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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)

CHANGE IN USE OF PROCEEDS FROM THE GLOBAL OFFERING

Reference is made to the prospectus of Freetech Road Recycling Technology (Holdings) Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) published on June 14, 2013 (the “**Prospectus**”), in relation to the listing of the shares of the Company (the “**Shares**”) on the Stock Exchange by way of global offering (the “**Global Offering**”). The Shares were listed on the Main Board of the Stock Exchange on June 26, 2013 and the net proceeds from the Global Offering, after deduction of the underwriting fees and other related expenses payable by the Company in connection with the Global Offering, was approximately HK\$687.0 million (the “**Net Proceeds**”).

The board of directors of the Company (the “**Board**”) has reviewed the utilisation of the Net Proceeds and resolved to re-allocate the proposed use of the Net Proceeds with effect from the date of this announcement.

The table below sets out the details of the intended use of the Net Proceeds, the original allocation of the Net Proceeds as set out in the Prospectus, the utilised amount of the Net Proceeds as of the date of this announcement, the unutilised amount of the Net Proceeds as of the date of this announcement, the balance of the unutilised Net Proceeds after re-allocation, and the expected timeline for utilisation of the unutilised Net Proceeds:

Intended use of Net Proceeds	Original allocation of Net Proceeds as set out in the Prospectus <i>HK\$ million approximately</i>	Utilised amount of Net Proceeds as of the date of this announcement <i>HK\$ million approximately</i>	Unutilised amount of Net Proceeds as of the date of this announcement <i>HK\$ million approximately</i>	Balance of unutilised amount of Net Proceeds after re-allocation <i>HK\$ million approximately</i>	Expected timeline for utilisation ⁽²⁾
Investment in research and development activities	137.4	137.4	–	30.0 ⁽¹⁾	End of 2025
Establishing joint ventures and expanding the asphalt pavement maintenance (“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	–	14.7 ⁽¹⁾	End of 2025
Establishing sales offices in new markets and marketing expenses	68.7	68.7	–	–	–
General corporate purposes and working capital requirements	68.7	68.7	–	35.0 ⁽¹⁾	End of 2025
	<u>687.0</u>	<u>607.3</u>	<u>79.7</u>	<u>79.7</u>	

Notes:

- (1) Approximately HK\$79.7 million of the unutilised Net Proceeds for establishing joint ventures and expanding APM service teams and acquisitions of other APM service providers will be re-allocated for investment in research and development activities, construction new production facility and general corporate purposes and working capital requirements of HK\$30.0 million, HK\$19.7 million and HK\$30.0 million, respectively.
- (2) The expected timeline for the usage of the remaining unutilised Net Proceeds was prepared based on the best estimate of the Group’s future market conditions, which is subject to the current and future development of the market conditions.

REASONS AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

Due to Covid-19 pandemic outbreak in the past few years, the financial conditions of most enterprises in the market have not yet been recovered and the Company has not identified suitable joint venture partners. In addition, the Group has developed its sales force and APM service teams to increase its market penetration into the cities where the use of “Hot-in-Place” recycling technology is relatively limited. Therefore, the acquisition of other APM service providers appears to be not necessary.

In view of aforementioned, the Board has resolved to re-allocate the unutilised Net Proceeds of approximately HK\$79.7 million for investment in research and development activities, constructing new production facility and as general working capital of the Group. The re-allocation of the Net Proceeds as set out above would enable more resources invested in research and development, upgrading manufacturing efficiency, increase cash allocation for working capital and other general corporate purposes, which would be more in line with the current business strategy of the Group which includes: a) investment in research and development, diversification of the Group’s product range and enhancement of the performance of the products offered by the Group; b) upgrading manufacturing efficiency to reduce the manufacturing cost and improving product quality; and c) employing competent candidates to increase the Group’s sales force and management skill to enhance the Group’s competitiveness in the market, and such re-allocation will also allow the Company to better utilise its financial resources in a more beneficial and efficient manner.

The Board considers that the aforementioned change of the use of unutilised Net Proceeds is fair and reasonable and will not have any material adverse effect on the existing business and operation of the Group, and is in the best interests of the Company and its shareholders as a whole.

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

Hong Kong, November 27, 2023

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, Prof. Lau Chi Pang and Prof. Lai Kin Keung.