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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

The board (the "**Board**") of directors (the "**Directors**") of LongiTech Smart Energy Holding Limited (the "**Company**") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2018 (the "**Reporting Period**") together with the comparative figures for the year ended 31 December 2017 as follows:

Consolidated Statement of Profit or Loss

For the year ended 31 December 2018

		Year ended 31 December	
	Notes	**2018**	2017
		RMB'000	*RMB'000*
Continuing operations			
Revenue	*3(a)*	**708,493**	897,902
Cost of sales	*5*	**(464,662)**	(637,422)
Gross profit		**243,831**	260,480
Selling and distribution expenses	*5*	**(22,146)**	(24,519)
Administrative expenses	*5*	**(89,234)**	(68,190)
Impairment losses on financial assets		**(15,761)**	—
Other income		**2,107**	—
Other gains — net	*4*	**1,211**	9,518
Profit from operations		**120,008**	177,289

Consolidated Statement of Profit or Loss (Continued)
For the year ended 31 December 2018

	Notes	**Year ended 31 December** **2018** *RMB'000*	2017 *RMB'000*
Finance income		**7,330**	610
Finance expenses		**(16,638)**	(19,845)
Finance expenses — net		**(9,308)**	(19,235)
Share of net profit of associates accounted for using the equity method		**8,187**	—
Profit before income tax		**118,887**	158,054
Income tax expense	*6*	**(10,386)**	(22,328)
Profit from continuing operations		**108,501**	135,726
Discontinued operations			
Loss from discontinued operations attributable to owners of the Company		**—**	(238)
Profit for the year		**108,501**	135,488
Profit is attributable to:			
Owners of the Company		**107,720**	135,197
Non-controlling interests		**781**	291
		108,501	135,488
Profit attributable to owners of the Company arises from:			
Continuing operations		**107,720**	135,435
Discontinued operations		**—**	(238)
		107,720	135,197

Consolidated Statement of Profit or Loss (Continued)
For the year ended 31 December 2018

	Notes	Year ended 31 December 2018 RMB	2017 RMB
Earnings per share for profit for the year attributable to owners of the Company:			
Basic earnings per share			
From continuing operations	*7(a)*	**0.0821**	0.1712
From discontinued operations	*7(a)*	**—**	(0.0003)
		0.0821	0.1709
Diluted earnings per share			
From continuing operations	*7(b)*	**0.0820**	0.1709
From discontinued operations	*7(b)*	**—**	(0.0003)
		0.0820	0.1706

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2018

	Year ended 31 December 2018 RMB'000	2017 RMB'000
Profit for the year	**108,501**	135,488
Other comprehensive income/(loss)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	**14,638**	(4,173)
Other comprehensive income/(loss) for the year, net of tax	**14,638**	(4,173)
Total comprehensive income for the year	**123,139**	131,315
Attributable to:		
Owners of the Company	**122,358**	131,024
Non-controlling interests	**781**	291
	123,139	131,315
Total comprehensive income for the year attributable to owners of the Company arises from:		
Continuing operations	**122,358**	131,262
Discontinued operations	**—**	(238)
	122,358	131,024

Consolidated Balance Sheet

At 31 December 2018

	Notes	As at 31 December	
		2018	2017
		RMB'000	*RMB'000*
Assets			
Non-current assets			
Leasehold land and land use rights		**4,254**	1,634
Property, plant and equipment		**498,459**	480,349
Investment properties		**—**	9,000
Intangible assets		**19,698**	38,475
Deferred tax assets		**3,021**	569
Other assets		**155,440**	—
Investments accounted for using the equity method		**101,587**	—
Financial assets at fair value through profit or loss		**8,762**	—
Other non-current assets		**7,781**	17,510
Total non-current assets		**799,002**	547,537
Current assets			
Inventories		**24,480**	25,815
Contract assets		**304,350**	—
Amount due from customers for contract work		**—**	500,316
Trade and other receivables	*8*	**543,486**	769,555
Financial assets at amortised cost		**178,513**	—
Financial assets at fair value through profit or loss ("FVPL")		**155,681**	—
Restricted cash		**1,219**	1,679
Cash and cash equivalents		**162,917**	107,022
Total current assets		**1,370,646**	1,404,387
Total assets		**2,169,648**	1,951,924
Equity and liabilities			
Share capital	*9(a)*	**12,255**	7,629
Reserves	*9(b)*	**1,154,287**	555,658
Retained earnings		**307,248**	210,300
Equity attributable to owners of the Company		**1,473,790**	773,587
Non-controlling interests		**6,159**	1,214
Total equity		**1,479,949**	774,801

Consolidated Balance Sheet (Continued)

At 31 December 2018

	Notes	As at 31 December	
		2018	2017
		RMB'000	*RMB'000*
Liabilities			
Non-current liabilities			
Borrowings		**534,400**	647,305
Deferred government grants		**2,386**	2,493
Deferred tax liabilities		**12,291**	12,554
Total non-current liabilities		**549,077**	662,352
Current liabilities			
Trade and other payables	*10*	**95,041**	202,114
Contract liabilities		**2,184**	—
Receipts in advance		**—**	738
Current tax liabilities		**10,197**	25,679
Borrowings		**33,200**	286,240
Total current liabilities		**140,622**	514,771
Total liabilities		**689,699**	1,177,123
Total equity and liabilities		**2,169,648**	1,951,924

Notes to the Financial Statements

For the year ended 31 December 2018

1 GENERAL INFORMATION

LongiTech Smart Energy Holding Limited (the "Company") 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, the Cayman Islands. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 12 January 2012.

The Company and its subsidiaries (together, the "Group") are principally engaged in smart energy business and public infrastructure construction business. The two major shareholders of the Company are Longevity Investment Holding Limited ("Longevity") and Lightway Power Holdings Limited ("Lightway Power"). The ultimate beneficial owner of the Company is Mr. Wei Shaojun ("the controlling shareholder").

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which include all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value.

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

2.1.1 *New and amended standards adopted by the Group*

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing on 1 January 2018:

- IFRS 9 Financial Instruments,
- IFRS 15 Revenue from Contracts with Customers,
- Amendments to IFRS 4 — Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts,
- Amendments to IFRS 2 — Classification and Measurement of Share-based Payment Transactions,
- Amendments to IAS 40 — Transfers to Investment Property,
- Annual Improvements to IFRSs 2014–2016 Cycle, and
- Interpretation 22 Foreign Currency Transactions and Advance Consideration.

The impact of the adoption of IFRS 9 and IFRS 15 are disclosed in Note 2.2. The other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.1.2 ***New standards and interpretations not yet adopted***

The following published new accounting standards and interpretations are effective for the annual reporting period commencing on or after 1 January 2019 and have not been early adopted by the Group:

		Effective for annual period commencing on or after
IFRS 16	Leases	1 January 2019
IFRS 17	Insurance Contracts	1 January 2021
Amendments to IFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
	Annual Improvements to IFRSs 2015–2017 Cycle	1 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019

The impact of IFRS 16 on the Group is set out below. None of the other new and amended standards and interpretations listed above is expected to have a significant impact on the Group.

IFRS 16 Leases

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The Group has reviewed all of its leasing arrangements in light of the new lease accounting rules in IFRS 16. The standard will affect primarily the accounting for the Group's operating leases.

As at the reporting date, the Group has non-cancellable operating lease commitments of RMB5,431,000. Of these commitments, RMB4,722,000 relates to short-term and low value leases which will be recognised on a straight-line basis as expense in profit or loss.

For the remaining lease commitments the Group expects to recognise right-of-use assets of RMB369,000 and lease liabilities of RMB369,000 on 1 January 2019. Net current assets will be RMB131,000 lower due to the presentation of a portion of the liability as a current liability.

The Group expects that net profit after tax will decrease by RMB22,000 for the year ending 31 December 2019 as a result of adopting the new rules. Operating cash flows will increase and financing cash flows decrease by RMB141,000 for the year ending 31 December 2019 as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for prepaid lease expenses).

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2.2 Changes in accounting policies

This note explains the impact of the adoption of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers on the Group's financial statements.

2.2.1 *IFRS 9 Financial Instruments*

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies. In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated. There was no impact on the Group's retained earnings as at 1 January 2018 or 1 January 2017.

Impairment of financial assets:

The Group has four types of financial assets that are subject to IFRS 9's expected credit loss model:

- trade receivables
- tariff adjustment receivables
- contract assets relating to public infrastructure construction business, and
- other financial assets at amortised cost

The Group was required to revise its impairment methodology under IFRS 9 for each of these classes of assets. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

(a) *Trade receivables, tariff adjustment receivables and contract assets*

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables, tariff adjustment receivables and contract assets. To measure the expected credit losses, trade receivables, tariff adjustment receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. Note 8 provides for details about the calculation of the loss allowance for trade receivables as at 1 January 2018 and 31 December 2018.

Tariff adjustment receivables derive from the subsidies in respect of the sales of electricity. Contract assets relate to unbilled work in progress in the public infrastructure construction business. Applying the expected credit risk model did not result in any loss allowance recognised for tariff adjustment receivables or contract assets as at 1 January 2018 or 31 December 2018.

(b) *Other financial assets at amortised cost*

Other financial assets at amortised cost include loans to related parties, loans to third parties and other receivables. Applying the expected credit risk model did not result in any loss allowance recognised for loans to related parties or other receivables as at 1 January 2018 or 31 December 2018. The loss allowance for loans to third parties amounted to RMB900,000 as at 31 December 2018.

2.2.2 *IFRS 15 Revenue from Contracts with Customers*

IFRS 15 replaces the provisions of IAS 18 Revenue and IAS 11 Construction Contracts that relate to the recognition, classification and measurement of revenue and costs.

The Group has adopted IFRS 15 from 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The Group elected to use a modified retrospective approach for transition which allows the Group to recognise the cumulative effects of initially applying IFRS 15 as an adjustment to the opening balance of retained earnings as at 1 January 2018. The Group elected to apply the practical expedient for completed contracts and did not restate the contracts completed before 1 January 2018, thus the comparative figures have not been restated. In summary, the following adjustments were made to the amounts recognised in the balance sheet as at 1 January 2018:

	IAS 18 & IAS 11 carrying amount as at 31 December 2017	**Reclassification**	**IFRS 15 carrying amount as at 1 January 2018**
	RMB'000	*RMB'000*	*RMB'000*
Contract assets	—	500,316	500,316
Amount due from customers for contract work	500,316	(500,316)	—
Contract liabilities	—	738	738
Receipts in advance	738	(738)	—

There was no impact on the Group's retained earnings as at 1 January 2018 or 1 January 2017.

3 REVENUE AND SEGMENT INFORMATION

(a) Revenue

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Continuing operations:		
Sales of home photovoltaic system and provision of smart energy service	**465,470**	594,268
Sales of electricity	**63,788**	61,680
Public infrastructure construction business	**179,235**	241,954
	708,493	897,902
Discontinued operations:		
Sales of doors and windows	**—**	15,713
Provision of construction and engineering services	**—**	110
	—	15,823
	708,493	913,725

For the year ended 31 December 2018, the Group's transactions with two customers (2017: two customers) have exceeded 10% of the Group's total revenue respectively, of which one customer is relating to the sales of home photovoltaic system and the other is relating to public infrastructure construction business. For the year ended 31 December 2018, revenue derived from these two customers amounted to RMB539,716,000 (2017: RMB741,035,000).

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments:

— Smart energy business, and

— Public infrastructure construction business.

Public infrastructure construction business refers to the public infrastructure construction and the related preliminary investment and post-construction operation management business of the Baoding Donghu Project.

No geographic information is shown as substantially all of the assets and liabilities, revenue and profit from the operations of the Group are derived from the business activities in the PRC.

(c) Segment results, assets and liabilities

	Smart energy business *RMB'000*	Public infrastructure construction business *RMB'000*	Others *RMB'000*	Total *RMB'000*
For the year ended 31 December 2018				
Revenue from external customers	529,258	179,235	—	708,493
Reportable segment profit/(loss) after tax	130,844	15,107	(37,450)	108,501
Finance income	3,722	1,855	1,753	7,330
Finance expenses	(16,638)	—	—	(16,638)
Depreciation and amortisation	(34,894)	(84)	(845)	(35,823)
As at 31 December 2018				
Reportable segment assets	1,561,178	463,048	574,618	2,598,844
Additions to non-current assets during the year	74,886	—	1,633	76,519
Reportable segment liabilities	758,314	360,393	188	1,118,895
For the year ended 31 December 2017				
Revenue from external customers	655,948	241,954	15,823	913,725
Reportable segment profit/(loss) after tax	119,185	31,595	(15,292)	135,488
Finance income	110	305	195	610
Finance expenses	15,199	(4,646)	—	(19,845)
Depreciation and amortisation	(26,848)	(84)	(145)	(27,077)
As at 31 December 2017				
Reportable segment assets	1,699,202	753,608	144,820	2,597,630
Additions to non-current assets during the year	269,077	—	219	269,296
Reportable segment liabilities	1,154,577	667,918	334	1,822,829

(d) **Reconciliations of reportable segment revenue, profit after tax, assets and liabilities**

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**708,493**	913,725
Elimination of discontinued operations	**—**	(15,823)
Consolidated turnover	**708,493**	897,902
Profit after tax		
Reportable segment profit after tax	**108,501**	135,488
Elimination of discontinued operations	**—**	238
Consolidated profit for the year from continuing operations	**108,501**	135,726
Assets		
Reportable segment assets	**2,598,844**	2,597,630
Elimination of inter-segment receivables	**(429,196)**	(645,706)
Consolidated total assets	**2,169,648**	1,951,924
Liabilities		
Reportable segment liabilities	**1,118,895**	1,822,829
Elimination of inter-segment payables	**(429,196)**	(645,706)
Consolidated total liabilities	**689,699**	1,177,123

4 OTHER GAINS — NET

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Net fair value losses on financial assets at FVPL	**(9,101)**	—
Interest income on non-current financial assets at FVPL	**350**	—
Fair value gain on put option over shares in associate	**7,403**	—
Net foreign exchange gains/(losses)	**1,005**	(1,061)
Net gains on disposal of property, plant and equipment	**730**	—
Gains on disposal of subsidiaries	**962**	—
Bargain purchase gain	**—**	7,943
Fair value gains on investment properties	**—**	2,125
Others	**(138)**	511
	1,211	9,518

5 EXPENSES BY NATURE

The cost of sales, selling and distribution expenses and administrative expenses in the consolidated statement of profit or loss are listed as follows by nature:

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Changes in inventories of finished goods	**366,675**	410,044
Subcontract costs	**76,595**	201,053
Employee benefit expense	**58,675**	45,654
Depreciation and amortisation	**35,823**	27,077
Transportation and travelling expenses	**9,220**	11,491
Rental expenses	**4,384**	6,743
Promotion and advertising expenses	**4,642**	6,496
Consulting and legal fees	**7,954**	5,852
Auditor's remuneration		
— Audit services	**2,500**	2,400
— Non-audit services	**—**	—
Write-downs of inventories	**255**	—
Bad debt provisions	**—**	3,791
Others	**9,319**	9,530
Total cost of sales, selling and distribution expenses and administrative expenses	**576,042**	730,131

6 INCOME TAX EXPENSE

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Current income tax	**13,101**	22,365
Deferred income tax	**(2,715)**	(37)
	10,386	22,328

The reconciliation between the income tax on the Group's profit before tax and the theoretical amount that would arise using the statutory tax rates applicable to the profit of consolidated entities are as follows:

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Profit before income tax	**118,887**	158,054
At applicable statutory tax rates	**29,722**	39,514
Effect of preferential tax rates	**(16,708)**	(20,449)
Tax losses for which no deferred income tax asset was recognised	**7,588**	8,567
Previously unrecognised tax losses recouped to reduce current tax expense	**(5,007)**	—
Recoverable income tax of public infrastructure construction business	**(4,447)**	(3,318)
Research and development tax credit	**(762)**	—
Bargain purchase gain not subject to tax	**—**	(1,986)
Tax charge	**10,386**	22,328

The expiry date of the tax effect of unused tax losses is as follows:

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Year 2020	**—**	1,155
Year 2021	**98**	3,950
Year 2022	**8,567**	8,567
Year 2023	**7,588**	—
	16,253	13,672

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 does not have assessable profits arising in Hong Kong during the year ended 31 December 2018 (2017: nil).

For the year end 31 December 2018, the statutory tax rate of entities registered in the PRC is 25% (2017: 25%), except for certain subsidiaries entitled to tax exemption or preferential rates.

On 30 November 2017, Hebei LongiTech Cloud Energy Technology Co., Ltd. ("Hebei Cloud Energy") was certified as a High-Tech Enterprise of Hebei Province, effective from 1 January 2017 to 31 December 2019, during which Hebei Cloud Energy enjoys a preferential income tax rate of 15%.

During the year ended 31 December 2018, Tianjin Haitian Fangyuan Energy Saving Technology Co., Ltd. ("Haitian Fangyuan") was certified as a High-Tech Enterprise of Tianjin City, effective from 23 November 2018 to 23 November 2021, during which Haitian Fangyuan enjoys a preferential income tax rate of 15%.

Subsidiaries operating solar power plants are exempted from corporate income tax for the first three years and are entitled to a 50% tax reduction for the subsequent three years (三免三減半) since their respective first revenue-generating years.

From 1 January 2018 to 31 December 2022, Hoboksar Mongol Autonomous County Sifang Dianjin Energy Co., Ltd. ("Sifang Dianjin") is exempted from corporate income tax for the first two years and are entitled to a 50% tax reduction for the subsequent three years (兩免三減半).

7 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2018	2017
Profit from continuing operations attributable to owners of the Company (RMB'000)	**107,720**	135,435
Loss from discontinued operations attributable to owners of the Company (RMB'000)	**—**	(238)
	107,720	135,197
Weighted average number of ordinary shares in issue (thousands)	**1,311,614**	791,225
Basic earnings per share (RMB)		
— Continuing operations	**0.0821**	0.1712
— Discontinued operation	**—**	(0.0003)
	0.0821	0.1709

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. During the year ended 31 December 2018 and 2017, the Company had outstanding share options. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share.

	Year ended 31 December	
	2018	2017
Profit from continuing operations attributable to owners of the Company (RMB'000)	**107,720**	135,435
Loss from discontinued operations attributable to owners of the Company (RMB'000)	**—**	(238)
	107,720	135,197
Weighted average number of ordinary shares in issue (thousands)	**1,311,614**	791,225
Effect of deemed issue of shares under the Company's share option scheme for no consideration (thousands)	**1,557**	1,352
Adjusted weighted average number of ordinary shares for diluted earnings per share (thousands)	**1,313,171**	792,577
Diluted earnings per share (RMB)		
— Continuing operations	**0.0820**	0.1709
— Discontinued operation	**—**	(0.0003)
	0.0820	0.1706

The number of shares issued for no consideration is the number of shares that would have been issued assuming the exercise of the share option less the number of shares that could have been issued at fair value (determined as the average market price per share for the year) for the same total proceeds.

8 TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Trade receivables	**431,790**	475,845
Tariff adjustment receivables	**45,725**	44,785
	477,515	520,630
Bad debt provisions	**(18,652)**	(3,791)
Total trade receivables	**458,863**	516,839
Notes receivables	**300**	712
Prepayments	**6,328**	11,980
Other receivables	**77,995**	240,024
	543,486	769,555

As at 31 December 2018 and 2017, the collection rights of the receivables derived from industrial and commercial distributed power plants and public infrastructure construction business were pledged as security for the Group's borrowings.

Ageing analysis of trade receivables in gross basis is as follows:

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Within 1 year	**433,029**	503,106
Over 1 year	**44,486**	17,524
	477,515	520,630

As at 31 December 2018, RMB23,795,000 of trade receivables aged over one year represents tariff adjustment receivables (2017: RMB17,524,000), which derives from the subsidies in respect of the sales of electricity. Applying the expected credit risk model did not result in any loss allowance recognised for tariff adjustment receivables as at 31 December 2018.

Trade receivables are due within 180 days from the date of billing. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance for trade receivables as at 31 December 2018 and 1 January 2018 was determined as follows:

	Current	**More than 1 day past due**	**More than 180 days past due**	**More than 1.5 years past due**	**More than 2.5 years past due**	**More than 3.5 years past due**	**Total**
As at 31 December 2018							
Expected loss rate	0%	5%	10%	20%	50%	100%	
Gross carrying amount (RMB'000)	79,438	331,661	20,691	—	—	—	431,790
Loss allowance (RMB'000)	—	(16,583)	(2,069)	—	—	—	(18,652)
As at 1 January 2018							
Expected loss rate	0%	5%	10%	20%	50%	100%	
Gross carrying amount (RMB'000)	400,039	75,806	—	—	—	—	475,845
Loss allowance (RMB'000)	—	(3,791)	—	—	—	—	(3,791)

The loss allowance for trade receivables as at 31 December 2017 reconciles to the opening loss allowance on 1 January 2018 as follows:

	RMB'000
As at 31 December 2017 — calculated under IAS 39	**3,791**
Amounts restated through opening retained earnings	**—**
Opening loss allowance as at 1 January 2018 — calculated under IFRS 9	**3,791**

Movements in the loss allowance of trade receivables were as follows:

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
At 1 January	**3,791**	—
Provision for bad debts	**14,861**	3,791
At 31 December	**18,652**	3,791

As at 31 December 2018 and 2017, trade receivables are analysed as follows:

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Neither overdue nor impaired	**125,163**	444,824
Overdue and impaired	**18,652**	3,791
Overdue but not impaired	**333,700**	72,015
	477,515	520,630

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
HK$	**1,886**	849
RMB	**541,600**	768,706
	543,486	769,555

As at 31 December 2018 and 2017, the carrying amounts of trade and other receivables approximated their fair values.

9 SHARE CAPITAL AND RESERVES

(a) Share capital

Authorised and issued share capital:

	As at 31 December			
	2018		2017	
	No. of shares	**Amount**	No. of shares	Amount
	'000	***HK$'000***	*'000*	*HK$'000*
Authorised:				
Ordinary shares of HK$0.01 each	**2,000,000**	**20,000**	2,000,000	20,000

Ordinary shares, issued and fully paid:

	2018			2017		
	No. of shares	**Amount**	**RMB equivalent**	No. of shares	Amount	RMB equivalent
	'000	***HK$'000***	***RMB'000***	*'000*	*HK$'000*	*RMB'000*
At 1 January	**918,948**	**9,189**	**7,629**	728,440	7,284	6,002
Rights issue (i)	**459,474**	**4,595**	**3,699**	—	—	—
Placing of new shares (ii)	**106,182**	**1,062**	**927**	190,508	1,905	1,627
At 31 December	**1,484,604**	**14,846**	**12,255**	918,948	9,189	7,629

(i) On 22 March 2018, the Company completed a rights issue on the basis of one rights share for every two shares held on the record date. 459,474,000 ordinary shares with par value of HK$0.01 each were issued at the subscription price of HK$1.20 per rights share, with net proceeds of HK$549,529,000 (equivalent to RMB442,398,000), of which HK$4,595,000 (equivalent to RMB3,699,000) and HK$544,934,000 (equivalent to RMB438,699,000) were credited to share capital and share premium, respectively.

(ii) On 27 August 2018, the Company completed the placing of 106,182,000 ordinary shares with par value of HK$0.01 each. The aggregate net proceeds were HK$143,276,000 (equivalent to RMB125,040,000), of which HK$1,062,000 (equivalent to RMB927,000) and HK$142,214,000 (equivalent to RMB124,113,000) were credited to share capital and share premium account, respectively.

(b) Reserves

(i) *Share premium*

The excess of the issued price net of any issuance expenses over the par value of the shares issued has been credited to share premium of the Company. On 22 March and 27 August 2018, HK$544,934,000 (equivalent to RMB438,699,000) and HK$142,214,000 (equivalent to RMB124,113,000) were credited to share premium, respectively.

Under the Companies Law (Revised) of the Cayman Islands, the funds in share premium are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) ***Statutory reserve***

The PRC statutory reserve were established in accordance with the relevant rules and regulations of the PRC and the articles of association of the companies in the Group. The companies in the PRC are required to transfer certain of their net profits (after offsetting prior-year losses), under the approval by the Board of Directors, to general statutory reserve. For the year ended 31 December 2018, RMB10,772,000 was credited to statutory reserve (2017: RMB13,520,000).

General statutory reserve can be used to reduce prior-year losses, if any, and may be converted into paid-in/share capital by issuing new shares to shareholders proportionate to their existing percentage of equity interests provided that the balance after such issue is not less than 25% of the registered capital. General statutory reserve is non-distributable other than in liquidation.

10 TRADE AND OTHER PAYABLES

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Trade payables	**36,154**	123,534
Accruals and other payables	**45,926**	63,947
Tax payables	**12,961**	14,633
	95,041	202,114

Ageing analysis of trade payables is as follows:

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Within 1 year	**35,073**	123,424
Over 1 year	**1,081**	110
	36,154	123,534

As at 31 December 2018 and 2017, the Group's trade and other payables were denominated in RMB and the carrying amounts of the balances approximated their fair values.

11 BUSINESS COMBINATIONS

(a) Summary of acquisition

On 9 July 2018, Beijing Longguang Energy Technology Co., Ltd. ("Beijing Longguang") entered into an agreement with the original shareholders of Haitian Fangyuan, who are independent third parties. Beijing Longguang committed to inject capital of a total of RMB61,111,000 into Haitian Fangyuan by stages. On 1 August 2018, Beijing Longguang injected RMB6,111,000 into Haitian Fangyuan. Upon completion of the capital increase, Beijing Longguang held 55% of the shares of Haitian Fangyuan, which had become an indirect non-wholly-owned subsidiary of the Company, and the remaining 45% of the shares of Haitian Fangyuan continued to be held by the original shareholders. Haitian Fangyuan is mainly engaged in energy-saving service business.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	RMB'000
Purchase consideration:	
Cash Paid	6,111

The fair value of assets and liabilities recognised as a result of the acquisition are as follows:

	RMB'000
Assets	
Property, plant and equipment	9,105
Intangible assets	4,038
Inventories	1,466
Trade and other receivables	6,856
Cash and cash equivalents	6,112
	27,577
Liabilities	
Deferred tax liabilities	(641)
Trade and other payables	(15,420)
Current tax liabilities	(1,071)
	(17,132)
Net identifiable assets acquired	10,445
Less: non-controlling interests	(4,700)
Add: goodwill	366
Net assets acquired	6,111

(b) Revenue and profit contribution

The acquired business contributed revenue of RMB9,545,000 and net profit of RMB2,990,000 to the Group for the period from 1 August to 31 December 2018.

If the acquisition had occurred on 1 January 2018, consolidated pro-forma revenue and net profit of the Group (including Haitian Fangyuan) for the year ended 31 December 2018 would have been RMB720,769,000 and RMB99,008,000, respectively.

The pro-forma revenue and net profit of the Group derived from the acquisition of Haitian Fangyuan is for illustrative purpose only and does not necessarily reflect the Group's revenue and operating results if the acquisition had been occurred on 1 January 2018 and could not serve as a basis for the forecast of future operation results.

(c) Purchase consideration — cash inflow

	RMB'000
Cash balance acquired	6,112
Cash consideration	(6,111)
Net cash inflow — investing activity	1

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The Group was principally engaged in smart energy business and public infrastructure construction business, with gradual expansion and diversification to other clean energy business. Adhering to the business philosophy of "behave with sincerity, do things with honesty and do business with trust", the Group aims at becoming a leading comprehensive service provider of smart energy in China.

The year 2018 was a year of dramatic changes. Against the macro backdrop of intensifying downward pressure of the national economy, as well as the severe circumstance under the national macro-economic control policy on solar power plants (Fa Gai Neng Yuan [2018] No. 823) promulgated on 31 May 2018 (the "**531 Policy**"), the Group actively adjusted business development strategies, optimized personnel organization structure, consolidated various resources, undertook investment and mergers and acquisitions for distributed natural gas heating and urban centralized heating, and carried out management, analysis and service of big data through its smart energy cloud platform, ensuring the continued development of the Group's businesses.

During the Reporting Period, the Group's revenue was RMB708,493,000 (the same period of 2017: RMB897,902,000), while the profit attributable to owners of the Company was RMB107,720,000 (the same period of 2017: RMB135,197,000), representing a decrease of approximately 21.1% and 20.3% respectively as compared to the same period of last year. The major reason of the decrease was primarily attributable to (i) the impact of the national 531 Policy, resulting in a decrease in revenue and profit of home photovoltaic system business of the Group; and (ii) the increase in investment and mergers and acquisitions by the Group during the Reporting Period, resulting in an increase in relevant operation expenses. During the Reporting Period, smart energy business generated a revenue of RMB529,258,000 (the same period of 2017: RMB655,948,000), and the profit attributable to owners of the Company was RMB130,063,000 (the same period of 2017: RMB118,894,000), contributing to 74.7% of the Group's revenue and 120.7% of the Group's profit attributable to owners of the Company. The smart energy business remains as the core business of the Group.

Business Review

Smart Energy Business

The Group's smart energy business, positioned as comprehensive energy services for the user side, mainly sets out to meet the demand of industrial, commercial and residential clients as well as public institutions; provides customers with a full range of smart energy comprehensive utilization services based on various energy resources including electricity, heat and gas by leveraging on our smart energy cloud platform (the "**Cloud Platform**") with proprietary intellectual property rights, to help our customers improve energy usage efficiency, reduce energy usage cost, and thus build a rich, clean and low-carbon energy supply system.

The Group seeks to meet the above business objectives by integrating energy systems with the internet technology. On one hand, the Group acquires premium energy assets and projects by expanding its offline business in comprehensive energy such as electricity, heat and gas, and earns stable operation and investment revenue from operating and managing such assets as electricity, heat and gas. On the other hand, the Group uploads the real-time data of electricity, heat and gas from industrial and commercial enterprises and residential users to the Cloud Platform, integrates and analyzes big data, and taps into energy utilization potential of customers to provide users with other services that cover the entire industrial chain, from multi-energy complementation of electricity, heat and gas, smart operation, energy trade, energy efficiency analysis and consultancy management to energy finance and energy big data.

Offline Energy Business

During the Reporting Period, the Group's offline energy business mainly focuses on industrial parks, commercial complexes, public utilities and residential clients, around electricity, heat and gas industry, and undertook investment and operation in fields including distributed solar power plant, distributed natural gas heating, urban centralized heating and incremental power distribution grids.

Distributed Solar Power Plant Business

Distributed solar power plant business mainly comprises the investment and operation of industrial and commercial distributed solar power plants, as well as home photovoltaic system.

In respect of industrial and commercial distributed solar power plants, the Group mainly holds and operates distributed solar power plants and gains stable revenue from power generation. During the Reporting Period, apart from the acquisition of a 10.2 MW industrial distributed solar power plants in October 2018, the Group did not expand other distributed solar power plants projects. During the Reporting Period, the Group held a total of 11 solar power plants, of which 10 were industrial and commercial distributed solar power plants, and 1 was ground power plant, with an aggregate installed capacity of approximately 64 MW. During the Reporting Period, power generation of these 11 solar power plants totaled 75,044 MWh, with all the power plants running steadily and generating power with grid connection. Currently, all solar power plants have been included into the National Subsidy Catalogue, except Guangdong Jiangmen Lingzhi Power Plant (with an installed capacity of 1 MW) which is expected to be included into the Eighth Batch of National Subsidy Catalogue.

In respect of home photovoltaic systems, the Group mainly gains sales revenue from the sale of solar photovoltaic integrating systems. Under the impact of the 531 Policy, shipments of home photovoltaic system business of the Group were affected to a greater extent in the second half of 2018. During the Reporting Period, actual shipments of home photovoltaic system of the Group were approximately 73 MW (the same period of 2017: 121 MW), bringing the number of users to approximately 19,300.

Distributed Heat Supply Business

With the transformation of China's energy structure, in particular it was proposed in the 2017 Chinese government work report that efforts should be made to win the "War of Defending Blue Sky", and to accelerate the resolution of coal-fired pollution problem, by requiring "2+26" cities (**"2+26" cities**) in provinces and municipalities including Beijing, Tianjin, Hebei, Shanxi, Shandong and Henan to achieve negative growth of total coal consumption. As a relatively efficient clean energy, natural gas is favored by the government and the market. As one of the major measures to improve air quality, "replacement of coal by gas" has been widely promoted and applied.

During the Reporting Period, the Group focused on strengthening its investment and layout in the field of distributed natural gas heating. The distributed natural gas heating of the Group mainly focuses on Tianjin, Hebei, Shaanxi, Shanxi and Shandong etc., where the "2+26" cities are located. The investment targets are mainly relatively stable public utilities such as schools, hospitals and governments and some high-quality industrial and commercial and residential clients. Investment and operation are mainly carried out by means of energy escrow or energy sharing. The Group earns revenue from energy operation escrow or from energy sharing. During the Reporting Period, the Group has invested in distributed natural gas heating projects with an area of approximately 600,000 square meters. It is expected that the investment cost in these projects will be recovered in approximately 4 to 6 years, and the Group has around 10 to 20 years of operation and management rights over the majority of the projects, thereby bringing long-term and stable income to the Group.

Others

During the Reporting Period, the Group also carried out operation and investment of an incremental power distribution grid and an urban centralized heat supply project, and provided smart operation and management services for some urban centralized heat supply projects, accumulating relevant industry experiences.

The Group will take the investment and operation of these distributed solar power plants and distributed natural gas heating projects as entry point to fully tap into the energy utilization demands of customers in various energy fields such as electricity, heat and gas, so as to facilitate the application, promotion and enhancement of the Group's comprehensive energy business.

Online Cloud Platform

During the Reporting Period, with respect to developing and building the online Cloud Platform, based on the existing system, the Group engaged in the second phase of transformation and upgrade of home photovoltaic system by integrating artificial intelligence into the system, to further improve the system analysis and detection function and reduce the operation and maintenance cost of home solar power plants. Meanwhile, the Group rationalized the heating business, developed and launched thermal energy and distributed thermal energy subsystem. The system aims at resolving the problem of information island, and through integration of enterprises' information flow, business flow and data flow achieving information resources sharing as well as free flow of information, enhancing decision-making efficiency and thereby realizing value of heat supply data. In addition, during the Reporting Period, the Group continued to strengthen its technological research and development and investment in the Cloud Platform, and applied for and protected patent technologies for relevant research results, so as to support data access to and business development of the Group regarding heat, electricity, gas, intelligent operation and maintenance, energy efficiency analysis, etc.

During the Reporting Period, by leveraging the monitoring and big data collection and analysis capabilities of the Group's Cloud Platform system, the Group achieved unattended and automated control of home solar power plants and distributed natural gas heating projects, saving manpower costs.

During the Reporting Period, the Group also carried out energy audit services for several dozen public institutions in Hebei Province, undertaking audit work on comprehensive energy-saving modification of power distribution grids and quality enhancement of electricity. We also carried out inspection and acceptance check of "replacement of coal by electricity" and "replacement of coal by gas" projects of over 350,000 households in Hebei Province, accumulating work experience in energy efficiency analysis and gaining a good reputation in the local area. In August 2018, the Group's smart energy Cloud Platform system was awarded demonstration project of new generation information technology application with special financial support by Hebei Provincial Department of Industry and Information Technology.

During the Reporting Period, the smart energy business generated a revenue of approximately RMB529,258,000 (for the same period of 2017: RMB655,948,000) for the Group, representing a decrease of approximately 19.3% as compared to the same period of last year. Profit attributable to owners of the Company was approximately RMB130,063,000 (for the same period of 2017: RMB118,894,000), representing an increase of approximately 9.4% as compared to the same period of last year. The decrease in revenue was mainly due to the decrease in revenue from home photovoltaic system business of the Group under the impact of the 531 Policy. The increase in profit attributable to owners of the Company was mainly due to the share of net profit from Shandong Hailifeng Clean Energy Joint Stock Co., Ltd. (山東海利豐清潔能源股份有限公司) ("**Hailifeng**") during the year.

Public Infrastructure Construction Business

Public infrastructure construction business represents the public infrastructure construction business of the Baoding Donghu Project (the "**Baoding Donghu Project**") and related preliminary investment and post-construction operation management business. During the Reporting Period, the Baoding Donghu Project generated a revenue of approximately RMB179,235,000 (for the same period of 2017: RMB241,954,000) for the Group and the profit attributable to owners of the Company of approximately RMB15,107,000 (for the same period of 2017: RMB31,595,000). The decrease in revenue and profit was mainly attributable to the decline in preliminary investment in such project, which was affected by the local government's general plan on the project and the development progress, resulting in decline in preliminary investment gain and profit.

Business Outlook in 2019

The past year of 2018 was a year with drastic changes and major adjustments in the global economic layout, trade friction, geopolitics and normalization of monetary policies in major developed economies have increased the uncertainty of the global economy and financial markets. It is expected that the world economy will continue to maintain a weak growth trend in 2019, and the downward pressure on the Chinese economy will still be relatively large. However, the green and low carbon development concept in relation to energy saving and emission reduction, and achievement of sustainability has reached a general consensus in the whole society. The development strategy of "promoting energy production and consumption revolution, building a clean, low-carbon, safe and efficient energy system" proposed at the 19th National Congress of the Communist Party of China has also been integrated into practical actions. In the next few years, the Group believes that China's investment demand for environmental protection industries such as energy conservation and emission reduction, green and low carbon, clean energy and renewable energy will continue to grow.

Looking into 2019, opportunities and challenges coexist. In 2019, the Group will adopt more flexible operation strategies, and optimize and adjust industrial structure to cope with the complex economic situation and changes in the external environment.

In the area of solar power business, 2019 is expected to be a year of transformation for the solar power industry, also marking the first year of the industry becoming non-subsidized. In light of the uncertainties during industry transformation, the Group will slow down its promotion of the home photovoltaic system business while maintaining its current scale of the distributed solar power plants. In addition, subject to national subsidy policy for solar power industry and development opportunities arising in the industry, the Group will, in conjunction with the promotion of the Company's distributed integrated energy business, explore business development models suitable for the distributed solar power business of the Group by building upon its primitive accumulation of resources consisting of its industry experience, advantages in talent and sales network.

In view of opportunities emerged from China's energy industry restructuring, energy conservation and emission reduction as well as prevention and control of air pollution, in particular, the Beijing-Tianjin-Hebei integration strategy and the construction of Xiong'an New Area have presented favorable opportunities for clean energy and renewable energy. Especially for distributed energy, which represents a critical trend for future energy development with its characteristics such as reasonable energy efficiency, low consumption, low pollution, flexible operation and positive system economy. From a global perspective, nations with higher energy utilization rates and higher levels of environment protection tend to be more enthusiastic in the promotion and application of distributed energy technology and promulgate more precise supportive policies. Currently, the distributed energy in China is still at its initial stage. Reduction of related costs and digitization of energy systems will present the distributed energy of China with ample development opportunities.

In 2019, the Group will give full play to the regional and resource advantages in Hebei Province, focusing on diversified investments and layout in the distributive energy business, especially in such areas as distributed heating, distributed gas, technological transformation for energy conservation, by way of investment, mergers and acquisitions and cooperation with leading partners, primarily in Beijing, Tianjin and Hebei, Xiong'an New Area and "2+26" cities and their peripheral regions. According to industry development opportunities, the Group will select investment targets prudently and improve the quality of investment, while seeking the diversified development of the Group's business, also safeguard the interests of its shareholders as a whole.

Financial Review

Revenue and Gross Profit

The Group's revenue and gross profit for the Reporting Period amounted to RMB708,493,000 (for the same period of 2017: RMB897,902,000) and RMB243,831,000 (for the same period of 2017: RMB260,480,000), respectively. During the Reporting Period, revenue from the smart energy business was RMB529,258,000 (for the same period of 2017: RMB655,948,000). Revenue from the public infrastructure construction business was approximately RMB179,235,000 (for the same period of 2017: RMB241,954,000). Decrease in revenue and gross profit from the same period of last year was primarily attributable to the drop in revenue and profit of the home photovoltaic system business under the influence of national policies.

Selling and Distribution Expenses

Selling and distribution expenses incurred by the Group for the Reporting Period were RMB22,146,000 (for the same period of 2017: RMB24,519,000), representing a decrease of 9.7% as compared to last year, primarily attributable to downturn of home photovoltaic system business in second half year.

Administrative Expenses

Administrative expenses incurred by the Group for the Reporting Period were RMB89,234,000 (for the same period of 2017: RMB68,190,000), representing an increase of 30.9% as compared to last year, primarily attributable to the increase in investment and mergers and acquisitions by the Group during the year, resulting in an increase in relevant operation expenses.

Financial Expenses — Net

Net financial expenses for the Reporting Period were RMB9,308,000 (for the same period of 2017: RMB19,235,000), representing a decrease of 51.6% as compared to last year, primarily attributable to repayment of bank loans during the year.

Income Tax

Income tax expenses for the Reporting Period were RMB10,386,000 (for the same period of 2017: RMB22,328,000), representing a decrease of 53.5% as compared to last year, primarily attributable to the decrease in profit before income tax of smart energy business.

Financial Assets at Fair Value through Profit or Loss

The Group held three financial assets for investment purpose as at the end of the Reporting Period, which are stated at fair value:

(1) On 20 July 2018 and 7 September 2018, the Group subscribed for shares in an unlisted investment fund, Giga Opportunities Fund Ltd., an independent third party, at the total investment cost of HK$90,000,000 (equivalent to RMB78,859,000). The Group has the intention of holding it for short to medium term investment and it is redeemable upon making application to the fund administrator which allows better flexibility in investment turn, and with an expectation of sharing of profits and capital appreciation from the investment fund. The investment fund is stated at fair value, which amounted to HK$78,586,000 (equivalent to RMB68,858,000) as at 31 December 2018, with fair value loss of approximately HK$11,414,000 (equivalent to RMB10,001,000) recognized for the Reporting Period. The carrying amount of the investment fund represented approximately 3.2% of the total assets of the Group and approximately 41.9% of the portfolio of financial assets at fair value through profit or loss as at 31 December 2018.

(2) On 6 September 2018, the Group subscribed for share in an unlisted investment fund, Yue Xiu Stable Income SP, an independent third party, at the investment cost of HK$88,800,000 (equivalent to RMB77,806,000). The Group has the intention of holding it for short to medium term investment, and it is redeemable upon making application to the fund administrator which allows better flexibility in investment turn, and with an expectation of capital appreciation from the investment fund. The investment fund is stated at fair value, which amounted to HK$90,642,000 (equivalent to RMB79,420,000) as at 31 December 2018, with fair value gain of approximately HK$1,842,000 (equivalent to approximately RMB1,614,000) recognized for the Reporting Period. The carrying amount of the investment fund represented approximately 3.7% of the total assets of the Group and approximately 48.3% of the portfolio of financial assets at fair value through profit or loss as at 31 December 2018.

(3) Pursuant to an exchangeable bond subscription agreement dated 8 August 2018 and supplemental agreement dated 10 September 2018, the Group subscribed for an unlisted exchangeable corporate bond with the maturity date on 31 December 2020, with the principal amount of HK$10,000,000 (equivalent to RMB8,762,000) and coupon rate of 13.5% per annum, issued by Supreme Trillion Development Limited, an independent third-party, on 11 September 2018. The Group may exercise the exchangeable rights to convert whole or part of the exchangeable bond into the ordinary shares of Asia Interactive Content Holdings Limited, a subsidiary of Supreme Trillion Development Limited, representing approximately 8.5% or 10% (as the case may be) of the issued share capital of it.

The Group has the intention of holding the exchangeable bonds for long-term investment, with an expectation of stable high coupon interest return and proposes to convert into ordinary shares in a right time in order to capture capital appreciation brought to the Group. The exchangeable bond is stated at fair value, which amounted to HK$10,000,000 (equivalent to RMB8,762,000) as at 31 December 2018, with no fair value changes for the Reporting Period. The carrying amount of the exchangeable bond represented approximately 0.4% of the total assets of the Group and approximately 5.3% of the portfolio of financial assets at fair value through profit or loss as at 31 December 2018.

Liquidity, Financial and Capital Resources

Cash position

As at 31 December 2018, bank balances and cash were approximately RMB164,136,000 (as at 31 December 2017: RMB108,701,000), of which approximately RMB1,219,000 (as at 31 December 2017: RMB1,679,000) were restricted bank balances and cash (only available for payment of expenses incurred by the Baoding Donghu Project). The increase on bank balances and cash was mainly due to proceeds from the rights issue in March 2018, and collection of receivables from smart energy business.

Total current assets and liquidity ratio

As at 31 December 2018, total current assets and liquidity ratio (total current assets/total current liabilities) were approximately RMB1,370,646,000 (as at 31 December 2017: RMB1,404,387,000) and 9.75 (as at 31 December 2017: 2.73) respectively. The decrease in total current assets was mainly due to the decrease in trade receivables, and the increase in liquidity ratio was due to the net decrease of RMB253,040,000 in the balance of current bank borrowings in 2018.

External borrowings and pledge of assets

As at 31 December 2018, the Group had an external borrowing of RMB567,600,000 (as at 31 December 2017: RMB933,545,000), of which RMB282,600,000 was secured by the solar power plant machineries with carrying amount of RMB303,731,000 and the future receivable collection right of certain subsidiaries (as at 31 December 2017: RMB310,500,000 was secured by the solar power plant machineries with carrying amount of RMB350,730,000 and the future receivable collection right of certain subsidiaries); and RMB285,000,000 was secured by the undertakings made by the related parties of the Group (as at 31 December 2017: RMB295,000,000).

Gearing Ratio

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

	31 December 2018	31 December 2017
	RMB'000	*RMB'000*
Bank loans	**567,600**	933,545
Less: Cash and cash equivalents	**(162,917)**	(107,022)
Restricted cash	**(1,219)**	(1,679)
Net debt	**403,464**	824,844
Total equity	**1,479,949**	774,801
Total capital (Net debt plus total equity)	**1,883,413**	1,599,645
Gearing ratio (Net debt/total capital)	**21.4%**	51.6%

As at 31 December 2018, the gearing ratio of the Group was 21.4%, decreased by 30.2 percentage points as compared with the gearing ratio of 51.6% at 31 December 2017. The decrease was primarily due to repayment of bank borrowings.

Long-term debts were the principle debts of the Group, accounting for 94.2% (31 December 2017: 69.3%), in which: the borrowings of RMB282,600,000 of solar power plants were gradually settled by the proceeds of the sale of electricity, and the borrowings of RMB285,000,000 in relation to Baoding Donghu Project will be gradually settled via the borrowings used for the project provided by the People's Government of Baoding for 2019 and the subsequent years, therefore, the Group is not exposed to any significant insolvency risk.

Interest rate risk

The Group's interest rate risk arises primarily from external borrowings. During the Reporting Period, interest rates of external borrowings ranged from 5.39% to 7% per annum (for the same period of 2017: 5.39% to 7.50% per annum). In particular, the interests on the borrowings incurred by the Baoding Donghu Project were borne by the government, resulting in no exposure to any interest rate risk thereon. The interest rate applicable to the borrowings for solar power plants was 10% to 15% over the same period base lending rate of the People's Bank of China. The source of risk lies in the fluctuations in China's interest rate policies. Nevertheless, the Group expects that the interest rate risk would have no material impact on the Group's consolidated profit or loss.

Exchange risk

As the Group's principal activities are carried out in the PRC, the Group's transactions are mainly denominated in Renminbi, which is not freely convertible into foreign currencies. All foreign exchange transactions involving Renminbi must take place through the People's Bank of China or other institutions authorized 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 a policy on foreign currency risk as it had minimal transactions denominated in foreign currencies during the Reporting Period and the impact of foreign currency risk on the Group's operation is minimal.

Capital commitments and investment commitments

The Group had capital commitments amounting to approximately RMB148,000 as at 31 December 2018 (as at 31 December 2017: RMB5,681,000). Investment commitments amounted to RMB101,600,000 (as at 31 December 2017: nil), which were mainly the Group's obligations on capital contribution to Longyao (Beijing) Clean Energy Technology Company Limited (隆耀(北京)清潔能源科技有限公司) ("**Longyao Beijing**"), an associate, which shall be payable by 31 December 2021.

Contingent liabilities

As at 31 December 2018, the Group did not have any material contingent liabilities (for the same period of 2017: nil).

RELIANCE ON KEY CUSTOMERS

For the Reporting Period, revenue from the smart energy business amounted to approximately RMB529,258,000 (for the same period of 2017: RMB655,948,000), representing approximately 74.7% of the Group's revenue (for the same period of 2017: 73.1%). As the revenue from the smart energy business mainly came from Hebei Zhanyuan New Energy Technology Co., Ltd (河北展源新能源科技有限公司) ("**Hebei Zhanyuan**"), the key customer of the Group is Hebei Zhanyuan. Since the receivables of Hebei Zhanyuan were collected gradually in normal progress, the Group is not exposed to any significant risk.

MATERIAL ACQUISITIONS AND DISPOSAL

Material Acquisitions

1. ***Capital injection into Haitian Fangyuan***

   On 9 July 2018, Beijing Longguang Energy Technology Co., Ltd. ("**Beijing Longguang**"), an indirect wholly-owned subsidiary of the Company, entered into a capital injection agreement (the "**Capital Injection Agreement**") with the original shareholders of Tianjin Haitian Fangyuan Energy Saving Technology Co., Ltd. ("**Haitian Fangyuan**"), in respect of the cooperation on

Haitian Fangyuan. Pursuant to the Capital Injection Agreement, Beijing Longguang injected RMB6,111,000 into Haitian Fangyuan. The registration of the capital injection in the relevant administration for industry and commerce was completed on 16 August 2018. Upon completion of the capital injection, Beijing Longguang held 55% equity interests of Haitian Fangyuan, and Haitian Fangyuan became an indirect non-wholly-owned subsidiary of the Company. As an energy-saving service provider and a PRC high-tech company registered in the National Development and Reform Commission, Haitian Fangyuan has extensive experience in the investment, construction, operation and management of technical energy conservation and energy performance contracting. It also has extensive technical expertise and project reserves in the distributed natural gas heating and related energy conservation services.

For details, please refer to the announcement of the Company dated 9 July 2018.

2. ***Acquisition of Lightway power plant***

On 22 August 2018, Gao Bei Dian City Guangshuo New Energy Co., Ltd. (高碑店市光碩新能源有限責任公司) ("**Guangshuo**", as the purchaser), an indirect wholly-owned subsidiary of the Company, entered into an acquisition agreement (the "**Acquisition Agreement**") with Baoding Lightway Green Energy Technology Co., Ltd. (保定光為綠色能源科技有限公司) ("**Baoding Lightway**", as the vendor). Pursuant to the Acquisition Agreement, Guangshuo conditionally agreed to acquire the sale asset from Baoding Lightway at a consideration of RMB30,000,000 (excluding tax). The sales asset is a 10.2 MW distributed solar power plant located at the Lightway Industrial Park, Hebei Province, the PRC. The power plant has been connected to the power grid since April 2014 and has been operating normally since then. The transaction was approved at the extraordinary general meeting of the Company held on 3 October 2018 and completed on 4 October 2018.

For details, please refer to the announcements of the Company dated 22 August 2018, 13 September 2018 and 3 October 2018, and the circular of the Company dated 14 September 2018.

3. ***Acquisition of Baotou Wind Power***

On 7 November 2018, Longe International Investment Limited (as the purchaser), a direct wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the "**Sale and Purchase Agreement**") with China Ruifeng Renewable Energy Holdings Limited (as the vender), Suzlon Energy (Tianjin) Company Limited (as a guarantor of the vender) and the Company (as a guarantor of the purchaser). Pursuant to the Sale and Purchase Agreement, Longe International Investment Limited agreed to acquire 100% equity interests in Sino Renewable Energy Holdings Company Limited (the "**Target Company**") at a consideration of HK$195,360,000, which shall be satisfied by the issuance of convertible bonds of the Company. The Target Company indirectly holds 100% equity interests in Baotou City Yinfeng Huili New Energy Investment Ltd. ("**Baotou Yinfeng**"). Baotou Yinfeng has the ownership of a wind power project in Baotou City, Inner Mongolia Autonomous Region, the PRC, and the planned installed capacity of the project is 200 MW, with 49.8 MW for the first phase. As the conditions precedent to the acquisition were not fulfilled on or before 10 January 2019, the Sale and Purchase Agreement has been terminated and the acquisition will not proceed. All rights, obligations and liabilities of the Company, the purchaser, the vendor and the guarantor have ceased and terminated, and none of the parties thereto shall be liable to the other party save for those relating to the loan and any antecedent breaches of the Sale and Purchase Agreement.

For details, please refer to the announcements of the Company dated 7 November 2018, 9 November 2018, 20 November 2018, 7 December 2018 and 10 January 2019.

Save for disclosed above, the Group had no other significant acquisition during the year ended 31 December 2018.

Material Disposal

For the year ended 31 December 2018, the Group had no significant disposal.

Significant Investment

1. *Investment in Longyao Beijing*

On 4 June 2018, Baoding Yize New Energy Technology Company Limited (保定溢澤新能源科技有限公司) ("**Baoding Yize**"), an indirect wholly-owned subsidiary of the Company, entered into a capital increase agreement (the "**Capital Increase Agreement**") with Beijing Yaohui Hengchang Technology Partnership Enterprise (Limited Partnership) (北京耀輝恒昌科技合夥企業(有限合夥)) ("**Beijing Yaohui**") and Longyao Beijing. Pursuant to the Capital Increase Agreement, Baoding Yize and Beijing Yaohui conditionally agreed to inject RMB45,000,000 and RMB55,000,000 into Longyao Beijing respectively. Prior to the additional capital injection under the Capital Increase Agreement, Baoding Yize and Beijing Yaohui held 45% and 55% equity interests respectively. Upon completion of the capital increase, the shareholding structure of Longyao Beijing would remain unchanged and the total registered capital of Longyao Beijing would increase from RMB200 million to RMB300 million. The registration of the capital injection with the relevant administration for industry and commerce was completed on 27 June 2018. Upon completion of the capital increase, Longyao Beijing became an associate company of the Company.

Pursuant to the Capital Increase Agreement, the capital increase together with the original capital injection amount shall be paid by Baoding Yize and Beijing Yaohui, respectively, within six months from the date of the capital increase agreement, which was 3 December 2018. Based on the actual operating and funding requirements of Longyao Beijing, on 4 December 2018, Baoding Yize, Beijing Yaohui and Longyao Beijing entered into a supplemental agreement to the Capital Increase Agreement (the "**Supplemental Agreement**"). According to the Supplemental Agreement, unpaid capital increase amount and unpaid original capital injection amount shall be paid to Longyao Beijing by Baoding Yize and Beijing Yaohui, respectively, before 31 December 2021. All capital contribution shall mainly be used for heating business related investments and acquisitions, relevant technical consulting, management and services, and other purposes considered as appropriate by the board of the directors of Longyao Beijing according to its actual operational needs.

For details, please refer to the announcements of the Company dated 4 June 2018 and 4 December 2018.

2. ***Investment in Shandong Hailifeng***

On 26 July 2018, Beijing Longguang, an indirect wholly-owned subsidiary of the Company, Shengli Oilfield Lifeng Industrial Group Co., Ltd. ("**Shengli Oilfield Lifeng**") and Hailifeng entered into a acquisition agreement (the "**Acquisition Agreement**"). Pursuant to the Acquisition Agreement, Beijing Longguang invested RMB60,000,001 in Hailifeng. The registration of the investment with the relevant administration for industry and commerce was completed on 1 August 2018. Upon completion of the investment, Beijing Longguang indirectly held 40% equity interest in Hailifeng. Hailifeng became an associate company of the Company. Hailifeng and its subsidiaries are mainly engaged in the operation and management of distributed clean energy heating and cooling supply; production, sales and installation of heat pump products; geothermal engineering construction, and energy management contract, etc.

For details, please refer to the announcement of the Company dated 26 July 2018.

In accordance with the terms of the Acquisition Agreement, Shengli Oilfield Lifeng has provided certain performance undertakings to Beijing Longguang, under which Beijing Longguang has the right to require Shengli Oilfield Lifeng to purchase the 40% of the registered capital in Hailifeng hold by Beijing Longguang (the "**Sale Shares**") if the Hailifeng fails to meet performance undertakings (the "**Put Option**").

As Hailifeng has failed to meet the performance target for the year ended 31 December 2018, Beijing Longguang has elected to exercise the Put Option and Shengli Oilfield Lifeng, Beijing Longguang and Hailifeng have on 29 March 2019 entered into a Repurchase Agreement (the "**Repurchase Agreement**") under which Shengli Oilfield Lifeng will purchase the Sale Shares for consideration of RMB60,000,001. In addition, Beijing Longguang is entitled to a distributable profit of the Hailifeng for 2018 of RMB16,000,000.

For details, please refer to the announcement of the Company dated 29 March 2019.

Save for disclosed above, the Group had no other significant investment during the year ended 31 December 2018.

USE OF PROCEEDS

1. Placing of New Shares under General Mandate in September 2017

On 28 September 2017, 145,688,000 new shares were placed by Yue Xiu Securities Company Limited, the placing agent of the Company, to not less than six placees at the price of HK$1.98 per placing share. The aggregate gross proceeds from the placing was approximately HK$288 million and the aggregate net proceeds from the placing was approximately HK$285 million. The Company intended to use approximately 65% of the net proceeds from the placing for the development of smart energy business and the relevant potential investments and mergers and acquisitions to be identified, approximately 25% for the development of solar energy business, especially the home photovoltaic system, and the remaining balance of approximately 10% as general working capital of the Group.

The analysis of the intended and actual uses of the net proceeds from the placing of new shares under general mandate as at 31 December 2017 and 31 December 2018 is set out below:

	Intended use of proceeds	**Amount actually used as at 31 December 2017**	**Amount actually used from 1 January 2018 to 31 December 2018**
	HK$'000	*HK$'000*	*HK$'000*
65% for the development of smart energy business and the relevant potential investments and mergers and acquisitions to be identified	185,250	(169,936)	(15,314)
25% for the development of solar energy business, especially the home photovoltaic system	71,250	(49,698)	(21,552)
10% for general working capital	28,500	(21,106)	(7,394)
	285,000	(240,740)	(44,260)

2. Rights Issue in March 2018

On 25 January 2018, the Company implemented a rights issue on the basis of one rights share for every two shares held on the record date by issuing 459,474,000 rights shares at the subscription price of HK$1.20 per rights share. The par value of rights shares is HK$0.01 each. The theoretical ex-rights price calculated based on the closing price of HK$2.05 per share as quoted on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on the last trading day, i.e. 25 January

2018, was approximately HK$1.77 per share. The rights issue financed the requirements of the Group's development, offering all the qualifying shareholders equal opportunity to subscribe for their pro-rata provisional allotment of the rights shares without diluting their respective shareholding, and providing them with an opportunity to participate in the future development of the Group.

The Company completed the rights issue on the basis of one rights share for every two shares by placing and issuing an aggregate of 459,474,000 shares on 22 March 2018. The gross proceeds from the rights issue were approximately HK$551 million, while the net proceeds from the rights issue were approximately HK$549 million. The net price per rights share was approximately HK$1.19.

The intended applications of the net proceeds from the rights issue are as follows: (a) approximately HK$384 million, i.e. 70% of the net proceeds, for the development of smart energy and solar energy businesses; and (b) approximately HK$165 million, i.e. 30% of the net proceeds, as general working capital of the Group.

The analysis of the intended and actual uses of the net proceeds from the rights issue as at 31 December 2018 is set out below:

	Intended use of proceeds	**Amount actually used from 22 March 2018 to 31 December 2018**	**Remaining proceeds as at 31 December 2018**
	HK$'000	*HK$'000*	*HK$'000*
70% for the development of smart energy and solar energy businesses	384,000	(347,000)	37,000
30% for general working capital	165,000	(165,000)	0
	549,000	(512,000)	37,000

The remaining balance of the proceeds is expected to be used as intended in the coming twelve months.

3. Placing of New Shares under General Mandate in August 2018

On 27 July 2018, the Company and the placing agent, Golden Rich Securities Limited, entered into a placing agreement (the "**Placing Agreement**"), and on 10 August 2018 and 17 August 2018, entered into a supplemental agreement and a second supplemental agreement to the placing. Pursuant to the Placing Agreement (as supplemented by the supplemental agreement and the second supplemental agreement), the Company conditionally agreed to allot and issue, and the placing agent conditionally agreed, on a best effort basis, to place up to 128,000,000 placing shares (the "**Placing Shares**") to not less than six placees at the placing price of HK$1.37 per placing share (the "**Placing Price**"). The par value of the Placing Shares was HK$0.01 each. The closing price of the Company's shares was HK$1.71 per share as quoted on the Stock Exchange on 27 July 2018, i.e. the date of the Placing Agreement. Through the placing, the Group was offered with a good opportunity to raise additional funds to strengthen its financial position, diversify its existing business and revenue streams, and broaden its shareholder base and capital base (the "**Placing**").

The Placing was completed on 27 August 2018, an aggregate of 106,182,000 Placing Shares were successfully placed by the placing agent to not less than six placees at the Placing Price. The aggregate gross proceeds from the Placing were approximately HK$145.5 million, while the aggregate net proceeds from the Placing were approximately HK$143.3 million. The net placing price was HK$1.35 per Placing Share. Among the net proceeds from the Placing, the Company intended to use approximately 52% for repayment of short-term bank borrowings, approximately 30% for financial investments, and the remaining balance of approximately 18% for general working capital of the Group.

The analysis of the intended and actual uses of the net proceeds from the Placing as at 31 December 2018 is set out below:

	Intended use of proceeds	**Amount actually used from 27 August 2018 to 31 December 2018**
	HK$'000	*HK$'000*
52% for repayment of short-term bank borrowings	74,516	(74,516)
30% for financial investments	42,990	(42,990)
18% for general working capital	25,794	(25,794)
	143,300	(143,300)

EMPLOYEES AND REMUNERATION POLICIES

The Group had 170 employees as at 31 December 2018 (as at 31 December 2017: 302 employees). The decrease in the number of employees was primarily due to the contraction of the smart energy business, especially the home photovoltaic system business. Employees were remunerated according to the nature of their positions, individual qualification, performance, work experience and market trends, and subject to periodic reviews based on their performance. Meanwhile, to attract and retain high caliber employees to ensure smooth operation and cater for the Group's constant expansion, the Group offers competitive remuneration and benefit packages to employees at different levels, including discretionary bonuses, various training programmes, sponsorship for further study and share option scheme for the benefit of the directors and eligible employees of the Group.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

With smart energy and public construction businesses as its principal business activities, the Group is committed to environmental protection and mitigating the impact of its operations on the environment. During the Reporting Period, the Group has complied with the requirements of the relevant laws and regulations that have a significant impact on the Group's operations.

In the course of developing its smart energy and public construction businesses, the Group should mainly comply with the requirements and restrictions under the following environmental laws and regulations, namely, the Environmental Protection Law of the People's Republic of China (中華人民共和國環境保護法), the Law of the People's Republic of China on the Prevention and Control of Water Pollution (中華人民共和國水污染防治法), the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution (中華人民共和國大氣污染防治法), the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (中華人民共和國固體廢物污染環境防治法), the Law of the People's Republic of China on Appraising of Environment Impacts (中華人民共和國環境影響評價法) and the Regulations on the Administration of Environmental Protection of Construction Projects (建設項目環境保護管理條例). The Group affirms the importance of complying with the laws and regulations on environmental protection. During the Reporting Period, the Group has complied with the relevant laws and regulations on environmental protection that are of importance to the Group.

We also recognize the importance of maintaining mutually beneficial relationships with our stakeholders, namely our employees, customers and suppliers and local communities whose support is vital to the Group's sustainable development. We pay close attention to the needs of all stakeholders, deliver solutions addressing their needs and we continuously interact with our stakeholders in way that is conducive to sustainable growth in the Company, our industry and our communities. For more details of the Group's environmental, social and governance report of 2018, please refer to the "Environmental, Social and Governance Report" of the Company to be issued in April 2019.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

The Group operates its businesses mainly in Mainland China. The development and operation of the Group's smart energy and public construction businesses in the PRC are regulated by the local laws and regulations on renewable energy, the provision of electricity and construction project, as well as various policies and industry guidance catalogs issued by the local governments. There was no incident of non-compliance with the relevant laws and regulations that had or would have a significant impact on the Company during the Reporting Period.

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 Reporting Period, except for the following deviation:

Mr. Wei Qiang, an executive Director, is both the chief executive officer and the chairman of the Board. Mr. Yuen Chi Ping, an executive Director, is both the vice-chairman of the Board and co-chief executive officer. According to Provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Board is of the opinion that, with the Company now being at a stage of rapid development, the current structure could improve the Company's effectiveness and efficiency in reaching its business goals. The Board also believes that this arrangement will not be detrimental to the balance of power and authority between the chairman and the chief executive officer, while a higher ratio of non-executive directors (including independent non-executive directors) will enable the Board to make unbiased judgments more effectively.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. After making specific enquiries, all of the Directors who held their office during the Reporting Period have confirmed that they had complied with the Model Code.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES

During the year ended 31 December 2018, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

FINAL DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2018 (2017: nil).

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**"), comprising the three independent non-executive Directors, has reviewed the Group's consolidated financial statements for the year ended 31 December 2018 together with the management of the Company.

In addition, this annual results announcement is based on the Group's audited consolidated financial statements for the year ended 31 December 2018 which have been agreed with the auditor of the Company.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The financial figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated balance sheet and the related notes thereto for the year ended 31 December 2018 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PUBLICATION OF THE AUDITED CONSOLIDATED ANNUAL RESULTS AND 2018 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.longitech.hk), and the 2018 annual report containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company 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 Qiang
Chairman

Hebei, 29 March 2019

As at the date of this announcement, the executive Directors of the Company are Mr. Wei Qiang, Mr. Yuen Chi Ping and Dr. Liu Zhengang, the non-executive Director is Mr. Wei Shaojun and the independent non-executive Directors are Dr. Han Qinchun, Mr. Wong Yik Chung, John and Mr. Han Xiaoping.