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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)*

### PROFIT WARNING FOR THE YEAR ENDING 31 DECEMBER 2017

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Based on currently available information, the Board wishes to inform the Shareholders and potential investors that the Group may incur a Net Loss for the year ending 31 December 2017 as compared to the Net Profit for the year ended 31 December 2016.

The annual results announcement of the Group for the year ending 31 December 2017 is expected to be released in March 2018.

Shareholders and potential investors are advised to exercise caution when dealing in the ordinary shares of the Company.

This announcement is made by Freotech Road Recycling Technology (Holdings) Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the inside information provisions (the “**Inside Information Provisions**”) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Following a preliminary review of the currently available information, the board of directors of the Company (the “**Board**”) wishes to inform shareholders of the Company (the “**Shareholders**”) and potential investors that the Group may incur a loss attributable to owners of the Company (“**Net Loss**”) for the year ending 31 December 2017 as compared to a profit attributable to owners of the Company (“**Net Profit**”) of approximately HK\$43.1 million for the year ended 31 December 2016, notwithstanding that the Company expects to record an increase in the revenue of the asphalt pavement maintenance (the “**APM**”) services segment for the same period by approximately 30%-40% due to the increase in the total area serviced.

The expected Net Loss is mainly attributable to the following factors:

- a significant decrease in the revenue of the APM equipment segment due to the deleveraging campaign has been pushed forward by the People's Republic of China ("PRC") authorities in year 2017 to slow credit growth and therefore the available funds for capital investment have not yet been made as planned. As a result of the delay in closure of the sales, the number of modular series being sold has significantly declined and the revenue of APM equipment segment has decreased by approximately 65%-75%; and
- given the deleveraging reason as set out above and the tightened cash flow occurred at the local government level in the PRC, thus hindered the collection of certain long outstanding trade receivables of the Group and as a result, the management of the Company has prudently increased the provision for impairment of trade receivables, which is expected to significantly and negatively affect the Group's operating results.

Nevertheless, in view of:

- 1) the overall sustained growth of the APM industry in the PRC, the existing penetration rate of recycling technology (including the Group's "Hot-in-Place" recycling technology) is still very low and has large room for expansion;
- 2) on 11 April 2017, the Group has entered into a cooperation agreement with China Highway Engineering Consulting Corporation (a wholly-owned subsidiary of China Communications Construction Company Limited, a large state-owned enterprise) and agreed to share their resources on the strategic level such as investing and financing, public-private partnership project, merger & acquisition and overseas business; and
- 3) subsequent to the Company's first overseas sale of modular series equipment to the Republic of Korea in year 2016 and first sale of standard series equipment to the Macau Special Administrative Region in year 2017, the Group continues to seek overseas business opportunities to expand its APM services and equipment business in the countries along the "One Belt One Road" and four Asian tigers.

The Board believes that there is great potential for the long term development of our Group's business and the Board remains confident about the Group's long term prospects.

The information contained in this announcement is only a preliminary assessment by the Board based on information currently available to the Group, which has not yet been audited or reviewed by the auditor of the Company or the audit committee of the Board. The audited consolidated final results of the Group may be subject to adjustments following further review by the Board, discussions with the auditors of the Company and completion of the requisite auditing procedures. The annual results announcement of the Group for the year ending 31 December 2017 is expected to be released in March 2018.

**Shareholders and potential investors are advised to exercise caution when dealing in the ordinary shares of the Company.**

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

Hong Kong, 29 December 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 Dr. Lau Ching Kwong.*