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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 a preliminary assessment of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2020 (the “**Period**”) and other information currently available to the Board, the Group is expected to record a decrease of approximately 15% in revenue for the Period as compared to the corresponding period in 2019, and a net loss of approximately RMB34 million attributable to owners of the Company, while there was a net profit of approximately RMB 18 million attributable to owners of the Company in the corresponding period in 2019.

The estimated decline in financial performance for the Period is primarily attributable to:

- (1) Some projects of distributed heating and heating-related management services which have higher gross profit margins had been terminated during the Period. In addition, although the revenue generated from public infrastructure construction business increased during the Period, its gross profit margins were relatively low. So it turned out a decrease in the overall revenue and the relevant profit as compared to the corresponding period in 2019;
- (2) During the corresponding period in 2019, the Group acquired 40% equity interests of a heating company from a connected person, the difference between the purchase price and the fair value of RMB 18 million was recorded as the share of net profits of associates accounted for using the equity method. There was no such profits in the Period; and

- (3) The recovery of the Group's investment in an associate has been in difficulty, and therefore, after preliminary assessment by the management, it is expected that a provision of approximately RMB14 million will be made for such an investment.

As the Company is still in the process of preparing and finalising the interim results for the Period, the information contained in this announcement is only a preliminary assessment made by the Board and the Company's management based on the unaudited consolidated management accounts of the Group for the Period and the information currently available, which has not been audited nor confirmed by the auditor or the audit committee of the Company, and is subject to finalisation and adjustments. The interim results announcement for the Period of the Company is expected to be published in August 2020.

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, 16 July 2020

As at the date of this announcement, the executive Directors are Mr. Wei Qiang, Mr. Yuen Chi Ping (suspended) 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.