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 2019

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 2019 (the "**Period**") together with selected explanatory notes and the comparative figures for the corresponding period in 2018 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2019

	Notes	Six months ended 30 June 2019 RMB'000 (Unaudited)	Six months ended 30 June 2018 RMB'000 (Unaudited)
Revenue	4	**64,509**	438,692
Cost of sales		**(26,052)**	(279,961)
Gross profit		**38,457**	158,731
Selling and distribution expenses		**(1,243)**	(15,105)
Administrative expenses		**(37,565)**	(43,644)
(Impairment losses)/Reversal of impairment losses on financial assets		**(1,516)**	1,412
Other income		**53**	345
Other gains — net		**2,014**	996
Operating profit		**200**	102,735
Finance income		**11,761**	319
Finance expenses		**(8,080)**	(8,489)
Finance income/(expenses) — net		**3,681**	(8,170)
Share of net profits of associates accounted for using the equity method		**19,445**	—
Profit before income tax		**23,326**	94,565
Income tax expense	7	**(1,867)**	(13,244)
Profit for the period		**21,459**	81,321
Profit for the period is attributable to:			
Owners of the Company		**18,435**	80,959
Non-controlling interests		**3,024**	362
		21,459	81,321

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

For the six months ended 30 June 2019

		Six months ended 30 June	
		2019	2018
	Notes	**(Unaudited)**	(Unaudited)
Earnings per share for profit for the period attributable to owners of the Company (RMB)			
Basic earnings per share	*8(a)*	**0.0124**	0.0691
Diluted earnings per share	*8(b)*	**0.0124**	0.0688

The above interim condensed consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit for the period	**21,459**	81,321
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of financial statements of overseas subsidiaries	**426**	8,596
Other comprehensive income for the period, net of tax	**426**	8,596
Total comprehensive income for the period	**21,885**	89,917
Total comprehensive income for the period is attributable to:		
Owners of the Company	**18,861**	89,555
Non-controlling interests	**3,024**	362
	21,885	89,917

The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
As at 30 June 2019

	Notes	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
ASSETS			
Non-current assets			
Leasehold land and land use rights		**1,464**	4,254
Property, plant and equipment		**489,921**	498,459
Right-of-use assets		**18,287**	—
Intangible assets		**18,069**	19,698
Deferred tax assets		**3,347**	3,021
Contract assets		**198,535**	155,440
Investments accounted for using the equity method		**357,435**	101,587
Financial assets at amortised cost		**25,003**	—
Financial assets at fair value through profit or loss		**9,267**	8,762
Other non-current assets		**11,634**	7,781
Total non-current assets		**1,132,962**	799,002
Current assets			
Inventories		**21,192**	24,480
Contract assets		**363,000**	304,350
Trade and other receivables	*5*	**372,995**	543,486
Financial assets at amortised cost		**157,029**	178,513
Financial assets at fair value through profit or loss		**148,165**	155,681
Restricted cash		**829**	1,219
Cash and cash equivalents		**72,689**	162,917
Total current assets		**1,135,899**	1,370,646
Total assets		**2,268,861**	2,169,648
EQUITY			
Share capital	*6*	**12,255**	12,255
Reserves		**1,160,399**	1,154,287
Retained earnings		**325,683**	307,248
Equity attributable to owners of the Company		**1,498,337**	1,473,790
Non-controlling interests		**9,183**	6,159
Total equity		**1,507,520**	1,479,949

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 30 June 2019

	Notes	**As at 30 June 2019** *RMB'000* **(Unaudited)**	As at 31 December 2018 *RMB'000* (Audited)
LIABILITIES			
Non-current liabilities			
Borrowings		**247,400**	534,400
Lease liabilities		**11,849**	—
Deferred government grants		**2,333**	2,386
Deferred tax liabilities		**12,096**	12,291
Total non-current liabilities		**273,678**	549,077
Current liabilities			
Trade and other payables	*10*	**169,211**	95,041
Contract liabilities		**—**	2,184
Current tax liabilities		**10,891**	10,197
Borrowings		**303,600**	33,200
Lease liabilities		**3,961**	—
Total current liabilities		**487,663**	140,622
Total liabilities		**761,341**	689,699
Total equity and liabilities		**2,268,861**	2,169,648

The above interim condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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, P.O. 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 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 and Lightway Power Holdings Limited. The ultimate beneficial owner of the Company is Mr. Wei Shaojun.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2019 has been prepared in accordance with International Accounting Standard ("**IAS**") 34 "Interim Financial Reporting".

The condensed consolidated interim financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, this condensed consolidated interim financial information should be read in conjunction with the annual financial information for the year ended 31 December 2018, which has been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), and any public announcements made by the Company during the interim reporting period.

3 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the annual financial information for the year ended 31 December 2018, as described in the annual financial report, except for the adoption of new and amended standards as set out below.

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

(a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period, and the Group had to change its accounting policies as a result of adopting IFRS 16 Leases.

The impact of the adoption of IFRS 16 and the new accounting policies are disclosed in Note 3.1. The other standards effective for the annual reporting period commencing on 1 January 2019 did not have any material impact on the Group's accounting policies.

(b) Impact of standards issued but not yet adopted by the Group

The following published new accounting standards are effective for the annual reporting period commencing on or after 1 January 2020 and have not been early adopted by the Group:

		Effective for annual period commencing on or after
IFRS 17	Insurance Contracts	1 January 2021
Amendments to IAS 1 and IAS 8	Definition of Material	1 January 2020
Amendments to IFRS 3	Definition of a Business	1 January 2020
	Revised Conceptual Framework for Financial Reporting	1 January 2020
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

None of the above new and amended standards is expected to have a significant impact on the Group's accounting policies.

3.1 *IFRS 16 Leases*

This note explains the impact of the adoption of IFRS 16 on the Group's financial statements and discloses the new accounting policies that have been adopted from 1 January 2019.

The Group has adopted IFRS 16 from 1 January 2019, but has not restated comparatives, as permitted under the specific transitional provisions in IFRS 16. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

3.1.1 *Impact of adoption*

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as operating leases under IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.86%.

	RMB'000
Operating lease commitments as at 31 December 2018	26,139
Discounted using the lessee's incremental borrowing rate at the date of initial application	14,541
Less: short-term leases recognised on a straight-line basis as expense	(2,936)
Less: low-value leases recognised on a straight-line basis as expense	(28)
Lease liability recognised as at 1 January 2019	11,577
Of which are:	
Current lease liabilities	578
Non-current lease liabilities	10,999
	11,577

The right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	As at 30 June 2019 ***RMB'000***	As at 1 January 2019 *RMB'000*
Land	**8,832**	8,941
Properties	**9,384**	5,749
Equipment	**71**	80
Total right-of-use assets	**18,287**	14,770

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 Leases and IFRIC 4 Determining whether an Arrangement contains a Lease.

3.1.2 *Accounting policies*

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

4 SEGMENT INFORMATION

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

No geographical information is presented 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.

Segment results, assets and liabilities are as follows:

	Smart energy business	**Public infrastructure construction business**	**Others**	**Elimination**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the six months ended 30 June 2019 (unaudited)					
Revenue from external customers	64,509	—	—	—	64,509
Reportable segment profit/(loss) after tax	38,165	(2,148)	(14,558)	—	21,459
Additions to non-current assets	7,624	—	4	—	7,628
As at 30 June 2019 (unaudited)					
Segment assets	1,720,256	564,368	500,255	(516,018)	2,268,861
Segment liabilities	811,890	463,962	1,490	(516,001)	761,341
For the six months ended 30 June 2018 (unaudited)					
Revenue from external customers	403,503	35,189	—	—	438,692
Reportable segment profit/(loss) after tax	91,275	3,450	(13,404)	—	81,321
Additions to non-current assets	12,712	—	1,361	—	14,073
As at 31 December 2018 (audited)					
Segment assets	1,561,178	463,048	574,618	(429,196)	2,169,648
Segment liabilities	758,314	360,393	188	(429,196)	689,699

5 TRADE AND OTHER RECEIVABLES

	As at 30 June 2019 *RMB'000* (Unaudited)	As at 31 December 2018 *RMB'000* (Audited)
Trade receivables	**275,292**	431,790
Tariff adjustment receivables	**60,648**	45,725
	335,940	477,515
Less: bad debt provisions	**(20,168)**	(18,652)
Total trade receivables	**315,772**	458,863
Notes receivables	**1,503**	300
Prepayments	**22,661**	6,328
Other receivables	**33,059**	77,995
	372,995	543,486

As at 30 June 2019 and 31 December 2018, the collection rights of the receivables derived from industrial and commercial distributed power plants were pledged as security for the Group's borrowings.

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

	As at 30 June 2019 *RMB'000* (Unaudited)	As at 31 December 2018 *RMB'000* (Audited)
Within 1 year	**107,293**	433,029
1 year to 2 years	**218,695**	43,740
2 years to 3 years	**8,280**	422
Over 3 years	**1,672**	324
	335,940	477,515

As at 30 June 2019, RMB45,447,000 (as at 31 December 2018: RMB23,795,000) of trade receivables aged over one year represents tariff adjustment receivables, 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 30 June 2019 or 31 December 2018.

Trade receivables from sales of home photovoltaic system and operation of transformer station are due within 180 days from the date of billing. Trade receivables from sales of electricity and rendering smart energy service are due within one year 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 30 June 2019 was determined as follows:

Sales of home photovoltaic system	**Current — within 180 days**	**More than 1 day past due**	**More than 180 days past due**	**More than 1.5 years past due**	**Total**
Expected loss rate	—	5%	10%	20%	
Gross carrying amount (RMB'000)	3,625	22,723	174,174	—	200,522
Loss allowance (RMB'000)	—	(1,136)	(17,417)	—	(18,553)

Operation of transformer station	**Current — within 180 days**	**More than 1 day past due**	**More than 180 days past due**	**More than 1 year past due**	**Total**
Expected loss rate	—	25%	50%	75%	
Gross carrying amount (RMB'000)	—	4,221	—	—	4,221
Loss allowance (RMB'000)	—	(1,055)	—	—	(1,055)

Sales of electricity and rendering smart energy service	**Current — within 1 year**	**More than 1 day past due**	**More than 1 year past due**	**More than 2 years past due**	**Total**
Expected loss rate	—	5%	10%	20%	
Gross carrying amount (RMB'000)	61,523	7,745	835	446	70,549
Loss allowance (RMB'000)	—	(387)	(84)	(89)	(560)

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

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
As at 1 January	**18,652**	3,791
Provision for/(Reversal of) bad debts	**1,516**	(1,412)
As at 30 June	**20,168**	2,379

As at 30 June 2019 and 31 December 2018, trade receivables are analysed as follows:

	As at 30 June 2019 *RMB'000* **(Unaudited)**	As at 31 December 2018 *RMB'000* (Audited)
Neither overdue nor impaired	**125,796**	125,163
Overdue and impaired	**20,168**	18,652
Overdue but not impaired	**189,976**	333,700
	335,940	477,515

6 SHARE CAPITAL

Ordinary shares, issued and fully paid:

	Six months ended 30 June 2019 (Unaudited)			Six months ended 30 June 2018 (Unaudited)		
	No. of shares ***(thousands)***	**Amount** ***HKD'000***	**RMB equivalent** ***RMB'000***	No. of shares *(thousands)*	Amount *HKD'000*	RMB equivalent *RMB'000*
As at 1 January	**1,484,604**	**14,846**	**12,255**	918,948	9,189	7,629
Rights issue	**—**	**—**	**—**	459,474	4,595	3,699
As at 30 June	**1,484,604**	**14,846**	**12,255**	1,378,422	13,784	11,328

7 INCOME TAX EXPENSE

	Six months ended 30 June	
	2019 *RMB'000* **(Unaudited)**	2018 *RMB'000* (Unaudited)
Current income tax	**2,388**	13,056
Deferred income tax	**(521)**	188
	1,867	13,244

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

The Group did not make any provisions for Hong Kong profit tax as there were no assessable profits arising in Hong Kong during the six months ended 30 June 2019 (2018: nil).

For the six months ended 30 June 2019, the statutory income tax rate of the subsidiaries of the Company registered in the PRC is 25% (2018: 25%), except for certain subsidiaries entitled to tax exemption or preferential tax rates:

Hebei LongiTech Cloud Energy Technology Co., Ltd. ("**Hebei Cloud Energy**"), an indirect wholly-owned subsidiary of the Company, was certified as High-Tech Enterprise of Hebei Province effective from 1 January 2017 to 31 December 2019, during which Hebei Cloud Energy enjoys a preferential tax rate of 15%.

Tianjin Haitian Fangyuan Energy Saving Technology Co., Ltd. ("**Haitian Fangyuan**"), an indirect non-wholly-owned subsidiary of the Company, was certified as High-Tech Enterprise of Tianjin City effective from 23 November 2018 to 23 November 2021, during which Haitian Fangyuan enjoys a preferential tax rate of 15%.

From 1 January 2018 to 31 December 2022, Hoboksar Mongol Autonomous County Sifang Dianjin Energy Co., Ltd. ("**Sifang Dianjin**"), an indirect non-wholly-owned subsidiary of the Company, is exempted from enterprise 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).

Since their respective first revenue-generating years, subsidiaries of the Company operating solar power plants are exempted from enterprise 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).

8 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 six months ended 30 June 2019 and 2018, respectively.

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company (RMB'000)	**18,435**	80,959
Weighted average number of ordinary shares in issue (thousands)	**1,484,604**	1,171,659
Basic earnings per share (RMB)	**0.0124**	0.0691

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding assuming the conversion of all dilutive potential ordinary shares. During the six months ended 30 June 2019 and 2018, the Company had outstanding share options. The resulting number of shares issued for nil consideration is considered in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share.

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company (RMB'000)	**18,435**	80,959
Weighted average number of ordinary shares in issue (thousands)	**1,484,604**	1,171,659
Effect of deemed issue of shares under the Company's share option scheme for no consideration (thousands)	**—**	4,997
Adjusted weighted average number of ordinary shares (thousands)	**1,484,604**	1,176,656
Diluted earnings per share (RMB)	**0.0124**	0.0688

9 DIVIDENDS

No dividends have been declared or paid by the Company during the six months ended 30 June 2019 (2018: nil).

10 TRADE AND OTHER PAYABLES

	As at 30 June 2019 *RMB'000* (Unaudited)	As at 31 December 2018 *RMB'000* (Audited)
Trade payables	**56,027**	36,154
Accruals and other payables	**103,042**	45,926
Tax payables	**10,142**	12,961
	169,211	95,041

Ageing analysis of trade payables is as follows:

	As at 30 June 2019 *RMB'000* (Unaudited)	As at 31 December 2018 *RMB'000* (Audited)
Within 1 year	**45,894**	35,073
1 year to 2 years	**10,079**	987
2 years to 3 years	**54**	11
Over 3 years	**—**	83
	56,027	36,154

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

For the Period, the Group was principally engaged in smart energy business and public infrastructure construction business, with gradual expansion and diversification to other clean energy business.

For the Period, the Group's revenue was RMB64,509,000 (for the same period of 2018: RMB438,692,000), while the profit attributable to owners of the Company was RMB18,435,000 (for the same period of 2018: RMB80,959,000), representing a decrease of 85.3% and 77.2% respectively as compared to the same period of 2018. The decrease is mainly due to a significant decrease in revenue and profit attributable to owners of the Company in respect of the home photovoltaic system business of the Group, resulting from uncertainties in the solar power policy in the PRC in the first half of 2019.

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 demands 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 to 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. On the other hand, the Group uploads the real-time data of electricity, heat and gas usage from industrial and commercial enterprises and residential users to the Cloud Platform, integrates and analyzes such big data, and taps into the energy consumption potential of customers to provide them with other services that cover the entire industrial chain, from multi-energy complementation of electricity, heat and gas, smart operation and maintenance, energy trade, energy efficiency analysis and consultancy management to energy finance and energy big data.

Offline Energy Business

The Group's offline energy business, which focused mainly on electricity, heat and gas industries, is principally engaged in the investment and operation of solar power generation, incremental power distribution grids and heating, including projects such as distributed gas heating, centralized heating and campus hot water. The Group also explores the opportunities for investments, mergers and acquisitions of other energy projects.

In respect of solar power generation during the Period, given that national authorities have yet to fully launch solar power policies as well as its construction and management methods, uncertainties regarding national policies remained. This, together with the lasting impact of the national macro control policy on solar power plants (Fa Gai Neng Yuan [2018] No. 823) dated 31 May 2018 ("**531 Policy**") (531 Policy clearly stipulated that construction plan of ordinary solar power plants would be suspended for 2018) left the overall market with a pessimistic view. Hence, the Group did not expand its solar power plant business during the Period, with the home photovoltaic system business also in the process of restructuring. During the Period, the Group held a total of 11 (for the same period of 2018: 10) solar power plants, of which 10 were industrial and commercial distributed solar power plants and 1 was a ground power plant, with an aggregate installed capacity of approximately 64 MW (for the same period of 2018: approximately 54 MW), and power generation totaled 41,724 MWh (for the same period of 2018: 35,078 MWh).

In respect of incremental distribution grids, the Group optimized and reconstructed its original assets under original investment and operation of the incremental distribution grid projects during the Period, in an effort to maximize the effectiveness of the assets. In July 2019, the Group established an incremental power distribution network joint venture with two local state-owned enterprises via its subsidiary in Xinjiang, to make full use of the present transformer station of the Group at the Hefeng Industrial Park in Hoboksar County of Xinjiang. The move has also created opportunities for the Group to engage in future capacity expansion of the industrial park.

In respect of the heat energy business, the Group re-evaluated the investment opportunities in this business during the Period, withdrew from the investment projects which failed to meet the standards, and expanded its investment in the projects with better growth potential to ensure investment returns and control investment risks. In March 2019, as the original shareholder failed to meet its commitment in respect of the 2018 annual financial results under the original acquisition agreement, the Group exercised its put option under the original acquisition agreement and entered into a repurchase agreement with the original partners to sell back our investment in the 40% equity interests in Shandong Hailifeng Clean Energy Joint Stock Co., Ltd.* (山東海利豐清潔能源股份有限公司) ("**Hailifeng**") to the original shareholder. In May 2019, on the basis of providing heating management consultation service to Gao Bei Dian City Long Chuang Central Heating Company Limited* (高碑店市隆創集中供熱有限公司) ("**Longchuang Heating**"), the Group, upon assessment, invested in Longchuang Heating by acquiring 40% of its equity interests, thus expanding the Group's market share in the heating business in Hebei Province. In addition, the Group also developed the hot water business for campus, with pilots in some high schools in Guangxi Province attempting to explore the development opportunities in this field.

During the Period, the smart energy business generated a revenue of approximately RMB64,509,000 for the Group (for the same period of 2018: RMB403,503,000), representing a decrease of approximately 84.0% as compared to the same period of last year; and the profit attributable to owners of the Company was approximately RMB35,141,000 (for the same period of 2018: RMB90,913,000), representing a decrease of approximately 61.3% as compared to the same period of last year. The decrease in revenue and profit attributable to owners of the Company was mainly caused by the uncertainty of the country's solar power policy, which has resulted in a significant decrease in revenue and profit of the smart energy business especially the home photovoltaic system business of the Group.

Public Infrastructure Construction Business

Public infrastructure construction business represents the public infrastructure construction business of the Baoding Donghu project (the "**Baoding Donghu Project**") and its related preliminary investment and post-construction operation management business. During the Period, the Baoding Donghu Project did not generate any revenue (for the same period of 2018: RMB35,189,000) for the Group, and loss attributable to owners of the Company amounted to approximately RMB2,148,000 (for the same period of 2018: profit attributable to the owners of the Company of RMB3,450,000). The decrease in revenue and the incurred loss attributable to owners of the Company was mainly due to the impact from the planning of the Xiong'an New Area as the Hebei Provincial Government adjusted the development plan for the surrounding areas of Baoding City, which led to a slowdown in the original development plan. At the same time, the development and construction of the government's tendered projects were close to completion, while other un-tendered projects have not yet commenced. As the smart energy business constitutes its principal business activities, the Group currently has no plan to further expand such business after the Baoding Donghu Project's completion.

BUSINESS OUTLOOK

In the first half of the year 2019, due to factors such as trade frictions, the volatility of the financial market and policy uncertainties, global economic activity retained its sluggish momentum. Amidst a chaotic external environment, the Chinese economy also experienced marked fluctuations, with its economic growth slowing down and under considerable downward pressure. In the second half of 2019, the Chinese economy is expected to hold onto the bottom line of growth against external impact, actively shift to internal development and steadily proceed with the transformation and upgrading of its economic structure.

In the first half of 2019, the solar power market was subdued as a whole due to factors such as the uncertainties in national subsidy policy for the solar power industry and its rollout schedule. In late April and late May of 2019, the National Development and Reform Commission and the National Energy Administration successively introduced the home photovoltaic subsidy standard (RMB0.18 per kWh for 2019) and subsidy allowance (RMB750 million in aggregate for 2019, which translates into 3.5 million kilowatt, starting from 1 July 2019). With a clear national policy in place and the forthcoming solar power bidding and parity projects, it is expected that the solar power industry will recover in the second half of the year. In the second half of 2019, the Group will actively seek development of the home photovoltaic system business based on the indicators of home photovoltaic subsidies and market conditions.

In respect of distribution grids and heating, the Group will continue to actively explore investment and development opportunities in such business areas as incremental distribution network and heating (especially distributed gas heating and campus hot water), in response to the deepening of national reform on incremental distribution grids and the numerous opportunities arising from the adjustment of energy industry structure. Campus hot water business refers to the one-stop service of hot water bath solutions for boarding schools in terms of investment, construction, operation and management. According to the announcement of Chinese Ministry of Education, China ranked first worldwide in 2017 in terms of the total number of students currently enrolled in higher education. Individual campus hot water projects feature small investment, short payback period (about 2 to 4 years), high industry gross profit ratio (not less than 45% on average), stable cash flow, certain regional monopoly (average service period being 10 to 15 years) and huge market potential. At present, the Group has been carrying out pilot investment in some high schools in Guangxi Province. In the future, the Group will work with prominent industry players to combine internal development and merger and acquisition, so as to integrate resources and expand market shares.

At the same time, depending on the development opportunities of the industry, the Group will explore diversified investment and layout in oil and gas and other energy fields, so as to expand its sources of income and profit and serve for the interests of shareholders of the Company (the "**Shareholders**") as a whole.

FINANCIAL REVIEW

Revenue and Gross Profit

The Group's revenue and gross profit for the Period amounted to RMB64,509,000 (for the same period of 2018: RMB438,692,000) and RMB38,457,000 (for the same period of 2018: RMB158,731,000), decreasing by 85.3% and 75.8% respectively as compared to the same period of last year. The decrease in revenue and gross profit were mainly attributable to the decrease in revenue and gross profit from the smart energy business, especially the home photovoltaic system business.

Selling and Distribution Expenses

Selling and distribution expenses incurred by the Group for the Period were RMB1,243,000 (for the same period of 2018: RMB15,105,000), representing a decrease of 91.8% as compared to the same period of last year. The decrease for the Period was mainly due to the decrease in marketing expenses for the smart energy business, especially the home photovoltaic system business.

Administrative Expenses

Administrative expenses incurred by the Group for the Period were RMB37,565,000 (for the same period of 2018: RMB43,644,000), representing a decrease of 13.9% as compared to the same period of last year. The decrease for the Period was mainly due to decrease in the operating expenses of the smart energy business.

Finance Income/Expenses — Net

The Group's net finance income for the Period amounted to RMB3,681,000 (for the same period of 2018: net finance expenses of RMB8,170,000). Net finance income was recorded for the Period mainly due to interest income earned from short-term loans lent to outsiders.

Income Tax

The Group's income tax expenses for the Period were RMB1,867,000 (for the same period of 2018: RMB13,244,000), representing a decrease of 85.9% as compared to the same period of last year. The decrease for the Period was mainly due to the decrease in profit before tax of the smart energy business.

Financial Assets at Fair Value through Profit or Loss

The Group holds three financial assets for investment purpose during the Period, which are stated at fair value:

(1) The Group holds 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 as short to medium term investment and it is redeemable upon making application to the fund administrator which allows better investment flexibility, 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$78,760,000 (equivalent to RMB69,281,000) as at 30 June 2019 (as at 31 December 2018: HK$78,586,000, equivalent to RMB68,858,000), with fair value gain of approximately HK$174,000 (equivalent to RMB150,000) recognized for the Period (for the same period of 2018: Nil). The carrying amount of the investment fund represented approximately 3.1% (as at 31 December 2018: 3.2%) of the total assets of the Group and approximately 44.0% (as at 31 December 2018: 41.9%) of the portfolio of financial assets at fair value through profit or loss as at 30 June 2019.

(2) The Group holds shares 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 as short to medium term investment, and it is redeemable upon making application to the fund administrator which allows better investment flexibility, with an expectation of capital appreciation from the investment fund. The investment fund is stated at fair value, which amounted to HK$89,675,000 (equivalent to RMB78,884,000) as at 30 June 2019 (as at 31 December 2018: HK$90,642,000, equivalent to RMB79,420,000), with fair value loss of approximately HK$967,000 (equivalent to approximately RMB837,000) recognized for the Period (for the same period of 2018: Nil). The carrying amount of the investment fund represented approximately 3.5% (as at 31 December 2018: 3.7%) of the total assets of the Group and approximately 50.1% (as at 31 December 2018: 48.3%) of the portfolio of financial assets at fair value through profit or loss as at 30 June 2019.

(3) The Group holds 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 the 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 the

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 medium term investment, with an expectation of stable high coupon interest return and converting into ordinary shares at the right time in order to capture capital appreciation brought to the Group. The exchangeable bond is stated at fair value, which amounted to HK$10,535,000 (equivalent to RMB9,267,000) (as at 31 December 2018: HK$10,000,000, equivalent to RMB8,762,000) as at 30 June 2019, with fair value gain of approximately HK$535,000 (equivalent to RMB463,000) recognized for the Period (for the same period of 2018: Nil). The carrying amount of the exchangeable bond represented approximately 0.4% (as at 31 December 2018: 0.4%) of the total assets of the Group and approximately 5.9% (as at 31 December 2018: 5.3%) of the portfolio of financial assets at fair value through profit or loss as at 30 June 2019.

The Group's investments primarily consist of long-term projects in the area of smart energy and public infrastructure constructions, which generally take a longer time to generate positive cash flows. In the event that there is any unexpected event that has a negative impact on the business and prospect of the smart energy industry, the Group's overall business performance could be affected. In light of the above, as part of the Group's development plan and risk control, the Board considers that the inclusion of investment in financial assets will help to diversify its asset and investment portfolio and reduce the impact of any market risk on the overall business of the Group.

The strategy of the Group with respect to the investment in financial assets is not to invest in speculative securities but mainly in lower risk investments, with the initial investments focusing on investment funds managed by qualified and licensed investment managers and which invest in low risk underlying assets with relative low price volatility, higher liquidity, short to medium terms and/or stable income stream.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

As at 30 June 2019, bank balances and cash were approximately RMB73,518,000 (as at 31 December 2018: RMB164,136,000), of which approximately RMB829,000 (as at 31 December 2018: RMB1,219,000) were restricted bank balances and cash (only available for payment of expenses incurred by the Baoding Donghu Project). The decrease in bank balances and cash was mainly due to expenditures incurred for the smart energy business and daily operating expenditures incurred for the Group.

Total current assets and liquidity ratio

As at 30 June 2019, total current assets and liquidity ratio (total current assets/total current liabilities) were approximately RMB1,135,899,000 (as at 31 December 2018: RMB1,370,646,000) and 2.33 (for the same period of 2018: 9.75) respectively. The decrease in total current assets is due to the decrease in trade and other receivables, while the decrease in liquidity ratio was due to the increase in net balance of current bank borrowings amounting to RMB270,400,000.

External borrowings and pledge of assets

As at 30 June 2019, the Group had external borrowings of RMB551,000,000 (as at 31 December 2018: RMB567,600,000), of which RMB271,000,000 was secured by certain power plant machineries with a carrying amount of RMB327,160,000 and the future receivable collection right of certain subsidiaries (as at 31 December 2018: RMB282,600,000 was secured by certain solar power plant machineries with a carrying amount of RMB303,731,000 and the future receivable collection right of certain subsidiaries); and RMB280,000,000 was secured by the undertakings provided by the related parties of the Group (as at 31 December 2018: RMB285,000,000).

Gearing ratio

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

	As at 30 June 2019 *RMB'000* **(Unaudited)**	As at 31 December 2018 *RMB'000* (Audited)
Bank loans	**551,000**	567,600
Less: Cash and cash equivalents	**(72,689)**	(162,917)
Restricted cash	**(829)**	(1,219)
Net debt	**477,482**	403,464
Total equity	**1,507,520**	1,479,949
Total capital (Net debt plus total equity)	**1,985,002**	1,883,413
Gearing ratio (Net debt/total capital)	**24.1%**	21.4%

As at 30 June 2019, the gearing ratio of the Group was 24.1%, increasing by 2.7 percentage points as compared to the gearing ratio of 21.4% as at 31 December 2018. The increase was primarily due to the decrease of cash and cash equivalents.

Long-term debts were the major debts of the Group, accounting for 44.9% (as at 31 December 2018: 94.2%), in which the borrowings of RMB271,000,000 (as at 31 December 2018: RMB282,600,000) of the solar energy business were gradually settled with the proceeds from sale of electricity, and the borrowings of RMB280,000,000 (as at 31 December 2018: RMB285,000,000) in relation to the Baoding Donghu Project will be gradually settled with the project settlements by the Government of Baoding in the second half of 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 its external borrowings. During the Period, interest rates of external borrowings ranged from 5.39% to 7.00% per annum (as at 31 December 2018: interest rates of 5.39% to 7.00% 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 stations ranged from 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 will 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 authorised to buy and sell foreign currencies. The exchange rates adopted for foreign exchange transactions are the rates of exchange quoted by the People's Bank of China, which are determined largely by supply and demand.

The Group currently does not have a policy on managing foreign currency risk, as it had few transactions denominated in foreign currencies during the 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 RMB324,000 as at 30 June 2019 (as at 31 December 2018: RMB148,000). Investment commitments amounted to RMB101,600,000 (as at 31 December 2018: RMB101,600,000), 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**") before 31 December 2021. Longyao Beijing is an associate of the Group.

Contingent Liabilities

As at 30 June 2019, the Group did not have any contingent liabilities (as at 31 December 2018: Nil).

MATERIAL ACQUISITION AND INVESTMENT

On 21 May 2019, Beijing Longguang Energy Technology Co., Ltd. ("**Beijing Longguang**"), an indirect wholly-owned subsidiary of the Company, entered into the capital increase agreement (the "**Capital Increase Agreement**") with Hebei Julin Chuanghe Cultural Communication Limited and Longchuang Heating. Pursuant to the Capital Increase Agreement, Beijing Longguang has conditionally agreed to acquire 40% equity interests of the Longchuang Heating by making capital contribution of RMB245,000,000 to the Longchuang Heating. Longchuang Heating is currently focusing on the provision of heating service in Gao Bei Dian City, Hebei Province, the PRC and the phase I of its heat supply service is able to provide heating service to an aggregated area of over 6 million sq.m. It plans to complete the phase II heat supply project by the year 2031 to increase its heat supply capacity by a further 14.7 million sq.m. Through this transaction, the Group will benefit from increasing its market share in the central heating industry in Hebei Province. The transaction has been approved at the extraordinary general meeting of the Company held on 26 June 2019 and the registration of the capital injection with the relevant administration for industry and commerce was completed on 20 June 2019. Upon completion, Longchuang Heating has became an associate of the Company and equity accounting has applied to recognise the share of profits or losses of Longchuang Heating.

For details, please refer to the announcements of the Company dated 21 May 2019, 26 June 2019 and the circular of the Company dated 11 June 2019.

Save as disclosed above, the Group had no other material acquisition and investment during the Period.

MATERIAL DISPOSAL

As Hailifeng has failed to meet the performance target for the year ended 31 December 2018, Beijing Longguang elected to exercise the put option. Beijing Longguang, Shengli Oilfield Lifeng Industrial Group Co., Ltd.* ("**Shengli Oilfield Lifeng**") and Hailifeng entered into a repurchase agreement on 29 March 2019 (the "**Repurchase Agreement**"), pursuant to which Shengli Oilfield Lifeng has agreed to purchase 40% equity interests in Hailifeng held by Beijing Longguang for a consideration of RMB60,000,001. In addition, Beijing Longguang is entitled to a distributable profit of Hailifeng of RMB16,000,000 for the year 2018. As at the date of this announcement, Hailifeng had paid to Beijing Longguang RMB16,000,000 of the distributable profit for the year 2018 based on the Repurchase Agreement, and the remaining consideration of RMB60,000,001 has not been paid by Shengli Oilfield Lifeng. The Company is actively negotiating with Hailifeng and Shengli Oilfield Lifeng about the payment of the remaining funds.

For details, please refer to the announcements of the Company dated 26 July 2018 and 29 March 2019.

Save as disclosed above, the Group had no other material disposal during the Period.

EMPLOYEES AND REMUNERATION POLICIES

The Group had 98 employees as at 30 June 2019 (as at 30 June 2018: 242 employees). The decrease in the number of employees was mainly due to the reduction in the scope 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.

USE OF PROCEEDS

Rights Issue in March 2018

On 25 January 2018, the Company conducted 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, offer all the qualified shareholders equal opportunity to subscribe for their pro-rata provisional allotment of the rights shares without diluting their respective shareholding, and provide 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 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 30 June 2019 is set out below:

	Intended use of proceeds	**Amount actually used from 22 March 2018 to 30 June 2019**	**Remaining proceeds as at 30 June 2019**
	HK$'000	*HK$'000*	*HK$'000*
70% for the development of smart energy and solar energy businesses	384,000	(384,000)	0
30% as general working capital	165,000	(165,000)	0
	549,000	(549,000)	0

EVENTS AFTER THE PERIOD

On 2 July 2019, HMAC Sifang Dianjin Energy Co., Ltd.* (和布克賽爾蒙古自治縣四方電金能源有限公司) ("**Sifang Dianjin**"), an indirect 95% owned subsidiary of the Company, entered into the joint venture agreement (the "**Joint Venture Agreement**") with HMAC Urban Development and Investment Co., Ltd.* (和布克賽爾蒙古自治縣城市建設投資發展有限公司) (the "**First Investor**") and HMAC Industrial Park Development and Investment Co., Ltd.* (和布克賽爾蒙古自治縣和園建設投資發展有限公司) (the "**Second Investor**"). Pursuant to the Joint Venture Agreement, the parties agreed to establish a joint venture (the "**Joint Venture**") to principally engage in the investment, construction, operation and management of the incremental power distribution grids at the Xinjiang HMAC Hefeng Industrial Park ("**Hefeng Industrial Park**"). The registered capital of the Joint Venture is RMB100,000,000, and is contributed as to 79%, 20% and 1% by Sifang Dianjin, the First Investor and the Second Investor, respectively. The Joint Venture was established on 12 July 2019. After its establishment, the Joint Venture has become a subsidiary of the Group and its financial results will be consolidated into the financial statements of the Group.

The establishment of the Joint Venture will leverage on the strength and resources of the parties and enable the Group to utilize the capacity of its existing transformer station at the Hefeng Industrial Park, and provide the Group with the opportunity to participate in the capacity expansion at the industrial park in future, which in turn will ensure a stable income stream for the Group as well as provide the Group with the necessary experience in the operation and management of an incremental power distribution grids.

For details, please refer to the announcement of the Company dated 2 July 2019.

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 (the "**Listing Rules**") on the Stock Exchange during the 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 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 requirements of the Model Code.

REVIEW OF INTERIM RESULTS

The interim consolidated financial information is unaudited but has been reviewed by the external auditor 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 requirements of 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 2018: 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 2019 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 Qiang
Chairman

Hebei, 30 August 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.

* *For identification purpose only*