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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

中期報告

INTERIM REPORT

2025

公路醫生®



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This Interim Report is printed on environmentally friendly paper



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Sze Wai Pan
(Chairman and Chief Executive Officer)
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
Prof. Lau Chi Pang, J.P.
Prof. Lai Kin Keung

Audit Committee

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

Nomination Committee

Mr. Sze Wai Pan (Chairman)
Prof. Lau Chi Pang, J.P.
Prof. Lai Kin Keung

Remuneration Committee

Prof. Lau Chi Pang, J.P. (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

Room 2501, 25/F, Citicorp Centre
18 Whitfield Road, Causeway Bay
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
17/F., Far East Finance Centre
16 Harcourt Road, 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.freotech-holdings.hk

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS AND RATIOS

	Six-month period ended 30 June		
	2025 Unaudited HK\$'000	2024 Unaudited HK\$'000	Increase/ (Decrease)
Revenue	82,386	70,300	17.2%
Gross profit	34,772	31,549	10.2%
(Loss)/profit attributable to owners of the Company			
— From continuing and discontinued operations	(9,414)	(8,507)	(10.7%)
— From continuing operations	(9,414)	(9,051)	(4.0%)
— From discontinued operation	—	544	N/A
(Loss)/earnings per share (Basic) (HK cents)			
— From continuing and discontinued operations	(0.96)	(0.85)	(12.9%)
— From continuing operations	(0.96)	(0.90)	(6.7%)
— From discontinued operation	—	0.05	N/A
Gross profit margin ¹	42.2%	44.9%	

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 2025 (the “Period”).

In 2025, the global economic recovery process is still facing multiple uncertainties, with geopolitical conflicts, inflationary pressures and technological competition continuing to affect the layout of the industrial chain. Against this backdrop, China’s economy will continue to adhere to the new development pattern of “dual cycle”, driving industrial upgrading with technological innovation while deepening green and low-carbon transformation. According to the “14th Five-Year Plan for the Development of Modern Comprehensive Transportation System” (「十四五」現代綜合交通運輸體系發展規劃) and the “Program of Building National Strength in Transportation” (交通強國建設綱要), the scale of China’s road maintenance market is expected to exceed RMB500 billion in the next five years, of which preventive maintenance will account for more than 40%, and the application rate of intelligent maintenance technology will reach 35%. Using environmentally friendly maintenance materials during the maintenance process, promoting the recycling of waste materials, and reducing energy consumption and emissions in maintenance operations will help reduce negative impacts on the environment and promote sustainable development. Therefore, the total service area of the “Hot-in-Place” project under the asphalt pavement maintenance (“APM”) services sector of the Group recorded an increase during the Period under review. The APM equipment segment of the Group recorded increase in revenue during the Period under review due to the sale a set of modular series equipment. During the Period under review, the Group also recorded a decrease in reversal of expected credit loss of trade receivables and contracts assets for the Period.

During the Period, the Group’s operating revenue from the continuing operations was approximately HK\$82.4 million, representing an increase of approximately 17.2%, as compared to the corresponding period in 2024. Total loss attributable to owners of the Company from the continuing operations was approximately HK\$9.4 million, representing an increase of approximately 4.0% as compared to total loss attributable to owners of the Company from the continuing operations of approximately HK\$9.1 million for the six-month period ended 30 June 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

APM Services — Non-“Hot-in-Place” Projects

Due to the completion of the disposal of the shareholding in Tianjin Expressway Maintenance Company Limited* (天津市高速公路養護有限公司) (a non-wholly owned subsidiary of the Group) (“Tianjin Expressway Maintenance”) took place on 31 December 2024, the Group discontinued the result of this segment in 2024 in accordance with the applicable accounting standards. Please see to the notes 25 of the consolidated financial statement for details. For avoidance of doubt, the Group will continue to engage in APM Services (including both “Hot-in-Place” and non-“Hot-in-Place” projects) in the PRC (including the Tianjin area) mainly through its other wholly-owned subsidiaries but will focus on development of the APM Services through “Hot-in-Place” projects with a higher gross-profit margin.

APM Services — “Hot-in-Place” Projects

The revenue for this segment decreased as compared with that of the corresponding period in 2024 due to the effect of increase in the total service area of the Group’s “Hot-in-Place” projects and some of the “Hot-in-Place” projects was conducted in lower selling price region.

The APM services segment recorded revenue of approximately HK\$51.6 million, representing a decrease of 11.8% as compared to the corresponding period in 2024. The gross profit margin of this segment was decreased from 45.5% for the six-month period ended 30 June 2024 to 39.4% during the Period due to some of the “Hot-in-Place” projects was conducted in lower selling price region. 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\$30.8 million, representing increase of 161.3% as compared to the corresponding period in 2024. The increase in revenue and gross profit margin was due to the Group had successfully sold a set of modular series equipment.

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.

* For identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS

New Patents

During the Period, the Group continued to invest resources in research and development. As at 30 June 2025, it had registered 256 patents (as at 31 December 2024: 256), of which 37 were invention patents (as at 31 December 2024: 37), 189 were utility model patents (as at 31 December 2024: 189) and 30 were design patents (as at 31 December 2024: 30). Besides, it had 18 pending patent applications (as at 31 December 2024: 17), of which 16 invention patents (as at 31 December 2024: 14) and 2 utility model patents (as at 31 December 2024: 3).

During the period under review, facing to the abnormal climate challenge causing severe flooding, the Group enriched the product range of flooding control vehicles by different pumping capacities and automated hose reel robots in order to minimize labor requirement.

The Group also extend the R&D activities not only in equipment or material related but also software and control development, such as equipment automation, intelligent-assisted operation as well as management information system.

Others

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

OUTLOOK

According to the National Conference on Eco-environmental Protection held by the Ministry of Ecology and Environment in first quarter 2025, it was explicitly that eight key tasks must be implemented by 2025, including implementing important measures to deepen the reform of the ecological civilization system, promoting the improvement of the basic ecological civilization system, the ecological environment governance system, and the green and low-carbon development mechanism. It also calls for comprehensively advancing the construction of a Beautiful China, deepening the implementation mechanism for the construction of a Beautiful China, coordinating the development of Beautiful China pilot zones, and systematically planning the ecological and environmental protection during the 15th Five-Year Plan period. In addition, the PRC government's investment in road maintenance by the PRC Government is expected to continue to grow at a high rate, with fiscal expenditures expected to reach over RMB100 billion. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Firstly, as at 31 December 2024, 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 enables the Group to perform APM services during slack season. Thirdly, 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. Fourthly, 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 develop new product in road industry;
4. it will continue to invest in its testing and planning department by devoting more equipment and staff in it so as to enhance its one-stop solution and generate new revenue stream which is road doctor consultant services;
5. it will further optimize its techniques and technologies to lower the construction costs; and
6. it will leverage on its state-owned partners' overseas channels to expand the international APM equipment and services market.

In addition, the construction work of the investment property acquired by the Group at lot 04-05 and 04-06 of Jiangxinzhou, Jianye District, Nanjing, the PRC (中國南京市建邺區江心洲) in December 2016 has commenced in first quarter of 2022. The investment property will not only enable the Group to enhance its research and development capabilities, but also will bring additional sale and lease income streams to the Group in future. It is expected that the construction will complete in the first quarter of 2027.

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

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 2024.

1. Revenue

a. APM Services

	Six-month period ended 30 June				
	2025		2024		
	Unaudited HK\$'000	Area served (square meters '000)	Unaudited HK\$'000	Area served (square meters '000)	Decrease
Revenue (net of VAT)					
“Hot-in-Place” Projects	51,578	1,485	58,509	1,164	(11.8)%

	Six-month period ended 30 June				
	2025		2024		
	Unaudited HK\$'000	Margin	Unaudited HK\$'000	Margin	Decrease
Gross profit					
“Hot-in-Place” Projects	20,328	39.4%	26,631	45.5%	(23.7)%

Revenue for this segment decreased as compared with that of the corresponding period in 2024 due to the effect of despite the total service area of the Group’s “Hot-in-Place” projects recorded increase, the revenue of the “Hot-in-Place” projects recorded decrease during the Period because some of the “Hot-in-Place” projects was conducted in lower selling price region.

Due to the some of the “Hot-in-Place” projects was conducted in lower selling price region, the gross profit margin of this segment was decreased from 45.5% for the six-month period ended 30 June 2024 to 39.4% during the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

b. APM Equipment

Six-month period ended 30 June					
	2025		2024		(Decrease)/ increase
	Unaudited HK\$'000	units/sets	Unaudited HK\$'000	units/sets	
Revenue (net of VAT)					
Standard series	10,834	6	10,951	7	(1.1%)
Modular series	18,957	1	–	–	N/A
Repair and maintenance	1,017	N/A	840	N/A	21.1%
Total	30,808		11,791		161.3%

Six-month period ended 30 June					
	2025		2024		Increase
	Unaudited HK\$'000	Margin	Unaudited HK\$'000	Margin	
Gross profit					
Standard series	5,989	55.3%	4,429	40.4%	35.2%
Modular series	7,670	40.5%	–	N/A	N/A
Repair and maintenance	785	77.2%	489	58.2%	60.5%
Total	14,444	46.9%	4,918	41.7%	193.7%

Revenue for the APM equipment segment for the Period increased by 161.3% as compared to the corresponding period for 2024 was mainly due to the sale a set of modular series equipment. Due to the sale of a set of modular series equipment, the gross profit margin for the APM equipment segment was increased from 41.7% for the six-month period ended 30 June 2024 to 46.9% during the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

2. Other Income

Other income from continuing operations was decreased by approximately HK\$0.9 million from HK\$2.3 million for the six-month period ended 30 June 2024 to HK\$1.4 million for the Period, primarily due to the decrease in the deposit interest rate.

3. Reversal of Impairment Losses on Financial and Contract Assets

The reversal of the expected credit loss allowance on financial and contract assets from continuing operations decreased from HK\$3.5 million for the six-month period ended 30 June 2024 to HK\$0.6 million during the Period, primarily due to the reversal of the expected credit loss allowance of trade receivables and contract assets decreased.

4. Selling and Distribution Costs

The selling and distribution costs from continuing operations decreased by approximately HK\$2.2 million from HK\$8.4 million for the six-month period ended 30 June 2024 to HK\$6.2 million for the Period and was mainly due to according to the Group's plan, more marketing and promotion activities will be conducted in the second half of 2025.

5. Administrative Expenses

Administrative expenses from continuing operations increased by approximately HK\$2.2 million, from HK\$29.1 million for the six-month period ended 30 June 2024 to HK\$31.3 million for the Period primarily due to the increase in the number of staff and more travelling and entertainment expenses were incurred during the Period.

6. Research and Development Costs

Research and development costs from continuing operations increased by approximately HK\$3.3 million, from HK\$4.0 million for the six-month period ended 30 June 2024 to HK\$7.3 million for the Period, primarily due to the costs incurred for enhancement and enrichment of the Group's current product.

7. Finance Costs

Finance costs from continuing operations increased by approximately HK\$0.2 million, from HK\$1.8 million for the six-month period ended 30 June 2024 to HK\$2.0 million for the Period, primarily due to the increase in bank borrowings.

8. Share of Losses of Joint Ventures

The Group's share of losses from the joint ventures was approximately HK\$0.8 million for the Period, decreased by approximately HK\$1.8 million, as compared to the corresponding period in 2024.

9. Income Tax Credit/(Expense)

Income tax expense from continuing operations decreased by approximately HK\$3.2 million, from income tax expense of approximately HK\$1.4 million for the six-month period ended 30 June 2024 to income tax credit of approximately HK\$1.8 million for the Period, which is mainly due to the overprovision of income tax expense of the PRC's subsidiaries in 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

10. Discontinued Operation

The results of Tianjin Expressway Maintenance were classified as discontinued operation upon deconsolidation and presented as a single line item in the consolidated statement of profit or loss for 2024. Net profit from discontinued operation for the six-month period ended 30 June 2024 amounted to HK\$1.9 million. Details of the discontinued operation are set out in note 25 to these condensed consolidated interim unaudited financial statements.

11. Loss

Loss attributable to owners of the Company from the continuing operations amounted to HK\$9.4 million for the Period compared with loss attributable to owners of the Company of approximately HK\$9.1 million for the six-month period ended 30 June 2024, primarily due to the effect of (i) the decrease in revenue of APM services segment; (ii) the increase in revenue of APM equipment segment; and (iii) the decrease in the recognition of reversal of expected credit loss allowance of trade receivables and contract assets.

12. Liquidity and Financial Resources and Capital Structure

As at 30 June 2025, the Group's bank balances and cash, financial assets at fair value through profit or loss and pledged bank deposits (the "Cash and Bank") amounted to approximately HK\$241.6 million (as at 31 December 2024: HK\$293.8 million). The decrease was primarily due to the net effect of (1) net cash flows used in operating activities; (2) repayment of amount due to a non-controlling shareholder; and (3) changes in foreign currency translation as a result of the appreciation of RMB against Hong Kong dollars as most of the Cash and Bank are denominated in RMB, but for the purpose of presenting consolidated financial statements, these assets and liabilities are translated into Hong Kong dollars. As at 30 June 2025, the bank borrowings of the Group amounted to HK\$124.8 million (as at 31 December 2024: HK\$117.5 million). As at 30 June 2025 and as at 31 December 2024, the Group was in a net cash position.

Due to the increase in the revenue during the period, the trade receivables and contract assets balances was increased by HK\$7.0 million, or approximately 1.5%, from HK\$475.2 million as of 31 December 2024 to HK\$482.2 million as of 30 June 2025. 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 and was not yet past due. As at the latest practicable date, customers had subsequently settled trade receivables amounting to HK\$12.7 million (equivalent to approximately RMB11.6 million).

As at 30 June 2025, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

13. Investment Property

As at 30 June 2025, the Group's investment property is measured using the fair value model and was approximately HK\$148.7 million (as at 31 December 2024: HK\$144.3 million). The investment property is a parcel of land and is located at lot 04-05 and 04-06 of Jiangxinzhou, Jianye District, Nanjing, the PRC (中國南京市建邺區江心洲). It was acquired by the Group in December 2016 and will be developed for research and development use. The construction has commenced in the first quarter of 2022. Due to the strict COVID-19 pandemic control in second quarter of 2022 and some changes of the construction plan, the construction works were suspended during the period from around April 2022 to around February 2023 resulting in a delay in the progress of the construction. It was expected that the completion date of the construction will be in or around the first quarter of 2027. The Group intends to fund 80% of the contract cost by bank financing and 20% by its internal resources. The site area of the investment property is approximately 35,673 square meters, with plot ratio not more than 1.2 and gross floor area permissible for sale is no more than 40% of the total gross floor area. The investment property will be developed into the global technology research and development centre of the Group, two main office buildings with total gross floor area of approximately 25,696 square meter (the "Main Buildings") and seventeen small office buildings with total gross floor area of approximately 17,055 square meter (the "Office Buildings") will be developed. Upon the completion of the construction, the Group intends to lease some office spaces of the Main Buildings to third parties, which will bring additional income streams to the Group. The Group also decides to sell the Office Buildings to repay the construction cost. During the year ended 31 December 2021, as the management of the Group had decided to sell Office Buildings upon completion and the investment property of approximately HK\$136.5 million had been transferred to inventories. The Group intends to develop the investment property to bring additional income to the Group, it is an one-off transaction and the Group does not have the intention to enter into real estate development industry.

14. Interest-Bearing Bank Borrowings

As at 30 June 2025, the Group had total debt of HK\$124.8 million (as at 31 December 2024: HK\$117.5 million), which was comprised of guaranteed interest-bearing bank borrowings of HK\$92.5 million (as at 31 December 2024: HK\$86.1 million) and unguaranteed interest-bearing bank borrowings of HK\$32.3 million (as at 31 December 2024: HK\$31.4 million).

As at 30 June 2025, bank balances of approximately HK\$10.6 million (as at 31 December 2024: HK\$14.5 million) was pledged to secure general banking facilities granted to the Group.

The maturity profile of the interest-bearing bank borrowings as at 31 December 2024 and 30 June 2025 were repayable within one year or demand.

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

The Group received approximately HK\$687.0 million net proceeds, after deducting underwriting fees and other related expenses, from the Company's IPO. In order to enhance the efficiency of the use of the net proceeds and to balance the use of the net proceeds in a more reasonable manner while aligning with the Company's business development need, coupled with the changes in external environmental factors, the Board has resolved on 27 November 2023, the unutilised net proceeds of approximately HK\$79.7 million for establishing joint ventures and expanding APM service teams and acquisitions of other APM service providers had been re-allocated for investment in research and development activities, constructing new production facility and general corporate purposes and working capital requirements of HK\$30.0 million, HK\$14.7 million and HK\$35.0 million, respectively. For further details in respect of the change in use of proceeds from the IPO, please refer to the announcement of the Company dated 27 November 2023 (the "Change in Use of Proceeds Announcement") and clarification announcement of the Company dated 28 November 2023 (the "Clarification Announcement").

MANAGEMENT DISCUSSION AND ANALYSIS

These net proceeds were applied up to the period ended 30 June 2025 in the manner as stated in the prospectus of the Company dated 14 June 2013, the Change in Use of Proceeds Announcement and the Clarification Announcement, as follows:

		Net proceeds utilised during the Period	Net proceeds utilised up to 30 June 2025	Unutilised	Expected timeline for unutilised net Proceeds
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	
Investment in research and development activities	167.4	7.3	161.9	5.5	End of 2025
Establishing joint ventures and expanding APM service teams	99.9	–	99.9	–	
Manufacturing APM equipment and expanding our APM service teams	103.1	–	103.1	–	
Acquisitions of other APM service providers	60.8	–	60.8	–	
Constructing new production facility	83.4	0.6	77.6	5.8	End of 2025
Establishing sales offices in new markets and marketing expenses	68.7	–	68.7	–	
General corporate purposes and working capital requirements	103.7	8.4	95.6	8.1	End of 2025
	687.0	16.3	667.6	19.4	

The unutilised net proceeds have been deposited into short-term deposits with licensed banks and authorised financial institutions in Hong Kong and the PRC.

16. Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures, and Future Plans for Material Investments or Capital Assets

During the Period under review, 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. 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.

17. Capital Commitments and Contingent Liabilities

The Group's capital commitments are set out in note 21 to these condensed consolidated interim unaudited financial statements.

As at 30 June 2025, the Group did not have any material contingent liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

18. 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 2025 and as at 31 December 2024, all of the Group's bank borrowings are at fixed interest. 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 2025, bank balances and cash, pledged bank deposits and financial assets at fair value through profit or loss of approximately HK\$230,242,000 (as at 31 December 2024: HK\$286,044,000) are denominated in RMB, the remaining balances are mainly denominated in Hong Kong dollars. As at 30 June 2025, the Group's bank borrowings denominated in RMB amounted to HK\$124,794,000 (equivalent to RMB114,029,000) (as at 31 December 2024: HK\$117,506,000 (equivalent to RMB110,500,000)). 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.

19. Employees and Remuneration

As at 30 June 2025, the Group had a total of 308 full time employees (as at 31 December 2024: 295). Staff costs during the Period, including directors' emoluments, totalled HK\$34.4 million (six-month period ended 30 June 2024: HK\$29.6 million). The Group provides competitive remuneration packages to retain its employees including discretionary bonus schemes, medical insurance and other allowances and benefits in kind as well as mandatory provident fund schemes for employees in Hong Kong and state-managed retirement benefit schemes for employees in the PRC. The Group stresses the importance of staff development and provides training programmes on an ongoing basis.

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 2025, 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			Approximate percentage of existing issued share capital of the Company
	Number of share held	Corporate Interests	Total	
Mr. Sze Wai Pan ("Mr. Sze")	13,000,000	529,688,260 ⁽¹⁾	542,688,260	50.30%
Ms. Sze Wan Nga ("Ms. Sze")	880,000	29,640,000 ⁽²⁾	30,520,000	2.83%
Mr. Chan Kai King	3,166,667	–	3,166,667	0.29%
Dr. Chan Yan Chong	50,000	–	50,000	0.00%

Notes:

- 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 (Holdings) 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	Freotech Cayman	Beneficial owner	1,162,956	100%
Mr. Sze	Sze BVI	Beneficial owner	1	100%
Mr. Sze	Freotech Technology	Beneficial owner	100	100%
Ms. Sze	Intelligent Executive	Beneficial owner	10,000	100%

Save as disclosed above, as at 30 June 2025, 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 2025, 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
Freotech Technology ⁽¹⁾	Interest in controlled corporation	529,688,260	49.09%
Sze BVI ⁽¹⁾	Interest in controlled corporation	529,688,260	49.09%
Freotech Cayman ⁽¹⁾	Beneficial owner	529,688,260	49.09%
Bank of Communications Trustee Limited ⁽²⁾	Trustee	101,536,200	9.41%

Notes:

- The relationship between Freotech Technology, Sze BVI, Freotech Cayman and Mr. Sze is disclosed under the heading "Directors' and Chief Executive's Interests and Short Positions in Shares and underlying Shares" above.
- Bank of Communications Trustee Limited ("BOCM Trustee") is appointed by the Company to purchase such the shares of the Company on the Stock Exchange or off-market and to hold them in trust for the benefit of the employees on and subject to the terms and conditions of the scheme rules and the trust deed of the share award scheme. According to the disclosure interest form filed by BOCM Trustee on 11 April 2025, the number of shares held by BOCM Trustee were 97,236,200. During the Period under review, as additional shares acquired by BOCM Trustee, the number of shares held by BOCM Trustee were 101,536,200 as at 30 June 2025.

CORPORATE GOVERNANCE REPORT AND OTHER INFORMATION

Save as disclosed above, as at 30 June 2025, 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 new share option scheme was conditionally adopted by the Company on 21 May 2024 (the “Share Option Scheme”). The purpose of the Share Option Scheme is to recognise and acknowledge the contributions of the eligible participants (including employees and directors including non-executive directors and independent non-executive directors of the Company or any of its subsidiaries) that such eligible participants have made or may make to the Group, to provide incentives and/or reward to such eligible participants for their contributions to the Group and/or to enable the Group to recruit high caliber employees and/or attract human resources that are valuable to the Group. During the Period (six-month period ended 30 June 2024: nil), no share options were granted, exercised, cancelled or lapsed under the Share Option Scheme. There were no outstanding share options under the Share Option Scheme as at 30 June 2025 (2024: nil). The total number of share options which is available for being granted under the Share Option Scheme as at 1 January 2025, 30 June 2025 and as at 29 August 2025 were 107,900,000 share options respectively.

Details of the Share Option Scheme are required to be disclosed under Chapter 17 of the Listing Rules are disclosed in note 19 to the financial statements.

4. SHARE AWARD SCHEME

On 7 May 2014 (the “Adoption Date”), the Company adopted the share award scheme (as amended on 22 December 2020 and 7 May 2024) (the “Share Award Scheme”) under which shares of the Company (the “Awarded Shares”) may be awarded to 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 aims 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 otherwise terminated or amended, will remain in force for a term of 10 years commencing on the Adoption Date. On 7 May 2024, the Share Award Scheme has been amended that, among other things, the term of the Share Award Scheme has been extended for a term of 10 years commencing from 7 May 2024.

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 the shares of the Company and instruct the Trustee to purchase such shares on The Stock Exchange of Hong Kong Limited 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 the returned shares, any 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.

CORPORATE GOVERNANCE REPORT AND OTHER INFORMATION

The aggregate number of the Awarded Shares permitted to be awarded under the Share Award Scheme throughout the duration of the Share Award Scheme is limited to 15% of the issued share capital of the Company from time to time. Since the Adoption Date and up to the date of this report, a total of 8,427,000 Awarded Shares had been vested under the Share Award Scheme, representing about 0.8 per cent of the issued share capital of the Company on the Adoption Date. The total number of unvested shares as at 1 January 2025 and 30 June 2025 were both nil share. The total number of Awarded Shares which is available for being further awarded under the Share Award Scheme as at 1 January 2025, 30 June 2025 and 29 August 2025 were 153,423,000 shares (represents 14.22 per cent of the issued share capital of the Company as at 1 January 2025, 30 June 2025 and 29 August 2025). As at 30 June 2025, taking into account the shares acquired out of the dividends from the shares held under the Trustee, there were 101,536,200 Awarded Shares held in trust under the Share Award Scheme.

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.

During the Period under review, nil (six-month period ended 30 June 2024: nil) Awarded Shares had been awarded.

Further details of the Share Award Scheme are disclosed in note 20 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 C1 to the Listing Rules, except code provision C.2.1 as more particularly described below.

CG Code provision C.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.

CORPORATE GOVERNANCE REPORT AND OTHER INFORMATION

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), Prof. Lau Chi Pang, J.P. and Prof. Lai Kin Keung (including one independent non-executive director with the appropriate professional qualifications).

At an audit committee meeting held on 29 August 2025, 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 for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules.

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 2024: nil).

On behalf of the Board

Mr. Sze Wai Pan

Chairman and Chief Executive Officer

Hong Kong, 29 August 2025

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six-month period ended 30 June 2025

	Notes	Six-month period ended 30 June	
		2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000 Represented
REVENUE	3	82,386	70,300
Cost of sales		(47,614)	(38,751)
Gross profit		34,772	31,549
Other income	4	1,448	2,312
Other gains and losses, net	5	(264)	(115)
Reversal of impairment losses on financial and contract assets	16	550	3,512
Selling and distribution costs		(6,197)	(8,366)
Administrative expenses		(31,313)	(29,092)
Research and development costs		(7,287)	(4,020)
Other expenses		(49)	(10)
Share of losses of joint ventures		(843)	(2,560)
Finance costs	6	(1,976)	(1,757)
LOSS BEFORE INCOME TAX EXPENSE	7	(11,159)	(8,547)
Income tax credit/(expense)	8	1,804	(1,424)
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		(9,355)	(9,971)
PROFIT FROM A DISCONTINUED OPERATION (NET OF TAX)		–	1,939
LOSS FOR THE PERIOD		(9,355)	(8,032)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD			
Items that will not be reclassified to profit or loss:			
Exchange differences arising from translation		17,257	(17,416)
Fair value loss on investments in equity instruments at fair value through other comprehensive income ("FVTOCI")		(296)	(823)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		16,961	(18,239)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		7,606	(26,271)
(Loss)/profit for the period attributable to:			
Owners of the Company		(9,414)	(8,507)
Non-controlling interests		59	475
		(9,355)	(8,032)
Total comprehensive income for the period attributable to:			
Owners of the Company		7,649	(25,059)
Non-controlling interests		(43)	(1,212)
		7,606	(26,271)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six-month period ended 30 June 2025

	Notes	Six-month period ended 30 June	
		2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000 Represented
(Loss)/profit for the year attributable to owners of the Company			
— from continuing operations		(9,414)	(9,051)
— from a discontinued operation		—	544
		(9,414)	(8,507)
Total comprehensive income attributable owners of the Company			
— from continuing operations		7,649	(25,028)
— from a discontinued operation		—	(31)
		7,649	(25,059)
(Loss)/earnings per share attributable to equity holders of the Company			
From continuing and discontinued operations	10		
— Basic (HK cents)		(0.96)	(0.85)
— Diluted (HK cents)		(0.96)	(0.85)
From continuing operations	10		
— Basic (HK cents)		(0.96)	(0.90)
— Diluted (HK cents)		(0.96)	(0.90)
From a discontinued operation	10		
— Basic (HK cents)		—	0.05
— Diluted (HK cents)		—	0.05

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Notes	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	75,363	86,497
Investment property	11	148,669	144,325
Right-of-use assets		9,907	5,126
Other intangible assets		234	271
Interests in joint ventures		5,025	6,543
Equity instruments at FVTOCI		3,988	4,165
Prepayments and deposits for acquisition of leasehold land		3,575	3,474
		246,761	250,401
CURRENT ASSETS			
Inventories	12	177,273	167,244
Bills and trade receivables	13	96,910	84,656
Contract assets	14	154,498	154,620
Prepayments, deposits and other receivables	15	43,072	32,611
Financial assets at fair value through profit or loss ("FVTPL")		108,346	–
Pledged bank deposits		10,624	14,502
Bank balances and cash		122,587	279,258
		713,310	732,891
CURRENT LIABILITIES			
Bills, trade and other payables	17	96,746	135,781
Contract liabilities		348	548
Taxation payable		1,437	3,838
Lease liabilities		2,304	984
Bank borrowings		124,794	117,506
		225,629	258,657
NET CURRENT ASSETS		487,681	474,234
TOTAL ASSETS LESS CURRENT LIABILITIES		734,442	724,635

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Notes	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
NON-CURRENT LIABILITIES			
Deferred tax liabilities		16,193	15,869
Lease liabilities		3,689	–
		19,882	15,869
		714,560	708,766
CAPITAL AND RESERVES			
Share capital	18	107,900	107,900
Reserves		597,111	591,274
Attributable to owners of the Company		705,011	699,174
Non-controlling interests		9,549	9,592
Total equity		714,560	708,766

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2025

	Attributable to owners of the Company										
	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)	Foreign currency translation reserve HK\$'000	Accumulated losses HK\$'000	Investment revaluation reserve HK\$'000	Total HK\$'000	Non-controlling interest HK\$'000	Total HK\$'000
At 1 January 2025 (Audited)	107,900	732,463	(27,979)	25,328	91,344	(122,315)	(104,816)	(2,751)	699,174	9,592	708,766
(Loss)/profit for the period	-	-	-	-	-	-	(9,414)	-	(9,414)	59	(9,355)
Other comprehensive income for the period	-	-	-	-	-	17,359	-	(296)	17,063	(102)	16,961
Total comprehensive income for the period	-	-	-	-	-	17,359	(9,414)	(296)	7,649	(43)	7,606
Share purchased for share award	-	-	(1,812)	-	-	-	-	-	(1,812)	-	(1,812)
At 30 June 2025 (Unaudited)	107,900	732,463	(29,791)	25,328	91,344	(104,956)	(114,230)	(3,047)	705,011	9,549	714,560

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2025

	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)	Foreign currency translation reserve HK\$'000	Accumulated losses HK\$'000	Investment revaluation reserve HK\$'000	Total HK\$'000	Non-controlling interest HK\$'000	Total HK\$'000
At 1 January 2024 (Audited)	107,900	732,463	(24,983)	25,328	97,115	(98,355)	(123,144)	(962)	715,362	47,953	763,315
(Loss)/profit for the period	–	–	–	–	–	–	(8,507)	–	(8,507)	475	(8,032)
Other comprehensive income for the period	–	–	–	–	–	(15,729)	–	(823)	(16,552)	(1,687)	(18,239)
Total comprehensive income for the period	–	–	–	–	–	(15,729)	(8,507)	(823)	(25,059)	(1,212)	(26,271)
Share purchased for share award	–	–	(370)	–	–	–	–	–	(370)	–	(370)
At 30 June 2024 (Unaudited)	107,900	732,463	(25,353)	25,328	97,115	(114,084)	(131,651)	(1,785)	689,933	46,741	736,674

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 20), 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 20.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2025

	Notes	Six-month period ended 30 June	
		2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Operating activities			
(Loss)/profit before income tax expense			
— Continuing operations		(11,159)	(8,547)
— A discontinued operation		—	1,939
		(11,159)	(6,608)
Adjustments for:			
Interest income		(1,031)	(2,072)
Finance costs		1,976	1,810
Share of losses of joint ventures		843	2,560
Depreciation of property, plant and equipment		7,693	10,121
Depreciation of right-of-use assets		1,436	1,399
Amortisation of other intangible assets		234	288
Loss on disposal of property, plant and equipment	7	215	64
(Reversal of)/provision for impairment losses on financial and contract assets, net			
— trade receivables and contract assets		(532)	(9,569)
— other receivables		(18)	893
Unrealised exchange differences		3,041	1,420
Operating cash flows before movements in working capital		2,698	306
Increase in inventories		(5,074)	(3,087)
Decrease in bills and trade receivables		1,023	30,097
(Increase)/decrease in contract assets		(5,594)	74,499
(Decrease)/increase in contract liabilities		(206)	5,138
Increase in prepayments, deposits and other receivables		(9,483)	(12,334)
Decrease in bills, trade and other payables		(17,781)	(83,575)
Cash (used in)/generated from operations		(34,417)	11,044
Interest paid		(1,976)	(1,810)
Income tax paid		(805)	(3,384)
Net cash flows (used in)/generated from operating activities		(37,198)	5,850

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2025

	Notes	Six-month period ended 30 June	
		2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Investing activities			
Interest received		1,031	2,072
Purchase of property, plant and equipment		(2,302)	(1,994)
Proceeds from disposal of property, plant and equipment		2,815	–
Addition to investment property		(547)	(255)
Addition to other intangible assets		(189)	–
Placement of financial assets at FVTPL		(361,872)	(124,699)
Withdrawal of financial assets at FVTPL		255,249	81,363
Placement of pledged bank deposits		(5,083)	(6,547)
Withdrawal of pledged bank deposits		9,316	5,972
Placement of restricted bank deposits		–	(3,466)
Withdrawal of restricted bank deposits		–	3,417
Net cash flows used in investing activities		(101,582)	(44,137)
Financing activities			
Bank borrowing raised		58,003	65,004
Repayment of bank borrowings		(54,202)	(63,866)
Decrease in bills, trade and other payables		(24,000)	–
Repayment of principal portion of lease liabilities		(1,087)	(983)
Purchase of shares held under the share award scheme		(1,812)	(372)
Net cash flows used in financing activities		(23,098)	(217)
Net decrease in cash and cash equivalents		(161,878)	(38,504)
Cash and cash equivalents at beginning of period		279,258	246,688
Effect of exchange rate changes on the balance of cash held in foreign currencies		5,207	(5,626)
Cash and cash equivalents at the end of the period, represented by bank balances and cash		122,587	202,558

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2025

1. CORPORATE INFORMATION

Fretech 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, provision of road maintenance services, and development, sales and leasing of properties 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 2025 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2024.

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 2025 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability
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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 2025

3. REVENUE AND SEGMENT INFORMATION

3.1 Revenue

Disaggregation of revenue from contracts with customers

Segments— continuing operations	For the six months ended 30 June 2025		
	Maintenance Services (Unaudited) HK\$'000	Sale of equipment (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Types of goods			
Maintenance Service			
— “Hot-in-place” Projects	51,578	–	51,578
Sales of equipment			
— Standard series	–	10,834	10,834
— Modular series	–	18,957	18,957
— Repair and maintenance	–	1,017	1,017
Total	51,578	30,808	82,386
Geographical markets			
Mainland China	51,578	29,189	80,767
Overseas	–	1,619	1,619
Total	51,578	30,808	82,386
Timing of revenue recognition			
A point in time	–	30,808	30,808
Over time	51,578	–	51,578
Total	51,578	30,808	82,386

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2025

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

3.1 Revenue *(Continued)*

Disaggregation of revenue from contracts with customers *(Continued)*

Segments— continuing operations	For the six months ended 30 June 2024		
	Maintenance Services (Unaudited)	Sale of equipment (Unaudited)	Total (Unaudited)
	HK\$'000	HK\$'000	HK\$'000
Types of goods			
Maintenance Service			
— “Hot-in-place” Projects	58,509	—	58,509
Sales of equipment			
— Standard series	—	10,951	10,951
— Modular series	—	—	—
— Repair and maintenance	—	840	840
Total	58,509	11,791	70,300
Geographical markets			
Mainland China	58,509	11,773	70,282
Overseas	—	18	18
Total	58,509	11,791	70,300
Timing of revenue recognition			
A point in time	—	11,791	11,791
Over time	58,509	—	58,509
Total	58,509	11,791	70,300

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2025

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 three reportable operating segments as follows:

Maintenance services	—	Provision of road maintenance services
Sale of equipment	—	Manufacturing and sale of road maintenance equipment
Properties	—	Development, sales and leasing of properties

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 loss before income tax. The adjusted loss before income tax is measured consistently with the Group's 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 period ended 30 June 2025 and 2024 is set out below:

	Six-month period ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Customer A — Manufacturing and sale of road maintenance equipment	18,957	—
Customer B — Provision of road maintenance services	14,212	—

There was no customer contributing over 10% of the total revenue of the Group for the six-month period ended 30 June 2024.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2025

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

3.2 Operating segment *(Continued)*

Continuing operations

	For the six-month period ended 30 June 2025			
	Maintenance Services (Unaudited) HK\$'000	Sale of equipment (Unaudited) HK\$'000	Properties (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Segment revenue:				
Sales to external customers	51,578	30,808	–	82,386
Other revenue	12	405	–	417
Revenue	51,590	31,213	–	82,803
Allocated corporate expenses	(46,699)	(38,248)	(238)	(85,185)
Segment results	4,891	(7,035)	(238)	(2,382)
<i>Reconciliation:</i>				
Interest income				1,031
Foreign exchange gains, net				80
Finance costs				(1,976)
Unallocated corporate expenses				(7,069)
Share of losses of joint ventures				(843)
Loss before income tax expense				(11,159)
Other segment information:				
Impairment losses reversed in respect of trade receivables, contract assets and other receivables	(106)	(444)	–	(550)
Depreciation and amortisation	7,220	2,143	–	9,363
Capital expenditure*	2,184	6,403	547	9,134

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

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2025

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

3.3 Operating segment *(Continued)*

Continuing operations *(Continued)*

	For the six-month period ended 30 June 2024			
	Maintenance	Sale of	Properties	Total
	Services	equipment	(Unaudited)	(Unaudited)
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:				
Sales to external customers	58,509	11,791	–	70,300
Other revenue	357	–	–	357
Revenue	58,866	11,791	–	70,657
Allocated corporate expenses	(39,510)	(28,902)	(488)	(68,900)
Segment results	19,356	(17,111)	(488)	1,757
<i>Reconciliation:</i>				
Interest income				1,955
Foreign exchange losses, net				(51)
Finance costs				(1,757)
Unallocated corporate expenses				(7,891)
Share of losses of joint ventures				(2,560)
Loss before income tax expense				(8,547)
Other segment information:				
Impairment losses reversed in respect of trade receivables, contract assets and other receivables	(4,464)	1,029	(77)	(3,512)
Depreciation and amortisation	6,009	1,748	–	7,757
Capital expenditure*	336	512	255	1,103

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

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2025

4. OTHER INCOME

	Six-month period ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Continuing operations		
Government grants (Note)	404	–
Interest income	1,031	1,955
Others	13	357
	1,448	2,312

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	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Continuing operations		
Loss on disposal of property, plant and equipment	(215)	(64)
Donations	(129)	–
Foreign exchange gains/(losses), net	80	(51)
	(264)	(115)

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2025

6. FINANCE COSTS

	Six-month period ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Continuing operations		
Interest on:		
— Bank borrowings	1,915	1,719
— Lease liabilities	61	38
	1,976	1,757

7. LOSS BEFORE INCOME TAX EXPENSE

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

	Six-month period ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Continuing operations		
Depreciation of property, plant and equipment	7,693	6,531
Depreciation of right-of-use assets	1,436	948
Amortisation of other intangible assets	234	278
Short-term lease expenses	646	684
Loss on disposal of property, plant and equipment	215	64
Reversal of impairment losses on trade receivables and contract assets	(532)	(4,377)
(Reversal of)/provision for impairment losses on other receivables	(18)	865
Foreign exchange (gains)/losses, net	(80)	51

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2025

8. INCOME TAX CREDIT/(EXPENSE)

The charge comprises:

	Six-month period ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Continuing operations		
PRC Enterprise Income Tax ("EIT"):		
— Current tax	147	1,609
— (Over)/under provision in prior years	(1,560)	134
	(1,413)	1,743
Deferred tax credit	(391)	(319)
	(1,804)	1,424

No provision for Hong Kong Profits Tax has been made since there is no tax assessable profit for the six-month period ended 30 June 2024 and 2025.

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 was recognised as a High-Tech company in 2010, 2014, 2017 and 2022 respectively and the applicable tax rate is 15% from 1 January 2010 to 31 October 2020 and 18 November 2022 to 17 November 2025.

南京英達公路養護車製造有限公司 Nanjing Freetech Road Maintenance Vehicle Manufacturing Corporation was recognised as a High-Tech company in 2009, 2012, 2015, 2018 and 2022 respectively and the applicable tax rate is 15% from 1 January 2009 to 28 November 2021 and 12 December 2022 to 11 December 2025.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2025

9. DIVIDENDS

At a meeting of the board of directors held on 29 August 2025, the directors resolve not to pay any interim dividend to shareholders (six-month period ended 30 June 2024: Nil).

10. (LOSS)/EARNINGS PER SHARE

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

(Loss)/Profit

	Six-month period ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Continuing operations		
Loss for the purposes of calculating basic and diluted loss per share		
— attributable to the owners of the Company	(9,414)	(9,051)

	Six-month period ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
A discontinued operation		
Profit for the purposes of calculating basic and diluted earnings per share		
— attributable to the owners of the Company	—	544

Number of shares

	Six-month period ended 30 June	
	2025 (Unaudited)	2024 (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)/earnings per share	982,635,236	1,003,411,789
Effect of dilutive potential ordinary shares:		
Unvested share award	—	—
Weighted average number of ordinary shares for the purpose of calculating diluted (loss)/earnings per share	982,635,236	1,003,411,789

The computation of diluted loss per share for the six-month period ended 30 June 2025 did not assume the vesting of the Company's outstanding share awards as that would decrease the loss per share for the year presented.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2025

11. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

During the six-month period ended 30 June 2025, the Group acquired property, plant and equipment, and investment property of HK\$2,302,000 and HK\$547,000, respectively (six-month period ended 30 June 2024: HK\$848,000 and HK\$255,000).

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 income capitalisation basis. There is no changes in fair value of investment property. For the six-month period ended 30 June 2025 (six-month period ended 30 June 2024: Nil).

12. INVENTORIES

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Raw materials	11,267	12,609
Work-in-progress	11,003	13,468
Finished goods	11,411	1,986
Property under development for sale	143,592	139,181
	177,273	167,244

13. BILLS AND TRADE RECEIVABLES

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Trade receivables	86,221	84,648
Bills receivables	10,689	8
	96,910	84,656

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2025

13. BILLS AND TRADE RECEIVABLES *(Continued)*

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

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
0 to 180 days	10,689	8

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.

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 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Within 3 months	8,119	9,342
3 to 12 months	19,818	22,371
1 to 2 years	29,795	24,216
Over 2 years	28,489	28,719
	86,221	84,648

As at 30 June 2025, included in the trade receivables are amounts due from the Group's related companies of HK\$1,744,000 (31 December 2024: HK\$2,370,000), 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 24.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2025

14. CONTRACT ASSETS

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Provision of road maintenance services	131,825	162,996
Sale of road maintenance equipment	31,168	10,269
	162,993	173,265
Less: Allowance for credit losses	(8,495)	(18,645)
	154,498	154,620

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 16.

As at 30 June 2025, included in the contract assets are amounts due from the Group's related companies of HK\$25,604,000 (31 December 2024: HK\$29,634,000), details of which are set out in note 24.

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Other receivables	10,293	7,742
Prepayments and deposits	29,639	21,696
Other tax recoverable	3,140	3,173
	43,072	32,611

As at 30 June 2025, included in the prepayments, deposits and other receivables are amounts due from the Group's related companies of HK\$Nil (31 December 2024: HK\$467,000), which are unsecured, interest-free and have no fixed terms of repayment, details of which are set out in note 24.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2025

16. REVERSAL OF IMPAIRMENT LOSSES ON FINANCIAL AND CONTRACT ASSETS

	Six-month period ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Continuing operations		
(Reversal of)/provision for impairment losses on financial and contract assets recognised on:		
Trade receivables and contract assets	(532)	(4,377)
Other receivables	(18)	865
	(550)	(3,512)

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 2025 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2024.

17. BILLS, TRADE AND OTHER PAYABLES

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Bills payable	3,502	5,698
Trade payables	54,732	55,267
Other tax payables	23,191	20,817
Other payables and accrued charges	15,321	53,999
	96,746	135,781

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

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
0 to 180 days	3,502	5,698

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2025

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

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 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Within 3 months	34,113	26,345
3 to 12 months	9,535	16,003
1 to 2 years	910	2,272
Over 2 years	10,174	10,647
	54,732	55,267

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

As at 30 June 2025, included in the Group's trade payables are amounts due to related companies of approximately HK\$164,000 (31 December 2024: HK\$160,000), 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 24.

As at 30 June 2025, included in the Group's other payables and accrued charges is an amount due to a non-controlling shareholder of approximately HK\$Nil (31 December 2024: HK\$24,000,000) which is unsecured, interest-free and have no fixed terms of repayment.

18. SHARE CAPITAL

Shares

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Authorised: 10,000,000,000 (31 December 2024: 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 2024: 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 2025

19. SHARE OPTION SCHEME

The Company operates a share option scheme (the “Scheme”) for the purpose of recognising and acknowledging the contributions of the eligible participants have made or may make to the Group, providing incentives and/or reward to the eligible participants for their contributions to the Group and/or enabling the Group to recruit high-calibre employees and/or attracting human resources that are valuable to the Group. Eligible persons of the Scheme include any director or any employee employed by any members of the Group from time to time (whether full time or part time), including persons who are granted share options under the Scheme as an inducement to enter into employment contracts with any of such companies. The Scheme became effective on 22 May 2024 and, unless otherwise cancelled or amended, will remain in force for ten years from that date.

The maximum number of share options currently permitted to be granted under the Scheme is an amount equivalent, to 10% of the shares of the Company as at the adoption date of the Scheme. Where any grant of share options to an eligible participant would result in the shares issued and to be issued in respect of all options and awards granted under the Scheme and other schemes of the Company to such eligible participant (excluding any options and awards lapsed in accordance with the terms of the Scheme and other schemes of the Company) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the shares in issue at date of such grant, such grant shall be subject to the approval of shareholders in shareholders’ meeting.

Any grant of share options to a Director, chief executive or substantial shareholder of the Company, or any of their respective associates shall be approved by independent non-executive director (excluding any independent non-executive director who is the proposed grantee of such options); and where any grant of share options to an independent non-executive director or a substantial shareholder of the Company or any of their respective associates would result in shares of the Company issued and to be issued in respect of all options and awards granted under the Scheme and other scheme of the Company (excluding options lapsed) to such person in a 12 month-period up to and including the date of such grant representing 0.1% of the shares in issue, such further grant shall be approved by shareholders of the Company in 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 higher 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, cancelled or lapsed by the Company under the Scheme. There were no outstanding share options under the Scheme as at 30 June 2025 and 31 December 2024. The total number of share options which is available for being granted under the Scheme as at 1 January 2025 and 30 June 2025 were 107,900,000 share options.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2025

20. SHARE AWARD SCHEME

On 7 May 2014, the Company adopted the share award scheme (as amended on 22 December 2020) (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. On 7 May 2024, the Share Award Scheme has been amended that, among other things, the term of the Share Award Scheme has been extended for a term of 10 years commencing from 7 May 2024.

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 15% 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 2025, based on the Company’s instruction, the trustee acquired 10,410,000 shares of HK\$0.17 each (six-month period ended 30 June 2024: 2,050,000 shares of HK\$0.18 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\$1,812,000 (six-month period ended 30 June 2024: HK\$372,000).

No share was awarded under the share award scheme during the six-month period ended 30 June 2025 (six-month period ended 30 June 2024: Nil).

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.

At the date of approval of these financial statements, 101,536,200 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.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2025

21. CAPITAL COMMITMENTS

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

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Contracted, but not provided for:		
Leasehold land	14,301	13,896
Property, plant and equipment	951	2,470
Construction contract	282,758	292,667
	298,010	309,033

22. 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 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Bank deposits	10,624	14,502

23. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2025 (31 December 2024: Nil).

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2025

24. RELATED PARTY AND CONNECTED PARTY DISCLOSURES

a) Related party and connected 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 and connected parties:

Name	Road maintenance service six-month period ended 30 June		Consulting service six-month period ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000	2025 (Unaudited) HK\$'000	2024 (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))	–	73,046	–	–
Freotech Technology (Holdings) Limited (Note (2))**	–	–	1,450	1,450
南京路捷道路養護有限公司 Nanjing Lujie Road Maintenance Engineering Co., Ltd. ("Nanjing Lujie") (note (3))**	14,212	–	–	–
Associates of Tianjin Expressway Group	–	3,226	–	–

Notes:

** Related party identified under HKAS 24

(1) Tianjin Expressway Group is the non-controlling shareholder (holding 45% equity interest) of 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. Tianjin Expressway Maintenance was disposed on 31 December 2024.

(2) Freotech Technology (Holdings) Limited is the ultimate holding company of the Group.

(3) Nanjing Lujie is joint venture of the Group.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2025

24. RELATED PARTY AND CONNECTED PARTY DISCLOSURES *(Continued)*

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

Name of related parties and connected parties	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Nanjing Lujie	27,348	32,471

c) Details of the amounts due to related parties and connected parties are as follows:

Name of related parties and connected parties	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Lianyungang Luda (note)	164	160

Note: Lianyungang Luda is joint venture 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 period ended 30 June 2025 and 2024 is as follows:

	Six-month period ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Continuing operations		
Short term employee benefits	2,152	2,366
Post-employment benefits	30	31
	2,182	2,397

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2025

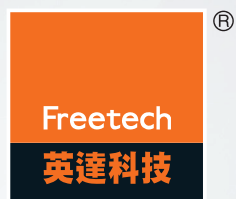
25. DISCONTINUED OPERATION

On 22 November 2024, the Group entered into a share purchase agreement with Tianjin Expressway Group to dispose of its subsidiary at a cash consideration of RMB71,099,000 (equivalent to HK\$76,112,000), Tianjin Expressway Maintenance. The disposal was completed on 31 December 2024, on which date control of Tianjin Expressway Maintenance was passed to the acquirer. The directors consider that the disposal will allow the Group to have more flexibility in management and resources allocation for the development of its APM Services through “Hot-in-Place” projects. Tianjin Expressway Maintenance was classified as a discontinued operation and is no longer included in the note 3 on operating segment information in these condensed consolidated interim financial statements.

The comparative figures in the consolidated statement of profit or loss and other comprehensive income and the related notes thereto have been re-presented to reflect Tianjin Expressway Maintenance as a discontinued operation.

26. 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 29 August 2025.



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