



# 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)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號 : 6888

# 2020

Interim Report  
中期報告



## 公路醫生®



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This Interim Report is printed on environmentally friendly paper



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Chairman

Mr. Sze Wai Pan (*Chief Executive Officer*)

### Executive Directors

Ms. Sze Wan Nga

Mr. Chan Kai King

### Non-executive Directors

Prof. Tong Wai Cheung Timothy

Dr. Chan Yan Chong

Mr. Wang Lei

### Independent Non-executive Directors

Ms. Yeung Sum

Mr. Tang Koon Yiu Thomas

Dr. Lau Ching Kwong

### Audit Committee

Ms. Yeung Sum (*Chairman*)

Mr. Tang Koon Yiu Thomas

Dr. Lau Ching Kwong

### Nomination Committee

Mr. Sze Wai Pan (*Chairman*)

Mr. Tang Koon Yiu Thomas

Dr. Lau Ching Kwong

### Remuneration Committee

Mr. Tang Koon Yiu Thomas (*Chairman*)

Ms. Yeung Sum

Ms. Sze Wan Nga

### Authorised Representatives

Ms. Sze Wan Nga

Mr. Lim Eng Sun

### Company Secretary

Mr. Lim Eng Sun

## Registered Office

Cricket Square, Hutchins Drive

PO Box 2681

Grand Cayman KY1-1111

Cayman Islands

## Group Headquarters and Principal Place of Business in Hong Kong

29/F, Chinachem Century Tower

178 Gloucester Road, Wanchai

Hong Kong

## PRC Headquarters

9 Hengfei Road

Nanjing Technology

Development Zone

Nanjing City, Jiangsu Province, PRC

## Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited

Level 54, Hopewell Centre

183 Queen's Road East, Hong Kong

## Cayman Islands Share Register and Transfer Office

Royal Bank of Canada Trust Company (Cayman) Limited

4th Floor, Royal Bank House

24 Shedden Road, PO Box 1586

Grand Cayman KY1-1110

Cayman Islands

## Auditor

BDO Limited

Certified Public Accountants

## Principal Bankers

Bank of Communications

Bank of Beijing

## Company Website Address

[www.freetech-holdings.hk](http://www.freetech-holdings.hk)

# MANAGEMENT DISCUSSION AND ANALYSIS

## OPERATING RESULTS AND RATIOS

	Six-month period ended 30 June		
	2020 Unaudited HK\$'000	2019 Unaudited HK\$'000	Increase/ (decrease)
Revenue	113,631	118,778	(4.3%)
Gross profit	7,978	20,208	(60.5%)
Loss attributable to owners of the Company	(24,165)	(29,774)	(18.8%)
Loss per share (Basic) (HK cents)	(2.28)	(2.80)	(18.6%)
Gross profit margin <sup>1</sup>	7.0%	17.0%	

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





### 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 2020 (the "Period").

The year of 2020 is the year that the Ministry of Transport of the People's Republic of China (the "PRC") will perform large scale road inspections once every five years on highways and to inspect the quality and condition of the road maintenance work. It is also the concluding year for the general development of a moderately prosperous society and the "13th Five-year Plan", as well as a decisive year for winning the critical battle for prevention and treatment of pollution. However, the COVID-19 outbreak in early 2020 is a black swan event that has caused significant and far-reaching impacts on the economy of the PRC and the world. Many provinces and municipalities in the PRC have implemented emergency public health measures since January 2020, which include, among other things, imposing quarantine orders and travel restrictions. The travel restrictions were gradually lifted in second quarter of 2020, the business operation and production gradually return to normal, a positive trend of ongoing recovery has emerged in the PRC economy. However, due to: (1) the quarantine orders and travel restrictions; and (2) the bad weather condition on the construction site of the Group's road maintenance projects, the provision of road maintenance services for the "Hot-in Place" projects on hand of the Group were delayed to the second half of 2020, the asphalt pavement maintenance ("APM") services sector recorded a decrease in revenue. In addition, the APM equipment segment recorded an increase in revenue, contributed by the Group's diversified product range strategy, more revenue contributed by the new product launched into the market in the recent years. The Group also recorded a reversal of expected credit loss of trade receivables and contracts assets for the Period due to collection of these outstanding balances had improved after Premier Li Keqiang reiterated that local government shall settle their overdue debts due to private enterprises by the end of the year during the executive meeting of the State Council convened on 8 January 2020.

During the Period, the Group's operating revenue was approximately HK\$113.6 million, representing a decrease of approximately 4.3%, as against the corresponding period of 2019. Total loss attributable to owners of the Company was approximately HK\$24.2 million, representing a decrease of approximately 18.8%, as against the corresponding of 2019.

### APM Services

During the Period, due to the outbreak of COVID-19 in January 2020 and the bad weather condition on the construction site of the Group's road maintenance projects, the Group has delayed the road maintenance projects on hand until the second half of 2020. The total serviced area of "Hot-in-Place" projects of the Group was decreased from 0.8 million square meters during the six-month period ended 30 June 2019 to 0.7 million square meters during the Period, representing a decrease of approximately 12.5%.

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 slightly increased by 4.7% as against the corresponding period of 2019. The APM services segment recorded revenue of approximately HK\$85.6 million, representing a decrease of 9.6% as against the corresponding period of 2019. Despite the decrease in the total serviced area of "Hot-in-Place" projects, the Group has continued to be a leading integrated solution provider using "Hot-in-Place" recycling technology in the APM industry in the PRC.

### APM Equipment

The APM equipment segment of the Group recorded revenue of HK\$28.1 million, representing an increase of 16.1% as against the corresponding period of 2019, which was primarily due to the Group's diversified product range strategy, more revenue contributed by the new product launched into the market in the recent years.



### Research and Development

To maintain our leading position in using "Hot-in-Place" recycling technology in the APM industry, the Group continued to place emphasis on technological innovation.

#### New Patents

During the Period, despite the decrease in the Group's operating revenue, the Group continued to invest resources in research and development. As at 30 June 2020, it had registered 176 patents (as at 31 December 2019: 168), of which 18 were invention patents (as at 31 December 2019: 18), 133 were utility model patents (as at 31 December 2019: 127) and 25 were design patents (as at 31 December 2019: 23). Besides, it had 24 pending patent applications (as at 31 December 2019: 24), of which 13 invention patents and 11 utility model patents (as at 31 December 2019: 10 invention patents, 12 utility model patents and 2 design 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. In the APM standard series, the Group had developed new asphalt hopper reheating technologies that it can shorten the heating time to 50% of the original method. This further strengthens our competitiveness and improve our customer working efficiency.

In cleansing series, the Group further enriched our cleansing series such as mechanical sweeper which is particularly suitable for large and bulky garbage, 100% electric garbage vacuum machine for municipal side walk cleaning. In addition, the Group also developed new valuable functions like disinfection system, water recycling system which have high demand from the customers.

### Others

With strong research and development capabilities, the Group is able to adopt the most advanced technologies in the APM industry, provides customised solutions to its clients and maintain its competitive edges and leading status in the APM industry by using the recycling technology.

### OUTLOOK

Year 2020 is not only the end of the PRC's "13th Five-year Plan", it is also the planning year for the PRC's "14th Five-year Plan". The pursuit of sound and scientific environmental governance plans with an emphasis on pollution treatment in a precise, scientific and lawful manner shall be the main target of the "14th Five-year Plan". Thus, the PRC government will continue to develop green economy and adopt higher standard for environmental standards. With our patent "Hot-in-Place" recycling technology and other new products, the Group will benefit from the increasing demand for APM and the favourable environment in the PRC, especially those using the recycling technologies.

First, as at 31 December 2019, 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. In addition, the Ministry of Transport will perform road inspections on highways in the second half of 2020 to inspect the quality and condition of the road maintenance work. Therefore, it offers us the largest road maintenance market and huge room to grow. Secondly, 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. Third, the Group will continue to leverage on its state-owned partners' overseas channels to explore overseas business opportunities. The Group is making an effort to promote its overseas business opportunities in the countries along the "One Belt One Road" and four Asian tigers. In light of these, the Group is well positioned to benefit from the government's policies and the positive development prospects in the environmental protection sector.

As a leading provider of the “Hot-in-Place” recycling technology in the APM sector and a provider of one-stop solution covering “testing, planning, equipment and construction”, the Group will leverage on its competitive advantages and implement favourable policies to achieve a healthy growth in its business. The Group plans to enhance its market position, enter into new markets and enlarge its share in existing markets by the following means:

1. it will increase market penetration, particularly in cities where the use of “Hot-in-Place” recycling technology is currently relatively limited;
2. it will focus on the cities which will hold major events to gain and complete projects of high awareness;
3. it will diversify its product range and developed new product in road industry;
4. it will continue to invest on its testing and planning department by devoting more equipment and staff so as to enhance its one-stop solution and generate new revenue stream which is road doctor consultant services;
5. it will further optimize its techniques and technologies to lower the construction costs;
6. it will grasp the opportunities in the wave of state-owned enterprise reforms to acquire more maintenance companies in the express highway sector; and
7. it will leverage on its state-owned partners’ overseas channels to expand the international APM equipment and services market.

In addition, the Group has started planning the development of the investment property acquired by the Group at lot 04–05 and 04–06 of Jiangxinzhou, Jianye District, Nanjing, the PRC (中國南京市建鄴區江心洲) in December 2016. The investment property will be developed into the global technology research and development centre of the Group. The investment property will not only enable the Group to enhance its research and development capabilities, but also has good potential as a long term investment.

Looking into the future, the Group holds confidence in its business prospects and will strive to provide higher returns for its shareholders with the principle of “Efficient use of technology to create multi-win situations” (“善用科技·共創多贏”).



## FINANCIAL PERFORMANCE REVIEW

The Group consists of two main business segments: the APM service segment, where it provides APM services under its registered trademark 公路醫生® (Road Doctor) to repair damaged asphalt pavement surfaces, and the APM equipment segment, where it manufactures and sells a wide range of APM equipment.

The following is a description of the Group's operating activities during the Period, with comparisons against the corresponding period for 2019.

### 1. Revenue:

#### a. APM Services

	Six-month period ended 30 June				
	2020		2019		Increase/ (decrease)
	Unaudited HK\$'000	Area serviced (square meters '000)	Unaudited HK\$'000	Area serviced (square meters '000)	
<b>Revenue (net of VAT)</b>					
"Hot-in-Place" Projects	40,053	691	51,153	786	(21.7%)
Non-"Hot-in-Place" Projects	45,522	–	43,458	–	4.7%
<b>Total</b>	<b>85,575</b>		<b>94,611</b>		<b>(9.6%)</b>

	Six-month period ended 30 June				
	2020		2019		Increase/ (decrease)
	Unaudited HK\$'000	Margin	Unaudited HK\$'000	Margin	
<b>Gross profit</b>					
"Hot-in-Place" Projects	(6,707)	(16.7%)	4,566	8.9%	(246.9%)
Non-"Hot-in-Place" Projects	1,624	3.6%	3,787	8.7%	(57.1%)
<b>Total</b>	<b>(5,083)</b>	<b>(5.9%)</b>	<b>8,353</b>	<b>8.8%</b>	<b>(160.9%)</b>

Revenue for this segment decreased compared with that of the corresponding period in 2019 due to: (1) the outbreak of COVID-19, many provinces and municipalities in the PRC have implemented emergency public health measures since January 2020, which include, among other things, imposing quarantine orders and travel restrictions; and (2) the bad weather condition on the construction site of the Group's road maintenance projects. Thus, the provision of road maintenance services for the "Hot-in-Place" projects on hand of the Group were delayed to the second half of 2020. The total serviced area of "Hot-in-Place" projects was decreased by approximately 12.5% from 0.8 million square meters during the six-month period ended 30 June 2019 to 0.7 million square meters during the Period. In addition, the provision of road maintenance services for the "Hot-in-Place" projects during the Period were conducted in lower selling price market.

During the Period, the revenue of non-“Hot-in-Place” projects of approximately HK\$45.5 million was contributed by Tianjin Expressway Maintenance and was 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 of “Hot-in-Place” Projects decreased significantly from 8.9% for the six-month period ended 30 June 2019 to -16.7% during the Period. The decrease in gross profit margin is mainly due to: (1) the decrease in the revenue of “Hot-in-Place” Projects, because the Group will continue to incur fixed cost of sales of this sector despite decrease in revenue; and (2) the provision of road maintenance services for the “Hot-in Place” projects of the Group during the Period were mainly conducted in lower selling price market and the provision of road maintenance services for the “Hot-in Place” projects on hand of the Group which have higher selling price were delayed to the second half of 2020.

#### b. APM Equipment

	Six-month period ended 30 June				
	2020		2019		Increase/ (decrease)
	Unaudited HK\$'000	units/sets	Unaudited HK\$'000	units/sets	
<b>Revenue (net of VAT)</b>					
Standard series	24,810	23	20,672	17	20.0%
Modular series	–	–	–	–	–
Repair and maintenance	3,246	N/A	3,495	N/A	(7.1%)
<b>Total</b>	<b>28,056</b>		24,167		16.1%

	Six-month period ended 30 June				
	2020		2019		Increase/ (decrease)
	Unaudited HK\$'000	Margin	Unaudited HK\$'000	Margin	
<b>Gross profit</b>					
Standard series	10,830	43.7%	9,947	48.1%	8.9%
Modular series	–	N/A	–	N/A	–
Repair and maintenance	2,231	68.7%	1,908	54.6%	16.9%
<b>Total</b>	<b>13,061</b>	<b>46.6%</b>	11,855	49.1%	10.2%

Revenue for the APM equipment segment for the Period was increased by 16.1% as against the corresponding period for 2019 was primarily due to the Group's diversified product range strategy, more revenue contributed by the new product launched into the market in the recent years. Due to the outbreak of COVID-19, although the manufacturing of equipment was affected by the delay in supply of major equipment components and the signing of the APM equipment sales contract was also affected by the travel restriction in the first five months of 2020, but the manufacturing and sales of APM equipment of the Group resumed normal in June 2020.

The decrease in the gross profit margin for APM equipment from 49.1% in 2019 to 46.6% for the Period was due to the sale of lower gross profit margin of standard series.

### **2. Other Income**

Other income were increased by approximately HK\$3.6 million from HK\$2.7 million for the six-month period ended 30 June 2019 to HK\$6.3 million for the Period, primarily due to the increase in the interest income received.

### **3. Reversal of/(Provision for) Impairment Losses on Financial Assets**

Expected credit loss allowance on financial assets reversed of approximately HK\$13.5 million for the Period, primarily due to the net effect of (i) the expected credit loss allowance of trade receivables and contract assets reversed; and (ii) the recognition of expected credit loss allowance of other receivables. During the six-month period ended 30 June 2019, expected credit loss allowance on financial assets recognised of approximately HK\$13.3 million.

### **4. Selling and Distribution Costs**

The decrease in the selling and distribution costs by HK\$1.2 million from HK\$10.3 million for the six-month period ended 30 June 2019 to HK\$9.1 million for the Period was mainly due to the outbreak of COVID-19 and the implementation of travelling restriction, resulted less travelling and entertainment expenses were incurred.

### **5. Administrative Expenses**

Administrative expenses were increased by approximately HK\$1.6 million, from HK\$33.2 million for the six-month period ended 30 June 2019 to HK\$34.8 million for the Period was relatively stable.

### **6. Research And Development Costs**

Research and development costs were increased by approximately HK\$6.4 million, or approximately 182.9%, from HK\$3.5 million for the six-month period ended 30 June 2019 to HK\$9.9 million for the Period, primarily due to more costs incurred in: (1) the diversification of the product range of the Group in road industry; and (2) the development of automated and smart functions in the Group's products in order to reduce cost and provide higher quality services.

### **7. Finance Costs**

Finance costs were decreased by approximately HK\$0.6 million, or approximately 18.2%, from HK\$3.3 million for the six-month period ended 30 June 2019 to HK\$2.7 million for the Period, primarily due to decrease in bank borrowing amount.



### 8. Share of Losses of Joint Ventures

The Group's share of losses from the joint ventures was approximately HK\$1.9 million for the Period, decreased by approximately HK\$1.7 million, as against the corresponding period of 2019 primarily due to the more road maintenance projects performed by the joint ventures as the Ministry of Transport of the PRC will perform large scale road inspections once every five years on highways in the second half of 2020.

### 9. Taxation

Taxation was increased by approximately HK\$3.2 million, from reversal of taxation of approximately HK\$0.5 million for the six-month period ended 30 June 2019 to taxation expense of approximately HK\$2.7 million for the Period, which is mainly due to the net effect of: 1) underprovision of taxation in the year ended 31 December 2019; and 2) profit making of some of the subsidiaries during the Period.

### 10. Loss

Loss attributable to owners of the Company was decreased by approximately HK\$5.6 million, or approximately 18.8%, from approximately HK\$29.8 million for the six-month period ended 30 June 2019 to approximately HK\$24.2 million for the Period, primarily due to the net effect of (i) the decrease in revenue of APM services segment; (ii) the recognition of reversal of expected credit loss allowance of trade receivables and contract assets; and (iii) more research and development cost incurred.

### 11. Liquidity and Financial Resources and Capital Structure

As at 30 June 2020, the Group's bank balances and cash, time deposits, pledged bank deposits and financial assets at fair value through profit or loss amounted to approximately HK\$210.8 million (as at 31 December 2019: HK\$256.0 million). The decrease was primarily due to the net effect of (1) net cash used in the operating activities; (2) the purchase of property, plant and equipment; and (3) the repayment of bank borrowings. As at 30 June 2020, the bank borrowings of the Group amounted to HK\$81.0 million (as at 31 December 2019: HK\$110.9 million). As at 30 June 2020 and 31 December 2019, the Group was in a net cash position.

After Premier Li Keqiang has reiterated the settlement of overdue debts of local government to private enterprises during the State Council Executive Meeting of the PRC on 8 January 2020, the collection of the Group's outstanding trade receivables balances continued to improve during the Period. In addition, due to the effect of the gross carrying amount of trade receivables and contract assets balance as at 31 December 2019 which were due to receive during the Period and decrease in the APM services projects performed during the Period, these balances was decreased by HK\$158.3 million, or approximately 20.3%, from HK\$778.8 million as of 31 December 2019 to HK\$620.5 million as of 30 June 2020. The contract assets balance also includes some retention money withheld by the customers (5% to 10% of the contract price which is to be paid after the expiration of the warranty period) which was not yet past due. As at the latest practicable date, customers had subsequently settled trade receivables amounting to HK\$48.1 million (equivalent to approximately RMB43.9 million).

As at 30 June 2020, 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.

## 12. Interest-Bearing Bank Borrowings

As at 30 June 2020, the Group had total debt of HK\$81.0 million (as at 31 December 2019: HK\$110.9 million), which was unsecured interest-bearing bank borrowings.

As at 30 June 2020, bank balances of approximately HK\$25.9 million (as at 31 December 2019: HK\$24.1 million) was pledged to secure general banking facilities granted to the Group.

The maturity profile of the interest-bearing bank borrowing as at 31 December 2019 and 30 June 2020 were repayable within one year or on demand.

## 13. Use of Proceeds Raised from Initial Public Offering ("IPO")

The Group received approximately net proceeds of HK\$687.0 million, after deducting underwriting fees and other related expenses, from the Company's IPO. These net proceeds were applied up to the period ended 30 June 2020 in the manner as stated in the prospectus of the Company dated 14 June 2013, as follows:

	Net Proceeds		
	Available HK\$ million	Utilised HK\$ million	Unutilised HK\$ million
Investment in research and development activities	137.4	137.4	–
Establishing joint ventures and expanding APM service teams	137.4	98.6	38.8
Manufacturing APM equipment and expanding our APM service teams	103.1	103.1	–
Acquisitions of other APM service providers	103.0	53.6	49.4
Constructing new production facility	68.7	68.7	–
Establishing sales offices in new markets and marketing expenses	68.7	68.7	–
General corporate purposes and working capital requirements	68.7	68.7	–
	687.0	598.8	88.2

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

As at 30 June 2020, the unutilised net proceeds of about HK\$88.2 million have not yet been used as the Group has not yet identified any ideal joint venture partner for establishing joint ventures and expanding APM service team and any appropriate APM service provider for acquisition which can provide higher returns to the Company's shareholders. The Group will continue to identify suitable joint venture partner and/or APM service provider.

### **14. 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 Interim Report, 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 Interim Report, there was no concrete plan authorised by the Board for other material investments or additions of capital assets as at the date of this Interim Report.

### **15. Capital Commitments and Contingent Liabilities**

The Group's capital commitments are set out in note 20 to these condensed consolidated interim unaudited financial statements.

As at 30 June 2020, the Group did not have any material contingent liabilities.

### **16. 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 2020, 100.0% of the Group's bank borrowings are at fixed interest rate (as at 31 December 2019: 69.7% and 30.3% of the Group's bank borrowings are at fixed interest rate and floating interest rate, respectively). The Group has not used any interest rate swaps to hedge its interest rate risk.

The Group collects most of its revenue in Renminbi ("RMB") and most of its expenditures as well as capital expenditures are also denominated in RMB. The Group's exposures to foreign currency risk arises mainly from certain bank deposits and interest-bearing bank borrowings denominated in foreign currency of the relevant group entities. As at 30 June 2020, certain time deposit, bank balances and cash, pledged bank deposits and financial assets at fair value through profit or loss of approximately HK\$199,544,000 (as at 31 December 2019: HK\$238,215,000) are denominated in RMB, the remaining balances are mainly denominated in Hong Kong dollars. As at 30 June 2020, the Group's bank borrowings denominated in RMB amounted to HK\$80,997,000 (equivalent to RMB74,000,000) (as at 31 December 2019: HK\$110,880,000 (equivalent to RMB99,000,000)). The Group has not hedged its foreign currency risk. The changes in foreign currency translation reserve during the Period was the result of the depreciation of RMB against Hong Kong dollar as the assets and liabilities of the Group are denominated in RMB, but for the purpose of presenting consolidated financial statements, these assets and liabilities are translated into Hong Kong dollars.

The Group has policies in place to evaluate credit risk when accepting new business and to limit its credit exposure to individual customers.

### **17. Employees and Remuneration**

As at 30 June 2020, the Group had a total of 526 full time employees (as at 31 December 2019: 550). 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 REPORT AND OTHER INFORMATION

## 1. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2020, the interests and short positions of the directors and the chief executive of the Company in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which have been notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

### (i) Long positions in the shares of the Company

Name of director	Personal Interests			Total	Approximate percentage of existing issued share capital of the Company
	Number of shares held	Number of awarded share held	Corporate Interests		
Mr. Sze Wai Pan ("Mr. Sze")	–	–	529,688,260 <sup>(1)</sup>	529,688,260	49.09%
Ms. Sze Wan Nga ("Ms. Sze")	–	2,200,000	29,640,000 <sup>(2)</sup>	31,840,000	2.95%
Mr. Chan Kai King	2,300,000	2,366,667	–	4,666,667	0.43%
Dr. Chan Yan Chong	50,000	–	–	50,000	0.00%

Notes:

- 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 of the Company held by Freetech Cayman, Sze BVI and Freetech Technology.
- 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 of the Company held by Intelligent Executive. Ms. Sze is the director of Intelligent Executive, Freetech Cayman, Sze BVI and Freetech Technology.

**(ii) Long position in the shares of associated corporation of the Company**

Name of director	Name of associated corporation	Capacity	Number of shares held in associated corporation	Percentage of existing issued share capital of the associated corporations
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 30 June 2020, none of the directors nor the chief executive of the Company had any interests or short positions in any shares and underlying shares of the Company or any of its associated corporations.

**2. INTEREST AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS**

As at 30 June 2020, so far as is known to the directors of the Company, the following persons or corporations (other than directors or the chief executive of the Company) had interests and short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company:

Name of shareholder	Capacity	Number of shares or underlying shares held in the Company	Approximate percentage of existing issued share capital of the Company
Freetech Technology <sup>(1)</sup>	Interest in controlled corporation	529,688,260	49.09%
Sze BVI <sup>(1)</sup>	Interest in controlled corporation	529,688,260	49.09%
Freetech Cayman <sup>(1)</sup>	Beneficial owner	529,688,260	49.09%
China International Capital Corporation Limited <sup>(2)</sup>	Interest in controlled corporation	58,219,200	5.40%
CICC Growth Capital Fund GP, L.P. <sup>(2)</sup>	Interest in controlled corporation	58,219,200	5.40%
CICC Growth Capital Fund I, L.P. <sup>(2)</sup>	Interest in controlled corporation	58,219,200	5.40%
Future Blossom Investment Limited <sup>(2)</sup>	Beneficial owner	58,219,200	5.40%

### Notes:

1. The relationship between Freetech Technology, Sze BVI, Freetech Cayman and Mr. Sze is disclosed under the heading “Directors’ and Chief Executive’s Interests and Short Positions in Shares and underlying Shares” above.
2. Future Blossom Investment Limited is wholly owned by CICC Growth Capital Fund I, L.P. The general partner of CICC Growth Capital Fund I, L. P. is CICC Growth Capital Fund GP, L.P., which is indirectly wholly owned by China International Capital Corporation Limited. Hence, each of CICC Growth Capital Fund I, L.P., CICC Growth Capital Fund GP, L.P. and China International Capital Corporation Limited is deemed to be interested in the shares held by Future Blossom Investment Limited.

Save as disclosed above, as at 30 June 2020, the directors of the Company are not aware of any other persons (other than the directors of the Company whose interests are set out in the section “Directors’ and Chief Executive’s Interests and Short Positions in Shares and underlying Shares” above) who held any interests or short positions in the shares, or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

### 3. SHARE OPTION SCHEME

A share option scheme was adopted by the Company on 7 June 2013 (the “Share Option Scheme”) to provide incentives to eligible participants (including employees, executives or officers, directors including non-executive directors and independent non-executive directors, direct or indirect shareholders, business or joint venture partners, advisers, consultants, suppliers, customers and agents of the Company or any of its subsidiaries) for their contribution to the long term growth of the Group and to enable the Company to attract and retain high caliber employees. During the Period, no share options were granted, exercised or cancelled by the Company under the Share Option Scheme. There were no outstanding share options under the Share Option Scheme as at 30 June 2020.

Further details of the Share Option Scheme are disclosed in note 18 to the financial statements.

### 4. SHARE AWARD SCHEME

On 7 May 2014, the Company adopted the share award scheme (the “Share Award Scheme”) under which the shares of the Company (the “Awarded Shares”) may be awarded to selected employees (including executive directors) of the Group (the “Selected Employee”) pursuant to the terms of the scheme rules and the trust deed of the Share Award Scheme. The Share Award Scheme became effective on the adoption date and, unless terminated or amended, will remain in force for a term of 10 years commencing on the adoption date.

In connection with the implementation of the Share Award Scheme, the Board may from time to time cause to be paid certain funds to the trustee for the purchase of shares of the Company and instruct the trustee to purchase such shares on the Stock Exchange 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. The trustee shall not exercise any voting right attached in respect of any Awarded Shares held in trust by it under the Share Award Scheme (including but not limited to any returned shares, bonus shares or scrip shares derived therefrom).



Subject to the provisions of the Share Award Scheme, the Board may, from time to time, grant such number of Awarded Shares to any Selected Employee at no consideration on and subject to such terms and conditions as it may in its absolute discretion determine.

The aggregate number of Awarded Shares permitted to be awarded under the Share Award Scheme throughout the duration of the Share Award Scheme is limited to 3% of the issued share capital of the Company from time to time. The maximum number of the Awarded Shares which may be awarded to a Selected Employee shall not exceed 1% of the issued share capital of the Company from time to time.

When a Selected Employee has satisfied all vesting conditions, which might include service and/or performance conditions, specified by the Board at the time of making the award and become entitled to the shares of the Company forming the subject of the award, the trustee shall transfer the relevant Awarded Shares to that employee at no consideration. The Selected Employee however is not entitled to receive any income or distribution, such as dividend derived from the unvested Awarded Shares allocated to him/her.

Details of the Awarded Shares awarded during the Period (six-month period ended 30 June 2019: nil) are set out below:

<b>Date of award</b>	<b>Number of shares awarded</b>	<b>Average fair value per share</b>	<b>Vesting date</b>
8 June 2020	8,800,000	HK\$0.110	7 June 2021
8 June 2020	6,600,000	HK\$0.098	7 June 2022
8 June 2020	6,600,000	HK\$0.094	7 June 2023

No Awarded Shares vested or lapsed for the Period. Movements of the Awarded Shares under the Share Award Scheme for the Period are as follows:

Name of participant	Awarded shares at 1 January 2020	Granted during the period	Awarded shares at 30 June 2020	Vesting date
<b>Directors</b>				
Ms. Sze	–	880,000	880,000	7 June 2021
Ms. Sze	–	660,000	660,000	7 June 2022
Ms. Sze	–	660,000	660,000	7 June 2023
Chan Kai King	–	880,000	880,000	7 June 2021
Chan Kai King	–	660,000	660,000	7 June 2022
Chan Kai King	–	660,000	660,000	7 June 2023
<b>Continuous contract employees</b>				
In aggregate	–	7,040,000	7,040,000	7 June 2021
In aggregate	–	5,280,000	5,280,000	7 June 2022
In aggregate	–	5,280,000	5,280,000	7 June 2023
	–	22,000,000	22,000,000	

Further details of the Share Award Scheme are disclosed in note 19 to the financial statements.

## 5. 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 to assume both roles as the chairman and chief executive officer of the Company since the two roles tend to reinforce each other and are mutually enhancing in respect of the Group's continual growth and development. When the Group has developed to a more sizeable organisation, the Board will consider separating the two roles to be assumed by two individuals. With the strong business experience of the directors of the Company, the Group does not expect any issues would arise due to the combined roles of Mr. Sze. The Group also has in place an internal control system to perform a check-and-balance function. There are also three independent non-executive directors on the Board offering strong, independent and differing perspectives. The Board is therefore of the view that there is an adequate balance-of-power and safeguards in place to enable the Company to make and implement decisions promptly and effectively.

## 6. 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 Dr. Lau Ching Kwong (including one independent non-executive director with the appropriate professional qualifications).

At an audit committee meeting held on 28 August 2020, 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.

## 7. MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted 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.

## 8. 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.

## 9. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Period (for the six-month period ended 30 June 2019: nil).

On behalf of the Board

**Mr. Sze Wai Pan**

*Chairman and Chief Executive Officer*

Hong Kong, 28 August 2020

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six-month period ended 30 June 2020

	Notes	Six-month period ended 30 June	
		2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
REVENUE	3	113,631	118,778
Cost of sales		(105,653)	(98,570)
Gross profit		7,978	20,208
Other income	4	6,333	2,709
Other gains and losses, net	5	(269)	(43)
Reversal of/(provision for) impairment losses on financial assets	15	13,500	(13,344)
Selling and distribution costs		(9,144)	(10,282)
Administrative expenses		(34,822)	(33,246)
Research and development costs		(9,926)	(3,463)
Other expenses		(511)	(17)
Share of losses of joint ventures		(1,897)	(3,614)
Finance costs	6	(2,743)	(3,287)
LOSS BEFORE TAXATION	7	(31,501)	(44,379)
Taxation	8	(2,717)	519
LOSS FOR THE PERIOD		(34,218)	(43,860)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD			
Item that will not be reclassified to profit or loss:			
Exchange differences arising from translation		(13,469)	(1,024)
Fair value loss on investments in equity instruments at fair value through other comprehensive income		(516)	(299)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		(13,985)	(1,323)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(48,203)	(45,183)
Loss for the period attributable to:			
Owners of the Company		(24,165)	(29,774)
Non-controlling interests		(10,053)	(14,086)
		(34,218)	(43,860)
Total comprehensive income for the period attributable to:			
Owners of the Company		(37,428)	(31,314)
Non-controlling interests		(10,775)	(13,869)
		(48,203)	(45,183)
LOSS PER SHARE	10		
Basic		HK(2.28) cents	HK(2.80) cents
Diluted		HK(2.28) cents	HK(2.80) cents



# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	30 June 2020 (Unaudited) HK\$'000	31 December 2019 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	155,648	164,588
Investment property	11	239,259	244,173
Right-of-use assets		13,514	15,093
Goodwill		6,150	6,150
Other receivables	14	9,851	9,168
Other intangible assets		182	228
Prepayments and deposits for acquisition of land use rights and other intangible assets		5,984	6,123
Interests in joint ventures		26,929	27,542
Deferred tax assets		581	942
Equity instruments at fair value through other comprehensive income		7,428	7,976
Contract assets	13	12,912	17,329
		<b>478,438</b>	499,312
<b>CURRENT ASSETS</b>			
Inventories		49,529	44,261
Bills and trade receivables	12	106,346	112,595
Contract assets	13	145,272	269,402
Prepayments, deposits and other receivables	14	42,774	44,216
Time deposits		25,175	15,120
Pledged bank deposits		25,870	24,135
Financial assets at fair value through profit or loss		35,026	39,200
Bank balances and cash		124,768	177,571
		<b>554,760</b>	726,500
<b>CURRENT LIABILITIES</b>			
Bills, trade and other payables	16	240,347	346,674
Contract liabilities		1,103	3,601
Lease liabilities		2,358	2,445
Taxation payable		762	4,819
Bank borrowings		80,997	110,880
		<b>325,567</b>	468,419
<b>NET CURRENT ASSETS</b>		<b>229,193</b>	258,081
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>707,631</b>	757,393

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	30 June 2020 (Unaudited) HK\$'000	31 December 2019 (Audited) HK\$'000
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		24,755	25,254
Lease liabilities		2,055	3,103
		<b>26,810</b>	28,357
		<b>680,821</b>	729,036
<b>CAPITAL AND RESERVES</b>			
Share capital	17	107,900	107,900
Reserves		552,501	589,941
Attributable to owners of the Company		<b>660,401</b>	697,841
Non-controlling interests		20,420	31,195
Total equity		<b>680,821</b>	729,036

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2020

	Attributable to owners of the Company											Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Shares held under the share award scheme HK\$'000 (Note c)	Contributed surplus HK\$'000 (Note a)	Reserve funds HK\$'000 (Note b)	Share-based compensation reserve HK\$'000	Foreign currency translation reserve HK\$'000	Retained earnings HK\$'000	Investment revaluation reserve HK\$'000	Total HK\$'000	Non-controlling interest HK\$'000	
At 1 January 2020 (Audited)	107,900	732,463	(26,584)	25,328	91,855	-	(83,732)	(149,999)	610	697,841	31,195	729,036
Loss for the period	-	-	-	-	-	-	-	(24,165)	-	(24,165)	(10,053)	(34,218)
Other comprehensive income for the period	-	-	-	-	-	-	(12,747)	-	(516)	(13,263)	(722)	(13,985)
Total comprehensive income for the period	-	-	-	-	-	-	(12,747)	(24,165)	(516)	(37,428)	(10,775)	(48,203)
Share purchased for share award	-	-	(102)	-	-	-	-	-	-	(102)	-	(102)
Equity-settled share award scheme	-	-	-	-	-	90	-	-	-	90	-	90
At 30 June 2020 (Unaudited)	107,900	732,463	(26,686)	25,328	91,855	90	(96,479)	(174,164)	94	660,401	20,420	680,821

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2020

	Attributable to owners of the Company											Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Shares held under the share award scheme HK\$'000 (Note c)	Contributed surplus HK\$'000 (Note a)	Reserve funds HK\$'000 (Note b)	Share-based compensation reserve HK\$'000	Foreign currency translation reserve HK\$'000	Investment revaluation reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Non- controlling interest HK\$'000	
At 1 January 2019 (Audited)	107,900	732,463	(26,584)	25,328	91,342	470	(73,744)	(395)	(154,101)	702,679	26,725	729,404
Loss for the period	-	-	-	-	-	-	-	-	(29,774)	(29,774)	(14,086)	(43,860)
Other comprehensive income for the period	-	-	-	-	-	-	(1,241)	(299)	-	(1,540)	217	(1,323)
Total comprehensive income for the period	-	-	-	-	-	-	(1,241)	(299)	(29,774)	(31,314)	(13,869)	(45,183)
At 30 June 2019 (Unaudited)	107,900	732,463	(26,584)	25,328	91,342	470	(74,985)	(694)	(183,875)	671,365	12,856	684,221

### Notes:

- The contributed surplus represents the difference between the Company's shares of the nominal value of the paid-up capital of the subsidiaries acquired over the Company's cost of acquisition of the subsidiaries under common control upon the reorganisation, details of which are set out under the section "History and Corporate Structure" to the Company's prospectus dated 14 June 2013.
- Pursuant to the relevant laws and regulations, a portion of the profits of the Company's subsidiaries which are established in the PRC has been transferred to reserve funds which are restricted to use.
- The amount represents payments by the Group to the trustee of the Share Award Scheme (as defined in note 19), net off with the vested portion to selected employees who have been awarded shares under the Share Award Scheme. Details of the Share Award Scheme is set out in note 19.



# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2020

	Notes	Six-month period ended 30 June	
		2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Operating activities			
Loss before taxation		(31,501)	(44,379)
Adjustments for:			
Interest income	4	(5,577)	(2,087)
Finance costs	6	2,743	3,287
Share of losses of joint ventures		1,897	3,614
Depreciation of property, plant and equipment	7	11,615	16,060
Depreciation of right-of-use assets	7	1,305	1,098
Amortisation of other intangible assets	7	61	75
Write off of property, plant and equipment	7	–	31
Impairment losses on financial assets, net			
— trade receivables and contract assets	15	(15,488)	(5,053)
— other receivables	15	1,988	18,397
Share-based payment expense		90	–
Unrealised exchange differences		1,555	(972)
Operating cash flows before movements in working capital		(31,312)	(9,929)
Increase in inventories		(6,278)	(22,460)
Decrease in bills and trade receivables		24,445	17,827
Decrease in contract assets		117,908	63,565
(Decrease)/Increase in contract liabilities		(2,472)	9,154
Increase in prepayments, deposits and other receivables		(3,253)	(12,311)
Decrease in bills, trade and other payables		(100,339)	(69,163)
Cash used in operations		(1,301)	(23,317)
Interest paid		(2,644)	(3,193)
Income tax paid		(7,129)	(8,173)
Net cash flows used in operating activities		(11,074)	(34,683)

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2020

	Notes	Six-month period ended 30 June	
		2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Investing activities			
Interest received		5,577	550
Purchase of property, plant and equipment	11	(6,661)	(1,142)
Addition to investment property		(558)	(1,236)
Addition to other intangible assets		(21)	–
Placement of pledged bank deposits		(26,004)	(5,305)
Withdrawal of pledged bank deposits		24,478	12,469
Placement of time deposits		(35,206)	(11,005)
Withdrawal of time deposits		39,757	–
Placement of structured bank deposits		(25,305)	(10,786)
Withdrawal of structured bank deposits		15,250	9,114
Net cash flows used in investing activities		(8,693)	(7,341)
Financing activities			
Bank borrowing raised		42,688	74,176
Repayment of bank borrowings		(71,680)	(79,971)
Purchase of shares held under the share award scheme		(102)	–
Net cash flows used in financing activities		(29,094)	(5,795)
Net decrease in cash and cash equivalents		(48,861)	(47,819)
Cash and cash equivalents at beginning of period		177,571	154,614
Effect of exchange rate changes on the balance of cash held in foreign currencies		(3,942)	291
Cash and cash equivalents at the end of the period, represented by bank balances and cash		124,768	107,086

# 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. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis, except for investment property and financial instruments which measured at fair values.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months period ended 30 June 2020 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2019.

### Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants which are mandatory effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 7, HKFRS 9 and HKAS 39	Interest Rate Benchmark Reform
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 16 Conceptual Framework for Financial Reporting (Revised)	Covid-19-Related Rent Concessions

The amendments are not yet effective for the current accounting period but early adopted by the Group.

The application of the new and amendments to HKFRSs in the current period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

### 3. REVENUE AND SEGMENT INFORMATION

#### 3.1 Revenue

##### Disaggregation of revenue from contracts with customers

Segments	For the six months ended 30 June 2020		
	Maintenance Service (Unaudited) HK\$'000	Sales of equipment (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
<b>Types of goods</b>			
Maintenance Service			
— "Hot-in-place" Projects	40,053	–	40,053
— Non-"Hot-in-place" Projects	45,522	–	45,522
Sales of equipment			
— Standard series	–	24,810	24,810
— Repair and maintenance	–	3,246	3,246
<b>Total</b>	<b>85,575</b>	<b>28,056</b>	<b>113,631</b>
<b>Geographical markets</b>			
Mainland China	85,575	20,661	106,236
Overseas	–	7,395	7,395
<b>Total</b>	<b>85,575</b>	<b>28,056</b>	<b>113,631</b>
<b>Timing of revenue recognition</b>			
A point in time	–	28,056	28,056
Over time	85,575	–	85,575
<b>Total</b>	<b>85,575</b>	<b>28,056</b>	<b>113,631</b>



**3. REVENUE AND SEGMENT INFORMATION** *(Continued)*
**3.1 Revenue** *(Continued)*
**Disaggregation of revenue from contracts with customers** *(Continued)*

Segments	For the six months ended 30 June 2019		
	Maintenance Service (Unaudited) HK\$'000	Sales of equipment (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
<b>Types of goods</b>			
Maintenance Service			
— "Hot-in-place" Projects	51,153	—	51,153
— Non-"Hot-in-place" Projects	43,458	—	43,458
Sales of equipment			
— Standard series	—	20,672	20,672
— Repair and maintenance	—	3,495	3,495
<b>Total</b>	<b>94,611</b>	<b>24,167</b>	<b>118,778</b>
<b>Geographical markets</b>			
Mainland China	94,611	18,879	113,490
Overseas	—	5,288	5,288
<b>Total</b>	<b>94,611</b>	<b>24,167</b>	<b>118,778</b>
<b>Timing of revenue recognition</b>			
A point in time	—	24,167	24,167
Over time	94,611	—	94,611
<b>Total</b>	<b>94,611</b>	<b>24,167</b>	<b>118,778</b>

**3. REVENUE AND SEGMENT INFORMATION** *(Continued)*

**3.2 Operating segment**

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 loss, which is a measure of adjusted loss before tax. The adjusted loss before tax is measured consistently with the Group’s loss before tax except that interest income, exchange differences, share of losses of joint ventures, finance costs, as well as head office and corporate expenses are excluded from such measurement.

**Geographic information**

The Group’s revenue from external customers is derived substantially from its operations in the PRC, and the non-current assets of the Group are substantially located in the PRC.

**Information about major customers**

Revenue from each major customer which accounted for 10% or more of the Group’s revenue for the six- month periods ended 30 June 2020 and 2019 is set out below:

	Six-month period ended 30 June	
	2020 (Unaudited) HK\$’000	2019 (Unaudited) HK\$’000
Customer A — Provision of road maintenance services	36,268	47,878

**3. REVENUE AND SEGMENT INFORMATION** *(Continued)*
**3.2 Operating segment** *(Continued)*

	For the six-month period ended 30 June 2020		
	Maintenance services (Unaudited) HK\$'000	Sale of equipment (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
<b>Segment revenue:</b>			
Sales to external customers	85,575	28,056	113,631
Other revenue	714	42	756
Revenue	86,289	28,098	114,387
Allocated corporate expenses	(112,185)	(29,943)	(142,128)
<b>Segment results</b>	<b>(25,896)</b>	<b>(1,845)</b>	<b>(27,741)</b>
<i>Reconciliation:</i>			
Interest income			5,577
Finance costs			(2,743)
Unallocated corporate expenses			(4,697)
Share of losses of joint ventures			(1,897)
Loss before tax			(31,501)
<b>Other segment information:</b>			
Impairment losses (reversed)/recognised in respect of trade receivables, contract asset and other receivables	(14,387)	887	(13,500)
Depreciation and amortisation	11,132	1,849	12,981
Capital expenditure*	5,292	1,927	7,219

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

**3. REVENUE AND SEGMENT INFORMATION** *(Continued)*
**3.2 Operating segment** *(Continued)*

	For the six-month period ended 30 June 2019		
	Maintenance services (Unaudited) HK\$'000	Sale of equipment (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
<b>Segment revenue:</b>			
Sales to external customers	94,611	24,167	118,778
Other revenue	311	311	622
Revenue	94,922	24,478	119,400
Allocated corporate expenses	(130,296)	(21,733)	(152,029)
<b>Segment results</b>	<b>(35,374)</b>	<b>2,745</b>	<b>(32,629)</b>
<i>Reconciliation:</i>			
Interest income			2,087
Finance costs			(3,287)
Unallocated corporate expenses			(6,936)
Share of losses of joint ventures			(3,614)
Loss before tax			(44,379)
<b>Other segment information:</b>			
Impairment losses (reversed)/recognised in respect of trade receivables, contract asset and other receivables	18,440	(5,096)	13,344
Depreciation and amortisation	15,717	1,516	17,233
Capital expenditure*	13,928	46	13,974

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

**4. OTHER INCOME**

	Six-month period ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Government grants (Note)	615	615
Interest income	5,577	2,087
Others	141	7
	<b>6,333</b>	<b>2,709</b>

Note: The government grants mainly represent unconditional subsidies from PRC local governments to encourage the operations of certain subsidiaries. The government grants are accounted for as immediate financial support with no future related costs expected to be incurred and are not related to any assets.

**5. OTHER GAINS AND LOSSES, NET**

	Six-month period ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Write off of property, plant and equipment	–	(31)
Net foreign exchange losses	(49)	–
Donation	(220)	(12)
	<b>(269)</b>	<b>(43)</b>

## 6. FINANCE COSTS

	Six-month period ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Interest on:		
— Bank borrowings	2,644	3,193
— Lease liabilities	99	94
	<b>2,743</b>	<b>3,287</b>

## 7. LOSS BEFORE TAXATION

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

	Six-month period ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Depreciation of property, plant and equipment	11,615	16,060
Depreciation of right-of-use assets	1,305	1,098
Amortisation of other intangible assets	61	75
Minimum lease payments under operating leases of land and buildings	892	1,510
Write off of property, plant and equipment	—	31
Reversal of impairment losses on trade receivables and contract assets	(15,488)	(5,053)
Provision for impairment losses on other receivables	1,988	18,397
Foreign exchange differences, net	49	—



**8. TAXATION**

The charge comprises:

	Six-month period ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
PRC Enterprise Income Tax ("EIT"):		
— Current tax	1,051	997
— Under provision in prior years	2,109	–
— Over provision in prior years	–	(1,683)
	<b>3,160</b>	(686)
Deferred tax (credit)/charge	<b>(443)</b>	167
	<b>2,717</b>	(519)

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the condensed consolidated financial statements since there is no tax assessable profit for the six-month periods ended 30 June 2019 and 2020.

Except as described below, provision for PRC EIT is made based on the estimated taxable income for PRC taxation purposes at 25% pursuant to the Law of the PRC on Enterprise Income Tax and Implementation Regulation.

英達熱再生有限公司 Freetech Road Recycling Corporation ("Freetech Road Recycling") was recognised as a High-Tech company in 2010, 2014 and 2017 respectively and the applicable tax rate is 15% from 1 January 2010 to 31 October 2020.

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, 2015 and 2018 respectively and the applicable tax rate is 15% from 1 January 2009 to 3 November 2021.

## 9. DIVIDENDS

At a meeting of the board of directors held on 28 August 2020, the directors resolve not to pay any interim dividend to shareholders (six-month period ended 30 June 2019: Nil).

## 10. LOSS PER SHARE

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

### Loss

	Six-month period ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Loss for the purposes of calculating basic and diluted loss per share — attributable to the owners of the Company	(24,165)	(29,774)

### Number of shares

	Six-month period ended 30 June	
	2020 (Unaudited)	2019 (Unaudited)
Weighted average number of ordinary shares in issue less shares held under share award scheme during the period for the purpose of calculating basic loss per share	1,061,541,000	1,061,630,000
Effect of dilutive potential ordinary shares: Unvested share award	—	—
Weighted average number of ordinary shares for the purpose of calculating diluted loss per share	1,061,541,000	1,061,630,000

The computation of diluted loss per share for the six-month period ended 30 June 2020 and 30 June 2019 did not assume the exercise of the Company's outstanding share options and the share award as that would decrease the loss per share for the period presented.

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

During the six-month period ended 30 June 2020, the Group acquired property, plant and equipment, and investment property of HK\$6,661,000 and HK\$558,000, respectively (six-month period ended 30 June 2019: HK\$1,142,000 and HK\$12,832,000).

The fair value of the Group's investment property was arrived at on the basis of a valuation carried out at the end of the reporting period by Beijing Huaya Zhengxin Assets Appraisal Co., Ltd. (北京華亞正信資產評估有限公司), who is a firm of independent valuer qualifications, on market value basis. There is no changes in fair value of investment property for the six-month period ended 30 June 2020 (six-month period ended 30 June 2019: Nil).

**12. BILLS AND TRADE RECEIVABLES**

	<b>30 June 2020 (Unaudited) HK\$'000</b>	31 December 2019 (Audited) HK\$'000
Trade receivables	<b>102,625</b>	112,147
Bills receivables	<b>3,721</b>	448
	<b>106,346</b>	112,595

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

	<b>30 June 2020 (Unaudited) HK\$'000</b>	31 December 2019 (Audited) HK\$'000
0 to 180 days	<b>3,721</b>	448

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.

## 12. BILLS AND TRADE RECEIVABLES *(Continued)*

The following is aging analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates:

	<b>30 June 2020 (Unaudited) HK\$'000</b>	31 December 2019 (Audited) HK\$'000
Within 3 months	15,657	51,034
3 to 12 months	33,798	16,069
1 to 2 years	15,018	22,037
Over 2 years	38,152	23,007
	<b>102,625</b>	112,147

As at 30 June 2020, included in the trade receivables are amounts due from the Group's related companies of HK\$17,648,000 (31 December 2019: HK\$11,261,000), which are repayable on credit terms similar to those offered to the major customers of the Group, details of which are set out in note 23.

## 13. CONTRACT ASSETS

	<b>30 June 2020 (Unaudited) HK\$'000</b>	31 December 2019 (Audited) HK\$'000
Sale of road maintenance equipment	24,212	25,104
Provision of road maintenance services	133,972	261,627
	<b>158,184</b>	286,731
Current	145,272	269,402
Non-current	12,912	17,329
	<b>158,184</b>	286,731

The contract assets primarily relate to the Group's right to consideration for work completed and not billed nor due because the rights are conditioned on the Group's future performance in achieving specified milestone at the reporting date on sale of road maintenance equipment and provision of road maintenance services. The contract assets are transferred to trade receivables when the rights become unconditional.

Details of the impairment assessment are set out in note 15.

As at 30 June 2020, included in the contract assets are amounts due from the Group's related companies of HK\$86,169,000 (31 December 2019: HK\$119,428,000), details of which are set out in note 23.

**14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES**

	<b>30 June 2020 (Unaudited) HK\$'000</b>	31 December 2019 (Audited) HK\$'000
Other receivables	<b>29,806</b>	36,946
Portion classified as non-current assets	<b>(9,851)</b>	(9,168)
Current portion	<b>19,955</b>	27,778
Prepayments and deposits	<b>21,744</b>	15,222
Tax recoverable	<b>1,075</b>	1,216
	<b>42,774</b>	44,216

At 30 June 2020, included in the Group's prepayments, deposits and other receivables are amounts due from related companies of HK\$2,074,000 (31 December 2019: HK\$628,000), which are unsecured, interest-free and have no fixed terms of repayment, details of which are set out in note 23.

**15. REVERSAL OF/(PROVISION FOR) IMPAIRMENT LOSSES ON FINANCIAL ASSETS**

	<b>Six-month period ended 30 June</b>	
	<b>2020 (Unaudited) HK\$'000</b>	2019 (Unaudited) HK\$'000
<b>Reversal of/(provision for) impairment losses on financial assets recognized on:</b>		
Trade receivables and contract assets	<b>(15,488)</b>	(5,053)
Other receivables	<b>1,988</b>	18,397
	<b>(13,500)</b>	13,344

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six-month period ended 30 June 2020 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2019.

## 16. BILLS, TRADE AND OTHER PAYABLES

	<b>30 June 2020 (Unaudited) HK\$'000</b>	31 December 2019 (Audited) HK\$'000
Bills payable	19,173	28,502
Trade payables	166,727	253,727
Other tax payables	13,019	16,101
Other payables and accrued charges	41,428	48,344
	<b>240,347</b>	346,674

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

	<b>30 June 2020 (Unaudited) HK\$'000</b>	31 December 2019 (Audited) HK\$'000
0 to 180 days	19,173	28,502

An aging analysis of the Group's trade payables at the end of the reporting period, based on the invoice date, is as follows:

	<b>30 June 2020 (Unaudited) HK\$'000</b>	31 December 2019 (Audited) HK\$'000
Within 3 months	60,405	141,819
3 to 12 months	70,674	68,075
1 to 2 years	16,110	23,126
Over 2 years	19,538	20,707
	<b>166,727</b>	253,727



**16. BILLS, TRADE AND OTHER PAYABLES** *(Continued)*

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

As at 30 June 2020, included in the Group's trade payables are amounts due to related companies of approximately HK\$4,167,000 (31 December 2019: HK\$4,264,000), which are repayable within 90 days, which represents credit terms similar to those offered by the related companies to their major customers, details of which are set out in note 23.

As at 31 December 2019, included in the Group's other payables and accrued charges is an amount due to a related party of approximately HK\$65,000 which is unsecured, interest-free and have no fixed terms of repayment.

As at 30 June 2020, included in the Group's other payables and accrued charges is an amount due to a non-controlling shareholder of approximately HK\$25,763,000 (31 December 2019: HK\$26,226,000) which is unsecured, interest-free and have no fixed terms of repayment.

**17. SHARE CAPITAL****Shares**

	<b>30 June 2020 (Unaudited) HK\$'000</b>	31 December 2019 (Audited) HK\$'000
Authorised: 10,000,000,000 (31 December 2019: 10,000,000,000) ordinary shares of HK\$0.10 each	<b>1,000,000</b>	1,000,000
Issued and fully paid: 1,079,000,000 (31 December 2019: 1,079,000,000) ordinary shares of HK\$0.10 each	<b>107,900</b>	107,900

## 18. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of motivating eligible persons to optimise their future performance and efficiency to the Group and/or rewarding them for their past contributions, attracting and retaining or otherwise maintaining on-going relationships with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of executives, enabling the Group to attract and retain individuals with experience and ability and/or rewarding them for their past contributions. Eligible persons of the Scheme include (i) the Company's directors, including independent non-executive directors, (ii) other employees of the Group, (iii) direct and indirect shareholders of the Group, (iv) suppliers of goods or services to the Group, (v) customers, consultants, business or joint venture partners, franchisees, contractors, agents or representatives of the Group, (vi) persons or entities that provide design, research, development or other support or any advisory, consultancy, professional or other services to the Group; and (vii) associates of the persons identified in (i), (ii) and (iii) above. The Scheme became effective on 7 June 2013 and, unless otherwise cancelled or amended, will remain in force for ten years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible person in the Scheme within any twelve-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors of the Company. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK\$5 million, within any twelve-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within twenty eight days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors of the Company and ends on a date which is not later than ten years from the date of offer of share options or the expiry date of the Scheme, if earlier.

The exercise price of share options is determinable by the directors of the Company, but may not be less than the highest of (i) the nominal value of a share; (ii) the closing price of a share as stated in the Hong Kong Stock Exchange's daily quotation sheet on the offer date; and (iii) the average closing price of a share as stated in the Hong Kong Stock Exchange's daily quotation sheets for the five business days immediately preceding the offer date.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

During the Period, no share options were granted, exercised or cancelled by the Company under the Share Option Scheme. There were no outstanding share options under the Share Option Scheme as at 30 June 2020 and 31 December 2019.

All share option has been expired on 15 October 2019.

## 19. SHARE AWARD SCHEME

On 7 May 2014, the Company adopted the share award scheme (the "Share Award Scheme") under which shares of the Company may award selected employees (including executive directors) of the Group (the "Selected Employees") pursuant to the terms of the scheme rules and trust deed of the Share Award Scheme. The Share Award Scheme became effective on the adoption date and, unless otherwise terminated or amended, will remain in force for a term of 10 years commencing on the adoption date.

The aggregate number of the awarded shares (the "Awarded Shares") permitted to be awarded under the Share Award Scheme throughout the duration of the Share Award Scheme is limited to 3% of the issued share capital of the Company from time to time. The maximum number of the Awarded Shares which may be awarded to a selected employee shall not exceed 1% of the issued share capital of the Company from time to time.

When a selected employee has satisfied all vesting conditions, which might include service and/or performance conditions specified by the board of directors of the Company at the time of making the award and become entitled to the shares of the Company forming the subject of the award, the trustee shall transfer the relevant Awarded Shares to that employee at no consideration. The selected employee however is not entitled to receive any income or distribution, such as dividend derived from the unvested Awarded Shares allocated to him/her.

During the six-month period ended 30 June 2020, based on the Company's instruction, the trustee acquired 610,000 shares of HK\$0.10 each in the Company for the Share Award Scheme through purchases in the open market at a total cost, including related transaction costs of approximately HK\$102,000.

Summary of particulars of the shares awarded or vested under the Share Award Scheme during the period is as follows:

Date of award	Number of awarded shares granted	Fair value HK\$'000	Vesting period	Number of award shares		
				Vested as at 30 June 2020	Forfeited as at 30 June 2020	Outstanding (held by the trustee for the grantees) as at 30 June 2020
8 June 2020	8,800,000	972	1 year	–	–	8,800,000
8 June 2020	6,600,000	648	2 years	–	–	6,600,000
8 June 2020	6,600,000	618	3 years	–	–	6,600,000
	22,000,000	2,238		–	–	22,000,000

## 19. SHARE AWARD SCHEME *(Continued)*

The closing price of the Company's shares immediately before 8 June 2020, the date of grant of the awarded shares, was HK\$0.142 and the average fair value per share was HK\$0.110, HK\$0.098 and HK\$0.094 respectively, which was calculated by Black-Scholes Option Pricing Model.

The Group recognised a share award expense of HK\$90,000 during the period (six-month period ended 30 June 2019: Nil).

At the date of approval of these financial statements, 17,980,000 outstanding Awarded Shares (including those Awarded Shares forfeited) are held by the Trustee of the Share Award Scheme for relevant grantees and have yet to be awarded.

## 20. COMMITMENTS

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

	<b>30 June 2020 (Unaudited) HK\$'000</b>	31 December 2019 (Audited) HK\$'000
Contracted, but not provided for:		
Land use rights	<b>14,303</b>	14,636
Property, plant and equipment	<b>12,286</b>	11,345
Capital contribution payable to an equity instrument at fair value through other comprehensive income	<b>315</b>	315
	<b>26,904</b>	26,296

## 21. PLEDGE OF ASSETS

At the end of the reporting period, the Group has pledged the following asset to secure the general banking facilities granted to the Group.

	<b>30 June 2020 (Unaudited) HK\$'000</b>	31 December 2019 (Audited) HK\$'000
Bank deposits	<b>25,870</b>	24,135

## 22. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2020 (31 December 2019: Nil).

**23. RELATED PARTY DISCLOSURES****(a) Related party transactions**

During the period, other than those disclosed elsewhere in these condensed consolidated interim financial statements, the Group had the following significant transactions with its related companies:

Name	Road maintenance service		Consulting service	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
天津高速公路集團有限公司 Tianjin Expressway Group Company Limited ("Tianjin Expressway Group") (Note (1))	36,268	47,878	-	-
Freotech Technology Limited (Note (2))	-	-	1,144	1,380
Associates of Tianjin Expressway Group 南京路捷道路養護工程有限公司 Nanjing Lujie Road Maintenance Engineering Co., Ltd. ("Nanjing Lujie") (Note (3))	15,140	-	-	-
	-	2,528	-	-

Notes:

- (1) Tianjin Expressway Group is the non-controlling shareholder (holding 45% equity interest) of 天津市高速公路養護有限公司, Tianjin Expressway Maintenance Company Limited ("Tianjin Expressway Maintenance"). Tianjin Expressway Maintenance is a non-wholly owned subsidiary of the Group which the Group acquired its 55% equity interest on 31 August 2016.
- (2) Freotech Technology Limited is the ultimate holding company of the Group.
- (3) A joint venture of the Group.

**(b) Details of the amounts due from related parties are as follows:**

Name of related parties	30 June 2020 (Unaudited) HK\$'000	31 December 2019 (Audited) HK\$'000
貴州英達道路工程有限公司 Guizhou Freotech Road Engineering Co., Ltd. (note)	5,209	5,858
Nanjing Lujie (note)	2,659	2,130
Tianjin Expressway Group	87,159	106,645
Subsidiaries of Tianjin Expressway Group	2,194	2,251
Associates of Tianjin Expressway Group	8,670	14,242
	105,891	131,126

Note: These are joint ventures of the Group.

**23. RELATED PARTY DISCLOSURES** *(Continued)*
**(c) Details of the amounts due to related parties are as follows:**

Name of related parties	30 June	31 December
	2020 (Unaudited) HK\$'000	2019 (Audited) HK\$'000
Nanjing Lujie (note) 連雲港路達道路再生工程有限公司	4,003	4,096
Lianyungang Luda Road Recycling Engineering Co., Ltd (note)	164	168
Tianjin Expressway Group	–	65
	<b>4,167</b>	<b>4,329</b>

Note: These are joint ventures of the Group.

**(d) Compensation of key management personnel of the Group**

In the opinion of the directors of the Company, the directors of the Company represented the key management personnel of the Group. Compensation of key management of the Group during the six-month periods ended 30 June 2020 and 2019 is as follows:

	Six-month period ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Short term employee benefits	2,337	2,682
Post-employment benefits	27	27
Share-based payment expense	18	–
	<b>2,382</b>	<b>2,709</b>

**24. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

The condensed consolidated interim financial statements were approved and authorised for issue by the board of directors on 28 August 2020.





Freetech Road Recycling Technology ( Holdings ) Limited  
**英達公路再生科技(集團)有限公司**