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英達公路再生科技(集團)有限公司

Freotech Road Recycling Technology (Holdings) Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 6888)

SUPPLEMENTAL ANNOUNCEMENT CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of Freotech Road Recycling Technology (Holdings) Limited dated 27 February 2017 in relation to the continuing connected transactions involving certain services agreements entered into between Tianjin Expressway Group and its wholly-owned subsidiaries and associates (the “**Announcement**”). Unless otherwise stated, terms used in this announcement shall have the same meanings as defined in the Announcement.

In addition to the information disclosed in the Announcement, the Company wishes to provide its shareholders and the public with additional information in relation to the Continuing Connected Transactions.

Tianjin Maintenance Company in the Announcement was meant to be Tianjin Expressway Maintenance.

BASIS FOR DETERMINING THE CONSIDERATION

The consideration of the Continuing Connected Transactions were determined with reference to the pricing guidelines issued by the local government of Tianjin, the consideration of the historical transactions, the market price of raw materials costs and similar services rendered, and the duration and location of the projects. The details of the pricing mechanism are set out below:

The pricing guidelines issued by the local government of Tianjin set out the price references for labour, certain raw materials and machine used in maintenance services projects similar to the projects under the Continuing Connected Transactions. Although the pricing guidelines are not mandatory and there is no requirement for Tianjin Expressway Maintenance to follow the pricing guidelines, Tianjin Expressway Maintenance uses the pricing guidelines for reference only.

Furthermore, Tianjin Expressway Maintenance would adjust the labour costs and estimate the raw material costs set out in the pricing guidelines by comparing them with the prevailing market prices of labour costs and raw materials and subject to any recent or anticipated changes in the market that are of the Group's knowledge.

Under the Continuing Connected Transactions, based on the Group's knowledge and extensive experience in the road maintenance and construction sector, the Group was of the view that there were no changes or anticipated changes that could have significantly affected the relevant consideration. Furthermore, the purchasing team of Tianjin Expressway Maintenance conducted market research on the prevailing market prices of raw materials and obtained 15 quotes from other raw materials suppliers in Tianjin in determining the consideration.

The consideration was further determined on a cost-plus basis with certain percentage of the profit margin depending on the types of the services provided. Such percentage of the profit margin was determined based on the historical transaction experience of Tianjin Expressway Maintenance which included the recent 20 transactions of daily damages maintenance works performed by the Group.

The head of daily damage maintenance department and the head of operation management department of Tianjin Expressway Maintenance jointly determined the relevant consideration based on the above pricing mechanism and negotiated the consideration with Tianjin Expressway Group and its wholly-owned subsidiaries and associates. Before Tianjin Expressway Maintenance entered into agreement with Tianjin Expressway Group and its wholly-owned subsidiaries and associates, the deputy general manager of Tianjin Expressway Maintenance appointed by the Company, would obtain approval from the Company through the director of Tianjin Expressway Maintenance appointed by the Company ("Tianjin Director"). Tianjin Director would then seek final approval from both the Chief Financial Officer of the Company and an executive director of the Company to ensure the basis for determining the consideration is effectively implemented.

DELAY IN DISCLOSURE AND REMEDIAL ACTIONS

Due to the implementation of the value-added tax reform in 2016 in China, in order to achieve better terms for the Continuing Connected Transactions, Tianjin Expressway Maintenance and Tianjin Expressway Group and its wholly-owned subsidiaries and associates had been engaging in lengthy negotiations on the terms of the Continuing Connected Transactions. As a result, the services agreements were not entered on or before the services period of the Continuing Connected Transactions began and the Company did not announce the Continuing Connected Transactions as soon as practicable in accordance with Rule 14A.35 of the Listing Rules.

The Board considers that the impact of such delay in disclosure is limited as the services agreements do not have significant impact on Tianjin Expressway Maintenance's business operations. Notwithstanding the foregoing, in order to safeguard against any risks of or exposure to delay in reporting and announcement requirements under the Listing Rules:

(a) a deputy general manager of Tianjin Expressway Maintenance will monitor the Continuing Connected Transactions on a regular basis and will report to the Chief Financial Officer of the Company once Tianjin Expressway Maintenance proposes to execute any services agreements or provide services that may trigger the Company's reporting and announcement obligations under the Listing Rules ;

(b) the Company will provide trainings to the relevant staff members of Tianjin Expressway Maintenance to reinforce their understanding of and importance of compliance with the Listing Rules; and

(c) the Company will provide a more detailed guideline relating to its internal existing procedures relating to dealing with connected transactions or related party transactions and notifiable transactions under the Listing Rules to the sale staff, purchase staff and finance staff members of the Group, in order to strengthen and reinforce their existing knowledge relating to notifiable and connected transactions and their ability to identify potential issues at any early stage.

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

Hong Kong, 31 March 2017

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