



英達公路再生科技(集團)有限公司

Freotech Road Recycling Technology (Holdings) Limited

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立的有限公司)

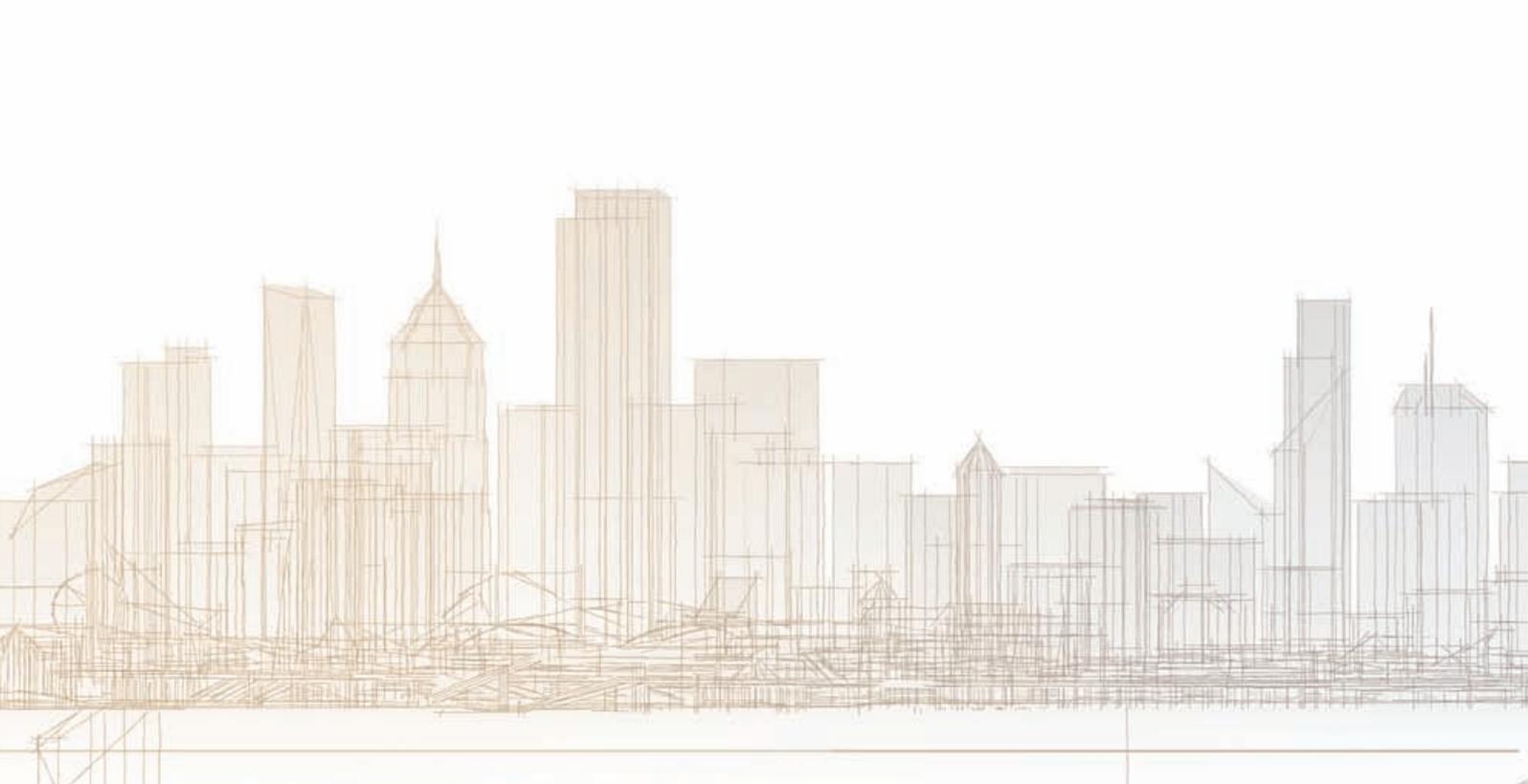
Stock Code 股份代號 : 6888



2021

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 Director

Mr. Chan Kai King

Non-executive Directors

Ms. Sze Wan Nga

Mr. Zhou Jichang

Prof. Tong Wai Cheung Timothy

Dr. Chan Yan Chong

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

Suntera (Cayman) Limited

Suite 3204, Unit 2A

Block 3, Building D

P.O. Box 1586

Gardenia Court, Camana Bay

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

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS AND RATIOS

	Six-month period ended 30 June		
	2021 Unaudited HK\$'000	2020 Unaudited HK\$'000	Increase/ (decrease)
Revenue	130,644	113,631	15.0%
Gross profit	29,402	7,978	268.5%
Profit/(Loss) attributable to owners of the Company	1,785	(24,165)	107.4%
Earnings/(Loss) per share (Basic) (HK cents)	0.18	(2.28)	107.9%
Gross profit margin ¹	22.5%	7.0%	

¹ (gross profit/revenue) x 100%

MANAGEMENT DISCUSSION AND ANALYSIS



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 2021 (the "Period").

The year of 2021 is the first year of the "14th Five-Year Plan" of the People's Republic of China (the "PRC") government. The PRC government also unprecedentedly included "carbon peak" and "carbon neutrality" in its overall planning for the construction of ecological civilisation and called for the accelerated establishment of an economic regime featuring low-carbon green recycling development. The PRC economy is recovering and became a new engine driving world economic growth with a profound impact on the global economic landscape, particularly through the low-carbon green economic development model which was actively advocated. Under this circumstance, the Group's business operation has gradually resumed normal and the asphalt pavement maintenance ("APM") services sector recorded an increase in revenue. The APM equipment segment recorded a slightly decrease in revenue. 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 continued to improve.

During the Period, the Group's operating revenue was approximately HK\$130.6 million, representing an increase of approximately 15.0%, as against the corresponding period of 2020. Total profit attributable to owners of the Company was approximately HK\$1.8 million, representing an increase of approximately 107.4% as compared to total loss attributable to owners of the Company of approximately HK\$24.2 million for the six-month period ended 30 June 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

APM Services

Due to the outbreak of COVID-19 in early 2020 and the bad weather, the operation of the Group's "Hot-in-Place" projects had affected in the first half of 2020. However, the operation of the Group's "Hot-in-Place" projects had gradually resumed normal during the Period and the revenue increased by 26% as compared to the corresponding period in 2020.

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 increased by 16.0% as compared to the corresponding period in 2020. The APM services segment recorded revenue of approximately HK\$103.3 million, representing an increase of 20.7% as compared to the corresponding period in 2020. 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\$27.4 million, representing a slightly decrease of 2.5% as compared to the corresponding period in 2020.



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 increase in the Group's operating revenue, the Group continued to invest resources in research and development. As at 30 June 2021, it had registered 193 patents (as at 31 December 2020: 189), of which 20 were invention patents (as at 31 December 2020: 19), 148 were utility model patents (as at 31 December 2020: 145) and 25 were design patents (as at 31 December 2020: 25). Besides, it had 24 pending patent applications (as at 31 December 2020: 31), of which 16 invention patents and 8 utility model patents (as at 31 December 2020: 17 invention patents, 13 utility model patents and 1 design patent).



MANAGEMENT DISCUSSION AND ANALYSIS

During the Period, the Group consistently enhanced its investment in research and development, further strengthening its research and development capabilities, and enabling it to overcome certain technological limitations in the APM service industry. A new structural polymer material has characteristics of self-expansion, high tensile strength, and excellent water resistance has been successfully developed by the Group to repair underground structures to fill voids, seal water leakages and to prevent cracks from developing. The grouting process is simple and shortens the time required as traditional extensive excavation is not necessary.

A warm-mix additive has been researched which is used to reduce the working temperature of “Hot-in-place” process. It means that it can either reduce the fuel consumption for heating, or to lower the working temperature of heat-resistant material which is commonly used in highways & bridges nowadays.

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

The Group will continue to seize the market opportunities under the “14th Five-Year Plan” of the PRC government as it will accelerate the establishment of an economic regime featuring low-carbon green recycling development. The China’s economy grew by 12.7% in the first half of 2021 and the world’s second largest economy is recovering from the impact of the coronavirus pandemic, and showing strong growth momentum. Taking this opportunity, the Group will focus on integrating resources, adjusting its organizational structure, striving to improve and develop the existing business and channels. The Group will focus on the whole carbon emission industry chain of road maintenance industry and moving forward the recycling technology, with focusing on the maintenance and treatment of damage roads as well as the collection, collation and analysis of pre road data. Establishing cooperation with a series of well-known universities, the Group strives to promote and develop more effective and refined overall solutions for regional road maintenance with district and county being the basic units, which could not only saves the cost of road maintenance for local governments at district and county levels, but also greatly reduces the carbon emission of road maintenance industry, helping to achieve the goals of “carbon peaking” and “carbon neutralization”. 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.

Furthermore, China’s latest COVID-19 outbreak that began at Nanjing has brought additional uncertainties in the Group’s operating environment in China. As far as the Group’s businesses are concerned, the outbreak has so far caused operational delays. The Group has put in place contingency measures to reduce the impact arising from this outbreak. However, the situation remains fluid at this stage and the management of the Group remains cautiously optimistic in regarding to the operation of the Group in the year of 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

First, as at 31 December 2020, 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. Secondly, the Group had developed part of the South China market which enable the Group to perform APM services during the slack season. Third, 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. Fourth, 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.

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").

MANAGEMENT DISCUSSION AND ANALYSIS

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 in 2020.

1. Revenue

a. APM Services

	Six-month period ended 30 June				
	2021		2020		Increase/ (decrease)
	Unaudited HK\$'000	Area served (square meters '000)	Unaudited HK\$'000	Area served (square meters '000)	
Revenue (net of VAT)					
"Hot-in-Place" Projects	50,478	725	40,053	691	26.0%
Non-"Hot-in-Place" Projects	52,798	–	45,522	–	16.0%
Total	103,276		85,575		20.7%

	Six-month period ended 30 June				
	2021		2020		Increase/ (decrease)
	Unaudited HK\$'000	Margin	Unaudited HK\$'000	Margin	
Gross profit					
"Hot-in-Place" Projects	14,933	29.6%	(6,707)	(16.7%)	322.7%
Non-"Hot-in-Place" Projects	4,487	8.5%	1,624	3.6%	176.3%
Total	19,420	18.8%	(5,083)	(5.9%)	482.1%

Revenue for this segment increased as compared with that of the corresponding period in 2020 due to the outbreak of COVID-19 in early 2020 and the bad weather which had affected the operation of the Group's "Hot-in-Place" projects in the first half of 2020. However, the operation of the "Hot-in-Place" projects had gradually resumed normal during the Period. The revenue growth amount of the "Hot-in-Place" projects is higher than the growth of the total serviced area is mainly due to the road maintenance services were conducted in lower selling price market during the six-month period ended 30 June 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Period, the revenue of non-“Hot-in-Place” projects of approximately HK\$52.8 million was contributed by Tianjin Expressway Maintenance and was involved in traditional APM method.

The gross profit margin of “Hot-in-Place” Projects improved significantly from -16.7% for the six-month period ended 30 June 2020 to 29.6% during the Period mainly due to: (1) the provision of road maintenance services for the “Hot-in Place” projects of the Group during the six-month period ended 30 June 2020 were mainly conducted in lower selling price market; and (2) the increase in the total area serviced of the “Hot-in-Place” projects during the Period.

b. APM Equipment

	Six-month period ended 30 June				
	2021		2020		Increase/ (decrease)
	Unaudited HK\$'000	units/sets	Unaudited HK\$'000	units/sets	
Revenue (net of VAT)					
Standard series	24,736	30	24,810	23	(0.3%)
Modular series	–	–	–	–	–
Repair and maintenance	2,632	N/A	3,246	N/A	(18.9%)
Total	27,368		28,056		(2.5%)

	Six-month period ended 30 June				
	2021		2020		Increase/ (decrease)
	Unaudited HK\$'000	Margin	Unaudited HK\$'000	Margin	
Gross profit					
Standard series	8,193	33.1%	10,830	43.7%	(24.3%)
Modular series	–	N/A	–	N/A	–
Repair and maintenance	1,789	68.0%	2,231	68.7%	(19.8%)
Total	9,982	36.5%	13,061	46.6%	(23.6%)

Revenue for the APM equipment segment for the Period was slightly decreased by 2.5% as against the corresponding period for 2020. The decrease in the gross profit margin for APM equipment from 46.6% in 2019 to 36.5% for the Period was due to the sale of lower gross profit margin of standard series.



MANAGEMENT DISCUSSION AND ANALYSIS

2. Other Income

Other income were decreased by approximately HK\$1.0 million from HK\$6.3 million for the six-month period ended 30 June 2020 to HK\$5.3 million for the Period, primarily due to the decrease in the interest income received.

3. Reversal of Impairment Losses on Financial Assets

The reversal of the expected credit loss allowance on financial assets increased from HK\$13.5 million for the six-month period ended 30 June 2020 to HK\$27.8 million during the Period, primarily due to the effect of (i) the reversal of the expected credit loss allowance of trade receivables and contract assets increased due to collection of these outstanding balances had continued to improve; and (ii) the reversal of the expected credit loss allowance of other receivables.

4. Selling and Distribution Costs

The selling and distribution costs increased by HK\$0.5 million from HK\$9.1 million for the six-month period ended 30 June 2020 to HK\$9.6 million for the Period was mainly due to the operation of the Group gradually resumed normal during the Period.

5. Administrative Expenses

Administrative expenses were increased by approximately HK\$1.2 million, from HK\$34.8 million for the six-month period ended 30 June 2020 to HK\$36.0 million for the Period primarily due the operation of the Group gradually resumed normal during the Period and the consolidation of the financial results of new subsidiaries acquired by the Group into that of the Group in the second half of 2020 through acquisition of additional interests in a joint venture of the Group.

6. Research and Development Costs

Research and development costs decreased by approximately HK\$5.6 million, or approximately 56.6%, from HK\$9.9 million for the six-month period ended 30 June 2020 to HK\$4.3 million for the Period, primarily due to the outbreak of COVID-19 in the first half of 2020, the implementation of travelling restriction and more research and development activities were conducted by the Group during the six-month period ended 30 June 2020.

7. Finance Costs

Finance costs decreased by approximately HK\$0.3 million, or approximately 11.1%, from HK\$2.7 million for the six-month period ended 30 June 2020 to HK\$2.4 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\$2.0 million for the Period, increased by approximately HK\$0.1 million, as compared to the corresponding period in 2020.

9. Income tax credit/(expense)

Income tax expense decreased by approximately HK\$3.5 million, from income tax expense of approximately HK\$2.7 million for the six-month period ended 30 June 2020 to income tax credit of approximately HK\$0.8 million for the Period, which is mainly due to the overprovision of taxation in the year ended 31 December 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

10. Profit

Profit attributable to owners of the Company amounted to HK\$1.8 million for the Period compared with loss attributable to owners of the Company of approximately HK\$24.2 million for the six-month period ended 30 June 2020, primarily due to the effect of (i) the increase in revenue of APM services segment; and (ii) the increase in the recognition of reversal of expected credit loss allowance of trade receivables and contract assets.

11. Liquidity and Financial Resources and Capital Structure

As at 30 June 2021, 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\$273.5 million (as at 31 December 2020: HK\$293.1 million). The decrease was primarily due to the net effect of (1) net cash flows generated from operating activities; (2) payments for acquisition of subsidiaries; and (3) the repayment of bank borrowings. As at 30 June 2021, the bank borrowings of the Group amounted to HK\$90.0 million (as at 31 December 2020: HK\$100.0 million). As at 30 June 2021 and 31 December 2020, the Group was in a net cash position.

After the PRC government has reiterated the importance of the settlement of overdue debts of local government to private enterprises in the past few years, 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 2020 which were due to receive during the Period, these balances was decreased by HK\$164.5 million, or approximately 20.6%, from HK\$798.9 million as of 31 December 2020 to HK\$634.4 million as of 30 June 2021. 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\$37.9 million (equivalent to approximately RMB31.6 million).

As at 30 June 2021, 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 2021, the Group had total debt of HK\$90.0 million (as at 31 December 2020: HK\$100.0 million), which was unsecured interest-bearing bank borrowings.

As at 30 June 2021, bank balances of approximately HK\$25.8 million (as at 31 December 2020: HK\$38.7 million) was pledged to secure general banking facilities granted to the Group.

The maturity profile of the interest-bearing bank borrowings are as follows:

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Repayable within one year or on demand	88,702	99,960
In the second year	1,245	–
	89,947	99,960

MANAGEMENT DISCUSSION AND ANALYSIS

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 2021 in the manner as stated in the prospectus of the Company dated 14 June 2013, as follows:

	Available HK\$ million	Net Proceeds 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	99.9	37.5
Manufacturing APM equipment and expanding our APM service teams	103.1	103.1	–
Acquisitions of other APM service providers	103.0	60.8	42.2
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	607.3	79.7

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

As at 30 June 2021, the unutilised net proceeds of about HK\$79.7 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. Investment Property

As at 30 June 2021, the Group’s investment property is measured using the fair value model and was approximately HK\$129.1 million (as at 31 December 2020: HK\$262.8 million). During the Period, the management of the Group had decided to sell 40% of the total gross floor area of the investment property upon completion. As at 30 June 2021, the investment property of approximately HK\$136.5 million had transferred to inventories and is stated at cost. The investment property is located at lot 04–05 and 04–06 of Jiangxinzhou, Jianye District, Nanjing, the PRC (中國南京市建業區江心洲) and was acquired by the Group in December 2016. The construction work of the investment property will commence at the fourth quarter of 2021 and is expected to be completed in October 2023. 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. The Group intends to lease the some office spaces of the investment property to third parties, which will bring additional income streams to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

15. 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.

16. 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 2021, the Group did not have any material contingent liabilities.

17. 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 2021, 100.0% (as at 31 December 2020: 100.0%) of the Group's bank borrowings are at fixed interest rate. 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 2021, certain time deposit, bank balances and cash, pledged bank deposits and financial assets at fair value through profit or loss of approximately HK\$259,738,000 (as at 31 December 2020: HK\$280,463,000) are denominated in RMB, the remaining balances are mainly denominated in Hong Kong dollars. As at 30 June 2021, the Group's bank borrowings denominated in RMB amounted to HK\$89,947,000 (equivalent to RMB74,886,000) (as at 31 December 2020: HK\$99,960,000 (equivalent to RMB84,000,000)). The Group has not hedged its foreign currency risk. The changes in foreign currency translation reserve during the Period was the result of the appreciation of RMB against Hong Kong dollar as the assets and liabilities of the Group are denominated in RMB, but for the purpose of presenting consolidated financial statements, these assets and liabilities are translated into Hong Kong dollars.

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

18. Employees and Remuneration

As at 30 June 2021, the Group had a total of 482 full time employees (as at 31 December 2020: 499). 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 2021, 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")	13,000,000	–	529,688,260 ⁽¹⁾	542,688,260	50.30%
Ms. Sze Wan Nga ("Ms. Sze")	–	2,200,000	29,640,000 ⁽²⁾	31,840,000	2.95%
Mr. Chan Kai King	2,300,000	2,186,667	–	4,486,667	0.42%
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.

CORPORATE GOVERNANCE REPORT AND OTHER INFORMATION

(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 2021, 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 2021, 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 ⁽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%

Note:

- 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.

Save as disclosed above, as at 30 June 2021, 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 2021.

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 aim to recognize the contributions by certain Selected Employees and to provide them with incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group. 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 Bank of Communications Trustee Limited (the “Trustee”) for the purchase of shares of the Company and instruct the trustee to purchase such shares 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. 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 10% 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.

CORPORATE GOVERNANCE REPORT AND OTHER INFORMATION

Details of the Awarded Shares awarded during the Period (six-month period ended 30 June 2020: 22,000,000 shares) are set out below:

Date of award	Number of shares awarded	Average fair value per share	Vesting date
28 May 2021	300,000	HK\$0.304	7 June 2021
28 May 2021	225,000	HK\$0.199	7 June 2022
28 May 2021	225,000	HK\$0.184	7 June 2023

Movements of the Awarded Shares under the Share Award Scheme for the Period are as follows:

Name of participant	Date of grant	Awarded shares at 1 January 2021	Granted during the Period	Vested during the Period	Forfeited during the period	Awarded shares at 30 June 2021	Vesting date
Directors							
Ms. Sze	8 June 2020	880,000	–	(880,000)	–	–	7 June 2021
Ms. Sze	8 June 2020	660,000	–	–	–	660,000	7 June 2022
Ms. Sze	8 June 2020	660,000	–	–	–	660,000	7 June 2023
Chan Kai King	8 June 2020	880,000	–	(700,000)	(180,000)	–	7 June 2021
Chan Kai King	8 June 2020	660,000	–	–	–	660,000	7 June 2022
Chan Kai King	8 June 2020	660,000	–	–	–	660,000	7 June 2023
Continuous contract employees							
In aggregate	8 June 2020	7,040,000	–	(5,058,000)	(1,982,000)	–	7 June 2021
In aggregate	8 June 2020	5,280,000	–	–	–	5,280,000	7 June 2022
In aggregate	8 June 2020	5,280,000	–	–	–	5,280,000	7 June 2023
In aggregate	28 May 2021	–	300,000	(300,000)	–	–	7 June 2021
In aggregate	28 May 2021	–	225,000	–	–	225,000	7 June 2022
In aggregate	28 May 2021	–	225,000	–	–	225,000	7 June 2023
		22,000,000	750,000	(6,938,000)	(2,162,000)	13,650,000	

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, A.6.7 and E.1.2 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.

CG Code provision A.6.7 provides that the independent non-executive directors and other non-executive directors of the Company should also attend general meetings to gain and develop a balanced understanding of the views of shareholders. CG Code provision E.1.2 also provides that the chairman of the Board should attend the annual general meeting. He should also invite the chairman of the audit, remuneration, nomination and the independent board committee to attend the annual general meeting to answer question at the annual general meeting. The Group had inadvertently failed to comply with CG Code provisions A.6.7 and E.1.2 for the annual general meeting held on 4 June 2021 (the "AGM"). Mr. Chan Kai King (executive director) and Ms. Sze (non-executive director) attended the AGM in person while the other directors of the Company did not attend the AGM. Due to the other business meeting commitment at Nanjing, the PRC, Mr. Sze (chairman of the Board and nomination committee of the Company) was unable to attend the AGM, but he had requested Ms. Sze (non-executive director) to attend the AGM on his behalf. Mr. Chan Kai King (executive director) and Ms. Sze (non-executive director) are the directors who are most familiar with the operation and businesses of the Company who are well placed to answer any questions that the shareholders may have at the AGM, and had in fact they have answered questions at the AGM competently. The Company will ensure that the CG Code provisions A.6.7 and E.1.2 will be complied with in other general meetings of the Company going forward.

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 27 August 2021, 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.

CORPORATE GOVERNANCE REPORT AND OTHER INFORMATION

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 2020: nil).

On behalf of the Board

Mr. Sze Wai Pan

Chairman and Chief Executive Officer

Hong Kong, 27 August 2021

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six-month period ended 30 June 2021

	Notes	Six-month period ended 30 June	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
REVENUE	3	130,644	113,631
Cost of sales		(101,242)	(105,653)
Gross profit		29,402	7,978
Other income	4	5,306	6,333
Other gains and losses, net	5	(446)	(269)
Reversal of impairment losses on financial assets	15	27,809	13,500
Selling and distribution costs		(9,639)	(9,144)
Administrative expenses		(35,975)	(34,822)
Research and development costs		(4,253)	(9,926)
Other expenses		(152)	(511)
Share of losses of joint ventures		(2,006)	(1,897)
Finance costs	6	(2,349)	(2,743)
PROFIT/(LOSS) BEFORE INCOME TAX	7	7,697	(31,501)
Income tax credit/(expense)	8	818	(2,717)
PROFIT/(LOSS) FOR THE PERIOD		8,515	(34,218)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD			
Items that will not be reclassified to profit or loss:			
Exchange differences arising from translation		8,838	(13,469)
Fair value loss on investments in equity instruments at fair value through other comprehensive income		(240)	(516)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		8,598	(13,985)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		17,113	(48,203)
Profit/(Loss) for the period attributable to:			
Owners of the Company		1,785	(24,165)
Non-controlling interests		6,730	(10,053)
		8,515	(34,218)
Total comprehensive income for the period attributable to:			
Owners of the Company		9,864	(37,428)
Non-controlling interests		7,249	(10,775)
		17,113	(48,203)
EARNINGS/(LOSS) PER SHARE	10		
Basic		HK0.18 cents	HK(2.28) cents
Diluted		HK0.17 cents	HK(2.28) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Notes	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	159,037	168,866
Investment property	11	129,135	262,759
Right-of-use assets		11,956	13,111
Goodwill		6,150	6,150
Other intangible assets		2,643	2,766
Interests in joint ventures		22,110	23,544
Equity instruments at fair value through other comprehensive income		8,957	9,252
Prepayments and deposits for acquisition of land use rights and other intangible assets		3,924	3,888
Contract assets	13	3,444	6,952
Deferred tax assets		805	872
		348,161	498,160
CURRENT ASSETS			
Inventories		193,188	54,261
Bills and trade receivables	12	139,701	128,427
Contract assets	13	173,147	305,763
Prepayments, deposits and other receivables	14	51,027	50,560
Taxation recoverable		6,373	4,086
Time deposits		54,050	12,366
Pledged bank deposits		25,827	38,676
Financial assets at fair value through profit or loss		11,559	4,760
Bank balances and cash		182,038	237,300
		836,910	836,199
CURRENT LIABILITIES			
Bills, trade and other payables	16	245,069	396,854
Contract liabilities		2,218	601
Lease liabilities		2,061	2,537
Bank borrowings		88,702	99,960
		338,050	499,952
NET CURRENT ASSETS		498,860	336,247
TOTAL ASSETS LESS CURRENT LIABILITIES		847,021	834,407

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Note	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
NON-CURRENT LIABILITIES			
Deferred tax liabilities		27,336	26,201
Bank borrowings		1,245	–
Lease liabilities		167	985
		28,748	27,186
		818,273	807,221
CAPITAL AND RESERVES			
Share capital	17	107,900	107,900
Reserves		671,498	667,695
Attributable to owners of the Company		779,398	775,595
Non-controlling interests		38,875	31,626
Total equity		818,273	807,221

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2021

	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 2021(Audited)	107,900	732,463	(27,356)	25,328	92,430	848	(38,635)	(118,938)	1,555	775,595	31,626	807,221
Profit for the period	-	-	-	-	-	-	-	1,785	-	1,785	6,730	8,515
Other comprehensive income for the period	-	-	-	-	-	-	8,319	-	(240)	8,079	519	8,598
Total comprehensive income for the period	-	-	-	-	-	-	8,319	1,785	(240)	9,864	7,249	17,113
Share purchased for share award	-	-	(6,747)	-	-	-	-	-	-	(6,747)	-	(6,747)
Equity-settled share award scheme	-	-	-	-	-	686	-	-	-	686	-	686
Transfer of share award upon vesting	-	-	13,085	-	-	(971)	-	(12,114)	-	-	-	-
At 30 June 2021(Unaudited)	107,900	732,463	(21,018)	25,328	92,430	563	(30,316)	(129,267)	1,315	779,398	38,875	818,273

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2021

	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

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 2021

	Notes	Six-month period ended 30 June	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Operating activities			
Profit/(Loss) before income tax		7,697	(31,501)
Adjustments for:			
Interest income	4	(4,831)	(5,577)
Finance costs	6	2,349	2,743
Share of losses of joint ventures		2,006	1,897
Depreciation of property, plant and equipment	7	14,477	11,615
Depreciation of right-of-use assets	7	1,380	1,305
Amortisation of other intangible assets	7	339	61
Write off of property, plant and equipment	7	109	–
Impairment losses on financial assets, net			
— trade receivables and contract assets	15	(27,432)	(15,488)
— other receivables	15	(377)	1,988
Share-based payment expense		686	90
Unrealised exchange differences		1,533	1,555
Operating cash flows before movements in working capital		(2,064)	(31,312)
Increase in inventories		(1,898)	(6,278)
Decrease in bills and trade receivables		9,643	24,445
Decrease in contract assets		146,550	117,908
Increase/(Decrease) in contract liabilities		1,611	(2,472)
Decrease/(Increase) in prepayments, deposits and other receivables		321	(3,253)
Decrease in bills, trade and other payables		(149,253)	(100,339)
Cash generated from/(used in) operations		4,910	(1,301)
Interest paid		(2,289)	(2,644)
Income tax paid		(1,334)	(7,129)
Net cash flows generated from/(used in) operating activities		1,287	(11,074)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2021

	Notes	Six-month period ended 30 June	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Investing activities			
Interest received		4,831	5,577
Purchase of property, plant and equipment	11	(3,446)	(6,661)
Addition to investment property	11	(252)	(558)
Addition to other intangible assets		(190)	(21)
Placement of pledged bank deposits		(25,819)	(26,004)
Withdrawal of pledged bank deposits		39,027	24,478
Placement of time deposits		(54,036)	(35,206)
Withdrawal of time deposits		12,479	39,757
Placement of structured bank deposits		(11,556)	(25,305)
Withdrawal of structured bank deposits		4,803	15,250
Net cash flows used in investing activities		(34,159)	(8,693)
Financing activities			
Bank borrowing raised		30,020	42,688
Repayment of bank borrowings		(40,965)	(71,680)
Payments for acquisition of subsidiaries		(7,200)	–
Purchase of shares held under the share award scheme		(6,747)	(102)
Net cash flows used in financing activities		(24,892)	(29,094)
Net decrease in cash and cash equivalents		(57,764)	(48,861)
Cash and cash equivalents at beginning of period		237,300	177,571
Effect of exchange rate changes on the balance of cash held in foreign currencies		2,502	(3,942)
Cash and cash equivalents at the end of the period, represented by bank balances and cash		182,038	124,768

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2021

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 2021 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2020.

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 2021 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 9, HKFRS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2
Amendments to HKFRS 16	Covid-19-Related Rent Concessions

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.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2021

3. REVENUE AND SEGMENT INFORMATION

3.1 Revenue

Disaggregation of revenue from contracts with customers

Segments	For the six months ended 30 June 2021		
	Maintenance Services (Unaudited) HK\$'000	Sale of equipment (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Types of goods			
Maintenance Service			
— “Hot-in-place” Projects	50,478	–	50,478
— Non-“Hot-in-place” Projects	52,798	–	52,798
Sales of equipment			
— Standard series	–	24,736	24,736
— Repair and maintenance	–	2,632	2,632
Total	103,276	27,368	130,644
Geographical markets			
Mainland China	103,276	27,196	130,472
Overseas	–	172	172
Total	103,276	27,368	130,644
Timing of revenue recognition			
A point in time	–	27,368	27,368
Over time	103,276	–	103,276
Total	103,276	27,368	130,644

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2021

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 2020		
	Maintenance Services (Unaudited) HK\$'000	Sale of equipment (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Types of goods			
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
Total	85,575	28,056	113,631
Geographical markets			
Mainland China	85,575	20,661	106,236
Overseas	–	7,395	7,395
Total	85,575	28,056	113,631
Timing of revenue recognition			
A point in time	–	28,056	28,056
Over time	85,575	–	85,575
Total	85,575	28,056	113,631

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2021

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 profit, which is a measure of adjusted profit/(loss) before income tax. The adjusted profit/(loss) before income tax is measured consistently with the Group's profit/(loss) before income 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 2021 and 2020 is set out below:

	Six-month period ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Customer A — Provision of road maintenance services	42,768	36,268

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2021

3. REVENUE AND SEGMENT INFORMATION (Continued)

3.2 Operating segment (Continued)

	For the six-month period ended 30 June 2021		
	Maintenance Services (Unaudited) HK\$'000	Sale of equipment (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Segment revenue:			
Sales to external customers	103,276	27,368	130,644
Other revenue	177	305	482
Revenue	103,453	27,673	131,126
Allocated corporate expenses	(85,540)	(31,068)	(116,608)
Segment results	17,913	(3,395)	14,518
<i>Reconciliation:</i>			
Interest income			4,831
Exchange loss			(84)
Finance costs			(2,349)
Unallocated corporate expenses			(7,213)
Share of losses of joint ventures			(2,006)
Profit before tax			7,697
Other segment information:			
Impairment losses reversed in respect of trade receivables, contract assets and other receivables	(27,691)	(118)	(27,809)
Depreciation and amortisation	14,683	1,513	16,196
Capital expenditure*	2,601	1,097	3,698

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

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2021

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
Segment revenue:			
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)
Segment results	(25,896)	(1,845)	(27,741)
<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)
Other segment information:			
Impairment losses (reversed)/recognised in respect of trade receivables, contract assets 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 and land use right.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2021

4. OTHER INCOME

	Six-month period ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Government grants (Note)	480	615
Interest income	4,831	5,577
Others	(5)	141
	5,306	6,333

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	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Write off of property, plant and equipment	(109)	–
Net foreign exchange losses	(84)	(49)
Donation	(253)	(220)
	(446)	(269)

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2021

6. FINANCE COSTS

	Six-month period ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Interest on:		
— Bank borrowings	2,289	2,644
— Lease liabilities	60	99
	2,349	2,743

7. PROFIT/(LOSS) BEFORE INCOME TAX

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

	Six-month period ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Depreciation of property, plant and equipment	14,477	11,615
Depreciation of right-of-use assets	1,380	1,305
Amortisation of other intangible assets	339	61
Minimum lease payments under operating leases of land and buildings	2,052	892
Write off of property, plant and equipment	109	–
Reversal of impairment losses on trade receivables and contract assets	(27,432)	(15,488)
(Reversal of)/Provision for impairment losses on other receivables	(377)	1,988
Foreign exchange differences, net	84	49

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2021

8. INCOME TAX (CREDIT)/EXPENSE

The (credit)/charge comprises:

	Six-month period ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
PRC Enterprise Income Tax ("EIT"):		
— Current tax	632	1,051
— Under provision in prior years	—	2,109
— Over provision in prior years	(1,631)	—
	(999)	3,160
Deferred tax charge/(credit)	181	(443)
	(818)	2,717

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 2020 and 2021.

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 28 November 2021.

天津市高速公路養護有限公司 Tianjin Expressway Maintenance Limited ("Tianjin Expressway Maintenance") was recognised as a High-Tech company in 2020 and the applicable tax rate is 15% from 1 January 2020 to 30 November 2023.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2021

9. DIVIDENDS

At a meeting of the board of directors held on 27 August 2021, the directors resolve not to pay any interim dividend to shareholders (six-month period ended 30 June 2020: Nil).

10. EARNINGS/(LOSS) PER SHARE

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

Profit/(Loss)

	Six-month period ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Profit/(Loss) for the purposes of calculating basic and diluted earnings/(loss) per share — attributable to the owners of the Company	1,785	(24,165)

Number of shares

	Six-month period ended 30 June	
	2021 (Unaudited)	2020 (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 earnings/(loss) per share	1,018,479,438	1,061,541,000
Effect of dilutive potential ordinary shares: Unvested share award	60,520,562	—
Weighted average number of ordinary shares for the purpose of calculating diluted earnings/(loss) per share	1,079,000,000	1,061,541,000

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

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2021

11. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

During the six-month period ended 30 June 2021, the Group acquired property, plant and equipment, and investment property of HK\$3,446,000 and HK\$252,000, respectively (six-month period ended 30 June 2020: HK\$6,661,000 and HK\$558,000).

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 2021 (six-month period ended 30 June 2020: Nil).

12. BILLS AND TRADE RECEIVABLES

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Trade receivables	122,230	126,502
Bills receivables	17,471	1,925
	139,701	128,427

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

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
0 to 180 days	17,471	1,925

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.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2021

12. BILLS AND TRADE RECEIVABLES (Continued)

The following is an 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:

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Within 3 months	10,052	31,851
3 to 12 months	50,229	45,856
1 to 2 years	11,486	20,562
Over 2 years	50,463	28,233
	122,230	126,502

As at 30 June 2021, included in the trade receivables are amounts due from the Group's related companies of HK\$6,617,000 (31 December 2020: HK\$7,331,000), 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

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Sale of road maintenance equipment	25,422	28,718
Provision of road maintenance services	151,169	283,997
	176,591	312,715
Current	173,147	305,763
Non-current	3,444	6,952
	176,591	312,715

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 2021, included in the contract assets are amounts due from the Group's related companies of HK\$100,189,000 (31 December 2020: HK\$142,810,000), details of which are set out in note 23.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2021

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Other receivables	23,582	25,037
Prepayments and deposits	26,543	24,474
Tax recoverable	902	1,049
	51,027	50,560

At 30 June 2021, there is no amounts due from related companies included in the Group's prepayments, deposits and other receivables (31 December 2020: HK\$500,000), which are unsecured, interest-free and have no fixed terms of repayment, details of which are set out in note 23.

15. REVERSAL OF IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	Six-month period ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Reversal of impairment losses on financial assets recognized on:		
Trade receivables and contract assets	(27,432)	(15,488)
Other receivables	(377)	1,988
	(27,809)	(13,500)

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 2021 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2020.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2021

16. BILLS, TRADE AND OTHER PAYABLES

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Bills payable	13,386	32,482
Trade payables	173,923	287,534
Other tax payables	19,396	18,160
Other payables and accrued charges	38,364	58,678
	245,069	396,854

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

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
0 to 180 days	13,386	32,482

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

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Within 3 months	30,204	93,519
3 to 12 months	111,375	142,686
1 to 2 years	11,713	26,283
Over 2 years	20,631	25,046
	173,923	287,534

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2021

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 2021, included in the Group's trade payables are amounts due to related companies of approximately HK\$3,120,000 (31 December 2020: HK\$4,079,000), 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 30 June 2021, included in the Group's other payables and accrued charges is an amount due to a non-controlling shareholder of approximately HK\$27,616,000 (31 December 2020: HK\$27,616,000) which is unsecured, interest-free and have no fixed terms of repayment.

17. SHARE CAPITAL

Shares

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Authorised: 10,000,000,000 (31 December 2020: 10,000,000,000) ordinary shares of HK\$0.10 each	1,000,000	1,000,000
Issued and fully paid: 1,079,000,000 (31 December 2020: 1,079,000,000) ordinary shares of HK\$0.10 each	107,900	107,900

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2021

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 2021 and 31 December 2020.

All share option has been expired on 15 October 2019.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2021

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 10% 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 2021, based on the Company's instruction, the trustee acquired 41,768,200 shares of HK\$0.16 each in the Company for the Share Award Scheme through purchases in the open market and off-market at a total cost, including related transaction costs of approximately HK\$6,747,000.

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	As at 1 January 2021	Granted as at 30 June 2021	Number of award shares			Outstanding (held by the trustee for the grantees) as at 30 June 2021
						Vested as at 30 June 2021	Forfeited as at 30 June 2021		
8 June 2020	8,800,000	972	1 year	8,800,000	-	(6,638,000)	(2,162,000)	-	
8 June 2020	6,600,000	648	2 years	6,600,000	-	-	-	6,600,000	
8 June 2020	6,600,000	618	3 years	6,600,000	-	-	-	6,600,000	
28 May 2021	300,000	91	1 year	-	300,000	(300,000)	-	-	
28 May 2021	225,000	45	2 years	-	225,000	-	-	225,000	
28 May 2021	225,000	42	3 years	-	225,000	-	-	225,000	
	22,750,000	2,416		22,000,000	750,000	(6,938,000)	(2,162,000)	13,650,000	

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2021

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 closing price of the Company's shares immediately before 28 May 2021, the date of grant of the awarded shares, was HK\$0.315 and the average fair value per share was HK\$0.304, HK\$0.199 and HK\$0.184 respectively, which was calculated by Black-Scholes Option Pricing Model.

The Group recognised a share award expense of HK\$686,000 during the period (six-month period ended 30 June 2020: HK\$90,000).

At the date of approval of these financial statements, 57,059,200 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:

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Contracted, but not provided for:		
Land use rights	15,696	14,636
Property, plant and equipment	10,289	7,058
Capital contribution payable to an equity instrument at fair value through other comprehensive income	315	315
	26,300	22,009

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.

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Bank deposits	25,827	38,676

22. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2021 (31 December 2020: Nil).

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2021

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	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (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))	42,768	36,268	–	–
Freetech Technology Limited (Note (2))	–	–	1,144	1,144
Associates of Tianjin Expressway Group	2,895	15,140	–	–

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) Freetech Technology Limited is the ultimate holding company of the Group.

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

Name of related parties	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Nanjing Lujie (note)	1,290	1,323
Tianjin Expressway Group	97,545	122,813
Subsidiaries of Tianjin Expressway Group	4,329	5,054
Associates of Tianjin Expressway Group	3,642	21,451
	106,806	150,641

Note: These are joint ventures of the Group.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2021

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
	2021 (Unaudited) HK\$'000	2020 (Audited) HK\$'000
Nanjing Lujie (note) 連雲港路達道路再生工程有限公司	2,940	3,901
Lianyungang Luda Road Recycling Engineering Co., Ltd (note)	180	178
	3,120	4,079

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 2021 and 2020 is as follows:

	Six-month period ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Short term employee benefits	2,481	2,337
Post-employment benefits	27	27
Share-based payment expense	136	18
	2,644	2,382

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 27 August 2021.



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