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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)

PROFIT WARNING

This announcement is made by LongiTech Smart Energy Holding Limited (the "**Company**", and together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the "**Board**") of directors (the "**Directors**") of the Company wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that, based on the preliminary review of the information currently available to the Group, the Group is expected to record a decrease in revenue of approximately 85% for the six months ended 30 June 2019 as compared to the corresponding period in 2018, and a decrease in profit attributable to owners of the Company of approximately 80% as compared to the corresponding period in 2018.

The expected decrease in revenue and profit is mainly due to the continuous impact of the national macroeconomic control policy on solar power plants (Fa Gai Neng Yuan [2018] No. 823 ("**531 Policy**") dated 31 May 2018, which clearly stipulated that the construction plan of ordinary solar power plants would be suspended for 2018.

At the end of April and May 2019, the National Development and Reform Commission issued subsidy standards (RMB0.18 per kilowatt hour for the year 2019, while RMB 0.37 per kilowatt hour for the year 2018 before the 531 Policy) and the National Energy Administration issued subsidy quota (amounting to RMB 750 million in 2019, equivalent to 3.5 million kilowatt, effective from 1 July 2019, while no subsidy quota limit before the 531 Policy) for household solar power, respectively. The new policies cleared the uncertainties in the solar power industry post the 531 Policy, however, it takes time to restore market confidence and for the industry to react.

As the new policies have just been announced recently, the home photovoltaic system business of the Group has been in the process of restructuring since the 531 Policy, which has resulted in a significant decrease in revenue and profit of the home photovoltaic system business of the Group.

Going forward, the Group will actively seek to develop home photovoltaic system business based on the state control of subsidy quota for household solar power and market conditions while expand and diversify its investment and layout in various areas including incremental power distribution, heating, energy management contract and energy-saving technology transformation at the same time, to enrich the sources of the Group's revenue and earnings.

As the Company is still in the process of preparing and finalising the interim results for the six months ended 30 June 2019, the information contained in this announcement is only a preliminary assessment made by the Board and the Company's management based on the information currently available to the Group, which has not been audited nor confirmed by the auditors or the audit committee of the Company, and is subject to finalisation and adjustments. The interim results announcement for the six months ended 30 June 2019 of the Company is expected to be published in August 2019.

Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

By Order of the Board
LongiTech Smart Energy Holding Limited
Wei Qiang
Chairman

Hebei, 12 July 2019

As at the date of this announcement, the executive Directors 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.