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

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026

The board of directors (the "Board") of Freetech Road Recycling Technology (Holdings) Limited (the "Company") hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six-month period ended 30 June 2026 (the "Period").

FINANCIAL HIGHLIGHTS

	Six-month period ended 30 June		
	2026	2025	
	Unaudited	Unaudited	Decrease
	HK$'000	*HK$'000*	
Revenue	**12,412**	82,386	(84.9%)
Gross (loss)/profit	**(6,937)**	34,772	(119.9%)
Loss attributable to owners of the Company	**(37,883)**	(9,414)	(302.4%)
Loss per share (Basic)	**(3.88)**	(0.96)	(304.2%)
Gross (loss)/profit margin[1]	**(55.9%)**	42.2%	

1 (gross (loss) profit/revenue) x 100%

FINANCIAL RESULTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six-month period ended 30 June 2026

		Six-month period ended 30 June	
		2026	2025
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
REVENUE	*3*	**12,412**	82,386
Cost of sales		**(19,349)**	(47,614)
Gross (loss)/profit		**(6,937)**	34,772
Other income	*4*	**3,299**	1,448
Other gains and losses, net	*5*	**(99)**	(264)
Reversal of impairment losses on financial and contract assets		**10,187**	550
Selling and distribution costs		**(6,306)**	(6,197)
Administrative expenses		**(33,223)**	(31,313)
Research and development costs		**(5,414)**	(7,287)
Other expenses		**(136)**	(49)
Share of losses of joint ventures		**(148)**	(843)
Finance costs	*6*	**(2,335)**	(1,976)
LOSS BEFORE INCOME TAX EXPENSE	*7*	**(41,112)**	(11,159)
Income tax credit	*8*	**3,824**	1,804
LOSS FOR THE PERIOD		**(37,288)**	(9,355)

	Notes	Six-month period ended 30 June 2026 (Unaudited) HK$'000	2025 (Unaudited) HK$'000
LOSS FOR THE PERIOD		**(37,288)**	(9,355)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD			
Items that will not be reclassified to profit or loss:			
Exchange differences arising from translation		**19,757**	17,257
Fair value loss on investments in equity instruments at fair value through other comprehensive income ("FVTOCI")		**(44)**	(296)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		**19,713**	16,961
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**(17,575)**	7,606
Loss for the period attributable to:			
Owners of the Company		**(37,883)**	(9,414)
Non-controlling interests		**595**	59
		(37,288)	(9,355)
Total comprehensive income for the period attributable to:			
Owners of the Company		**(17,996)**	7,649
Non-controlling interests		**421**	(43)
		(17,575)	7,606
Loss per share attributable to equity holders of the Company	*10*		
— Basic (HK cents)		**(3.88)**	(0.96)
— Diluted (HK cents)		**(3.88)**	(0.96)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2026 (Unaudited)** *HK$'000*	31 December 2025 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*11*	**75,670**	74,433
Investment property	*11*	**209,065**	178,360
Right-of-use assets		**7,518**	8,673
Other intangible assets		**376**	600
Interests in joint ventures		**4,960**	6,045
Equity instruments at FVTOCI		**2,466**	2,366
Prepayments and deposits for acquisition of leasehold land		**3,769**	3,630
		303,824	274,107
CURRENT ASSETS			
Inventories		**223,911**	198,856
Trade receivables	*12*	**81,433**	110,769
Contract assets		**79,291**	123,060
Prepayments, deposits and other receivables	*13*	**36,495**	35,786
Tax recoverable		**1,999**	–
Financial assets at fair value through profit or loss		**–**	7,778
Pledged bank deposits		**20,373**	5,349
Time deposits		**17,306**	–
Bank balances and cash		**174,594**	194,859
		635,402	676,457
CURRENT LIABILITIES			
Bills, trade and other payables	*14*	**136,386**	148,909
Contract liabilities		**393**	2,102
Taxation payable		**–**	3,156
Lease liabilities		**2,245**	2,206
Bank borrowings		**132,676**	108,342
		271,700	264,715
NET CURRENT ASSETS		**363,702**	411,742
TOTAL ASSETS LESS CURRENT LIABILITIES		**667,526**	685,849

	Notes	**30 June 2026 (Unaudited)** ***HK$'000***	31 December 2025 (Audited) *HK$'000*
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**17,350**	16,775
Lease liabilities		**1,443**	2,576
		18,793	19,351
		648,733	666,498
CAPITAL AND RESERVES			
Share capital	*15*	**107,900**	107,900
Reserves		**542,984**	561,170
Attributable to owners of the Company		**650,884**	669,070
Non-controlling interests		**(2,151)**	(2,572)
Total equity		**648,733**	666,498

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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 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. BASIS OF PREPARATION AND 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-month period ended 30 June 2026 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2025.

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 HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2026 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity
Annual Improvements to HKFRS Accounting Standards — Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7

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

3. REVENUE AND SEGMENT INFORMATION

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

Geographic information

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

Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue for the six-month period ended 30 June 2026 and 2025 is set out below:

	Six-month period ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Customer A — Manufacturing and sale of road maintenance equipment	**–**	18,957
Customer B — Provision of road maintenance services	**–**	14,212
Customer C — Provision of road maintenance services	**3,689**	–
Customer D — Provision of road maintenance services	**2,097**	–
Customer E — Manufacturing and sale of road maintenance equipment	**1,882**	–
Customer F — Provision of road maintenance services	**1,760**	–
Customer G — Provision of road maintenance services	**1,708**	–

For the six-month period ended 30 June 2026

	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	**9,675**	**2,737**	**–**	**12,412**
Other revenue	**1,744**	**63**	**–**	**1,807**
Revenue	**11,419**	**2,800**	**–**	**14,219**
Allocated corporate expenses	**(29,468)**	**(16,097)**	**(160)**	**(45,725)**
Segment results	**(18,049)**	**(13,297)**	**(160)**	**(31,506)**
Reconciliation:				
Interest income				**971**
Foreign exchange losses, net				**(44)**
Finance costs				**(2,335)**
Unallocated corporate expenses				**(8,050)**
Share of losses of joint ventures				**(148)**
Loss before income tax expense				**(41,112)**
Other segment information:				
Impairment losses reversed in respect of trade receivables, contract assets and other receivables	**(9,387)**	**(718)**	**(82)**	**(10,187)**
Depreciation and amortisation	**7,385**	**2,359**	**–**	**9,744**
Capital expenditure*	**1,597**	**5,249**	**24,422**	**31,268**

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

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)
Reconciliation:				
Interest income				1,031
Foreign exchange gain, 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.

4. OTHER INCOME

	Six-month period ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Government grants *(Note)*	**1,728**	404
Interest income	**971**	1,031
Waiver of long outstanding payable	**529**	–
Others	**71**	13
	3,299	1,448

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	
	2026	2025
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Gain/(loss) on disposal of property, plant and equipment	**2**	(215)
Donations	**(57)**	(129)
Foreign exchange (losses)/gain, net	**(44)**	80
	(99)	(264)

6. FINANCE COSTS

	Six-month period ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on:		
— Bank borrowings	**2,263**	1,915
— Lease liabilities	**72**	61
	2,335	1,976

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	
	2026	2025
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Continuing operations		
Depreciation of property, plant and equipment	**8,409**	7,693
Depreciation of right-of-use assets	**1,309**	1,436
Amortisation of other intangible assets	**37**	234
Short-term lease expenses	**579**	646
(Gain)/loss on disposal of property, plant and equipment	**(2)**	215
Reversal of impairment losses on trade receivables and contract assets	**(9,734)**	(532)
Reversal of impairment losses on other receivables	**(453)**	(18)
Foreign exchange losses/(gains), net	**44**	(80)

8. INCOME TAX CREDIT

The charge comprises:

	Six-month period ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
PRC Enterprise Income Tax ("EIT"):		
— Current tax	**74**	147
— Over provision in prior years	**(3,498)**	(1,560)
	(3,424)	(1,413)
Deferred tax charge	**(400)**	(391)
	(3,824)	(1,804)

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 2025 and 2026.

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 2022 and 2025 respectively and the applicable tax rate is 15% from 18 November 2022 to 17 November 2025 and from 18 November 2025 to 17 November 2028.

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 2022 and 2025 respectively and the applicable tax rate is 15% from 12 December 2022 to 11 December 2025 and from 19 December 2025 to 18 December 2028.

9. DIVIDENDS

At a meeting of the board of directors held on 31 August 2026, the directors resolve not to pay any interim dividend to shareholders (six-month period ended 30 June 2025: Nil).

10. LOSS PER SHARE

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

Loss

	Six-month period ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss for the purposes of calculating basic and diluted loss per share — attributable to the owners of the Company	**(37,883)**	(9,414)

Number of shares

	Six-month period ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares in issue less shares held under share award scheme during the period for the purpose of calculating basic loss per share	**976,263,756**	982,635,236
Effect of dilutive potential ordinary shares:		
Unvested share award	**–**	–
Weighted average number of ordinary shares for the purpose of calculating diluted loss per share	**976,263,756**	982,635,236

The computation of diluted loss per share for the six-month period ended 30 June 2026 did not assume the vesting of the Company's outstanding share awards as that would decrease the loss per share for the year presented.

11. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

During the six-month period ended 30 June 2026, the Group acquired property, plant and equipment, and investment property of HK$7,248,000 and HK$24,422,000, respectively (six-month period ended 30 June 2025: HK$2,302,000 and HK$547,000).

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 2026 (six-month period ended 30 June 2025: Nil).

12. TRADE RECEIVABLES

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 2026 (Unaudited) *HK$'000*	31 December 2025 (Audited) *HK$'000*
Within 3 months	**115**	21,143
3 to 12 months	**18,541**	23,352
1 to 2 years	**29,386**	24,062
Over 2 years	**33,391**	42,212
	81,433	110,769

As at 30 June 2026, included in the trade receivables are amounts due from the Group's related companies of HK$8,925,000 (31 December 2025: HK$436,000), which are repayable on credit terms similar to those offered to the major customers of the Group.

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2026 (Unaudited) *HK$'000*	31 December 2025 (Audited) *HK$'000*
Other receivables	**9,818**	7,315
Prepayments and deposits	**22,724**	24,604
Other tax recoverable	**3,953**	3,867
	36,495	35,786

As at 30 June 2026, included in the prepayments, deposits and other receivables are amounts due from the Group's related companies of HK$Nil (31 December 2025: HK$3,066,000), which are unsecured, interest-free and have no fixed terms of repayment.

14. BILLS, TRADE AND OTHER PAYABLES

	30 June 2026 (Unaudited) *HK$'000*	31 December 2025 (Audited) *HK$'000*
Bills payable	**17,735**	3,608
Trade payables	**37,432**	53,147
Other tax payables	**13,351**	18,496
Other payables and accrued charges	**67,868**	73,658
	136,386	148,909

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

	30 June 2026 (Unaudited) *HK$'000*	31 December 2025 (Audited) *HK$'000*
0 to 180 days	**17,735**	3,608

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 2026 (Unaudited) *HK$'000*	31 December 2025 (Audited) *HK$'000*
Within 3 months	**13,552**	29,998
3 to 12 months	**13,404**	9,781
1 to 2 years	**2,895**	187
Over 2 years	**7,581**	13,181
	37,432	53,147

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

As at 30 June 2026, included in the Group's trade payables are amounts due to related companies of approximately HK$4,594,000 (31 December 2025: HK$9,765,000), which are repayable within 90 days, which represents credit terms similar to those offered by the related companies to their major customers.

15. SHARE CAPITAL

Shares

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Authorised:		
10,000,000,000 (31 December 2025: 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 2025: 1,079,000,000) ordinary shares of HK$0.10 each	**107,900**	107,900

16. CAPITAL COMMITMENTS

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

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Contracted, but not provided for:		
Leasehold land	**15,076**	14,521
Property, plant and equipment	**1,182**	950
Construction contract	**239,765**	257,356
	256,023	272,827

BUSINESS REVIEW

The board of directors (the "Board") hereby presents 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 2026 (the "Period").

In 2026, the global economy faced a challenging environment shaped by macroeconomic uncertainties and ongoing changes across industries. Against this backdrop, China continued to drive its "dual cycle" strategy, prioritizing innovation and green growth. As 2026 marks the start of the "15th Five-Year Plan" (『十五五』規劃), China is accelerating the green transition of its transport infrastructure under the 15th Five-Year Plan for Integrated Transport Service Development(《綜合運輸服務發展『十五五』規劃》) and the national "dual carbon" goals. The policy clearly calls for using eco-friendly maintenance materials and maximizing the recycling of reclaimed pavement. Using sustainable materials, achieving 100% recycling of old road surfaces, and cutting energy use and emissions during maintenance remain key to the industry's long-term future. During the Period, local governments tightened road maintenance budgets, which slowed down market bidding and project execution. In response, the Group stayed disciplined under its "Quality First, Risk Control" approach, selectively focusing on high-quality projects and strong clients. As a result, both the total service area of our "Hot-in-place" projects under the asphalt pavement maintenance ("APM") services segment and the revenue from our APM equipment segment decreased during the Period. The Group believes this prudent strategy improves our overall operating efficiency and protects our business, building a strong foundation for steady, long-term growth.

During the Period, the Group's operating revenue was approximately HK$12.4 million, representing a decrease of approximately 84.9%, as compared to the corresponding period in 2025. Total loss attributable to owners of the Company was approximately HK$37.9 million, representing a decrease of approximately 302.4% as compared to total loss attributable to owners of the Company of approximately HK$9.4 million for the six-month period ended 30 June 2025.

APM Services

The revenue for this segment decreased as compared with that of the corresponding period in 2025 due to the effect of decrease in the total service area of the Group's "Hot-in-Place" projects as local governments tightened road maintenance budgets which slowed down market bidding and project execution. In response, the Group stayed disciplined under its "Quality First, Risk Control" approach, selectively focusing on high-quality projects and strong clients.

The APM services segment recorded revenue of approximately HK9.7 million, representing a decrease of 81.2% as compared to the corresponding period in 2025. This segment shifted from gross profit margin 39.4% for the six-month period ended 30 June 2025 to gross loss margin 86.5% during the Period primarily due to fixed costs remaining incurred despite a significant decline in revenue. 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$2.7 million, representing decrease of 91.1% as compared to the corresponding period in 2025. The decrease in revenue and gross profit was due to: i) the sale a set of modular series equipment in the prior period did not recur during the Period; and ii) the local governments tightened road maintenance budgets which slowed down market bidding and project execution of APM standard series.

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, the Group continued to invest resources in research and development. As at 30 June 2026, it had registered 269 patents (as at 31 December 2025: 266), of which 40 were invention patents (as at 31 December 2025: 40), 199 were utility model patents (as at 31 December 2025: 196) and 30 were design patents (as at 31 December 2025: 30). Besides, it had 20 pending patent applications (as at 31 December 2025: 17), of which 18 invention patents (as at 31 December 2025: 14) and 2 utility model patents (as at 31 December 2025: 3).

During the Period, the Group has consistently integrated artificial intelligence and automation across our entire equipment portfolio, encompassing both "Hot-in-Place" recycling train and standard series. This strategic enhancement significantly reduces reliance on manual operator judgment and specialized skill requirements. Furthermore, the expansion of our proprietary software systems to the management level has enabled us to deliver enhanced operational value to our clients. Concurrently, we have upgraded our unique asphalt pavement heating system. By expanding its fuel compatibility, we have successfully addressed operational challenges in regions characterized by restricted gas supplies or stringent regulatory constraints.

In the field of advanced materials research, we have optimized our polymer grouting formulations. This breakthrough facilitates more effective remediation of deeper subsurface structural road defects.

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

As the "15th Five-Year Plan" unfolds, China's vast road network is entering an intensive maintenance cycle. Meanwhile, under the State Council's Action Plan for Building a Dual Control System for Carbon Emissions (《關於加快構建碳排放雙控制度體系工作方案的通知》), mandatory carbon emission "dual control" takes full effect nationwide in 2026, making low-carbon performance a core standard in project bidding. This policy shift accelerates the phase-out of high-emission traditional methods, unlocking vast market opportunities for our "Hot-in-place Recycling" technology. Furthermore, government expenditure on road maintenance and infrastructure upgrades is expected to remain substantial and continuously expand toward high-quality development. As deferred maintenance demand gradually releases and client preference for cost-effective, low-carbon solutions grows, the Group is well-positioned to capitalize on market recovery. Backed by strong technical barriers and a quality client base, we remain confident in delivering long-term, high-quality growth for our business.

Firstly, as at 31 December 2025, 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 above, 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 (中國南京市建鄴區江心洲) 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. Due to delays in the handover process between the outgoing and incoming main contractors, revisions to the design plan, and the impact of the flood season, the project completion timeline has been postponed from first quarter of 2027 to first quarter of 2028.

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

FINANCIAL PERFORMANCE REVIEW

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

The following is a description of the Group's operating activities during the Period, with comparisons against the corresponding period in 2025.

REVENUE

a. APM Services

	Six-month period ended 30 June				
	2026		2025		
	Unaudited *HK$'000*	**Area serviced** ***(square meters'000)***	Unaudited *HK$'000*	Area serviced *(square meters'000)*	Decrease
Revenue (net of VAT)					
"Hot-in-Place" Projects	**9,675**	**225**	51,578	1,485	(81.2%)

	Six-month period ended 30 June				
	2026		2025		
	Unaudited *HK$'000*	***Margin***	Unaudited *HK$'000*	*Margin*	Decrease
Gross (loss)/profit					
"Hot-in-Place" Projects	**(8,367)**	**(86.5%)**	20,328	39.4%	(141.2%)

Revenue for this segment decreased as compared with that of the corresponding period in 2025 due to local governments tightened road maintenance budgets, resulting in fewer "Hot-in-Place" projects performed during the Period and a significant decrease in total service area during the Period.

Due to fixed costs remaining incurred despite a significant decline in revenue, this segment shifted from gross profit margin 39.4% for the six-month period ended 30 June 2025 to gross loss margin 86.5% during the Period.

b. APM Equipment

	Six-month period ended 30 June				
	2026		2025		
	Unaudited	***units/***	Unaudited	*units/*	
	HK$'000	***sets***	*HK$'000*	*sets*	Decrease
Revenue (net of VAT)					
Standard series	**2,051**	**1**	10,834	6	(81.1%)
Modular series	**–**	**N/A**	18,957	1	N/A
Repair and maintenance	**686**	**N/A**	1,017	N/A	(32.5%)
Total	**2,737**		30,808		(91.1%)

	Six-month period ended 30 June				
	2026		2025		
	Unaudited		Unaudited		
	HK$'000	***Margin***	*HK$'000*	*Margin*	Decrease
Gross profit					
Standard series	**1,008**	**49.1%**	5,989	55.3%	(83.2%)
Modular series	**–**	**N/A**	7,670	40.5%	N/A
Repair and maintenance	**422**	**61.5%**	785	77.2%	(46.2%)
Total	**1,430**	**52.2%**	14,444	46.9%	(90.1%)

Revenue for the APM equipment segment for the Period decreased by 91.1% as compared to the corresponding period for 2025 which was mainly due to the sale of a set of modular series equipment in the prior period did not recur during the Period and the local governments tightened road maintenance budgets which slowed down market bidding and project execution of APM standard series. Despite the absence of these sales, the gross profit margin for the APM equipment segment increased from 46.9% for the six-month period ended 30 June 2025 to 52.2% during the Period, driven by a higher proportion of standard series equipment sales, which yield a higher gross profit margin than modular series equipment.

OTHER INCOME

Other income was increased by approximately HK$1.9 million from HK$1.4 million for the six-month period ended 30 June 2025 to HK$3.3 million for the Period, primarily due to the increase in government grant obtained during the period.

REVERSAL OF IMPAIRMENT LOSSES ON FINANCIAL AND CONTRACT ASSETS

The reversal of the expected credit loss allowance on financial and contract assets increased from HK$0.6 million for the six-month period ended 30 June 2025 to HK$10.2 million during the Period, primarily due to the decrease in trade receivables and contract assets balance and driven by improved collection efficiency for trade receivables and contract assets.

SELLING AND DISTRIBUTION COSTS

The selling and distribution costs remained relatively stable, increased by approximately HK$0.1 million from HK$6.2 million for the six-month period ended 30 June 2025 to HK$6.3 million for the Period.

ADMINISTRATIVE EXPENSES

Administrative expenses increased by approximately HK$1.9 million, from HK$31.3 million for the six-month period ended 30 June 2025 to HK$33.2 million for the Period primarily due to the appreciation of the RMB and higher business travel and corporate hospitality expenses incurred during the Period.

RESEARCH AND DEVELOPMENT COSTS

Research and development costs decreased by approximately HK$1.9 million, from HK$7.3 million for the six-month period ended 30 June 2025 to HK$5.4 million for the Period, primarily due to completion of major technical development phases and cost-efficient research strategies during the Period.

FINANCE COSTS

Finance costs increased by approximately HK$0.3 million, from HK$2.0 million for the six-month period ended 30 June 2025 to HK$2.3 million for the Period, primarily due to the increase in bank borrowings.

SHARE OF LOSSES OF JOINT VENTURES

The Group's share of losses from the joint ventures was approximately HK$0.1 million for the Period, decreased by approximately HK$0.7 million, as compared to the corresponding period in 2025, primarily due to the recognition of the reversal of the expected credit loss allowance on financial and contract assets of the joint ventures during the Period.

INCOME TAX CREDIT

Income tax credit increased by approximately HK$2.0 million, from approximately HK$1.8 million for the six-month period ended 30 June 2025 to approximately HK$3.8 million for the Period, which is mainly due to the overprovision of income tax expense of the PRC's subsidiaries in 2025.

LOSS

Loss attributable to owners of the Company amounted to approximately HK$37.9 million for the Period compared with loss attributable to owners of the Company of approximately HK$9.4 million for the six-month period ended 30 June 2025, primarily due to the effect of (i) the decrease in revenue of APM services segment and APM equipment segment; and (ii) the increase in the recognition of reversal of expected credit loss allowance of trade receivables and contract assets.

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2026, the Group's bank balances and cash, financial assets at fair value through profit or loss, time deposit and pledged bank deposits (the "Cash and Bank Deposits") amounted to approximately HK$212.3 million (as at 31 December 2025: HK$208.0 million). The increase was primarily due to the net effect of (1) capital expenditure incurred for addition to investment property; (2) increase in proceeds of bank borrowings; 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 Deposits 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 2026, the bank borrowings of the Group amounted to approximately HK$132.7 million (as at 31 December 2025: HK$108.3 million). As at 30 June 2026 and as at 31 December 2025, the Group was in a net cash position.

Due to the decrease in the revenue and enhanced collection efficiency during the Period, the trade receivables and contract assets balances was decreased by HK$74.5 million, or approximately 15.3%, from HK$487.9 million as of 31 December 2025 to HK$413.4 million as of 30 June 2026. 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$5.1 million (equivalent to approximately RMB4.6 million).

As at 30 June 2026, 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.

INVESTMENT PROPERTY

As at 30 June 2026, the Group's investment property is measured using the fair value model and was approximately HK$209.1 million (as at 31 December 2025: HK$178.4 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 (中國南京市建鄴區江心洲). 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. Furthermore, due to delays in the handover process between the outgoing and incoming main contractors in 2025, revisions to the design plan, and the impact of the flood season, the project completion timeline has been postponed from first quarter of 2027 to first quarter of 2028. 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.

INTEREST-BEARING BANK BORROWINGS

As at 30 June 2026, the Group had total debt of HK$132.7 million (as at 31 December 2025: HK$108.3 million), which was comprised of guaranteed interest-bearing bank borrowings of HK$132.7 million (as at 31 December 2025: HK$97.2 million) and unguaranteed interest-bearing bank borrowings of HK$nil (as at 31 December 2025: HK$11.1 million).

As at 30 June 2026, bank balances of approximately HK$20.4 million (as at 31 December 2025: HK$5.3 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 2025 and 30 June 2026 were repayable within one year or demand.

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 and clarification announcement of the Company dated 28 November 2023.

As at 31 December 2025 and 30 June 2026, the proceeds have been fully utilized.

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. Save as disclosed in this announcement, there was no concrete plan authorised by the Board for other material investments or additions of capital assets as at the date of this announcement.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The Group's capital commitments are set out in note 16 of this announcement.

As at 30 June 2026, the Group did not have any material contingent liabilities.

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 2026 and as at 31 December 2025, all 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 2026, bank balances and cash, time deposit, pledged bank deposits, financial assets at fair value through profit or loss and time deposit of approximately HK$204,914,000 (as at 31 December 2025: HK$181,438,000) are denominated in RMB, the remaining balances are mainly denominated in Hong Kong dollars. As at 30 June 2026, the Group's bank borrowings denominated in RMB amounted to HK$132,676,000 (equivalent to RMB115,000,000) (as at 31 December 2025: HK$108,342,000 (equivalent to RMB97,500,000)). 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.

EMPLOYEES AND REMUNERATION

As at 30 June 2026, the Group had a total of 245 full time employees (as at 31 December 2025: 283). Staff costs during the Period, including directors' emoluments, totalled HK$31.8 million (six-month period ended 30 June 2025: HK$34.4 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 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 Wai Pan ("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.

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 31 August 2026, 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.

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 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.

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 (including sale of treasury shares) during the Period. As at 30 June 2026, the Company did not hold any treasury shares.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Period (for the six-month period ended 30 June 2025: nil).

PUBLICATION OF INTERIM RESULTS AND REPORT

The interim results announcement is published on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the website of the Company at www.freetech-holdings.hk.

The interim report of the Company for the six-month period ended 30 June 2026 will be despatched to the shareholders of the Company and published on the above websites in due course.

APPRECIATION

We wish to express our sincere gratitude to our management and staff members for their dedication and hard work during the Period. We would like to extend our thanks to all our business partners, customers and shareholders for their support. We believe that they will continue to render support to the Group for our continuous growth and success in the future.

By order of the Board
Freetech Road Recycling Technology (Holdings) Limited
Sze Wai Pan
Chairman and Chief Executive Officer

Hong Kong, 31 August 2026

As at the date of this announcement, the executive Directors are Mr. Sze Wai Pan and Mr. Chan Kai King; the non-executive Directors are Ms. Sze Wan Nga, Mr. Zhou Jichang, Prof. Tong Wai Cheung Timothy and Dr. Chan Yan Chong; and the independent non-executive Directors are Ms. Yeung Sum, Prof. Lau Chi Pang and Prof. Lai Kin Keung.