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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)

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

**NEW CONSTRUCTION CONTACT**

Reference is made to the announcement of the Company dated 15 October 2021 and the circular of the Company dated 26 November 2021 in relation to the Original Construction Contract in respect of the development of Land.

In view of the delay in the construction under the Original Construction Contract and the performance and the financial capability of the Original Contractor, Freotech Nanjing decided to terminate the Original Construction Contract and entered into the Termination Agreement on 20 December 2024 pursuant to which Freotech Nanjing agreed to pay approximately RMB12.1 million to the Original Contractor within 10 days after receiving the invoice issued by the Original Contractor and the remaining RMB4.5 million will be paid on or before 31 December 2025 after completion of certain verification works to settle all outstanding contract sum.

The Board is pleased to announce that on 20 December 2024, Freotech Nanjing and the New Contractor entered into the New Construction Contract, under which Freotech Nanjing has engaged the New Contractor for the Construction on the Land for a contract sum of RMB258.4 million (equivalent to approximately HK\$275.8 million).

**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 transaction contemplated under the New Construction Contract exceeds 100%, the transaction contemplated under the New Construction Contract 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 New Construction Contract and the transaction contemplated thereunder. A circular containing, among other things, (i) further details of the New 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 24 January 2025.

## **NEW CONSTRUCTION CONTACT**

Reference is made to the announcement of the Company dated 15 October 2021 and the circular of the Company dated 26 November 2021 in relation to the Original Construction Contract in respect of the development of Land.

In view of the delay in the construction under the Original Construction Contract and the performance and the financial capability of the Original Contractor, Freotech Nanjing decided to terminate the Original Construction Contract and entered into the Termination Agreement on 20 December 2024 pursuant to which Freotech Nanjing agreed to pay approximately RMB12.1 million to the Original Contractor within 10 days after receiving the invoice issued by the Original Contractor and the remaining RMB4.5 million will be paid on or before 31 December 2025 after completion of certain verification works to settle all outstanding contract sum.

The Board is pleased to announce that on 20 December 2024, Freotech Nanjing and the New Contractor entered into the New Construction Contract, under which Freotech Nanjing has engaged the New Contractor for the Construction on the Land for a contract sum of approximately RMB258.4 million (equivalent to approximately HK\$275.8 million).

A summary of the principal terms of the New Construction Contract are as follows:

Date: 20 December 2024

Parties: (1) Freotech Nanjing  
(2) The New Contractor

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

Subject matter: Under the New Construction Contract, Freetech Nanjing has engaged the New 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 etc.).

Contract Sum: Approximately RMB258.4 million (equivalent to approximately HK\$275.8 million) which comprises the followings:

	<i>RMB million</i>
Foundation pit support construction	12.9
Rock and earth excavation construction	24.6
Building construction	212.8
Exterior construction	<u>8.1</u>
Total	<u><u>258.4</u></u>

The contract sum may be adjusted subject to the change of the raw materials and labour cost for the Construction. The New Contractor shall bear the costs adjustment if the changes in the raw materials price are less than 5%, and Freetech Nanjing shall bear the costs adjustments if the changes in the raw materials price are more than 5%. The labour costs shall be adjusted with reference to the reference price based on the guidance issued by the Jiangsu Housing and Urban Rural Development Department.

The Group intends to fund 80% of the contract cost by bank financing and 20% by its internal resources.

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

- (a) On completion of foundation pile support works with the certificate on passing the special acceptance check thereon, 80% of this stage contract sum of approximately RMB10.3 million shall be paid within 28 days (around June 2025) 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 RMB100.1 million shall be paid after 30 days (around February 2026) 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 RMB19.7 million shall be paid after 30 days (around March 2026) 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 RMB70.1 million shall be paid after 30 days (around August 2026) 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 RMB6.4 million shall be paid after 30 days (around October 2026) 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, 90% of the total contract sum of approximately RMB25.8 million shall be paid after 30 days (around December 2026) of verification and signature through process auditing.
- (g) On completion of as-built inspection filing, the New 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 New 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 RMB12.9 million shall be made around January 2027.

- (h) 5% of the audited settlement price shall be regarded as quality deposits. 50% of such quality deposits of approximately RMB6.5 million shall be paid after two years (around March 2029) 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 RMB6.5 million shall be paid either in case where there are no construction and waterproofing quality issues after five years (around March 2032) 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 New Contractor.
Expected Date of Completion of Construction:	The Construction is expected to be completed in the first quarter of 2027.
Effectiveness of the Construction Contract:	The New Construction Contract shall take effect upon the Shareholders having approved the New Construction Contract at the EGM. It is expected that subject to the approval of the New Construction Contract, the New Constructor will commence its work on the first quarter 2025.

## 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 RMB140.1 million 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.

The site area of the Land 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. 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 at the Land. 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 2026. The proceeds of the sale of the Office Buildings will be used for repayment of the bank loan for the Construction.

The Construction has only commenced in the first quarter of 2022. Due to the strict COVID-19 pandemic control in second quarter of 2022 and some changes of the construction plan, there was a delay in the progress of Construction. It was expected that the completion date of the Construction will be in or around the first quarter of 2027.

In view of the delay in the construction under the Original Construction Contract and the performance and the financial capability of the Original Contractor, Freotech Nanjing decided to terminate the Original Construction Contract. The fact and circumstances leading to the termination of the Original Construction Contract did not fall under the dispute resolution mechanism and no compensation was required to be made by the Original Contractor or Freotech Nanjing. The Original Contractor had completed the pit foundation construction under the Original Construction Contract. The contract sum and related costs incurred under the Original Construction Contract were approximately RMB24.9 million, and Freotech Nanjing has already paid approximately RMB8.3 million pursuant to its terms. The parties have negotiated amicably and entered into the Termination Agreement on 20 December 2024 pursuant to which Freotech Nanjing agreed to pay approximately RMB12.1 million to the Original Contractor within 10 days after receiving the invoice issued by the Original Contractor and the remaining RMB4.5 million will be paid on or before 31 December 2025 after completion of certain verification works to settle all outstanding contract sum.

Taking into account the construction plan, the scope of the New Construction Contract is substantially the same as the Original Construction Contract save that pit foundation construction was not included as it had been completed by the Original Construction Contract. The scope of the New Construction Contract would be necessary for the completion of the Construction.

Freotech Nanjing selected the New Contractor after considering various factors, including technical experience, professional qualifications, business reputation, project management capabilities and financial background of the New Contractor. In addition, as the Construction has already commenced, the Board also considered if any new contractor taking over the Construction could continue with the Construction smoothly without delay and is able to comply with the original construction plan in line with market standard. In view of the experience and track record of the New Contractor, the Board considered that the New Contractor will be able to continue with the Construction in accordance with the timetable. The New Contractor is a subsidiary of China State Construction Engineering Corporation (No. 9 ranking under Fortune Global 500 based on 2022 ranking). The New Contractor has registered share capital of RMB4.3 billion and total assets of RMB62.1 billion. The New Contractor has more than 16,000 employees. The New Contractor has extensive knowledge on building construction business as it has undertaken more than 20 super high-rise buildings (above 200 meters) in recent years. Therefore, the Board believed that the change of the contractor will improve the quality of services and to keep the construction progress on track.



The contract sum was determined on arm's length negotiation between Freotech Nanjing and the New Contractor with reference to, among others things, (i) the construction work completed under the Original Construction Contract. The contract sum of the New Construction Contract decreased by approximately RMB21.5 million when comparing with the contract sum of the Original Construction Contract of approximately RMB279.9 million as the pit foundation construction with an estimated contract sum of RMB21.5 million had already been performed by the Original Contractor; (ii) the market price of the major raw materials required for the Construction with reference to the market price published at Nanjing City Construction Cost Information\* (南京市工程造價資訊網) issued by Nanjing Municipal Commission of Housing and Rural and Urban Construction (南京市城鄉建設委員會). The payment terms follow the progress of the construction and align with market practice.

In view of the above, and taking into account the scope of work is substantially the same as the Original Construction Contract, the contract sum generally aligns with the market reference price and the Construction will be carried out by a contractor with good track record and can be carried out smoothly without further delay, the Board considered that the New Construction Contract is on normal commercial terms and no less favourable the Original Construction Contract, the terms thereof (including the contract sum and payment terms) are fair and reasonable and that the terms of the New Construction Contract and the transaction contemplated under is in the best 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.

Freotech 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 New Contractor is a company established in the PRC with limited liability. Its principal business is general contracting of building construction project. The New Contractor is a subsidiary of China State Construction Engineering Corporation. The New Contractor is ultimately owned by the State-owned Assets Supervision Administration Commission of the State Council (國務院國有資產監督管理委員會).

## **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the New Construction Contract exceeds 100%, the transaction contemplated under the New Construction Contract 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 New Construction Contract and the transaction contemplated thereunder. A circular containing, among other things, (i) further details of the New

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 24 January 2025.

## DEFINITIONS

In this announcement, the following expressions shall have the following meanings, unless the context requires otherwise:

“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 at the Land, including but not limited to, pile foundation, civil engineering and water and electricity installation
“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 New Construction Contract and the transactions contemplated under the New 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



“New Construction Contract”	a contract dated 20 December 2024 and entered into between Freetech Nanjing and the New Contractor relating to the construction at the Land, together with the supplemental agreement entered into between Freetech Nanjing and the New Contractor on the same date
“New Contractor”	China Construction No. 6 Engineering Department Co., Limited* (中國建築第六工程局有限公司), a company established in the PRC with limited liability
“Original 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
“Original Construction Contract”	the contract dated 15 October 2021 and entered into between Freetech Nanjing and the Original Contractor relating to the Construction
“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
“Termination Agreement”	the termination agreement dated 20 December 2024 entered into between Freetech Nanjing and the Original Contractor to terminate the Original Construction Contract
“%”	per cent.

*Unless otherwise indicated, in this announcement, translation of amounts in HK\$ into RMB have been made at the rate of HK\$1.0675 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, 20 December 2024

*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.*

*\* for identification purpose only*