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英達公路再生科技(集團)有限公司
Freetech Road Recycling Technology (Holdings) Limited
(incorporated in the Cayman Islands with limited liability)
(stock code: 6888)

**VERY SUBSTANTIAL ACQUISITION
CONSTRUCTION CONTRACT
IN RESPECT OF DEVELOPMENT OF LAND IN NANJING
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

The letter from the Board is set out on pages 3 to 16 of this circular. Notice convening the EGM to be held on 16 April 2025 at 11:00 a.m. at Unit 5906–5912, 59/F., The Center, 99 Queen's Road Central, Central, Hong Kong is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is enclosed. Whether or not Shareholders are able to attend the EGM, they are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and deposit it with the Company's branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event no later than 48 hours before the time appointed for holding the EGM (or any adjournment thereof). Completion and return of the form of proxy shall not preclude Shareholders from attending and voting in person at the EGM (or any adjournment thereof) should they so desire.

* *For identification purposes only*

26 March 2025

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DEFINITIONS

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

“Board”	the board of Directors
“close associate”	has the meaning ascribed thereto under the Listing Rules
“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 transaction contemplated thereunder
“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)
“Latest Practicable Date”	24 March 2025, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“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
“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
“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 circular, 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
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)
“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 circular, translation of amounts in RMB into HK\$ have been made at the rate of HK\$1.0721 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.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Sze Wai Pan
(Chairman and Chief Executive Officer)
Mr. Chan Kai King

Registered office:

Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

Non-executive Directors:

Ms. Sze Wan Nga
Mr. Zhou Jichang
Prof. Tong Wai Cheung Timothy
Dr. Chan Yan Chong

*Group Headquarters and Principal Place of
Business in Hong Kong:*
29/F, Chinachem Century Tower
178 Gloucester Road, Wanchai
Hong Kong

Independent non-executive Directors:

Ms. Yeung Sum
Prof. Lau Chi Pang, J.P.
Prof. Lai Kin Keung

26 March 2025

To the Shareholders

Dear Sir or Madam,

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

1. INTRODUCTION

Reference is made to the announcement of the Company dated 20 December 2024 in relation to the New Construction Contract.

Reference is also 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.

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In view of the delay in the construction under the Original Construction Contract and the performance and the financial capability of the Original Contractor, Freetech Nanjing decided to terminate the Original Construction Contract and entered into the Termination Agreement on 20 December 2024 pursuant to which Freetech 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 purpose of this circular is to provide you with, among others, further information on the Construction, including (a) the relevant terms of the New Construction Contract; (b) the financial information of the Group; and (c) other information as required under the Listing Rules.

2. NEW CONSTRUCTION CONTRACT

On 20 December 2024, Freetech Nanjing and the New Contractor entered into the New Construction Contract, under which Freetech 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\$277.0 million).

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

- Date:** 20 December 2024
- Parties:** (1) Freetech 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 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.).

LETTER FROM THE BOARD

Contract Sum: Approximately RMB258.4 million (equivalent to approximately HK\$277.0 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 contract sum will adjust downward or upward accordingly. For illustration purpose, if the raw material price decreases by more than 5%, Freetech Nanjing will pay the actual raw material price and the contract sum will be reduced by the relevant difference of the raw material price; and if the raw material price decreases by a percentage within 5%, Freetech Nanjing will pay the original raw material price as set out in the New Construction Contract.

For the cost of the raw materials, adjustment will be made depending the reference price available at the relevant time when the relevant raw materials are purchased. The labour cost has already been adjusted upwards in accordance with the reference price for labour cost based on the guidance price issued by Jiangsu Provincial Department of Housing and Urban-Rural Development in August 2024 (which was the latest market price available as of the date of entering into the New Construction Contract) with no further adjustment will be made during the term of the New Construction Contract. The Group shall bear the labour cost adjustment.

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:

- (i) 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.

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- (ii) 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.
- (iii) 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.
- (iv) 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.
- (v) 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.
- (vi) Upon completion of civil defence and fire prevention inspections as well as construction completion inspection and acceptance by the managing construction department, 10% of the total contract sum of approximately RMB25.8 million shall be paid after 30 days (around December 2026) of verification and signature through process auditing.
- (vii) 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.

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(viii) 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 in the first quarter 2025.
Dispute resolution mechanism:	<p>If commencement order cannot be provided 7 days before proposed commencement date due to reason of Freetech Nanjing or if Freetech Nanjing breaches its obligations under the New Construction Contract leading to a suspension of the Construction, the Construction shall delay accordingly and this shall not be considered as a breach of the New Construction Contract. If the Construction has been suspended for 180 days and Freetech Nanjing has not rectified its breaches resulting that the New Contractor cannot perform its obligations under the New Construction Contract, the New Contractor can terminate the New Construction Contract.</p> <p>If the New Contractor breaches its obligations under the New Construction Contract resulting in a delay in the Construction, this shall be considered as a breach by the New Contractor and the New Contractor shall pay RMB10,000 per day to Freetech Nanjing (with a maximum penalty not exceeding 2% of the contract sum), and the New Contractor shall be liable for the losses incurred by Freetech Nanjing.</p>

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If the New Contractor fails to provide sufficient manpower and equipment to the Construction in accordance with the New Construction Contract, the New Contractor shall pay a penalty of 2% of the contract sum to Freetech Nanjing and if such breach resulting in a delay in the Construction, the New Contractor shall pay RMB10,000 per day to Freetech Nanjing and shall be liable for the losses incurred by Freetech Nanjing.

If the Construction cannot meet relevant national construction standard and regulations, the New Contractor shall rectify and pay 10% of the contract sum to Freetech Nanjing as damages and shall be liable for losses incurred by Freetech Nanjing. If the breaches cause a delay in Construction, the New Contractor shall pay RMB10,000 per day to Freetech Nanjing and shall be liable for the losses incurred by Freetech Nanjing.

If the New Contractor fails to meet the requirements of applicable laws and regulations and refuse to follow the management of Freetech Nanjing, apart from paying RMB5,000 for each non-compliances, Freetech Nanjing may terminate the New Construction Contract and the New Contractor shall be liable the losses incurred by Freetech Nanjing.

If the New Contractor cannot meet the requirements and standards on the Construction as provided in the New Construction Contract, the New Contractor shall pay 1% of the contract sum to Freetech Nanjing and if the breach is serious, Freetech Nanjing can evict the New Contractor.

If the New Contractor acquires equipment and materials without the consent of Freetech Nanjing or fails to acquire equipment and materials in accordance with the New Construction Contract, the New Contractor can exchange such materials or equipment and Freetech Nanjing may deduct RMB30,000 from the contract sum from each breach and the New Contractor shall be liable for the losses.

If the New Contractor uses the construction materials without the consent of Freetech Nanjing, the New Contractor shall pay 5 times of the costs of the construction materials to Freetech Nanjing as compensation.

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If there is any accident, the New Contractor shall be liable for any penalty from the relevant government authority and pay RMB50,000 to Freetech Nanjing as compensation; if there is any accident resulting in injury and death, the New Contractor shall be liable for the penalty and pay RMB100,000 to Freetech Nanjing as compensation and liable for all damages. Freetech Nanjing shall have the right to terminate the New Construction Contract. The Construction shall not be delayed as a result of the accident.

If the New Contractor cannot complete any target in terms of quality, schedule and standard, and have not remedied the breach, Freetech Nanjing can deduct RMB5,000 from the contract sum as compensation and request to change the management personnel of the Construction.

If the construction cannot meet the safety and construction requirements in the New Construction Contract, the New Contractor shall rectify and if it fails to rectify, the New Contractor shall pay RMB5,000 for each breach.

If the New Contractor fails to fulfil its obligations under the New Construction Contract and affect the schedule of the Construction, Freetech Nanjing may at its own discretion appoint other contractor to complete the relevant construction and two times of the relevant costs incurred shall be deducted from the contract sum payable to the New Contractor, or if the relevant costs cannot be covered by the contract sum, the New Contractor shall be liable for the balances.

If the New Contractor fails to fulfil its obligations under the New Construction Contract, Freetech Nanjing can terminate the New Construction Contract and not to pay the contract sum as well as forfeiting the performance security.

If the New Contractor suspends the Construction or breaches the New Construction Contract, Freetech Nanjing may elect to terminate the New Construction Contract or request the New Contractor to resume the Construction: (i) if the New Contractor does not resume the Construction after receiving notice from Freetech Nanjing twice, Freetech Nanjing may terminate the New Construction Contract and not to pay the contract sum; or (ii) if Freetech Nanjing elects to terminate the New Construction Contract, the New Contractor shall return the construction site to Freetech Nanjing within 7 days after the termination of the New Construction Contract and for the parts of Construction which have been completed, Freetech Nanjing shall only be required to pay 70% of the relevant contract sum. The New Contractor shall be liable for losses incurred by Freetech Nanjing.

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During the Construction and the quality assurance period, if there is any quality or safety issue which creates material adverse impact to the Construction, the New Contractor shall pay RMB50,000 as compensation. If the technology documentation cannot be submitted on schedule due to the reason of the New Contractor, the New Contractor shall pay RMB5,000 to Freetech Nanjing for each day of delay.

3. REASONS AND BENEFITS OF THE CONSTRUCTION

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, the construction works were suspended during the period from around April 2022 to around February 2023 resulting in 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. The changes to the construction plan were made to obtain approval from the Nanjing Construction Engineering Construction Drawing Design Review Management Center (南京市建設工程施工圖設計審查管理中心). These changes were necessitated by the modification of the construction method for the foundation pit support construction. The original method involved a patented technique, which would have restricted the

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selection of subcontractors. To ensure greater flexibility in subcontractor selection, the construction method was revised, and the updated plan was submitted for approval. The approval was obtained on 24 February 2023.

Termination of the Original Construction Contract

Pursuant to the Original Construction Contract, the Original Contractor was required to prepay for the raw materials required for the construction. The Original Contractor could only receive payment for the raw materials and the corresponding portion of the construction work after achieving the relevant milestones. This payment structure could result in a delay of up to 12 months before the Original Contractor received the majority of its payments. In view of the economic downturn in the PRC, Freetech Nanjing identified at the end of 2023 that there was a potential risk that the Original Contractor may lack the financial capability to continue the construction if it is required to make prepayments for raw materials. This could potentially lead to the suspension or termination of the construction project in the future.

The decision to terminate was further supported by the Original Contractor's performance during the preliminary preparation works for the foundation pit support construction. The Original Contractor's construction organization capability fell below expectations, as evidenced by some delays in the project timeline.

In view of the delay in the construction under the Original Construction Contract and the performance and the financial capability of the Original Contractor, to mitigate the risk of suspension or termination, Freetech Nanjing decided to terminate the Original Construction Contract and engaged in discussions with the Original Contractor to terminate the Original Construction Contract and started to negotiate with the New Contractor in 2024.

According to the dispute resolution mechanism under the Original Construction Contract, if the Original Contract breaches certain obligations e.g. failing to provide sufficient manpower and equipment or cannot meet national construction standard and regulations, and thereby resulting in a delay in the Construction, the Original Constructor is liable to pay damages to Freetech Nanjing. Even though there were some delays in project timeline, such delays were not in fact caused by any breaches of the Original Construction Contract as referred under the dispute resolution mechanism under the Original Construction Contract, and therefore 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 Freetech Nanjing.

The Original Contractor had completed the pit foundation construction under the Original Construction Contract. The original cost of the pit foundation construction under the Original Construction Contract was RMB21.5 million. However, the total contract sum and related costs incurred under the Original Construction Contract amounted to approximately RMB25.2 million. This difference was attributable to (i) the final settlement cost for the pit foundation construction was based on the actual cost incurred of RMB18.2 million instead of the original cost of RMB21.5 million; and (ii) the upfront

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fees incurred by the Original Contractor for use for subsequent stage of the Construction of RMB7.0 million, including among other things, stage payment for the temporary office facilities, deposit, insurance expenses and other expenses which cannot be transferred and taken on by the New Contractor and shall be reimbursed by Freetech Nanjing to the Original Contractor.

Freetech Nanjing had 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 Freetech 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 RMB4.8 million will be paid on or before 31 December 2025 after completion of certain verification works to settle all outstanding contract sum.

New Construction Contract

Freetech 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.

The New Contractor possesses extensive expertise on building construction business having successfully undertaken more than 20 super high-rise buildings (above 200 meters in height) in recent years.

Under the New Construction Contract, the New Contractor is required to prepay for the raw materials required for the construction. The New Contractor can only receive payment for the raw materials and the corresponding portion of the construction work after achieving the relevant milestones. Such payment structure can result in a delay of up to 12 months before the New Contractor received the majority of its payments. Therefore, Freetech Nanjing has assessed the financial capability of the New Contractor if they have sufficient financial resources to complete the Construction. The New Contractor is a subsidiary of China State Construction Engineering Corporation (a state-owned enterprise ranked No. 13 on the Fortune Global 500 list based on 2023 ranking). The New Contractor has registered share capital of RMB6.3 billion and total assets of RMB74.1 billion. The New Contractor has more than 19,000 employees. Given the size of the New Contractor and its established background as a state-owned enterprise, the Board is confident that the New Contractor shall not have difficulty adhering the agreed payment structure and it possesses the requisite financial resources and capability to ensure the completion of the Construction.

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The contract sum was determined on arm's length negotiation between Freetech Nanjing and the New Contractor with reference to, among others things,

- (i) the scope of work which is substantially the same as the Original Construction Contract save for the construction work which has already 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, labour costs and disposal costs of landfill waste required for the Construction. Freetech Nanjing conducted a detailed review of (A) the market prices of the major materials with reference to the data published on Nanjing City construction cost information website (南京市工程造價資訊網) operated by Nanjing Municipal Commission of Housing and Rural and Urban Construction (南京市城鄉建設委員會), (B) the labour cost with reference to the guidance price issued by Jiangsu Provincial Department of Housing and Urban-Rural Development (江蘇省住房和城鄉建設廳) and (C) the disposal costs of landfill waste with reference to the notice issued by Nanjing Municipal Administration Bureau (南京市城市管理局), Nanjing Municipal Commission of Housing and Rural and Urban Construction (南京市城鄉建設委員會) and Nanjing Transport (南京市交通運輸局) in relation to the transportation and disposal of landfill waste. The review of market prices for the major raw materials, labour cost and disposal costs of landfill waste has ensured that the contract sum was fair and reasonable and reflective of prevailing market conditions. The review focused on key raw materials such as steel, cement, wire and cable, labour cost and landfill waste disposal costs.
 - (A) Steel Price: According to the Nanjing City construction cost information website, the market price of steel as of 6 January 2024 was in the range of RMB3,500 per ton to RMB4,800 per ton (which was the latest market price available as of the date of entering into the New Construction Contract). There was a decrease in the steel price as compared to the contract price in the Original Construction Contract;
 - (B) Cement Price: According to the Nanjing City construction cost information website, the market price of cement as of 6 January 2024 was in the range of RMB350 per m³ to RMB450 per m³ (which was the latest market price available as of the date of entering into the New Construction Contract). There was a decrease in the cement price as compared to the contract price in the Original Construction Contract;
 - (C) Wire and cable: According to the Nanjing City construction cost information website, the market price of wire and cable as of 6 January 2024 was in the range of RMB30 per meter to RMB980 per meter (which

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was the latest market price available as of the date of entering into the New Construction Contract). The market price was relatively stable as compared to the contract price in the Original Construction Contract;

- (D) Labour cost: According to the guidance price issued by Jiangsu Provincial Department of Housing and Urban-Rural Development, the market price of labour cost as of August 2024 was in the range of RMB68 per day to RMB124 per day (which was the latest market price available as of the date of entering into the New Construction Contract). There was an increase in labour cost as compared to the contract price in the Original Construction Contract; and
- (E) Disposal costs of landfill waste: According to the notice issued by the relevant authorities, the market price of the disposal costs of landfill waste as of 28 October 2022 was approximately RMB130 per m³ (which was the latest market price available as of the date of entering into the New Construction Contract). There was an increase in disposal cost as compared to the contract price in the Original Construction Contract.

Following the adjustment made to the aforementioned costs, the adjusted contract sum is approximately 3% lower than the original contract sum. Notwithstanding the aforesaid, the Board conducted a comprehensive evaluation on various factors when determining the contract sum. In addition to the pricing, the Board has considered the New Contractor's standing as a leading entity in the construction field, its proven track record, its strong financial capability, all of which provide value and assurance for completion of the Construction in accordance with the construction plan and timeline, which were crucial considerations in determining the contract sum. Following a thorough qualitative and quantitative review as mentioned above, and taking into account the mechanism to adjust the contract sum as mentioned in the paragraph headed "2. New Construction Contract — Contract Sum", the Board is satisfied that the contract sum is fair and reasonable in the circumstances and in the interests of the Shareholders as a whole.

In view of the New Contractor's extensive experience and proven track record, the Board is confident that the New Contractor will be capable of continuing the Construction in accordance with the agreed timetable. The Board further believes that the appointment of the New Contractor will enhance the quality of services and ensure that the construction progress remains on schedule. Having considered the above, the Board considered that the New Construction Contract is on normal commercial terms and no less favourable than 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 it are in the best interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

4. 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.

Freetech 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).

5. 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.

6. EGM

The notice of the EGM is set out on pages EGM-1 to EGM-2 of this circular. The EGM of the Company will be held on 16 April 2025 at 11:00 a.m. at Unit 5906–5912, 59/F., The Center, 99 Queen's Road Central, Central, Hong Kong, during which resolution will be proposed to the Shareholders to consider and, if thought fit, to approve the New Construction Contract and the transaction contemplated thereunder.

If any Shareholder is materially interested in the New Construction Contract, such Shareholder and his/her or its close associates will be required to abstain from voting on the relevant resolution approving the New Construction Contract and the transaction contemplated thereunder. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolution to be proposed at the EGM in respect of the New Construction Contract and the transaction contemplated thereunder.

LETTER FROM THE BOARD

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. The chairman of the EGM shall put the resolution to be proposed at the EGM by way of a poll. After the conclusion of the EGM, the results of the poll will be published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.freetech-holdings.hk.

The register of members of the Company will be closed from 11 April 2025 to 16 April 2025, both days inclusive, during which period no transfer of Shares will be effected. All transfers of Shares, accompanied by the relevant share certificates, should be lodged with the Company's branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on 10 April 2025.

A form of proxy for use at the EGM is enclosed. The form of proxy can also be downloaded from the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.freetech-holdings.hk. Whether or not you intend to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and deposit it with the Company's branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event no later than 48 hours before the time appointed for holding the EGM (or any adjournment thereof). Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM (or any adjournment thereof) should you so desire.

7. RECOMMENDATIONS

The Board considers that the New Construction Contract is fair and reasonable and is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board would recommend the Shareholders to vote in favour of the resolution to approve the New Construction Contract and the transaction contemplated under the New Construction Contract at the EGM.

8. GENERAL

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
On behalf of the Board
Freetech Road Recycling Technology (Holdings) Limited
Sze Wai Pan
Chairman

1. CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

The consolidated financial statements of the Group, together with the accompanying notes, for the year ended 31 December 2021, the year ended 31 December 2022, the year ended 31 December 2023 and the six months ended 30 June 2024 are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.freetech-holdings.hk).

- (i) annual report of the Group for the year ended 31 December 2021 published on 28 April 2022 (Pages 47 to 160)

(<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0428/2022042800636.pdf>)
- (ii) annual report of the Group for the year ended 31 December 2022 published on 27 April 2023 (Pages 46 to 162)

(<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042702961.pdf>)
- (iii) annual report of the Group for the year ended 31 December 2023 published on 29 April 2024 (Pages 48 to 150)

(<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0429/2024042900663.pdf>)
- (iv) interim report of the Group for the six months ended 30 June 2024 published on 23 September 2024 (Pages 20 to 27)

(<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0923/2024092301088.pdf>)

2. WORKING CAPITAL SUFFICIENCY

The Directors are satisfied, after due and careful enquiry and based on the information currently available to the Directors, that after taking into account the effects of the New Construction Contract and the transaction contemplated thereunder, the financial resources available to the Group, cash generated from future operations, the existing cash and bank balances of the Group, and available credit facilities, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of publication of this circular.

3. INDEBTEDNESS STATEMENT

As at 31 January 2025, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the indebtedness of the Group include the following:

(i) Bank borrowings

The Group had total bank borrowings of HK\$129,990,000 comprising (i) guaranteed and unsecured bank borrowings of HK\$98,298,000 which were guaranteed by corporate guarantees provided by the Group's subsidiaries but were not secured by any assets of the Group or any third parties, and (ii) unsecured and unguaranteed bank borrowings of HK\$31,692,000.

(ii) Lease liabilities

The Group leases various properties for use as offices and warehouse. These lease liabilities were measured at net present value of the lease payments during the lease terms that are not yet paid. As at 31 January 2025, the lease liabilities were approximately HK\$850,000, of which is due within 1 year.

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of business, as at the close of business on 31 January 2025, the Group did not have any other debt securities issued and outstanding, or authorised or otherwise created but unissued, bank overdrafts, loan or other similar indebtedness liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase commitments, mortgages or charges, material contingent liabilities or guarantees.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited financial statements of the Group were made up, and up to the Latest Practicable Date save that the Group recorded a loss attributable to owners of the Company of approximately HK\$8.5 million for the six months ended 30 June 2024 as compared to a profit attributable to owners of the Company of approximately HK\$2.3 million for the six months ended 30 June 2023. The record of loss attributable to owners of the Company for the six months ended 30 June 2024 was because:

- (i) the Group recorded a decrease in the revenue under the APM equipment segment for the six months ended 30 June 2024 as there was a sale of modular series equipment for the six months ended 30 June 2023 but no such sale for the same period in 2024; and
- (ii) the Group recorded a decrease in the reversal of impairment of trade receivables and contract assets for the six months ended 30 June 2024 as compared with the amount of reversal of impairment of trade receivables and contract assets for the same period in 2023.

5. EFFECT OF THE CONSTRUCTION ON THE EARNINGS AND ASSETS AND LIABILITIES OF THE COMPANY

The consideration payable under the New Construction Contract will be settled in cash by way of utilizing the Group's internal resources and external financing. Following the completion of the New Construction Contract and without taking into account of any appreciation of the Group's investment property, the total of the investment property and the inventories of the Group are expected to increase by approximately the same amount as the aggregate consideration of the New Construction Contract. As a result, the net asset value of the Group is expected to remain unchanged as the increase in the total investment property and inventories will be offset by the decrease in bank balances and cash. Other than the revaluation impact of the investment property, the Group does not expect the New Construction Contract to have any immediate material impact upon the earnings of the Group.

6. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Company is an investment holding company. As at the Latest Practicable Date, the Board has no plan to change the principal business of the Group. Immediately after the disposal of Tianjin Expressway Maintenance Company Limited* (天津市高速公路養護有限公司) on 31 December 2024, the Group will continue to principally engage in (i) manufacturing and sales of road maintenance equipment (the “**Sale of APM Equipment**”); and (ii) provision of road maintenance and development services including “Hot-in place projects” and Non-“Hot-in-place” projects, but with a focus on “Hot-in-place” projects (the “**APM Services**”), and (iii) sales and leasing of properties in the PRC (the “**Property Business**”).

Currently, China faces more adverse impacts from changes in external environment, and effective domestic demand remains insufficient. There are still various risks and potential dangers in major sectors, as well as challenges resulting from the replacement of traditional growth drivers with new ones. However, China's economy has been generally stable and made progress since the start of this year. In addition, China has sustained the momentum of economic recovery and moved faster to foster new growth drivers and competitive edges. China's GDP expanded 5 percent year on year in the first half of 2024, aligning with the economic target set at the beginning of the year. According to the “Work Plan to Accelerate the Establishment of a Dual-Control System for Carbon Emissions” recently released by the State Council of China, this system will focus on the intensity of carbon emissions as well as measuring overall emissions. The carbon budgets will be created by China's provinces and municipalities, and the budgeting system will be trial before the end of 2025. Policies to accelerate the green transition could not only help China to progress toward its dual carbon targets — achieving peak carbon emissions before 2030 and carbon neutrality by 2060-but also create more demand of green technology products. “Hot-in-place” projects involve the reuse of aged asphalt directly on-site, through heating, scarifying and mixing the damaged asphalt materials with new materials, and is relatively cost-efficient and environmentally friendly. With the patent “Hot-in-Place” recycling technology and the products and equipment of the Group, the Group will benefit from the government policies to promote environmental protect which may increase the demand for the more environmentally friendly road maintenance technology which including “Hot-in-place” technology.

As at 31 December 2023, 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. The Group had developed part of the South China market which enables the Group to perform APM services during slack season. 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. 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:

- (i) it will increase market penetration, particularly in cities where the use of "Hot-in-Place" recycling technology is currently relatively limited;
- (ii) it will focus on the cities which will hold major events to gain and complete projects of high awareness;
- (iii) it will diversify its product range and develop new product in road industry;
- (iv) 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;
- (v) it will further optimize its techniques and technologies to lower the construction costs; and
- (vi) it will leverage on its state-owned partners' overseas channels to expand the international APM equipment and services market.

The construction work of the investment property acquired by the Group at the Land 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 sale and lease income streams to the Group in future. It is expected that the Construction will complete in the first quarter of 2027.

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”).

6. MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

The following discussion should be read in conjunction with the financial information of the Group and the historical financial information and operating data included in this circular.

Upon completion of the disposal of Tianjin Expressway Maintenance Company Limited* (天津市高速公路養護有限公司) on 31 December 2024, the Group will continue to carry out its existing businesses in APM Services with a focus on “Hot-in-place” projects and in APM Equipment. On this basis, the management discussion and analysis on the Group for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024 is set out below.

Business Review

The Group has three business segments, namely, (i) APM Services, (ii) APM Equipment, (iii) Property Business for the three years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024. The review of each business segment of the Group is set out below.

APM Services

For the year ended 31 December 2021, the revenue of the Group for this segment decreased in the year of 2021 compared to 2020 due to the decrease in the total area serviced of the “Hot-in-Place” projects in 2021 as the COVID-19 outbreak that began at Nanjing in third quarter of 2021 had brought delay in the Group’s operation. Therefore, the total serviced area of “Hot-in-Place” projects decreased by 39.0% from 4.1 million square meters in 2020 to 2.5 million square meters in 2021. The revenue for this segment for the year ended 31 December 2021 was approximately HK\$168.5 million. The decrease in the revenue amount of the “Hot-in-Place” projects is lower than the decrease of the total serviced area is mainly due to the “Hot-in-Place” project of Group was including the Geopolymer Injection Road Base Repair technology of the Group which enable to the Group to mark up the price and gross profit margin of the “Hot-in-Place” project. The gross profit margin of “Hot-in-Place” projects increased from 32.7% in 2020 to 40.8% in 2021 due to the Geopolymer Injection Road Base Repair technology of the Group conducted in 2021 had higher gross profit margin.

For the year ended 31 December 2022, the revenue of the Group for this segment decreased in the year of 2022 compared to 2021 due to the strict COVID-19 pandemic control since second quarter of 2022 in order to avoid mass spreading of COVID-19, which included, among other things, lockdown measures and transportation restrictions, and the new wave of COVID-19 pandemic outbreak in the PRC in the fourth quarter of 2022 which had affected the operation of the Group’s “Hot-in-Place” projects as the Group was unable to provide road maintenance services across the PRC from our operational base in Nanjing, revenue of “Hot-in-Place” projects recorded a decrease

during the year under review. The revenue for this segment for the year ended 31 December 2022 was approximately HK\$132.6 million. The gross profit margin of “Hot-in-Place” projects was relatively stable during the year of 2022 which was approximately 38.8%.

For the year ended 31 December 2023, the revenue of the Group for this segment increased in the year of 2023 compared to 2022 due to the increased in total serviced area of the Group’s “Hot-in-Place” projects. The revenue for this segment for the year ended 31 December 2023 was approximately HK\$139.3 million. The gross profit margin of “Hot-in-Place” was relatively stable of approximately 42.7% during the year under review.

For the six months ended 30 June 2024, the revenue of the Group for this segment increased as compared with that of the corresponding period in 2023 due to the revenue of the “Hot-in-Place” projects recorded increase during six months ended 30 June 2024 because increase in the total service area of the Group’s “Hot-in-Place” projects. The revenue for this segment for the six months ended 30 June 2024 was approximately HK\$58.5 million. Due to the increase in the total service area of the Group’s “Hot-in-Place” projects, the gross profit margin of this segment was increased from 10.6% for the six-month period ended 30 June 2023 to 23.1% during the six months ended 30 June 2024.

The gross profit margin for this segment for full financial year is generally higher than that of the gross profit margin for this segment for interim period because the Group will record full amount of certain fixed costs at the first half of the year despite less orders due to the slack season and most of the orders will only be placed in the second half of the year.

APM Equipment

For the year ended 31 December 2021, the revenue for this segment increased by approximately 20.5% as compared to 2020 was mainly due to the diversification of the product range of the Group and the outbreak of COVID-19 in 2020 resulted the local government and highway company had delayed their capital investment to 2021. The revenue for this segment for the year ended 31 December 2021 was approximately HK\$68.8 million. Overall gross profit margin for this segment was relatively stable of approximately 37.8% during the year under review.

For the year ended 31 December 2022, the revenue for this segment significantly decreased by 66.0% as compared to the corresponding period for 2021. This was mainly due to the outbreak of COVID-19, many local government and highway companies delayed their capital investment to 2023. The revenue for this segment for the year ended 31 December 2022 was approximately HK\$23.4 million. The increase in the gross profit margin for APM equipment from 37.8% in 2021 to 47.5% in 2022 was due to the sale of standard series which have a higher gross profit margin.

For the year ended 31 December 2023, the revenue for this segment significantly increased by 108.0% as compared to the corresponding period for 2022. This was mainly due to many local government and highway companies postponed 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 in the year ended 31 December 2023, while there was no sale of modular series equipment in the same corresponding period in 2022. The revenue for this segment for the year ended 31 December 2023 was approximately HK\$48.6 million. Due to the promotion and embedded with intelligent monitoring and control platform, this modular series had a lower selling and a higher production cost. Thus, the decrease in the gross profit margin for APM equipment from 47.5% in 2022 to 44.0% in 2023 was due to the sale of modular series which have lower gross profit margin.

For the six months ended 30 June 2024, the revenue of the Group for this segment decreased by 62.6% as compared to the corresponding period for 2023 was mainly due to the new products launched by the Group were only able to create success sales record in the second half of 2024. The revenue for this segment for the six months ended 30 June 2024 was approximately HK\$11.8 million. The gross profit margin for the APM equipment segment was decreased from 47.8% for the six-month period ended 30 June 2023 to 41.7% during the six months ended 30 June 2024 due to higher production cost for products sold.

Property Business

As at 31 December 2021, 2022, 2023 and 30 June 2024, the Group's investment property was measured using the fair value model and was approximately HK\$143.1 million, HK\$142.4 million, HK\$140.9 million and HK\$138.0 million, respectively. The fluctuation 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 and some changes of the construction plan, the expected completion date of the investment property has delayed from fourth quarter 2023 to first quarter of 2027. 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 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. The Group intends to develop the investment property to bring additional income to the Group, it is a one-off transaction and the Group does not have the intention to enter into real estate development industry.

Profit/Loss before tax

For the year ended 31 December 2021, the Group recorded a profit before tax of approximately HK\$38.5 million.

For the year ended 31 December 2022, the Group recorded a loss before tax of approximately HK\$30.1 million. The loss was mainly due to the effect of (i) decrease in the revenue of the APM Services and APM Equipment; and (ii) the recognition of the expected credit loss on trade receivables, contract assets and other receivables.

For the year ended 31 December 2023, the Group recorded a profit before tax of approximately HK\$6.6 million. The profit was mainly due to the effect of (i) increase in the revenue of the APM Services and APM Equipment; and (ii) the expected credit loss on trade receivables and contract assets reversed.

For the six months ended 30 June 2024, the Group recorded a loss before tax of approximately HK\$8.5 million as compared with a loss of approximately HK\$6.6 million of the corresponding period in 2023. The increase in loss was mainly due to the net effect of (i) the increase in the revenue of the APM Services; (ii) the decrease in the revenue of the APM Equipment; and (iii) the decrease in the expected credit loss on trade receivables and contract assets reversed.

Liquidity and financial resources

As at 31 December 2021, the Group had total debt of approximately HK\$95.4 million which was secured interest-bearing bank borrowings and denominated in RMB. As at 31 December 2021, the maturity profile of the interest-bearing bank borrowings as at 31 December 2021 were repayable within one year or on demand. As at 31 December 2021, 61.5% and 38.5% of the Group's bank borrowings were at fixed interest rate and floating interest rate, respectively. The Group has not used any interest rate swaps to hedge its interest rate risk.

As at 31 December 2022, the Group had total debt of approximately HK\$91.2 million which comprised of secured interest-bearing bank borrowings of HK\$46.2 million and unsecured interest-bearing bank borrowings of HK\$45.0 million. As at 31 December 2022, the total bank borrowings of the Group were denominated in RMB. As at 31 December 2022, the maturity profile of the interest-bearing bank borrowings were repayable within one year or on demand. As at 31 December 2022, 87.7% and 12.3% of the Group's bank borrowings were at fixed interest rate and floating interest rate, respectively. The Group has not used any interest rate swaps to hedge its interest rate risk.

As at 31 December 2023, the Group had total debt of approximately HK\$99.1 million, which was comprised of secured interest-bearing bank borrowings of HK\$44.6 million and unsecured interest-bearing bank borrowings of HK\$54.5 million. As at 31 December 2023, the total bank borrowings of the Group were denominated in RMB. As at 31 December 2023, the maturity profile of the interest-bearing bank borrowings was repayable within one year or on demand. As at 31 December 2023, 88.9% and 11.1% 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.

As at 30 June 2024, the Group had total debt of approximately HK\$97.8 million, which was comprised of secured interest-bearing bank borrowings of HK\$55.4 million and unsecured interest-bearing bank borrowings of HK\$42.4 million. As at 30 June 2024, the total bank borrowings of the Group were denominated in RMB. As at 30 June 2024, the maturity profile of the interest-bearing bank borrowings was repayable within one year or on demand. As at 30 June 2024, 73.1% and 26.9% 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.

Pledge of Assets

As at 31 December 2021, bank balance of approximately HK\$30.4 million was pledged to secure general banking facilities granted to the Group.

As at 31 December 2022, bank balance of approximately HK\$10.6 million was pledged to secure general banking facilities granted to the Group.

As at 31 December 2023, bank balance of approximately HK\$7.5 million was pledged to secure general banking facilities granted to the Group.

As at 30 June 2024, bank balances of approximately HK\$7.8 million was pledged to secure general banking facilities granted to the Group.

Net Gearing Ratio

The calculation of the gearing ratio is based on the net bank borrowings (total bank borrowings minus bank balances and cash, time deposits, pledged bank deposits and financial assets at fair value through profit or loss) divided by equity attributable to owners of the Company multiplied by 100%. As the Group was in a net cash position as at 31 December 2021, 2022 and 2023 and 30 June 2024, gearing ratio is not applicable.

Foreign Currency 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 exposure 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 31 December 2021, 2022 and 2023 and 30 June 2024, certain time deposit, bank balances and cash, pledged bank deposits and financial assets at fair value through profit or loss of

approximately HK\$251,432,000, HK\$223,356,000, HK\$219,385,000 and HK\$223,496,000, respectively, are denominated in RMB, the remaining balances are mainly denominated in Hong Kong dollars. As at 31 December 2021, 2022 and 2023 and 30 June 2024, the Group's bank borrowings denominated in RMB amounted to HK\$95,438,000 (equivalent to RMB78,000,000), HK\$91,208,000 (equivalent to RMB81,000,000), HK\$99,117,000 (equivalent to RMB90,000,000) and HK\$97,788,000 (equivalent to RMB91,050,000), respectively. The Group has not hedged its foreign currency risk.

Employees and remuneration policy

As at 31 December 2021, 2022 and 2023 and 30 June 2024, the Group had a total of 278, 248, 264 and 269 employees, respectively. 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 has adopted a share award scheme under which shares of the Company may be awarded to the selected employees (including executive directors of the Company) as incentives to retain them for the continual operation and development of the Group.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During each of the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, the Group had no material acquisition or disposal of subsidiaries, associates or joint ventures.

Capital Commitments and Contingent Liabilities

As at 31 December 2021, 2022, 2023 and 30 June 2024, the Group had capital commitments of approximately HK\$2,247,000, HK\$2,068,000, HK\$254,000 and HK\$175,000, respectively, among which contracted but not provided for in respect of the acquisition of property, plant and equipment. As at 31 December 2021, 2022, 2023 and 30 June 2024, the Group had capital commitments of approximately HK\$15,989,000, HK\$14,714,000, HK\$14,391,000 and HK\$14,035,000, respectively, among which contracted but not provided for in respect of the acquisition of leasehold land. As at 31 December 2021, 2022, 2023 and 30 June 2024, the Group had capital commitments of approximately HK\$347,098,000, HK\$306,093,000, HK\$296,551,000 and HK\$290,409,000, respectively, among which contracted but not provided for in respect of construction contract.

The Group did not have any contingent liabilities as at 31 December 2021, 31 December 2022, 31 December 2023 and 30 June 2024.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. INTERESTS AND SHORT POSITIONS OF DIRECTORS AND THE CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at the Latest Practicable Date, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Directors and chief executive(s) of the Company is taken or deemed to have under such provisions of the SFO) or which were required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which was required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

(A) Long Positions in the Shares of the Company

Name of Director	Number of Shares held	Corporate Interests	Total	Approximate percentage of existing issued share capital of the Company
Mr. Sze Wai Pan ("Mr. Sze")	13,000,000	529,688,260 ⁽¹⁾	542,688,260	50.30%
Ms. Sze Wan Nga ("Ms. Sze")	880,000	29,640,000 ⁽²⁾	30,520,000	2.83%
Mr. Chan Kai King	3,166,667	—	3,166,667	0.29%
Dr. Chan Yan Chong	50,000	—	50,000	0.00%

Notes:

- (1) Mr. Sze is the beneficial owner of all the issued share capital of Freetech (Cayman) Ltd. ("Freetech Cayman"), Freetech (BVI) Limited ("Sze BVI") and Freetech Technology Limited ("Freetech Technology") and therefore is deemed to be interested in a total of 529,688,260 Shares held by Freetech Cayman, Sze BVI and Freetech Technology. Mr. Sze is the director of Freetech Cayman, Sze BVI and Freetech Technology.
- (2) Ms. Sze is the beneficial owner of all the issued share capital of Intelligent Executive Limited ("Intelligent Executive") and therefore is deemed to be interested in 29,640,000 Shares held by Intelligent Executive. Ms. Sze is the director of Intelligent Executive, Freetech Cayman, Sze BVI and Freetech Technology.

(B) Long Positions in the shares of Associated Corporation of the Company

Name of Director	Name of associated corporation	Capacity	Number of shares in associated corporation	Approximate percentage of existing issued share capital of the associated corporation
Mr. Sze	Freetech Cayman	Beneficial owner	1,162,956	100%
Mr. Sze	Sze BVI	Beneficial owner	1	100%
Mr. Sze	Freetech Technology	Beneficial owner	100	100%
Ms. Sze	Intelligent Executive	Beneficial owner	10,000	100%

Save as disclosed above, as at Latest Practicable Date, none of the Directors nor the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations.

3. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARE CAPITAL OF THE COMPANY

So far as is known to the Directors or chief executive of the Company, as at the Latest Practicable Date, the following person (other than a Director or chief executive of the Company) had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or was, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Group:

Name of Shareholders	Capacity/Nature of interests	Number of issued Shares held	Approximate percentage of the total issued share capital
Freetech Technology ⁽¹⁾	Interest in controlled corporation	529,688,260	49.09%
Sze BVI ⁽¹⁾	Interest in controlled corporation	529,688,260	49.09%
Freetech Cayman ⁽¹⁾	Beneficial owner	529,688,260	49.09%
Bank of Communications Trustee Limited ("BOCM Trustee") ⁽²⁾	Trustee	93,776,200	8.69%

Note:

- (1) The relationship between Freetech Technology, Sze BVI, Freetech Cayman and Mr. Sze is disclosed under the heading “2. Interests and short positions of Directors and the chief executive in the shares, underlying shares and debentures of the company and its associated corporations” above.
- (2) BOCM Trustee is appointed by the Company to purchase such the shares of the Company on the Stock Exchange or off-market and to hold them in trust for the benefit of the employees on and subject to the terms and conditions of the scheme rules and the trust deed of the share award scheme.

4. DIRECTORS’ INTERESTS IN ASSETS OF THE GROUP AND CONTRACTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2023 (being the date to which the latest published audited financial statements of the Group were made up) up to the Latest Practicable Date.

None of the Directors was materially interested in any contract or arrangement subsisting which was significant in relation to the business of the Group as at the Latest Practicable Date.

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective close associates had any competing interest (as would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them was a controlling shareholder of the Company for the purpose of the Listing Rules).

6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had a service contract with the Group which was not determinable by the Group within one year without payment of compensation, other than statutory compensation.

7. MATERIAL CONTRACTS

Save as set out below, there are no material contracts (being contracts entered outside the ordinary course of business carried on or intended to be carried on by the Group) having been entered into by any member of the Group within the two years preceding the Latest Practicable Date:

- (a) the share purchase agreement dated 22 November 2024 entered into between Tianjin Expressway Group Company Limited* (天津高速公路集團有限公司) and Freetech Smart Road Recycling Engineering Investment Limited (英達智能道路再生工程投資有限公司) in respect of the disposal of Tianjin Expressway Maintenance Company Limited* (天津市高速公路養護有限公司) at a consideration of RMB71 million;
- (b) the New Construction Contract; and
- (c) the Termination Contract.

8. MATERIAL LITIGATION

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, the Group was not engaged in any material litigation or arbitration of material importance and there was no material litigation or claim of material importance known to the Directors to be pending or threatened by or against any members of the Group.

9. MISCELLANEOUS

- (a) The address of the registered office of the Company is at 29/F, Chinachem Century Tower, 178 Gloucester Road, Wanchai, Hong Kong.
- (b) The company secretary of the Company is Mr. Lim Eng Sun. He is an associate member of the Hong Kong Institute of Certified Public Accountants.
- (c) The branch registrar of the Company is Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

10. DOCUMENTS ON DISPLAY

The following documents are available on (i) the website of Stock Exchange (www.hkexnews.hk) and (ii) the website of the Company (www.freetech-holdings.hk) during the period from the date of this circular up to 14 days thereafter.

- (a) the material contracts referred to in the paragraph under "7. Material Contract" in this Appendix.

NOTICE OF EGM



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “EGM”) of Freetech Road Recycling Technology (Holdings) Limited (the “**Company**”) will be held at Unit 5906–5912, 59/F., The Center, 99 Queen’s Road Central, Central, Hong Kong on 16 April 2025 at 11:00 a.m. for the following purposes:

ORDINARY RESOLUTION

“THAT

- (a) the contract and the supplemental contract dated 20 December 2024 entered into between Freetech Ecological Technology Development (Nanjing) Co. Ltd and China Construction No. 6 Engineering Department Co., Limited* (中國建築第六工程局有限公司), (a copy of which is tabled at this meeting and marked “A” and initialled by the chairman of this meeting for the purpose of identification) and the transaction contemplated thereunder and in connection therewith be and are hereby approved, confirmed and ratified; and
- (b) any one director of the Company be and is hereby authorised to do all such acts and things and execute all such documents for and on behalf of the Company as he/she may consider necessary or desirable in connection with this resolution.”

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

Hong Kong, 26 March 2025

NOTICE OF EGM

Registered Office:

Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong:

29/F, Chinachem Century Tower
178 Gloucester Road
Wanchai, Hong Kong

Notes:

1. Unless otherwise defined herein, capitalised terms used in this notice shall have the same meanings as those defined in the circular dated 26 March 2025.
2. All resolutions at the meeting will be taken by poll pursuant to the Listing Rules and the results of the poll will be published on the websites of the Stock Exchange and the Company in accordance with the Listing Rules.
3. Any shareholder of the Company entitled to attend and vote at the above meeting is entitled to appoint one or more than one proxy to attend and on a poll, vote instead of him. A proxy need not be a Shareholder. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
4. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting or any adjournment thereof and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. For determining the entitlement to attend and vote at the above meeting, the register of members of the Company will be closed from 11 April 2025 to 16 April 2025, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 10 April 2025.

As at the date of this notice, 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, J.P. and Prof. Lai Kin Keung.