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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)

**VERY SUBSTANTIAL ACQUISITION  
CONSTRUCTION CONTRACT  
IN RESPECT OF  
DEVELOPMENT OF LAND IN NANJING**

**INTRODUCTION**

The Board is pleased to announce that on 15 October 2021, Freetech Nanjing and the Contractor entered into the Construction Contract, under which Freetech Nanjing has engaged the Contractor for the Construction on the Land for a contract sum of RMB279,906,287 (equivalent to approximately HK\$337,970,047).

**IMPLICATIONS UNDER THE LISTING RULES**

As one of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Construction exceeds 100%, the Construction constitutes a very substantial acquisition of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The EGM will be convened for the Shareholders to consider and, if thought fit, approve, among other matters, the Construction Contract and the transactions contemplated thereunder. A circular containing, among other things, (i) further details of the Construction Contract; (ii) the notice convening the EGM; and (iii) any other information as required to be disclosed under the Listing Rules, will be despatched to the Shareholders by the Company. As it is expected that additional time will be required to prepare the relevant information to be included in the circular, the Company expects that the circular will be despatched to the Shareholders on or before 12 November 2021.

## CONSTRUCTION CONTACT

The Board is pleased to announce that on 15 October 2021, Freetech Nanjing and the Contractor entered into the Construction Contract, under which Freetech Nanjing has engaged the Contractor for the Construction on the Land for a contract sum of RMB279,906,287 (equivalent to approximately HK\$337,970,047). A summary of the principal terms of the Construction Contract are as follows:

Date : 15 October 2021

Parties : (1) Freetech Nanjing  
(2) The Contractor

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Contractor and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Subject Matter : Under the Construction Contract, Freetech Nanjing has engaged the Contractor for the Construction on the Land, which includes: (1) civil engineering (pile foundation, steel structure engineering, water drainage engineering etc.); and (2) installation engineering (water, electricity and gas installation, fire service installation, heat, ventilation and air conditioning installation).

Contract Sum : RMB279,906,287 (equivalent to approximately HK\$337,970,047) which comprises the followings:

	<i>RMB</i>
Piles foundation construction	12,892,282
Foundation pit support construction	21,534,717
Rock and earth excavation construction	24,601,088
Building construction	212,825,175
Exterior construction	<u>8,053,025</u>
Total	<u>279,906,287</u>

The contract sum will be funded by the Group's internal sources and bank financing.

The contract sum was determined by way of tender conducted by Freetech Nanjing. Freetech Nanjing selected the Contractor after considering various factors, including technical experience, professional qualifications, business reputation, project management capabilities and financial background of the Contractor.

Payment Terms : The contract sum shall be paid in the following manner:

- (a) On completion of pile foundation and foundation pit support works with the certificate on passing the special acceptance check thereon, 80% of this stage contract sum of approximately RMB27,541,599 shall be paid within 28 days (around March 2022) upon verification and signature through process auditing.
- (b) On completion of basement floor works with passing and acceptance of construction process, up to 80% of this stage contract sum of approximately RMB100,144,024 shall be paid after 30 days (around December 2022) of verification and signature through process auditing.
- (c) On reaching plus-minus zero standard (except for tower crane reserved opening and construction access, etc.) of the basement, up to 80% of this stage contract sum of approximately RMB19,680,870 shall be paid after 30 days (around January 2023) of verification and signature through process auditing.
- (d) On topping out of major structures of all individual buildings with acceptance and passing of inspection and acceptance thereof, up to 80% of this stage contract sum of approximately RMB70,116,116 shall be paid after 30 days (around June 2023) of verification and signature through process auditing.
- (e) On completion of building installation works with acceptance and passing of inspection, up to 80% of this stage contract sum of approximately RMB6,442,420 shall be paid after 30 days (around August 2023) of verification and signature through process auditing.
- (f) Upon completion of civil defence and fire prevention inspections as well as construction completion inspection and acceptance by the managing construction department, 10% of the total contract sum of approximately RMB27,990,629 shall be paid after 30 days (around October 2023) of verification and signature through process auditing.

- (g) On completion of as-built inspection filing, the Contractor shall provide information on completion settlement as required, and the completion settlement shall be audited with final approval. After obtaining the form of as-built inspection and the Contractor had delivered the completing inspection information to the municipal urban construction archives (or relevant competent departments), the payment of up to 95% of the audited settlement price of approximately RMB13,995,314 shall be made around November 2023.
- (h) 5% of the audited settlement price shall be regarded as quality deposits. 50% of such quality deposits of approximately RMB6,997,657 shall be paid after two years (around January 2026) of overall construction completion inspection without quality issues or performance of quality assurance obligations as agreed under the construction quality warranty. The remaining 50% of the quality deposits of approximately RMB6,997,657 shall be paid either in case where there are no construction and waterproofing quality issues after five years (around January 2029) of construction completion or upon completion of performance of quality assurance obligations in accordance with construction and waterproofing quality warranties.

Performance Security	:	Bank guarantee performance bond with an amount equivalent to 10% of the contract sum shall be procured by the Contractor.
Expected Date of Completion of Construction	:	The Construction is expected to be completed in November 2023.
Effectiveness of the Construction Contract	:	The Construction Contract shall take effect upon the Shareholders having approved the Construction Contract at the EGM.

## **REASONS AND BENEFITS OF THE CONSTRUCTION**

Reference is made to the announcement of the Company dated 30 December 2016. On 30 December 2016, Freetech Nanjing acquired the Land from Nanjing Municipal Land Resources Bureau\* (南京市國土資源局) at the consideration of approximately RMB140,050,000 for the development of the base of the global technology research and development centre of the Group. Jiangxinzhou (江心洲) is an Eco Hi-Tech island in

Nanjing city, which is set to be an island showcasing the future of Nanjing and its aspirations to be a centre for development and practice of high-tech innovation in areas such as IT services industry, eco-environmental service and modern service industry.

Based on the development plan, two main office buildings with total gross floor area of approximately 25,696 square meter (the “**Main Buildings**”) and seventeen small office buildings with total gross floor area of approximately 17,055 square meter (the “**Office Buildings**”) will be developed under the Construction Contract. Part of the Main Buildings will be used as the base of the global research and development centre and offices of the Group, which will enhance the research and development capability of the Group and enable the Group to save rental expenses, and is thereby expected to bring positive impact on the performance of the Group. For the remaining part of the Main Buildings, the Group intends to lease the office spaces to third parties, which will bring additional income streams to the Group. For the Office Buildings, the Group intends to conduct pre-sale by second quarter of 2022. The proceeds of the sale of the Office Buildings will be used for repayment of the bank loan for the Construction.

In view of the above, the Board considered that the Construction is on normal commercial terms, the terms thereof are fair and reasonable and that such transaction is in the interests of the Company and the Shareholders as a whole.

## **INFORMATION OF THE PARTIES**

The Company is principally engaged in manufacturing and sale of road maintenance equipment and provision of road maintenance services in the PRC.

Fretech Nanjing is a wholly owned subsidiary of the Company and is principally engaged in property development, sale of road maintenance equipment and provision of road maintenance services.

The Contractor is a company established in the PRC with limited liability. Its principal business is general contracting of building construction project. The Contractor is owned as to approximately 57.27% by the labour union of the Contractor which held the shares for the over 200 employees of the Contractor, as to approximately 40.93% by Jiangsu Han Tian Investment Company Limited (江蘇瀚天投資有限公司) (“**Han Tian Investment**”) which is owned as to approximately 41.78% by Mr. Zhang Xiaohua and the remaining shareholders each hold less than 5% shareholding in Han Tian Investment, and as to approximately 1.8% by Mr. Wu Jun.

## **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Construction exceeds 100%, the Construction constitutes a very substantial acquisition of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and the Shareholders’ approval requirements under Chapter 14 of the Listing Rules.

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Contract; (ii) the notice convening the EGM; and (iii) any other information as required to be disclosed under the Listing Rules, will be despatched to the Shareholders by the Company. As it is expected that additional time will be required to prepare the relevant information to be included in the circular, the Company expects that the circular will be despatched to the Shareholders on or before 12 November 2021.

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires.

“Board”	the board of Directors
“Company”	Freotech Road Recycling Technology (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6888)
“connected persons”	has the meaning ascribed thereto under the Listing Rules
“Construction”	the construction contemplated under the Construction Contract, including pile foundation, civil engineering and water and electricity installation
“Construction Contract”	a contract dated 15 October 2021 and entered into between Freotech Nanjing and the Contractor relating to the Construction
“Contractor”	Tongzhou Construction General Contracting Group Co., Ltd. (通州建總集團有限公司), a company established in the PRC with limited liability
“Directors(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held to consider and to approve, among other things, the Construction Contract and the transactions contemplated under the Construction Contract
“Freotech Nanjing”	Freotech Ecological Technology Development (Nanjing) Co., Ltd, (formerly known as Freotech Real Estate (Nanjing) Co. Ltd.), an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Land”	the land 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)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Taiwan and the Macau Special Administrative Region of the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary share(s) of the Company of par value of HK\$0.10 each
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

*Unless otherwise indicated, in this announcement, translation of amounts in RMB into HK\$ have been made at the rate of HK\$1.2074 to RMB1 for illustration purpose only. No representation is made that any amount in HK\$ could have been or could be converted at such respective rates or at all.*

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

Hong Kong, 15 October 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.*

\* for identification purposes only