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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 2017**

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 2017 (the “Period”).

**FINANCIAL HIGHLIGHTS**

	<b>Six-month period ended 30 June</b>		
	<b>2017</b>	2016	Increase/ (decrease)
	<b>Unaudited</b>	Unaudited	
	<b>HK\$'000</b>	HK\$'000	
Revenue	<b>221,415</b>	239,646	(7.6%)
Gross profit	<b>57,574</b>	96,929	(40.6%)
Profit attributable to owners of the Company	<b>19,053</b>	18,533	2.8%
Earnings per share (Basic) (HK cents)	<b>1.79</b>	1.75	2.3%
Gross profit margin <sup>1</sup>	<b>26.0%</b>	40.4%	

<sup>1</sup> (gross profit/revenue) x 100%

## FINANCIAL RESULTS

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six-month period ended 30 June 2017

	<i>Notes</i>	Six-month period ended	
		2017	2016
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
REVENUE	3	221,415	239,646
Cost of sales		<u>(163,841)</u>	<u>(142,717)</u>
Gross profit		57,574	96,929
Other income	4	5,916	4,809
Other gains and losses	5	(8,339)	(6,153)
Selling and distribution costs		(10,309)	(11,054)
Administrative expenses		(44,445)	(42,614)
Research and development costs		(5,880)	(5,072)
Other expenses		(11)	(131)
Share of losses of joint ventures		(3,111)	(2,600)
Share of losses of associates		–	(68)
Changes in fair value of investment property		41,664	–
Finance costs	6	<u>(2,418)</u>	<u>(808)</u>
PROFIT BEFORE TAXATION	7	30,641	33,238
Taxation	8	<u>(12,587)</u>	<u>(9,968)</u>
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>18,054</u>	<u>23,270</u>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six-month period ended 30 June 2017*

	<b>Six-month period ended</b>	
	<b>30 June</b>	
	<b>2017</b>	2016
	<b>(Unaudited)</b>	(Unaudited)
<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<b>18,054</b>	23,270
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD		
Item that will not be reclassified to profit or loss:		
Exchange differences arising from translation	<b>36,147</b>	(26,111)
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD	<b>36,147</b>	(26,111)
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD	<b>54,201</b>	(2,841)
Profit/(loss) for the period attributable to:		
Owners of the Company	<b>19,053</b>	18,533
Non-controlling interests	<b>(999)</b>	4,737
	<b>18,054</b>	23,270
Total comprehensive income/(expense) for the period attributable to:		
Owners of the Company	<b>52,286</b>	(4,575)
Non-controlling interests	<b>1,915</b>	1,734
	<b>54,201</b>	(2,841)
EARNINGS PER SHARE	<i>10</i>	
Basic	<b>HK1.79 cents</b>	HK1.75 cents
Diluted	<b>HK1.77 cents</b>	HK1.72 cents

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2017 (Unaudited) <i>HK\$'000</i>	31 December 2016 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	<i>11</i>	<b>295,519</b>	309,856
Investment property	<i>11</i>	<b>209,052</b>	–
Goodwill		<b>14,700</b>	14,700
Prepaid lease payments		<b>10,930</b>	10,750
Other intangible assets		<b>406</b>	454
Prepayments and deposits for acquisition of land use rights		<b>37,147</b>	114,299
Interests in joint ventures		<b>62,166</b>	54,793
Deferred tax assets		<b>3,751</b>	3,613
Available-for-sale investments		<b>11,979</b>	8,267
Trade receivables – non-current	<i>12</i>	<b>48,934</b>	59,664
		<b>694,584</b>	576,396
<b>CURRENT ASSETS</b>			
Inventories		<b>23,741</b>	30,092
Bills and trade receivables	<i>12</i>	<b>653,935</b>	587,985
Prepayments, deposits and other receivables	<i>13</i>	<b>86,747</b>	113,919
Prepaid lease payments		<b>307</b>	298
Time deposits		–	3,016
Pledged bank deposits		<b>40,005</b>	46,845
Structured bank deposits		<b>12,670</b>	1,229
Bank balances and cash		<b>127,619</b>	275,119
		<b>945,024</b>	1,058,503
<b>CURRENT LIABILITIES</b>			
Bills, trade and other payables	<i>14</i>	<b>247,296</b>	293,513
Taxation payable		<b>2,645</b>	2,401
Bank borrowings		<b>125,117</b>	139,601
		<b>375,058</b>	435,515
<b>NET CURRENT ASSETS</b>		<b>569,966</b>	622,988
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,264,550</b>	1,199,384

		<b>30 June 2017 (Unaudited) HK\$'000</b>	31 December 2016 (Audited) HK\$'000
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		<u>20,282</u>	<u>9,414</u>
		<u><b>1,244,268</b></u>	<u>1,189,970</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	<i>15</i>	<b>107,900</b>	107,900
Reserves		<u><b>1,041,188</b></u>	<u>988,805</u>
Attributable to the owners of the Company		<b>1,149,088</b>	1,096,705
Non-controlling interest		<u><b>95,180</b></u>	<u>93,265</u>
Total equity		<u><b>1,244,268</b></u>	<u>1,189,970</u>

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION

Freetech Road Recycling Technology (Holdings) Limited (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 Company and its subsidiaries (collectively referred to as the “Group”) were principally engaged in the manufacturing and sale of road maintenance equipment and provision of road maintenance services 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 as described below, the accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six-month period ended 30 June 2017 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2016.

#### **Significant accounting policies**

##### *Investment property*

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair values. All of the Group’s property interests held under operating leases to earn rentals or for capital appreciation purposes are classified and accounted for as investment properties and are measured using the fair value model. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Leasehold land held for development into investment property, representing leasehold land located in the PRC for development into investment properties, is stated initially at cost.

Construction costs incurred for investment properties under development and leasehold land held for development into investment properties are capitalized as part of the carrying amount of the investment properties under development.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

#### **Application of amendments to HKFRSs**

In the current interim period, the Group has applied, for the first time, certain amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are mandatorily effective for the current interim period.

The application of those amendments to HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these unaudited 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 two reportable operating segments as follows:

Maintenance services	–	Provision of road maintenance services
Sale of equipment	–	Manufacturing and sale of road maintenance equipment

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 before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, exchange differences, share of profits and losses of joint ventures and associates, 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 periods ended 30 June 2017 and 2016 is set out below:

	Six-month period ended 30 June	
	2017 (Unaudited) <i>HK\$'000</i>	2016 (Unaudited) <i>HK\$'000</i>
Customer A — Provision of road maintenance services	52,957	46,264
Customer B — Provision of road maintenance services	29,556	26,548
Customer C — Provision of road maintenance services	27,120	–

For the six-month period ended 30 June 2017

	Maintenance services (Unaudited) <i>HK\$'000</i>	Sale of equipment (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
<b>Segment revenue:</b>			
Sales to external customers	199,732	21,683	221,415
Intersegment sales	6,580	1,516	8,096
Other revenue	2,787	75	2,862
	<u>209,099</u>	<u>23,274</u>	<u>232,373</u>
<i>Reconciliation:</i>			
Elimination of intersegment sales	<u>(6,580)</u>	<u>(1,516)</u>	<u>(8,096)</u>
Revenue	202,519	21,758	224,277
Allocated corporate expenses	<u>(201,616)</u>	<u>(21,373)</u>	<u>(222,989)</u>
<b>Segment results</b>	<u>903</u>	<u>385</u>	<u>1,288</u>
<i>Reconciliation:</i>			
Interest income			3,054
Exchange losses			(908)
Finance costs			(2,418)
Unallocated corporate expenses			(8,928)
Share of profits and losses of joint ventures			(3,111)
Changes in fair value of investment property			<u>41,664</u>
Profit before tax			<u>30,641</u>
<b>Other segment information:</b>			
Impairment losses recognised/(reversed) in the statement of profit or loss	12,389	(6,265)	6,124
Depreciation and amortisation	19,036	6,082	25,118
Capital expenditure*	165,770	1,546	167,316

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

For the six-month period ended 30 June 2016

	Maintenance services (Unaudited) <i>HK\$'000</i>	Sale of equipment (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
<b>Segment revenue:</b>			
Sales to external customers	155,748	83,898	239,646
Intersegment sales	–	3,948	3,948
Other revenue	360	38	398
	<u>156,108</u>	<u>87,884</u>	<u>243,992</u>
<i>Reconciliation:</i>			
Elimination of intersegment sales	–	(3,948)	(3,948)
	<u>156,108</u>	<u>83,936</u>	<u>240,044</u>
Revenue	156,108	83,936	240,044
Allocated corporate expenses	(150,915)	(47,752)	(198,667)
	<u>5,193</u>	<u>36,184</u>	<u>41,377</u>
<b>Segment results</b>			
<i>Reconciliation:</i>			
Interest income			4,411
Exchange losses			(1,113)
Finance costs			(808)
Unallocated corporate expenses			(7,961)
Share of profits and losses of joint ventures and associates			(2,668)
			<u>33,238</u>
Profit before tax			<u>33,238</u>
<b>Other segment information:</b>			
Impairment losses recognised/(reversed) in the statement of profit or loss	(2,816)	6,836	4,020
Depreciation and amortisation	17,938	1,885	19,823
Capital expenditure*	3,998	117	4,115

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

#### 4. OTHER INCOME

	Six-month period ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Government grants ( <i>Note</i> )	2,733	170
Interest income	3,054	4,411
Others	129	228
	<u>5,916</u>	<u>4,809</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

	Six-month period ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Write off of property, plant and equipment	(1,148)	(985)
Impairment of trade receivables	(6,124)	(4,020)
Net foreign exchange losses	(908)	(1,113)
Others	(159)	(35)
	<u>(8,339)</u>	<u>(6,153)</u>

#### 6. FINANCE COSTS

	Six-month period ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on:		
— Bank borrowings wholly repayable within five years	2,418	808
Less: amounts capitalised	—	—
	<u>2,418</u>	<u>808</u>

## 7. PROFIT BEFORE TAXATION

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

	Six-month period ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation	24,906	19,672
Amortisation of other intangible assets	61	55
Amortisation of land lease payments	151	96
Minimum lease payments under operating leases of land and buildings	2,693	3,787
Write off of property, plant and equipment	1,148	985
Impairment of trade receivables	6,124	4,020
Foreign exchange differences, net	908	1,113
	<u>          </u>	<u>          </u>

## 8. TAXATION

The charge comprises:

	Six-month period ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
PRC Enterprise Income Tax ("EIT"):		
— Current tax	1,068	7,144
— Under provision in prior years	1,255	2,116
— Over provision in prior years	(372)	—
	<u>          </u>	<u>          </u>
Deferred tax charge	1,951	9,260
	<u>10,636</u>	<u>708</u>
	<u>12,587</u>	<u>9,968</u>

No provision for Hong Kong profits tax has been made for the periods ended 30 June 2017 and 2016 as the Group did not generate any assessable profits arising in Hong Kong or had available tax losses brought forward from prior years to offset the assessable profits generated during both periods.

Except as described below, provision for PRC Enterprise Income Tax 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 ("Freetech Road Recycling") was recognised as a High-Tech company in 2010 and 2014 respectively and the applicable tax rate is 15% from 1 January 2010 to 31 October 2017.

南京英達公路養護車製造有限公司 Nanjing Freetech Road Maintenance Vehicle Manufacturing Corporation ("Freetech Manufacturing") was recognised as a High-Tech company in 2009, 2012 and 2016 respectively and the applicable tax rate is 15% from 1 January 2009 to 3 November 2018.

No withholding tax has been provided for the six-month period ended 30 June 2017 with reference to the anticipated dividends to be distributed by the PRC entities to non-PRC tax residents. Withholding tax of approximately HK\$704,000 was provided for the six-month period ended 30 June 2016.

For the six-month period ended 30 June 2016, the share of tax credit of HK\$425,000 was included in “Share of profits and losses of joint ventures” in the condensed consolidated statement of profit or loss.

## 9. DIVIDENDS

At a meeting of the board of directors held on 30 August 2017, the directors resolve not to pay any interim dividend to shareholders (six-month period ended 30 June 2016: Nil).

## 10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

### Earnings

	<b>Six-month period ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Earnings for the purposes of calculating basic and diluted earnings per share		
— attributable to the owners of the Company	<b>19,053</b>	<b>18,533</b>

### Number of shares

	<b>Six-month period ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
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 per share	<b>1,061,630,000</b>	<b>1,061,630,000</b>
Effect of dilutive potential ordinary shares:		
Unvested share award	<b>17,370,000</b>	<b>17,370,000</b>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<b>1,079,000,000</b>	<b>1,079,000,000</b>

The computation of diluted earnings per share for the six-month periods ended 30 June 2017 and 30 June 2016 did not assume the exercise of the Company’s outstanding share options as the exercise price of those options was higher than the average market price during the period.

## 11. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

During the six-month period ended 30 June 2017, the Group acquired property, plant and equipment, and investment property of HK\$3,087,000 and HK\$164,229,000, respectively (six-month period ended 30 June 2016: HK\$3,918,000 and nil).

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 Jiangsu Tianching Asset Valuation Company Limited (江蘇天勤資產評估事務所有限公司), who is a firm of independent valuer qualifications, on market value basis. The resulting increase in fair value of investment property of HK\$41,664,000 has been recognized directly in profit or loss and other comprehensive income for the six-month period ended 30 June 2017 (six-month period ended 30 June 2016: Nil).

## 12. BILLS AND TRADE RECEIVABLES

	<b>30 June 2017 (Unaudited) HK\$'000</b>	31 December 2016 (Audited) HK\$'000
Trade receivables	791,238	727,104
Less: Allowance for bad and doubtful debts	<u>(88,369)</u>	<u>(79,678)</u>
	<b>702,869</b>	647,426
Portion classified as non-current assets	(48,934)	(59,664)
Current portion	<u>653,935</u>	<u>587,762</u>
Bills receivables	–	223
	<b>653,935</b>	<b>587,985</b>

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

	<b>30 June 2017 (Unaudited) HK\$'000</b>	31 December 2016 (Audited) HK\$'000
0 to 180 days	<u>–</u>	<u>223</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. Apart from the trade receivables of certain construction services which bear interest at 4.75% per annum, other receivables are non-interest bearing.

The following is an aged 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 2017 (Unaudited) HK\$'000</b>	31 December 2016 (Audited) HK\$'000
Within 3 months	<b>221,464</b>	308,143
3 to 12 months	<b>258,005</b>	100,881
1 to 2 years	<b>133,137</b>	127,717
Over 2 years	<b>90,263</b>	110,685
	<u><b>702,869</b></u>	<u>647,426</u>

As at 30 June 2017, included in the trade receivables are amounts due from the Group's related companies of HK\$138,501,000 (31 December 2016: HK\$134,214,000), 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 2017 (Unaudited) HK\$'000</b>	31 December 2016 (Audited) HK\$'000
Other receivables	<b>30,027</b>	35,395
Less: Allowance for bad and doubtful debts	<b>(1,159)</b>	(1,124)
	<u><b>28,868</b></u>	<u>34,271</u>
Prepayments and deposits	<b>57,077</b>	78,893
Tax recoverable	<b>802</b>	755
	<u><b>86,747</b></u>	<u>113,919</u>

At 30 June 2017, included in the Group's other receivables are amounts due from related companies of HK\$3,044,000 (31 December 2016: HK\$20,422,000), which are unsecured, interest-free and have no fixed terms of repayment.

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

	<b>30 June 2017 (Unaudited) HK\$'000</b>	31 December 2016 (Audited) HK\$'000
Bills payable	5,010	5,641
Trade payables	169,776	158,950
Other tax payables	37,239	37,312
Advance from customers, other payables and accrued charges	35,271	91,610
	<u>247,296</u>	<u>293,513</u>

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

	<b>30 June 2017 (Unaudited) HK\$'000</b>	31 December 2016 (Audited) HK\$'000
0 to 180 days	<u>5,010</u>	<u>5,641</u>

An aged 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 2017 (Unaudited) HK\$'000</b>	31 December 2016 (Audited) HK\$'000
Within 3 months	73,026	85,588
3 to 12 months	64,554	32,652
1 to 2 years	4,615	19,375
Over 2 years	27,581	21,335
	<u>169,776</u>	<u>158,950</u>

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

As at 30 June 2017, included in the Group's trade payables are amounts due to related companies of approximately HK\$2,896,000 (31 December 2016: HK\$6,996,000), which are repayable within 90 days, which represents credit terms similar to those offered by the related companies to their major customers.

As at 31 December 2016, included in the Group's advance from customers, other payables and accrued charges is an amount due to a related party of approximately HK\$33,733,000 which is unsecured, interest-free and have no fixed terms of repayment.

As at 30 June 2017, included in the Group's advance from customers, other payables and accrued charges is an amount due to a non-controlling shareholder of approximately HK\$26,752,000 (31 December 2016: HK\$26,056,000) which is unsecured, interest-free and have no fixed terms of repayment.

At 31 December 2016, included in the Group's advance from customers, other payables and accrued charges is an amount of HK\$7,486,000, which represents the excess balance of the unrealized profits of sales to joint ventures and associates over the share of their net assets.

## 15. SHARE CAPITAL

### Shares

	<b>30 June 2017 (Unaudited) HK\$'000</b>	31 December 2016 (Audited) HK\$'000
Authorised: 10,000,000,000 (31 December 2016: 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 2016: 1,079,000,000) ordinary shares of HK\$0.10 each	<u><b>107,900</b></u>	<u>107,900</u>

## 16. COMMITMENTS

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

	<b>30 June 2017 (Unaudited) HK\$'000</b>	31 December 2016 (Audited) HK\$'000
Contracted, but not provided for:		
Land use rights	<b>33,480</b>	110,696
Property, plant and equipment	<b>8,828</b>	14,528
Capital contributions payable to a joint venture	–	16,421
Capital contributions payable to available-for-sale investments	<b>1,006</b>	2,616
	<u><b>43,314</b></u>	<u>144,261</u>
Authorised, but not contracted for:		
Property, plant and equipment	<b>2,166</b>	6,250
	<u><b>45,480</b></u>	<u>150,511</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 2017 (the “Period”).

In the first half of 2017, due to the improvement of external environment and the internal supply-side structural reform, the economy of the People’s Republic of China (the “PRC”) has been operating within reasonable range, maintaining stable, coordinated and sustainable development. The growth of investment in certain sectors – environmental protection and management, water management, transport, storage and post service, and education – have all surpassed the growth of fixed asset investments over the same period. Therefore, the road recycling technology industry maintained a positive momentum and the asphalt pavement maintenance (“APM”) services of the Group recorded a growth during the Period. However, due to the delay in the procurement of modular series equipment by the potential customers as they require additional time to perform internal approval process and assessment procedures which is longer than we expected, the APM equipment sector recorded decrease in revenue. The Group continued to be a leading integrated solution provider using “Hot-in-Place” recycling technology in the asphalt pavement maintenance industry in the PRC. As at 30 June 2017, the Group had a total of eleven joint ventures engaging in the provision of Asphalt Pavement Maintenance (“APM”) services and had a total of twelve franchisees to promote the Group’s “Hot-in-Place” recycling technology in certain cities in the PRC.

During the Period, the Group’s operating revenue was approximately HK\$221.4 million, representing a decrease of approximately 7.6%, as against the corresponding period of 2016. Total profit attributable to owners of the Company was approximately HK\$19.1 million, representing an increase of approximately 2.8%, as against the corresponding period of 2016.

### **APM Services**

During the Period, the Group remained as a leading service provider in the PRC market using “Hot-in-Place” recycling technology in the provision of APM services. As a result of the additional effort by the local government in the overall road construction and maintenance planning in the year of 2016, more projects were conducted during the Period. The total serviced area of “Hot-in-Place” projects of the Group increased from 1.4 million square meters during the six-month period ended 30 June 2016 to 1.9 million square meters during the Period, represented an increased of 35.7%. Due to the decrease in selling price of some of the APM projects performed (as the selling price excluded the raw material cost of asphalt mixture and the customers will use their own asphalt mixture raw materials) during the Period, the revenue of “Hot-in-Place” projects was increased by 19.4% as against the corresponding period of 2016.

In addition, the revenue of non-“Hot-in-Place” projects contributed by Tianjin Expressway Maintenance Company Limited (天津市高速公路養護有限公司) (“Tianjin Expressway Maintenance”), a non-wholly owned subsidiary of the Group, was increased by 47.3% as against the corresponding period of 2016. The APM services segment recorded revenue of approximately HK\$199.7 million, representing an increase of 28.2% as against the corresponding period of 2016.

## **APM Equipment**

As a result of the delay in the procurement of modular series equipment by the potential customers as they require additional time to perform internal approval process and assessment procedures which is longer than we expected, no modular series equipment was sold during the Period. Thus, the APM equipment segment of the Group recorded revenue of HK\$21.7 million, representing a decrease of 74.2% as against the corresponding period of 2016. Notwithstanding this, the management considers that the Group has maintained its position as the leading APM equipment provider in the PRC market.

## **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*

In addition, the Group continued to invest significant resources in research and development. As at 30 June 2017, it had registered 129 patents (as at 31 December 2016: 120), of which 15 were invention patents (as at 31 December 2016: 13), 98 were utility model patents (as at 31 December 2016: 91) and 16 were design patents (as at 31 December 2016: 16). Besides, it had 9 pending patent applications (as at 31 December 2016: 17), of which 7 invention patents and 2 utility model patents (as at 31 December 2016: 9 invention patents and 8 utility model patents).

During the Period, the Group consistently enhanced its investment in research and development, further strengthening its research and development capabilities, and enabling it to overcome certain technological limitations in the APM service industry.

A complete new product line, named Truck Mounted Attenuator (TMA) is developed during the Period. It is a vehicle with an impact attenuator mounted at the back to absorb the energy from the colliding vehicle, so as to minimize the damage or casualties, particularly important to the workers and drivers safety. This new product does not only equip this safety device but also integrates functions such as warning signal board, semi- or full- automatic traffic cone placement system. They are all very useful before a road work is carried out. The PRC now owns the biggest road network in the world but the safety precaution is still lagging behind compared to many countries. There is a trend that road management authorities pay more and more attention in the safety aspect. We expect this new product will contribute significant revenue to our equipment sales business sector.

### *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 maintains its competitive edges and leading status in the APM industry by using the recycling technology.

## OUTLOOK

Green economy development remains a top priority for the PRC government according to the 13th Five-year plan. The awareness of the local government on the safety and quality requirement also gradually increased. With our patent Hot-in-Place recycling technology and other new products, the Group will benefit from the increasing demand for APM in the PRC, especially those using the recycling technologies.

First, as at 31 December 2016, the total mileage for highway in the PRC was the second longest in the world and the expressway mileage was the longest in the world. Therefore, it offers us the largest road maintenance market and huge room to grow. Secondly, the PRC government has encouraged the adoption of Public-Private-Partnership (“PPP”) model, a collaborative investment model between government and private companies, in infrastructure projects amid concerns over heavy local government debt. As the government tends to choose experienced partners with mature development of related technology, it is favorable to the Group to acquire more projects. Following the Group’s successfully bid for the public-private partnership road construction project (“PPP Project”) in Jurong City, the Group will continue to seek for other PPP Project opportunities in other cities in the PRC. By the end of March 2017, 1,729 PPP-funded projects signed amounted to a combined investment of RMB2.9 trillion. We expect the PPP Projects opportunities to further improve our business performance with a massive demand for intercity and municipal road renovation and maintenance due to the continuing urbanization. Thirdly, subsequent to the Company sold a modular series equipment to a customer in the Republic of Korea in 2016 and the successful completion of a road maintenance project in Gwangju City of Republic of Korea in August 2017, the Company will continue to explore the overseas business opportunities and strategic cooperations with other companies, such as some listed companies and large-scale or state-owned enterprises. The Group is making 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 its competitive advantages and implement favorable policies to achieve a healthy growth. The Group plans to enhance its market position, enter into new markets and enlarge its share in existing markets by the following means: first, it will increase market penetration, particularly in cities where the use of “Hot-in-Place” recycling technology is currently relatively limited; second, it will increase its investment to add equipment and staff to its testing and planning departments, so as to enhance its one-stop solution; third, it will focus on the cities which will hold major events to gain and complete projects of high awareness; fourth, it will grasp the opportunities in the wave of state-owned enterprise reforms to acquire more maintenance companies in the express highway sector; fifth, it will appoint more local APM service providers as its franchisees; sixth, it will further optimize its techniques and technologies to lower the construction costs; seventh, it will leverage its state-owned partners’ overseas channels to expand the international APM equipment and services market.

Looking ahead, the Group remains optimistic about its long term prospects. The Group is committed to upholding its development principle — “Efficient use of technology to create multi-win situation” (“善用科技, 共創多贏”), and generating better returns to its shareholders.

## 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 for 2016.

### REVENUE

#### a. APM Services

	Six-month period ended 30 June		Six-month period ended 30 June		Increase/ (decrease)
	2017	Area serviced	2016	Area serviced	
	Unaudited HK\$'000	(square meters '000)	Unaudited HK\$'000	(square meters '000)	
<b>Revenue (net of VAT and business tax)</b>					
“Hot-in-Place” Projects	127,029	1,876	106,391	1,401	19.4%
Non-“Hot-in-Place” Projects	72,703	–	49,357	–	47.3%
<b>Total</b>	<b>199,732</b>		<b>155,748</b>		<b>28.2%</b>
	2017	Margin	2016	Margin	Increase/ (decrease)
	Unaudited HK\$'000		Unaudited HK\$'000		
<b>Gross profit</b>					
“Hot-in-Place” Projects	41,106	32.4%	33,467	31.5%	22.8%
Non-“Hot-in-Place” Projects	5,809	8.0%	6,548	13.3%	(11.3%)
<b>Total</b>	<b>46,915</b>	<b>23.5%</b>	<b>40,015</b>	<b>25.7%</b>	<b>17.2%</b>

Revenue for this segment increased compared with that of the corresponding period in 2016 due to the effect of the increase in the revenue of “Hot-in-Place” projects and non-“Hot-in-Place” projects. As a result of the local government had spent more effort in the overall road construction and maintenance planning in the year of 2016, more projects were conducted during the Period and the total serviced area of “Hot-in-Place” projects increased by 35.7% from 1.4 million square meters during the six-month period ended 30 June 2016 to 1.9 million square meters during the Period. The growth on revenue amount is lower than the total serviced area of “Hot-in-Place” projects due to the reduced selling price of some of the APM project conducted during the Period as a result of the exclusion of the raw material cost of asphalt mixture at the request of certain customer(s). During the Period, the revenue of non-“Hot-in-Place” projects of approximately HK\$72.7 million was contributed by Tianjin Expressway Maintenance and involved in traditional APM method which the Group will gradually migrate the project of Tianjin Expressway Maintenance from traditional APM method into the Group’s “Hot-in-Place” recycling technology in order to strengthen its profitability.

The gross profit margin in this segment was decreased from 25.7% in 2016 to 23.5% for the Period was mainly due to the more revenue contributed from Tianjin Expressway Maintenance which was non-“Hot-in-Place” projects and have lower gross profit margin.

#### b. APM Equipment

	Six-month period ended 30 June				
	2017		2016		Increase/ (decrease)
	Unaudited HK\$'000	units/ sets	Unaudited HK\$'000	units/ sets	
<b>Revenue (net of VAT)</b>					
Standard series	19,583	16	22,409	15	(12.6%)
Modular series	–	–	58,419	3	(100.0%)
Repair and maintenance	2,100	N/A	3,070	N/A	(31.6%)
Total	<u>21,683</u>		<u>83,898</u>		(74.2%)

	Six-month period ended 30 June				
	2017		2016		Increase/ (decrease)
	Unaudited HK\$'000	Margin	Unaudited HK\$'000	Margin	
<b>Gross profit</b>					
Standard series	9,452	48.3%	12,549	56.0%	(24.7%)
Modular series	–	N/A	43,067	73.7%	(100.0%)
Repair and maintenance	1,207	57.5%	1,298	42.3%	(7.0%)
Total	<u>10,659</u>	<u>49.2%</u>	<u>56,914</u>	<u>67.8%</u>	<u>(81.3%)</u>

Revenue for the APM equipment segment for the Period was decreased by 74.2% as against the corresponding period for 2016 was primarily due to the delay in procurement of modular series equipment by the potential customers as they require additional time to perform internal approval process and assessment procedures which is longer than we expected. Thus, no modular series equipment was sold during the Period. The revenue generated from sales of standard series products for the Period was slightly decreased by 12.6% as against the corresponding period for 2016.

The decrease in the gross profit margin for APM equipment from 67.8% in 2016 to 49.2% for the Period was due to the decrease in sale of higher gross profit margin of modular series and the sale of lower gross profit margin of standard series.

## **OTHER GAINS AND LOSSES**

Other gains and losses were increased by approximately HK\$2.1 million, or approximately 33.9%, from HK\$6.2 million for the six-month period ended 30 June 2016 to HK\$8.3 million for the Period, primarily due to the effect of (i) write off of property, plant and equipment; and (ii) increase in impairment of trade receivables.

## **SELLING AND DISTRIBUTION COSTS**

The decrease in the selling and distribution costs by HK\$0.8 million from HK\$11.1 million for the six-month period ended 30 June 2016 to HK\$10.3 million for the Period was relatively stable.

## **ADMINISTRATIVE EXPENSES**

Administrative expenses were increased by approximately HK\$1.8 million, or approximately 4.2%, from HK\$42.6 million for the six-month period ended 30 June 2016 to HK\$44.4 million for the Period, primarily due to the consolidation of the financial results of two new subsidiaries acquired by the Group into that of the Group in the second half of 2016 through acquisition of additional interests in two joint ventures of the Group.

## **FINANCE COSTS**

Finance costs increased by approximately HK\$1.6 million, or approximately 200.0%, from HK\$0.8 million for the six-month period ended 30 June 2016 to HK\$2.4 million for the Period, primarily due to the unsecured new loans drawn down during the Period which borne higher interest rate.

## **SHARE OF LOSSES OF JOINT VENTURES AND ASSOCIATES**

The Group's share of losses from the joint ventures and associates was approximately HK\$3.1 million for Period, representing an increase of approximately 14.8%, as against the corresponding period of 2016.

The losses from these joint ventures and associates are primarily due to the instability of their businesses and one joint venture was set up at the end of 2016 which still at the early stage nature.

## **CHANGES IN FAIR VALUE OF INVESTMENT PROPERTY**

The Group's investment property is revalued as at 30 June 2017 on an open market basis by an independent property valuer.

During the Period, the Group recorded changes in fair value of investment property of HK\$41.7 million.

## **TAXATION**

Taxation was increased by approximately HK\$2.6 million, or approximately 26.0%, from approximately HK\$10.0 million for the six-month period ended 30 June 2016 to approximately HK\$12.6 million for the Period, which is mainly due to the deferred tax expense arising from changes in fair value of investment property.

## **PROFIT**

Profit attributable to owners of the Company was increased by approximately HK\$0.6 million, or approximately 2.8%, from approximately HK\$18.5 million for the six-month period ended 30 June 2016 to approximately HK\$19.1 million for the Period, primarily due to the net effect of the increase in revenue of APM services segment, the decreases in revenue of APM equipment segment due to the nil modular series equipment was sold and the recognition of changes in fair value of investment property.

## **LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

As at 30 June 2017, the Group's bank balances and cash, time deposits, pledged bank deposits and structured bank deposits amounted to approximately HK\$180.3 million (as at 31 December 2016: HK\$326.2 million). The decrease was primarily due to the net effect of net cash used in the operating activities, the investment in joint venture, the investment in available-for-sale investment, the investment in investment property and the repayment of bank borrowings. As at 30 June 2017, the bank borrowings of the Group amounted to HK\$125.1 million (as at 31 December 2016: HK\$139.6 million) and the Group was in a net cash position (as at 31 December 2016: net cash position).

Due to the net effect of the trade receivables balance as at 31 December 2016 which were due to receive during the Period and most of the APM services projects performed and APM equipment products sold during the Period that are due to be received in the second half of 2017, the trade receivables balance was increased by HK\$64.1 million, or approximately 8.8%, from HK\$727.1 million as of 31 December 2016 to HK\$791.2 million as of 30 June 2017. The trade receivables 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) which was not yet past due. As at the latest practicable date, third party customers had subsequently settled trade receivables amounting to HK\$30.7 million (equivalent to approximately RMB26.7 million).

As at 30 June 2017, 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.

## INTEREST-BEARING BANK BORROWINGS

As at 30 June 2017, the Group had total debt of HK\$125.1 million, which comprised:

- secured interest-bearing bank borrowings of HK\$29.5 million; and
- unsecured interest-bearing bank borrowings of HK\$95.6 million.

As at 30 June 2017, the secured interest-bearing bank borrowings were secured by pledge of bank balances of approximately HK\$40.0 million.

The maturity profile of the interest-bearing bank borrowing is set out below:

	<b>30 June 2017 (Unaudited) HK\$'000</b>	31 December 2016 (Audited) HK\$'000
Repayable		
Within one year or on demand	<b>125,117</b>	139,601
In the second year	—	—
	<b>125,117</b>	139,601

## USE OF PROCEEDS RAISED FROM INITIAL PUBLIC OFFERING (“IPO”)

The Group received approximately HK\$687.0 million net proceeds, 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 2017 in the manner as stated in the prospectus of the Company dated 14 June 2013, as follows:

	<b>Available HK\$ million</b>	<b>Net Proceeds Utilised HK\$ million</b>	<b>Unutilised HK\$ million</b>
Investment in research and development activities	137.4	137.4	—
Establishing joint ventures and expanding APM service teams	137.4	96.6	40.8
Manufacturing APM equipment and expanding our APM service teams	103.1	73.5	29.6
Acquisitions of other APM service providers	103.0	53.6	49.4
Constructing new production facility	68.7	61.0	7.7
Establishing sales offices in new markets and marketing expenses	68.7	61.5	7.2
General corporate purposes and working capital requirements	68.7	68.7	—
	<b>687.0</b>	<b>552.3</b>	<b>134.7</b>

The unutilised net proceeds has been deposited into short term deposits in bank accounts maintained by the Group.

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

Save as disclosed in this announcement, 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. Except as disclosed in this announcement, 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 interim condensed unaudited financial information.

As at 30 June 2017, 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 2017, approximately 85.6% and 14.4% (as at 31 December 2016: 78.4% and 21.6%) of the Group's bank borrowings are at fixed 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 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 2017, certain time deposit, bank balances and cash, pledged bank deposits and structured bank deposits of approximately HK\$136,646,000 (as at 31 December 2016: HK\$313,862,000) are denominated in RMB, the remaining balances are mainly denominated in Hong Kong dollars. As at 30 June 2017, the Group's bank borrowings denominated in RMB and HK\$ amounted to HK\$107,117,000 (equivalent to RMB93,000,000) and HK\$18,000,000 respectively (as at 31 December 2016, bank borrowings denominated in RMB, HK\$ and US\$ amounted to HK\$109,476,000 (equivalent to RMB98,000,000), HK\$3,000,000 and HK\$27,125,000 (equivalent to US\$3,500,000) respectively). The Group has not hedged its foreign currency risk. The changes in foreign currency translation reserve during the Period was the result of the appreciation 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 2017, the Group had a total of 625 full time employees (as at 31 December 2016: 637). 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.

## **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 A.2.1 as more particularly described below.

CG Code provision A.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 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), Mr. Tang Koon Yiu Thomas and Mr. Lau Ching Kwong (including one independent non-executive director with the appropriate professional qualifications).

At an audit committee meeting held on 30 August 2017, 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 2016: 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 2017 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, 30 August 2017

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