隆基泰和智慧能源
LONGITECH SMART ENERGY

LONGITECH SMART ENERGY HOLDING LIMITED
隆基泰和智慧能源控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1281)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

The board (the "**Board**") of directors (the "**Directors**") of LongiTech Smart Energy Holding Limited (the "**Company**") is pleased to announce the unaudited interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2016 (the "**Period**") together with selected explanatory notes and the comparative figures for the corresponding period in 2015 as follows:

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2016

	Notes	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
ASSETS			
Non-current assets			
Land use rights		**6,240**	6,331
Property, plant and equipment		**267,756**	13,055
Available-for-sale financial assets		**5,000**	5,000
Other non-current assets		**15,570**	—
Total non-current assets		**294,566**	24,386
Current assets			
Inventories		**26,471**	23,559
Trade and other receivables	*5*	**88,017**	57,730
Receivables due from customers for contract work	*6*	**436,987**	332,661
Restricted cash		**23,308**	251,015
Cash and cash equivalents		**213,181**	158,518
Total current assets		**787,964**	823,483
Total assets		**1,082,530**	847,869
EQUITY			
Equity attributable to owners of the Company			
Share capital	*8*	**4,943**	4,943
Other reserves		**28,548**	23,951
Retained earnings		**83,844**	41,670
Total equity		**117,335**	70,564

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)
As at 30 June 2016

	Note	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Borrowings		**515,912**	300,000
Deferred government grants		**2,668**	—
Deferred income tax liabilities		**9,657**	—
Total non-current liabilities		**528,237**	300,000
Current liabilities			
Borrowings		**220,600**	220,000
Receipts in advance		**18,419**	26,131
Trade and other payables	*7*	**177,352**	217,499
Current income tax liabilities		**20,587**	13,675
Total current liabilities		**436,958**	477,305
Total liabilities		**965,195**	777,305
Total equity and liabilities		**1,082,530**	847,869

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2016

		Six months ended 30 June	
		2016	2015
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Continuing operations:			
Revenue	*4*	**299,954**	22,870
Cost of sales		**(261,090)**	(16,421)
Gross profit		**38,864**	6,449
Selling and distribution expenses		**(855)**	(557)
Administrative expenses		**(8,767)**	(3,830)
Other income		**24,001**	—
Profit from operations		**53,243**	2,062
Interest income		**55**	9
Finance costs		**(3,701)**	(257)
Finance expenses — net		**(3,646)**	(248)
Profit before income tax		**49,597**	1,814
Income tax expense	*9*	**(6,933)**	(704)
Profit for the period from continuing operations		**42,664**	1,110
Discontinued operations:			
Loss from discontinued operation, net of tax		**—**	(1,622)
Profit/(Loss) for the period		**42,664**	(512)
Attributable to:			
Owners of the Company		**42,174**	(512)
Non-controlling interests		**490**	—
		42,664	(512)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

For the six months ended 30 June 2016

		Six months ended 30 June	
		2016	2015
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Earnings per share for profit/(loss) attributable to owners of the Company (RMB)			
Basic			
Continuing operations	*10*	**0.0694**	0.0018
Discontinued operations	*10*	**—**	(0.0027)
		0.0694	(0.0009)
Diluted			
Continuing operations	*10*	**0.0694**	0.0018
Discontinued operations	*10*	**—**	(0.0027)
		0.0694	(0.0009)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit/(Loss) for the period	**42,664**	(512)
Other comprehensive income for the period		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	**(144)**	(17)
Other comprehensive income for the period	**(144)**	(17)
Total comprehensive income for the period	**42,520**	(529)
Total comprehensive income for the period attributable to:		
Owners of the Company	**42,030**	(529)
Non-controlling interests	**490**	—
	42,520	(529)
Total comprehensive income attributable to owners of the Company arising from:		
Continuing operations	**42,520**	1,093
Discontinued operations	**—**	(1,622)
	42,520	(529)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

LongiTech Smart Energy Holding Limited (the "**Company**", formerly known as "**Long Ji Tai He Holding Limited**") was incorporated in the Cayman Islands on 4 January 2011 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 12 January 2012.

The Company and its subsidiaries (the "**Group**") are principally engaged in primary land development and public infrastructure construction ("**primary land development business**") and smart energy and solar energy businesses. The Company's parent company is Longevity Investment Holding Limited ("**Longevity**"), and the ultimate owner is Mr. Wei Shaojun, the sole shareholder of Longevity (the "**controlling shareholder**").

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2016 has been prepared in accordance with International Accounting Standard ("**IAS**") 34, "Interim Financial Reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**").

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2015, as described in those annual financial statements except for the adoption of amendments to IFRSs effective for the financial year ending 31 December 2016.

The adoption of amendments to IFRSs effective for the financial year ending 31 December 2016 does not have a material impact on the Group.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

4 SEGMENT INFORMATION

The chief operating decision-maker (the "**CODM**") have been identified as the Group's most senior executive management who review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments on the basis of these reports. As the Group's operations are primarily located in the People's Republic of China (the "**PRC**"), the CODM considers the business from a product and service perspective. Management separately considers primary land development business, smart energy and solar energy businesses as reportable operating segments. Others segment mainly comprises of business including the manufacturing, processing and sales of doors and windows and provision of construction and engineering services. During the six month ended 30 June 2016, the CODM assess performance of the three reportable segments which is different from the segment categorisation in prior periods according to the development of new business and reporting structure. The segment information of comparative period has been restated to conform to the current period categorisation.

The CODM assess the performance of the operating segments based on revenue and profit after tax. Sales and other transactions between segments are carried out based on terms and conditions mutually agreed between the relevant parties. The CODM evaluate the performance of the reportable segments based on profit after tax. The measurement of segment revenue and results reported to the CODM are in a manner consistent with that in the statement of comprehensive income. The amounts provided to the CODM with respect to total assets are measured in a manner consistent with that of the balance sheet. These assets are allocated based on the operations of the segment.

(a) The segment results for the six months ended 30 June 2016 and 2015 are as follows:

	Primary land development business	**Smart energy and solar energy businesses**	**Other businesses**	**Elimination**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
(Unaudited)					
For the six months ended 30 June 2016					
Revenue from external customers	**260,310**	**11,824**	**27,820**	**—**	**299,954**
Reportable segment profit after tax	**17,040**	**28,253**	**(2,629)**	**—**	**42,664**
As at 30 June 2016					
Reportable segment assets	**670,522**	**332,898**	**110,166**	**(31,056)**	**1,082,530**
Additions to non-current assets	**258**	**257,753**	**121**	**—**	**258,132**
Reportable segment liabilities	**634,339**	**300,439**	**61,473**	**(31,056)**	**965,195**
(Unaudited)					
For the six months ended 30 June 2015					
Revenue from external customers	—	—	22,870	—	22,870
Reportable segment loss after tax	—	—	(512)	—	(512)
As at 31 December 2015					
Reportable segment assets	589,828	150,111	122,566	(14,636)	847,869
Additions to non-current assets	364	—	421	—	785
Reportable segment liabilities	571,652	150,163	70,126	(14,636)	777,305

(b) Reconciliations of reportable segment profit

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Reportable segment profit/(loss) after tax	**42,664**	(512)
Elimination of discontinued operations	**—**	1,622
Consolidated profit after tax for the period from continuing operations	**42,664**	1,110

5 TRADE AND OTHER RECEIVABLES

	As at 30 June 2016	As at 31 December 2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivable	**53,470**	37,081
Notes receivable	**1,560**	—
Prepayments	**7,372**	12,681
Value-added tax recoverable	**6,959**	—
Other receivables	**12,856**	7,968
Amount due from related parties	**5,800**	—
	88,017	57,730

The ageing analysis of the trade receivables is as follows:

	As at 30 June 2016	As at 31 December 2015
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Within 1 year	**34,260**	21,767
Over 1 year	**19,210**	15,314
	53,470	37,081

As of 30 June 2016, the Group's future receivable collection right of smart energy and solar energy businesses and primary land development business were pledged as securities for the Group's borrowings.

6 CONSTRUCTION CONTRACTS

	As at 30 June 2016 ***RMB'000*** **(Unaudited)**	As at 31 December 2015 *RMB'000* (Audited)
Contract cost incurred plus recognised profit less recognised losses	**618,907**	332,661
Less: progress billings	**(181,920)**	—
Net balance sheet position for ongoing contracts	**436,987**	332,661
Representing:		
Amounts due from customers for contract work	**436,987**	332,661
Amounts due to customers for contract work	**—**	—
	436,987	332,661

For the six months ended 30 June 2016, total contract revenue recognised is RMB260,310,000 (six months ended 30 June 2015: Nil).

7 TRADE AND OTHER PAYABLES

	As at 30 June 2016 ***RMB'000*** **(Unaudited)**	As at 31 December 2015 *RMB'000* (Audited)
Trade payables	**36,592**	18,363
Other payables and accruals	**48,681**	24,315
Amount due to related parties	**92,079**	174,821
	177,352	217,499

The ageing analysis of trade payables is as follows:

	As at 30 June 2016 ***RMB'000*** **(Unaudited)**	As at 31 December 2015 *RMB'000* (Audited)
Within 1 year	**34,676**	17,884
Over 1 year	**1,916**	479
	36,592	18,363

8 SHARE CAPITAL

Ordinary shares, issued and fully paid:

	Six months ended 30 June 2016 (Unaudited)			Six months ended 30 June 2015 (Unaudited)		
	No. of shares	**Amount**	**RMB equivalent**	No. of shares	Amount	RMB equivalent
	(thousands)	***HK$'000***	***RMB'000***	*(thousands)*	*HK$'000*	*RMB'000*
Beginning of the period	**607,440**	**6,074**	**4,943**	602,000	6,020	4,900
Shares issued for exercise of share options	**—**	**—**	**—**	5,440	54	43
End of the period	**607,440**	**6,074**	**4,943**	607,440	6,074	4,943

9 INCOME TAX EXPENSE

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax expense		
PRC Corporate Income Tax ("**CIT**")	**6,933**	704

The statutory tax rate for the period end 30 June 2016 is 25% (2015: 25%), except for certain subsidiaries incorporated in the PRC which were exempted or entitled to preferential rates. Subsidiaries incorporated outside of the PRC for which taxation is calculated at the rates of taxation prevailing in the countries the Group operates.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in these jurisdictions.

No provision for Hong Kong profit tax was made as the Group's Hong Kong subsidiaries did not earn any income subject to Hong Kong profit tax during the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

10 EARNINGS PER SHARE

(a) Basic

Basic earnings per share are calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2016 and 2015, respectively.

	Six months ended 30 June		
	2016	2015	
	Continued operations (Unaudited)	Continued operations (Unaudited)	Discontinued operations (Unaudited)
Profit/(Loss) attributable to owners of the Company (RMB'000)	**42,174**	1,110	(1,622)
Weighted average number of ordinary shares in issue (thousands)	**607,440**	606,027	606,027
Basic earnings per share (RMB)	**0.0694**	0.0018	(0.0027)

(b) Diluted

No dilutive effect on earnings per share for the six months ended 30 June 2016. Diluted earnings per share for the six months ended 30 June 2015 is calculated by adjusting the weighted average of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

	Six months ended 30 June 2015	
	Continued operations (Unaudited)	Discontinued operations (Unaudited)
Profit attributable to owners of the Company (RMB'000)	1,110	(1,622)
Weighted average number of ordinary shares in issue (thousands)	606,027	606,027
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	3,274	3,274
Weighted average number of ordinary shares for diluted earnings per share (thousands)	609,301	609,301
Diluted earnings per share (RMB)	0.0018	(0.0027)

11 DIVIDEND

No interim dividend has been paid or declared by the Board during each of the six months ended 30 June 2015 and 2016.

12 BUSINESS COMBINATIONS

During the six months ended 30 June 2016, the Group acquired three solar power plants from third parties.

(a) On 10 March 2016, the Group acquired 100% equity interests in Liangshan Shengxiang Renewable Technology Company Limited (梁山聖翔新能源科技有限公司) ("**Liangshan Shengxiang**") from a third party for a consideration of RMB10,000. The fair value of identifiable net assets in Liangshan Shengxiang on the date of acquisition was RMB1,083,000. The excess of fair value of identifiable net assets over the consideration is credited to other income.

The principal business activity of Liangshan Shengxiang is development and operation of solar power plant located in Shandong Province, the PRC, with an aggregate installed capacity of approximately 5MW.

(b) On 6 April 2016, the Group acquired 100% equity interests in Huaian Jingyang Photovoltaic Technology Company Limited (淮安精陽光伏科技有限公司) ("**Huaian Jingyang**") from a third party for a consideration of RMB7,185,000. The fair value of identifiable net assets in Huaian Jingyang on the date of acquisition was RMB14,290,000. The excess of fair value of identifiable net assets over the consideration is credited to other income.

The principal business activity of Huaian Jingyang is development and operation of solar power plant located in Jiangsu Province, the PRC, with an aggregate installed capacity of approximately 5MW.

(c) On 7 April 2016, the Group acquired 84.58% equity interests in Beijing Zhongneng Hexin Photovoltaic Technology Company Limited (北京中能和信光電技術有限公司) ("**Beijing Zhongneng**") from a third party for a consideration of RMB8,458,000. The fair value of identifiable net assets in Beijing Zhongneng on the date of acquisition was RMB30,052,000. The excess of fair value of identifiable net assets over the consideration is credited to other income. On 31 May 2016, the Group acquired remaining 15.42% equity interest in Beijing Zhongneng from the non-controlling shareholder for a consideration of RMB1,542,000. The Group recognised the difference between the consideration and the additional share of net assets as an increase in other reserves and a decrease in non-controlling interests.

The principal business activity of Beijing Zhongneng is development and operation of solar power plant through Zhongneng Hexin Longhua County Solar Power Generation Company Limited (中能和信隆化縣太陽能發電有限責任公司) ("**Zhongneng Longhua**") located in Hebei Province, the PRC, with an aggregate installed capacity of approximately 20MW.

(d) The Group's bargain purchase recognised in the consolidated statement of profit or loss of approximately RMB23,979,000 as a result of acquisition of Beijing Zhongneng, Liangshan Shengxiang and Huaian Jingyang. The main reason giving rise to the bargain purchase was the fact that the present value of net cash inflow for the life of the solar power plants acquired exceeded the total consideration paid.

OVERVIEW

After undertaking business transformation in the year 2015, the Group's continuing operations include: (1) smart energy and solar energy businesses; (2) primary land development business; and (3) other businesses, of which smart energy and solar energy businesses will be the Group's principal business activities. During the first half of 2016, targeting the needs of the Group's business transformation, the Group proactively carried out tuning, adjustment and improvement of the internal organizational structure, enhancing and allocating technological, research and development, commercial and operational maintenance teams related to smart energy and solar energy businesses, so as to provide strong support to the Group's principal business activities through more efficient and professional management. Meanwhile, the Group actively expanded smart energy and solar energy station businesses, completing the initial construction of the cloud platform system for smart energy, acquisition of 3 solar energy stations and initial preparation for the development of certain power stations, therefore laying a solid foundation for future business development.

During the Period, the Group's business revenue was RMB299,954,000, representing an increase of 1,211.56% compared to RMB22,870,000 of the same period of 2015. Profit attributable to owners of the Company was RMB42,174,000, representing an increase compared to a loss of RMB512,000 of the same period of 2015, thus achieving profitability.

BUSINESS REVIEW

Smart Energy and Solar Energy Businesses

Smart Energy Business

The Company is devoted to becoming a leading smart energy solution provider for green cities in the PRC, and providing all-round intelligent services for energy consumers including energy monitoring, energy consumption enhancement, energy conservation improvement works, entrusted management of energy consumption and other value-added services through providing a combination of services including the construction of an online smart energy cloud platform, off-line energy enhancement management, distributed energy system, and public energy grid trades. In the first half of 2016, the Group was mainly engaged in the construction of the integrated operation platform for smart energy, the integration works of energy service providers, as well as the construction works for the demonstration zones in smart energy industrial and business parks.

During the Period, smart energy business was not yet able to generate any revenue and profit for the Group. As the smart energy platform has started on-line operation on 22 July 2016, it is expected to generate revenue and profit for the Group in the second half of the year.

Solar Energy Business

Through self-directed and co-development, the Group engaged in development, construction, operation or sales of solar power photovoltaic stations and provision of relevant consultation management services. For operation model, above-ground power stations mainly adopt the "Build-Transfer" (BT) model, while distributed power stations primarily adopt the "Build-Own-Operation" (BOO) model.

During the Period, the Group, by means of acquisitions, held three photovoltaic power stations, namely Beijing Zhongneng (Ground power station), Liangshan Shengxiang (Distributed), Huaian Jingyang (Distributed) with a total of 30MW installed capacity, and were fully connected to the power grids. During the Period, the solar energy business generated revenue of approximately RMB11,824,000 (2015: nil) and profit attributable to owners of the Company approximately RMB27,763,000 including bargain purchase amounting to RMB23,979,000 (2015: nil) for the Group.

Primary Land Development Business

Primary land development business refers to the primary land development and the public infrastructure construction businesses of Baoding Donghu project ("**Boading Donghu project**"). During the Period, the Baoding Donghu project generated revenue of approximately RMB260,310,000 and profit attributable to owners of the Company of approximately RMB17,040,000. Since the smart energy and solar energy businesses will become the principal business activities of the Group, there is no future plan to further expand the primary land development business after the completion of the Baoding Donghu Project.

MARKET OUTLOOK

With the PRC being the largest energy producer and consumer in the world, constructing a clean, low-carbon, safe and highly efficient modern energy system has become a top priority for the Chinese government, and has been clearly included in the "13th Five-year Plan" of the PRC. Since the beginning of 2015, the reform on the energy industry by the state has been actively progressing with steady introduction of related supportive policies. In 2016, the relevant ministries of the country released guidance and advices on "Internet+" smart energy development one after another, and actively promoted the implementation of "Internet+" smart energy demonstration projects. According to the advices from the experts in the National Energy Administration, the implementation of smart energy demonstration projects is expected to bring about investment of at least RMB40 billion this year. In the meantime, the reform in the electricity distribution and sale sector is gradually progressing into the implementation stage, which will break the monopoly in the industry and gradually open the market to public enterprises. Leveraging the Internet concept and advanced internet technologies, the energy industry will embrace a revolution and bring historical development opportunities for companies engaged in related businesses.

Enjoying the development trend of and the national policy support for the energy industry, the Group is proactively developing the LongiTech Smart Energy Cloud Platform (the "**Platform**"), a comprehensive operation platform of smart energy solutions with independent intellectual property rights. Through integrating energy systems and internet technology, the Platform achieves automated, efficient and scientific management of the entire energy usage process covering energy data collection, process monitoring, energy consumption analysis, energy consumption management, etc., fully connecting the whole information chain from energy supply to consumption. Meanwhile, the Platform will integrate energy providers, equipment providers and service providers on one end, and energy customers on the other. By collecting a massive amount of data on energy consumption, conducting big data analysis and extracting customer value, the Platform is aimed at providing consumers with a comprehensive range of smart energy services, including energy monitoring, energy consumption enhancement, energy conservation improvement works, distributed energy and energy trading.

The Group will focus on key energy consumption and environmental pollution regions, Beijing, Tianjin and Hebei, to establish industrial and commercial smart energy demonstration projects. Meanwhile, under full-fledged support from the government, the Group will rapidly expand its client base through the Hebei Energy Management Platform Company (as defined below) to initiate its large-scale operation. During this process, the Group will offer comprehensive energy consumption solutions, including auxiliary services such as energy monitoring, energy consumption enhancement and entrusted management of energy consumption to its customers and provide the government with energy management reports of the industry and data support while extracting marketing value from the gigantic volume of data on customers' energy sources. By building, operating and constantly developing and strengthening the Platform, the Group targets to make a contribution to energy conservation, emission reduction and environmental improvement efforts in the Beijing-Tianjin-Hebei regions as well as the entire country, and play a supportive role in the development of the country's smart energy business.

FINANCIAL REVIEW

Revenue

During the Period, the Group recorded total revenue of approximately RMB299,954,000, representing an increase of approximately 1,211.56% compared to approximately RMB22,870,000 for the same period in 2015, among which the revenue generated from smart energy and solar energy businesses were approximately RMB11,824,000, primary land development business was approximately RMB260,310,000 and other businesses were approximately RMB27,820,000. The increase in revenue was mainly due to revenue generated from the Baoding Donghu Project and solar energy business.

Gross Profit and Gross Profit Margin

During the Period, the gross profit of the Group increased from approximately RMB6,449,000 for the same period in 2015 to approximately RMB38,864,000, representing an increase of 502.64%; during the Period, the gross profit margin of the Group decreased from 28.20% for the same period in 2015 to 12.96%. The decrease was mainly due to the slightly low gross profit margin of the Baoding Donghu Project, which accounted for a relatively high income proportion.

Selling and Distribution Expenses

During the Period, the selling and distribution expenses of the Group increased by approximately RMB298,000 from approximately RMB557,000 for the same period in 2015 to approximately RMB855,000 and the increase was mainly due to an increase in the sales scale.

Administrative Expenses

During the Period, the administrative expenses of the Group amounted to approximately RMB8,767,000, representing an increase of 128.90% compared to approximately RMB3,830,000 for the same period in 2015, mainly due to an increase in the operating costs of newly-added smart energy and solar energy businesses.

Finance Expenses — net

During the Period, the finance expenses net of the Group increased by approximately RMB3,398,000 from approximately RMB248,000 for the same period in 2015 to approximately RMB3,646,000. The increase was mainly due to the borrowing costs arising from the acquisition of solar power stations in March and April 2016.

Income Tax Expenses

During the Period, the income tax expenses increased from RMB704,000 for the same period in 2015 to approximately RMB6,933,000. The increase was mainly due to the income tax of the Baoding Donghu Project.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash Position

During the Period, the cash and cash equivalents and the restricted cash of the Group amounted to approximately RMB236,489,000 (31 December 2015: RMB409,533,000). The decrease was mainly due to the settlement of the construction fee of the Baoding Donghu Project.

Total Current Assets and Liquidity Ratio

For the Period, the total current assets of the Group amounted to approximately RMB787,964,000 (31 December 2015: RMB823,483,000), the liquidity ratio was 1.80 (31 December 2015: 1.73). Both the total current assets and the liquidity ratio remained stable compared to that as of the end of last year.

External Borrowings and Pledge of Assets

During the Period, the external borrowings of the Group amounted to RMB736,512,000 (31 December 2015: RMB520,000,000).

Gearing Ratio

The following table sets out the calculation of the gearing ratio of the Group as at the date indicated:

	As of 30 June 2016 *RMB'000*	As of 31 December 2015 *RMB'000*
External borrowings	**736,512**	520,000
Less: Cash and cash equivalents	**(213,181)**	(158,518)
Restricted cash	**(23,308)**	(251,015)
Net debt	**500,023**	110,467
Total equity	**117,335**	70,564
Total capital	**617,358**	181,031
Gearing ratio	**80.99%**	61.02%

During the Period, the gearing ratio (calculated by dividing net debt over total capital) of the Group increased from 61.02% as at 31 December 2015 to 80.99% as at 30 June 2016, and the increase was mainly due to an increase in loan arising from the solar power station business.

Interest Rate Risk

Total borrowings of the Group as at 30 June 2016 were approximately RMB736,512,000 (31 December 2015: RMB520,000,000), which bear interest rates arrange from 5.39% to 14.46% (31 December 2015: 10.8% to 14.46%). All borrowings of the Group were determined at market interest rate. The Group has not issued any financial instruments for hedging or other purposes.

Exchange Rate Risk

As the Group's principal business activities are carried out in the PRC, the Group's transactions are mainly denominated in RMB, which is not freely convertible into foreign currencies. All foreign exchange transactions involving RMB must take place through the People's Bank of China or other institutions with authorisation to buy and sell foreign exchange. The exchange rates adopted for the foreign exchange transactions are the rates of exchange quoted by the People's Bank of China that are determined largely by supply and demand.

The Group currently does not have any policy on hedging foreign currency risk as it had minimal transactions denominated in foreign currencies in the Period and the impact of foreign currency risk on the Group's operation is minimal.

Capital Commitment

During the Period, the Group did not have any material capital commitment (same period of 2015: nil).

CONTINGENT LIABILITIES

During the Period, the Group did not have any material contingent liabilities.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

On 6 April 2016, the Company's indirect wholly-owned subsidiary Shijiazhuang Xiangguang New Energy Company Limited (石家莊祥光新能源科技有限公司) (as purchaser), entered into an equity transfer agreement with Hebei Dingrui Construction and Decoration Company Limited (河北鼎瑞建築裝飾有限公司) (as vendor) for the acquisition of 100% equity interests in Huaian Jingyang. The consideration for the acquisition was determined at RMB7,190,000 based on, *inter alia*, the audited net asset value of Huaian Jingyang as at 31 December 2015 and the future income of the project after arm's length negotiations. Huaian Jingyang developed the distributed photovoltaic power stations project with an installed capacity of 5MW. The project has been connected to the power grids.

On 7 April 2016, the Company's indirect wholly-owned subsidiary Baoding Xuguang New Energy Company Limited (保定旭光新能源有限責任公司) (as purchaser) entered into an equity transfer agreement with Mr. Du Yizhong (杜義忠) and Ms. Song Qiaofeng (宋巧鳳) (as vendors) for the acquisition of 84.58% equity interests in Beijing Zhongneng. The consideration was determined at RMB8,458,000 based on, *inter alia*, the audited net asset value of Beijing Zhongneng as at 31 December 2015 and the future income of the project after arm's length negotiations. Beijing Zhongneng developed the approved photovoltaic power stations project with 20MW installed capacity through Zhongneng Longhua. The project has been connected to the power grids.

For details, please refer to the discloseable transactions announcement of the Company dated 7 April 2016.

EMPLOYEES AND TRAINING

As at 30 June 2016, the Group had 93 employees in various operating units located in the PRC, and the total staff costs for continuing operations in the Period amounted to RMB5,619,000. The increase in the number of employees and staff costs was mainly due to the business expansion. The Group determines the remuneration based on the performance and experience of employees and the existing industry practices, with regular reviews for all remuneration policies and remuneration packages.

The Group provides regular training to ensure employees can grasp the latest knowledge of its products, technical development and industry and market trends. In addition, senior management of the Group also participate in conferences and exhibitions to enhance their understanding of the industry.

POST BALANCE SHEET EVENTS

Launching and Operation of the Platform

On 22 July 2016, the Platform, a comprehensive operation platform of smart energy solutions which the Group was committed to establish, was officially launched and commenced operation. The Platform, independently built by the Group, is a leading domestic smart energy comprehensive operation cloud platform with practical value. Through integrating energy systems and information technology, the Platform achieves automated, efficient and scientific management of the whole energy usage process covering energy data collection, process monitoring, energy consumption analysis, energy consumption management, etc., fully connecting the whole information chain from energy supply to consumption. The Platform has currently achieved the following functions: real-time monitoring of energy system and equipment, multi-dimension statistical analysis of energy usage, independent operation of energy micro-grid, system alarm in the energy usage process, operation and maintenance of energy system and equipment. Currently, the Platform is linked up to the industrial park projects as represented by Lightway Industrial Park, as well as the commercial projects as represented by Baigou Specialised Wholesale Market, the key commercial logistics base in northern China.

For details, please refer to the voluntary announcement of the Company dated 25 July 2016.

Change of Company Name

Following the approval of the shareholders of the Company (the "**Shareholders**") at the annual general meeting held on 28 June 2016, the name of the Company was changed from "Long Ji Tai He Holding Limited 隆基泰和控股有限公司" to "LongiTech Smart Energy Holding Limited 隆基泰和智慧能源控股有限公司". The Certificate of Incorporation on Change of Company Name was issued by the Registrar of Companies in the Cayman Islands on 14 July 2016. The Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 2 August 2016, confirming the registration of the new name "LongiTech Smart Energy Holding Limited 隆基泰和智慧能源控股有限公司" of the Company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

Acquisition of Hebei Energy Management Platform Company

In August 2016, the Company's indirect wholly-owned subsidiary Hebei Long Ji Tai He Cloud Energy Technology Company Limited (河北隆基泰和雲能源科技有限公司) entered into an equity transfer agreement with Hebei Province Power Demand Side Management and Instruction Centre (河北省電力需求側管理指導中心) ("**Demand-side Centre**") through the open transaction at Hebei Property Rights Exchange Centre, acquiring 100% equity interest in Hebei Fakai Energy Development Co., Ltd. (河北

省發凱能源開發有限責任公司) and its subsidiary (collectively the "**Hebei Energy Management Platform Company**") held by the Demand-side Centre, in order to further develop the smart energy business of the Group.

Save for the above events, no other significant event affecting the Group that need to be disclosed occurred since the balance sheet date to the date of this interim results announcement.

Compliance with the CG Code

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company had complied with all the applicable code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") during the Period. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

Compliance with the 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**") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding the securities transactions of the Directors.

The Company has made specific enquiry to all Directors, and all Directors have confirmed that, during the Period, they had complied with the Model Code.

Review of Interim Results

The interim consolidated financial information is unaudited but has been reviewed by the external auditors of the Company.

The audit committee of the Company (the "**Audit Committee**"), together with the management, has also reviewed the Group's unaudited interim consolidated financial information for the Period. The Audit Committee is of the opinion that such financial information has complied with the applicable accounting standards, and the Stock Exchange and legal requirements, and that adequate disclosure has been made. The Audit Committee has also reviewed this interim results announcement and confirms that it is complete and accurate and complies with the Listing Rules.

INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend in respect of the Period (for the six months ended 30 June 2015: nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION

The interim results announcement of the Company for the Period is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.longitech.hk) respectively. The 2016 interim report will be dispatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board
LongiTech Smart Energy Holding Limited
Wei Shaojun
Chairman

Hebei, 31 August 2016

As at the date of this announcement, the executive Directors are Mr. Wei Shaojun, Mr. Wei Qiang, Mr. Li Hai Chao and Ms. Zhen Xiaojing and the independent non-executive Directors are Mr. Han Qinchun, Mr. Wong Yik Chung John and Mr. Han Xiaoping.