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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)*

### PROFIT WARNING FOR THE YEAR ENDING 31 DECEMBER 2014

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Based on currently available information, the Board wishes to inform the Shareholders and potential investors that the Net Profit for the year ending 31 December 2014 is expected to decrease by approximately 70% as compared to the Net Profit for the year ended 31 December 2013.

The annual results announcement of the Group for the year ending 31 December 2014 is expected to be released in March 2015.

Shareholders and potential investors are advised to exercise caution when dealing in the ordinary shares of the Company.

This announcement is made by Freetech Road Recycling Technology (Holdings) Limited (the "**Company**") and together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the inside information provisions (the "**Inside Information Provisions**") under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Following a preliminary review of the currently available information, the board of directors of the Company (the "**Board**") wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that the consolidated profit attributable to owners of the parent of the Group (the "**Net Profit**") for the year ending 31 December 2014 is expected to decrease by approximately 70% as compared to the Net Profit for the year ended 31 December 2013, notwithstanding that the Company expects the total area serviced of the asphalt pavement maintenance (the "**APM**") services segment for the same period remains stable.

The expected significant decline in Net Profit is mainly attributable to:

- a significant decrease in revenue of APM equipment segment due to the adjustment of the Group's business strategy to appoint local experienced APM service providers as its franchisees. The Company is focusing on managing the existing joint ventures and assist them to seize the business opportunity from 2015 road inspection. As a result, the number of new joint ventures being set up and the number of modular series being sold significantly declining;
- a decrease in the gross profit margin of the APM services segment due to part of the "Hot-in-Place" technology APM services projects being performed in lower selling price areas and the Group has performed more non-"Hot-in-Place" technology APM services projects including "Optimization Cold-in-Place" technology and road base maintenance projects which have lower gross margins;
- as the franchisees are still in their early stage of operation, the APM services revenue contributed is yet to be significant and not sufficient to offset against the significant decrease in revenue of APM equipment segment;
- an increase in operating costs; and
- an increase in impairment of trade receivables.

Nevertheless, in view of:

- 1) the overall sustained growth of the APM industry in the People's Republic of China (the "PRC"), the existing penetration rate of recycling technology (including the Group's "Hot-in-Place" recycling technology) is still very low;
- 2) the Ministry of Transport will conduct road inspections on highways in the second half of 2015 to check the quality and condition of the road maintenance work;
- 3) the Group has strong research and development capabilities which widen the application of "Hot-in-Place" technology from road maintenance projects into airport runway project and road expansion and reconstruction project. In addition, the Group has diversified its APM services include "Optimization Cold-in-Place" and road base maintenance projects;
- 4) On 12 July 2014, the Group has entered into a shareholder agreement with COSCO (H.K.) Industry & Trade Holdings Limited ("**COSCO H.K.**") (an indirect wholly-owned subsidiary of COSCO Group) to set up a joint venture company and to promote the application of the Group's "Hot-in-Place" technology in the agreed region; and
- 5) the Group is actively developing international market by provision of APM services and selling of APM equipment.

The Company believes that there is great potential for the long term development of our Group's business and the Board remains confident about the Group's long term prospects.

The information contained in this announcement is only a preliminary assessment by the Board based on information currently available to the Group, which has not yet been audited or reviewed by the auditor of the Company or the audit committee of the Board. The audited consolidated final results of the Group may be subject to adjustments following further review by the Board, discussions with the auditors of the Company and completion of the requisite auditing procedures. The annual results announcement of the Group for the year ending 31 December 2014 is expected to be released in March 2015.

**Shareholders and potential investors are advised to exercise caution when dealing in the ordinary shares of the Company.**

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

Hong Kong, 19 December 2014

*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 Mr. Yeung Chin Chiu and Mr. Wang Lei; and the independent non-executive Directors are Ms. Yeung Sum, Mr. Tang Koon Yiu Thomas and Mr. Lau Ching Kwong.*