and losses, net | 5 | (446) | (269) |
| Reversal of impairment losses on financial assets | | 27,809 | 13,500 |
| Selling and distribution costs | | (9,639) | (9,144) |
| Administrative expenses | | (35,975) | (34,822) |
| Research and development costs | | (4,253) | (9,926) |
| Other expenses | | (152) | (511) |
| Share of losses of joint ventures | | (2,006) | (1,897) |
| Finance costs | 6 | (2,349) | (2,743) |
| PROFIT/(LOSS) BEFORE INCOME TAX | 7 | 7,697 | (31,501) |
| Income tax credit/(expense) | 8 | 818 | (2,717) |
| PROFIT/(LOSS) FOR THE PERIOD | | 8,515 | (34,218) |

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six-month period ended 30 June 2021

| | | Six-month period ended 30 June | |
|---|-------------|---|-----------------------|
| | | 2021 | 2020 |
| | | (Unaudited) | (Unaudited) |
| | <i>Note</i> | HK\$'000 | HK\$'000 |
| PROFIT/(LOSS) FOR THE PERIOD | | <u>8,515</u> | <u>(34,218)</u> |
| OTHER COMPREHENSIVE INCOME FOR THE PERIOD | | | |
| <i>Items that will not be reclassified to profit or loss:</i> | | | |
| Exchange differences arising from translation | | 8,838 | (13,469) |
| Fair value loss on investments in equity instruments at fair value through other comprehensive income | | <u>(240)</u> | <u>(516)</u> |
| OTHER COMPREHENSIVE INCOME FOR THE PERIOD | | <u>8,598</u> | <u>(13,985)</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | | <u>17,113</u> | <u>(48,203)</u> |
| Profit/(Loss) for the period attributable to: | | | |
| Owners of the Company | | 1,785 | (24,165) |
| Non-controlling interests | | <u>6,730</u> | <u>(10,053)</u> |
| | | <u>8,515</u> | <u>(34,218)</u> |
| Total comprehensive income for the period attributable to: | | | |
| Owners of the Company | | 9,864 | (37,428) |
| Non-controlling interests | | <u>7,249</u> | <u>(10,775)</u> |
| | | <u>17,113</u> | <u>(48,203)</u> |
| EARNINGS/(LOSS) PER SHARE | <i>10</i> | | |
| Basic | | <u>HK0.18 cents</u> | <u>HK(2.28) cents</u> |
| Diluted | | <u>HK0.17 cents</u> | <u>HK(2.28) cents</u> |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | | 30 June 2021 (Unaudited) <i>HK\$'000</i> | 31 December 2020 (Audited) <i>HK\$'000</i> |
|--|--------------|---|---|
| | <i>Notes</i> | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | <i>11</i> | 159,037 | 168,866 |
| Investment property | <i>11</i> | 129,135 | 262,759 |
| Right-of-use assets | | 11,956 | 13,111 |
| Goodwill | | 6,150 | 6,150 |
| Other intangible assets | | 2,643 | 2,766 |
| Interests in joint ventures | | 22,110 | 23,544 |
| Equity instruments at fair value through other comprehensive income | | 8,957 | 9,252 |
| Prepayments and deposits for acquisition of land use rights and other intangible assets | | 3,924 | 3,888 |
| Contract assets | | 3,444 | 6,952 |
| Deferred tax assets | | 805 | 872 |
| | | 348,161 | 498,160 |
| CURRENT ASSETS | | | |
| Inventories | | 193,188 | 54,261 |
| Bills and trade receivables | <i>12</i> | 139,701 | 128,427 |
| Contract assets | | 173,147 | 305,763 |
| Prepayments, deposits and other receivables | <i>13</i> | 51,027 | 50,560 |
| Taxation recoverable | | 6,373 | 4,086 |
| Time deposits | | 54,050 | 12,366 |
| Pledged bank deposits | | 25,827 | 38,676 |
| Financial assets at fair value through profit or loss | | 11,559 | 4,760 |
| Bank balances and cash | | 182,038 | 237,300 |
| | | 836,910 | 836,199 |
| CURRENT LIABILITIES | | | |
| Bills, trade and other payables | <i>14</i> | 245,069 | 396,854 |
| Contract liabilities | | 2,218 | 601 |
| Lease liabilities | | 2,061 | 2,537 |
| Bank borrowings | | 88,702 | 99,960 |
| | | 338,050 | 499,952 |
| NET CURRENT ASSETS | | 498,860 | 336,247 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 847,021 | 834,407 |

| | | 30 June | 31 December |
|---------------------------------------|-------------|-----------------------|-----------------|
| | | 2021 | 2020 |
| | | (Unaudited) | (Audited) |
| | <i>Note</i> | HK\$'000 | HK\$'000 |
| NON-CURRENT LIABILITIES | | | |
| Deferred tax liabilities | | 27,336 | 26,201 |
| Bank borrowings | | 1,245 | – |
| Lease liabilities | | 167 | 985 |
| | | <u>28,748</u> | <u>27,186</u> |
| | | <u>818,273</u> | <u>807,221</u> |
| CAPITAL AND RESERVES | | | |
| Share capital | <i>15</i> | 107,900 | 107,900 |
| Reserves | | 671,498 | 667,695 |
| | | <u>779,398</u> | <u>775,595</u> |
| Attributable to owners of the Company | | 38,875 | 31,626 |
| Non-controlling interests | | <u>818,273</u> | <u>807,221</u> |
| Total equity | | <u>818,273</u> | <u>807,221</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 2021 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2020.

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 2021 for the preparation of the Group's condensed consolidated financial statements:

| | |
|---|--|
| Amendments to HKFRS 9, HKFRS 39, HKFRS 7, HKFRS 4 and HKFRS 16 | Interest Rate Benchmark Reform — Phase 2 |
| Amendments to HKFRS 16 | COVID-19-Related Rent Concessions |

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 profit, which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(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 2021 and 2020 is set out below:

| | Six-month period ended 30 June | |
|---|-----------------------------------|---------------------------------|
| | 2021 (Unaudited) HK\$'000 | 2020 (Unaudited) HK\$'000 |
| Customer A — Provision of road maintenance services | <u>42,768</u> | <u>36,268</u> |

For the six-month period ended 30 June 2021

| | Maintenance services (Unaudited) HK\$'000 | Sale of equipment (Unaudited) HK\$'000 | Total (Unaudited) HK\$'000 |
|--|--|---|----------------------------------|
| Segment revenue: | | | |
| Sales to external customers | 103,276 | 27,368 | 130,644 |
| Other revenue | <u>177</u> | <u>305</u> | <u>482</u> |
| Revenue | 103,453 | 27,673 | 131,126 |
| Allocated corporate expenses | <u>(85,540)</u> | <u>(31,068)</u> | <u>(116,608)</u> |
| Segment results | <u>17,913</u> | <u>(3,395)</u> | <u>14,518</u> |
| <i>Reconciliation:</i> | | | |
| Interest income | | | 4,831 |
| Exchange loss | | | (84) |
| Finance costs | | | (2,349) |
| Unallocated corporate expenses | | | (7,213) |
| Share of losses of joint ventures | | | <u>(2,006)</u> |
| Profit before tax | | | <u>7,697</u> |
| Other segment information: | | | |
| Impairment losses reversed in respect of trade receivables, contract assets and other receivables | (27,691) | (118) | (27,809) |
| Depreciation and amortisation | 14,683 | 1,513 | 16,196 |
| Capital expenditure* | 2,601 | 1,097 | 3,698 |

* 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 2020

| | Maintenance services (Unaudited) <i>HK\$'000</i> | Sale of equipment (Unaudited) <i>HK\$'000</i> | Total (Unaudited) <i>HK\$'000</i> |
|---|---|--|---|
| Segment revenue: | | | |
| Sales to external customers | 85,575 | 28,056 | 113,631 |
| Other revenue | <u>714</u> | <u>42</u> | <u>756</u> |
| Revenue | 86,289 | 28,098 | 114,387 |
| Allocated corporate expenses | <u>(112,185)</u> | <u>(29,943)</u> | <u>(142,128)</u> |
| Segment results | <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 | | | <u>(1,897)</u> |
| Loss before tax | | | <u><u>(31,501)</u></u> |
| Other segment information: | | | |
| 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.

4. OTHER INCOME

| | Six-month period ended 30 June | |
|-----------------------------------|---|-----------------|
| | 2021 | 2020 |
| | (Unaudited) | (Unaudited) |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Government grants (<i>Note</i>) | 480 | 615 |
| Interest income | 4,831 | 5,577 |
| Others | <u>(5)</u> | <u>141</u> |
| | <u>5,306</u> | <u>6,333</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 | |
|--|-----------------------------------|---------------------------------|
| | 2021 (Unaudited) HK\$'000 | 2020 (Unaudited) HK\$'000 |
| Write off of property, plant and equipment | (109) | – |
| Net foreign exchange losses | (84) | (49) |
| Donation | (253) | (220) |
| | <u>(446)</u> | <u>(269)</u> |

6. FINANCE COSTS

| | Six-month period ended 30 June | |
|---------------------|-----------------------------------|---------------------------------|
| | 2021 (Unaudited) HK\$'000 | 2020 (Unaudited) HK\$'000 |
| Interest on: | | |
| — Bank borrowings | 2,289 | 2,644 |
| — Lease liabilities | 60 | 99 |
| | <u>2,349</u> | <u>2,743</u> |

7. PROFIT/(LOSS) BEFORE INCOME TAX

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

| | Six-month period ended 30 June | |
|--|-----------------------------------|---------------------------------|
| | 2021 (Unaudited) HK\$'000 | 2020 (Unaudited) HK\$'000 |
| Depreciation of property, plant and equipment | 14,477 | 11,615 |
| Depreciation of right-of-use assets | 1,380 | 1,305 |
| Amortisation of other intangible assets | 339 | 61 |
| Minimum lease payments under operating leases of land and buildings | 2,052 | 892 |
| Write off of property, plant and equipment | 109 | – |
| Reversal of impairment losses on trade receivables and contract assets | (27,432) | (15,488) |
| (Reversal of)/Provision for impairment losses on other receivables | (377) | 1,988 |
| Foreign exchange differences, net | 84 | 49 |
| | <u>84</u> | <u>49</u> |

8. INCOME TAX (CREDIT)/EXPENSE

The (credit)/charge comprises:

| | Six-month period ended 30 June | |
|------------------------------------|-----------------------------------|--------------|
| | 2021 | 2020 |
| | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 |
| PRC Enterprise Income Tax (“EIT”): | | |
| — Current tax | 632 | 1,051 |
| — Under provision in prior years | — | 2,109 |
| — Over provision in prior years | (1,631) | — |
| | <u>(999)</u> | <u>3,160</u> |
| Deferred tax charge/(credit) | <u>181</u> | <u>(443)</u> |
| | <u>(818)</u> | <u>2,717</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 2020 and 2021.

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 28 November 2021.

天津市高速公路養護有限公司 Tianjin Expressway Maintenance Limited (“Tianjin Expressway Maintenance”) was recognised as a High-Tech company in 2020 and the applicable tax rate is 15% from 1 January 2020 to 30 November 2023.

9. DIVIDENDS

At a meeting of the board of directors held on 27 August 2021, the directors resolve not to pay any interim dividend to shareholders (six-month period ended 30 June 2020: Nil).

10. EARNINGS/(LOSS) PER SHARE

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

Profit/(Loss)

| | Six-month period ended 30 June | |
|--|-----------------------------------|-------------------------|
| | 2021 | 2020 |
| | (Unaudited) HK\$'000 | (Unaudited) HK\$'000 |
| Profit/(Loss) for the purposes of calculating basic and diluted earnings/ (loss) per share — attributable to the owners of the Company | <u>1,785</u> | <u>(24,165)</u> |

Number of shares

| | Six-month period ended 30 June | |
|--|-----------------------------------|----------------------|
| | 2021 | 2020 |
| | (Unaudited) | (Unaudited) |
| Weighted average number of ordinary shares in issue less shares held under share award scheme during the period for the purpose of calculating basic earnings/(loss) per share | 1,018,479,438 | 1,061,541,000 |
| Effect of dilutive potential ordinary shares: Unvested share award | <u>60,520,562</u> | <u>—</u> |
| Weighted average number of ordinary shares for the purpose of calculating diluted earnings/(loss) per share | <u>1,079,000,000</u> | <u>1,061,541,000</u> |

The computation of diluted loss per share for the six-month period ended 30 June 2020 did not assume the exercise of the Company's unvested 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 2021, the Group acquired property, plant and equipment, and investment property of HK\$3,446,000 and HK\$252,000, respectively (six-month period ended 30 June 2020: HK\$6,661,000 and HK\$558,000).

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 2021 (six-month period ended 30 June 2020: Nil).

12. BILLS AND TRADE RECEIVABLES

| | 30 June 2021 (Unaudited) HK\$'000 | 31 December 2020 (Audited) HK\$'000 |
|-------------------|--|--|
| Trade receivables | 122,230 | 126,502 |
| Bills receivables | 17,471 | 1,925 |
| | <u>139,701</u> | <u>128,427</u> |

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

| | 30 June 2021 (Unaudited) HK\$'000 | 31 December 2020 (Audited) HK\$'000 |
|---------------|--|--|
| 0 to 180 days | <u>17,471</u> | <u>1,925</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 aging 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:

| | 30 June 2021 (Unaudited) HK\$'000 | 31 December 2020 (Audited) HK\$'000 |
|-----------------|--|--|
| Within 3 months | 10,052 | 31,851 |
| 3 to 12 months | 50,229 | 45,856 |
| 1 to 2 years | 11,486 | 20,562 |
| Over 2 years | 50,463 | 28,233 |
| | <u>122,230</u> | <u>126,502</u> |

As at 30 June 2021, included in the trade receivables are amounts due from the Group's related companies of HK\$6,617,000 (31 December 2020: HK\$7,331,000), which are repayable on credit terms similar to those offered to the major customers of the Group.

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

| | 30 June 2021 (Unaudited) HK\$'000 | 31 December 2020 (Audited) HK\$'000 |
|--------------------------|--|--|
| Other receivables | 23,582 | 25,037 |
| Prepayments and deposits | 26,543 | 24,474 |
| Tax recoverable | 902 | 1,049 |
| | <u>51,027</u> | <u>50,560</u> |

At 30 June 2021, there is no amount due from related companies included in the Group's prepayments, deposits and other receivables (31 December 2020: HK\$500,000), which are unsecured, interest-free and have no fixed terms of repayment.

14. BILLS, TRADE AND OTHER PAYABLES

| | 30 June 2021 (Unaudited) HK\$'000 | 31 December 2020 (Audited) HK\$'000 |
|------------------------------------|--|--|
| Bills payable | 13,386 | 32,482 |
| Trade payables | 173,923 | 287,534 |
| Other tax payables | 19,396 | 18,160 |
| Other payables and accrued charges | 38,364 | 58,678 |
| | <u>245,069</u> | <u>396,854</u> |

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

| | 30 June 2021 (Unaudited) HK\$'000 | 31 December 2020 (Audited) HK\$'000 |
|---------------|--|--|
| 0 to 180 days | <u>13,386</u> | <u>32,482</u> |

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

| | 30 June 2021 (Unaudited) HK\$'000 | 31 December 2020 (Audited) HK\$'000 |
|-----------------|--|--|
| Within 3 months | 30,204 | 93,519 |
| 3 to 12 months | 111,375 | 142,686 |
| 1 to 2 years | 11,713 | 26,283 |
| Over 2 years | 20,631 | 25,046 |
| | <u>173,923</u> | <u>287,534</u> |

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

As at 30 June 2021, included in the Group's trade payables are amounts due to related companies of approximately HK\$3,120,000 (31 December 2020: HK\$4,079,000), which are repayable within 90 days, which represents credit terms similar to those offered by the related companies to their major customers.

As at 30 June 2021, included in the Group's, other payables and accrued charges is an amount due to a non-controlling shareholder of approximately HK\$27,616,000 (31 December 2020: HK\$27,616,000) which is unsecured, interest-free and have no fixed terms of repayment.

15. SHARE CAPITAL

Shares

| | 30 June 2021 (Unaudited) HK\$'000 | 31 December 2020 (Audited) HK\$'000 |
|---|--|--|
| Authorised: | | |
| 10,000,000,000 (31 December 2020: 10,000,000,000) ordinary shares of HK\$0.10 each | <u>1,000,000</u> | <u>1,000,000</u> |
| Issued and fully paid: | | |
| 1,079,000,000 (31 December 2020: 1,079,000,000) ordinary shares of HK\$0.10 each | <u>107,900</u> | <u>107,900</u> |

16. COMMITMENTS

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

| | 30 June 2021 (Unaudited) HK\$'000 | 31 December 2020 (Audited) HK\$'000 |
|--|--|--|
| Contracted, but not provided for: | | |
| Land use rights | 15,696 | 14,636 |
| Property, plant and equipment | 10,289 | 7,058 |
| Capital contribution payable to an equity instrument at fair value through other comprehensive income | <u>315</u> | <u>315</u> |
| | <u>26,300</u> | <u>22,009</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 2021 (the “Period”).

The year of 2021 is the first year of the “14th Five-Year Plan” of the People’s Republic of China (the “PRC”) government. The PRC government also unprecedentedly included “carbon peak” and “carbon neutrality” in its overall planning for the construction of ecological civilisation and called for the accelerated establishment of an economic regime featuring low-carbon green recycling development. The PRC economy is recovering and became a new engine driving world economic growth with a profound impact on the global economic landscape, particularly through the low-carbon green economic development model which was actively advocated. Under this circumstance, the Group’s business operation has gradually resumed normal and the asphalt pavement maintenance (“APM”) services sector recorded an increase in revenue. The APM equipment segment recorded a slightly decrease in revenue. 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 continued to improve.

During the Period, the Group’s operating revenue was approximately HK\$130.6 million, representing an increase of approximately 15.0%, as against the corresponding period of 2020. Total profit attributable to owners of the Company was approximately HK\$1.8 million, representing an increase of approximately 107.4% as compared to total loss attributable to owners of the Company of approximately HK\$24.2 million for the six-month period ended 30 June 2020.

APM Services

Due to the outbreak of COVID-19 in early 2020 and the bad weather, the operation of the Group’s “Hot-in-Place” projects had affected in the first half of 2020. However, the operation of the Group’s “Hot-in-Place” projects had gradually resumed normal during the Period and the revenue increased by 26% as compared to the corresponding period in 2020.

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 increased by 16.0% as compared to the corresponding period in 2020. The APM services segment recorded revenue of approximately HK\$103.3 million, representing an increase of 20.7% as compared to the corresponding period in 2020. 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\$27.4 million, representing a slightly decrease of 2.5% as compared to the corresponding period in 2020.

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 increase in the Group’s operating revenue, the Group continued to invest resources in research and development. As at 30 June 2021, it had registered 193 patents (as at 31 December 2020: 189), of which 20 were invention patents (as at 31 December 2020: 19), 148 were utility model patents (as at 31 December 2020: 145) and 25 were design patents (as at 31 December 2020: 25). Besides, it had 24 pending patent applications (as at 31 December 2020: 31), of which 16 invention patents and 8 utility model patents (as at 31 December 2020: 17 invention patents, 13 utility model patents and 1 design patent).

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. A new structural polymer material has characteristics of self-expansion, high tensile strength, and excellent water resistance has been successfully developed by the Group to repair underground structures to fill voids, seal water leakages and to prevent cracks from developing. The grouting process is simple and shortens the time required as traditional extensive excavation is not necessary.

A warm-mix additive has been researched which is used to reduce the working temperature of “Hot-in-place” process. It means that it can either reduce the fuel consumption for heating, or to lower the working temperature of heat-resistant material which is commonly used in highways & bridges nowadays.

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

The Group will continue to seize the market opportunities under the “14th Five-Year Plan” of the PRC government as it will accelerate the establishment of an economic regime featuring low-carbon green recycling development. The China’s economy grew by 12.7% in the first half of 2021 and the world’s second largest economy is recovering from the impact of the coronavirus pandemic, and showing strong growth momentum. Taking this opportunity, the Group will focus on integrating resources, adjusting its organizational structure, striving to improve and develop the existing business and channels. The Group will focus on the whole carbon emission industry chain of road maintenance industry and moving forward the recycling technology, with focusing on the maintenance and treatment of damage roads as well as the collection, collation and analysis of pre road data. Establishing cooperation with a series of well-known universities, the Group strives to promote and develop more effective and refined overall solutions for regional road maintenance with district and county being the basic units, which could not only saves the cost of road maintenance for local governments at district and county levels, but also greatly reduces the carbon emission of road maintenance industry, helping to achieve the goals of “carbon peaking” and “carbon neutralization”. 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.

Furthermore, China’s latest COVID-19 outbreak that began at Nanjing has brought additional uncertainties in the Group’s operating environment in China. As far as the Group’s businesses are concerned, the outbreak has so far caused operational delays. The Group has put in place contingency measures to reduce the impact arising from this outbreak. However, the situation remains fluid at this stage and the management of the Group remains cautiously optimistic in regarding to the operation of the Group in the year of 2021.

First, as at 31 December 2020, 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. Secondly, the Group had developed part of the South China market which enable the Group to perform APM services during the slack season. Third, 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. Fourth, 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.

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 in 2020.

REVENUE

a. APM Services

| | Six-month period ended 30 June | | 2020 | | Increase/ (decrease) |
|-----------------------------|--------------------------------|--|-----------------------|--|-------------------------|
| | 2021 | | 2020 | | |
| | Unaudited HK\$'000 | Area serviced (square meters'000) | Unaudited HK\$'000 | Area serviced (square meters'000) | |
| Revenue (net of VAT) | | | | | |
| “Hot-in-Place” Projects | 50,478 | 725 | 40,053 | 691 | 26.0% |
| Non-“Hot-in-Place” Projects | 52,798 | – | 45,522 | – | 16.0% |
| Total | 103,276 | | 85,575 | | 20.7% |

| | Six-month period ended 30 June | | 2020 | | Increase/ (decrease) |
|-----------------------------|--------------------------------|--------------|-----------------------|---------------|-------------------------|
| | 2021 | | 2020 | | |
| | Unaudited HK\$'000 | Margin | Unaudited HK\$'000 | Margin | |
| Gross profit | | | | | |
| “Hot-in-Place” Projects | 14,933 | 29.6% | (6,707) | (16.7%) | 322.7% |
| Non-“Hot-in-Place” Projects | 4,487 | 8.5% | 1,624 | 3.6% | 176.3% |
| Total | 19,420 | 18.8% | (5,083) | (5.9%) | 482.1% |

Revenue for this segment increased as compared with that of the corresponding period in 2020 due to the outbreak of COVID-19 in early 2020 and the bad weather which had affected the operation of the Group’s “Hot-in-Place” projects in the first half of 2020. However, the operation of the “Hot-in-Place” projects had gradually resumed normal during the Period. The revenue growth amount of the “Hot-in-Place” projects is higher than the growth of the total serviced area is mainly due to the road maintenance services were conducted in lower selling price market during the six-month period ended 30 June 2020.

During the Period, the revenue of non-“Hot-in-Place” projects of approximately HK\$52.8 million was contributed by Tianjin Expressway Maintenance and was involved in traditional APM method.

The gross profit margin of “Hot-in-Place” Projects improved significantly from -16.7% for the six-month period ended 30 June 2020 to 29.6% during the Period mainly due to: (1) the provision of road maintenance services for the “Hot-in Place” projects of the Group during the six-month period ended 30 June 2020 were mainly conducted in lower selling price market; and (2) the increase in the total area serviced of the “Hot-in-Place” projects during the Period.

b. APM Equipment

| | Six-month period ended 30 June | | | | Increase/ (decrease) |
|-----------------------------|--------------------------------|----------------|-----------------------|----------------|-------------------------|
| | 2021 | | 2020 | | |
| | Unaudited HK\$'000 | units/ sets | Unaudited HK\$'000 | units/ sets | |
| Revenue (net of VAT) | | | | | |
| Standard series | 24,736 | 30 | 24,810 | 23 | (0.3%) |
| Modular series | – | – | – | – | – |
| Repair and maintenance | 2,632 | N/A | 3,246 | N/A | (18.9%) |
| Total | <u>27,368</u> | | <u>28,056</u> | | (2.5%) |

| | Six-month period ended 30 June | | | | Increase/ (decrease) |
|------------------------|--------------------------------|--------------|-----------------------|--------------|-------------------------|
| | 2021 | | 2020 | | |
| | Unaudited HK\$'000 | Margin | Unaudited HK\$'000 | Margin | |
| Gross profit | | | | | |
| Standard series | 8,193 | 33.1% | 10,830 | 43.7% | (24.3%) |
| Modular series | – | N/A | – | N/A | – |
| Repair and maintenance | 1,789 | 68.0% | 2,231 | 68.7% | (19.8%) |
| Total | <u>9,982</u> | <u>36.5%</u> | <u>13,061</u> | <u>46.6%</u> | (23.6%) |

Revenue for the APM equipment segment for the Period was slightly decreased by 2.5% as against the corresponding period for 2020. The decrease in the gross profit margin for APM equipment from 46.6% in 2019 to 36.5% for the Period was due to the sale of lower gross profit margin of standard series.

OTHER INCOME

Other income were decreased by approximately HK\$1.0 million from HK\$6.3 million for the six-month period ended 30 June 2020 to HK\$5.3 million for the Period, primarily due to the decrease in the interest income received.

REVERSAL OF IMPAIRMENT LOSSES ON FINANCIAL ASSETS

The reversal of the expected credit loss allowance on financial assets increased from HK\$13.5 million for the six-month period ended 30 June 2020 to HK\$27.8 million during the Period, primarily due to the effect of (i) the reversal of the expected credit loss allowance of trade receivables and contract assets increased due to collection of these outstanding balances had continued to improve; and (ii) the reversal of the expected credit loss allowance of other receivables.

SELLING AND DISTRIBUTION COSTS

The selling and distribution costs increased by HK\$0.5 million from HK\$9.1 million for the six-month period ended 30 June 2020 to HK\$9.6 million for the Period was mainly due to the operation of the Group gradually resumed normal during the Period.

ADMINISTRATIVE EXPENSES

Administrative expenses were increased by approximately HK\$1.2 million, from HK\$34.8 million for the six-month period ended 30 June 2020 to HK\$36.0 million for the Period primarily due the operation of the Group gradually resumed normal during the Period and the consolidation of the financial results of new subsidiaries acquired by the Group into that of the Group in the second half of 2020 through acquisition of additional interests in a joint venture of the Group.

RESEARCH AND DEVELOPMENT COSTS

Research and development costs decreased by approximately HK\$5.6 million, or approximately 56.6%, from HK\$9.9 million for the six-month period ended 30 June 2020 to HK\$4.3 million for the Period, primarily due to the outbreak of COVID-19 in the first half of 2020, the implementation of travelling restriction and more research and development activities were conducted by the Group during the six-month period ended 30 June 2020.

FINANCE COSTS

Finance costs decreased by approximately HK\$0.3 million, or approximately 11.1%, from HK\$2.7 million for the six-month period ended 30 June 2020 to HK\$2.4 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\$2.0 million for the Period, increased by approximately HK\$0.1 million, as compared to the corresponding period in 2020.

INCOME TAX CREDIT/(EXPENSE)

Income tax expense decreased by approximately HK\$3.5 million, from income tax expense of approximately HK\$2.7 million for the six-month period ended 30 June 2020 to income tax credit of approximately HK\$0.8 million for the Period, which is mainly due to the overprovision of taxation in the year ended 31 December 2020.

PROFIT

Profit attributable to owners of the Company amounted to HK\$1.8 million for the Period compared with loss attributable to owners of the Company of approximately HK\$24.2 million for the six-month period ended 30 June 2020, primarily due to the effect of (i) the increase in revenue of APM services segment; and (ii) the increase in the recognition of reversal of expected credit loss allowance of trade receivables and contract assets.

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2021, 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\$273.5 million (as at 31 December 2020: HK\$293.1 million). The decrease was primarily due to the net effect of (1) net cash flows generated from operating activities; (2) payments for acquisition of subsidiaries; and (3) the repayment of bank borrowings. As at 30 June 2021, the bank borrowings of the Group amounted to HK\$90.0 million (as at 31 December 2020: HK\$100.0 million). As at 30 June 2021 and 31 December 2020, the Group was in a net cash position.

After the PRC government has reiterated the importance of the settlement of overdue debts of local government to private enterprises in the past few years, 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 2020 which were due to receive during the Period, these balances was decreased by HK\$164.5 million, or approximately 20.6%, from HK\$798.9 million as of 31 December 2020 to HK\$634.4 million as of 30 June 2021. 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\$37.9 million (equivalent to approximately RMB31.6 million).

As at 30 June 2021, 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 2021, the Group had total debt of HK\$90.0 million (as at 31 December 2020: HK\$100.0 million), which was unsecured interest-bearing bank borrowings.

As at 30 June 2021, bank balances of approximately HK\$25.8 million (as at 31 December 2020: HK\$38.7 million) was pledged to secure general banking facilities granted to the Group.

The maturity profile of the interest-bearing bank borrowings are as follows:

| | 30 June 2021 (Unaudited) HK\$'000 | 31 December 2020 (Audited) HK\$'000 |
|--|--|--|
| Repayable within one year or on demand | 88,702 | 99,960 |
| In the second year | 1,245 | – |
| | <u>89,947</u> | <u>99,960</u> |

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 2021 in the manner as stated in the prospectus of the Company dated 14 June 2013, as follows:

| | Available <i>HK\$ million</i> | Net Proceeds Utilised <i>HK\$ million</i> | Unutilised <i>HK\$ million</i> |
|--|---|---|--|
| Investment in research and development activities | 137.4 | 137.4 | – |
| Establishing joint ventures and expanding APM service teams | 137.4 | 99.9 | 37.5 |
| Manufacturing APM equipment and expanding our APM service teams | 103.1 | 103.1 | – |
| Acquisitions of other APM service providers | 103.0 | 60.8 | 42.2 |
| 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>607.3</u> | <u>79.7</u> |

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

As at 30 June 2021, the unutilised net proceeds of about HK\$79.7 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.

INVESTMENT PROPERTY

As at 30 June 2021, the Group's investment property is measured using the fair value model and was approximately HK\$129.1 million (as at 31 December 2020: HK\$262.8 million). During the Period, the management of the Group had decided to sell 40% of the total gross floor area of the investment property upon completion. As at 30 June 2021, the investment property of approximately HK\$136.5 million had transferred to inventories and is stated at cost. The investment property is located 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) and was acquired by the Group in December 2016. The construction work of the investment property will commence at the fourth quarter of 2021 and is expected to be completed in October 2023. The site area of the investment property is approximately 35,673 square meters, with plot ratio not more than 1.2 and gross floor area permissible for sale is no more than 40% of the total gross floor area. The investment property will be developed into the global technology research and development centre of the Group. The Group intends to lease the some office spaces of the investment property to third parties, which will bring additional income streams to the Group.

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 2021, 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 2021, 100.0% (as at 31 December 2020: 100.0%) of the Group's bank borrowings are at fixed interest rate. The Group has not used any interest rate swaps to hedge its interest rate risk.

The Group collects most of its revenue in Renminbi (“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 2021, certain time deposit, bank balances and cash, pledged bank deposits and financial assets at fair value through profit or loss of approximately HK\$259,738,000 (as at 31 December 2020: HK\$280,463,000) are denominated in RMB, the remaining balances are mainly denominated in Hong Kong dollars. As at 30 June 2021, the Group’s bank borrowings denominated in RMB amounted to HK\$89,947,000 (equivalent to RMB74,886,000) (as at 31 December 2020: HK\$99,960,000 (equivalent to RMB84,000,000)). The Group has not hedged its foreign currency risk. The changes in foreign currency translation reserve during the Period was the result of the appreciation 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 2021, the Group had a total of 482 full time employees (as at 31 December 2020: 499). 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, A.6.7 and E.1.2 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.

CG Code provision A.6.7 provides that the independent non-executive directors and other non-executive directors of the Company should also attend general meetings to gain and develop a balanced understanding of the views of shareholders. CG Code provision E.1.2 also provides that the chairman of the Board should attend the annual general meeting. He should also invite the chairman of the audit, remuneration, nomination and the independent board committee to attend the annual general meeting to answer question at the annual general meeting. The Group had inadvertently failed to comply with CG Code provisions A.6.7 and E.1.2 for the annual general meeting held on 4 June 2021 (the “AGM”). Mr. Chan Kai King (executive director) and Ms. Sze Wan Nga (non-executive director) attended the AGM in person while the other directors of the Company did not attend the AGM. Due to the other business meeting commitment at Nanjing, the PRC, Mr. Sze (chairman of the Board and nomination committee of the Company) was unable to attend the AGM, but he had requested Ms. Sze Wan Nga (non-executive director) to attend the AGM on his behalf. Mr. Chan Kai King (executive director) and Ms. Sze Wan Nga (non-executive director) are the directors who are most familiar with the operation and businesses of the Company who are well placed to answer any questions that the shareholders may have at the AGM, and had in fact they have answered questions at the AGM competently. The Company will ensure that the CG Code provisions A.6.7 and E.1.2 will be complied with in other general meetings of the Company going forward.

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 27 August 2021, 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 2020: 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 and the website of the Company at www.freetech-holdings.hk.

The interim report of the Company for the six-month period ended 30 June 2021 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, 27 August 2021

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