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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 2023**

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 2023 (the “Period”).

**FINANCIAL HIGHLIGHTS**

	Six-month period ended 30 June		
	2023	2022	Increase/ (decrease)
	Unaudited <i>HK\$'000</i>	Unaudited <i>HK\$'000</i>	
Revenue	<b>164,043</b>	180,899	(9.3%)
Gross profit	<b>29,082</b>	21,140	37.6%
Profit/(Loss) attributable to owners of the Company	<b>2,277</b>	(9,750)	123.4%
Earnings/(Loss) per share (Basic) ( <i>HK cents</i> )	<b>0.22</b>	(0.96)	122.9%
Gross profit margin <sup>1</sup>	<b>17.7%</b>	11.7%	

<sup>1</sup> (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 2023

		Six-month period ended	
		30 June	
		2023	2022
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
REVENUE	3	<b>164,043</b>	180,899
Cost of sales		<b>(134,961)</b>	(159,759)
Gross profit		<b>29,082</b>	21,140
Other income	4	<b>3,668</b>	6,972
Other gains and losses, net	5	<b>2</b>	(583)
Reversal of impairment losses on financial and contract assets		<b>45,180</b>	17,306
Selling and distribution costs		<b>(10,124)</b>	(6,990)
Administrative expenses		<b>(34,573)</b>	(32,832)
Research and development costs		<b>(7,279)</b>	(6,917)
Other expenses		<b>(213)</b>	(1,174)
Share of losses of joint ventures		<b>(2,154)</b>	(2,428)
Finance costs	6	<b>(1,745)</b>	(2,109)
PROFIT/(LOSS) BEFORE INCOME			
TAX EXPENSE	7	<b>21,844</b>	(7,615)
Income tax expense	8	<b>(387)</b>	(613)
PROFIT/(LOSS) FOR THE PERIOD		<b>21,457</b>	(8,228)

		<b>Six-month period ended</b>	
		<b>30 June</b>	
		<b>2023</b>	2022
		<b>(Unaudited)</b>	(Unaudited)
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
PROFIT/(LOSS) FOR THE PERIOD		<u>21,457</u>	<u>(8,228)</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences arising from translation		(32,138)	(36,256)
Fair value loss on investments in equity instruments at fair value through other comprehensive income ("FVTOCI")		<u>(686)</u>	<u>(423)</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		<u>(32,824)</u>	<u>(36,679)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>(11,367)</u>	<u>(44,907)</u>
Profit/(Loss) for the period attributable to:			
Owners of the Company		2,277	(9,750)
Non-controlling interests		<u>19,180</u>	<u>1,522</u>
		<u>21,457</u>	<u>(8,228)</u>
Total comprehensive income for the period attributable to:			
Owners of the Company		(27,534)	(43,381)
Non-controlling interests		<u>16,167</u>	<u>(1,526)</u>
		<u>(11,367)</u>	<u>(44,907)</u>
EARNINGS/(LOSS) PER SHARE	<i>10</i>		
Basic		<u>HK0.22 cents</u>	<u>HK(0.96) cents</u>
Diluted		<u>HK0.22 cents</u>	<u>HK(0.96) cents</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2023 (Unaudited) HK\$'000	31 December 2022 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	118,405	130,439
Investment property	11	137,248	142,445
Right-of-use assets		12,924	14,513
Goodwill		6,150	6,150
Other intangible assets		1,192	1,543
Interests in joint ventures		9,576	12,109
Equity instruments at FVTOCI		6,335	7,293
Prepayments and deposits for acquisition of leasehold land		3,528	3,679
Contract assets		12,677	–
Deferred tax assets		132	205
		<b>308,167</b>	<b>318,376</b>
<b>CURRENT ASSETS</b>			
Inventories		189,331	185,532
Bills and trade receivables	12	68,285	79,950
Contract assets		273,759	369,748
Prepayments, deposits and other receivables	13	25,260	34,527
Financial assets at fair value through profit or loss		21,596	22,521
Pledged bank deposits		9,099	10,593
Restricted bank deposits		1,288	1,443
Bank balances and cash		217,898	251,780
		<b>806,516</b>	<b>956,094</b>
<b>CURRENT LIABILITIES</b>			
Bills, trade and other payables	14	241,768	388,853
Contract liabilities		15,693	14,265
Taxation payable		2,168	2,391
Lease liabilities		2,032	2,531
Bank borrowings		93,727	91,208
		<b>355,388</b>	<b>499,248</b>
<b>NET CURRENT ASSETS</b>		<b>451,128</b>	<b>456,846</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>759,295</b>	<b>775,222</b>

		<b>30 June 2023 (Unaudited) HK\$'000</b>	31 December 2022 (Audited) HK\$'000
	<i>Notes</i>		
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		<b>15,795</b>	17,562
Lease liabilities		<b>1,744</b>	2,527
		<u><b>17,539</b></u>	<u>20,089</u>
		<u><b>741,756</b></u>	<u>755,133</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	<i>15</i>	<b>107,900</b>	107,900
Reserves		<b>584,846</b>	614,390
		<u><b>692,746</b></u>	<u>722,290</u>
Attributable to owners of the Company		<b>692,746</b>	722,290
Non-controlling interests		<b>49,010</b>	32,843
		<u><b>741,756</b></u>	<u>755,133</u>
Total equity		<u><b>741,756</b></u>	<u>755,133</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, provision of road maintenance services, and development, sales and leasing of properties 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 2023 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2022.

### 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 2023 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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 three reportable operating segments as follows:

Maintenance services	—	Provision of road maintenance services
Sale of equipment	—	Manufacturing and sale of road maintenance equipment
Properties	—	Development, sales and leasing of properties

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 period ended 30 June 2023 and 2022 is set out below:

	Six-month period ended	
	30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Customer A — Provision of road maintenance services	<u>82,038</u>	<u>82,753</u>

**For the six-month period ended 30 June 2023**

	<b>Maintenance services (Unaudited) HK\$'000</b>	<b>Sale of equipment (Unaudited) HK\$'000</b>	<b>Properties (Unaudited) HK\$'000</b>	<b>Total (Unaudited) HK\$'000</b>
<b>Segment revenue:</b>				
Sales to external customers	132,500	31,543	–	164,043
Other revenue	1,342	2	–	1,344
	<u>133,842</u>	<u>31,545</u>	<u>–</u>	<u>165,387</u>
Revenue	133,842	31,545	–	165,387
Allocated corporate expenses	(104,000)	(31,467)	(272)	(135,739)
	<u>29,842</u>	<u>78</u>	<u>(272)</u>	<u>29,648</u>
<b>Segment results</b>				
	<u>29,842</u>	<u>78</u>	<u>(272)</u>	<u>29,648</u>
<i>Reconciliation:</i>				
Interest income				2,324
Foreign exchange losses, net				(59)
Finance costs				(1,745)
Unallocated corporate expenses				(6,170)
Share of losses of joint ventures				(2,154)
				<u>(2,154)</u>
Profit before income tax expense				<u><u>21,844</u></u>
<b>Other segment information:</b>				
Impairment losses reversed in respect of trade receivables, contract assets and other receivables	(45,536)	274	82	(45,180)
Depreciation and amortisation	9,556	1,664	–	11,220
Capital expenditure*	5,192	2,319	76	7,587

\* Capital expenditure consists of additions to property, plant and equipment, investment property and land use rights.

For the six-month period ended 30 June 2022

	Maintenance services (Unaudited) <i>HK\$'000</i>	Sale of equipment (Unaudited) <i>HK\$'000</i>	Properties (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
<b>Segment revenue:</b>				
Sales to external customers	169,843	11,056	–	180,899
Other revenue	442	213	–	655
	<u>169,843</u>	<u>11,056</u>	<u>–</u>	<u>180,899</u>
Revenue	170,285	11,269	–	181,554
Allocated corporate expenses	(166,220)	(17,486)	(427)	(184,133)
	<u>170,285</u>	<u>11,269</u>	<u>(427)</u>	<u>181,554</u>
<b>Segment results</b>	<u>4,065</u>	<u>(6,217)</u>	<u>(427)</u>	<u>(2,579)</u>
<i>Reconciliation:</i>				
Interest income				6,316
Foreign exchange losses, net				(318)
Finance costs				(2,109)
Unallocated corporate expenses				(6,497)
Share of losses of joint ventures				(2,428)
				<u>(2,428)</u>
Loss before income tax expense				<u><u>(7,615)</u></u>
<b>Other segment information:</b>				
Impairment losses reversed in respect of trade receivables, contract assets and other receivables	(16,537)	(769)	–	(17,306)
Depreciation and amortisation	13,578	1,576	–	15,154
Capital expenditure*	2,047	1,856	13,082	16,985

\* Capital expenditure consists of additions to property, plant and equipment, investment property and land use rights.

#### 4. OTHER INCOME

	Six-month period ended	
	30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Government grants ( <i>Note</i> )	587	151
Interest income	2,324	6,316
Dividend income from equity instruments at FVTOCI	185	–
Others	572	505
	<u>3,668</u>	<u>6,972</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	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Gain on disposal of property, plant and equipment	61	–
Foreign exchange losses, net	(59)	(318)
Donation	–	(265)
	<u>2</u>	<u>(583)</u>

#### 6. FINANCE COSTS

	Six-month period ended	
	30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on:		
— Bank borrowings	1,663	2,033
— Lease liabilities	82	76
	<u>1,745</u>	<u>2,109</u>

## 7. PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE

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

	Six-month period ended	
	30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	9,766	13,378
Depreciation of right-of-use assets	1,154	1,446
Amortisation of other intangible assets	300	330
Short-term lease expenses	1,063	1,086
Gain on disposal of property, plant and equipment	(61)	–
Reversal of impairment losses on trade receivables and contract assets	(44,041)	(18,582)
(Reversal of)/Provision for impairment losses on other receivables	(1,139)	1,276
Foreign exchange losses, net	59	318
	<u>9,766</u>	<u>13,378</u>

## 8. INCOME TAX EXPENSE

The charge comprises:

	Six-month period ended	
	30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
PRC Enterprise Income Tax ("EIT"):		
— Current tax	193	389
— Under provision in prior years	284	224
	<u>477</u>	<u>613</u>
Deferred tax charge	(90)	–
	<u>387</u>	<u>613</u>

No provision for Hong Kong Profits Tax has been made since there is no tax assessable profit for the six-month period ended 30 June 2022 and 2023.

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 was recognised as a High-Tech company in 2010, 2014, 2017 and 2022 respectively and the applicable tax rate is 15% from 1 January 2010 to 31 October 2020 and 18 November 2022 to 17 November 2025.

南京英達公路養護車製造有限公司 Nanjing Freetech Road Maintenance Vehicle Manufacturing Corporation was recognised as a High-Tech company in 2009, 2012, 2015, 2018 and 2022 respectively and the applicable tax rate is 15% from 1 January 2009 to 28 November 2021 and 12 December 2022 to 11 December 2025.

天津市高速公路養護有限公司 Tianjin Expressway Maintenance Limited 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 31 August 2023, the directors resolve not to pay any interim dividend to shareholders (six-month period ended 30 June 2022: 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)

	<b>Six-month period ended</b>	
	<b>30 June</b>	
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Profit/(Loss) for the purposes of calculating basic and diluted earnings/(loss) per share		
— attributable to the owners of the Company	<u><b>2,277</b></u>	<u>(9,750)</u>

### Number of shares

	<b>Six-month period ended</b>	
	<b>30 June</b>	
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(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	<b>1,015,329,894</b>	1,019,234,690
Effect of dilutive potential ordinary shares:		
Unvested share award	<u><b>5,920,028</b></u>	<u>—</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings/(loss) per share	<u><b>1,021,249,922</b></u>	<u>1,019,234,690</u>

The computation of diluted loss per share for the six-month period ended 30 June 2022 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 2023, the Group acquired property, plant and equipment, and investment property of HK\$7,511,000 and HK\$76,000, respectively (six-month period ended 30 June 2022: HK\$3,903,000 and HK\$13,082,000).

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 income capitalisation basis. There is no changes in fair value of investment property for the six-month period ended 30 June 2023 (six-month period ended 30 June 2022: Nil).

## 12. BILLS AND TRADE RECEIVABLES

	<b>30 June 2023 (Unaudited) HK\$'000</b>	31 December 2022 (Audited) HK\$'000
Trade receivables	67,559	77,479
Bills receivables	<u>726</u>	<u>2,471</u>
	<u><b>68,285</b></u>	<u><b>79,950</b></u>

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

	<b>30 June 2023 (Unaudited) HK\$'000</b>	31 December 2022 (Audited) HK\$'000
0 to 180 days	<u><b>726</b></u>	<u><b>2,471</b></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:

	<b>30 June 2023 (Unaudited) HK\$'000</b>	31 December 2022 (Audited) HK\$'000
Within 3 months	<b>10,213</b>	3,815
3 to 12 months	<b>27,122</b>	38,865
1 to 2 years	<b>21,137</b>	13,422
Over 2 years	<b>9,087</b>	21,377
	<u><b>67,559</b></u>	<u>77,479</u>

As at 30 June 2023, included in the trade receivables are amounts due from the Group's related companies of HK\$Nil (31 December 2022: HK\$8,877,000), which are repayable on credit terms similar to those offered to the major customers of the Group.

### 13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<b>30 June 2023 (Unaudited) HK\$'000</b>	31 December 2022 (Audited) HK\$'000
Other receivables	<b>11,923</b>	17,351
Prepayments and deposits	<b>13,149</b>	16,979
Other tax recoverable	<b>188</b>	197
	<u><b>25,260</b></u>	<u>34,527</u>

As at 30 June 2023, included in the prepayments, deposits and other receivables are amounts due from the Group's related companies of HK\$435,000 (31 December 2022: HK\$459,000), which are unsecured, interest-free and have no fixed terms of repayment.

#### 14. BILLS, TRADE AND OTHER PAYABLES

	<b>30 June 2023 (Unaudited) HK\$'000</b>	31 December 2022 (Audited) HK\$'000
Bills payable	6,406	6,488
Trade payables	168,570	290,912
Other tax payables	21,021	26,204
Other payables and accrued charges	45,771	65,249
	<u>241,768</u>	<u>388,853</u>

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

	<b>30 June 2023 (Unaudited) HK\$'000</b>	31 December 2022 (Audited) HK\$'000
0 to 180 days	<u>6,406</u>	<u>6,488</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:

	<b>30 June 2023 (Unaudited) HK\$'000</b>	31 December 2022 (Audited) HK\$'000
Within 3 months	56,518	106,712
3 to 12 months	46,398	66,661
1 to 2 years	43,916	80,781
Over 2 years	21,738	36,758
	<u>168,570</u>	<u>290,912</u>

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

As at 30 June 2023, included in the Group's trade payables are amounts due to related companies of approximately HK\$1,555,000 (31 December 2022: HK\$1,654,000), 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 2023, included in the Group's other payables and accrued charges is an amount due to a non-controlling shareholder of approximately HK\$26,237,000 (31 December 2022: HK\$26,237,000) which is unsecured, interest-free and have no fixed terms of repayment.

## 15. SHARE CAPITAL

### Shares

	<b>30 June 2023 (Unaudited) HK\$'000</b>	31 December 2022 (Audited) HK\$'000
Authorised:		
10,000,000,000 (31 December 2022: 10,000,000,000) ordinary shares of HK\$0.10 each	<u><b>1,000,000</b></u>	<u>1,000,000</u>
Issued and fully paid:		
1,079,000,000 (31 December 2022: 1,079,000,000) ordinary shares of HK\$0.10 each	<u><b>107,900</b></u>	<u>107,900</u>

## 16. CAPITAL COMMITMENTS

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

	<b>30 June 2023 (Unaudited) HK\$'000</b>	31 December 2022 (Audited) HK\$'000
Contracted, but not provided for:		
Leasehold land	<b>14,110</b>	14,714
Property, plant and equipment	<b>7,813</b>	2,906
Construction contract	<u><b>285,208</b></u>	<u>306,093</u>
	<u><b>307,131</b></u>	<u>323,713</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 2023 (the “Period”).

According to the “14th Five-Year Plan for National Economic and Social Development of the People’s Republic of China and the Long-Range Objectives Through the Year 2035”, and the “Program of Building National Strength in Transportation” (交通強國建設綱要), China has achieved historic achievements in its comprehensive transportation system in the past five years, especially in responding to the COVID-19 pandemic, strengthening transportation guarantees, and promoting resumption of work and production. After the end of the COVID-19 pandemic, the concentrated burst of the accumulated maintenance demand over the past three years will force the road management mindset to shift towards “maintenance first”, and the widespread application of deep maintenance such as medium-and-large-scale repairs and pre-maintenance will accelerate the increase of investment in road maintenance. Therefore, the Group’s business operation has gradually resumed normal, the total service area of the “Hot-in-Place” project under the asphalt pavement maintenance (“APM”) services sector recorded an increase during the Period under review and resulted its gross profit margin recorded an increase. The APM equipment segment of the Group recorded an increase in revenue during the Period under review due to (i) many local government and highway companies delayed their capital investment to 2023 due to the outbreak of COVID-19 in 2022; and (ii) the successful of sale a set of modular series equipment. During the Period under review, the Group also recorded a reversal of expected credit loss of trade receivables and contracts assets for the Period and the amount was higher compared to the corresponding period in 2022.

During the Period, the Group’s operating revenue was approximately HK\$164.0 million, representing a decrease of approximately 9.3%, as compared to the corresponding period in 2022. Total profit attributable to owners of the Company was approximately HK\$2.3 million, representing an increase of approximately 123.4% as compared to total loss attributable to owners of the Company of approximately HK\$9.8 million for the six-month period ended 30 June 2022.

## **APM Services**

Although the total service area of the Group’s “Hot-in-Place” recorded an increase during the Period under review, the revenue for this segment decreased as compared with that of the corresponding period in 2022 due to the effect of: (i) the revenue of the Group’s “Hot-in-Place” projects recorded decrease during the Period despite recorded increase in the total service area because the Group’s “Hot-in-Place” projects in corresponding period in 2022 included the Geopolymer Injection Road Base Repair technology which had higher selling price; and (ii) more road maintenance work were performed by Tianjin Expressway Maintenance Company Limited\* (天津市高速公路養護有限公司) (“Tianjin Expressway Maintenance”) in 2022, the revenue of non-“Hot-in-Place” projects recorded an decrease during the Period.

The APM services segment recorded revenue of approximately HK\$132.5 million, representing a decrease of 22.0% as compared to the corresponding period in 2022. Despite decreased in revenue during the Period, the gross profit margin of this segment was increased from 9.2% for the six-month period ended 30 June 2022 to 10.6% during the Period due to an increase in the total service area of the Group’s “Hot-in-Place” projects. 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\$31.5 million, representing an increase of 185.3% as compared to the corresponding period in 2022. The increase of revenue was due to many local government and highway companies delayed their capital investment to 2023 due to the outbreak of COVID-19 in 2022. In addition, the Group had successfully sold a set of modular series equipment during the Period under review.

## **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, the Group continued to invest resources in research and development. As at 30 June 2023, it had registered 234 patents (as at 31 December 2022: 222), of which 30 were invention patents (as at 31 December 2022: 25), 178 were utility model patents (as at 31 December 2022: 171) and 26 were design patents (as at 31 December 2022: 26). Besides, it had 14 pending patent applications (as at 31 December 2022: 24), of which 11 invention patents (as at 31 December 2022: 21) and 3 utility model patents (as at 31 December 2022: 3).

\* For identification purpose only

During the Period under review, a cloud-based intelligent monitoring and control platform for the Group's "Hot-in-Place" modular series equipment was developed. The system measures and control the working parameters and condition of the modular series equipment such as working temperature, depth and speed. The owner of the modular series equipment can monitor the progress and output all teams in different locations in real time. In addition, the Group's new high-speed sweeper was further upgraded to improve performance in terms of speed, cleanliness, operating time, fuel consumption as well as emission. Marketing and demonstrations were conducted that shown the performance are leading in the industry.

A new process and material for manhole structure repair was developed by the Group. Damages of manhole surroundings are extremely common in municipal market. It involves fast curing backfill material that reduce the working time significantly compared to using tradition backfilling material and techniques. The Group expects a high demand for this technology in the APM industry.

#### *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**

This year marks the opening year for the implementation of the principles set out at the 20th National Congress of the Communist Party of China (the "20th National Congress"). The 20th National Congress draws a grand blueprint depicting modernisation that befits China and ascertains the key meaning and mission which is the harmony and co-existence between humans and nature. The National People's Congress of the PRC and The Chinese People's Political Consultative Conference (The Two Sessions) have emphasised the acceleration of qualitative and low-carbon green development, and called for the ongoing advancement of the battle for the protection of clean sky, water and land and prevention of pollution through the creation of a Beautiful China according to major regional strategies. In addition, according to the "20th National Congress", which provides a profound exposition on "Realizing Chinese-style Modernization", it has pointed out the fundamental guideline and development direction for the comprehensive improvement of road maintenance management and the promotion of sustainable and healthy growth of the maintenance industry. It is expected that by 2026, China will have built a national expressway network, ordinary national highway network, and other road networks totaling approximately 460,000 kilometers. The PRC government's investment in road maintenance is expected to continue to grow at a high rate, with fiscal expenditures expected to reach over RMB100 billion, marking the arrival of an "era of full-road maintenance". 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.

First, as at 31 December 2022, 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 enables the Group to perform APM services during 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, as the border restrictions between Hong Kong, China and other countries had been lifted, 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 develop new product in road industry;
4. it will continue to invest in its testing and planning department by devoting more equipment and staff in it 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.

In addition, the construction work of the investment property acquired by the Group 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) in December 2016 has commenced in first quarter of 2022. The investment property will not only enable the Group to enhance its research and development capabilities, but will also bring additional income streams to the Group in future.

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 2022.

### REVENUE

#### a. APM Services

	Six-month period ended 30 June				Increase/ (decrease)
	2023		2022		
	Unaudited HK\$’000	Area serviced (square meters’000)	Unaudited HK\$’000	Area serviced (square meters’000)	
<b>Revenue (net of VAT)</b>					
“Hot-in-Place” Projects	<b>30,125</b>	<b>520</b>	37,339	361	(19.3%)
Non-“Hot-in-Place” Projects	<b>102,375</b>	–	132,504	–	(22.7%)
Total	<b>132,500</b>		169,843		(22.0%)

	Six-month period ended 30 June		2022		Increase/ (decrease)
	2023		2022		
	Unaudited <i>HK\$'000</i>	<i>Margin</i>	Unaudited <i>HK\$'000</i>	<i>Margin</i>	
<b>Gross profit</b>					
“Hot-in-Place” Projects	8,330	27.7%	9,665	25.9%	(13.8%)
Non-“Hot-in-Place” Projects	<u>5,669</u>	5.5%	<u>6,009</u>	4.5%	(5.7%)
Total	<u><u>13,999</u></u>	10.6%	<u><u>15,674</u></u>	9.2%	(10.7%)

Revenue for this segment decreased as compared with that of the corresponding period in 2022 due to the effect of: (i) despite the total service area of the Group’s “Hot-in-Place” projects recorded increase, the revenue of the “Hot-in-Place” projects recorded decrease during the Period because the “Hot-in-Place” projects in corresponding period in 2022 included the Geopolymer Injection Road Base Repair technology which had higher selling price; and (ii) more road maintenance work were performed by Tianjin Expressway Maintenance in 2022, the revenue of non-“Hot-in-Place” projects recorded a decrease during the Period.

Despite decreased in revenue, the gross profit margin of this segment was increased from 9.2% for the six-month period ended 30 June 2022 to 10.6% during the Period due to an increase in the total service area of the Group’s “Hot-in-Place” projects.

## b. APM Equipment

	Six-month period ended 30 June		2022		Increase/ (decrease)
	2023		2022		
	Unaudited <i>HK\$'000</i>	<i>units/ sets</i>	Unaudited <i>HK\$'000</i>	<i>units/ sets</i>	
<b>Revenue (net of VAT)</b>					
Standard series	12,400	10	8,657	5	43.2%
Modular series	17,369	1	–	–	N/A
Repair and maintenance	<u>1,774</u>	N/A	<u>2,399</u>	N/A	(26.1%)
Total	<u><u>31,543</u></u>		<u><u>11,056</u></u>		185.3%

	Six-month period ended 30 June				Increase/ (decrease)
	2023		2022		
	Unaudited HK\$'000	Margin	Unaudited HK\$'000	Margin	
<b>Gross profit</b>					
Standard series	5,445	43.9%	4,016	46.4%	35.6%
Modular series	8,511	49.0%	–	N/A	N/A
Repair and maintenance	1,127	63.5%	1,450	60.4%	(22.3%)
Total	<u>15,083</u>	<u>47.8%</u>	<u>5,466</u>	<u>49.4%</u>	175.9%

Revenue for the APM equipment segment for the Period significantly increased by 185.3% as compared to the corresponding period for 2022. This was mainly due to many local government and highway companies delayed their capital investment to 2023 due to the outbreak of COVID-19 in 2022. In addition, the Group had successfully sold a set of modular series equipment during the Period under review. The gross profit margin for the APM equipment segment was relatively stable during the Period.

## OTHER INCOME

Other income was decreased by approximately HK\$3.3 million from HK\$7.0 million for the six-month period ended 30 June 2022 to HK\$3.7 million for the Period, primarily due to the decrease in the deposit interest rate.

## REVERSAL OF IMPAIRMENT LOSSES ON FINANCIAL AND CONTRACT ASSETS

The reversal of the expected credit loss allowance on financial and contract assets increased from HK\$17.3 million for the six-month period ended 30 June 2022 to HK\$45.2 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 decreased as most of the long outstanding balances of Tianjin Expressway Maintenance had been recovered; and (ii) the reversal of the expected credit loss allowance on other receivables recognized.

## **SELLING AND DISTRIBUTION COSTS**

The selling and distribution costs increased by approximately HK\$3.1 million from HK\$7.0 million for the six-month period ended 30 June 2022 to HK\$10.1 million for the Period and was mainly due to the effect of (i) strict COVID-19 pandemic control implemented in the first half of 2022 had been relieved in the fourth quarter of 2022, resulted more travelling and entertainment expenses were incurred during the Period under review; and (ii) more marketing and promotion activities were conducted during the Period.

## **ADMINISTRATIVE EXPENSES**

Administrative expenses increased by approximately HK\$1.8 million, from HK\$32.8 million for the six-month period ended 30 June 2022 to HK\$34.6 million for the Period primarily due to (i) the strict COVID-19 pandemic control implemented in the first half of 2022 had been relieved in the fourth quarter of 2022, resulted more travelling and entertainment expenses were incurred during the Period; and (ii) increased in staff costs due to an increase in number of employees.

## **RESEARCH AND DEVELOPMENT COSTS**

Research and development costs increased by approximately HK\$0.4 million, from HK\$6.9 million for the six-month period ended 30 June 2022 to HK\$7.3 million for the Period, primarily due to the Group's effort to invest more on research and development.

## **FINANCE COSTS**

Finance costs decreased by approximately HK\$0.4 million, from HK\$2.1 million for the six-month period ended 30 June 2022 to HK\$1.7 million for the Period, primarily due to a decrease in bank borrowing interest rate.

## **SHARE OF LOSSES OF JOINT VENTURES**

The Group's share of losses from the joint ventures was approximately HK\$2.2 million for the Period, decreased by approximately HK\$0.2 million, as compared to the corresponding period in 2022.

## **INCOME TAX EXPENSE**

Income tax expense decreased by approximately HK\$0.2 million, from income tax expense of approximately HK\$0.6 million for the six-month period ended 30 June 2022 to HK\$0.4 million for the Period, which is mainly due to the underprovision of taxation in the year ended 31 December 2021 was recognised in the six-month period ended 30 June 2022.

## **PROFIT**

Profit attributable to owners of the Company amounted to HK\$2.3 million for the Period compared with loss attributable to owners of the Company of approximately HK\$9.8 million for the six-month period ended 30 June 2022, primarily due to the effect of (i) the increase in revenue of APM equipment 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 2023, the Group's bank balances and cash, restricted bank deposits, financial assets at fair value through profit or loss and pledged bank deposits amounted to approximately HK\$249.9 million (as at 31 December 2022: HK\$286.3 million). The decrease was primarily due to the net effect of (1) net cash flows used in operating activities; (2) the purchase of property, plant and equipment; (3) addition to investment property; and (4) increase in bank borrowings. As at 30 June 2023, the bank borrowings of the Group amounted to HK\$93.7 million (as at 31 December 2022: HK\$91.2 million). As at 30 June 2023 and 31 December 2022, the Group was in a net cash position.

Due to the effect of (i) the most of the long outstanding balances of Tianjin Expressway Maintenance had been recovered during the Period; and (ii) the decrease in the revenue during the period, the trade receivables and contract assets balances was decreased by HK\$147.8 million, or approximately 19.5%, from HK\$758.3 million as of 31 December 2022 to HK\$610.5 million as of 30 June 2023. 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 and was not yet past due. As at the latest practicable date, customers had subsequently settled trade receivables amounting to HK\$69.2 million (equivalent to approximately RMB64.1 million).

As at 30 June 2023, 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.

## **INVESTMENT PROPERTY**

As at 30 June 2023, the Group's investment property is measured using the fair value model and was approximately HK\$137.2 million (as at 31 December 2022: HK\$142.4 million). The decrease in the Group's investment property was the result of the depreciation 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 investment property is a parcel of land and 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). It was acquired by the Group in December 2016 and shall be developed for research and development use. The construction work of the investment property had commenced in the first quarter of 2022. Due to the strict COVID 19 pandemic control in second quarter of 2022, the expected completion date of the investment property has delayed from fourth quarter 2023 to fourth quarter of 2024. The Group intends to fund 80% of the contract cost by bank financing and 20% by its internal resources. 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, 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. Upon the completion of the construction, the Group intends to lease the some office spaces of the Main Buildings to third parties, which will bring additional income streams to the Group. The Group also decides to sell the Office Buildings to repay the construction cost. During the year ended 31 December 2021, as the management of the Group had decided to sell Office Buildings upon completion and the investment property of approximately HK\$136.5 million had been transferred to inventories and is stated at cost as at 31 December 2022 and 30 June 2023. The Group intends to develop the investment property to bring additional income to the Group, it is an one-off transaction and the Group does not have the intention to enter into real estate development industry.

## **INTEREST-BEARING BANK BORROWINGS**

As at 30 June 2023, the Group had total debt of HK\$93.7 million (as at 31 December 2022: HK\$91.2 million), which was comprised of secured interest-bearing bank borrowings of HK\$33.5 million (as at 31 December 2022: HK\$46.2 million) and unsecured interest-bearing bank borrowings of HK\$60.2 million (as at 31 December 2022: HK\$45.0 million).

As at 30 June 2023, bank balances of approximately HK\$9.1 million (as at 31 December 2022: HK\$10.6 million) was pledged to secure general banking facilities granted to the Group.

The maturity profile of the interest-bearing bank borrowings as at 31 December 2022 and 30 June 2023 were repayable within one year or demand.

### 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 2023 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 during the Period <i>HK\$ million</i>	Net Proceeds utilised up to 30 June 2023 <i>HK\$ million</i>	Utilised <i>HK\$ million</i>	Expected timeline for utilised net proceeds
Investment in research and development activities	137.4	–	137.4	–	
Establishing joint ventures and expanding APM service teams	137.4	–	99.9	37.5	End of 2023
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	End of 2023
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>–</u>	<u>607.3</u>	<u>79.7</u>	

As the Company has not identified suitable joint venture partner and/or acquisition targets for APM service providers, the Company has not utilised the proceeds allocated during the Period under review. The Company intended to utilise the proceeds by the end of 2023 and will continue to identify suitable partners and acquisition targets in 2023. The unutilised net proceeds have been deposited into short term deposits with licensed banks and authorised financial institutions in Hong Kong and the PRC.

## **SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

During the Period under review, 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. 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 condensed consolidated interim unaudited financial statements.

As at 30 June 2023, 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 2023, 82.7% and 17.3% (as at 31 December 2022: 87.7% and 12.3%) of the Group's bank borrowings are at fixed interest rate and floating interest rate, respectively. 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 2023, bank balances and cash, restricted bank deposits, pledged bank deposits and financial assets at fair value through profit or loss of approximately HK\$244,897,000 (as at 31 December 2022: HK\$259,152,000) are denominated in RMB, the remaining balances are mainly denominated in Hong Kong dollars. As at 30 June 2023, the Group's bank borrowings denominated in RMB amounted to HK\$93,727,000 (equivalent to RMB86,800,000) (as at 31 December 2022: HK\$91,208,000 (equivalent to RMB81,000,000)). The Group has not hedged its foreign currency risk. The changes in foreign currency translation reserve during the Period was the result of the depreciation 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 2023, the Group had a total of 492 full time employees (as at 31 December 2022: 456). Staff costs during the Period, including directors' emoluments, totalled HK\$38.3 million (six-month period ended 30 June 2022: HK\$41.2 million). 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. The Group stresses the importance of staff development and provides training programmes on an ongoing basis.

## **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 Listing Rules, except code provision C.2.1 as more particularly described below.

CG Code provision C.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 the 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.

## **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), Prof. Lau Chi Pang, J.P. and Prof. Lai Kin Keung (including one independent non-executive director with the appropriate professional qualifications).

At an audit committee meeting held on 31 August 2023, 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 2022: 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](http://www.hkexnews.hk) and the website of the Company at [www.freetech-holdings.hk](http://www.freetech-holdings.hk).

The interim report of the Company for the six-month period ended 30 June 2023 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, 31 August 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.*